

ECO Flexibility Eligibility – Statement Of Intent

Report of the Housing and Environmental Health Portfolio Holder

Recommended:

1. That Cabinet note the change to Energy Company Obligation funding and that local authorities are required to issue a “Statement of Intent” in order for their residents to access some strands of ECO funding.
2. That the recommended Option 1 be approved and the associated Statement of Intent at Annex 1 be adopted.

SUMMARY:

- Energy Company Obligation (ECO) funding was reviewed by the government in 2017, with a view to enabling greater flexibility in the way local authorities could engage with energy suppliers on how suppliers meet their obligations to install energy efficiency measures. Following the review, local authorities are now required to publish a “Statement of Intent” setting out eligibility criteria in order to access these funds. This enables local authorities to set their own priorities, in scope of the aims of the ECO, and with regard to associated guidance.
- This report seeks approval to declare and publish a Test Valley ECO LA-Flex ‘Statement of Intent’ (see Annex 1) allowing households living in residential private sector homes in Test Valley to access funding under the Energy Company Obligation: Help to Heat Programme (ECO3) 2018 – 2022. This funding provides energy efficiency improvements delivered by energy companies and their agents.
- The Statement of Intent has been drafted with due regard to guidance, and aims to support low income households living in Test Valley who are most likely to experience fuel poverty and those vulnerable to the effects of a cold home. The scheme will be subject to available funding and may close at any time. The scheme will be fully funded via energy suppliers obligated under Energy Company Obligation (ECO3).

1 Introduction

- 1.1 Fuel poverty can cause low income and vulnerable households to live in unhealthy, cold homes potentially pushing them into debt due to high heating charges. In Test Valley in 2012¹ there were an estimated 47,584 households in total, of which 4,253 were considered to be in fuel poverty. This is likely to have increased along with rising fuel prices, and it is predicted to continue to rise over the coming years.

¹ Base Line Data for Test Valley Borough Council HECA Further Report 2015

- 1.2 The Energy Company Obligation (ECO3) is an obligation on energy suppliers aimed at helping households cut their energy bills and reduce carbon emissions by installing energy saving measures. Under ECO3, energy suppliers are able to meet up to 25% of their obligation under LA-Flex and the effectiveness of this scheme is likely to influence decisions about future energy efficiency schemes in England. ECO3 will continue until March 2022 and is focused on low income and vulnerable households.

2 Background

Energy Company Obligation

- 2.1 Following a review of the Government's ECO in 2017 a new revised scheme 'ECO Flexible Eligibility' was launched providing greater flexibility for local authorities to utilise funding from energy suppliers. This initiative allows local authorities to set their own qualification criteria for assistance to address local need. The funding can be accessed directly from an energy supplier or through a third party contractor and can be used to carry out energy saving measures to domestic properties.
- 2.2 The current ECO3 is an obligation on energy suppliers aimed at helping households cut their energy bills and reduce carbon emissions by installing energy savings measures. The majority of funding for affordable warmth measures now comes through this route.

Statement of Intent

- 2.3 Local authorities (LAs) can only access this funding if a 'Statement of Intent' (SOI) has been published detailing their eligibility criteria for qualifying households and this statement has been published on the Council's website and the Department for Business, Energy and Industrial Strategy (BEIS) have been notified of its publication. The SOI can be an individual or joint statement across LAs. It is proposed that the Council has its own Statement of Intent for ECO LA Flexibility (Annex 1).
- 2.4 There are two main categories of private tenure household that government intends to be eligible through flexible eligibility. Fuel poor households, especially those on low income and not in receipt of ECO eligible benefits, and low income households that are vulnerable to the effects of living in a cold home.
- 2.5 Solid wall insulation (SWI) is eligible for certain 'in fill' properties. LAs are able to provide declarations for households that are not living in fuel poverty or on a low income and vulnerable to the effects of living in a cold home to encourage multi property SWI. This mechanism has been designed to help the delivery of SWI which benefits from economy of scale.
- 2.6 This SOI responds to the statutory requirements for the ECO scheme, sets out the criteria the Council will use in making declarations for qualifying residents under flexible eligibility and the delivery arrangements in place. The SOI defines the vulnerability, fuel poverty, and low income criteria, and sets out the criteria for requirements for property types under in-fill schemes.

- 2.7 The BEIS provides guidance to LAs on identifying eligible households and recommended income thresholds set out in Table 1 of the SOI. Income is defined as a household's disposable income after they have paid their rent or mortgage. LAs are able to exercise their discretion on where to set thresholds they consider appropriate.

Declaration

- 2.8 The SOI requires the LA to make a declaration for each installation prior to work being undertaken. This declaration demonstrates that the Council has been consulted on the proposed works and considers that the household meets the Council's eligibility criteria. It is proposed that the Head of Housing & Environmental Health, Housing Development Manager and the Principal Environmental Health Officer (Housing) will make these declarations on the Council's behalf.
- 2.9 The final decision on whether a household receives an ECO3 measure is made by the obligated energy suppliers or their agents/contractors. Inclusion in a Declaration made by the LA to the supplier will not guarantee installation of measures, as the final decision will depend on:-
- (a) The Survey carried out by the supplier's agent/contractor and installation costs calculated;
 - (b) The energy saving that can be achieved for a property
 - (c) Whether suppliers have achieved their targets or require further measures to meet their ECO3 targets.
- 2.10 Signed declarations under ECO3 will be valid for 18 months from the date of signature or until the 31 March 2022, whichever comes soonest.

