



# **The Warm Homes Fund**

## **Guidance for Bidders - Updated August 2019**

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## Executive Summary

Around 4 million UK households are in fuel poverty, unable to afford to heat their home to the temperature needed to stay warm and healthy. As well as being on low incomes, many of these households are also faced with the additional burden of relying on heating systems that are expensive to run and/or inadequate for their needs. Furthermore, because of their circumstances or property type, they may not currently be able to benefit from existing industry schemes.

In 2014 the UK Government introduced a statutory target to ensure, as far as reasonably practicable, that fuel poor homes in England achieve a minimum energy efficiency rating of Band C by 31 December 2030. Targets in Scotland and Wales are set by the Scottish Parliament and Welsh Assembly respectively. While there are differences in approaches across the nations, without additional investment and ambition these targets may not be realised.

In 2017 National Grid and Community Interest Company Affordable Warmth Solutions (AWS) established a £150 million Warm Homes Fund to help make households in Great Britain warmer, healthier and cheaper to heat.

The Warm Homes Fund (WHF) provides capital funding for the installation of affordable heating solutions in fuel poor households who do not use mains gas as their primary heating fuel. It has been established by National Grid to help supplement traditional funding streams and is **open to bids from Local Authorities (LAs) and Registered Social Landlords (RSLs) only** but can be supported by their partners in England, Scotland and Wales. It is broadly split in to three categories focusing on urban, rural and energy efficiency/health-related solutions addressing fuel poverty.

The fund is being administered over a number of bidding rounds. Up to and including round 3 contracts have been awarded to a value of c.£99m to deliver c.30,000 measures and additional support to fuel poor households.

The purpose of this document is to provide guidance to applicants and other interested parties and it should be read in conjunction with the relevant WHF application form.

Questions concerning the application form, or this guidance document should be sent to [whf@awscic.org.uk](mailto:whf@awscic.org.uk). Frequently asked questions and the appropriate responses affecting the bidding process will be published on the scheme website available via the following link <https://www.affordablewarmthsolutions.org.uk/warm-homes-fund/overview>.

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# 1 The Warm Homes Fund

## 1.1 Introduction

The WHF is a £150million fund administered by AWS across England, Scotland and Wales. It is primarily designed to address some of the issues affecting households in fuel poverty by incentivising the installation of affordable heating solutions in fuel poor households who do not use mains gas as their primary heating fuel. It is envisaged that this fund will be used to supplement existing local initiatives and other funds available to demonstrate additionality. The fund is split into three categories:

- Category 1 - Urban homes and communities – we anticipate this will involve new gas heating systems which provide space heating and domestic hot water. It could also include heat network solutions. Under this category new gas connections will continue to be undertaken by Gas Distribution Networks<sup>1</sup> (GDNs) and funded through the Fuel Poor Network Extension Scheme (FPNES). The WHF is therefore targeting the ‘in-house’ systems.
- Category 2 - Rural homes and communities – some of the most severely fuel poor households are those without a mains gas connection in rural locations. This category will therefore primarily focus on ‘non-gas’ solutions which may include air source heat pumps, oil and liquefied petroleum gas (LPG). As a guide, our definition of “rural” is properties that are located more than 2km from the nearest gas main or where it is uneconomic to obtain a gas connection.
- Category 3 - Specific energy efficient/health related solutions – this may involve national or regional programmes which bring together relevant organisations and charities to promote energy efficiency and/or health related programmes in relation to fuel poverty. We have also extended category 3 to include the funding of natural gas central heating systems in Park Homes which may include replacement of existing LPG heating. Other than that, category 3 is not intended to fund new central heating systems.

A detailed map of Great Britain showing the distribution of properties without a gas grid connection across local authorities and lower-level super output areas (LSOAs) can be found at <https://www.nongasmap.org.uk/>. Information can be obtained by postcode for registered users.

For bids that require new gas connections to properties, it is the responsibility of the applicant to contact the relevant GDN to establish the feasibility of the connection and whether funding can be made available under the FPNES. WHF monies will not be made available to fund either the gas connection or any shortfall in FPNES funding.

