

Report to Portfolio Holder for Public Protection

Subject: Energy Company Obligation 4: Flexible Eligibility Statement of Intent

Date: 15th June 2023

Author: Food Health and Housing Manager

Wards Affected

All wards

Purpose

To seek approval to adopt a Statement of Intent that will outline where the Council will target Energy Company Obligation 4 Local Authority Flexible Eligibility funding to support the thermal improvement of the least energy efficient private sector dwellings within the district

Key Decision

Not a key decision.

Recommendation(s)

THAT THE PORTFOLIO HOLDER FOR PUBLIC PROTECTION:

- 1) Approves the draft Statement of Intent at Appendix A to enable targeted households in the borough to access the Energy Company Obligation Local Authority Flex route for works to their homes.
- 2) Delegates authority to the Director responsible Public Protection to undertake the necessary administration to enable qualifying households to access the scheme.

1 Background

- 1.1 The Energy Company Obligation (ECO), first introduced in 2013 is an energy efficiency scheme for Great Britain that places legal obligations on energy suppliers to deliver energy efficiency and heating measures to domestic properties. This aims to reduce home heating costs for low-

income, fuel poor and vulnerable people, and incorporates the replacement of broken heating systems, the upgrade of inefficient systems and installation of insulation.

- 1.2 ECO4 is the latest phase of ECO running from 2022 to March 2026. The scheme is worth in the region of £4billion nationwide. The main objective of ECO4 is to reduce fuel poverty by improving the least energy efficient housing stock occupied by low income and vulnerable fuel poor households.
- 1.3 One route that can be used to identify these households is the reformed 'ECO Flexibility' (ECO4 Flex). Under ECO4 Flex, a participating Local Authority can refer private tenure households that it considers to be living in fuel poverty or on a low income and vulnerable to the effects of living in a cold home.
- 1.4 Local Authorities can only use certain prescribed targeting routes under ECO4 Flex so that only low income and vulnerable households are supported. The ECO4 Order (Electricity and Gas (ECO) Order 2022) outlines four separate routes to identify low income and vulnerable households under ECO4 Flex. All four routes can be used by a single Local Authority and each route should be used independently of each other. The four routes are outlined in the table below:

Route 1: Household Income	Households living in band Standard Assessment Procedure (SAP) band D, E, F and G and with a gross income less than £31,000. This cap applies irrespective of the property size, composition or region and is from all sources of income.
Route 2: Proxy Targeting	Households living in SAP band E, F, and G and that meet a combination of two of the following proxies: Proxy 1) Homes in England in Lower-layer Super Output Area 1-3 (LSOA) ⁷ , or homes in Welsh provision LSOA 1-3 on the Welsh Index of Multiple Deprivation 2019 ⁵ , or the Index of Multiple Deprivation for 2020, published by the Scottish Government ^{6*} , Proxy 2) Household receiving a Council Tax rebate (rebates based on low income only, excludes single person rebates), Proxy 3) Household vulnerable to living in a cold home as identified in the National Institute for Health and Care

	<p>Excellence (NICE) Guidance: Recommendation 2, with exception to the low-income proxy7*; Proxy 4) A householder receiving free school meals for low-income, Proxy 5) A householder supported by a LA run scheme, that has been named and described by the LA in their Statement of Intent as supporting low income and vulnerable households for the purposes of NICE Guideline, Proxy 6) A household referred to the LA for support by their energy supplier or Citizens Advice and Citizen's Advice Scotland because they have been identified by the referrer as struggling to pay their gas and electricity bills, Proxy 7) Households identified through supplier debt data. This route enables obligated suppliers to use their own debt data to identify either Non Pre-Payment meter households (non-PPM), or Pre-Payment meter households (PPM). -Non-PPM customers: These are customers who have been in debt for more than 13 weeks and are in a debt repayment plan with their energy supplier or repaying their fuel debt through 3rd party deductions. -PPM customers: Suppliers may also identify PPM households who have either self-disconnected or received supplier Discretionary/Friendly credit within the last 13 weeks; or are in a debt repayment plan with their energy supplier; or repaying their fuel debt through 3rd party deductions. *Proxies 1 & 3 cannot be used in combination with each other.</p>
Route 3: NHS Referrals	<p>Households in SAP band D, E, F and G and identified as low income and vulnerable, with an occupant whose health conditions may be impacted further by living in a cold home. These health conditions may fall under one of the four umbrella conditions:</p> <ul style="list-style-type: none"> <input type="checkbox"/> A cardiovascular condition, <input type="checkbox"/> A respiratory disease, <input type="checkbox"/> Limited mobility or, <input type="checkbox"/> Immunosuppression. <p>Households under this route can only be referred by:</p> <ul style="list-style-type: none"> <input type="checkbox"/> An NHS foundation trust, <input type="checkbox"/> An NHS Trust, <input type="checkbox"/> A Health Board,

	<input type="checkbox"/> A Local Health Board, or <input type="checkbox"/> A general medical practitioner provider.
Route 4: Bespoke Targeting	<p>Suppliers and LAs can submit a proposal for a new route to identify low income and vulnerable households. Applications need to demonstrate that, aside from living in SAP band D, E, F and G:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The proposed methodology would identify low-income households where more than 50% are not in the Help to Heat Group and, <input type="checkbox"/> Where at least 75% of the households that meet the criteria are in owner-occupied premises and contain at least one person living in fuel poverty or, <input type="checkbox"/> At least 90% of the households that meet those criteria are in private rented premises that contain at least one person living in fuel poverty. <p>BEIS will issue new guidance for this targeting method. Further guidance on this route will be published by BEIS later in the year.</p>