3 Corporate Objectives and Priorities

- 3.1 The proposed Statement of Intent supports the main themes of the current Corporate Plan; Investing in Test Valley 2015-2019.
- 3.1.1 Live: Making the best use of existing housing and improving standards
 - 3.1.2 Work: opportunities that will help support businesses in Test Valley
 - 3.1.3 Enjoy: increasing our green credentials and showing leadership in green energy initiatives where it makes good business sense to do so.
- 3.2 The SOI has also been drafted with regard to the results of the Council's consultation in 2019 on a future Corporate Plan, and is intended to fit within the Council's future aspirations for the borough and its residents.
- 3.3 The Statement of Intent also supports the current Housing Strategy 2016-2019 and HECA Action Plan by improving housing quality and addressing fuel poverty, and by delivering financial benefits to people on low income, will also make a contribution to the Council's Preventing Homelessness Strategy.

4 Consultations/Communications

- 4.1 BEIS along with the Association of Local Energy Officers, Local Authority Officer Group and Hampshire and Energy Efficiency Partnership, are recommending each LA publish their own SOI as a method of increasing the number of residents that can benefit from funding for energy efficiency measures to help reduce fuel poverty for residents.

5 Options

- 5.1 The options available to the Council are:-
- 5.2 Option 1: To make a declaration and publish a 'Statement of Intent' regarding flexible eligibility criteria, so qualifying households can potentially benefit from energy efficiency measures as part of the Government's ECO3 programme.
- 5.3 Option 2: Not to make a declaration or publish a 'Statement of Intent' regarding flexible eligibility criteria.

6 Option Appraisal

- 6.1 Option 1 is recommended. Making a declaration and publishing a 'Statement of Intent' will widen existing ECO criteria, thereby allowing Test Valley residents either experiencing fuel poverty or at risk of fuel poverty, access to funding that will benefit their lives.
- 6.2 Residents will be able to access insulation and heating upgrades specifically addressing energy inefficient (D, E, F and G rated) properties within the private sector.
- 6.3 The eligibility requirements under the LA-Flex element of ECO are optional and suppliers are not mandated to participate in order to meet their obligations. LAs participating under LA-Flex are, however, expected to follow the ECO3 2018 – 2022 Flexible Eligibility Guidance. This has been considered when drafting Annex 1 to this report and the associated recommendations herein.
- 6.4 Option 2 risks preventing local residents from receiving this assistance. There are no direct financial implications for the Council in making a SOI and therefore Option 2 is not recommended.

7 Risk Management

- 7.1 An evaluation of the risks indicates that the existing controls in place mean that no significant risks have been identified at this time.

8 Resource Implications

- 8.1 ECO3 is funding available direct to energy suppliers to install energy efficiency measures in homes. There is no additional funding being provided by the Council.

- 8.2 Officer time will be required to sign declarations and participate in annual reporting to BEIS, and this will be incorporated under the HECA Action Plan, however, this is manageable within existing resources.

9 Legal Implications

- 9.1 The Statement of Intent has been drafted taking into account the requirements of LA Flex (Article 17) of the ECO Order 2018 ('Order').
- 9.2 There are no legal implications as the ECO3 funding is direct to the energy supplier and the energy supplier is required to maintain records of all declarations received from the LA to demonstrate eligibility.

10. Equality Issues

- 10.1 Energy efficiency interventions will be available to all qualifying households as detailed in the Test Valley SOI (Annex 1). Qualification is primarily based on income, health vulnerabilities and the determination of living in fuel poverty.
- 10.2 The SOI is aimed at reducing inequalities in terms of living standards and health and wellbeing.

11. Other Issues

- 11.1 Community Safety: none
- 11.2 Environmental Health Issues: improving the efficiency of homes will increase thermal comfort and wellbeing of residents.
- 11.3 Sustainability and Addressing a Changing Climate: creating more energy efficient homes will reduce the demand for energy and provides a sustainable approach.
- 11.4 Property Issues; covers private sector homes only.
- 11.5 Wards/Communities Affected: all

12 Conclusion and reasons for recommendation

- 12.1 The Statement of Intent enables the Council to help households reduce their energy bills and carbon emissions by installing energy savings measures assisting in the delivery of the HECA Action Plan, Housing Strategy Action Plan and Environmental Sustainability Framework.
- 12.2 LA-Flex enables the Council to improve the health and wellbeing of our residents utilising government funding provided to Energy Company Suppliers.
- 12.3 This approach represents no risk to the Council and has no significant resource implications beyond officer time. It will deliver new opportunities for our residents to improve their homes.

Background Papers (Local Government Act 1972 Section 100D)

Corporate Plan 2015 – 2019

Housing Strategy 2016 – 2019

HECA Action Plan 2018

BEIS Energy Company Obligation: ECO3,2018 – 2022 Flexible Eligibility Guidance (Feb 2019)

Confidentiality

It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

No of Annexes:	1	File Ref:	N/A
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(Portfolio: Housing & Environmental Health) Councillor Bundy

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Report to:	Cabinet	Date:	17 April 2019
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