

## ECO4-Flex

Summary:	ECO4-flex provides an opportunity for North Norfolk District Council to help low income households in the district access energy efficiency improvements paid for by Energy Companies. To maximise the potential benefits for residents, the Council must approve a Statement of Intent and approve eligible applicants.
Options considered:	The alternative is to not adopt a Statement of Intent. This will mean that part of the money (up to 50%) available from Energy Company Obligations cannot be spent in North Norfolk District
Conclusions:	ECO4-flex will provide additional grant funding to help low-income households living in homes with poor energy efficiency to benefit from energy efficiency improvement measures.
Recommendations:	Cabinet Resolves to: <ol style="list-style-type: none"><li>1. Adopt a North Norfolk District Council Statement of Intent. (Appendix 2)</li><li>2. Delegate authority to approve applicants to the Council's Energy Officer.</li><li>3. Promote the Statement of Intent (Availability of Grant Funded Energy Improvement Works) to local households, energy suppliers and the installers working for the energy suppliers.</li></ol>
Reasons for Recommendations:	Recommendations 1 and 2 will enable eligible applicants in the district to access additional grant funding for energy efficiency improvement works.  Recommendation 3 will help raise awareness of grant funding amongst eligible applicants.

### LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

*(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)*

There are no relevant Council reports. Ofgem has issued final guidance for Local Authorities [Final ECO4 Guidance: Local Authority Administration | Ofgem](#).

Cabinet Member(s) Cllr. Wendy Fredericks	Ward(s) affected All
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## 1. Introduction

### Energy Company Obligations (ECO)

- 1.1. The Energy Company Obligation (ECO) requires energy companies to provide energy efficiency improvement measures. ECO targets low income households living in properties with poor energy efficiency. The latest round of Energy Company Obligations (ECO4) runs from April 2022 to March 2026.
- 1.2. The target group of households are those on means tested benefits and other locally determined priority groups. Eligible applicants are:
  - Households in receipt of a means tested benefit, and
  - Other applicants who meet their local council's eligibility criteria (ECO4-flex).
- 1.3. Energy Companies can meet up to 50% of their obligations through ECO4-flex. So clearly, North Norfolk District's participation in eco-flex will increase the number of local residents eligible to benefit from ECO4.
- 1.4. Eligible properties must be in Energy Performance Certificate (EPC) bands D to G. For properties in bands F and G energy efficiency works must bring the property up to band D (or above). For properties in bands D and E energy efficiency works must bring the property up to band C (or above).

### Delivery of Energy Efficiency Works under ECO4

- 1.5. Typically energy companies appoint installers to deliver energy efficiency improvement works on their behalf. The installers will be target driven. The Council can help installers meet their targets, and help our residents, by being clear about our ECO4-flex eligibility criteria and by approving eligible applicants quickly and efficiently.
- 1.6. Most energy companies do not publish the names of their installers, possibly because these change from time to time and may vary by location, etc. Instead energy supplier websites use a generic term such as 'approved installer'.
- 1.7. Households seeking approval under ECO4-Flex may approach the Council directly or an installer may approach us on behalf of the household. In the latter case, the Energy Officer will seek evidence from the installer that they are an approved contractor for one of the energy suppliers and have the household's permission to approach the Council.
- 1.8. It is not appropriate for the Council to recommend installers to households. Instead the Energy Officer will signpost households to information on the Ofgem website.

### Amount of Funding and Local Need

- 1.9. The government estimates that energy companies will spend an average of £1 billion per year between April 2022 and March 2026 under ECO4. If energy companies spend money evenly across the country the share for North Norfolk District would be £2.5 million per year of which up to 50%, £1.25 million could be ECO4-flex.
- 1.10. In reality Energy Companies and their appointed installers will focus on low-income households living in the least energy efficient homes. Unfortunately the district has more than enough eligible households. The Building Research

Establishment<sup>1</sup> (BRE) identified 3,075 owner occupier and 1,584 privately renting households living in fuel poverty in the district as at March 2021. Rises in fuel bills will have significantly increased numbers living in fuel poverty.

- 1.11. Whilst the District has plenty of eligible households, installers may prefer to work in urban areas where they can carry out similar works to groups of closely located properties.

