# SME

# LOW CARBON PROGRAMME

## GUIDANCE NOTES TERMS & CONDITIONS

VALE of GLAMORGAN
BRO MORGANNWG

Local Area Energy Plan
VALE OF GLAMORGAN

Funded by UK Government
Wedi ei ariannu gan Llywodraeth y DU

Llywodraeth Cymru
Welsh Government

# SME Low Carbon Programme
# Guidance Notes I Terms and Conditions



## 1. INTRODUCTION

The SME Low Carbon Capital Grant Programme is funded through the Local Growth Fund for Wales and delivered by Vale of Glamorgan County Council to support small and medium-sized enterprises (SMEs) to invest in low carbon energy technologies.

The programme aims to contribute to the LAEP strategy ambitions, reduce carbon emissions with solar and heat pumps, improve local business energy resilience, and lower operating costs.

The fund will provide **capital grants covering up to 50% of eligible project costs**, with businesses required to contribute **a minimum of 50% match funding. Grant amounts will be between £1000 and £20,000.**

Each local authority has been given an allocation of the Local Growth Fund. To access the allocation, each must outline its investment priorities further, and select an objective relevant to the area. The SME low Carbon Programme aligns with the Capital investment aligned to regional energy plans/strategies:

- Address barriers to renewable and low-carbon energy generation where there are economic benefits retained in the region
- Support to increase energy efficiency and use of heat, particularly for industry
- Piloting or demonstration of new technology, including for smart and flexible systems
- Decarbonisation linked to improving efficiency and supporting economic opportunities, including for business, transport or adopting new technology

### Project Outputs

OC12: Decrease in Greenhouse Gases (GHG) as a result of capital investment

OC13: Reduced costs and/or income generated as a result of capital investment

OP23: Generation capacity (MW)

Potential energy savings: the energy assessment reports will capture potential kwh savings
Potential Carbon savings: the energy assessment reports will capture potential CO2 savings identified
Potential Cost savings: the energy assessment report will capture potential cost savings identified

## 2. THE OFFER

### Phase 1: Energy Assessments and energy reports

- The energy assessments will assess the buildings and behaviours, which will produce an energy report highlighting no cost, low cost and capital cost energy efficiency recommendations.
- The total available budget for this fund is £25,000.
- The energy assessments are for standard buildings and behaviour – not processes and complex machinery.
- Applications will close once the budget is fully committed.

- Energy assessments will be subject to eligibility and completeness of application. However, priority will be given to applicants that are looking to proceed to phase 2 and eligible where possible to proceed to install eligible capital measures.
- Due to limited funding, buildings of a significant size may require a level of assessment that would exceed or disproportionately utilise the available budget. Such applications may therefore be deemed ineligible. Assessments for very large sites will be restricted and remain at the discretion of the programme officer.

### Phase 2: Capital for installation

- Capital funding will be accessible in a second phase, you must have had an energy assessment and report in the first phase, then subject to further eligibility evidence and a grading panel review.
- The total indicative capital budget for this fund is £70,000 (and subject to change.)
- Each grant award will range from £1,000 to £20,000 and will cover up to 50% of the total eligible project costs.

## 3. ELIGIBILITY TO APPLY

### Phase 1: To apply for an energy assessment:

- Be classified as a small or medium-sized enterprise (SME) (less than 250 employees and an annual turnover under £50 million)
- Be operating within the Vale of Glamorgan – registered business address in VOG
- Own the freehold or hold a lease with a seven-year minimum period remaining after the grant payment date. You will need to secure your landlords written consent for the proposed works
- Any business where there are ethical or reputational considerations will not be deemed eligible. For example: gambling, weapons manufacture, unsustainable wood, money lending, adult entertainment, tobacco products or cannabis products not authorised as medicines, debt factoring, hire purchase financing, pyramid schemes, projects focused on the promotion of political or religious views or illegal or immoral activities.

- Priority will be given to businesses that are able and willing to progress to Phase 2. However, subject to overall uptake and available budget, SMEs may still be offered an energy assessment even if they do not intend to proceed beyond the initial stage. This will provide a detailed energy report to help inform future improvements and investment decisions.
- The site must not be a domestic address

## Phase 2: To be able to apply and be considered for capital funding:

- Have applied for the energy assessment in phase 1 and been successful.
- Have had recommendations in their energy report that meet the eligible capital expenditure criteria.
- Be financially solvent and able to demonstrate their ability to provide match funding and upfront all costs.
- Be within their funding subsidy threshold.
- Not have already commenced any proposed recommendations prior to any capital grant offers.
- Be able to complete installation by the deadline of 26 February 2027.
- Complete a declaration and provide evidence of planning permissions, structural survey and DNO status where applicable. (Appendix A).

