

MINUTES OF A MEETING OF THE ECONOMY, RESIDENTS, COMMUNITIES AND GOVERNANCE SCRUTINY COMMITTEE HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON MONDAY, 24 FEBRUARY 2020

PRESENT: County Councillor M J Dorrance (Chair)
County Councillors K W Curry, D O Evans, E M Jones, G Jones, I McIntosh, J Pugh and D Selby

Cabinet Portfolio Holders In Attendance: County Councillor J Evans (Portfolio Holder for Economic Development, Housing and Regulatory Services)

Officers: N Brinn (Corporate Director - Economy and Environment), N Davies (Head of Housing and Community Development), W Richards (Scrutiny Manager and Head of Democratic Services) and J Preece (Private Sector Housing Team Leader)

1.	APOLOGIES
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Apologies for absence were received from County Councillors J Gibson-Watt, P Pritchard and J Wilkinson.

2.	MINUTES OF PREVIOUS MEETINGS
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The Chair was authorised to sign the minutes of the previous meetings held as follows as correct records:

- 13 January 2020
- 29 January, 2020

3.	DECLARATION OF PARTY WHIPS
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There were no disclosures of prohibited party whips which a Member has been given in relation to the meeting in accordance with Section 78(3) of the Local Government Measure 2011.

4.	DISCLOSURES OF INTEREST
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The Committee received a disclosure of a personal but not prejudicial interest from County Councillor J Pugh in relation to Item 5 (Declaration of a Revised Powys ECO Flex Statement of Intent) as he was a private landlord.

5.	DECLARATION OF A REVISED POWYS ECO FLEX 'STATEMENT OF INTENT'
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The Committee received the report of the Portfolio Holders for Economic Development, Housing and Regulatory Services and Finance, Countryside and Transport.

The Portfolio Holder for Economic Development, Housing and Regulatory Services reminded the Committee that the previous scheme had led to criticisms of the Council and the new scheme sought to address those issues by using Warm Wales and the aim of using local businesses with the correct accreditation.

There was also the overarching aim of trying to bring a number of Powys residents out of fuel poverty.

The Head of Housing and Community Development advised the Committee that the Council's only involvement in the scheme was to publish the Statement of Intent. Revised guidance had been received from Department of Business, Energy and Industrial Strategy (BEIS). The new scheme would mean that the operation of the scheme would be externalised to Warm Wales who had experience of running similar previously. The criticisms from the Powys Plumbing Group on the previous scheme were that the local supply chain was not being used, there was no financial income cap on applicants and that applications should be assessed externally. These were all accommodated in the revised scheme. It was also clarified that the new scheme was not targetting boiler replacement but to provide better insulation in properties. There were opportunities for local businesses to work with or become eco agents.

Question / Comment: What were the key learning points from the previous scheme?

Response: Engagement with Powys Plumbing Group revealed a desire for externalised independent assessments of applications, a financial cap for applicant's income as well as encourage the use of the local supply chain.

In addition, the SWAP report made a number of recommendations including:

- Fit for purpose vetting scheme – Warm Wales would determine who were the eligible applicants;
- A robust record keeping process – Warm Wales would maintain records and the Council would undertake checks / audit;
- Selection of contractors – Housing Service had been working with the Council's Procurement Service. Warm Wales would be involved in "meet the buyer events" so that they could meet local contractors and inform those interested of criteria required to work on the scheme.

Question / Comment: Paragraph 2.1 of the report – do these costs include VAT?

Response: Yes.

Question / Comment: Does the new scheme not include funding for boilers?

Response: The scheme is targeted at insulation work. There is far less money for boiler repairs or replacement. The former scheme had been targeted at replacing oil boilers. The scheme does consider other forms of heating to replace oil boilers such as ground source or air source heating, but oil boilers are unlikely to attract funding, considering that we are one year into the scheme. Consequently, funding is likely to be exhausted.

Question / Comment: Can you clarify the Council's involvement and define what the Council is responsible for?

Response: The Council's role is to issue a declaration confirming an applicant's eligibility and only the Council can do this. Warm Wales will assess applications beneath the financial threshold provided within BEIS guidance. Applicants over the relevant threshold will be rejected. The

Council will oversee the scheme and look at a sample of applications assessed by Warm Wales to ensure it is delivering what is required on the Council's behalf.

Question / Comment: To summarise, the Council will outsource to Warm Wales, will promote the use of local contractors and vet what Warm Wales does. Is using Warm Wales the right approach?

Response: Yes, as they have experience in this field and working with others to deliver gas connection vouchers to clients suffering from fuel poverty. Applications will be means tested and also assessed by property type.

Question / Comment: How will the Council be working with Warm Wales to ensure that the scheme is being promoted properly?

Response: Meet the buyer events, it will vet every application and the Council will audit a proportion of these. The scheme will be promoted through Warm Wales and Powys social media channels. The scheme is also fluid and could be rolled out across Wales with other authorities also using Warm Wales as their provider. This would give a consistent and standardised approach rather than the current postcode lottery.

Question / Comment: Is there any provision for oil boilers and what is the income threshold?