- 1.5 Where a Local Authority identifies a household, they should ensure that the household meets one of the four eligibility routes outlined above and that they have collected evidence to demonstrate this. It will be up to the Local Authority and supplier to ensure they have sufficient evidence requirements in place.
- 1.6 Prior to identifying and evidencing a household for ECO4 Flex, the Local Authority must ensure that the property is a private domestic premises for which the pre-project SAP, band is D, E, F or G for owner-occupied homes or E, F or G for privately rented homes. Further, under route 2, regardless of the private tenure home, only SAP band E, F or G are eligible.
- 1.7 Households identified must be private tenure. Properties owned or let by a social landlord can only be listed in a Local Authority declaration where it is let by the social landlord at or above market rate, i.e., meeting the private domestic premises requirement.
- 1.8 Under the ECO4 scheme Local Authorities must publish a SOI in which they set out criteria they intend to use to identify households meeting the eligibility criteria for the scheme under the 4 eligibility Routes. The SOI subject to this report is in draft form because it needs to be approved before the publication date and can be added to the final version.

2 Proposal

- 2.1 It is proposed that the Portfolio holder for Public Protection approves the draft SOI at Appendix A to enable targeted households in the borough to access the Energy Company Obligation (ECO) 4 Local Authority Flex route for works to their homes
- 2.2 It is further proposed that delegated authority and responsibility for the necessary administration to enable qualifying households to access the scheme is given to the Director responsible for Public Protection. .

3 Alternative Options

- 3.1 The Council does not publish a Statement of Intent, however this would not enable households in the borough to access the ECO 4 Flex scheme which meets a number of Council priorities.

4 Financial Implications

- 4.1 The Council will have responsibility for determining a household to be ECO4 flex eligible, and suppliers are not required to undertake a supplementary assessment to determine eligibility. However, it is the responsibility of suppliers and contractors to retain evidence supporting a notification (i.e. a signed LA declaration and copy of the Statement of Intent) to Ofgem on request. If information is missing or incomplete, Ofgem will approach the supplier to obtain this, not the LA.
- 4.2 These proposals aim to utilise the existing human resources employed within the Public Protection Service to improve housing conditions. It is estimated that the equivalent of up to 0.5 to 1 day per week will be required to check and sign-off declarations submitted for approval under the scheme, however this will be kept under review.
- 4.3 The Council is not entering into any contractual relationship with energy suppliers/their agents or the householders who ultimately benefit from these energies saving improvement measures.
- 4.4 Promotion of the scheme will be undertaken primarily through the energy suppliers and their agents/contractors and through existing partnership mechanisms; any joint promotional activity will be at nil cost to the authority.

5 Legal Implications

- 5.1 The Council is not entering into any contractual relationship with energy suppliers/their agents or the householders who ultimately benefit from

these energies saving improvement measures. The householders will refer themselves to the scheme and provide information directly to contractors and suppliers who are seeking to access the funding.

- 5.2 The Council is required to publish a SOI in accordance with Electricity and Gas (Energy Company Obligation) Order 2022 so that suppliers and installers can draw down ECO funding for households in Gedling Borough.
- 5.3 Local Authorities are required to produce and sign declarations for households that they refer for the scheme. Authorities can only issue declarations once they have a published SOI.
- 5.4 A declaration confirms that the authority has identified a property meets the eligibility criteria of one of the four referral routes, and they have collected evidence to demonstrate this. Declarations should be made on a household basis
- 5.5 Authorities will be expected to provide Ofgem with their declaration notification via email using the ECO4 Flex CSV spreadsheet published on the Ofgem website. Ofgem will subsequently review the notification and respond to the Local Authority of its approved outcome.

6 Equalities Information

- 6.1 The approval of this report and SOI will have a positive impact on eligible households who will be able to access funding to have energy efficiency measures installed to improve their homes.
- 6.2 The 4 referral routes outlined in the table in paragraph 1.4 describe the eligibility criteria for the scheme these a set to include lower income households and those with certain medical conditions. Whilst the eligibility criteria do not mirror the equalities act protected characteristics it is likely that residents from within a protected characteristic could have positive improvements to their home energy efficiency and health and wellbeing if they access the scheme. Therefore it is considered this scheme will have a positive impact from an equalities perspective.

6.3

7 Carbon Reduction/Environmental Sustainability Implications

- 7.1 If approved this scheme will enable eligible households to have energy efficiency measures to be installed in their homes which can have a positive impact in terms of reducing the carbon footprint associated with heating and cooling their homes.

7.2 Carbon emissions generated from domestic homes in the borough is a significant contributor to the overall carbon emissions from Gedling Borough Council's area, therefore any steps to reduce these impacts will have a positive contribution to the council and community transition to low carbon and net zero emissions.

7.3 It is not clear from the outset how many homes will participate in the scheme but as the council are required to keep a record of declarations and report to Ofgem it will be possible to determine the uptake of this scheme within the borough. This information can also assist with targeting of future energy efficiency schemes to further reduce carbon emissions.

8 Appendices

8.1 Appendix A – Gedling Borough Council Energy Company Obligation Statement of Intent

9 Background Papers

9.1 Energy Company Obligation 4 : Flexible eligibility – guidance for local authorities

10 Reasons for Recommendations

10.1

- To improve health and wellbeing
- To reduce hardship and provide support to the most vulnerable
- Provide an attractive and sustainable local environment that local people can enjoy and appreciate

10.2

- To ensure effective operation of the scheme

Statutory Officer approval

Approved by:

Date:

On behalf of the Chief Financial Officer

Approved by:

Date:

On behalf of the Monitoring Officer

