
WARM HOMES PROJECT

Responsible Cabinet Member – Councillor Chris McEwan
Economy and Regeneration Portfolio

Responsible Director – Ian Williams, Director of Economic Growth

SUMMARY REPORT

Purpose of the Report

1. The purpose of this report is to seek Members endorsement to participate in the Warm Homes Fund project (WHF).

Summary

2. In July 2017 National Grid announced a national grant fund of £150 million available for all organisations, including local authorities to bid for. The purpose of the grant funding was to address some of the issues relating to fuel poverty.
3. Expressions of interest had to be made expediently by the 31 July 2017 followed by a full grant application by the 8 September 2017. The grant funding was available over a three year bidding cycle. Year 2 bids for funding started on the 27 November 2017 representing another opportunity to secure further funding. Year 3 bidding will follow on the 4 December 2018. Bids will be made again in Years 2 and 3.
4. A consortium of seven local authorities including Darlington, registered housing providers and community partners made a joint bid and it was announced on the 23 October 2017 that the bid had been successful. Year one of the bid is a modest bid of nearly £1.8 million recognising the significant preparation and start up time required for the project and the need to deliver installations onwards from December 2017 and until November 2018. The Funders have recognised the strength of the consortium bid and have welcomed further bids in Years 2 and 3 of the funding cycle. Only 43 bids out of 264 bids were successful reflecting both the strength of the consortium bid and the challenging bid criteria.
5. A Memorandum of Understanding (MOU) will operate between all consortium partners to manage the expectations and relationships between partner members. This MOU is not onerous and does not specify specific performance criteria for any member. Funding will be spent delivering installations and improvements on a

needs basis across the region and each partnership member area.

6. Darlington has funding already available to 'pump prime' the project from an historical underspend of £105k from a previous private sector housing, Single Housing Investment Program Capital Grant (SHIP3) energy efficiency project. This residual funding is ring fenced to spend on private sector housing energy efficiency measures.

Recommendations

7. It is recommended that Members approve participation in the Warm Homes Fund Partnership to deliver energy efficiency measures across the Borough.

Reasons

8. The recommendation is supported by the following reasons:-
 - (a) Participation in the project will deliver energy efficiency improvements for qualifying residents in the Borough. Funding availability elsewhere is now greatly reduced compared to previous years.
 - (b) Fuel poverty levels in the borough will be reduced and associated problems will be reduced.

Ian Williams
Director of Economic Growth

Background Papers

- (i) Warm Up North Pilot Project
- (ii) Cabinet 6 November 2012

David Burrell : Extension 6439

S17 Crime and Disorder	There are no implications on crime and disorder.
Health and Well Being	Health and Well Being will be improved for qualifying residents. Incidents of cold related illnesses will be reduced. Excess winter related deaths could be reduced.
Carbon Impact	The carbon footprint will be reduced when more efficient heating installations are installed.
Diversity	There are no implications.
Wards Affected	All qualifying residents in all Wards will be affected.
Groups Affected	The most vulnerable and low income families will benefit most.
Budget and Policy Framework	This report does not recommend a change to the Council's budget or policy framework.
Key Decision	No
Urgent Decision	No
One Darlington: Perfectly Placed	The Warm Homes Fund Project meets these strategic requirements.
Efficiency	Residents receiving heating improvements are less likely to require some council services and are less likely to present with cold homes related illnesses. Impact on some services could be reduced.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers.

MAIN REPORT

Information and Analysis

9. Launched on the 17 July 2017, the Warm Homes Fund (WHF) will provide £150 million nationally over three years to local authorities and registered providers. The funding is from National Grid and the scheme is being administered by Affordable Warmth Solutions.

10. The bid process required expressions of interest by 31 July followed by a detailed bid by 8 September 2017. Initially a partnership of all five Tees Valley authorities had intended to collectively bid to the fund, however we were subsequently invited to join a larger regional bid led by Northumberland County Council. The benefit of joining the regional partnership included the successful track record of Northumberland County Council in delivering positive outcomes funded with the Central Heating Fund in 2016/17.

11. The funding is to install first time central heating in homes that qualify under the project criteria. This includes both 'on gas areas' and those 'areas off gas'. Assistance will be given to residents who are able to have a gas supply installed because they are in an area that has a gas main supply. The heating options available are gas central heating, oil central heating, LPG and air source heat pumps. The priority is to provide gas central heating to those who are able to

access a gas supply. Other measures can be provided to residents living in off gas rural areas. All tenure types can benefit under the project, owner occupiers, private renters and those living in social housing. It is both the property and occupiers that need to qualify for assistance. The property must not already have central heating and must need a central heating system. The specific objectives of the fund are to increase comfort in non-gas, fuel poor households, to reduce fuel bills and improve health and therefore reduce fuel poverty.

12. The fund requires **one or more** of the following criteria to apply:

(a) The household must be:

- (i) Within the 25% most deprived areas in the UK measured by the Index of Multiple Deprivation (IMD); or
- (ii) Eligible for support under Home Heating Cost Reduction Obligation (HHCRO) in England (relevant means tested benefits); or
- (iii) In fuel poverty based on the latest government definition; or
- (iv) In one of the least energy efficient properties (rated E, F and G based on EPC ratings).

