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HEALTH, CARE AND HOUSING SCRUTINY COMMITTEE

Wednesday, 23rd January, 2019

**Mae croeso i chi siarad yn Gymraeg neu yn Saesneg yn y cyfarfod.
Rhowch wybod pa iaith rydych am ei defnyddio erbyn hanner dydd, ddau
ddiwrnod gwaith cyn y cyfarfod.**

**You are welcome to speak Welsh or English in the meeting.
Please inform us of which language you wish to use by noon, two working
days before the meeting.**

S U P P L E M E N T A R Y P A C K

1. PROPOSITION FOR THE ADOPTION OF ECO 3

To receive and consider the report of the Portfolio Holder for Corporate Governance, Housing and Public Protection.

(Pages 3 - 50)

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**Cyngor Sir Powys / Powys County Council
Health, Care and Housing Scrutiny Committee
23rd January, 2019**

REPORT AUTHOR: Head of Housing
SUBJECT: **Proposition for the Adoption of ECO3**

- 1. Introduction**
 - 1.1 The Housing Service seeks the views of the Health Care and Housing Scrutiny Committee on the proposed adoption of a revised Ecoflex Statement of Intent, prior to its consideration by the Cabinet. The report provides background about:
 - the Energy Company Obligation (ECO) scheme
 - the operation of previous ECO schemes in Powys
 - the proposed Statement of Intent for the revised Ecoflex scheme in Powys and how the council will seek to control how the scheme is operated.
- 2. Background – ECO and the Ecoflex scheme**
 - 2.1 The Energy Company Obligation (or ECO) is a Government initiative aimed at reducing carbon emissions, forcing energy companies to deliver heating and insulation improvements for customers in fuel poverty. The scheme is not means tested. Funding is sourced directly by agents working on behalf of energy companies, rather than using council funds. Agents are only able to target clients deemed eligible by the local authority if that authority has formally adopted a scheme and issued a statement of intent. Agents may directly market the scheme but also make use of private canvassing firms to source eligible clients, which may take the form of cold calling, door knocking, letter drops and digital media campaigns.
 - 2.2 The quantity and availability of ECO funding is dependent on:
 - the size of the property receiving the measures
 - energy efficiency of individual properties
 - whether the client is considered to be in fuel poverty
 - financial viability of installationFollowing an application the Agent commissions a surveyor who looks at the property type, the structure, heating system, and the size of the property. The surveyor calculates the lifetime saving of carbon (LTS) which determines the amount of ECO funding that the individual applicant will receive.
 - 2.3 Smaller properties tend to generate lower carbon savings and are therefore unlikely to receive enough funding to fully fund works. In this scenario clients can either pay a contribution or where appropriate, the Council will provide support to clients via an interest free loan administered via the Robert Owen Community Banking Fund (minimum loan value £1,000).

- 2.4 During 2018, the Council published a statement of intent allowing delivery of the Ecoflex scheme in Powys by a selected number of agents. The council's role was limited to vetting applications to ensure qualifying criteria were met.
- 2.5 Unfortunately, the majority of installations were undertaken by out of county contractors due to the fact there were no established local agents. This was primarily due to the fact that ECO agents are required to have;
- a direct link with an energy provider or broker
 - the ability to source clients and carry out home energy surveys
 - PAS 2030 and Green Deal accreditation per measure
 - robust compliance measures to access ECO funding
 - significant capacity and cash flow in order to deliver hundreds of high value measures, with payment on completion after 8-12 weeks
 - to accept very high financial risk associated with scheme delivery
- 2.6 The authority actively encouraged local contractors onto the scheme, provided they could comply with the necessary requirements listed above. Consequently, some local businesses worked as sub-contractors whilst others were not prepared to work for the rates offered by Agents.
- 2.7 As a consequence of the introduction of the Ecoflex scheme a number of local companies who did not participate in the scheme reported a fall in sales. Certain well established local contractors, notably those involved with the installation of oil boilers, have noticed a significant drop in trade, as a direct consequence of being unable to compete with the installation of 'free' or highly subsidised boilers under the scheme. Unfortunately, this is an unavoidable consequence of a grant scheme designed to address the most inefficient properties in Powys, where residents are likely to suffer from fuel poverty.
- 2.8 However, the impact of the scheme needs to be placed into context. Welsh Government statistics estimates that 24% of the 56,844 households in Powys, are in fuel poverty. Thousands of residents across Powys were targeted by the scheme, due to the rural nature of Powys, its high proportion of off-gas, thermally inefficient, older, solid walled properties. Primarily measures centred on replacement of inefficient oil boilers. The scheme resulted in the following beneficial outcomes for Powys residents and the council:
- the installation of over 2,000 energy efficiency improvements (at an approximate cost of £7.5 million) for residents in fuel poverty who would struggle to afford upgrades unaided
 - an average annual reduction in fuel bills for the average applicant of approximately £200
 - approximately £250,000 in additional fee income for the authority, which helped to mitigate budget savings.
- 2.9 Whilst it was recognised that the Ecoflex scheme bought significant benefits to the residents of Powys, reduced carbon emissions and reduced fuel

poverty, it was also recognised that the scheme bought challenges in terms of poor practice by contractors and challenges for the local supply chain. As the council was aware that ECO 3 was to launch in the autumn of 2018, it was decided to suspend the Ecoflex scheme and develop a new scheme under ECO 3 which addressed the concerns expressed locally.

3 The Future & Proposed Introduction of ECO 3

- 3.1 ECO 3 has already been developed by the UK Government to address changing priorities. These include;
- An overall of procedure used to calculate grant amount
 - Refocus of priorities away from oil boilers towards insulation
 - Restrictions on rented properties
 - Better inclusion of those on non-means tested benefits
 - Reduction in funding available for off-gas properties
- 3.2 The problems experienced with the Ecoflex scheme in respect of installation of oil boilers should not be an issue with the roll out of ECO 3.
- 3.3 To coincide with this, Powys intends to issue a revised ‘Statement of Intent’ to introduce more robust eligibility criteria designed to better target assistance towards those most in need. Furthermore, we wish to introduce measures to better select agents who will offer the best community benefits as a consequence of being permitted access to the exclusive Powys market place. In an attempt to boost work given to local contractors it is also proposed this will be achieved via use of a bespoke concession agreement that will:
- limit the number of agents able to operate within Powys
 - empower the council to better regulate ECO agents
 - deliver better control over canvassing
 - improve accountability should problems arise in the process
 - maximise growth of the Powys economy via use of local contractors however, limitations will exist where installation cannot be delivered due to absence of local labour e.g. installation of cavity wall insulation
- 3.4 It is the intention of the council to improve the promotion of employment opportunities through local engagement events for Powys businesses as well as on line promotion via ‘Sell to Wales’ delivered via the commercial services team.
- 3.5 The council also seek to make the process more transparent and easier for members of the public to understand, in terms of operation of the scheme e.g. frequently asked questions guide on line.
- 3.6 The scheme is essential for the Council to achieve its objective of lowering carbon emissions and reducing fuel poverty. In addition, the scheme will secure significant additional income for the Housing Service which supports statutory services. These scheme will be delivered in a highly effective and efficient way, making use of an effective private sector partnership that requires little investment from the council.
- 3.7 It will be a requirement of the proposed scheme to deliver multiple measures to every ward within Powys at a sufficient volume to meet local need. In addition, it must cover delivery cost whilst remaining financially viable.

4 Scrutiny Committee Comments and Observations

- 4.1 The Housing Service will be taking a paper to Cabinet in February, proposing the adoption of an ECO3 Ecoflex Statement of Intent. The Housing Service seeks the Committees observations on the scheme.
- 4.2 Attached as appendices to this report are the following documents:
- Draft Cabinet Report
 - ECO3 Option Appraisal
 - Revised Statement of Intent
 - Revised Application Form
 - ECO Flex Impact Assessment
 - Procurement Questions

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE
Date TBC 2019

REPORT AUTHOR: **County Councillor James Evans**
Portfolio Holder for Housing & Countryside Services

SUBJECT: **Declaration of a Revised Powys ECO Flex ‘Statement of Intent’ to allow fuel poor private sector households access to heating upgrades & home energy efficiency improvements available under ECO3**

REPORT FOR: **Decision**

1. Summary

1.1 This report sets out Powys County Council's proposal to make a declaration regarding flexible eligibility criteria allowing Powys residents access to funding under the Energy Company Obligation (ECO): Help to Heat programme. It builds on work completed under ECO 2t and replaces the Council's previous statement. It aims to support households living in Powys who are most likely to experience fuel poverty and those vulnerable to the effects of a cold home. As a consequence of lessons learned, our revised scheme has been amended to incorporate more robust qualifying criteria, placing an emphasis (where possible) on use of local contractors to bolster the Powys economy. The scheme will be subject to available funding and may close at any time.

