



**Cabinet Meeting on Wednesday 20 February 2019**

**Staffordshire Warm Homes Fund**

**Cllr Alan White, Deputy Leader of the Council and Cllr for Health said,**

“Fuel poverty affects thousands of people across the country. This contributes to a number of health problems, as respiratory, cardiovascular and mobility conditions can be made worse if an individual is living in a cold home”.

“By working together with many different organisations on a Staffordshire-wide scale, we can identify as many people as possible who are at risk of fuel poverty and related health risks, provide support and advice, and get them the help they need.”

### **Report Summary:**

Staffordshire County Council has secured a £3.795 million for a *Staffordshire Warm Homes Fund*. The Fund will lift 1,000 households out of fuel poverty by installing mains gas connections, central heating systems and insulation. It will also enable low level house adaptations and energy advice to enable people to live at home independently for longer. Three options have been considered for administration of the Fund. The recommended option is to establish a Staffordshire Warm Homes Limited Liability Partnership to administer the Fund as well as develop bids for further funding.

### **Recommendations**

I recommend that Cabinet:

- a. Notes that a £3.795 million *Staffordshire Warm Homes Fund* has been secured.
- b. Considers the options for administration of the fund.
- c. Selects Option 3 for administering the fund through a Staffordshire Warm Homes Limited Liability Partnership.
- d. Approves development of the Staffordshire Warm Homes Fund Limited Liability Partnership between SCC and the Ministry of Wellbeing (MOW).
- e. Delegate authority to the Director of Corporate Services to agree the final version of the Members Agreement

<b>Local Members Interest</b>
N/A

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### **Staffordshire Warm Homes Fund**

#### **Recommendations of the Cabinet Member for Health, Care and Well-being**

I recommend that Cabinet:

- a. Notes that a £3.795 million *Staffordshire Warm Homes Fund* has been secured.
- b. Considers the options for administration of the fund.
- c. Selects Option 3 for administering the fund through a Staffordshire Warm Homes Limited Liability Partnership.
- d. Approves development of the *Staffordshire Warm Homes Fund Limited Liability Partnership* between SCC and the Ministry of Well-being MOW.
- e. Delegate authority to the Director of Corporate Services to agree the final version of the Members Agreement

#### **Report of the Director of Health and Care**

##### **Background**

1. The *Staffordshire Warm Homes Fund* comprises a successful bid for £1,960,475 to the national Warm Homes Fund provided by Affordable Warmth Solutions (AWS), part of National Grid (Cadent). This is a private investment from National Grid to support vulnerable people. Bid requirements included a delivery partner and matched funding and the lead bidder to be a local authority. E.ON have committed a further £1,834,588 Energy Company Obligations (ECO) fund, bringing the total to £3.795 million. E.ON's funding is on condition that it is the sole delivery partner.
2. SCC was the lead bidding organisation to the national Warm Homes Fund (WHF) on behalf of CCG and District Council partners, along with Beat the Cold (a local charity) and the Ministry of Wellbeing Community Interest Company (MOW). SCC confirmed acceptance of the WHF on 30th November 2018 and signed the Recipient Agreement on 17th December 2018. The Recipient Agreement is a necessary formality to proceed but remains inactive unless or until funds are drawn down under it from AWS. There were over 50 bids to the national WHF of which 10 were successful. The Staffordshire bid was awarded one of the highest portions of available funds. Expenditure of the Staffordshire WHF will be over two years starting Spring 2019.

3. MOW is a community interest company set up by SCC's Public Health and Prevention Lead. SCC has been supporting MOW with resources in kind with the intention is that it becomes a self-sustaining, not for profit, trading entity that can create a range of public-commercial partnerships to improve health and well-being in Staffordshire
4. As a commercial entity, MOW is not subject to public sector procurement legislation and can therefore respond quickly to tight bid deadlines. This will facilitate additional bids to bring further funds into Staffordshire.

## Benefits

5. The bid covers Category 1 (Urban houses requiring first time boilers/connection to gas mains supply), and Category 3 (Energy efficiency support & advice and home adaptations to support independent living). The Staffordshire WHF will lift 1,000 households out of fuel poverty by installing mains gas connections, first time central heating systems and insulation. It will also enable low level house adaptations and energy advice to enable people to live at home independently for longer. It has the potential to improve personal household finances by up to £4.5m and reduce care costs to public services by £1.2m by enabling a further 5 years of independent living.
6. On the back of the successful bid, the LLP plans to bid in 2019 for Category 2. This will support energy efficiency measures for rural homes and be in the region of a further £2m. E.ON and MOW are also in discussions with Innovate UK and Industrial Strategy health leads to develop a further £26 million bid in 2019 to the Healthy Ageing Programme Fund - £6 million of which would be for Staffordshire.

