

Report to Executive

Agenda
Item:

A.4

Meeting Date: 10th December 2018
Portfolio: Economy, Enterprise and Housing
Key Decision: Yes: Considered under general exception
Within Policy and Budget Framework No
Public / Private Public

Title: WARM HOMES FUND GRANT AWARD
Report of: Corporate Director of Governance and Regulatory Services
Report Number: GD.92/18

Purpose / Summary:

To consider the acceptance of a Warm Homes Fund (WHF) Grant Award of £538,000 to supply new first-time gas central heating systems to a target of 200 homes in Carlisle and district.

Recommendations:

It is recommended that the Executive:

1. Accept the £538,000 Award of Funding from the Warm Homes Fund and authorise the Corporate Director of Governance and Regulatory Services to enter into the legal agreement upon him being satisfied as to the terms and conditions thereof.
2. Delegate responsibility for the spend of the grant to the Corporate Director of Governance and Regulatory Services.

Tracking

Executive:	10 th December 2018
Scrutiny:	

Council:	
----------	--

1. BACKGROUND

- 1.1** The Warm Homes Fund (WHF) is a £150million fund administered by Affordable Warmth Solutions (AWS) across England, Wales and Scotland, primarily designed to address fuel poverty and poor energy efficiency of housing stock. The Fund incentivises the installation of affordable heating solutions in households who do not use mains gas as their primary heating fuel. It is envisaged that the Fund will be used to supplement local strategic plans and other funds available. The aims of the Fund are to reduce bills, increase comfort in non-gas fuel poor households, and improve health outcomes for some of those with the most severe levels of fuel poverty.
- 1.2** The bid was under Category 1: Urban homes and communities – we anticipate this will involve 200 new gas heating systems to private sector homes to provide space heating and domestic hot water. It could also include heat network solutions. Under this category new gas connections will continue to be undertaken by Gas Distribution Networks and funded through the Fuel Poor Network Extension Scheme.
- 1.3** The City Council through its Homelife HIA Team made an application to the Warm Homes Fund on 27th September 2018 in accordance with the grants and external funding procedure using the Corporate Director of Governance and Regulatory Services delegated authority to apply for grant funding.

2. PROPOSALS

- 2.1** The project would be delivered through the Homelife Home Improvement Agency. Discretionary Housing Grants and FILT grants will be used to meet shortfalls in funding where possible. Office space in kind, if required, for an Energy Surveyor to be based in Carlisle Civic Centre, has been offered to Warmer Communities.
- 2.2.** Homelife have already identified 154 properties within Carlisle who could potentially benefit from the grant towards the target of 200 homes.
- 2.2** The partners in this project would be:
 - ~ Thrift Energy alongside their community interest company, Warmer Communities, who have been procured as installers of the heating and aim to insulate the properties to the current standard.
 - ~ Communitas Energy who are a Community Interest Company (CIC) subsidiary of Northern Gas Networks would provide free grant funding to connect the eligible properties to the mains gas network.
- 2.3** The funding is dependent upon signing a contract and providing key quarterly reports and updates. Thrift Energy as our delivery partner will be funding the upfront

costs of the installations, providing quarterly invoices for the costs of the installations which will then be claimed from the Warm Homes Fund Grant quarterly in line with the project forecasts.

- 2.4** The installations will also benefit from additional Energy Company Obligation (ECO) funding and, where residents are eligible, through our existing Energy Efficiency and Foundations Independent Living Trust (FILT) grants that Homelife currently has access to. There will also be circumstances where our Discretionary Housing Grants and FILT grants are able to meet shortfalls in funding.
- 2.5.** The properties will be identified through residents applying for Discretionary Housing Grants and a marketing campaign paid for by Warmer Communities. There is also a CFM radio and social media campaign to encourage residents to contact Warmer Communities to insulate their homes and apply for heating through funding that is available, including our ECO flexible eligibility Help to Heat scheme.

3. RISKS

- 3.1** See Appendix. 1 for risk analysis

4. CONSULTATION

- 4.1** The delivery partners Communitas and Thrift Energy have been fully consulted and involved in the bid application.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

5.1. The Warm Homes funding can be used as an additional resource and offer to complement the other sources of grant funding Homelife has access to, to improve the housing stock of privately rented and privately-owned homes in Carlisle and District area.

5.2 The scheme encourages energy suppliers and installers to offer first time gas central heating and an opportunity for homes that are viable for connection to the mains gas network to get connected for free.

5.3. Thrift energy are using local contractors and offering upskilling and training to become ECO installers which benefits the local economy as a social benefit.

