

Decision maker:	Assistant Director for corporate Environment & Place
Decision date:	Tuesday 20 March 2018
Title of report:	Keep Herefordshire Warm: One Year contract extension
Report by:	Marches Sustainable Energy Project Manager

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose and summary

To exercise a one year extension of the existing 'Keep Herefordshire Warm' contract with Marches Energy Agency. The service offers access to advice and assistance around affordable warmth and home energy efficiency. A part of this is to facilitate resident's access to Energy Company Obligation grants.

The Keep Herefordshire Warm service has been successfully delivering affordable warmth measures, outcomes and advice for Herefordshire residents as well as helping to contribute to the carbon reduction targets as set out in the Re-Energising Herefordshire Charter since May 2015.

The contracted term for the current service, run by Marches Energy Agency is due to end on 5th May 2018.

Recommendation(s)

That:

- (a) The contract with Marches Energy Agency is extended for a one year period until May 2019**

to provide the Keep Herefordshire Warm Service at a cost of £20,000

Alternative options

- 1 Do nothing; this would result in a termination of the successful 'Keep Herefordshire Warm' scheme. Residents would then need to be signposted to both the national Energy Saving Advice Service (ESAS) and their energy companies. Our previous experience has been that this does not always lead to a satisfactory resolution and in many cases residents are signposted back to the council or are left without a resolution which could leave them in fuel poverty and the associated implications that this has.
- 2 Deliver in-house; the responsibility to provide home energy advice would then fall to the Energy and Active Travel team as well as the added activities that the Keep Herefordshire Warm service currently provides of energy efficiency referrals and developing links with installers, fuel poverty awareness raising, policy research and specific strategy development around affordable warmth. This option would likely involve further resource to be required within the Energy and Active Travel team that would cost more than re-procuring a fit for purpose service provider to deliver the scheme.
- 3 Undertake a full procurement exercise; it is felt currently that MEA are still delivering value for money (see resources section) and that changing provider at this point would reduce momentum that has built up over the contract period at a transitional time for nationally funded domestic energy schemes. This would therefore enable residents the easiest route to access such funding until a national consultation has taken place (see key considerations for further detail).

Key considerations

- 4 Housing is a fundamental requirement for good health and wellbeing. Inequalities in a range of health issues can be tracked to the quality of housing; examples include the link between respiratory disease and dampness and mould, and excess winter deaths and poor insulation and space heating. In relation to illness due to cold housing for example, BRE estimate an annual cost of at least £145 million to the NHS (The Health Costs of Cold Dwellings, BRE, 2001).
- 5 The 2011 Herefordshire Council Healthy Housing Survey identified that 21.7% of owner occupied and 23.6% of privately rented dwellings contain one or more significant hazards. These figures are much higher than those found nationally (17.6% and 18.7% respectively (EHS 2010-11)).
- 6 Excess Cold has been identified as the most frequent hazard of those surveyed under the Housing Health and Safety Rating System (HHSRS) in Herefordshire. This data has been extrapolated to predict that the hazard could be present in over 8,000 properties at a cost of nearly £8.5m to remedy.
- 7 National data suggests that under the new low income high cost (LIHC) definition of fuel poverty, Herefordshire experiences significant levels of fuel poverty (16.6%; circa 13,000 households). This level is higher than its neighbours in Worcestershire and Shropshire. It is also higher, as a percentage, than both national and regional levels. Central to this are the exceptional challenges that the county faces in terms of the factors affecting the energy efficiency of properties including a large proportion of older, hard to treat properties and restricted access to mains gas due to the rural nature of the county.