13. The Partnership led by Northumberland County Council includes the following members:-

(a) **Local Authorities**

- (i) Northumberland County Council – lead authority
- (ii) Darlington Borough Council
- (iii) Durham County Council
- (iv) Hartlepool Borough Council
- (v) Middlesbrough Borough Council
- (vi) Redcar & Cleveland Borough Council
- (vii) Stockton-On-Tees Borough Council

(b) **Registered Social Landlords**

- (i) Homes for Northumberland
- (ii) Thirteen Group

(c) **Community Groups/Partners** – (funded under separate Category 3 Funding)

- (i) Middlesbrough Environment City
- (ii) Citizens Advice Bureaux
- (iii) Community Action Northumberland
- (iv) National Energy Action
- (v) The Stroke Association

14. The WHF contains three categories and the Partnership's approval contains an element for all three up to a value of up to £1,608,270. The WHF grant funding will be completed from additional grant funding elsewhere such as the Government Energy Company Obligation (ECO), charitable contributions. Registered Providers will be expected to pay 50% of their own installations costs. All partners can benefit from the funding, although it is anticipated that the larger rural councils will likely get a larger share based on their needs compared to smaller urban councils.

15. The WHF categories are outlined below. The three funding areas are as follows: Community partners will assist greatly in providing Category 3 services.

(a) **Category 1** - Urban homes and communities; first time gas heating systems

(i) Total estimated value of works*	£1,314,517
(ii) Warm Homes Allocation	£870,169

(b) **Category 2** - Rural homes and communities; focusing on 'non-gas' solutions which may include air source heat pumps, oil and LPG.

(i) Total estimated value of works*	£817,668
(ii) Warm Homes Allocation	£471,679

(c) **Category 3** – Advice and support on a range of energy issues; includes a specific element for householders with health issues

(i) Total estimated value of works*	£266,422
(ii) Warm Homes Allocation	£266,422

(d) **Total bid value in Year 1 = £1,608, 270**

* The total estimated value of works is greater than the grant funding because this includes Government grant contributions (ECO), partner contributions and other donations.

16. From a local perspective Darlington has a good opportunity to benefit from the WHF project. Fuel poverty levels when last recorded in 2015 showed that 14.1% of residents were in fuel poverty representing 6,663 households. This is a rise from 12.6% in 2014. We have approximately 2,040 households not connected to the gas network. These are naturally higher in rural Wards without a gas network but there are still significant numbers in gas supply network areas not connected to a gas supply. This likely means that they are using expensive and inefficient electric heating systems. Those using electric heating systems are more likely to be in fuel poverty because running costs are significantly higher. There are approximately 2,600 households in Darlington that use electricity as their main source of heating.

17. The WHF in many ways is similar to the Warm up North Central Heating Project that was carried out during 2016/17. That project was delivered in a similar manner and structure to the WHF. The project delivered 90 new central heating installations in Darlington and over 1,450 across the region. Similar delivery numbers are possible again although now with the added benefit of more time to deliver the installations. Finding properties and matching qualifying households is the most challenging part of the project. Supporting the project will be challenging given limited resources and experienced staff available and this will need to be reviewed at regular intervals. But internal resources, time and effort will be provided by the Private Sector Housing Manager and the Team. The Communications Team will also be essential to help to identify the right residents and properties via targeted publicity and press releases.

18. External sources to manage the project will be provided by Northumberland County Council. SME's will deliver installations locally in each local authority member area. Procurement of installers and other trades will be carried out by Northumberland County Council. Northumberland County Council will also seek to secure a grant via the Fuel Poor Network Extension Scheme to connect individual homes to the gas main. The works to connect a home to the gas main will be contracted by Northumberland County Council using their model devised for the Central Heating Fund where 680 were completed across the region. Performance will be closely managed by a project manager appointed by the lead authority. A call centre to receive calls and enquiries has been set up in Northumberland to represent member authorities across the region.
19. Work preparing for the launch of the project was carried out during December, 2017 and marketing for the scheme began in the New Year. A MOU is in place to cover the expectations and the working relationships between the various partners and Northumberland County Council. All properties that are being considered for the installation of WHF measures will be surveyed to determine the most appropriate form of heating and other works that will improve the thermal properties of an individual home. Complimentary works may include loft insulation or cavity wall insulation. The completed works will be delivered at no cost to the householder. A modest fund is available to move furniture to facilitate the central heating installation; available to households who would struggle to move furniture without help. Short falls in any households funding can be met by partner organisations.

Financial Implications

20. This proposal does not have any new or additional financial implications. The project funding is available from a Single Housing Investment Program Capital Grant (SHIP3) underspend of £105,000, from a previous private sector housing energy efficiency project carried out in 2012. This funding was ring fenced to deliver energy efficiency measures in the private housing sector and matches the requirements of the Warm Homes Project.