## Eligible capital expenditure

The grant will apply to capital expenditure within an approved project and can include:

- Solar photovoltaic (PV) systems.
- Battery linked to solar panels.
- Air Source Heat Pump (Air to water and air to air).
- Ground Source Heat Pump.
- Associated installation and electrical works directly related to the eligible technologies at Vale of Glamorgan County Council discretion.
- Eligibility condition: The grant supports decarbonisation, not income generation. Systems must be sized primarily to meet the on-site electricity demand of the applicant business. Installations designed principally for electricity export are not eligible.

- Export clause: Incidental export of surplus electricity is permitted. However, grant funding must not be used to support projects where electricity export constitutes a significant revenue stream.
- EV Chargers may be permitted depending on the volume of applications and budget available.

### Ineligible Costs

The following costs are not eligible:

- Any other recommendations in the energy report e.g. insulation/Windows/ Other heat systems.
- Works already completed or contractually committed before grant approval.
- Ongoing maintenance, servicing, or operational costs.
- VAT that can be reclaimed.
- General building works not directly required for technology installation.
- Staff time or in-kind contributions as match funding.
- Funding cannot be used to cover planning permission fees, DNO applications, structural surveys, or other similar preparatory or statutory costs.

## 4. HOW DO I APPLY – APPLICATION PROCESS

### Phase 1

**Expression of interest:** Organisations are required to submit an expression of interest (EOI) relating to the fund.
**Notification of approval:** Subject to individual review and approval of eligibility, businesses will be notified and introduced to their energy assessor or informed they cannot be taken forward.
**Energy assessment and report:** The energy assessor will arrange a day and time with the SME to visit site to carry out the energy assessment. The SME will then receive their energy report within 2-4 weeks from the assessment date.

## Phase 2

**Capital funding grading panel:** To proceed for capital and onto the grading panel you must have received your energy assessment and report and provide the following evidence by the 2 October 2026:

**Complete and return your Phase 2 progression form:**

- This should detail your preferred eligible capital expenditure. Eligible measures must have been recommended in the report to proceed for consideration for capital funding and inclusion in the grading panel. You may only apply for one measure.
- Subsidy declarations.
- Declaration and evidence of any relevant statutory consents such as planning permissions, DNO status and structural surveys where applicable. (Appendix A).
- Consent to install by 26 February 2027.
- **Provide quotes for the measure you would like to proceed with:** You must follow the procurement process (Appendix C) for the measures you are considering and submit quotes.
- Landlord permission or proof of ownership.
- Evidence of funds to cover upfront costs.

Applicants will not be eligible for the grading panel without all these.

**Grading panel review:** The panel will review all applicants (Appendix B)

**Capital funding letters:** Applicants will be notified of the outcome, and successful applicants will be sent their funding letter which must be signed and returned within 2 weeks.

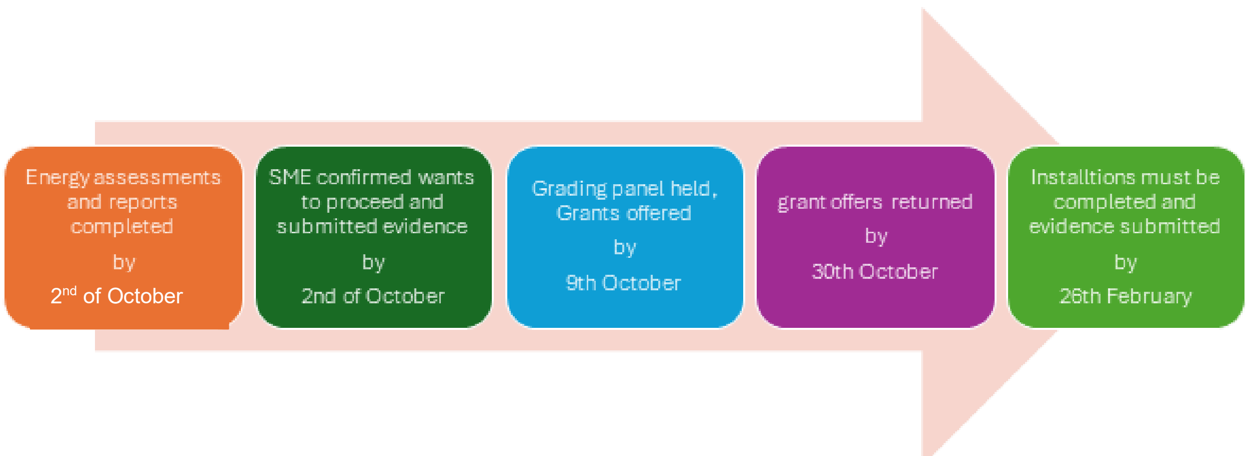
**Installations:** must be before 26 February 2027

