

Meeting:	Cabinet member infrastructure
Meeting date:	Friday 7 December 2018
Title of report:	Warm Homes Funding acceptance
Report by:	Energy strategy officer

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

It is also a key decision because it is likely to be significant having regard to: the outcome, which will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

Countywide

Purpose and summary

This report seeks approval for Herefordshire Council to accept the Warm Homes Fund grant offer of £1.069m, to act as the accountable body for the project and to implement the project in accordance with the attached project applications.

Warm Homes funding will enable Herefordshire to support approximately 150 fuel poor households in the county, with the same number potentially supported in Shropshire.

Recommendation(s)

That:

- (a) Herefordshire Council act as accountable body for the £1,068,900 grant funding and delivery of the Warm Homes Fund Project across Herefordshire and Shropshire;
- (b) the scheme criteria set out at paragraphs 11a and b be approved;
- (c) the chief finance officer be requested to add the £959,830 capital grant funding to the capital programme; and
- (d) the Acting Assistant Director for Regulatory, Environment and Waste Services be authorised to take all operational decisions necessary to implement the scheme including determination of grant applications in accordance with scheme criteria.

Alternative options

1. Not/only part accept the grant funding.
 - a. This is not recommended as this would make it difficult for some fuel poor households with no recognised central heating systems to receive support, as national funding streams alone are likely to result in significant funding shortfalls for fuel poor households.
 - b. This will result in a risk of not achieving the council's strategic objectives within the Corporate Plan and Affordable Warmth Strategy.

Key considerations

2. Fuel poverty remains a significant issue in both Herefordshire and Shropshire, with an estimated 11,043 households thought to suffer from fuel poverty across Herefordshire and a further 17,670 households in Shropshire.
3. Households across the two counties are defined as fuel poor and eligible for support through their respective statements of intent (attached as a supporting document) if they are either:
 - a. Low Income and Vulnerable;
 - b. Low Income High Cost.
4. The Warm Homes Fund is designed to support councils, registered social landlords and relevant partner organisations to address some of the issues affecting fuel poor households. This fund is administered by the National Grid and Community Interest Company, Affordable Warmth Solutions.
5. The council submitted two successful joint applications with Shropshire Council in order to support households in both urban (Category 1) and rural (Category 2) areas.
6. The project aims to help 300 homes out of fuel poverty across both counties by installing first time central heating systems in order to replace old and inefficient electric and solid fuel heated properties.

7. The project is proposed to commence in 2019 and finish in 2021.
8. The combined grant offer from the Warm Homes Fund totals £1,068,900 with a total project value of £1,676,550, a part of which will be match funded through the national (ECO) funding streams and potentially brought into the project via installers. These are often complicated and require additional top-up funding. Warm Homes Funding would also supply revenue to support households as well as funding a large proportion of the works.
9. The project will utilise existing service links provided by Marches Energy Agency (MEA) through Keep Herefordshire/Shropshire Warm, which will effectively provide the householder route into the project through their established advice line channels. MEA will work with householders to check their eligibility for support through the project as well as working with them to establish a solution if relevant. MEA's costs will be covered by part of the revenue element of the fund and a variation to the existing Service Level Agreement (SLA) will be put in place to cover this.
10. A joint Memorandum of Understanding (MoU) will be put in place with both Shropshire Council and MEA as part of the project.
11. Only households requiring a first time central heating system and defined as fuel poor will be eligible for support through the project, MEA will check eligibility and gather evidence for this before submitting to the Council for funding approval. Household qualification can be summarised as follows:
 - a. Through the national funding scheme (part of the 'Help to Heat' group)- In receipt of a qualifying benefit and satisfy the relevant income requirements, where applicable,
 - b. Through the Council's own criteria as set out in the supporting Statement of Intent- householders will be means tested to ensure that their income and savings sit below the relevant thresholds and that they are living in a 'high cost' (energy inefficient) property or meet the relevant vulnerability criteria (designated health conditions, elderly residents, young children or pregnant).
12. Marketing, communications and targeting for the scheme are planned through a variety of outlets such as the use of gas and off-gas network maps, social media, mail-outs, print media and through existing networks. Potential key stakeholders include affordable warmth network partners, local gas network and off-gas operators, BBLP, parish councils, installers, householders and our delivery partners, Shropshire Council and Marches Energy Agency.
13. This proposal will enable more fuel poor households to be supported and should increase the amount of households supported through the Keep Herefordshire/Shropshire Warm schemes.
14. Project monitoring and performance will be reported through the corporate project management system with overall Fuel Poverty outcomes further highlighted through the corporate performance framework.

Community impact

15. This project will contribute towards the following local and regional strategic priorities, targets and legislation:
 - a. Herefordshire Council Corporate Plan

- i. Enable residents to live safe, healthy and independent lives;
 - ii. Keep children and young people safe and give them a great start in life.
 - b. Herefordshire Health & Wellbeing Strategy
 - i. Priority three - For older people (quality of life, social isolation, fuel poverty);
 - ii. Priority four - Impact of housing (fuel poverty and poverty and the impact on health & wellbeing).
 - c. Herefordshire Affordable Warmth Strategy
16. 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. Households without a recognised central heating system are likely to be some of the highest cost properties in terms of heating and a therefore contributory factor towards fuel poverty.