- 8 In 2011 the government's renewal budget allocation (first introduced in 1949) was completely removed, creating a gap in housing assistance previously administered by Herefordshire Council to address poor conditions in the private sector, including excess cold hazard. Many vulnerable home owners cannot afford essential repairs and improvement. It is therefore vital that external funding and partners are supported to bridge the gap left to improve thermal performance and heating in older housing stock.
- 9 The Keep Herefordshire Warm service contract commenced in May 2015 for a period of three years plus any extension agreed in writing between the council and the provider, Marches Energy Agency (MEA). A decision for the extension was not sought in the original decision report, however this was an oversight rather than intentional.
- 10 The service works in tandem with Herefordshire Council and relevant partners to tackle fuel poverty and promote affordable warmth through energy advice provision, awareness raising, development of referral pathways including ECO Flex, policy updates and strategy development.
- 11 MEA's performance is measured against the county's affordable warmth strategy outcomes, action plan and associated reporting matrix:
 - a. Raising awareness of fuel poverty and affordable warmth among all stakeholders;
 - i. Contact numbers from householders over the period of the contract have risen from 254 in 2015/16 to 435 in 2016/17. This number has already been exceeded within the current financial year and is expected to exceed 500.
 - ii. The target for number of partner referrals received was exceeded within 2016/17 and is already close to being achieved within the current financial year.
 - b. To encourage and support households to achieve affordable warmth;
 - i. The number of referrals for household energy efficiency improvements has increased from 34 in 2016/17 to 183 at the end of the last quarter of 2017/18
 - ii. The amount of funding accessed by MEA to support fuel poverty related activity in the county has risen from an estimated £25k in 2015/16 to over £60k in 2016/17.
 - c) To develop sustainable strategies and delivery models via co-operation and evaluation
KHW continue to engage with partners to develop this area, particular highlights over the contract period include the implementation of council approved referrals into the national household energy efficiency scheme, as well as health based projects providing boilers based on health outcomes and the provision of home visits and gas boiler checks in conjunction with Age UK.
- 12 The current national funding scheme, is due to finish in September 2018 and a consultation for its successor scheme is likely to commence in spring 2018.
- 13 Based on the above, current service momentum and the negotiation of an acceptable

extension cost, it is thought preferable to extend the service by 1 year rather than go out to tender.

- 14 Outcomes and performance will continue to be monitored against the affordable warmth strategy, action plan and reporting matrix as the strategy period runs until 2019. This also ties in with the requirement for an updated HECA report for the county
- 15 The Home Energy Conservation Act (HECA) was introduced in 1995 and placed a duty on all Energy Conservation Authorities, councils with housing responsibilities, to produce improvement plans aimed at achieving a voluntary 30% energy efficiency improvement within ten to fifteen years.
- 16 A procurement exercise to replace the existing contract will take place in February and March 2019 ready for contract award in early May 2019. A detailed timetable will be developed with the commercial services team at that time and included within the decision report.

Community impact

- 17 This service seeks to support residents to improve the thermal comfort of their homes to achieve affordable warmth, reduce fuel poverty, and enhance wellbeing and to prevent both cold-related illnesses and excess winter deaths.
- 18 The Keep Herefordshire Warm service will contribute towards the following local and regional strategic priorities, targets and legislation:
 - The service is addressing the targets and objectives outlined in the Affordable Warmth Strategy 2016-2019
 - The Home Energy Conservation Act (HECA) and associated provision of the 2019 HECA Report
 - The following Herefordshire Council Corporate Plan Priorities
 - o Enable residents to live safe, healthy and independent lives as well as keeping children and young people safe and give them a great start in life through increasing affordable warmth and reducing fuel poverty, which reduce negative health outcomes and can help facilitate increased educational attainment
 - o Support the growth of our economy through reduced household energy expenditure and increased opportunity for local involvement in the domestic local energy efficiency sector
 - o Secure better services, quality of life and value for money through improved Keep Herefordshire Warm outcomes and affordable warmth
- 19 Provision of the Keep Herefordshire Warm service contributes towards the following Herefordshire Health & Wellbeing strategic priorities:
 - o Priority Three- For older people – quality of life, social isolation, fuel poverty
 - o Priority Four- Impact of housing – fuel poverty and poverty and the impact on health and wellbeing
- 20 Herefordshire's compliance with the UK Climate Change Act (2008) to reduce overall emissions by 80% by 2050;

- 21 Understanding Herefordshire data indicates that although energy efficiency levels in the County are improving, mainly as a result of better insulation of properties, this has been counterbalanced by increasing energy and fuel prices. The changes in national policy in relation to energy company funding for energy efficiency measures has also created uncertainty in the market, which will only have exacerbated this further.
- 22 Part of the Keep Herefordshire Warm service is to facilitate a partnership network of organisations and community groups, known as the Affordable Warmth network which seeks to collectively tackle fuel poverty in the County through consultation, awareness raising and development of the referral network. Current members include Herefordshire Housing, Hereford & Worcester Fire & Rescue service, Herefordshire Carers and Age UK.