**Submit evidence:** bank defrayment, photos of installation – must be before 26 February 2027

## Questionnaires and case studies/site visits

## 5. TIMESCALES

- **Phase 1:** Energy assessments and reports must be completed by 2nd October 2026 to be eligible for capital funding, but energy assessments may be accepted after this, subject to budget availability.
- **Phase 2:** Progression form and evidence submitted by 2 October2026.
- Grading panel held and funding letters sent by 9 October 2026.
- Funding letters received back by 30 October 2026.
- Funding letters must be signed and approved before works commence.
- Funded projects must be completed by 26 February 2027.




## 6. TERMS AND CONDITIONS

It should be noted that the Vale of Glamorgan SME Low Carbon Gran is a discretionary grant and is subject to approval by a Cabinet Member of Vale of Glamorgan County Council.

The grant will be recovered should the organisation cease to trade, relocate or the property sold on within 5 years of award.

It is strongly recommended that goods purchased in relation to the grant are purchased using the organisation's bank account.

Grants are paid retrospectively, therefore should the application be successful, the grant money is paid direct into the bank account of the applicant. This is based on receipt or evidence of purchase and defrayment i.e., original or on line printed bank statements and original invoices to confirm expenditure.

The applicant must accept the terms and conditions of the grant offer by completing the Notification of Approval and Terms & Conditions within 14 days from receipt.

All expenditure associated to the grant must be completed within 4 months of the date of approval letter and no later than 26 February 2027.

You cannot apply for funding to support work that you have already started. We encourage you to contact us at an early stage to discuss any proposals.

Monitoring of the funding scheme outputs may take place and evidence will be required. Failure to achieve the committed outputs could result in the claw back of grant funds. Upon giving reasonable notice, Vale of Glamorgan County Council reserves the right to monitor and maintain evidence at 1, 3 and 5 years from the receipt of a grant application.

Should the project not proceed within the period stipulated in the offer of grant, the offer of grant will automatically lapse. An extension of the grant offer period can be made, provided that a request is made in writing.

Data from expression of interests and energy reports will be used to capture SME landscape of energy efficiency and barriers.

Any variation to the Terms and Conditions set out in the Approval Letter must be requested and agreed.

Cash purchases will not be considered for grant payment.

Items purchased through lease purchase, hire purchase, extended credit agreements/finance leases will not be considered for grant funding.

Items purchased with credit cards are eligible. Applicants will need to provide a copy of the credit card statement as part of the claims process.

Grant may not be offered or paid if the applicant is in arrears with any payment to the Local Authority.

Organisations can only submit one application to the Vale of Glamorgan SME Low Carbon Programme.

## Claw back of grant funds

Funding shall be withheld and/ or, insofar as payment has been made, the grant recipient shall repay funding either in whole or in part, including if:
a) there has been an overpayment of funding
b) during its economic life, the project undergoes substantial change defined as being used for purposes other than those specified in the application or having a change of owner without notifying Vale of Glamorgan County Council.

The economic life is the period up to 5 years from date of the final payment of grant and repayment of funding will be required as follows: following costs are not eligible:

| Date of disposal of asset (s) | Amount to be repaid |
|---|---|
| Within 1 year | Funding to be repaid in full |
| Within 2 years | 80% of funding to be repaid |
| Within 3 years | 60% of funding to be repaid |
| Within 4 years | 40% of funding to be repaid |
| Within 5 years | 20% of funding to be repaid |
| After 5 years | No funding to be repaid |

The above are minimum repayment requirements.

The grant must be repaid in full on demand if:

- the applicant is found to have made any misrepresentation in connection with the application.
- the applicant has breached the provision of condition above.
- the assets and property (if applicable) are not fully re-instated within 12 months of any occurrence, giving rise to loss of or damage to the property.

### Right to amend

The programme reserves the right to:

- Amend eligibility criteria.
- Close the fund early if fully committed.
- Decline applications that do not demonstrate sufficient value for money or deliverability.
- Time extensions may be considered on a case-by-case basis.

### Subsidy Control

Grant awards will be made in accordance with applicable Subsidy Control / Minimal Financial Assistance (MFA) requirements. Applicants may be required to declare any other public funding received.

