

HOMES & COMMUNITIES COMMITTEE

16 MARCH 2020

WARM HOMES FUND BID OUTCOME

1.0 Purpose of Report

1.1 To inform members that our recent bid to the Warm Homes Fund (WHF) for £97,488 to enable mains gas connections and fully fund the conversion of existing solid fuel/Liquid Propane Gas (LPG) heating systems and cooking appliances in up to 43 park homes in Ollerton has been successful.

2.0 Background Information

2.1 The Energy Company Obligation (ECO) is a Government energy efficiency scheme in Great Britain that aims to help tackle fuel poverty and reduce carbon emissions and is delivered through energy suppliers and their agents. The current phase (ECO 3) runs from 2018-2022.

2.2 The ECO3 Amendment Order allows local authorities (LA's) to help households living in fuel poverty, or living on a low income and vulnerable to the effects of living in a cold home, by matching them with energy suppliers using the new 'flexible eligibility' mechanism.

2.3 There are two main categories of private tenure household intended to be eligible through flexible eligibility:

- Fuel poor households, especially those that are not in receipt of eligible benefits and the estimated 20% of fuel poor households that are not in receipt of any benefits; and
- Low income households that are vulnerable to the effects of living in a cold home.

2.4 Local authorities, through their social, housing and health responsibilities, are well placed to identify households in fuel poverty, or vulnerable, including householders who are elderly and those with a health condition that can be exacerbated by living in a cold home.

2.5 Under flexible eligibility, LAs are able to make declarations determining these households to be eligible for a measure under Affordable Warmth.

2.6 Energy suppliers are able to achieve up to 25% of their Affordable Warmth obligation in premises identified by local authorities in their declarations.

2.7 Affordable Warmth Solutions (AWS) is an independent Community Interest Company that works in partnership with Cadent (Gas Network Operator) to meet the challenges of fuel poverty and energy efficient homes. Working with Local Authorities and Energy Companies they are committed to funding new gas connections to some of the most deprived communities in England.

2.8 In February 2018, Newark & Sherwood District Council (NSDC) published a SOI aimed at attracting ECO funding to part fund external wall insulation for owner occupied park homes and to also fully fund the replacement of inefficient boilers. The scheme was a small-scale pilot as the funding was time-bound and residents were required to make a significant contribution (circa £2K) toward the cost of the specialist insulation system. As a result,

only 1 park home received external wall insulation and 7 inefficient boilers were replaced free of charge under this scheme.

- 2.9 Since then, ECO funding rates for park home energy efficiency improvements have reduced significantly, making such a scheme cost prohibitive. (Valuable lessons have been learned from the pilot and these are being incorporated into the proposals below.

3.0 Warm Homes Fund

- 3.1 The Warm Homes Fund (WHF) is a £150 million fund provided by National Grid and administered by Affordable Warmth Solutions (AWS) across England, Scotland and Wales. It is primarily designed to incentivise the installation of affordable heating solutions in fuel poor households who do not use mains gas currently as their primary heating fuel.
- 3.2 Members will be aware from previous reports that the Council submitted a successful WHF bid in February 2019 which is currently funding the delivery of 89 new gas connections and first time gas central heating systems for fuel poor residents living on Bevan Close/Vera Crescent in Rainworth. (This project should be completed by March 2020). Effective collaborative partnerships have been established through this scheme and we plan to utilise and build on these mutually beneficial business relationships going forward.
- 3.3 Approximately £133m has already been allocated from the WHF and as part of its 5th and final bidding round (which closed on 24 January 2020) the WHF has been actively seeking bids to fund gas connections and heating system conversions in park homes that are not currently connected to the gas grid. The Council's Senior Leadership Team (SLT) approved a refresh of the Council's ECO LA Flexible Eligibility Statement of Intent for Park Homes on 17 December 2019. The aim was to attract a WHF grant to fully fund a scheme that will help residents at Fairholme Park Home, Ollerton (16 private renters and 27 owner occupiers) to significantly reduce their home heating and water heating running costs. (Mains gas is typically around 25% cheaper than LPG).
- 3.4 Under these proposals the Council will have responsibility for determining a household to be ECO Flex eligible, and suppliers are not required to undertake a supplementary assessment to determine eligibility. However, it is the responsibility of the suppliers to provide evidence supporting the notification (i.e. the LA declarations and the Statement of Intent) to Ofgem on request. If information is missing or incomplete, Ofgem will approach the supplier to obtain this, not the LA.
- 3.5 A grant agreement will need to be signed with Affordable Warm Solutions (a Community Interest Company). There are no financial penalties imposed for non-delivery funding is paid 3 months in arrears and this will simply be passed on, via NSDC, to our nominated delivery partner (Agility Eco) who has agreed to make direct payments to their chosen subcontractor selected to fit all of the heating and cooking improvement measures on site. However, 5% of the total grant award is retained by AWS until the project closure report has been submitted. (This is required within 3 months of the final measure being installed and will be provided by Agility Eco as part of its project management function). Agility Eco has agreed to bridge the 5% funding gap at no additional cost to the project.

