



Department for
Business, Energy
& Industrial Strategy

The Lord Callanan
Minister for Business, Energy and
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10th October 2022

Dear Colleague,

NEXT PHASE OF FUNDING OF THE PUBLIC SECTOR DECARBONISATION SCHEME

I am writing to inform you that the application window for the next phase of the Public Sector Decarbonisation Scheme (Phase 3B) will open on 12 October 2022. The scheme will provide up to £635 million of funding for decarbonising public sector buildings, and I am therefore writing to ensure that you are aware of this opportunity. This programme complements the Government's 'Help to Heat' offer for households and I am seeking your support in promoting it to public sector bodies in your constituency including schools, emergency services, local authorities and hospitals.

The Public Sector Decarbonisation Scheme supports vital upgrades to our public sector buildings, saving money on energy bills, supporting our pathway to net zero and increasing demand for low carbon heating measures across the country, giving the sector confidence to recruit, train and support green jobs. The Scheme supports the aim of reducing emissions from public sector buildings by 75% by 2037 as set out in the 2021 Net Zero and Heat and Buildings strategies.

Phase 3 of the Public Sector Decarbonisation Scheme will provide up to £1.425 billion of grant funding over the financial years 2022/2023 to 2024/2025. Phase 3 represents a welcome opportunity for us to further advance our national decarbonisation agenda, resulting in greater carbon savings and reduced energy bills for public sector organisations, consequently saving taxpayers' money.

Over £555 million of Phase 3 funding has been awarded to 219 projects through the first Phase 3a application window last year. Details of grant recipients for all phases of the Scheme can be found at the links provided below. The second application window for Phase 3b will award up to £635 million to public sector organisations over the financial years 2023/2024 to 2024/2025.

The Public Sector Decarbonisation Scheme is open to all public sector organisations in England, including central Government Departments. For public services that are

reserved, rather than devolved, funding may be used to make improvements to estates anywhere in the UK.

The updated guidance and application form for Phase 3b were published on 2 August 2022 by our delivery partner, Salix Finance. The application window for Phase 3b will open to applications on 12 October 2022 and will close on 31 October 2022 if a sufficient value of applications has been received for the budget available. Details of the scheme and the application portal can be found at the links below.

I would be grateful if you could help to encourage public sector bodies in your constituency to participate in the Scheme. I would like to thank you in advance for your support.

Ansdell, Gavin (Implementation & Delivery) <Gavin.Ansdell@beis.gov.uk>

A handwritten signature in black ink, appearing to read 'Martin Callanan', with a long horizontal flourish extending to the right.

Lord Callanan

Links:

Information about the Public Sector Decarbonisation Scheme:

<https://www.gov.uk/government/collections/public-sector-decarbonisation-scheme>

PSDS Phase 3b scheme guidance and application form:

<https://www.salixfinance.co.uk/Phase3bPSDS>

Grant recipients for Phase 1 of the Public Sector Decarbonisation Scheme

<https://www.gov.uk/government/publications/public-sector-decarbonisation-scheme-phase-1-closed-to-applications>

Grant recipients for Phase 2 of the Public Sector Decarbonisation Scheme

<https://www.gov.uk/government/publications/public-sector-decarbonisation-scheme-phase-2-closed-to-applications>

Grant recipients for Phase 3a of the Public Sector Decarbonisation Scheme

<https://www.gov.uk/government/publications/public-sector-decarbonisation-scheme-phase-3>