

Thursday, 27 April 2023

Report of the Portfolio Holder for Homelessness Prevention and Social Housing

ECO4 Statement of Intent

Exempt Information

N/A

Purpose

To seek agreement to declare a statement of intent that enables the Council to participate in the Energy Company Obligation (ECO) scheme known as ECO4 and ECO4 Flex

Recommendations

It is recommended that:

1. Agreement is given to the signing and publication of a Statement of Intent that sets out the eligibility criteria for Tamworth residents to access ECO4 Flex
2. Authority is delegated to the Assistant Director Partnerships to be the dedicated responsible person to enter into any agreements that enable the maximisation of ECO4Flex benefits

Executive Summary

Rising energy costs are impacting significantly on all household budgets and the Council is keen to support its residents to access energy efficiency schemes that will not only reduce their bills, but also help them to reduce their carbon footprint.

The Energy Company Obligation (ECO) is a government energy efficiency scheme that is designed to tackle fuel poverty and reduce carbon emissions and contributes directly to the Housing Strategy Priority to ensure housing plays a key role in delivering Tamworth's response to climate change and was discussed at the Health and Wellbeing Scrutiny Committee on 22 February 2023.

The ECO scheme is administered by Ofgem and places a Home Heating Cost Reduction Obligation (HHCRO) on medium and large energy suppliers to promote measures that supports low income, fuel poor and vulnerable households to heat their homes.

The target for measures to be undertaken by each energy company is based on their share of the domestic gas and electricity market. ECO4 is the latest iteration of the scheme which is in place between April 2022 and March 2026.

The ECO4 Flex scheme is targeted at households on low income, properties with an Energy Performance Certificate (EPC) of D-G and off-gas properties.

Following the implementation of measures, the EPC band must have increased to a C rating or above (if they were previously assessed as D or E) and D or above if they were previously in bands F or G.

ECO4 Flexibility (Flex) enables the Council to refer owner occupiers or private rented tenants that are unlikely to be in receipt of benefits that it considers are living in fuel poverty or on a low income and vulnerable to the effects of living in a cold home.

There are four routes, as illustrated in Table 1, to identify low income and vulnerable households and each route must be used independently of each other

The four ECO4 Flex routes are:

Route 1	Household income and current EPC rating - EPC rating D, E, F and G with an income cap of £31,000 across the UK regardless of region, property size or number of occupants. (Private rented housing EPC rating is E-G.)
Route 2	Households living in band E,F and G and that meet a combination of two of the following proxies: Proxy 1 – Homes in England in Lower Super Output Area (LSOA) 1-3 on the English Index of Multiple Deprivation 2019 * Proxy 2 - Householders receiving a Council Tax rebate (based on low income only, excludes single person rebates) Proxy 3 - Householders vulnerable to living in a cold home as identified in the National Institute for Health and Care Excellence Guidance (NICE) * Proxy 4 - A householder receiving free school meals for low income, Proxy 5 – A householder supported by a LA scheme, that has been named and described by the LA in their Statement of Intent as supporting low income and vulnerable households for the purpose of the NICE guidance Proxy 6 – A householder referred to the LA for support by their energy supplier or Citizens Advice because they have been identified by the referrer as struggling to pay their gas and electricity bills Proxy 7 – Households identified through their supplier debt data. This enables obligated suppliers to use their own debt data to identify both non pre-payment and pre-payment meter households * Proxy 1 and 3 cannot be used together
Route 3	NHS/Health referrals – Those who could be severely impacted by the effects of living in a cold home that have respiratory, cardiovascular, limited mobility or immune suppressed conditions.
Route 4	Bespoke Targeting – This enables suppliers and LAs to target households where at least one household member is living in fuel poverty and at least 75% are low income living in owner occupied homes and/ or 90% are low income households living in private rented homes.

For households to access ECO4 Flex, the LA must state publicly through a Statement of Intent (SOI), the criteria it intends to adopt to identify households that meet the Flex eligibility criteria. The SOI confirms the LAs intention to participate in the Flex scheme and enables energy suppliers to engage with eligible residents.

If the Council chooses to publish a SOI it will place an obligation on the Council to assess and approve applications from eligible households. If the Council is satisfied that an application meets the criteria it must provide a declaration to Ofgem confirming that the household qualifies for the proposed energy efficiency measures.

Options Considered

Not to publish a SOI – this leaves vulnerable Tamworth residents able to access funding available under the Energy Company Obligation (ECO) increasing risk of fuel poverty.

Resource Implications

Although here is no direct financial cost to the Council there will be a requirement for the Council to assess ECO4 Flex applicants against the stated criteria. This will involve verifying documentation and using datasets to determine eligibility and submitting declarations to Ofgem for eligible applicants.

As the scheme is yet to launch the demand and resulting resource commitment is unknown. Therefore, although it is expected that the work will be deliverable within current staffing resources this will be monitored closely and mitigations considered should the delivery of the scheme impact on other priorities. The implementation will be led by the Private Sector Housing team.

Legal/Risk Implications Background

ECO4 Flex will provide additional grant funding to help low-income households living in homes with poor energy efficiency to access energy efficiency improvement measures and help reduce CO2 emissions.

Equalities Implications

All implications considered in line with the Council's Equality and Diversity Policy - Making Equality Real in Tamworth (MERIT)

Environment and Sustainability Implications (including climate change)

Energy efficiency measures will be available to all qualifying households as set out in the Statement of Intent at the Appendix 1. Qualifying criteria mainly centres around lower household incomes, health vulnerabilities, and risk of fuel poverty. The scheme is designed to reduce inequalities in terms of living standards, health and wellbeing.

Eco4Flex initiative is directly offered to vulnerable household to improve EPC rating and assist residents to offset CO2 emissions.

The Statement of Intent contributes directly the Council's Climate Change priorities.

Background Information

The SOI updates the previous Statement of Intent issued for ECO3 Flex.

Report Author

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List of Background Papers

Covered in report

Appendices

Appendix 1 – Statement of Intent

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