1.2 The report is supported by the following appendices:

- Option Appraisal for Proposed Introduction of ECO3
- Revised Powys ECO Flex ‘Statement of Intent - Version 2’
- Revised Application Form
- **Concession Agreement - Allowing ECO Providers Access to Powys**
- Impact Assessment - Associated with Re-introduction of ECO Flex

1.3 Welsh Government statistics estimate there are 56,844 households in Powys of which 24% or 13,825 are likely to be in fuel poverty.

1.4 The table below illustrates numbers and types of measures installed under ECO2t assisting residents in the fight against fuel poverty. It also illustrates value of works delivered under the scheme. These figures clearly indicate there are many more households capable of being assisted, should ECO 3 be adopted in Powys.

Measure	Approximate Numbers	Approximate Cost	Approximate value of Works
Oil Boilers	1450	£4,000	£5,800,000
LPG Boilers	200	£3,250	£650,000
Electric Storage Heaters	60	£3,250	£195,000
Mains Gas Boilers	25	£3,000	£75,000
Cavity Wall Insulation	350	£1,500	£525,000
Loft Insulation	80	£1,000	£80,000
External Wall Insulation	15	£10,000	£150,000
Internal Wall Insulation	5	£8,000	£40,000
TOTALS	2050		£7,515,000

1.5 This report seeks approval to declare and publish a Powys ECO Flex ‘Statement of Intent Version 2,’ (Appendix 2) allowing fuel poor private sector household’s access to home energy efficiency improvements, delivered by energy companies and their agents. The scheme will be fully funded via energy suppliers obligated under ECO, with an emphasis (where possible) on use of local contractors. This will be achieved through use of a concession agreement allowing specially selected ECO Flex companies to operate within Powys. Selection will be based on criteria specifically set by the council, specifically encouraging use of local contractors and benefiting the local economy.

2. Proposal

2.1 Powys County Council welcomes the introduction of ECO Flexible Eligibility and intends to utilise this opportunity for the purposes of reducing fuel poverty within the county. The Council has worked for many years to improve homes across Powys with the aim of increasing energy efficiency and reducing fuel poverty. This fund will be a welcome boost to existing interest free loans available and specifically targets those likely to suffer from fuel poverty and thereby less able/likely to access loans. The aim is to build upon recent success of ECO 2t, introducing measures ensuring the scheme delivers to those in greatest need and at risk of fuel poverty. Simultaneously, measures will (where possible) employ use of local contractors, stimulating growth in the local economy of Powys.

2.2 Local Authorities, working with energy suppliers obligated under ECO, have an opportunity to extend eligibility criteria for energy efficiency measures offered to households within their area, not covered by existing schemes e.g. Welsh Government NEST scheme.

2.3 Funding is only available for owner occupiers and private sector tenants. Qualification of flexible eligibility in Powys will be restricted to those **in fuel poverty** (spending more than 10% of income on household fuel). Eligibility will be determined by more robust criteria, specified within the attached revised ‘Statement of Intent’ and now requires a signed declaration

by the person in fuel poverty as well as (where necessary) the property owner.

2.4 Qualifying energy efficiency measures that may be installed in eligible properties include: new central heating systems, heating upgrades and insulation plus new forms of greener heating systems, such as ground and air source heat pumps.

2.5 Energy suppliers and/or their agents involved with flexible eligibility surveys and identified works, will be expected to comply with the General Data Protection Regulations 2018. They will need to undertake work in accordance with OFGEM requirements and act in accordance with industry best practice in relation to consumer care and quality standards.

2.6 There will be opportunity to derive income for the authority by levying an administration charge for providing the declaration necessary for clients to access the ECO Flexible Eligibility scheme. This will be set at £150 per application and must be paid by the energy supplier and may **NOT** under any circumstances, be passed onto clients receiving assistance via the scheme.

2.7 Previous criticism of this method included declarations issued by the authority in good faith being ‘cherry picked’ by agents, choosing to install more profitable jobs and less profitable installations were never delivered. The authority lost income as payment for undelivered declarations could not be claimed. To deter spurious applications and insure as many declarations issued by the authority are delivered, it is now proposed the fee be levied and secured by the authority, prior to declarations being issued to ECO providers.

2.8 The decision whether a household receives a measure under ECO flexible eligibility or other ECO funding stream will be made by the **energy supplier** or their **agent/contractor**. Qualification under the Statement of Intent or receipt of a declaration by Powys County Council will **NOT** guarantee installation of any measure, the final decision **rests with the supplier**.

2.9 To qualify for assistance under the scheme:

i) the client must indicate they are in fuel poverty by answering **yes** to the initial qualifying question, provide their **net income** after tax, along with their **annual fuel expenses**. They are then required to sign a declaration confirming the details and also sign a declaration at the end of the form.
Declarations inform applicants they may be liable for prosecution should they be found to provide false information.

ii) the property must be rated **F or G** on an **EPC** or score **15 points or more** in Table 1 of the attached Statement of Intent; or

iii) the property must have a rating of an **E** on an **EPC** or have a score between **10 and 14 points and** a member of the household is **vulnerable** and at greater risk due to living in a cold property. Vulnerability is ascertained by answering **yes** to one or more of the situations/conditions listed in Question 2

of the Statement of Intent. [Based on National Institute for Health and Care Excellence (NICE) 2015 guidance on excess winter deaths and illness caused by cold homes].

2.10 Detail regarding concession agreement to go here when established /available.....Appendix 4?

3. Options Considered / Available

3.1 The following options are available:

Option 1 - To make a declaration and publish a revised 'Statement of Intent' regarding flexible eligibility criteria, allowing Powys residents at risk of fuel poverty, access to funding under the Energy Company Obligation (ECO): Help to Heat programme. Please refer to Appendix 1 for a full account of the suite of options considered, in consultation with the Powys Plumbing Group.

Advantages:

- Reduces likelihood of residents suffering from fuel poverty
- Provides residents access to free or highly subsidised insulation measures designed to improve poorly insulated properties in Powys
- Will improve the local economy, particularly encouraging smaller less well established businesses, via specifying use of local contractors
- Generates significant/sustainable service level income by levying fees

Disadvantages:

- Powys Plumbing Group claim the scheme will detrimentally affect long established business with larger overheads through loss of work as clients access free or highly subsidised installations. ***"It's important that the council realise that there will always be a fundamental conflict of interest between their desire to get as many measures as possible completed under ECO3 and at the same time support the local plumbing & heating industry. The reality is that almost every central heating boiler and central heating system installed under the ECO3 scheme is one less that would have been installed, at some point over the next 5 to 10 years, by a local, Powys based, plumbing & heating company."*** However, whilst this view may sustain a certain number of established plumbing businesses, it does NOT support the opportunity of establishing new or growth of existing plumbing or other building trades prepared to work directly for ECO providers under the proposed concession agreement. It does not support reduction of fuel poverty for residents living in poorly insulated properties in Powys. ECO3 scheme emphasis has moved from installation of boilers to delivery of insulation measures and Powys has proposed amendments to encourage use of local trades, thereby providing greater support and opportunity for growth of the Powys economy.

Option 2 - Not to make a declaration or publish a 'Statement of Intent' regarding flexible eligibility criteria, preventing Powys residents at risk of fuel poverty, access to funding under the Energy Company Obligation (ECO): Help to Heat programme.

Advantages: Powys Plumbing Group claim established plumbing businesses will survive without competition from ECO providers offering free or highly subsidised installations as quoted above.