- 5.4** The marketing leads generated by this project will raise awareness of the services offered by the City Council's Home Improvement Agency and generate more discretionary grant applications.
- 5.5.** The awarding company Affordable Warmth Solutions (AWS) have requested that the City Council confirms acceptance of the grant and signed contracts by Friday 14th December 2018 of the offer may be withdrawn.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

Contact Officer: Emma Moraitis
Home Improvement Agency Team
Leader
Regulatory Services

Ext: 7443

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

CORPORATE IMPLICATIONS:

FINANCE – This project will be funded from external contributions as outlined above and will be monitored as part of the usual budget monitoring procedures. Procurement requirements will need to be satisfied prior to the delivery of the scheme to ensure the use

of contractors is compliant with Procurement legislation and also the Council's Contract Procedure Rules.

EQUALITY –

INFORMATION GOVERNANCE –

RISK ANALYSIS SEPTEMBER 2018

WARM HOMES FUND – CATEGORY 1 BID 2018 - 2019

RISK IDENTIFIED	Likelihood	MITIGATION PLAN
Are all project costs covered by the grant	L	Have delivered similar projects successfully in the past. Capacity for Project delivery is through Warmer communities C.I.C. funded by Thrift at little to no risk to the Council
CONTINGENCY		<p>The costs shown are not a contractual commitment by neither Carlisle Council or Thrift energy therefore are an indication that we can lever other funds to offer a fully funded solution to the households. The ECO contribution is a conservative figure when there could be upwards of any additional 50% worth of ECO depending on the property types. The bid has purposely illustrated a multitude of funding streams that we can access but the whole scheme is subject to eligibility. The indicative figure in for ECO shows a level of commitment that we can secure other external funding.</p> <p>In the main, CWI and LI will be fully funded by ECO and RIR heavily discounted / free if off gas so again there would be minimal reliance from discretionary housing grants.</p>
Capacity of delivery partners	L	Thrift Energy have already committed one of their existing surveyors from this week to start his retraining programme to fully understand the new ECO obligation, FPNES and the other funding that the HIA administer with the scope of using more existing resource / recruiting more surveyors. In addition to this Thrift have recently recruited a new

		heating manager in head office who is currently going through a recruitment drive for more heating surveyors/ inspectors as well as engineers to support our contract work and any other potential heating projects that Thrift will be working on including this WHF.
Reputation if we don't deliver	L	Have already piloted schemes Have quality targets Feedback from customers and stakeholders. Have worked with Thrift Energy for last 2 years. ISO 9001 qualified. Quality scored highly as part of procurement tender.
Sickness or officer leaves during the scheme	M	Scheme fits in with existing HIA procedures.
CONTINGENCY		Can be delivered externally through Installers on framework and through Warmer Communities. Thrift energy are recruiting surveyors and staff to work in the area specifically for the project.
Ineffective marketing/targeting	L	This could result in not reaching the 200 properties we need. Our delivery partners have invested time and resources to carry out effective targeting, working with our project partners. This will also take place very early on in the project timescales to ensure we have time to make changes or improvements if required. Other installers are working in our area following ECO tender and our published statement of intent
CONTINGENCY		We have a wide target area we can select eligible properties from, identifying areas of IMD, low EPC band, benefits, and likelihood of being in fuel poverty. Should take up be slower than anticipated, we can quickly expand out our target

		areas.
Not being able to secure additional funding	L	This could result in the project not going ahead, we have a framework of installers wanting to work in our area and have a track record as a Home Improvement Agency of securing additional charitable funding, understanding funding criteria's, and working with partners to help us achieve maximum funding. In particular we are very confident of maximising new ECO3 rates, and this was a key part of our recent tender exercise that was won by Thrift Energy.
CONTINGENCY		We have several funding pots we can look to target funding from and have support from a number of partners who can advise and support us to attract funding.
Energy bills increasing/not reducing fuel poverty	L	Our targeted work will ensure that only the residents in most need, and in fuel poverty or at risk of fuel poverty will receive assistance. In addition, only expensive to run solid fuel and electric storage heating systems will be eligible. From this baseline, installing a highly efficient new heating system, together with supporting energy advice and assistance will result in residents seeing reductions in their energy bills.
CONTINGENCY		We have considerable support available to residents to ensure that energy bills are reduced, either through new boilers, or other energy efficiency measures that we can install through other funds. We will also provide advice on energy bills and will work closely with residents to ensure they are paying the least amount possible through Warmer Communities C.I.C.
The project fails the possible audit by the funding provider	L	Clear records kept. Decision to be made as to whether an officer