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<sup>1</sup> There are eight distribution networks throughout the British Isles which are owned by Cadent, Northern Gas Networks, SGN and Wales & West Utilities. These are shown on the map: <http://www.energynetworks.org/info/faqs/gas-distribution-map.html>, together with the ENA member independent gas transporters (IGTs) which operate nationally.

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Applicants are permitted to submit multiple bids within and across all three categories. Separate applications should be submitted for each category of bid in order for bids to be appraised individually. Within category 3 separate bids should be submitted for Park Homes and other schemes using the appropriate application form. Where bids cover multiple categories, bidders should make it clear in the application form whether bids have any dependencies or can be considered in isolation.

To maximise the impact of the WHF, all properties are expected to be insulated in line with the pre-install EPC and bidders and their partners are encouraged to seek additional funding to ensure these requirements are met.

Where proposals include the installation of measures that will generate an income under the Renewable Heat Incentive (RHI) scheme (or any successor scheme), we expect that projected income to be included as an additional source of funding and therefore not included in the amount requested from the WHF.

Where the RHI income is available to a private landlord, the up-front financial contribution they make should be sufficient to offset that income or a commitment should be gained that the future RHI income will be re-invested in other energy efficiency improvements to the property.

Applications are invited from local authorities and registered social landlords working with their local partners. Bidders should come forward with developed and evidenced proposals.

## 1.2 WHF Objectives

The specific objectives of the fund are to increase comfort in non-gas fuel poor households, reduce bills and improve health outcomes for some of the most severe levels of fuel poverty. As a minimum, the bid should result in one or more of the following outcomes which should be referenced in your proposal:

- **Increased comfort** - the aim is to see the greatest number of fuel poor households have an affordable central heating solution installed for the first time
- **Lower bills** - allow households to keep warm for less by moving away from other more expensive forms of room heating, allowing them to heat their home adequately whilst still realising bill savings
- **Improved targeting** – encouraging bidders to utilise innovative ways of identifying and reaching fuel poor households e.g. collaboration with other schemes including the Gas Distribution Network Company's Fuel Poor Network Extension Scheme and the Government's Energy Company Obligation
- **Improved partnership** - building existing and new partnerships with local health boards, local supply chains, consumer organisations, voluntary sector and householders
- **Improved evidence base** – build on learning from other schemes, in particular better targeted investment in homes where there's clear evidence of health issues.

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### 1.3 Eligible Properties

Bids in categories 1 and 2 will be allowed to fund measures in properties that:

- Are non-gas – those properties that do not currently use mains gas as the primary heating source via a central heating system and/or a household living in premises which are not connected by a pipe to a distribution main of a gas transporter within the meaning of the Gas Act 1986.
- Do not have a central heating system currently installed. A central heating system is defined as a heat generator providing heat to several rooms via a heat distribution system.

**The repair or replacement of existing ‘wet’ central heating systems (whatever the fuel type) or the replacement of existing boilers is not eligible under categories 1 and 2 of the WHF except in relation to solid fuel.**

For the avoidance of doubt, where a household does not have any form of central heating, the installation of electric storage heaters is ineligible as we do not consider storage heaters to be a full central heating system. Electric storage heaters can however be replaced by the eligible measures set out in 1.4 below.

In terms of households we require one or more of the following criteria to apply:

- They are within the 25% most deprived areas in the UK measured by the Government’s Index of Multiple Deprivation (IMD). The IMD is defined separately for England, Scotland and Wales.
- In receipt of a qualifying ECO funded measure under Home Heating Cost Reduction Obligation (HHCRO) in England, Scotland or Wales, Nest in Wales or the Home Energy Efficiency Programmes in Scotland
- Eligible for support under a published Statement of Intent (SOI) within the ECO Flex provisions (private housing only)
  - Where a local authority (LA) intends to rely on a delegated authority from another LA under a published statement of intent, this intention should be made clear in the bid application. LAs can issue joint SOIs and all LAs must be signatories of the SOI.
  - The statement of intent must have been published prior to the installation of any works intended to be funded by WHF
- In fuel poverty based on the latest government definition or indicator. This is currently:
  - In England, the Low Income High Cost Indicator where a household is considered to be fuel poor if its income is below the poverty line (taking into account energy costs) and its energy costs are higher than is typical for its household type. This should be evidenced by the successful recipient using a recognised assessment tool and records retained for future audit purposes

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- In Scotland and Wales, a household spends more than 10% of their disposable income on all household fuel use. This should be evidenced by the successful recipient through income and energy cost information and records retained for future audit purposes

# Note: Bidders should contact the relevant Gas Distribution Network for specific support relating to Fuel Poor Network Extension Scheme (FPNES).