Disadvantages:

- Does not address issues of residents suffering from fuel poverty
- Will deny residents access to free or highly subsidised insulation measures designed to improve poorly insulated properties in Powys
- Will not deliver benefits to the local economy through use of small or newly established local contractors employed in delivery of ECO3
- Prevents significant/sustainable service level income generation via fees levied for declarations issued

4. Preferred Choice and Reasons

4.1 **Option 1** is the preferred choice. Making a declaration and publishing a revised 'Statement of Intent' will widen existing ECO criteria, thereby allowing Powys residents at risk of fuel poverty, access to funding under the Energy Company Obligation (ECO): Help to Heat programme.

4.2 Residents will be able to access insulation and heating upgrades specifically addressing energy inefficient (F and G rated) properties within the private sector.

4.3 More efficient (E rated) properties may also be addressed within the county, should a member of a vulnerable group be in occupation.

4.4 Many ECO providers wish to operate in Powys, due to its rural nature and subsequent higher levels of funding available via ECO 3. Consequently, the council intends using a concession agreement to establish the most appropriate companies permitted to operate within Powys, in order to achieve maximum benefit for both the economy and local community. Local economy benefits will be achieved by specifying use of a specific proportion of local contractors, ensuring funds are retained within Powys for those installations able to be undertaken by local engineers. However, in the case of specialist installations e.g. cavity wall installation, where no local specialists are based within Powys, this criteria will be relaxed.

4.5 Significant and sustainable service level income will be generated by levying fees on every declaration issued to ECO providers sourced using the above concession agreement. It is proposed, to avoid previous claims of 'cherry picking' by ECO providers, fees be charged upfront, thereby discouraging speculative applications by ECO providers. Due to significant

demand by ECO providers to operate within Powys, it is proposed fees remain at £125 plus VAT, per declaration issued.

4.6 Our action plan will be:

- Monitor numbers of installations delivered under ECO 3 with the aim of eradicating existence of F and G EPC rated properties (as far as possible), from the private sector housing stock in Powys.
- Monitor numbers of families removed from risk of fuel poverty in Powys
- Generate a sustainable income for the service to help mitigate significant local authority financial pressures

5. Impact Assessment

5.1 Is an impact assessment required? Yes

5.2 If yes is it attached? Yes, please see Appendix 5

5.3 Overall Summary and Judgement of Impact Assessment: Adoption of ECO Flex in Powys will facilitate delivery of multi million pounds of investment into energy efficiency measures by companies subject to the Energy Company Obligation (ECO). The Central Government scheme will be facilitated via ECO agents at zero cost to the council. The council has potential to generate significant income via fees levied for declarations issued to ECO agents, allowing them to access funding. The scheme is designed to improve the energy efficiency of dwellings, targeting/improving E, F and G rated premises and reducing likelihood of residents suffering from fuel poverty. A negative impact is the potential detrimental effect on local installers, as providers will come from out of county. To mitigate this, the authority will introduce criteria specifying agents use local installers. Failure to deliver on this obligation will result in removal of agents from the scheme.

6. Corporate Improvement Plan

6.1 The proposal supports delivery of the Corporate Improvement Plan, supporting principles that Powys will be an open and enterprising council:

- Working with communities, residents and businesses
- Willing to look at new ways of working and delivering services
- Focussing on solutions rather than problems

6.2 Directly contributing to development of a vibrant and viable economy:

- Providing support for businesses to grow
- Promoting Powys as a place to live, visit and do business
- Improving the availability of affordable and sustainable housing
- Improving our infrastructure to support regeneration and attract investment
- Improving skills and supporting people to get good quality jobs

- 6.3 Specifically contributing to supporting residents and communities by:
- Strengthening community development and resilience
 - Supporting communities to do more for themselves and reduce demand on public services
- 6.4 The proposal also contributes to delivery of national well-being goals set out under the Well-being of Future Generations (Wales) Act 2015, namely:
- *A prosperous Wales* - A dynamic, driven and confident council that finds and exploits opportunities for increasing the Powys economy
 - *A resilient Wales* - Contributing to reducing effects of climate change
 - *A healthier Wales* - Providing affordable warmth for residents at risk of fuel poverty, reducing health issues associated with cold homes
 - *A more equal Wales* - Ensuring suitable housing for everyone in Powys
 - *A Wales of cohesive communities* - Supporting people in the community to live fulfilled lives, providing greater levels of disposable income
 - *A globally responsible Wales* - Delivering a significant contribution to reduction of CO₂ emissions from domestic property
- 6.5 Failure to adopt a revised statement of intent would prevent access by eligible residents to ECO funding, risking failure by the council to deliver on the above corporate and national priorities.

7. Local Member(s)

7.1 This is a Powys wide initiative with potential to affect all local members across the whole County.

8. Other Front Line Services

Does the recommendation impact on other services run by the Council or on behalf of the Council? Yes

8.1 Trading Standards comments to go here

9. Communications

Have Communications seen a copy of this report? Yes
Have they made a comment? If Yes insert here.

10. Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)

10.1 Legal

10.2 Finance

11. Scrutiny

To be completed by the report author

Has this report been scrutinised? Yes / No?

If Yes what version or date of report has been scrutinised?

Please insert the comments.

What changes have been made since the date of Scrutiny and explain why Scrutiny recommendations have been accepted or rejected?

11.1

12. Data Protection

If the proposal involves the processing of personal data then the Data Protection Officer must be consulted and their comments set out below.

13. Statutory Officers

(The views of both the Strategic Director Resources (Section 151 Officer) and the Monitoring Officer **must** be set out below)

14. Members' Interests

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

15. Future Status of the Report

Members are invited to consider the future status of this report and whether it can be made available to the press and public either immediately following the meeting or at some specified point in the future.

The view of the Monitoring Officer is that:

Recommendation:	Reason for Recommendation:
That Powys makes the ECO Flex 'Statement of Intent' declaration as set out in Appendix A to the report	To allow private sector households living in poorly insulated properties access to 'A' rated heating systems, insulation & home energy efficiency improvements, funded via ECO3; - eliminating F & G EPC rated property - reducing risk of fuel poverty in Powys

Relevant Policy (ies):	The adoption of a revised ECO Flex Statement of Intent will extend the range of measure available in Powys, funded via ECO3 and designed to tackle fuel poverty		
Within Policy:	Y / N	Within Budget:	Y / N

Relevant Local Member(s):	All
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Person(s) To Implement Decision:	Julian Preece
Date By When Decision To Be Implemented:	With Immediate Effect

Is a review of the impact of the decision required?	Y / N
If yes, date of review	
Person responsible for the review	
Date review to be presented to Portfolio Holder/ Cabinet for information or further action	

Contact Officer:	Julian Preece
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Background Papers used to prepare Report:

CABINET REPORT TEMPLATE VERSION 6

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Appendix 1: Option Appraisal for Proposed Introduction of ECO 3 (LA Flex)

Continuation of the grant scheme known as ECO FLEX requires the council to publish a new statement of intent to unlock funding from ECO 3, following revocation of our ECO 2 statement.

A statement of intent requires the following content

- 1 - Governance details
- 2 - Background
- 3 - Eligibility criteria and methodology
- 4 - Signatory

Sections 1, 2 & 4 are standardised and require no general debate, however section 3 enables the authority to exercise a degree of flexibility regarding access to the scheme and the method by which that takes place. However, guidance issued by BEIS, on behalf of OFGEM, should be used to inform the authority's decision.

The proposed Powys ECO 3 statement of intent is an evolution of the former, refined to address views of local members and contractors. (However some of these views shall be addressed via controls imposed in a tender rather than this document)

Eligibility Criteria and Methodology

This section must roughly adhere to the guidance which states that in order to be considered eligible, a client must:

A - be on a “low income” defined by the council (informed by guidance)

And also

B - live in a “hard to heat home” defined by the council (informed by guidance)

Under our original statement, **Part A** requirements were met by having a tick box confirming clients spent more than 10% of their income on fuel. This method has not been used by many authorities in England. However, Welsh authorities have adopted this approach, conforming to Welsh Governments definition of fuel poverty and acknowledged in guidance.

- This attracted criticism locally for being too lax and open to abuse.

Part B was met by requiring households to possess an inefficient energy performance certificate (E, F or G rated) or alternatively, perform well on a scoring matrix, taking into account size, build type and heating if they had no EPC. This is a very common method used by many authorities.

