RISE | Retrofit information, support & expertise

Summary on Reconciliation

Quick guide

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Contents

Overview

This quick guide provides Grant Recipients (GRs) with a clear and succinct overview of reconciliation across Warm Homes: Social Housing Fund (WH:SHF) and Warm Homes: Local Grant (WH:LG). It focuses on what reconciliation is; why it is required; and how it works in practice.

Readers that would like this document in a more accessible format should contact rise@turntown.co.uk.

What is reconciliation?

Reconciliation is the process used by DESNZ and its Delivery Partners to **review and verify financial information** submitted by GRs.

It ensures that:

- Grant funding drawdowns matches eligible expenditure incurred
- Costs are correctly reported within the relevant financial year and period
- Grant and co-funding values are accurate and consistent
- Spend complies with scheme rules and eligibility requirements.

For WH:LG, reconciliation also involves calculating the difference between:

1. **Total funding received** and
2. **Total costs incurred**, to identify any variance (underspend or overspend)

Reconciliation is a **mandatory requirement** under the Grant Funding Agreement.

Why is reconciliation required?

Reconciliation ensures that **public funding** is used effectively and efficiently, and that it is in line with scheme guidance and financial rules.

It enables DESNZ to:

- Confirm alignment between funding, spend, and reporting.
- Identify and resolve errors, discrepancies, or variances.
- Monitor financial delivery performance.
- Maintain accountability for public funds.

> Failure to meet reconciliation requirements may lead to escalation to DESNZ, delays in approvals, and **withholding of future funding.**

How reconciliation works

1. Submission and reporting

WH:SHF

- Reconciliation is completed **quarterly** via the Grant Recipient Portal.
- GRs submit transaction-level data including:
  - Supplier and description
  - Grant and co-funding values
  - Total costs and classification (capital or A&A)

WH:LG

- Reconciliation is completed at **financial year-end**.
- Based on comparing funding received against costs incurred.

2. Evidence checking (WH:SHF Only)

A sample of transactions (minimum **20% of value**) is selected for review. GRs must provide evidence within **5 working days.**

Typical evidence includes:

1. Invoices and payment records
2. Timesheets
3. Supplier documentation

DESNZ may request a **full evidence review** at any time.

3. Adjustments and corrections (WH:SHF Only)

GRs may need to amend transactions where:

- Errors are identified
- Costs or funding values change
- Reporting needs to align with drawdowns
- Changes are made in Grant Recipient Portal (SHF)

It should be noted that significant updates should be communicated to Delivery Support Managers (DSM)/DESNZ and that amendments may trigger further checks.

4. Reconciliation outcomes (WH:LG)

Underspend

- Occurs when funding exceeds costs.
  - May require returning funding or adjusting future payments.

Overspend

- Occurs when costs exceed funding.
  - May result in additional payments or future allocation adjustments.

5. Key rules

1. Funding must be used within the **correct financial year**
2. Funding **cannot be transferred between years**
3. Costs must be recorded when **incurred (liability point)**
4. Reporting must be consistent across:
   - Reconciliation
   - Monthly reporting
   - Drawdowns (SHF)

Reconciliation provides a **snapshot of financial performance**, used to:

- Assess delivery
- Reset forecasts where required
- Inform future funding decisions

Summary

Reconciliation helps ensure grant funding is **claimed, reported, and spent correctly** in line with scheme requirements. By maintaining accurate records, retaining supporting evidence, and submitting timely information, GRs can demonstrate compliance and support successful project delivery.

Taking a proactive approach to reconciliation can help **avoid reporting issues, funding adjustments, and delays**. GRs should engage with their DSM early if any discrepancies, changes, or delivery challenges arise.

Relevant resources:

- Reconciliation requirements for WH:SHF – RISE Quick Guide
- FENC and Reconciliation Guidance – RISE Article