## 1.4 Eligible Measures

The following measures are deemed to be eligible under the WHF, however there is an opportunity in the application form to propose other innovative technologies.

- Condensing gas boiler
- Condensing oil boiler
- Condensing LPG boiler
- Air Source Heat Pump\*
- Ground Source Heat Pump\*
- Biomass boiler\*
- Heat networks
- Energy Efficiency Measures (e.g. solar PV and battery storage) provided these are secondary to the installation of first time central heating systems via the WHF and the proposal can be supported

\*Any product from Ofgem's Domestic RHI product eligibility list: <https://www.ofgem.gov.uk/publications-and-updates/domestic-renewable-heat-incentive-product-eligibility-list-pel>

Bidders should ensure that products and installers meet the relevant installer and product standards which apply to the Energy Company Obligation (ECO) and Renewable Heat Incentive (RHI) schemes.

Bids will need to demonstrate that they are only requesting funding associated with the installation costs of eligible measures. The installed heating system must supply space heating and domestic hot water. Our expectation would be that each individual property would be directly connected to the upstream gas supply and individually metered.

## 1.5 Costs and Funding

### 1.5.1. Category 1 and 2

The application forms include a section relating to the costs of installing the proposed measures and how those costs will be met.

The total costs should be built up using an appropriate cost model and should include all costs associated with delivering the in-house works over the life of the project allowing for inflation. Within reason, costs associated with installing eligible measures (including project management, targeting costs, surveys, EPC assessments etc.) may be included but bidders should be clear which elements are included and how they have been derived. We would expect you to have sign off from the Finance Department on the numbers submitted as the risk both from a cost and 'own funds' perspective will be borne by the bidder. All costs should be stated **net** of VAT. Where VAT is irrecoverable (e.g. private sector homes, housing association properties), this amount should be captured separately within the application. The WHF **will not** fund irrecoverable VAT for RSLs.

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The monies requested from WHF should be broken down as follows:

- Central Heating Measures – money relating to the costs of installation, including labour and materials
- Project Management – money required to manage the programme including survey fees
- Administration & Marketing – money required to develop and print marketing materials and manage the process of targeting fuel poor households
- Other – Any other costs that are requested from WHF not captured elsewhere e.g. additional energy efficiency measures

Since the WHF is primarily targeted at delivering measures to fuel poor households, we will aim to limit project management, administration and marketing costs for categories 1 and 2 to a maximum of 10% of the bid value (i.e. the amount requested from WHF) and those costs should be explained clearly within the bid.

Bidders are encouraged to introduce their own funds where possible and to seek funding through existing sources, for example, Energy Company Obligation (ECO) and Renewable Heat Incentive (RHI). The Fuel Poor Network Extension Scheme (FPNES) should also be used to meet the cost of gas connections although these costs should be excluded from the total cost of the project. Where 3<sup>rd</sup> party funding has been identified, evidence that it is in place should be referenced in the bid e.g. letter of support from funding partner.

We anticipate funding for loft and cavity wall insulation will be sourced from other industry schemes. Where there may be a shortfall in this funding, bidders can apply to the WHF for 'gap funding'. These costs should be identified within any bid.

Where measures are being proposed in properties owned by private landlords you may seek a contribution from the landlords which we would expect to see included in the source of funds. **For clarity, we would not expect to see any contributions from owner occupiers.**

For clarification and to assist our evaluation, we would also request you complete the additional tab in the finance spreadsheet – "Assumed breakdown of costs and funding for a typical installation by tenure".

### 1.5.2. Category 3

As with categories 1 and 2, the total costs should be built up using an appropriate cost model and should include all costs associated with the bid. We would expect you to have sign off from the Finance Department on the numbers submitted as the risk both from a cost and 'own funds' perspective will be borne by the bidder. All costs should be stated **net** of VAT. Where VAT is irrecoverable, this amount should be captured separately within the application.