- This attracted criticism locally for working on large properties with no EPC that appear well maintained. (This is mainly due to companies working on more lucrative properties which draw down the most funding, which is a side effect of the way in which BEIS designed the scheme.)

Our methodology has been to allow grant agents to directly recruit customers, survey/process applications, submit schemes for approval (for which the council receives a fee), then deliver improvements to those viable. This has been successful in terms of volume/efficiency but has a mixed impact on the local energy market, particularly regarding installation of oil boilers.

ECO 3 - Whilst retaining core designs enabling ECO Flex to successfully address thousands of legitimately qualifying clients in Powys, we propose the following options to improve the scheme and mitigate these issues. This is in addition to maintaining a sustainable income stream for the Private Sector Housing Team.

Proposed Improvements:

Low income criteria could be set as follows;

(Eligibility only possible in conjunction with Option B)

Option A 1

We retain the 10% of net income spent on fuel rule but in addition we require the client to self-declare their net household income and fuel spend which must be countersigned.

The 10% can then be verified. This will make abuse of this criterion more difficult and easier to verify if necessary.

Proof will not be required for to prevent door step fraud and for GDPR reasons.

- This method may be criticised for allowing higher income households to access grant if their fuel bill is also high

Option A 2

We abolish the 10% rule and replace it with income thresholds.

Any person living in a property type as identified below shall be eligible unless they earn in excess of the corresponding gross value.

	On Gas	Off Gas
1-3 bed	£25k	£27.5k
3+ bed	£30k	£35k

- This mirrors schemes in other authorities such as St. Helens or Spelthorne
- This method may not be favourable for persons earning a respectable amount but face high cost of living e.g. family with many children, or very inefficient home. (Who may qualify on Option 1 but not Option 2)

Option A 3

The adoption of Option 1 and 2 concurrently

- This would be significantly & unnecessarily restrictive - Reducing numbers of applications considerably

Private Sector Housing Team favours Option 1.

The hard to heat criteria could be set as follows;
(Eligibility only possible in conjunction with Option A)

Option B 1

For the purposes of an application we would require any property capable of having an EPC to undergo an assessment. We would then only consider applications from properties with an E, F or G EPC rating. (We would also permit exceptions for listed buildings etc. which would still use the matrix)

(A qualifying vulnerability would be needed in addition to an E certificate)

This would ensure all properties receiving grant were inefficient (identified by a trained assessor) adding greater robustness and improving due diligence for the council

This method would make applications more burdensome for agents, properties without an EPC would need to be assessed at cost prior to application. Surveys could only be undertaken by certified EPC assessors

However this could occur as part of the deemed scoring exercise

- This would address criticism that apparently well maintained properties appear to be in receipt of grant assistance, requiring all properties to be assessed for efficiency. This would be more restrictive and costly than the matrix method.**

Option B 2

We maintain the criteria as is.

We would accept properties with an E, F or G EPC rating. If the property happened to have no EPC, we would permit it to be assessed via the matrix instead requiring a high score.

(A qualifying vulnerability would be needed in addition to an E certificate or low matrix score)

- This will mirror schemes in most other authorities**
- Criticism of well maintained properties receiving works would be addressed through better control of option A**

Private Sector Housing Team favours Option 2.

Methodology:

Delivery options are as follows:

Option M 1

Self-managing

Households individually petition the council with an application form and request sign off, using an agent of their choice for the install.

This minimises council liability but offers no income generation while presenting a high administrative burden. Members of the public would be ill informed regarding process/procedure and likely be confused. It would also be difficult for non tech savvy households and therefore be inequitable.

- **For these reasons - Proposed method is highly unfavourable**

Option M 2

In-house Management

The council would have to take on the role of grant agent. We would actively advertise and canvas for customers, commission property surveys and sell job-ready leads to installers in batches.

This would require a dedicated ECO Flex team of multiple staff members and require significant cash flow. The council would also inherit liability for works. It would mean local contractors who were not able to self-finance were excluded from delivering installs (unless the council also took responsibility for installations, requiring further staff and cash flow nearing millions).

- **For these reasons - Proposed method is unviable**

Option M 3

Maintain Existing Methodology

We permit a tendered list of agents to receive and canvas new client applications. Agents require council approval of applications and manage installations. Agents deliver ECO Flex installations at their own expense, covering any abortive costs and pay the council an approval fee.

We have the ability to impose almost any criteria as part of this tender e.g. use of local contractors, cold calling restrictions etc.

This is the least labour intensive making it easy to deliver. It can handle very high throughput however, it poses GDPR issues which can be overcome.

- **For these reasons - Preferred Option**

Option M 4

Use of an Intermediary Social Agency

All enquiries would be made via a single organisation who vet applications and appoint a contractor to deliver works, amounting to almost full delegation.

An agency would require significant fees to provide this service, reducing local authority income and possibly costing the council to actually deliver the scheme. An agency would have restricted capacity and therefore limited throughput. They may also aspire to help those most in need, which rarely aligns with the deemed score selection criteria of ECO, meaning a shortfall in funding and aborted schemes.

- **For these reasons - significantly more scoping and finance would be needed to make this option viable**

Private Sector Housing Team favours Option 3.

Methodology Continued:

The authority aims to take advantage of the introduction of ECO 3, building criteria into the scheme that will:

- Ensure greater use of local contractors - bolstering the local Powys economy
- Provide greater regulation of cold callers - protecting vulnerable residents
- Better restrict the scheme - to residents most in need

The above important delivery criteria may be achieved via relatively minor rule changes. Criteria may either be added to the statement of intent or included as part of the tender process.

Private Sector Housing Team favour - criteria added to tender document, making it easier to enforce and/or modify over time.

Further Criticism Associated with ECO Flex

There has also been criticism of the underlying grant calculations associated with funding delivered by ECO Flex. Primarily, these relate to deemed score surveys which dictate grant values, calculated via lifetime carbon savings for the property. Savings are based on room sizes, number of bedrooms, build and heating type etc. An inevitable consequence, larger properties attract more grant funding and smaller properties cannot attract sufficient funds to make installations financially viable. This results in a fundamental underlying element of inequity within the scheme.

- **Unfortunately, this is set by BEIS and is incapable of being modified by the council**

Criticism has also been levied around funding limited to a first come first served basis and varying in rate. Effectively, two neighbouring properties may experience a different service if applying at different times or through different grant agents. Levels of funding and criteria differs with each energy provider, something individual householders find difficult to accept.

- **Again, this is something over which the authority has no control. However, as ECO 3 has longer funding contracts, there should be more stability in funding levels.**

Should an agreed compromise not be possible via consultation with the Powys Plumbing Group, the Private Sector Housing Team propose ECO 3 LA flex still be adopted but Oil, Gas and LPG boilers be excluded from the list of grant funded measures. This would ensure;

- Residents at risk of fuel poverty still receive the full range of insulation measures available under the scheme
- It would restrict delivery of boilers to minimise any detrimental economic impact on the local plumbing industry in Powys.



Appendix 2:

Powys County Council Flexible Eligibility Statement of Intent - Version 2

This statement sets out Powys County Council's flexible eligibility criteria for the ECO3: Help to Heat programme from April 2019 forward. The scheme is supported from the ECO commitment provided by utility companies and the availability of funding is beyond the control of Powys County Council and may be closed at any time. It aims to support households living in Powys who are most likely to experience fuel poverty and those vulnerable to the effects of a cold home.

Introduction - Powys County Council welcomes the introduction of Flexible Eligibility and intends to utilise it for the purposes of reducing fuel poverty and tackling hard to heat homes across the county.

What is flexible eligibility - Local Authorities working with Energy suppliers obligated under ECO, have the opportunity to extend eligibility criteria for energy efficiency measures to households not covered by existing schemes of support.

Identifying households - Funding is only available for owner occupiers and private tenants. Qualification for the scheme is restricted to those **in fuel poverty** (spending more than 10% of income on household fuel). Eligibility will be determined by criteria listed below and requires a signed declaration by the owner/tenant.

Qualifying measures - The energy efficiency measures that can be installed in eligible properties include new central heating systems, heating upgrades and insulation.

