

Meeting of:	Homes and Safe Communities Scrutiny Committee
Date of Meeting:	Wednesday, 06 November 2024
Relevant Scrutiny Committee:	Homes and Safe Communities
Report Title:	Home Energy Efficiency (Eco4 Flex and Nest – Warm Homes Wales)
Purpose of Report:	Scheme overview
Report Owner:	Director of Place
Responsible Officer:	Team Leader, Economy and Neighbourhood Regeneration
Elected Member and Officer Consultation:	<p>Deputy Leader and Cabinet Member for Sustainable Places</p> <p>Director of Place</p> <p>Legal Services - Committee Reports</p> <p>Operational Manager (Accountancy)</p> <p>Head of Housing and Building Services</p> <p>Operational Manager - Corporate Strategy and Insight</p> <p>Legal Committee reports</p>
Policy Framework:	This report is consistent with the Policy Framework and Budget
<p>Executive Summary:</p> <p>The Energy Company Obligation (ECO) is a UK government scheme that places legal obligations on energy suppliers to deliver energy efficiency measures to domestic premises which are designed to tackle fuel poverty and help reduce carbon emissions. The scheme is administered by the Office of Gas and Electricity Markets (Ofgem) on behalf of the Department for Business, Energy and Industrial Strategy (BEIS).</p> <p>The latest iteration of ECO (known as ECO4) focusses on improving the least energy efficient homes as only properties in Standard Assessment Procedure (SAP) band D-G can be treated. It also requires a more complete upgrade of those homes, shifting to a multi-measure ‘whole-house’ retrofit approach to achieve an upgrade of a property’s energy efficiency rating by 2 SAP bands. Examples of qualifying retrofit measures include solid wall, cavity, floor and loft insulation, and/or the repair and replacement</p>	

of broken heating systems and the installation of renewable heating systems such as air source heat pumps and solar panels.

Under the Ofgem guidance the 'Flexible Eligibility' element to ECO4 (known as ECO4 Flex) allows local authorities to set their own criteria for identifying and targeting households that meet the eligibility requirements. ECO4 Flex is therefore a household referral mechanism within the wider ECO4 scheme which enables local authorities to collaborate with the obligated energy supplier and third parties such as Citizen's Advice and NHS professional healthcare workers to tailor energy efficiency schemes to their respective geographic area.

ECO4 applies to measures installed from 1st April 2022 and will cover a four-year period until 31st March 2026. ECO4 Flex is available only to owner-occupied households and private rented sector households that meet the eligibility requirements.

The ECO4 Flex scheme aligns with the ambitions of both CCR and this Council by alleviating fuel poverty and contributing to energy efficiency targets through the retrofit of the domestic housing stock.

The report provides a summary of scheme develops to date since adoption of the scheme at Cabinet.

Recommendation

1. That Scrutiny consider the content of the report and refer any comments to Cabinet.

Reason for Recommendation

1. So that scrutiny is updated on the work of the ECO4 Flex scheme

1. Background

1.1 The Council's participation in the ECO4 Flex scheme was formally endorsed at cabinet on 30th March 2023 [Cabinet Minute C268](#).

1.2 The Energy Company Obligation (ECO4) scheme focuses on supporting low income and vulnerable households, improving the least energy efficient homes, helping to meet the UK and Welsh Government's fuel poverty and net zero commitments. The Council's [Statement of Intent for ECO4 Flex](#) was published on 19/05/2023 detailing the Council's intention to implement the scheme.

Each of the eligible households will adhere to at least one of the four eligibility criteria outlined below:

- The property has an EPC rating of D, E, F, or G (rented properties must be E, F or G rated); and
- The occupier receives one or more means tested benefits; or
- The occupier is in receipt of child benefit with an Income less than £31,000. This cap applies irrespective of the property size, composition, or region; or
- The occupier qualifies under a supplier flex declaration (e.g. NHS letter confirming a significant health condition).

1.3 Cardiff Capital Region Corporate Joint Committee has procured the Council's delivery partner for the scheme, [E.ON](#). E. ON provide the energy efficiency upgrades for the eligible households to include:

- Cavity/solid wall insulation
- Loft/underfloor insulation
- Low carbon heating system (air source heat pump)
- Boiler upgrades
- Solar PV.

1.4 Households might benefit from multiple energy efficiency measures dependant upon need. E. ON receive the initial enquiries and are also responsible for

onboarding the installers that will implement the capital work. 8 companies / installers that on board to deliver ECO4 Flex (via E. ON) in the Vale of Glamorgan.

- 1.5** The Council have promoted the scheme through a variety of methods. Endeavouring to reach out to older residents, promotion has taken place with Care and Repair. In addition, jointly with E.ON, the Council has attended a number of 50+ Forums to promote the scheme. Citizens Advice have been informed of the scheme and how to access the information and contact details for applications. The Council have also attended a food bank and advice event with Citizens Advice (targeting low-income households – Route 1). Social Services and NHS are also familiar with the scheme to assist vulnerable residents.
- 1.6** The majority of the applications received to date have been supported with an NHS letter confirming the significant health condition (respiratory, cardiovascular, lack of mobility and immunosuppressant) of a household member. In addition to this, social media posts have regularly been shared alongside the information page on the [Council's Website](#). In dealing with landlords and tenant enquiries re. [Minimum Energy Efficiency Standards](#), Shared Regulatory Services signpost to the assistance available. An information mailing has also gone out to members detailing the scheme to help inform conversations with residents. The 8 approved installers also help to promote the scheme.
- 1.7** To date, the Council has approved 53 ECO4 Flex applications. A proportion of the energy efficiency packages have been completed and most of the others are underway. The Council has recently started to receive applications from ~~Council~~ tenants in the private rented sector (not just owner-occupiers) following further promotion by E.ON.
- 1.8** To support the ambition to make Wales net zero by 2050. NEST, the Welsh Government Scheme offer all households in Wales free, impartial advice on saving energy and water, income maximisation, and lowering carbon footprint. If eligible, they also offer free home energy efficiency improvements such as insulation, a heat pump, solar panels, or central heating. and as part of this NEST and the Energy Savings trust are signposting to ECO4 Flex when relevant: [Get help with energy efficiency in your home from Nest | GOV.WALES](#). There is mutual signposting by Nest, the Council and E.ON in response to home energy enquiries. The Home Energy Efficiency webpage will soon be updated with information on the [Pension Credit Winter Fuel Payment](#).