Response: There are limited funding opportunities for oil boilers and the aim would be to replace them with cleaner air or ground source heating. The income thresholds are set out in the Council's Flexible Eligibility Statement of Intent (page 3). These thresholds were published by BEIS, and it is uncertain what impact this will have on the number of applications. It is likely they will fall but we did not want to alter figures within published guidance without first gathering robust evidence on which to base changes. Any change to income thresholds would only be considered should there prove to be little demand for the scheme in Powys.

Question / Comment: If a house's insulation is not up to specification it can be improved. If a house has no cavity what will happen to these properties? External Wall insulation (EWI) or Internal Wall Insulation (IWI) - how much choice will the house owner have?

Response: The insulation options will depend on the type and size of property, carbon savings to be achieved, which dictates funding levels. The owner also has the option and choice to refuse any assistance offered. Much depends on what is financially viable to deliver. The eco provider will need to establish enough carbon saving to make the scheme work, so each house will be assessed on its own merits. It may also be the case that the owner is eligible under the scheme but the property is not. The national scheme and criteria are fixed, and the client ultimately has a choice. There is a significant cost difference between air and ground source heating. It is likely more air source systems will be delivered as the cost of drilling bore holes is expensive and therefore not financially viable.

Question / Comment: Is there provision for installing under floor heating and PV units on roofs?

Response: We are not aware of any specific funding for under floor heating

or solar PV. However, funding for such measures may become available as the scheme progresses. There is unlikely to be enough funding available to deliver multiple high value options. It will be up to the client to decide what they can afford. Robert Owen Bank could offer loans but as they need to be repaid, loans may not be suitable for people already in fuel poverty.

Question / Comment: Are any sums which an individual has invested taken into account for the financial assessment?

Response: It is income that is assessed i.e. salary. It is not certain whether income from investments would be taken into account. The Private Sector Housing Team Leader agreed to clarify the position regarding investment income. Any income derived from savings / investments will be assessed but not the capital sum itself.

Question / Comment: Has there been scrutiny of Warm Wales which is a not for profit organisation?

Under the previous scheme the cold calling of individuals took place and agents incentivised to get individuals onto the scheme – how do we know that those coming forward are eligible and that the correct information is being provided on applications?

Who is checking the standard and safety of works undertaken as this is not being checked by the regulatory bodies?

Is the Council considering an insurance backed guarantee for works to protect the customer?

Response: The Strategic Director – Economy and Environment indicated that he had received a copy of the Statement of Accounts for Warm Wales and would ask the Scrutiny Manager to circulate these to the Committee. It is understood that the profits made by Warm Wales were reinvested in the community where they were working.

Officers would review the other questions raised and respond to the Committee.

Response received following the meeting:

"Cold Calling will be reduced/better managed by Warm Wales. Canvassers will be recruited by Warm Wales and provided with branded clothing and ID cards. There will be less opportunity for 'freelance' canvassers to 'sell' leads direct to Warm Wales thereby reducing scope for miss-selling and abuse.

All applications will be vetted, checked and authenticated by Warm Wales. Applicants are now required to sign a declaration that any false statements may lead to prosecution.

Standard & safety of works - OFGEM as well as industry certification and registration bodies undertake random auditing of work funded by ECO. Should a customer have concerns regarding quality of work they may raise this with the independent registration body. All business installing or providing measures will need to hold the appropriate accreditation required by OFGEM in order to access funding. Warm Wales and the Housing Service are not in a position to regulate quality of work delivered externally by this Government scheme.

There is no need for the Council to consider provision of an insurance backed guarantee as this is already a requirement under the scheme. Depending on the nature of installation, work is covered by an insurance backed guarantee (10 years for heating and 25 years for insulation). In

addition, installers under the ECO 3 will be required to obtain PAS 2035 accreditation. This will require installers to obtain an additional 3-year insurance backed guarantee (TrustMark) covering workmanship."

Question / Comment: How will the work be split, by area / contractor? Can the county be split into districts?

Response: The Council will try to promote the use of as many contractors as possible. It will also host Meet the Buyer events. Warm Wales will try and work with local contractors who, will be encouraged to contact Warm Wales as a 'one-stop shop' for delivery of ECO3 in Powys. Warm Wales will bridge the gap between the energy providers and local contractors ensuring as many businesses as possible, who express an interest, are able to access and take part in the scheme.

Question / Comment: Will there be use of local contractors?

Response: Where possible work will be offered to local contractors. However, as a Government initiative with specific requirements, the Council cannot guarantee the volume of work to be delivered by local contractors.

Question / Comment: Is there a standard which contractors need to comply with?

Response: Installers need to be properly qualified and accredited to PAS 2035 to undertake measures funded under ECO3. Qualifications will be checked by the energy provider prior to release of funding.

Question / Comment: Private landlords – will the scheme fulfil their obligations and will this put money in their pockets rather than those in fuel poverty?

Response: The scheme is available for private landlords. However, it is specifically targeted at providing help to the tenant living in fuel poverty. There are various schemes available for landlords who have rented property with an F or G EPC certification, all of which require additional funding direct by the landlord.

Question / Comment: When will the scheme be rolled out?

