



From: David Polley
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Date: 01 June 2023

To: All Northern Ireland Council Chief Executives, via email

Dear Chief Executives

AFFORDABLE WARMTH SCHEME, ENDING TARGETING

I am writing to issue formal notification that the Department has decided to remove targeting from the Affordable Warmth Scheme (AWS). I am therefore providing 3 months' notice, as set out in the Service Level Agreement, that the Scheme will change from 1 September 2023, when full delivery will be taken over by the Northern Ireland Housing Executive (NIHE) as a single scheme operator and targeting through local councils will end.

This has been a very difficult decision for the Department to take. Both the capital and resource budget for the AWS 23/24 are under severe pressure – with capital being reduced by 12.5% and resource by 5%. The budget Equality Impact Assessment, launched on the 10 May, highlighted that a reduction in budget could lead to the closure of the Affordable Warmth Scheme, which would significantly impact those people living in fuel poverty at this time of high energy prices. Therefore, this decision has been made to reduce the cost of delivering the Scheme in order to remove the risk of Scheme closure.

The NIHE is developing processes to receive applications from September and the Department will liaise closely with council officials as this work progresses. In the meantime, the Department is maintaining its ask of 20 referrals per month over the notice period. Councils will be reimbursed for this in the normal manner.



I met with your senior officer to give them advance notice of this decision on 30 May. We will, of course, continue this intense collaboration and consultation with council and NIHE officials on transitional arrangements, including a robust communication plan to facilitate the move to the NIHE. We are committed to maintaining a 'worst first' approach and we will ensure that this change to scheme delivery is communicated in a way that is easily understood.

I would like to thank councils for your substantial contribution to the Affordable Warmth Scheme. With your assistance the Scheme has helped just over 26,000 households with over 47,000 energy efficiency measures installed to date. We look forward to engaging with you in the near future as we develop proposals for an energy efficiency scheme to replace the AWS.

Yours sincerely,

DAVID POLLEY

Director of Housing Supply Policy



From: Adrian Boyce
Head of Affordable Warmth and Energy

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Date: 16 June 2023

Dear Senior Officials

Affordable Warmth Scheme

At our meeting of 30 May 2023, the Department advised it would provide you with further details to share with your committees and staff in relation to the changes to the Affordable Warmth Scheme (AWS). I will also provide information on further queries made following the meeting to ensure consistent communications.

Context

The decision to remove targeting and therefore council involvement from the AWS has been approved by the Permanent Secretary under the Executive Formation and Exercise of Functions Act.

This has been a very difficult decision for the Department to take, following the impact of the 2023-24 budget allocations. The impact on public services included a severe pressure on both the AWS 2023/24 capital and resource budgets with capital reduced by 12.5% and resource reduced by 5%.

The Departments budget 2023-24 Equality Impact Assessment (EQIA), launched on the 10 May 2023 and the consultation period is currently underway. Interested parties are encouraged to make responses up to 2nd August at [EQIA on DfC Budget for 2023-24 - NI Direct - Citizen Space](#). The EQIA detailed the potential savings measures, which would allow the Department to live within its Budget allocation including the closure of the AWS.

Any proposal to close the scheme would significantly impact those people living in fuel poverty, in particular vulnerable, low-income households. Therefore, the decision to remove targeting has been made to mitigate against the risk of closure and make the Scheme more resilient.



Additionally, the requirement within the SLA of two months' notice of a change to the referral rate, and the potential difficulties for councils as a result these changes (in terms of funding and staffing levels) also acts as a constraint on the Department's ability to scale (up or down) capital expenditure.

The Department is also aware that in recent years councils are increasingly having to subsidise AWS activity from their own resources. One council withdrew from the Scheme in 2019, with a second announcing its intention to withdraw from the Scheme in July this year. Uncertainties over the budget for this year and beyond poses the possibility of other councils taking similar action, leaving the Scheme at risk of collapse.

Recognition

The Department would like to thank councils for their substantial contribution to the AWS, with your partnership directly helping over 26,000 households with the installation of over 47,000 energy efficiency measures in these properties to date.

The Department would also like to acknowledge the work of council staff since the scheme was introduced in September 2014 and their work to promote energy efficiency and reduce the effects of fuel poverty in their council areas.

Next Steps and queries

From 1 September 2023 the Northern Ireland Housing Executive (NIHE) will act as the single delivery provider for the AWS. As part of their proposal NIHE will also confirm the contact details for the Scheme going forward. My team are currently liaising with NIHE on the details and further communication will be made as soon as possible.

With regards to Transfer of Undertakings (Protection of Employment) [TUPE], the Department's understanding is that no function is transferring from councils to the NIHE as the basis of the Scheme is changing to an application-based Scheme. Therefore, TUPE would not apply in this case. However, as NIHE are developing their proposal to deliver the AWS, they will be confirming the position regarding TUPE.

The Department are committed to maintaining a 'worst first' approach and will ensure that this change to scheme delivery, is communicated in a way that is easily understood by future applicants.

The Department also looks forward to engaging with councils in the near future, as it develops proposals for an energy efficiency scheme to replace the AWS.

I hope that you find this information useful.



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Communities
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Yours sincerely,

Adrian Boyce
Head of Affordable Warmth and Energy