

DECISION-MAKER:	Cabinet
SUBJECT:	Southampton Healthy Homes – Procurement of a new contract for providing an affordable warmth programme 2024-2029
DATE OF DECISION:	20 th February 2024
REPORT OF:	COUNCILLOR A. FRAMPTON CABINET MEMBER FOR HOUSING

<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY
Appendix 2 contains information deemed to be exempt from general publication based on Category 3 (information relating to the financial or business affairs of any particular person (including the Authority holding the information)) of paragraph 10.4 of the Council's Access to Information Procedure Rules. In applying the public interest test this information has been deemed exempt from the publication due to confidential sensitivity. It is not considered to be in the public interest to disclose this information as it would reveal information which would put the Council at a commercial disadvantage.

BRIEF SUMMARY
<p>Cabinet is being asked to approve the procurement of a new contract to enable a third party to operate an affordable warmth service on behalf of Southampton City Council.</p> <p>The current affordable warmth programme 'Southampton Healthy Homes' is run in partnership and under contract with a local charity, the Environment Centre. The Southampton Healthy Homes programme has been running for over ten years providing fuel poverty and energy efficiency advice for the residents of Southampton. There are an estimated 12000-15000 households in fuel poverty in the city. The primary aim is therefore to reduce the number of households in the city from being in or at risk of fuel poverty and to work to support the city's ambitions to reduce the carbon footprint of Southampton by helping and facilitating the move to greener energy usage in the city's private residential homes. The current contract is due to expire in April 2024.</p> <p>The Council's Capital Board has identified and approved in principle funding for the project until at least 2027. This allows for a contracted Healthy Homes service to operate in the city offering practical advice, guidance and to facilitate physical measures in the city's private housing stock to reduce fuel poverty and increase energy efficiency.</p>

RECOMMENDATIONS:

(i)	To approve the procurement of an affordable warmth service contract (Southampton Healthy Homes) to start in April 2024 until April 2027 or as soon thereafter.
(ii)	To delegate to the Executive Director for Place to select the most appropriate tender that represents Best Value and to enter into appropriate contractual arrangements
(iii)	To approve the addition and spend of £2.20M to the Warm Homes project in the Wellbeing & Housing capital programme.

REASONS FOR REPORT RECOMMENDATIONS

1.	Southampton City Council has worked very successfully in partnership with an external provider for over ten years to provide an affordable warmth programme for the city's residents. The residents of Southampton are the main beneficiaries of this project as it is there to help them with advice, support and guidance on the following; home energy efficiency, heating advice & support (including warm home discounts and winter fuel payments), fuel & water bills (including Issues and disputes), damp and mould, energy usage, vulnerable consumer support, energy efficiency standards and private rental rights and responsibilities and benefits, budgeting and debt (via referrals from Citizens Advice Bureau (CAB), welfare rights). Through this the Council is supporting residents to keep their homes safe and warm, working on reducing the impact of fuel poverty on the city's residents, reducing the number of households in the city who are in or at risk of fuel poverty, reducing the carbon footprint of the residential housing market and helping the city's residents through this current cost of living crisis.
2.	Capital funding has been identified and approved in principle to cover the costs of the programme until at least 2027. In previous years much of the funding has been financed through external grant funding so it is expected that further additional funding will also be made available from Central Government, BEIS and the energy sector to meet national net zero targets, to continue this onto further years.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3.	To cease the affordable warmth programme on the expiry of the current contract on March 31 st 2024. If it did so Southampton City Council would not be actively working to reduce the number of its residents in or at risk of fuel poverty and not helping to reduce the carbon footprint of the private housing stock. Southampton City Council would also not be working towards the aims of the Fuel Poverty Action Plan as published in its Housing Strategy 2016-2025.
4.	For Southampton City Council to run an affordable warmth programme 'in-house', rather than utilise a contracted partner. Whilst costs would be similar to 'contracting out' there are currently no resources or expertise available in house to run a programme, so extensive investment in resources and training would be required. This would take time to set up and in current climate recruitment may be very difficult. This would undoubtedly lead to a slow down and probable delay in advice, guidance and any practical measures being offered to Southampton's residents.