Contractors – Only agents identified on the authorities list of known contractors currently published on the council's website may submit applications to the council. The council reserves the right to suspend, remove or bar any agent from the scheme without notice where we suspect conditions have been breached. Additional terms and conditions will be imposed on companies on this list at the council's discretion, to be detailed as part of a tender or otherwise.

Liabilities -

Powys County Council accept no responsibility or liability resulting from any negative consequence, damage or loss arising from an ECO FLEX grant being accepted or arising from works or efforts connected to the preparation, application or survey prior to a grant.

Powys County Council do not endorse any specific energy supplier, grant agent, installer or company connected to the application or installation of ECO flex grants or products. This also applies to those identified on the published list of known contractors.

In the event of liability against an agent/contractor, the maximum liability the council would entertain is for the refund of the declaration fee.

Any grievance or issue raised against grant works or application process, should be taken up with the installing party / agent / financier. Powys County Council's involvement in the scheme is limited to the declaration of eligibility for a grant, should you wish to have the declaration explained in further detail, please email - privatesectorhousing@powys.gov.uk

Final decision - The decision on whether a household receives a measure under flexible eligibility or other ECO funding streams will be made by the **energy supplier** or their **agent/contractor**. Qualification in the statement of intent or the Declaration by Powys County Council will **NOT** guarantee installation of any measures, as the final decision will **lie with the supplier**.

Any declaration issued under a previous Powys County Council statement of intent, shall remain valid under any subsequent version. A replacement declaration may be reissued for the purpose of correcting or updating a previous declaration. Any installs performed under a declaration certificate issued under a previous statement of intent, shall comply with the charges and fees of said statement.

Question 1 - Qualifying Criteria

To qualify:

- i) You must be in fuel poverty (whereby you spend 10% or more of your income on fuel) demonstrated via self-disclosure of gross household income (rounded to the nearest £500), and self-disclosure of household heating expenses (rounded to the nearest £250).
- ii) In addition to point i) the property must have a current EPC rating of **F or G**. An **E** rating will also be accepted where an occupant meets a qualifying vulnerability as identified in question 2 below.

(All EPC scores will be taken at face value from www.epcregister.com any property with an expired EPC will be considered to have no EPC.)

If the property has no EPC then it must score 15 points or more in Table 1 below;
If the property scores more than 10 points, it can also be accepted where an occupant meets a qualifying vulnerability as identified in question 2 below.

Properties with an EPC of A, B, C or D will not qualify. Properties scoring below 15 points, or below 10 without a vulnerability will not qualify.

Table 1 - Property Condition

House features	Type	Points	Tick box	Score
Bedrooms	1	1		
	2	2		
	3+	3		
Household occupants	1	1		
	2	2		
	3+	3		
Loft Insulation	None	5		
	Up to 150mm	3		
	150mm and above	1		
Wall Type	System built	5		
	Solid stone/brick	3		
	Cavity construction/Unknown	1		
Wall insulation	External	1		
	Internal	1		
	Cavity	2		
	None	5		
Heating fuel	Mains gas	1		
	Oil	2		
	LPG	3		
	Electric	5		
	Solid fuel	5		
Central Heating system age	Less than 10 years old	1		
	Over ten years old	3		
	Broken system	5		
	No system	5		
			Total	

Question 2 - Client Vulnerability

(Demonstration of a vulnerability is not necessary if the property has an EPC of F or G or No EPC and more than 15 points)

If it is necessary to demonstrate that householders are at a greater risk to the effects of living in a cold home, Powys County Council adopt the following approach:

Powys County Council will target households containing people from the following list, which reflects the National Institute for Health and Care Excellence (NICE) 2015 guidance on excess winter deaths and illness caused by cold homes.

'Excess winter deaths and illness and the health risks associated with cold homes' states that: a wide range of people are at greater risk to the cold. This is either because of a medical condition, such as heart disease; a disability that, for instance, stops people moving around to keep warm, or makes them more likely to develop chest infections; or personal circumstances, such as being unable to afford to keep warm enough.

A member of the household is/has

- i. Aged over 60 (proof of age necessary)
- ii. Children under 5 and those in primary and secondary school education or is pregnant
- iii. Respiratory disease (COPD, asthma)
- iv. Cardiovascular disease (e.g. ischaemic heart disease, cerebrovascular disease)
- v. Moderate to severe mental illness (e.g. schizophrenia, bipolar disorder)
- vi. Substance misusers
- vii. Dementia
- viii. Neurobiological and related diseases (e.g. fibromyalgia, ME)
- ix. Cancer
- x. Limited mobility
- xi. Haemoglobinopathies (sickle cell disease, thalassaemia)
- xii. Severe learning disabilities
- xiii. Autoimmune and immunodeficiency diseases (e.g. lupus, MS, diabetes, HIV)

Signed declaration by doctor or health practitioner necessary to confirm any health related issues listed above (iii – xiii).

Governance

The following Private Sector Housing Officers will be responsible for signing declarations on behalf of the Local Authority -

Private Sector Housing Lead, Environmental Health Officer, Housing Standards & Improvement Officer, Affordable Warmth & Renewable Energy Officer.

Cost Associated with Powys Declaration

The administration charge levied by Powys County Council in providing the declaration necessary for clients to access the ECO Flexible Eligibility scheme is £125 plus vat. This charge must be paid by the energy supplier or their agent submitting the application to the council and may **NOT**, under any circumstances, be passed on to the client receiving assistance via the scheme. This fee applies to every individual application the council receives, irrelevant of whether the job is later cancelled or withdrawn. The client shall not be subject to any fee, should they withdraw from the process at any point.

No fee of any kind may be levied on the client, other than a contribution towards the costs of work. A contribution fee may only be requested from the client, should the agent consider a contribution is necessary to cover a shortfall between the amount of money required for works and actual grant available. Any contribution fee may only be requested with payment expected on completion of install via submission to the client of a formal written invoice. The client must be made aware of this beforehand and be given the chance to withdraw from the process at no cost, should they not wish to proceed.

Clients may be charged a fee to perform a new EPC survey if necessary, as this is considered to be separate from the application and delivery process. The fee for performing this shall not exceed £100 including vat.

Monitoring

Information regarding the number of households contacted and eligible for ECO Flexible Eligibility, together with the number of ECO Flexible Eligibility funded measures installed along with numbers of homes improved will be recorded by Powys County Council. This information must be supplied by agents on request.

Enactment -

Signature: XXXXXXXXXX Date: xxxx

XXXXXXXXXXXXXXXXXX, Powys County Council

URL of published Statement of intent – XXXXXXXXXXXXXXXXXXXX

Publication date - XXXXXXXXXXXXXXXXXXXX

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Appendix 3: APPLICATION FOR FLEXIBLE ELIGIBILITY

This is an application form to ascertain if you would qualify for grant funded heating or insulation measures under a scheme called “ECO 3 - LA Flex”. This is a national scheme that is operated by private companies who redistribute money levied from energy companies.

Private companies will select a contractor and arrange for and fund work. You will have been given this form by a private company, not under Powys Council employment.

The councils' only involvement is to decide if you are eligible to receive funding under this scheme. The council do not underwrite or take responsibility for works.

Heating Systems, Upgrades and Insulation measures.

Via - Energy Company Obligation (ECO) Local Authority Flexible Eligibility (LA FLEX)

The aim of the scheme is to install energy efficiency measures in properties that are currently energy inefficient which in turn reduce households' fuel bills. This is an opportunity, if your home qualifies, for potential improvements such as a new central heating system, upgrades to the existing heating system and/or insulation measures. Powys County Council will be determining whether households qualify for the scheme based on information supplied from this application form. Declarations for those who could benefit from improvements will be issued direct to the organisation chosen to deliver your installation.

Your chosen organisation will obtain funding from Energy Companies obligated under (ECO) to deliver measures under this scheme. Companies will have a limited amount of ECO funding available and this will be utilised on a first come first serve basis.

What Happens next?

1. Complete the application form if you consider yourself in fuel poverty and eligible to apply. Funding is available to owner occupiers and private rented tenants. To be eligible for inclusion of flexible eligibility in Powys your home must be energy inefficient; and/or householder(s) is vulnerable.