Equality duty

- 23 Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 24 The Public Sector Equality Duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying "due regard" in our decision making in the design of policies and in the delivery of services.
- 25 This scheme seeks to support the duty by treating all prospective households equally. The scheme seeks to improve energy security and affordability and to help tackle fuel poverty.
- 26 The service will work with a wide variety of groups and organisations from the community, voluntary and social housing sectors to reduce fuel poverty in the County.
- 27 Particular focus of some elements of the service may be targeted at specific groups, for example those deemed to be in or at most risk of fuel poverty.
- 28 The provider will be required to ensure that all documentation, including service information, can be made available in other languages including Braille, and in other formats such as video and audiotape according to the needs of individuals accessing this service.
- 29 The provider will also be expected to arrange access to translation and interpreter services should this be required and to give special consideration as to how the service will be 'marketed' to ensure that people living in remote rural locations will have access to

the relevant information.

Resource implications

- 30 The proposed cost for the 12 month extension is £20,000. This will be met through existing budgets
- 31 Applying inflation to the average annual service cost 2015-18 would bring the cost up to £17,000 per annum.
- 32 The further increase of £3,000 reflects increased service demand as KHW has become more established, moving from 254 advice/service requests in 2015/16 to 435 in 2016/17 and over 500 in the current financial year. The cost also reflects increased service provision due to the emergence, establishment and management of new funding streams that has resulted in a significant increase in energy efficiency installs for fuel poor and vulnerable households in the county..
- 33 The 2015-18 service cost was £48,989 and has secured approximately £50,000 of additional Energy Company Obligation funds into the county through brokerage of energy efficiency measures.

Legal implications

- 34 As this Report identifies, the Council has responsibilities under the Care Act 2014 and other legislation to ensure that vulnerable individuals are prevented from harm and that their wellbeing and independence is promoted. The Council also has a wide power under the Local Government Act 2000 to promote wellbeing in its area.
- 35 The Council has a duty to obtain best value in the delivery of all of its functions. This includes services which are contracted out to third parties. This Report explains why the short term extension to the existing service represents a best value solution, pending a longer term procurement exercise and the potential redesign of the service in light of possible national changes.
- 36 The value of the extension of this contract does not give rise to any procurement legal implications.

Risk management

- 37 Data suggests that fuel poverty in the county is significant and that although the energy efficiency of properties is improving, this is counterbalanced by the increase in energy prices. In addition to this, while the number of excess winter deaths (EWD's) in Herefordshire is lower than the West Midlands average, this figure is significantly affected by the severity of the winter and that therefore there is a need for action to mitigate these alarming statistics.
- 38 Keep Herefordshire Warm seeks to prevent the incidence of fuel poverty; prevention is seen as critical to the vision of the Care Act. The new care and support system must actively promote wellbeing and independence and aim to prevent need, not just wait to respond when people reach a crisis point. The service also links to the element of the

Act which highlights suitability of living accommodation to promote wellbeing and preventing, reducing or delaying the needs for care and support through the adequate supply of heating.

- 39 The Care Act appreciates the links between living in cold and damp homes and poor health and wellbeing and suggests needs can be met through affordable warmth measures such as those accessible through Keep Herefordshire Warm.
- 40 Robust commissioning of the service and the use of an approved mini-tender selection process for installers will ensure that and reputational risk to the council is minimised.
- 41 Failure to commission a Keep Herefordshire Warm service would likely result in a reliance on national referral services and the energy companies own advice, which experience has shown does not always provide a resolution and hence may result in increased fuel poverty levels.

Consultees

None

Appendices

None

Background papers

None Identified