3.6 It is anticipated that contracts will be signed in March and, if so, the heating improvement survey works should commence in April 2020. The scheme is anticipated to be completed by the end of summer 2020.

3.7 A data processing/sharing agreement will be put in place with project partners, taking due regard of the Government's published data sharing guidance for ECO Flex schemes and utilising support and advice provided by Information Governance. Written consent will be obtained from residents before their personal data is shared with project partners/their delivery agents.

4.0 Risks

4.1 Agility Eco has agreed to bridge the 5% funding gap which AWS plan to retain against each payment claim until the project closure report (to be provided by Agility Eco as part of its project management function) has been submitted and accepted by AWS.

4.2 There is a risk that the project will not deliver the anticipated benefits to residents. For example, if a park home resident does not currently use their central heating, they will not achieve the anticipated running cost reductions typically associated with converting an LPG central heating system to mains gas.

4.3 A communication plan will be implemented to ensure that all 43 Fairholme Park residents fully understand the offer and relevant caveats. Individual home surveys will be undertaken to determine the resident's particular circumstances and the specific work required within each property in order to successfully convert their heating system and cooking appliances to mains gas. If the LPG appliances are old or deemed to be unsuitable for conversion, new equipment (e.g. boiler, hob, oven, fire, as appropriate) will be supplied and fitted at no cost to the resident or park home owner as part of this scheme.

4.4 The Council's Energy and Home Support Team will lead this project and will liaise with the Coal Concessionary Board to support any of the 5 residents with solid fuel back boilers who currently receive coal allowances. (Generally, it is possible to agree financial buy-outs that typical cover the cost of an average annual gas bill).

4.5 It is our intention to organise a residents' meeting to fully explain the offer and to give residents the opportunity to meet/talk with the scheme delivery partners and to have their specific questions/queries answered. The park home site owner is fully supportive of this approach and has already offered to fund the venue and refreshments.

4.6 The Council's Environmental Health Team (who license all park home sites within the district) are fully supportive of this proposal and have expressed the view that this project could provide a template for other park home sites to follow.

4.0 Equalities Implications

4.1 The scheme outlined in this report will be offered to all Fairholme Park Home residents. Plans are already in place to engage residents, regardless of their protected characteristics and an EIA is being carried out as part of this work.

5.0 Financial Implications (FIN19-20/5451)

5.1 The budget requirement of £97,488 will be fully financed by the Warm Homes Fund.

5.2 The payment will not be due to Agility until the claims have been made to the Warm Homes Fund and the money has been received.

6.0 Community Plan – Alignment to Objectives

6.1 This project directly supports delivery of Objective 9 as it is anticipated it will improve the health and wellbeing of local residents, with a particular focus on helping to reduce fuel poverty and narrowing the gap in healthy life expectancy and other health related outcomes.

7.0 RECOMMENDATIONS that:

- a) **Members note the outcome of the Warm Homes Bid; and**
- b) **Recommend to Policy & Finance Committee that a budget be set up in the Capital Programme in 2020/21 for £97,488, financed by the grant from the Warm Homes Fund.**

Reason for Recommendations

To enable the Park Homes project to proceed.

Background Papers

Nil

For further information, please contact or Helen Richmond – Energy and Home Support Officer on Ext 5418 or Leanne Monger – Business Manager – Housing, Health and Community Relations on Ext 5545

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