2. Key Issues for Consideration

- 2.1** It is acknowledged that this area of work is growing and the Council has no dedicated resource to manage this scheme. The promotion of this scheme currently sits with the Empty Property Development Officer within the Regeneration team. Despite this, to date, the approval rates for ECO4 Flex are on par with other Councils in the region.
- 2.2** To support outreach, A targeted mailing has been previously considered, referencing ECO4 Flex and Nest to reach households likely to be eligible such as those that would be entitled for winter full allowance; however, to date it has

not been possible to obtain the data from the relevant department. Nevertheless a data sharing agreement has been signed with E.ON who are currently leading on outreach work.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1** The ECO4 scheme is designed to reduce inequalities in terms of living standards, health, and wellbeing. Qualifying criteria for ECO4 Flex are centred on low household incomes, health vulnerabilities, and the risk of fuel poverty. The proposed participation in ECO4 Flex aligns with the five ways of working as follows:

Involvement - Promotion is a fundamental part of the proposal, as is a protocol for identifying and targeting qualifying households.

Collaboration - The proposal is based on a partnership approach involving neighbouring local authorities, Cardiff Capital Region, the obligated energy company, and third-party organisations.

Integration - The proposal is an opportunity for public and private sector bodies to work in an integrated manner to achieve the delivery of economic, environmental, and social well-being benefits in the Vale of Glamorgan.

Prevention - The proposal builds upon the existing supportive approach undertaken by the Regeneration work area to improving living accommodation in the Vale of Glamorgan through schemes such as Empty Property Loans, Home Improvement Loans, and Disability Facilities Grants.

Long Term - The proposal will improve and future proof the condition of qualifying properties.

4. Climate Change and Nature Implications

- 4.1** Participation in the ECO4 Flex scheme will contribute positively to increasing options for those who are at risk of fuel poverty and at risk of the effects of living in accommodation that has a low energy efficient rating. Energy efficiency measures are available to all qualifying households and every energy efficiency improvement measure a property receives helps reduce CO₂ emissions.

5. Resources and Legal Considerations

Financial

- 5.1** All costs associated with the work to upgrade qualifying households are borne by the obligated energy company E.ON.
- 5.2** There has been no dedicated budget allocated to the Council to promote ECO4 nor to administer the referral and declaration processes for ECO4 Flex.

Employment

- 5.3** The Regeneration work area currently have operational responsibility for the ECO4 Flex scheme. The scheme has been managed to date but the level of resource required up to 31st March 2026 is unknown and dependant on scheme uptake. A review of the level of resource required will therefore be considered as part of an overall future resource plan.

Legal (Including Equalities)

- 5.4** It has been anticipated that qualifying households could be hard to reach and/or be less likely to take part in the ECO4 Flex scheme without hearing about it from a trusted source. In this regard the Council, E.ON and third parties have entered into an appropriate data sharing agreement to enable proactive outreach work. This work stream has involved completing a Data Protection Impact Assessment (DPIA) to identify risks arising out of the processing of personal data and to minimise these risks as far and as early as possible. DPIAs are important tools for negating risk, and for demonstrating compliance with the General Data Protection Regulation. A subsequent Data Sharing Agreement (DSA) has been signed directly with E.ON to assist this outreach work.
- 5.5** The obligated energy company must ensure that the quality and competency of their supply chain and subsequent works to homes comply with Trustmark (PAS2035) standards and any other standards set out in the Ofgem guidance. PAS 2035 is a recognisable quality standard for the retrofit and energy efficiency sector for housing. E.ON communicate a list of appointed installers to the Council before any work starts in the Vale of Glamorgan.

6. Background Papers

Cabinet Agenda Thursday 30th March 2023

[ECO4 Flex Joint Statement of Intent Report \(valeofglamorgan.gov.uk\)](https://www.valeofglamorgan.gov.uk)

Cabinet minute C268 30th March 2023

[Minutes \(valeofglamorgan.gov.uk\)](https://www.valeofglamorgan.gov.uk)

The Electricity and Gas (Energy Company Obligation) Order 2022

<https://www.legislation.gov.uk/uksi/2022/875/made>

BEIS, Guidance: Standard Assessment Procedure

[Standard Assessment Procedure - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

Cardiff Capital Region Cabinet, 29th November 2021, ECO Local Authority Flexible Eligibility Energy Company Obligation (“ECOFLEX”)

[item-8-eco-flex.pdf \(cardiffcapitalregion.wales\)](#)

Ofgem, ECO4 Guidance: Local Authority Administration V1.1, published 16th November 2022

[ECO4 Guidance for Local Authorities V1.2 \(ofgem.gov.uk\)](#)

Ofgem, Energy Company Obligation (ECO4) Guidance: Delivery V1.1, published 3rd February 2023

[ECO4 delivery guidance \(ofgem.gov.uk\)](#)

Trustmark and the Delivery of PAS2035

[PAS 2035:2019 / PAS 2035/2030:2023 • TrustMark](#)