	It would also likely lead to an increase in households in fuel poverty and failure to meet the Fuel Poverty Action Plan and Housing Strategy 2016-2025 aims.
DETAIL (Including consultation carried out)	
5.	<p>The residents of Southampton are the main beneficiaries of this project as it is there to help them with advice, support and guidance on the following; home energy efficiency, heating advice and support (including warm home discounts and winter fuel payments), Fuel and water bills (incl. issue disputes), damp and mould, energy usage, vulnerable consumer support, energy efficiency standards and private rental rights and responsibilities and benefits, budgeting and debt (via referrals from CAB, welfare rights). Any resident regardless of property status and tenure can contact the service, this includes Southampton City Council tenants and other Social housing tenants, private rented tenants and owner occupiers.</p> <p>Through this we are supporting residents to keep their homes safe and warm, working on reducing the impact of fuel poverty on the city's residents, reducing the number of households in the city who are in or at risk of fuel poverty, reducing the carbon footprint of the residential housing market and helping the city's residents through this current cost of living crisis.</p>
6.	<p>The current contract for this service was awarded to the Environment Centre in 2019 on a three-year concessionary agreement. This was initially funded by an external grant award from the Government's Warm Home Fund. This grant scheme was set to assist Councils in delivering gas boiler upgrades and replacements and provide advice and assistance on energy issues. This scheme ended in 2022.</p> <p>The service contract has subsequently been extended through 2022/23 and now 2023/24 but cannot be extended further under the contract arrangements therefore retendering is required to secure the project going forward and to ensure Best Value is achieved.</p>
7.	<p>Funding for the service through 2022/23 and into 2023 has primarily been through the Better Care Fund as this project comfortably sits within the scope of wider social care projects that can be funded from this source. The Better Care Fund is awarded to Local Authorities and NHS trusts annually from Central Government to support people to stay well, safe and independent at home for longer. Southampton City Council received £2.7M from the Better Care Fund in 2023/24 of which the majority is used to fund Disable Facilities Grants and the rest is subject to discretionary use as defined by Government guidance and Southampton City Councils Disable Adaptations Financial Assistance Policy 2023.</p> <p>Further funding for the next two years from the Better Care Fund has already been agreed and in addition new capital receipts and section 106 budgets have now been added to support the programme through till at least 2027.</p>
8.	<p>In 2022/23 the programme provided support to over 1600 households (an increase of 71% from previous year), helped households achieve savings of over £1Million and an estimated lifetime carbon savings of 1,779 tonnes of CO2.</p> <p>Carbon savings, whilst indicative, are calculated using a mixture of formula set by OFGEM. Based on the type of install, size of property and EPC rating.</p> <p>In terms of financial savings, this is made up of the following;</p>

Table 1. Financial savings/gains for households supported, 2022/23

Type	Amount, £
Energy debts cleared	6,161
Warm Home Discount attained	300
Estimated lifetime bill savings from small energy efficiency measures	23,723
Estimated lifetime bill savings from large energy efficiency measures	673,121
Other benefits/charitable support including water bill savings, utility & food support, value of winter warmth packs and third-party grants for energy efficiency measures	313,499
Total	

Total 1,016,804

So far this year the project has supported 1380 households so is on target to again exceed the previous years demand (an 111% increase compared to this time last year). Total gains and savings for households this year is already valued at £529K (estimated lifetime energy bill savings).

9. A key focus of the Healthy Homes Project is to help residents understand the potential energy efficiency and low carbon improvements that can be made to their homes and to secure grant funding for these works. The team explore national & local funding including the following schemes: ECO4 (& ECOflex), Warmer Homes (LAD/HUG), Boiler Upgrade Scheme & Discretionary in addition to Council funding from the Better Care Fund and Carbon Offset funds.

Measures funded for residents include; Insulation, heating systems (repairs and/or replacements), door & window repair or replacement, Solar PV & other renewable electricity or hot water systems and essential enabling works, which could include damp treatment and preventative work, ventilation improvements and plumbing work..

10. Without this project being run by the Environment Centre to date, Southampton City Council would not be able to provide any of this assistance without significant investment in resources and training. By providing this service we are helping to keep vulnerable persons safe and warm in their own homes. A safe, warm home is key to preventing and reducing the risks of ill health, particularly to vulnerable and older residents, in particular excess cold in homes is attributable to increased risk of CPD and chronic respiratory conditions. The NHS spends an estimated £1.4 billion annually on treating illnesses associated with living in cold or damp housing (BRE – The cost of poor housing in England – 2021 Briefing paper).

