



Department for

**Communities**

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Council Senior Official  
Affordable Warmth Scheme

14 February 2020

Dear Senior Official,

### **AFFORDABLE WARMTH SCHEME**

As promised at our last meeting I am writing to you about a number of issues relating to the Affordable Warmth Scheme, namely:

- assurance on the future of the scheme;
- the level of funding councils could expect to receive in future years to assist with resource planning;
- targeted and non-targeted referrals.

### **Future of the Scheme**

The Scheme continues to be extremely popular and the Department is determined that those households most in need will continue to be targeted and helped. The Department values the partnership which has been developed with councils and the Housing Executive to deliver the Scheme. As you are aware, the Department of Finance approved a business case for the scheme to continue to March 2024 subject to a range of terms and conditions. I am currently working closely with Department of Finance and Housing Executive colleagues to resolve these issues, however, I cannot guarantee a timescale for resolution.

### **Funding for Councils**

At the last Senior Officials meeting the Department advised we would look at the funding model and provide a definitive response as to the payment formula going forward. I can confirm that in line with the recommendation in the Business Consultancy Services report which was commissioned to examine to payments for council participation in the scheme, each referral made will attract a payment of £222.92 up to a ceiling of 300 referrals and £186.25 for referrals above the 300 ceiling. This will be paid on a quarterly basis. Please note that a repeat application for the same address will not be a new referral and will not attract an additional payment.

Notwithstanding the issues to be resolved with Department of Finance, the business case for the period 2019-2024 has been approved with a capital spend of over £70 million. As always, the budget allocated each year is subject to competing priorities

in the Department but we will be bidding for £16 million for 2020/21, and thereafter for funding as set out in the approved business case i.e. £16 million for 2021/22 and 2022/23 and £14.5 million for 2023/24. On a £16 million annual budget we would need each council to make 38 referrals a month, 456 per year. This will mean an annual payment £95,931 or £23,983 per quarter to Councils (300 referrals at the rate of £222.92 each and 156 referrals at the rate of £186.25). It is important to note that the business case is predicated on the budget each year being exhausted so it is vital that we have the structures in place to be able to spend the annual budget. I hope this gives you assurance to help you plan your resource commitment to the Scheme in future years.

In the year 2020/21 this means that each council would have to generate 38 referrals each month. If any council believes that they cannot achieve 38 referrals each month with the resources they have then they may wish to consider following the model of combining resources as utilised by Armagh, Banbridge and Craigavon and Newry, Mourne and Down Councils. Indeed, if any council believes they cannot achieve 38 referrals each month we can consider allowing other councils to increase their monthly referral rate to ensure that the annual budget is spent.

### **Targeted and Self Referrals**

As councils are aware the Department commissioned the Ulster University to look at the scope for refreshing the boundaries through a combination of geographical proximity and eligibility scores. The analysis has shown that postcodes, particularly in rural areas, are large and may lead to a great deal of work for Council teams in generating referrals. However, when Small Areas have (a) high eligibility scores and (b) are neighbouring high risk areas (i.e. clusters of risk), these areas are targeted and could be used to identify a large number of eligible homes. This approach is entirely area-based and I am consulting with colleagues in Department of Finance to ensure it is consistent with the approved business case. I will write to you soon with the outcome.

I trust this is helpful and look forward to working together to help the most vulnerable low income householders access the Affordable Warmth Scheme. If you have any queries on this correspondence please contact Oliver McHugh in the first instance and copy to Ruth Clarke.

Yours sincerely,



**Avril Hiles**

cc: David Polley  
Kieran Devlin  
Oliver McHugh  
Danny O'Reilly  
Roisin O'Neill