#### ECO4-Flex Local Discretion

- 1.12. Under ECO4 local authorities have limited discretion over who they can approve. (Note households on means tested benefits are automatically eligible. Energy companies and their installers do not need to the Council's approval).
- 1.13. The Council can adopt four eligibility criteria. In their guidance Ofgem on behalf of the government set the first three. A fourth gives local councils the ability to set its own additional criteria:
1. Income - Households living in 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.
  2. Proxies - Households living in band E, F, and G and that meet a combination of two proxies. See appendix 1 for details. Examples of proxies include homes in areas of high multiple deprivation and households receiving a Council Tax rebate.
  3. NHS Referral - Households in 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:
    - A cardiovascular condition,
    - A respiratory disease,
    - Limited mobility or,
    - Immunosuppression.
  4. Bespoke Targeting – which help households on low income and living in fuel poverty.
- 1.14. This report recommends adopting the first three criteria. We anticipate that the first three criteria will cover most households who would need and benefit from ECO4-flex. We could consider introducing bespoke targeting later if we identify households who officers feel should be eligible but who do not qualify under the three criteria.

#### Determining Eligibility and GDPR Issues

- 1.15. Once adopted the North Norfolk District Council Statement of Intent will allow the Council to approve eligible households. For each household the Council must check that:
1. The property is eligible, and
  2. The household is eligible i.e. meets one of the three eligibility criteria.

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<sup>1</sup> BRE Integrated Dwelling Level Housing Stock Modelling and Database – March 2021.

- 1.16. The Council must collect evidence to demonstrate eligibility and it must retain this evidence to allow for auditing, etc. The Council must provide information, 'declarations' to Ofgem for each approved applicant. Suppliers will subsequently confirm what works if any are completed to eligible properties. Ofgem will link the information from the declarations with information from suppliers about works completed at a property.
- 1.17. The General Data Protection Regulations (GDPR) will apply to data we collect. We will develop procedures to ensure that the Council complies with GDPR when collecting eligibility data.

## **2. Corporate Plan Objectives**

- 2.1. ECO4-flex will contribute to Corporate Plan Objectives of Local Homes for Local Need by helping to make homes warmer, reducing fuel bills and fuel poverty.
- 2.2. ECO4-flex will contribute to the Corporate Plan Objective of Climate, Coast and the Environment by helping to reduce greenhouse gas (CO<sub>2</sub>) emissions in the district.

## **3. Medium Term Financial Strategy**

- 3.1. ECO4-flex will not impact the medium term financial strategy.

## **4. Financial and Resource Implications**

- 4.1. The Council's Energy Officer has capacity to administer applications. With support of the Council's Communications team the Energy Officer is also able to promote ECO4-flex as part of the ongoing energy efficiency promotional work.
- 4.2. There are no other significant cost implications.

## **5. Legal Implications**

- 5.1. The main legal implication is the requirement to comply with GDPR. The application process will involve collecting and holding personal data.
- 5.2. We will set up procedures to ensure we comply with the Council's policies and GDPR principles.

## **6. Risks**

- 6.1. There are two main risks. Firstly failure to comply with GDPR (See legal Implications above) and secondly that we approve applicants who are not eligible.
- 6.2. The Ofgem guidance has identified the risk that local authorities will approve ineligible applicants. The eligibility criteria are complex and Ofgem anticipates the potential to interpret the criteria incorrectly. Where Ofgem identify errors they aim to resolve by discussion rather than by sanction in the first instance.
- 6.3. To minimise the risk of approving ineligible applicants we will adopt clear procedures which will include sample checks by the Housing Strategy Manager (line manager for the Energy Officer) of applications.

## **7. Impact on Climate Change**

- 7.1. Energy efficiency improvement works help reduce consumption of fossil fuels and so reduce CO<sub>2</sub> emissions. ECO4-flex will contribute to the Council's actions to tackle climate change.

## **8. Equality and Diversity**

- 8.1. ECO4-flex is targeted at households living in the least energy efficient homes and on low incomes and/or in poor health and/or facing other disadvantage. ECO4-flex will help to reduce inequality.

**9. Section 17 Crime and Disorder considerations**

- 9.1. There are no Section 17 Crime and Disorder considerations.

**10. Sustainability**

- 10.1. ECO4-flex will help household on low incomes and help reduce CO<sub>2</sub> emissions. Both will contribute to sustainability in the District.

**11. Conclusions and Recommendations**

- 11.1. ECO4-flex will provide additional grant funding to help low-income households living in homes with poor energy efficiency to benefit from energy efficiency improvement measures.
- 11.2. To access the funding and promote the scheme the Council should:
1. Adopt a Statement of Intent to set out eligibility criteria.
  2. Delegate authority to the Council's Energy Officer to check applicants meet the eligibility criteria and to approve eligible applicants.
  3. Actively promote ECO4-flex to local residents, energy suppliers and installers.

## Appendix 1 – Proxies that Make a Household Eligible for Eco-flex

Eligibility requires two proxies in combination.

- Proxy 1) Homes in England in Lower-layer Super Output Area 1-3 (LSOA)<sup>7</sup>, or homes in Welsh provision LSOA 1-3 on the Welsh Index of Multiple Deprivation 2019<sup>5</sup>, or the Index of Multiple Deprivation for 2020, published by the Scottish Government<sup>6</sup>.\*
- Proxy 2) Householders receiving a Council Tax rebate (rebates 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 (NICE) Guidance: Recommendation 2, with exception to the low-income proxy<sup>7</sup>.\*
- 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).

