

From: [REDACTED]  
Heat in Buildings Delivery Division  
12 June 2023

Cabinet Secretary for Net Zero and Just Transition  
Minister for Zero Carbon Buildings, Active Travel and Tenants' Rights

**DEVELOPMENT AND LAUNCH OF THE SCOTLAND PUBLIC SECTOR HEAT  
DECARBONISATION FUND**

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7. The new scheme will place a focus on decarbonisation of heat, while recognising the importance of a 'whole building' approach through supporting energy efficiency measures that improve building fabric. There will be requirement for 20% match funding in projects.

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9. The main elements of the scheme are detailed in **Annex A**.

10. Salix Finance will deliver this scheme on behalf of the Scottish Government as they already have an existing agreement to deliver schemes but also have previous experience of delivering similar schemes through the Public Sector Decarbonisation Scheme (PSDS) in England and a pilot grant for low carbon heating in partnership with the Welsh Government and Welsh Government Energy Service.

11. The intention is to announce the scheme in June with the web portal opening in July for applications.

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## **Annex A: Proposed elements of the Scotland Public Sector Decarbonisation Scheme**

The fund will operate as a grant scheme administered by Salix reporting into Scottish Government. Many of the elements are still being finalised however some key proposals are detailed below.

### **Available Funding and allocation**

- Up to £20 million for financial year 23/24.
- Organisations will need to contribute 20% towards overall project costs.
- £5 million cap for eligible projects.
- Applications can be single and multi-year and there will be two checkpoints with the financial year.

**Eligible Bodies:** Local Authorities, Universities and Arms-Length External Organisations.

### **Key Themes**

Proposed that the Fund has two key themes:

- To support projects that will replace existing fossil fuel heating systems with zero direct emissions heating.
- To support energy efficiency projects where they can demonstrate that they are part of a whole building retrofit approach or broader strategy for heat decarbonisation including connections to heat network.

### **Scheme Criteria**

The scheme criteria proposed is that applicants must:

- demonstrate their proposed project is planned a part of a strategic, whole building approach to achieving net zero by 2038.
- be using a fossil-fuelled heating system with a reasonable service age to warrant replacement and replacing it with a zero direct emissions heating (ZDEH) system.
- demonstrate that energy efficiency improvements have either been carried out if replacing fossil fuel heating systems or planned as part of the project.
- adopt a 'whole building approach' comprising energy conservation measures and other works which reduce the heat or electrical demand, taking into account all factors that contribute to a building's energy consumption.
- Single measure applications will not be supported – scheme looking for strategic approaches.

Applications will be assessed based on a Carbon Cost Threshold (CCT); the funding required to save a tonne of direct carbon (tCO<sub>2</sub>e) over the lifetime of the project. This will be calculated by the Salix Support Tool included in the Application Form. A suggested threshold is aiming for CCT of £450/tCO<sub>2</sub>e or lower for projects. However, there may be some scenarios where a higher level can be justified, and this will be on a case-by-case basis.

### **Other elements**

Specific details are still to be developed on the assessment process, but it will involve a robust scoring methodology in line with other grant schemes. Grant claims processes will also be developed consistent with other grant schemes.

Communications and promotional activities are being developed and webinars organised to help support applicants following announcement of the scheme.

### **Timeline**

To aim for an announcement of the scheme in June to enable the application portal to open in July with successful applicants notified in August/September.

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**From:** [REDACTED] <[REDACTED]@gov.scot>

**Sent:** 15 June 2023 13:23

**To:** zzzCabinet Secretary for Net Zero & Just Transition <CabSecNZJT@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; Minister for Zero Carbon Buildings, Active Travel & Tenants' Rights <MinisterforZCBATTR@gov.scot>

**Cc:** DECC: Operations Team Mailbox <DOT@gov.scot>; Kersti Berge <Kersti.Berge@gov.scot>; Catherine Williams <Catherine.Williams@gov.scot>; Sue Kearns <Sue.Kearns@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>

**Subject:** RE: SUBMISSION - URGENT - DEVELOPMENT AND LAUNCH OF THE SCOTLAND PUBLIC SECTOR HEAT DECARBONISATION FUND

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Many thanks for the response.

The 20% contribution from the public sector was agreed through the scheme development working group which has included SG officials, technical expertise from Scottish Futures Trust and sector specific expertise from Salix. In particular Salix was able to base the figure on their experience of the public sector in Scotland and the uptake of similar schemes. It was the consensus of the working group that the 20%





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From: [REDACTED]  
Heat in Buildings Division  
21 April 2022

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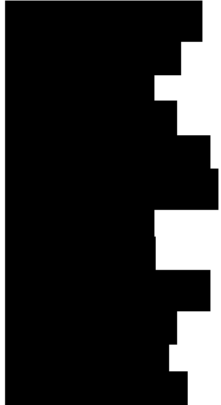
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Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constit Interest	General Awareness
Minister for Zero Carbon Buildings, Active Travel and Tenants' Rights	X	X	X		
Cabinet Secretary of Net Zero, Energy and Transport			X		

DECC: Operations Team Mailbox  
 Kersti Berge  
 Sue Kearns



Comms NZET



## **Annex A: Objectives of the Scottish Government Energy Efficiency Scheme**

The objectives of the Scottish Central Government Energy Efficiency scheme are to:

- stimulate and accelerate the delivery of energy efficiency and zero emission heating systems for Scottish public bodies classified as central government.
- ensure heating our public sector buildings no longer contributes to climate change
- ensure the systems we use are smart and resilient and provide us with a reliable source of heat.
- help secure supply chains with high value, local, sustainable jobs across Scotland.
- to support the delivery of heating systems that enable the flexible and stable operation of our energy networks and efficiently use Scotland's renewable energy sources.

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