2. Powys County Council verifies your application – with a fee applied, payable by your installer. The Local Authority will issue a signed declaration to the organisation of your choice.

3. The organisation investigates potential measures for installation. The final decision on whether a household receives a measure under flexible eligibility or other ECO funding streams will be made by the organisation who you instruct. Qualification and the declaration by Powys County Council does not guarantee installation of any measures, as the final decision will be made by the supplier.

4. Installation of qualifying measures. If your property is considered suitable for measures then the organisation will commission the work. Permission and access will need to be provided by the owner and resident to enable the smooth delivery of works.

Please complete the following Application Form and arrange for your chosen supplier to return, with supporting evidence (where applicable) to the address, or email on the top of the form. Your application will be considered and if it is determined that you and/or your property are eligible a declaration will be issued to your chosen supplier. The declaration can only be used to obtain energy efficiency measures, e.g. heating systems and insulation from your chosen supplier while funding remains available.

**APPLICATION FOR FLEXIBLE ELIGIBILITY - Energy Company Obligation (ECO) Regulations
2018 onwards (ECO3 LA Flex under Powys county council statement of intent Version 2)**

This form must be completed in partnership with an agent/company as they are able to unlock the funding.
Please do not submit it to the council on your own.

You the applicant, should not be charged to have this application submitted.

Exaggerating personal circumstances and/or making a false statement on this form could be considered a criminal offence and may result in prosecution and/or removal of any grant funded measure.

PART I

1. Do you spend more than 10% of your income on household fuel costs?

Please circle - Yes / No

If **NO** – sorry, you are NOT eligible for ECO assistance, do not continue with the form.

To verify this please state:

1a - your after tax household income rounded to the nearest £500 (e.g. £15,000)

=.....

This shall include all household income including income from salaries, pension, stock investments, savings interest, annuities, allowances, rental income, business/farm draw and any other income.

1b - your household fuel bill from the last year rounded to the nearest £250 (e.g. £750)

=.....

(This can include any oil, coal, wood or gas used for heating and any electric if electric heaters are used. Secondary heating such as portable heaters is acceptable also, as well as any repairs or servicing)

Please counter sign here to confirm the validity of this data

2. Applicant's Name Title: Mr/Mrs/Miss/Other.....

Address
.....
Post code

Telephone Nos. (Home) (Work)

3. Applicant's Date of Birth

4. Please give the following details of the property to which the application relates:

Tick if same as above Address :

Property type (Please circle what best describes your property)				
House	Mid Terrace	End Terrace	Semi detached	Detached
Bungalow	Mid Terrace	End Terrace	Semi detached	Detached
Maisonette	1 or 2 external walls		3 external walls	
Flat	1 or 2 external walls		3 external walls	
Mobile home				

Property age?.....

5. Do you live in the property as your only or main residence? Yes No

6 (a) Do you have an owner's interest in the property? Yes No

(b) Are you a tenant? Yes No

7. If you are a tenant at the property, please give details of your landlord

Landlord's Name Title: Mr/Mrs/Miss/Other.....

Address

.....

Telephone Nos. (Home) (Mobile)

PART II - Qualifying Criteria

i) If there is an **EPC (energy performance certificate)** for the property, is it in:

Band	Tick Box	Action
A B C or D		You do not qualify sorry , do not continue with the form
E		Go to iii) below
F/G		Go to declaration

ii) If there is **no EPC** for the property, complete the table below:

DO NOT FILL OUT IF YOU HAVE AN EPC

House features	Type	Points	Tick box	Score
Bedrooms	1	1		
	2	2		
	3+	3		
Household occupants	1	1		
	2	2		
	3+	3		
Loft Insulation	None	5		
	Up to 150mm	3		
	150mm and above	1		
Wall Type	System built	5		
	Solid stone/brick	3		
	Cavity construction/Unknown	1		
Wall insulation	External	1		
	Internal	1		
	Cavity	2		
	None	5		
Heating fuel	Mains gas	1		
	Oil	2		
	LPG	3		
	Electric	5		
	Solid fuel	5		
Central Heating system age	Less than 10 years old	1		
	Over ten years old	3		
	Broken system	5		
	No system	5		
Total				

Points NOT VALID IF YOU HAVE AN EPC	Tick Box	Action
Less than 10 points (and no EPC)		You do not qualify sorry , do not continue with the form
10 or greater and less than 15 points		Go to iii) below
15 points or greater		Go to declaration

iii) Client Vulnerability - Do not fill out if you have an F or G EPC or no EPC and 15 points

A member of the household is:

Details	Tick Box	Proof seen	Print and Signed	Dated	Action
Aged over 60 (Proof of Age and address of person)					Go to signed declaration
Children in education and pregnant mothers (Proof of child age/Further education or Maternity details)					
					Go to signed declaration

Or a member of the household has:

Health Condition - The following require a signed declaration by doctor or health practitioner to confirm any health related issues	YES	NO
i. Respiratory disease (COPD, asthma)		
ii. Cardiovascular disease		
iii. Moderate to severe mental illness (e.g. schizophrenia, bipolar disorder)		
iv. Substance misusers		
v. Dementia		
vi. Neurobiological and related diseases (e.g. fibromyalgia, ME)		
vii. Cancer		
viii. Limited mobility		
ix. Haemoglobinopathies (sickle cell disease, thalassaemia)		
x. Severe learning disabilities		
xi. Autoimmune or immunodeficiency diseases (e.g. MS, diabetes, HIV)		

Signed declaration by doctor or health practitioner to confirm any health related issues i-xi.

Condition	Doctor	Surgery	Signed	Dated

Part IV

DECLARATION

To be completed in respect of all applications

WARNING: if you knowingly make a false statement you may be liable for prosecution.

I declare that to the best of my knowledge the details I have provided are correct.

Signed: Date:

Please tick - I confirm I have read the cover page and understand the process

By signing you will also consent to have your details audited by the council in the event you are selected as part of a sample verification check.

Powys County Council accept no responsibility or liability resulting from any negative consequence, damage or loss arising from an ECO FLEX grant being accepted or arising from works or efforts connected to the preparation, application or survey prior to a grant.

Powys County Council do not endorse any specific energy supplier, grant agent, installer or company connected to the application or installation of ECO flex grants or products. This also applies to those identified on the published list of known contractors.

In the event of liability against an agent/contractor, the maximum liability the council would entertain is for the refund of the declaration fee.

Any grievance or issue raised against grant works or application process, should be taken up with the installing party / agent / financier. Powys County Council's involvement in the scheme is limited to the declaration of eligibility for a grant, should you wish to have the declaration explained in further detail, please email - privatesectorhousing@powys.gov.uk

To be filled out via agent

Please identify the measure/s being applied for:

Please tick - I confirm that the client has been informed about the acquisition, use and storage of their data as part of this process

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Please read the accompanying guidance before completing the form.

This **Impact Assessment (IA)** toolkit, incorporates a range of legislative requirements that support effective decision making and ensure compliance with all relevant legislation.

Draft versions of the assessment should be watermarked as "Draft" and retained for completeness. However, only the final version will be made publicly available. Draft versions may be provided to regulators if appropriate. In line with Council policy IAs should be retained for 7 years.

Service Area	Housing	Head of Service	Simon Inkson	Director	Nigel Brinn	Portfolio Holder	Cllr James Evans
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Proposal	Re-Introduction of ECO 3 LA Flex grant scheme
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Outline Summary / Description of Proposal

This is a proposal to seek cabinet approval for adoption of an updated “statement of intent”, the signed governance document allowing delivery of the Energy Company Obligation, ECO 3 LA flex grant scheme in Powys. ECO 3 LA flex is a scheme by which energy companies invest funding to upgrade boilers and insulation measures in qualifying dwellings (identified by the proposed statement of intent) using grant agents selected by the housing service. The housing service intend to levy a charge on agents to cover council administrative costs associated with the process and to generate a sustainable income stream for the lifetime of the project. This will not be a council managed scheme and all activity regarding funding viability will be undertaken by agents who will be working at their own discretion but following national guidance issued by OFGEM.

The council had a scheme in operation between February 2018 and September 2018, during which in excess of 2,000 measures were installed and over £200,000 was collected by the council in income. Summary of measures installed and savings delivered to Powys residents provided in the following table.