You will be expected to inform us with your application form of any other grants and support you have received from the public sector over the last 3 financial years. This scheme is covered by the current UK Government Subsidy Control Act (2022). The total amount of Minimum Financial Assistance (MFA) received over a rolling period of three fiscal years should not exceed £315,000 per business*. If you have received any other financial assistance in the past 3 financial years please describe the support in the box below. It is the responsibility of the applicant to monitor the level of MFA received; you will be asked to declare that this has not been exceeded in the event of an offer being made. [* The MFA financial threshold applies at company group level.] All bids must also consider how they will deliver in line with subsidy control as per UK Government [https://www.gov.uk/government/collections/subsidy-control-regime](https://www.gov.uk/government/collections/subsidy-control-regime). Where applicants do not adequately demonstrate that the proposed project is compliant under the UK Subsidy Control Regime it may be considered ineligible, and your application could be rejected.

### Grant Payment and Monitoring

Grant payments will normally be made in arrears, following:

- Installation and commissioning.
- Submission of paid invoices.
- Provision of required evidence (photos, certificates, signoffs).

Successful applicants will be required to:

- Confirm final installation size and cost.
- Provide basic monitoring data (e.g. system size, estimated annual generation).
- Participate in light touch programme evaluation if requested.

Match Funding Requirements

- Match funding must be a minimum of 50% of total eligible costs.
- Match funding must be cash, not in kind.
- Evidence of match funding (e.g. bank statement or finance agreement) will be required before a grant offer is confirmed.

## 7. APPENDIX (A)

**Planning Permission and Building Control regulations**
In some cases, for Solar and/or heat pump installation, planning permission and building Control may be required, and applicants would need to seek planning advice first.

Solar Planning permission: solar panels (non-domestic) | GOV.WALES

Heat pumps Planning permission: heat pumps (non-domestic) | GOV.WALES

Installers must hold specific accreditations to ensure the quality and safety of their work. Here are the key accreditations that installers in the area should have: **Microgeneration Certification Scheme** or the relevant **Competent Person Scheme.**

DNO National Grid - Homepage

Capital funding for solar PV installations may be subject to approval by the relevant Distribution Network Operator (DNO). Applicants must ensure and provide evidence that grid connection notification and/or approval is obtained prior to installation if applicable.

**Structural surveys**
Capital funding may not available for projects where a structural survey is required to determine suitability for installation. Where such a survey is necessary, the SME may be considered ineligible for funding due to timescales.

The programme will not be liable for costs incurred where pre-application approval is refused, and such projects may be deemed ineligible. A declaration the installation is within its permitted development will be required and supporting evidence.

## 8. APPENDIX (B)

### Eligibility to proceed to the panel review

- Each SMEs application for phase 2 will be checked all the following evidence is provided to be eligible to proceed to the capital funding grading panel review.
- Signed progression form highlighting their preferred measure for installation.
- The energy Assessment Report recommends solar, batteries and/or heat pumps.
- Declaration of any relevant statutory consents known (e.g. planning, building regulations, structural survey, DNO).
- Proof of funds to deliver match funding and cover upfront costs.
- Consent to deliver installation before 26 February 2027.
- Quotations in line with the energy assessment report recommendations and as noted in Annex 1 of this document.
- Subsidy control declaration.

### Applications will be assessed against the following criteria:

- Value for money, including grant £ per kWh or £ per tonne of $CO_2$ saved.
- Carbon reduction potential.
- Industry, size and geo location spread.
- Consideration of SMEs current energy efficiency journey status.
- Risk factor of pending statutory consents timescales.

### Where suitable applicants are oversubscribed, priority may be given to:

- Projects with smaller grant requests.
- Projects delivering strong carbon savings per £ invested.
- SMEs that have not previously received public capital grant support.
- Projects with low risk to statutory consents and timescales

The panel has full discretion to select applications based on feasibility and impact. Greater weighting will be given to projects that are deliverable, fundable, and able to generate outcomes within the funding timeframe. Proposals dependent on additional permissions (such as planning approval) will be considered higher risk and restrict progression to capital funding.

Demand for the second phase of the capital grant is likely to be high. It is likely that there will be insufficient funding available to support the majority of applications for this phase.

A transparent scoring mechanism has been put in place and the scoring can be fed back to all successful and unsuccessful applicants. There is no appeals process for the grant.

It should be noted that the Vale of Glamorgan SME Low Carbon Grant is a discretionary grant and is subject to approval by Vale of Glamorgan County Council. Each application will be assessed by a panel made up of officers from the Authority, energy assessor and (third party TBC).