The monies requested from WHF should be broken down as follows:

- Employee Costs – internal resource costs to manage the programme
- Project Management – outsourced costs required to manage the programme
- Emergency costs – an emergency fund to deliver heating solutions not covered by category 1 or 2 bids
- Administration & Marketing – money required to develop and print marketing materials and manage the process of targeting fuel poor households

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- Other – Any other costs that are requested from WHF not captured elsewhere.

For category 3, you may wish to include an emergency fund to support the delivery of heating solutions (e.g. emergency boiler replacement, emergency central heating solutions) not covered by category 1 or 2 bids. We expect the emergency fund to represent only a small part of the amount requested from WHF. The types of expenditure to be incurred and the numbers of households expected to benefit should be explained in the bid. For the avoidance of doubt anything not eligible for funding under ECO e.g. tank lagging, draught proofing would not be eligible for use as part of the emergency fund and neither would it cover fuel debt write off.

### 1.5.3. Category 3 (Park Homes)

Some limited funds have now been set aside for the conversion of Park Homes appliances to natural gas. Applications are invited from **Local Authorities only** and in addition to meeting existing WHF criterion, bidders should note the following requirements:

- Confirmation should be provided from the relevant Gas Distribution Network Company that natural gas is, or can be made available to eligible households at 'nil cost' to homeowner; and
- A Local Authority ECO Flex Eligibility Statement confirming eligibility of the Park Home Site is, or will be, published; and
- The bid is supported by 3rd Party Funding e.g. Local Authority, ECO or Warm Home Discount industry initiatives; and
- Nil contributions will be expected for eligible park homeowners; and
- Tailored energy/debt advice will be made available to homeowners; and
- Individual homeowner consent will be obtained for case studies to be included within Warm Homes Fund evaluation

As with other categories, the total costs should be built up using an appropriate cost model and should include all costs associated with the bid. We acknowledge that different scenarios will demand different heating solutions in Park Homes. The application form therefore requests a breakdown of numbers (and costs) in relation to full central heating system installations (e.g. where an electric heat source is currently in place), boiler replacements (e.g. where LPG is in place) and conversions of appliances from LPG to natural gas.

## 1.6 What will a successful bid look like?

WHF wish to see the greatest number of fuel poor households reap the benefits that come with innovative and creative solutions. We do not intend to prescribe particular solutions that must be implemented so as to allow bidders to tailor bids to local conditions. Bidders will have flexibility in what solutions they wish to implement within the parameters set out in this guidance document.

Assessments of the bids will include, but not be restricted to:

- The number of fuel poor households supported
- Strategic fit of the project with the respective fuel poverty strategies of England, Scotland and Wales
- Value for money, including the ability to leverage in funding whilst ensuring

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- additionality
- The benefit created by the intervention (increases in energy efficiency, estimated bill savings)
  - Strength of delivery plans, project management and assurance of delivery
  - Sustainability – the ongoing support and legacy left by the scheme

## 1.7 Timetable

The timetable for the bid application process is set out on the website.

Formal assessment of bids will not take place until after the bid closure date, however, bids can be submitted at any time throughout this period.

Bids should be submitted to WHF electronically by sending a completed application form in MS Word format to [whf@awscic.org.uk](mailto:whf@awscic.org.uk) WHF will confirm receipt of all bids. Any bids received after the bid closure date will not be considered.

**The bid must be submitted by the Local Authority or Registered Social Landlord.** It may be necessary for WHF to contact bidders during the evaluation period to obtain clarification on the bids to support the evaluation.

We encourage bidders to provide all relevant information as succinctly as possible within the main body of the application form. Where appendices will significantly add to the understanding of the proposition, these should be referenced and attached to the application.

Throughout the bid process, WHF will maintain a set of Frequently Asked Questions (FAQs) which will be regularly updated in response to any queries sent to the team. The results of any questions affecting the bidding process will be published on the bid website.

## 1.8 Assessing Bids and Assessment Criteria

Bids will first be reviewed by the WHF team to establish a shortlist of projects. These will then be assessed by a review panel. To better understand some bids, particularly the inter-relationships where funds are being sought in two or more categories, bidders may be invited to present their proposals to the WHF team.