Response: When everyone is happy with it.

Question / Comment: Meet the Buyer Events – how will Warm Wales know who to speak to? The Council does not have a list of contractors in Powys. The rates paid to sub-contractors by main contractors is very low. How will the Council check that local contractors are being used?

Response: Contractors will have Warm Wales as a single point of contact in order to access meet the buyer events or for general information regarding training requirements to access the scheme etc. In the form sent by Warm Wales to eco providers, this will contain a question as to where the contractor is based. However, it is known that there are issues with the availability of some types of contractors in Powys e.g. there are no cavity wall insulation contractors based in Powys. If eco providers do not use local providers they may be removed from the scheme.

Question / Comment: Is the work going to be guaranteed and what would be the timescale of the guarantee?

Response: All ECO work should be underwritten by a warranty. Often there is a separate warranty from the manufacturer of the part or produce compared to the installation. The length of guarantee varies depending on type of measure and policy of the installing company e.g. Cavity wall insulation has guarantees, and those installing it will have to provide guarantees otherwise they will not be able to draw down funding.

Question / Comment: Insurance based guarantees are usually for 3 years.

Response: Officers would review this point and provide a response to the Committee. Installers under the scheme are required to be PAS 2035 accredited. This accreditation required installers to obtain a 3-year insurance backed guarantee (TrustMark) covering workmanship. This is in addition to the 10-year insurance backed guarantee covering heating and 25-year insurance backed guarantee covering insulation measures. Consequently, ECO3 will have this recommendation covered.

Question / Comment: Paragraph 2.2 of the report (Page 24 of the agenda pack) – it states that some local businesses are used to undertake installation work – can the Committee be provided with details of how many contractors, over what period?

Response: There were agents who used contractors in Powys. This information can be provided in the final report to the Cabinet.

Response received following the meeting:

"We have been informed of 9 partnerships with local contractors."

Question / Comment: There is a difficult balance between reducing fuel poverty and maintaining the Powys Pound as well as growing businesses in Powys. Impact assessment – will £340k income be generated?

Response: This is an estimate. Currently it is uncertain what the total income will be. £200k income was derived from the previous scheme (ECO2). It was suggested that the income level would most likely not exceed £340k in total from both ECO2 and ECO3. Impact assessments provided in final report to Cabinet will relate to ECO3 only to avoid confusion. Any income generated will be used to cover the Council's cost in implementing the scheme..

Question / Comment: What is the sum per certificate issued by the Council?

Response: Warm Wales charges £60 per application. The Council charges £150 for each declaration. Therefore, the Council would gain £90 from each application. The fee paid to Warm Wales by the Council would come from the £150 fee which the Council charges. Other options for outsourcing the service were considered but they were not as financially viable as utilising Warm Wales.

Question / Comment: Could the fee be higher?

Response: The fee could be set higher as the funding comes from the ECO provider. However, if the fee is too high it could eat into the fund available to deliver the scheme. This is not a money-making scheme for the Council and is set to be cost neutral.

Question / Comment: Who are the agents who will employ canvassers?
Response: ECO agents did employ their own canvassers under the previous scheme. Warm Wales will employ canvassers this time so hopefully there will be greater consistency in the approach to customers.

Question / Comment: In the Impact Assessment it states no consultation required, but later it states that consultation had taken place with the Powys Plumbing Group. What consultation was undertaken?
Response: Consultations were undertaken via letter and in person with the Powys Plumbing Group following the ECO2 scheme. The quotation in the Impact Assessment came from the Powys Plumbing Group as they wanted to externalise the scheme, have an income cap in place and use local contractors which is now included in the new scheme.

Question / Comment: In future the Powys Plumbing Group should be made aware that their comments would be used in a public report. Are officers confident that the scheme can be delivered?
Response: There is confidence as meet the buyer events will be used to promote the scheme, advise how contractors can take part in the scheme and gain the necessary accreditation. However, the scheme needs to be viable for all parties involved, including agent, installer, Warm Wales and the Council.

Question / Comment: There will be a need to capture stakeholder views about the new scheme. In addition, the scheme has a short shelf life – how does the Council future proof the scheme as it takes a number of years to train plumbers?
Response: This can be considered for future projects.

Question / Comment: If the scheme does not help local businesses, can the income gained by the Council be used to assist them in other ways?
Response: The scheme is not there to make money but to cover costs and to undertake validation checks.

The Portfolio Holder for Economic Development, Housing and Regulatory Services advised that he had been given assurances that Warm Wales would be working with local contractors.

6.	APPOINTMENTS TO WORKING GROUPS
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6.1. Mid Wales Growth Deal Joint Working Group

RESOLVED that the following Members be appointed to the Mid Wales Growth Deal Working Group:

County Councillors J Pugh, M Dorrance and D Evans.

6.2. Car Parking Review Working Group

RESOLVED that the following Members be appointed to the Car Parking Review Working Group:

County Councillors I McIntosh, G Jones, M Dorrance, J Pugh and K Curry.

7.	SCRUTINY WORK PROGRAMME
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The Committee noted the Scrutiny Forward Work Programme.

County Councillor M J Dorrance (Chair)