Measure	Approximate Numbers	Approximate Cost	Approximate Value of Work Delivered
Oil Boilers	1450	£4,000	£5,800,000
LPG Boilers	200	£3,250	£650,000
Electric Storage Heaters	60	£3,250	£195,000
Mains Gas Boilers	25	£3,000	£75,000
Cavity Wall Insulation	350	£1,500	£525,000
Loft Insulation	80	£1,000	£80,000
External Wall Insulation	15	£10,000	£150,000
Internal Wall Insulation	5	£8,000	£40,000
Totals	2050 (some include multiple measures)		£7,515,000

However, the scheme was withdrawn following political pressure to better utilise local contractors and better regulate to whom grants were being offered. The revised proposal includes for more robust checks regarding client eligibility and allows for formal tendering of agents. Tender selection criteria will facilitate use of local labour and favour Powys based ECO providers and businesses.

1. Version Control (services should consider the impact assessment early in the development process and continually evaluate)

Version	Author	Job Title	Date
1	Julian Preece	Private sector Housing Lead	5th Nov. 2018

2. Profile of savings delivery (if applicable)

2018-19	2019-20	2020-21	2021-22	2022-23	TOTAL
£40k+ via new income	£200,000+ in income				

3. Consultation requirements

Consultation Requirement	Consultation deadline/or justification for no consultation
No consultation required (please provide justification)	Consultation has been made on a voluntary basis with the Powys Plumbing Group, further consultation will occur following adoption with local business. The view of the Powys Plumbing Group fundamentally differ from the local authority: <i>"It's important that the council realise that there will always be a fundamental conflict of interest between their desire to get as many measures as possible completed under ECO3 and at the same time support the local plumbing & heating industry. The reality is that almost every central heating boiler and central heating system installed under the ECO3 scheme is one less that would have been installed, at some point over the next 5 to 10 years, by a local, Powys based, plumbing & heating company."</i> However, whilst this view may sustain a certain number of established plumbing businesses, it does NOT support establishing new or growth of existing plumbing or other building trades prepared to work directly for ECO providers. It does not support reduction of fuel poverty for residents living in poorly insulated properties in Powys. ECO3 scheme emphasis has moved from installation of boilers to delivery of insulation measures and Powys has amended the scheme to encourage use of local trades, thereby providing greater support for the Powys economy.

4. Impact on Other Service Areas

**Does the proposal have potential to impact on another service area? (Have you considered the implications on Health & Safety, Corporate Parenting and Data Protection?)
PLEASE ENSURE YOU INFORM / ENGAGE ANY AFFECTED SERVICE AREAS AT THE EARLIEST OPPORTUNITY**

Adoption of the scheme will likely increase enquiries for Trading Standards and general customer's services / call centre enquiries, as there will be a rise in consumer communication relating to canvassing activities and complaints. Engagement has been made with Trading Standards who have offered advice and suggestions to help mitigate its impact. Commercial services will also be assisting with tendering and production of any contracts developed as part of the scheme.

Additional controls will be implemented in an attempt to curtail some forms of canvassing which have potential to cause complaints. However a rise in complaints and enquires is still expected due to the nature of activities being undertaken.

5. How does your proposal impact on the council's strategic vision?

Council Priority	How does the proposal impact on this priority?	IMPACT Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
The Economy We will develop a vibrant economy	The adoption of the scheme will present business opportunities for local contractors who chose to engage with agents and offer additional revenue for other associated Powys business such as scaffolders and hoteliers. Residents in receipt of savings on heating & fuel bills will also have greater levels of disposable income they may use to provide a boost to the local economy. However, the provision of grants will naturally reduce the sales of measures locally by existing providers.	Good	Specifying use of local contractors by ECO agents will contribute to a more positive impact.	Good
Health and Care We will lead the way in effective, integrated rural health and care	Health & wellbeing in both the elderly & young will be improved via provision of affordable warmth within homes. There will also be an associated reduction in health effects associated with cold homes.	Good	Better targeted support to those in greatest need will contribute to a more positive impact.	Very Good
Learning and skills We will strengthen learning and skills	Students will suffer less ill health & be better placed to complete homework, given a more comfortable & 'warm' home environment from which to work.	Good	Better targeted support to homes with children in greatest need will contribute to a more positive impact.	Good
Residents and Communities We will support our residents and communities	Carbon emissions will be reduced from domestic property by upgrading homes with more efficient heating systems. Home energy efficiency will be improved via increased insulation & better use of technology such as heating controls. Services previously unavailable will be provided to communities, enabling residents to do more for themselves i.e. upgrading of heating systems.	Good	Better targeted support to those properties in greatest need (E, F & G EPC rated) will contribute to a more positive impact.	Very Good

Source of Outline Evidence to support judgements

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/15810/142631.pdf (Page 57-62)

Powys County Council will also target households containing people with specific medical conditions, reflecting the National Institute for Health and Care Excellence (NICE) 2015 guidance on excess winter deaths and illness caused by cold homes.

6. How does your proposal impact on the Welsh Government's well-being goals?

Well-being Goal	How does proposal contribute to this goal?	IMPACT Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
A prosperous Wales: An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.	Opportunities offered by ECO flex may be exploited by the council to boost local trade and help deliver residents real savings on heating bills that may be recycled within the local Powys economy.	Good	Specifying use of local contractors by ECO agents will contribute to a more positive impact.	Good
A resilient Wales: A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).	Adoption of ECO flex will improve efficiency of dwellings and help reduce climate change by lowering carbon emissions from domestic property. Income generate by the council will also offer a certain resilience to future budget cuts.	Good	Better targeted support to those properties in greatest need (E, F & G EPC rated) will contribute to a more positive impact.	Good

A healthier Wales: A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.	Powys residents at risk of fuel poverty may benefit from heating & insulation upgrades, delivering affordable warmth, improving health & wellbeing for young, elderly & disabled residents alike.	Good	Better targeted support to those in greatest need will contribute to a more positive impact.	Good
A Wales of cohesive communities: Attractive, viable, safe and well-connected Communities.	ECO flex will support people in the community to live fulfilled lives, providing greater levels of disposable income.	Good	Better targeted support to those in greatest need will contribute to a more positive impact.	Good
A globally responsible Wales: A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being. Human Rights - is about being proactive (see guidance) UN Convention on the Rights of the Child: The Convention gives rights to everyone under the age of 18, which include the right to be treated fairly and to be protected from discrimination; that organisations act for the best interest of the child; the right to life, survival and development; and the right to be heard.	Carbon emissions will be reduced from domestic properties by improving the energy efficiency of buildings.	Good	Better targeted support to those properties in greatest need (E, F & G EPC rated) will contribute to a more positive impact.	Good
A Wales of vibrant culture and thriving Welsh language: A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.	It is anticipated most canvassers will be English speaking with limited provision for communication via the medium of Welsh.	Poor	Provision will be made available to clients who wish to communicate via the medium of Welsh upon request.	Neutral

<i>Opportunities to promote the Welsh language</i>	No impact expected.	Neutral	N/A	Neutral
<i>Welsh Language impact on staff</i>	No impact expected.	Neutral	N/A	Neutral
<i>People are encouraged to do sport, art and recreation.</i>	No impact expected.	Neutral	N/A	Neutral
A more equal Wales: A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).				
<i>Age</i>	Both the very young & elderly will have a greater chance of eligibility for grant under new OFGEM rules based on increased risks to health.	Good	Better targeted support to those individuals in greatest need living in poorly insulated properties (E, F & G EPC rated) will contribute to a more positive impact.	Good
<i>Disability</i>	Disabled people are more likely to have a lower income. Disabled people are on average more often vulnerable.	Good	Better targeted support to those individuals in greatest need living in poorly insulated properties (E, F & G EPC rated) will contribute to a more positive impact.	Good
<i>Gender reassignment</i>	Will not directly affect chances of residents receiving grant assistance under the scheme.	Neutral	N/A	Neutral
<i>Marriage or civil partnership</i>	Will not directly affect chances of residents receiving grant assistance under the scheme.	Neutral	N/A	Neutral
<i>Race</i>	Will not directly affect chances of residents receiving grant assistance under the scheme.	Neutral	N/A	Neutral
<i>Religion or belief</i>	Will not directly affect chances of residents receiving grant assistance under the scheme.	Neutral	N/A	Neutral
<i>Sex</i>	Will not directly affect chances of residents receiving grant assistance under the scheme.	Neutral	N/A	Neutral
<i>Sexual Orientation</i>	Will not directly affect chances of residents receiving grant assistance under the scheme.	Neutral	N/A	Neutral
<i>Pregnancy and Maternity</i>	Residents with children will have an increased chance of eligibility for grant under OFGEM criteria based on increased risks to health.	Good	Better targeted support to those individuals in greatest need living in poorly insulated properties (E, F & G EPC rated) will contribute to a more positive impact.	Good

Source of Outline Evidence to support judgements

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/15810/142631.pdf (Page 57-62)

Powys County Council will also target households containing people with specific medical conditions, reflecting the National Institute for Health and Care Excellence (NICE) 2015 guidance on excess winter deaths and illness caused by cold homes.