Proposals for funding will be considered by the WHF review panel against a set of weighted criteria.

Bidders will be expected to provide evidence for how they will show that households receiving measures meet the qualifying criteria as specified.

Whilst bids may only be submitted by LAs or RSLs, WHF encourage the formation of consortiums with other partners to improve delivery, share learning and reduce costs. Where a bid is from a consortium, a lead bidder should be identified, and this bidder should submit the proposal on behalf of the consortium. In this context we also encourage the creation of regional collaborations between a number of LAs and/or RSLs.

**WHF will not be able to provide individual notification or feedback to unsuccessful bidders.**

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## 2 Categories 1 & 2 - Criteria and Evidence

### 2.1 Strategic Fit with Fuel Poverty

Bids will need to set out how their project will help deliver the objectives of the wider fuel poverty strategies as defined in England, Scotland or Wales and achieve the wider objectives for the WHF. Specifically bids should consider, and set out in the application, responses to the following:

- **Contribute to making improvements in households' energy efficiency:** does the proposal target the least energy efficient properties (rated E, F and G) and does it bring these homes up to a sufficiently improved level?

It is expected that bidders will undertake pre-and post-evaluation of individual properties and provide an **Energy Performance Certificate (EPC)** in order to demonstrate the improvements delivered under the WHF. Note that an Energy Performance Report (a desktop calculated post-installation update) can be used to save cost and avoid the inconvenience of a second visit to the household. Any costs associated with this should be included within administration costs as appropriate. WHF would not support new systems to properties that do not have individual postal addresses.

- **Targeting of Households:** bids will need to set out the likely eligibility criteria of specific households and how data from a wide variety of sources is used to target fuel poor households. Bids should also demonstrate whether households are prioritised because of particular health concerns. The WHF is keen to encourage LAs to invest in fuel poor private tenured properties as well as their own housing stock. Bids which include a mix of properties will be considered more favourably during the evaluation process.

### 2.2 Value for Money

Projects should ensure that value for money is achieved both in terms of good procurement practices and the measures installed. The bid will demonstrate that the measures being provided are the most suitable and cost effective for the households being targeted.

We will use WHF data held on past installation costs to assess whether good value is being achieved and the assessment will be comparative in nature with the best value bids (balancing cost/benefit) scoring best.

We encourage bidders to provide as much detail as possible to prevent bids being underscored. We encourage bids to utilise other sources of funding where possible to maximise benefit to the householder and to allow a whole house approach. We will therefore weight those bids higher which can cost effectively provide a full package to householders covering heating systems and wider energy efficiency measures.

The bid should also set out how additionality is being delivered and, where 3rd party funding has been identified, that it is in place e.g. letter of support from funding partner

### 2.3 Strength of Delivery Plans

Bids will need to provide assurance of deliverability. Good evidence of this will be important in determining funding allocation. Bids will need to provide detail on their plans for delivery including:

- A project plan with milestones and resources required to deliver

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- A risk register with adequate mitigations and plans for ongoing risk monitoring
  - The delivery model including identification of where contracts are in place and any differences in the delivery model dependant on the tenure of the property
  - Full contingency plans for maintaining continuity of delivery throughout the project lifecycle

Bids will also be scored on post installation support being provided. Bids should therefore demonstrate plans for advice to households and plans for aftercare or ongoing maintenance support. If the proposal includes some ongoing service to households, details should be articulated in the bid.

## **2.4 Non-financial Impacts**

Evidence should be included within the bid with respect to how the project delivers any wider social or community benefits and how the local supply chain will benefit from the project. If the project delivers any local employment either short term or long term, details should be articulated in the bid. The bid should also include details of how any environmental benefits will be captured and quantified. Category 3 Park Homes proposals will also be evaluated against this criteria.

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## 3 Category 3 - Criteria and Evidence

Our expectation is that bids are either standalone or intended to support a category 1 or 2 bid. We encourage bidders to be ambitious and imaginative to ensure that our aspirations are being met.