11. The links between cold homes and poor health are well documented. So by keeping residents safe and warm there should be a reduction in the likelihood of them needing hospitalisation and social and nursing care, allowing them to hopefully remain safe in their own homes for longer and return home sooner following hospital

	stays. This reduces the burden on the health and social care system which is already under massive pressure.
12.	Assisting residents with advice on rental rights, welfare rights and debt should also reduce the burden on other Council services as they can provide support in these areas.
13.	Promoting energy efficiency and facilitating energy saving measures and greener technologies will help to reduce the carbon footprint of the city's housing stock. In 2022/23 the programme delivered an estimated lifetime carbon saving of 1,779 tonnes of CO2 which is crucial to aid the city's vision to become carbon neutral.

RESOURCE IMPLICATIONS

Capital/Revenue

14.	The programme currently has a running cost currently of £0.25M per annum and costs have been budgeted over the next contract period as broadly similar. This covers the resources required to facilitate the advice and guidance service, including a project manager and a team of case workers.
15.	In addition, Southampton City Council will provide discretionary funding to help facilitate practical measures where external funding is not available or there is a shortfall to help vulnerable households stay warm and healthy in their homes & to reduce the carbon footprint of the housing stock. This will require an addition to the capital programme.
16.	In terms of Southampton City Council resource this amounts to 0.1 FTE for overall contract and project management, currently supplied as part of the Service Manager for Private Sector Housing role. The rest of the resources needed are supplied by the contracted partner & will be the same under future contract arrangements.
17.	The programme will be partially funded from external contributions, and the remainder through built up receipts repaid to the authority in respect of home improvement loans. There is no draw on borrowing associated with this project. It is anticipated that as future S106 contributions from developers are received these will replace the need for the use of capital receipts, which can be used to fund transformation activity across the council.
18.	In 2022/23 this discretionary funding amounted to £0.30M. This funding came from the agreed Carbon Offset (S106) fund and the Better Care Fund. It is expected that in addition to the annual revenue running costs, additional monies from the Zero carbon & Green projects funds will be made available for discretionary funding.
19.	With the current agreed funding, a new contract would be for an initial 3 years and extended for a further 2 (1+1) if funding is available.

<u>Property/Other</u>	
20.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
21.	Providing an affordable warmth programme is not a statutory requirement. The programme supports the aims of the wider SCC Housing Policies and fuel poverty action plan and is authorised by virtue of s.1 Localism Act 2011 (General Power of Competence) and is a purely discretionary power / service.
<u>Other Legal Implications:</u>	
22.	Procurement of any new contract will be carried out within the Southampton City Council's Contract Procedure Rules and in compliance with all necessary legal requirements.
RISK MANAGEMENT IMPLICATIONS	
23.	Ceasing the affordable warmth programme means we are not supporting people at risk of fuel poverty, this will likely lead to an increase in the number of the city's residents falling into or being at risk of fuel poverty. In 2020 it was estimated that 12.5% (approx. 13,400 households) of the City's households were living in fuel poverty and this had increased by 1% from the previous year. The cost of living crisis through 2023 has seen demand for the Healthy Homes programme increase by 111% so the numbers of residents seeking help has grown significantly.
24.	Providing a service that works to keep people warm and healthy in their own homes reduces the burden on the wider health and social care system. Without access to free reliable advice and guidance residents may not get the assistance they need or realise the benefits they are eligible for. This may lead to households being unable to keep their homes sufficiently warm therefore increasing the risk of morbidity and mortality linked to cold conditions. This would likely lead to an increase of additional pressures on other services, in particular the health and social care system. Increasing the burden on hospitals and nursing and care home places
POLICY FRAMEWORK IMPLICATIONS	
25.	The affordable warmth programme ensures that we help meet the challenges published within our Housing Strategy 2016-2025.
26.	This programme helps meets the requirements of our Fuel Poverty Action Plan 2018

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Appendix 1 – Equality & Safety Impact Assessment

2.	Appendix 2 – Financial Breakdown (Commercially Confidential)
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Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
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Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	3
2.	