## Options for managing the Staffordshire Warm Homes Fund

7. The Staffordshire WHF includes £167,000 to cover the cost of administering the funding. The administrative functions include marketing the fund, finding and assuring eligible households, management of funds and reporting obligations to AWS under the Recipient Agreement (pre-qualification, quarterly funding submissions and payment for measures completed), and assurance.
8. In addition, SCC and EON have committed £153,812 in-kind support and system partners have committed support through their frontline teams. Receipt of both the Category 3 £156,000 and Administration budget £167,534 by the LLP is subject to delivering the targets. Failure to achieve this means the money is not forthcoming from AWS. In this case all liabilities will be passed to the partners and will not be retained by the LLP.
9. Three options have been considered for administration of the fund: a summary of these is presented in Table 1.

**Table 1: options for administration of the Staffordshire Warm Homes Fund**

Option		Summary
A	SCC contract directly with E.ON	• Traditional contract with E.ON.

	and administer the Fund internally.	<ul style="list-style-type: none"> <li>Funds would be managed and administered through SCC accounts.</li> </ul> <p>Risks</p> <ul style="list-style-type: none"> <li>Access to further funds would breach the concession threshold of £4.5million and therefore require procurement of a delivery partner This might limit access to future in-county and multi-county bid opportunities</li> </ul>
B	SCC contract directly with E.ON for delivery with a contract with MOW used for administration.	<ul style="list-style-type: none"> <li>Traditional contract with E.ON.</li> <li>Funds would be managed through SCC accounts with MOW used for recipient administration and wider system co-ordination.</li> </ul> <p>Risks</p> <ul style="list-style-type: none"> <li>This adds complexity through two contracts and additional management costs within an already tight budget.</li> <li>Remedy if something goes wrong is contractual remedy only and control is as far as contractually possible.</li> <li>Similar concession threshold limitations as in Option A.</li> </ul>
C	Staffordshire Warm Home Fund Limited Liability Partnership Purpose established to contract with E.ON and administer the Fund.	<ul style="list-style-type: none"> <li>SCC and MOW establish a Limited Liability Partnership [LLP] solely for the purposes of implementation of the Recipient Agreement.</li> <li>SCC as the formal Recipient under the Agreement contract with the LLP who in turn then contract with E.ON</li> <li>Transparency, direct and firm governance of finances and performance, and reporting would be enshrined in the Terms of the LLP (members agreement).</li> <li>As a non-public sector entity, it is not required to comply with public sector concession thresholds which limit Options A and B.</li> </ul> <p>Risks</p> <ul style="list-style-type: none"> <li>This is a new operating model with small additional cost for set up</li> </ul>

10. Due diligence by SCC legal, finance, corporate and procurement leads have confirmed that all three options are acceptable and present no material concerns that would curtail progress or place SCC at risk. An analysis has been completed to assess the relative merits of each option and is presented in Table 2.

**Table 2: assessment of options**

Criteria		Option A	Option B	Option C
1	Must effectively administer the Staffordshire Warm Homes Fund in line with the Recipient Agreement	✓	✓	✓
2	Must have good governance around the WHF	✓	✓	✓
3	Must be compliant with EU procurement rules	✓	✓	✓
4	Should support bids for further funding	Some risk around future opportunities	Some risk around future opportunities	✓

5	It should support development of the Ministry of Well-being	×	✓	✓
6	Additional set up costs	0	0	Under £10,000

11. Option C requires additional set up costs, some of which will be provided by SCC in-kind support. Where possible, this will be offset by income for SCC staff time to support the Staffordshire Warm Homes Fund. This option facilitates further bids totalling £8m and is therefore the recommended option. The main risks to this option are that this is a new operating model. Further information is given below and in Appendix 1 about how it will be set up and operate.

### **Staffordshire Warm Homes Fund Limited Liability Partnership**

12. This would be a Limited Liability Partnership [LLP] between SCC and the MOW based on:

- a. A 50:50 partnership with right of veto for SCC in relation to Section 151 responsibilities. This would be governed by a Members Agreement which will reflect the management of the fund and the dispersal of SCC contractual responsibilities from the Recipient Agreement to the LLP.
- b. There will be a short form contract between SCC (as a local authority and lead bidder) and the LLP (of which SCC is a member) regards passing down the contractual provisions of the Recipient Agreement directly to the LLP.
- c. The LLP would establish an administrative team and processes to provide the administrative functions (Appendix 1).
- d. The LLP would contract with E.ON, with all liabilities and conditions both from the Recipient Agreement devolved to E.ON
- e. The LLP would develop bids for further funding with management fees for administration of these built into the bids with a view to establishing future income that would support the LLP and MOW to become self-sustaining.
- f. Prior to entering into a single tender arrangement with MOW we will ensure it is supported to be properly constituted and meets single procurement criteria

13. Due diligence by SCC legal, finance, corporate and procurement teams confirm there is no material financial or reputational risk. Appendix 1 provides further supporting detail

### **List of Background Documents/Appendices:**

**Appendix 1** – LLP Administrative Team and Processes

**Appendix 2** – Community Impact Assessment (CIA) – Summary

**Full Community Impact Assessment** – Background Document

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