### 3.1 Strategic Fit with Fuel Poverty

As with category 1 and 2, bids will need to set out how their project will help deliver the objectives of the wider fuel poverty strategies as defined in England, Scotland or Wales and achieve the wider objectives for the WHF. Specifically bids should consider, and set out in the application, responses to the following:

- **Fuel Poverty Intervention:** is there evidence that the proposal targets the most vulnerable and clearly articulates the specific interventions that will be made and the benefits that will be delivered?
- **Targeting of Households:** how does the project consider the needs of vulnerable households and gather data from a wide variety of sources to target fuel poor households or households living on a low income and vulnerable to the effects of living in a cold home?

### 3.2 Value for Money

Projects should ensure that value for money is achieved by building on existing sources of funding and/or networks to deliver increased value for users at the most efficient costs. The bids should also identify leading and lagging Key Performance Indicators. Other measures of success should also be documented.

### 3.3 Strength of Delivery Plans

Bids will need to provide assurance that the proposals are deliverable. Good evidence of this will be important in determining allocation of WHF funds. Bids will need to provide detail on their plans for delivery of their bids including:

- Comprehensive plans and governance arrangements are included which provide confidence regarding deliverability
- A framework is in place with a delivery partner or multiple partners and clear plans exist to ensure the quality of delivery

### 3.4 Sustainability

Bids should articulate an understanding of the future costs of delivery and that plans are in place to access the necessary funds to ensure continuity of the service.

The bid should also clearly articulate the benefits that will be delivered and the opportunity for expansion of the initiative to a wider network or geographical area. The bid will also identify potential linkages to other funding schemes addressing fuel poverty.

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## 4 Project Management

### 4.1 Project Delivery

The bid should include details of the key milestones for the delivery of the project and highlight any interdependencies for the delivery of these milestones. One of these key milestones should be a project completion date.

The bidder should also include an outline of the delivery model, the key partners that will be involved in the bid and the roles each partner will undertake in order to achieve the project goals. The bid should include details of how many commercial partners (installers etc) will be procured or are already in place. The bids should also describe any additional community impacts through the sourcing of the local supply chain. Any difference in approach based on property tenure should be captured and explained.

The bid should include details on the overall governance structure of the project and the details of which organisation and individual will have oversight of the project and responsibility for monitoring against performance.

The bid should also include details for the ongoing training, support and advice for households that are in receipt of measures.

### 4.2 Risk Management

The bids should set out the top three to five risks to either the project failing to deliver its objectives or a loss of a commercial partner during the course of the project. The bid should describe briefly how risks will be managed, monitored and reviewed throughout the project and the contingency arrangements in place in the event that any of the key risks materialise.

### 4.3 Project Reporting

Throughout the project duration, successful bidders will be required to provide a quarterly Funding Use Report which will provide delivery statistics such as the number and nature of measures installed and highlight any concerns about project progress. This will be used to trigger stage payments (section 5).

In categories 1 and 2 (and in relation to Park Homes) we will require information relating to each installation which includes the eligibility of the householder, the technology, property details, household occupants and whether they are on benefits.

In category 3 we will require information relating to costs incurred, the eligibility of the householder, household occupants and the benefits delivered as a result of specific interventions. This will also apply to the energy/debt advice element of the Park Homes schemes.

In both instances the Funding Use Report template is available on the website and you should ensure that you will be able to comply with the data submission requirements.

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We also would expect successful bidders to undertake a self-evaluation of the project at the end of the scheme with a particular emphasis on the capacity to deliver fuel poverty focussed projects of this nature in the future. This includes producing a Project Closure Report which should include detail of the measures completed, summarising and reviewing the project delivery and the benefits delivered focusing on project tolerances against time, cost, quality, scope and lessons learned. The Project Closure Report should be submitted to WHF for approval no later than three months following completion of the final central heating measure.

We would also look to bidders to commit to sharing learning from the project, including delivering completed case studies showing before, during and after progress of work. WHF may also require successful bidders to make data from the project available to WHF to assist with statistical analysis and policy making. The record keeping, and audit requirements are set out in the Recipient Agreement.

## 5 Commercial Arrangements

The WHF will be administered by AWS in line with their status and purpose as a community interest company. The funding provided by AWS must be used solely for the purpose described in the bid application form. Availability of the funding amount will be conditional upon signing a contract, known as the Recipient Agreement. All successful applicants will be expected to sign up to the standard terms and conditions.