\*Proxies 1 & 3 cannot be used in combination with each other.

## Appendix 2 – North Norfolk District Council – Statement of Intent

### Statement of Intent for ECO4

**E07000147 Council ECO4 Flexible Eligibility Statement of Intent**

**Local Authority name: North Norfolk District Council**

**Publication Date: XX/XX/XXXX**

**Version number: 1.1**

**Publication on web site: [Home \(north-norfolk.gov.uk\)](http://Home(north-norfolk.gov.uk))**

This statement sets out North Norfolk District Council's flexible eligibility criteria for the Energy Company Obligation (ECO4) scheme from April 2022 – March 2026.

The ECO4 scheme will focus on supporting low income and vulnerable households. The scheme will improve the least energy efficient homes helping to meet the Government's fuel poverty and net zero commitments.

The flexible approach for Local Authorities (LAs) to identifying fuel poor and vulnerable households who may benefit from heating and energy saving measures is referred to as "ECO4 Flex".

The Council welcomes the introduction of the ECO4 Flex eligibility routes as it helps the Council achieve its plans to improve the homes of those in fuel poverty or vulnerable to the cold.

The Council is publishing this Statement of Intent (Sol), on the **XX/XX/XXXX** to confirm that each of the households declared will adhere to at least one of the three available routes outlined below:

**Route 1:** SAP bands D-G households with an income less than £31,000. This cap applies irrespective of the property size, composition, or region.

**Route 2:** SAP bands E-G households that meet a combination of two of the following proxies:

**Proxy 1)** Homes in England in Lower-layer Super Output Area 1-3 (LSOA)<sup>2</sup>, or homes in Welsh provision LSOA 1-3 on the Welsh Index of Multiple Deprivation 2019<sup>3</sup>, or the Index of Multiple Deprivation for 2020, published by the Scottish Government<sup>4</sup>

**Proxy 2)** Householders receiving a Council Tax rebate (rebates 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 (NICE) Guidance. Only one from the list can be used, excludes the proxy 'low income'.

**Proxy 4)** A householder receiving free school meals due to low-income.

**Proxy 5)** A householder supported by a LA run scheme, that has been named and described by the LA as supporting low income and vulnerable households for the

<sup>2</sup> [The English Indices of Deprivation 2019 \(publishing.service.gov.uk\)](http://publishing.service.gov.uk)

<sup>3</sup> [Welsh Index of Multiple Deprivation \(full Index update with ranks\): 2019 | GOV.WALES](http://gov.wales)

<sup>4</sup> [Scottish Index of Multiple Deprivation 2020 - gov.scot \(www.gov.scot\)](http://www.gov.scot)

purposes of NICE Guideline.

**Proxy 6)** A household referred to the LA for support by their energy supplier or Citizen's Advice or Citizen's Advice Scotland, because they have been identified as struggling to pay their electricity and gas bills.

\* Note proxies 1 and 5 cannot be used together.

**Route 3:** SAP bands D-G households that have been identified by their doctor or GP 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 be cardiovascular, respiratory, immunosuppressed, or limited mobility related.

This is because the Council has identified a positive correlation between households who suffer from long-term health conditions and living off a low-income, with living in poorly insulated homes.

### **Declaration and evidence check confirmation**

All potentially eligible households should apply through North Norfolk District Council or one of the approved ECO installers to ensure that they can either benefit from the scheme or be assessed for eligibility under any other relevant programme.

The officer below will be responsible for checking and verifying declarations and associated evidence submitted on behalf of the local authority:

**Name:** Dulcie Walsh

**Job Title:** Energy Officer

**Telephone:** 01263 516177

**Email:** [Dulcie.Walsh@North-Norfolk.Gov.UK](mailto:Dulcie.Walsh@North-Norfolk.Gov.UK)

### **CEO or dedicated responsible person mandatory signature**

The North Norfolk District Council will administer the scheme according to BEIS' ECO4 Order and will identify eligible households via Ofgem's application process. The CEO of the Council will oversee the process of identifying eligible households under ECO4 Flex.

The eligibility information will be stored securely in line with the Council's data protection policy, Information Commissioner's Office Data Sharing Code, and BEIS guidance.

### **Signature:**

**Name:** Steve Blatch

**Job Title:** CEO

**Date of signature:** XX/XX/XXXX

For any general enquires relating to this Sol, please contact [Dulcie.Walsh@North-Norfolk.Gov.UK](mailto:Dulcie.Walsh@North-Norfolk.Gov.UK).