Equality duty

17. By adopting the proposal the council is being proactive in discharging its equality duty as the scheme will target fuel poor households, many of which will share a protected characteristic for example elderly and/or disabled residents. The proposal will also ensure that householders are treated equally when seeking to access the scheme.

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.
18. 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. Our providers will be made aware of their contractual requirements in regards to equality legislation.
19. The Equality Act 2010 established a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation).

Resource implications

20. Resource implications to the council will be met through existing officer time. There is no capital match contribution required from Herefordshire Council, this will be provided from the Warm Homes Fund and other sources as outlined above.
21. In addition to contributing to MEA's project management and householder facing role, the grant offer includes a revenue contribution towards the project oversight, assurance and claim management which will be undertaken by the Delegated Grants team.
22. Capital and revenue budgets would need to be set up so that installers and partners can be paid and funding received. Funding will be claimed retrospectively and therefore the cost of the above payments would initially need to be borne by the council. Possible additional financial risks would exist where the project over delivers and claiming is capped at 20% above the profiled spend. The implications of that would be that the Council would have to wait for the next quarter claim period in order to draw that down. We are trying to mitigate that by being as realistic as possible in the way the profile of spend has been portrayed.
23. Procurement of suppliers and installers will be via the existing Fusion 21 framework with the use of mini-competitions to ensure best value.
24. The total project value is £1,651,050 and indicative funding profile is as follows, the inclusion of the below grant in the capital programme will be approved by the CFO:

Funding streams	2019/20	2020/21	2021/22	Future Years	Total
Category 1, Urban - Warm Homes Funding (Capital Grant)	£147,629	£147,629	£61,512	£0	£356,770
Category 1, Urban - Warm Homes Funding (Revenue Grant)	£15,985	£15,985	£6,660	£0	£38,630
Category 1, Urban - Match funding from ECO3, RHI and private landlord contributions	£121,408	£121,408	£50,584	£0	£293,400
Category 2, Rural - Warm Homes Funding (Capital Grant)	£249,542	£249,542	£103,976	£0	£603,060
Category 2, Rural - Warm Homes Funding (Revenue Grant)	£18,595	£18,595	£7,750	£0	£44,940
Category 2, Rural - Match funding from ECO3, Renewable Heat Incentive (RHI- Renewable Heat subsidy payments) and private landlord contributions	£130,035	£130,035	£54,180	£0	£314,250
TOTAL	£683,194	£683,194	£284,662	£0	£1,651,050

Legal implications

Further information on the subject of this report is available from
Matthew Locking, email: mlocking@herefordshire.gov.uk

25. The council has a power under sections 1-4 of the Localism Act 2011 to accept grant funding for this project and apply it to communities in Herefordshire and Shropshire. The council must defray the grant funding in accordance with any grant conditions attached to the funding and the council's general duty to secure best value set out in s3 of the Local Government Act 1999.

Risk management

26. Accepting Warm Homes Funding and implementing the project proposed will help to mitigate fuel poverty in Herefordshire and Shropshire. This could have a wide variety of benefits to householders such as reduced fuel bills, warmer and healthier homes as well as showing leadership from both Herefordshire and Shropshire councils in this area and could lead to further opportunities to leverage funding.
27. If funding is not accepted then Herefordshire Council and it's Keep Herefordshire Warm partner, Marches Energy Agency, will continue to support fuel poor households through advice and access to national funding streams as well as exploring opportunities for additional funding for fuel poverty related activity and measures.

Risk / opportunity	Mitigation
Project delivery levels below target	Delivery levels and project pipeline to be reviewed by delivery partner (MEA) and project delivery group on monthly/quarterly basis. If low, promotional activity will be reviewed and revised accordingly.
Reduction in match funding levels through procured installer	Access to match funding would be sought from one of several other suppliers/energy companies. Install costs will also be monitored as the Warm Homes Fund contribution is fixed as per the application and therefore this element of match is key.
Keep Herefordshire Warm / Keep Shropshire Warm Service Level Agreements (SLAs) are due for renewal in 2019, both schemes will provide the householder interface, eligibility checking and project management	Both SLAs will be re-tendered well in advance in order to ensure continuity of delivery. The council's tender will also include project management of the Warm Homes Fund in the specification.
More households identified through the project than available funding	Marches Energy Agency will work with these households to identify if measures can be funded outside of the project. Additional funding may become available as the project develops either from Warm Homes Fund or alternative sources and all partners will work to access this where possible.

28. Fuel poverty risk has previously been managed at directorate level however anything specific to the project will be managed at service level unless escalation is required.

Consultees

29. The Warm Homes Fund project has been developed in conjunction with Shropshire Council, Herefordshire Council and Marches Energy Agency colleagues. A Warm Homes application working group was set up including colleagues from procurement, Housing and Energy & Active Travel.
30. Political groups have been consulted and no objections or comments were received.

Appendices

- Appendix 1: Flexible Eligibility Sol for Herefordshire
- Appendix 2: WHF Template Recipient agreement Round 2

Background papers

- Warm Homes Fund, Category 1 (Urban) application
- Warm Homes Fund, Category 2 (Rural) application