For categories 1 and 2 and for the category 3 Park Homes schemes, payment under the contract will be on the basis of a quarterly reimbursement of costs for measures installed. Anticipated payments will be included in the contract and will be based on the recipient's projected installation programme and the average cost of each installation as determined by the numbers set out in the application.

At the quarter ends of May, August, November and February throughout the life of the contract, successful applicants will submit a Funding Use Report as described in section 4.3. This report will include a request for payment which will be based on the actual number of measures delivered in the period multiplied by the average cost of each installation, as set out in the contract.

For category 3, payment under the contract will be subject to agreement of a payment profile with the successful bidders for non-capital measures and will be based on evidence provided for capital measures delivered. As with categories 1 and 2, at the quarter ends of May, August, November and February throughout the life of the contract, successful applicants will submit a Funding Use Report as described in section 4.3, which will include the request for payment.

AWS will make a retention of the lesser of 5% or £50,000 against each payment pending completion of the project and AWS's approval of a Project Closure Report.

If the installation programme is accelerated, AWS will pay up to a maximum of 20% over the cumulative projected funding amount, provided that the total funding amount is not exceeded.

The following tables provide examples.

**Example 1 – AWS has awarded £600,000 to deliver 150 central heating systems (“contracted” average cost per measure £4,000)**

Period	Planned Installations	Cumulative Planned Installations	Actual Installations	Payment to be made	
Feb - May	40	40	20	£76,000	Payment is 20 multiplied by £4,000 less a 5% retention
Jun - Aug	60	100	80	£304,000	Actual installations are 20% above target but total project is within plan. Cumulative payment to be made for 100 actual measures installed less previous payment and less a 5% retention
Sep - Nov	50	150	50	£190,000	Cumulative payment to be made for 150 actual measures installed less previous payments and less a 5% retention
Dec - Feb	0	150	0	£30,000	Release of retention subject to satisfactory completion and approval of submitted project closure report

**Example 2 – AWS has awarded £2,000,000 to deliver 400 central heating systems (“contracted” average cost per measure £5,000)**

Period	Planned Installations	Cumulative Planned Installations	Actual Installations	Payment to be made	
Feb - May	60	60	90	£342,000	Payment capped at 72 measures less a 5% retention. Payment is 72 multiplied by £5,000 less a 5% retention
Jun - Aug	250	310	260	£1,358,000	Total actual installations to date within +20% tolerance of cumulative planned measures. Cumulative payment to be made for 350 actual measures installed less previous payment and balance of retention up to maximum £50,000.
Sep - Nov	90	400	50	£250,000	Cumulative payment to be made for 400 actual measures installed less previous payment, with the retention capped at £50,000 already held.
Dec - Feb	0	400	0	£50,000	Release of retention subject to satisfactory completion and approval of submitted project closure report

The intention of AWS is to allocate funds between projects and causes benefitting England, Scotland and Wales in a manner broadly in line with the relative population of each of those three countries. However, this will be subject to the type and quality of bids received from each of the three countries to achieve the objectives of the fund.

As previously stated, bidders are permitted to submit multiple bids and can also bid for all three categories but separate applications should be submitted for each category of bid. If bidders are successful in multiple categories, they will not be permitted to transfer funds between categories without the approval of the AWS team.

The funding contract between AWS and successful bidders will need to be signed by the s.151 Officer within LAs or Finance Directors within RSLs to ensure that they are aware of the financial implications of the bid and the funding structure.

Each successful bid will be approved on the criteria previously stated and additional funds will not be made available to any project without a further bid application being approved by AWS.

Any issues arising from other forms of funding associated with the bidder’s project must be managed separately by the successful bidders and AWS will not get involved in any issues relating to other sources of funding. If any issues have any impact on the funding provided under the WHF, these must be brought to the attention of the AWS team at the earliest opportunity.

All measures installed in categories 1 and 2 and funding provided in respect of category 3 projects will need to be included at the latest in the Funding Use Report due in February 2022. Project Closure Reports must be completed and approved by 31<sup>st</sup> May 2022. The fund will close after this date.