		decision notice should be made on all the grants made in future
Poor quality work	L	will be carefully managed. Quality controls was tested in the tender process, examining the installers experience of working in resident's homes, their code of conduct policies, level of inspections and sign offs. The Project team will carefully monitor performance against agreed KPI's.
CONTINGENCY		Regular project meetings will ensure that problems are minimised, and regular inspections and quality control checks will be implemented to prevent issues. Further contingency is in place by being able to use one of the other installers on our framework.
Time scale unrealistic	M	The first 3 months will involve a surveyor working with Communitas to target households and conduct surveys full time. This would equated to 480 dedicated hours in addition to the marketing support from Thrift energy and a total of 5 contractors including Thrift Energy who will be able to install the measures with typical installs taken no more than 1.5 days so we have a large capacity of potentially 10 heating teams working each week which could show a delivery of 45 heating systems a week at its peak so the 12 months is realistic. The number of properties in this bid is minimal in comparison and monthly Thrift install 500 measures a month. We are fortunate that the key deliver team has a combination of experience to pull this project together and deliver on target.
CONTINGENCY		Other installers on framework increases capacity.

		<p>If we are successful, we will be informed in early November, and we'll get a chance then to review the delivery timescales, which will then go into the contract. The quick timescales will also look good for the Consortium bid that Carlisle will lead on, as we'll be able to demonstrate that we can set up, mobilise and deliver numbers quickly, so the more we can do between now and the Round 3 closing in mid-February the better.</p>
The bid is unsuccessful	M	Free Gas connection project work isn't dependent on the WHF.
CONTINGENCY		<p>Thrift have committed to working in our area through their warmer Communities CIC regardless of bid success.</p> <p>We are working on a larger Cumbria-wide consortium bid. This project will test the delivery methods and be a learning experience.</p> <p>We have other grant funding, such as LA flex and DHG that we can use to fund energy efficiency measures</p>
Drop in fee income if energy efficiency measures are fully grant funded	L	<p>As we are looking at whole house solutions it is likely that there will be other home improvements identified that are eligible for a DHG. It is making the best use of our resources by accessing a grant that would not be available for households in our area.</p> <p>It is also encouraging the issue of fuel poverty to be higher on the agenda and encouraging best practice across the districts. It is a fit with our housing strategy and improving the area's housing stock as well as health and well-being of our residents.</p>



██████████
Home Improvement Agency Team Leader
Carlisle City Council
Civic Centre
Rickergate
Carlisle
CA3 8QG

**Radcliffe House
Blenheim Court
Solihull
B91 2AA**

Tel: 0121 592 0181

**Email: whf@awscic.org.uk
www.affordablewarmthsolutions.org.uk**



15th November 2018

Ref: WHF2A/Cat1/CarlisleCC

Dear ██████████

Award of Funding from the Warm Homes Fund

We refer to your funding application dated 27th September 2018. We are pleased to confirm that your application has been successful (to the extent relating to the funding offered below).

We are able to offer funding of £538,000 in respect of Category 1 to be used for the purpose identified in your application.

A copy of our funding agreement (referred to below as the 'Recipient Agreement') is on our website:

- Schedule 1 to the Recipient Agreement contains the Funding Information, which identifies the Purpose for which funds are to be used, the Funding Amount, Funding Instalments, any Required Match Funding, the deadline for use of funding and conditions for release of Funding Instalments. In order for us to complete the details relating to the Funding Instalments you are required to provide a forecast of your intended installation programme (see email communication).
- Schedule 2 to the Recipient Agreement sets out the terms and conditions that will apply to the provision of funding to you.

Availability of funding is conditional upon your agreement to all matters set out in the Recipient Agreement, including provision of any Required Match Funding and on your acceptance of the following Award Conditions.

Award Conditions

- The Funding Amount must be used solely for the Purpose identified in the Funding Information and otherwise in accordance with the Recipient Agreement.
- Where the Purpose includes installation of all or part or any heating system within or serving any residential accommodation, to the extent economically viable to do so you must ensure that insulation has been or is provided within a reasonable time to standards reasonably to be expected in comparable accommodation;
- Where the Purpose includes installation of measures that will generate an income under the Renewable Heat Incentive scheme (or any replacement scheme) and is not being used in the funding of this project, you undertake to reinvest that income in further measures intended to assist in alleviation of fuel poverty.

Once you are satisfied that you can and will comply with the Recipient Agreement, including provision of the Required Match Funding and compliance with the above Award Conditions, please provide confirmation to ourselves at whf@awscic.org.uk along with the forecast installation programme so that we can draw up copies for execution.

We look forward to hearing from you.

Yours sincerely



Managing Director
Affordable Warmth Solutions CIC