## 9. APPENDIX (C)

<table>
<tr><th>Value<br>All values are to be interpreted as inclusive of VAT</th><th>Procurement Process</th></tr>
<tr><td>£0 to £2,499</td><td>Direct award</td></tr>
<tr><td>02,500-£24,999</td><td>A minimum of 3 written Quotations must be sought from competitive sources<br><br>The quotes must be based on the same specification, and a closing date to return the quote by must be given. All quotations must be evaluated on a like for like basis.<br><br>A documented record of the quotes sought, the evaluation process and the decision to award must be retained for audit purposes.<br><br>If only one quotation is received, you must contact the Project Manager from Vale of Glamorgan County Council (VOGCC) to provide details and justification of the procurement process you have undertaken. The decision to proceed to purchase will be approved by VOGCC on a case-by-case basis.</td></tr>
<tr><td>Over £25,000</td><td>Formal tender process (Note: A formal tender will require an evidenced process of a request for 4 quotations being sought from suppliers against a formalized specification or bill of quantities, with a specified deadline for submission. Evidence of requests to quote and receipted returned quotations will be required</td></tr>
<tr><td colspan="2">Applicants are requested to 'Think Vale of Glamorgan First' when seeking quotations for the purchase of Goods/Services and Works. Please therefore, explore the marketplace to establish if there are any businesses within Vale of Glamorgan that can provide the goods / service or works that you are seeking to purchase. Applicants may be required to demonstrate such quotations have been sought.<br>• Quotes must reflect the recommendations in the energy report.<br>• Installers must be appropriately accredited (e.g. MCS where applicable)<br>• The programme reserves the right to request additional quotations to demonstrate value for money</td></tr>
</table>

## IMPORTANT GUIDANCE

**Seeking Quotations/Tenders:** If you are in a situation where you have difficulty in identifying the minimum number of suppliers required and/or would like to vary or attract new suppliers to quote or tender it is possible for you to advertise on the National Procurement website, www.Sell2Wales.co.uk. Advertising via Sell2Wales is best practice, however you may feel that you are better able to identify potential suppliers who could provide the best overall offer. This facility is available to you free of charge, please visit the Sell2Wales website and contact the website helpline on 0800 222 9004 for further information.

For spend above £10,000 it is essential that the quotes/tenders are sought from appropriate suppliers for the goods, works or services required. In circumstances where it is evident that unsuitable quotes/tenders have been sought, there may be a requirement to advertise via Sell2Wales.

**Due diligence:** As part of the assessment process, you are required to carry out due diligence checks on the supplier/contractor you plan to use to deliver the grant. The purpose of these checks is to verify that the company is a bona fide company. These checks include - checking the company's details on company's house, checking that the VAT number included in the application is correct and matches the company's details. Checks may also be appropriate on company websites to view the company's portfolio and the type of work and projects that company have previously undertaken. This offers certainty that they would be suitable for the proposed project.

**Avoiding conflicts of interest:** We recognise that it is possible that applicants/developers or persons connected with them (such as relatives, business partners or friends) may wish to tender for a contract being offered by the applicant/developer. This is acceptable, but applicants will need to ensure that the tendering process is undertaken in an open, transparent and fair manner, as outlined above, which does not give one person or company tendering any advantage over another, which arises from the process. Appropriate measures to prevent, identify and remedy any conflicts of interest must be carried out. If an applicant/developer or any person connected with them directly or indirectly, has a financial, economic, political, or other personal interest which might be perceived to compromise their impartiality and independence in the context of the procurement procedure:

- that applicant / developer, or any other person or party with an interest must declare that interest in writing to the Project officer who will offer advice accordingly.

- specifications and evaluation criteria must not be biased or tailored to favour one solution or any one party over another.
- that person or party with an interest should take no part whatsoever in any of the tender evaluation procedures to ensure that the process is fair to all. It is acknowledged that Vale of Glamorgan County Council be required to provide the final approval.
- every stage of the procedure must be recorded formally. The purpose of these guidelines is to ensure that there is fairness in the spending of public money and that the integrity of the applicant is not compromised.

**Changes to the specification or contract:** If any changes are required to the specification after seeking quotes/tenders which affect the original scope of the requirement, a new procurement exercise will need to be undertaken to ensure that best value for money has been achieved. This may occur where there are unforeseen additions to the original requirement, where tenders are received more than the available budget, where funding levels change etc. The grant applicant must inform the Project officer who will offer advice accordingly.

## 10. APPLICANT CONSENT AND DECLARATION

To apply for the SME Low Carbon Programme, you must complete an expression of interest form here SME Low Carbon Grant Programme – Fill in form

You may request a paper version from the programme manager