7. How does your proposal impact on the council's other key guiding principles?

Principle	How does the proposal impact on this principle?	IMPACT Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
Sustainable Development Principle (5 ways of working)				
Long Term: Looking to the long term so that we do not compromise the ability of future generations to meet their own needs.	The scheme facilitates replacement of inefficient heating appliances and installation of energy efficiency measures such as insulation, reducing carbon emissions from domestic property. This in turn makes buildings more energy efficient and reduces likelihood of residents suffering from fuel poverty.	Very Good	Better targeted support to those individuals in greatest need living in poorly insulated properties (E, F & G EPC rated) will contribute to a more positive impact.	Very Good
Collaboration: Working with others in a collaborative way to find shared sustainable solutions.	The scheme does not require council funding and is 100% funded via external sources. Agents source funding and undertake installation of grant funded measures. This helps deliver council objectives, working collaboratively, utilising external funding, while simultaneously reducing carbon emissions and reducing fuel poverty.	Very Good	Better targeted support to those individuals in greatest need living in poorly insulated properties (E, F & G EPC rated) will contribute to a more positive impact. Specifying use of local contractors by ECO agents will also contribute to a more positive impact on the Powys local economy.	Very Good
Involvement (including Communication and Engagement): Involving a diversity of the population in the decisions that affect them.	The council has consulted with the Powys Plumbing Group who raised concerns regarding impact on the local plumbing industry.	Poor	Specifying use of local contractors by ECO agents will contribute to a more positive impact on the local economy and should mitigate concerns.	Neutral
Prevention: Understanding the root causes of issues to prevent them from occurring.	The scheme has the ability to generate income and address fuel poverty at no expense to the council. The council can make minor changes to appease critics but are not in control of scheme mechanics or operation.	Very Good	Specifying use of local contractors by ECO agents will contribute to a more positive impact on the local economy. Better targeted support to those individuals in greatest need living in poorly insulated properties (E, F & G EPC rated) will contribute to a more positive impact.	Very Good
Integration: Taking an integrated approach so that public bodies look at all the well-being goals in deciding on their well-being objectives.	ECO Flex takes an integrated approach to delivery of energy efficiency measures within dwellings. Consequently, it contributes towards many well-being goals, particularly a resilient, healthier, cohesive, globally responsible and prosperous Wales.	Very Good	Better targeted support to those individuals in greatest need living in poorly insulated properties (E, F & G EPC rated) will contribute to a more positive impact. Specifying use of local contractors by ECO agents will also contribute to a more positive impact on the Powys local economy.	Very Good

Cyngor Sir Powys County Council
Impact Assessment (IA)
The integrated approach to support effective decision making



Principle	How does the proposal impact on this principle?	IMPACT Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
Preventing Poverty: Prevention, including helping people into work and mitigating the impact of poverty.	Grants will be available for persons in fuel poverty but restricted those in larger homes due to OFGEM funding criteria.	Good	Better targeted support to those individuals in greatest need living in poorly insulated properties (E, F & G EPC rated) will contribute to a more positive impact.	Very Good
Unpaid Carers: Ensuring that unpaid carers views are sought and taken into account	No impact expected.	Neutral	N/A	Neutral
Safeguarding: Preventing and responding to abuse and neglect of children, young people and adults with health and social care needs who can't protect themselves.	No impact expected.	Neutral	N/A	Neutral
Impact on Powys County Council Workforce	The impact of ECO flex being unavailable in Powys will place additional pressure on statutory services provided by the Council.	Poor	The service in question is prepaid to absorb the extra work as it is compensated by income generated to subside activities	Neutral
Source of Outline Evidence to support judgements				
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/15810/142631.pdf (Page 57-62) Powys County Council will also target households containing people with specific medical conditions, reflecting the National Institute for Health and Care Excellence (NICE) 2015 guidance on excess winter deaths and illness caused by cold homes.				

8. What is the impact of this proposal on our communities?

Severity of Impact on Communities	Scale of impact	Overall Impact
Low	Low	Low
Mitigation		

The council will not be actively involved in delivery of the scheme and will only take a minor administrative role. 1-2 members of staff will need to be seconded away from other duties to assist in operation of the scheme. Impact on communities will be positive regarding reducing carbon emissions from domestic housing and reducing likelihood of residents suffering from fuel poverty. It will also positively impact the local economy providing ECO agents make use of local contractors to undertake installation measures. Impact on communities could be negative regarding existing established business should ECO funding providers take away local trade. Mitigation: Specifying ECO agents use local contractors will contribute to a more positive impact on the local economy.

9. How likely are you to successfully implement the proposed change?

Impact on Service / Council	Risk to delivery of the proposal	Inherent Risk
Low	Low	Low
Mitigation		
All risks identified can be absorbed by the housing services with a negligible impact		

Risk Identified	Inherent Risk Rating	Mitigation	Residual Risk Rating
Any risk to be absorbed by housing services with minimal impact	Low	N/A	Low
	Choose an item.		Choose an item.
	Choose an item.		Choose an item.
Overall judgement (to be included in project risk register)			
Very High Risk	High Risk	Medium Risk	Low Risk
			Low Risk

10. Overall Summary and Judgement of this Impact Assessment?

Outline Assessment (to be inserted in cabinet report)	Cabinet Report Reference:
Adoption of ECO Flex in Powys will facilitate delivery of multi million pounds of investment into energy efficiency measures by companies subject to the Energy Company Obligation (ECO). The Central Government scheme will be facilitated via ECO agents at zero cost to the council. The council has potential to generate significant income via fees levied for declarations issued to ECO agents, allowing them to access funding. The scheme is designed to improve the energy efficiency of dwellings, targeting/improving E, F and G rated premises and reducing likelihood of residents suffering from fuel poverty. A negative impact is the potential detrimental effect on local installers, as providers will come from out of county. To mitigate this, the authority will introduce criteria specifying agents use local installers. Failure to deliver on this obligation will result in removal of agents from the scheme.	

11. Is there additional evidence to support the Impact Assessment (IA)?

What additional evidence and data has informed the development of your proposal?

- Previous success of the scheme whilst in operation in terms of delivery and income generated
- Opinions of local lobbying group who desired concessionary changes
- Desire to assist residents in fuel poverty and to deliver energy efficiency/property improvements, eradicating E, F & G EPC rated properties from Powys
- Political repercussions for the council will likely endure should Powys decline free energy efficiency grants for local residents in fuel poverty

12. On-going monitoring arrangements?

What arrangements will be put in place to monitor the impact over time?

Feedback from frontline staff involved in operation of the grant, councillor feedback and reviewing of any scheme complaints over time.

Please state when this Impact Assessment will be reviewed.

October 2019 (or 6 months after scheme adoption)

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13. Sign Off

Position	Name	Signature	Date
Impact Assessment Lead:	Julian Preece		December 2018
Head of Service:	Simon Inkson		
Director:	Nigel Brinn		
Portfolio Holder:	Cllr. James Evans		

14. Governance

Decision to be made by

Cabinet

Date required

FORM ENDS

ECO 3 - Procurement Questions Regarding Proposed Scheme

In an attempt to answer questions raised by procurement colleagues it is felt that a brief background to the scheme and ECO process will be necessary:

Background: A company will engage with a client (either proactively or reactively). The company will survey the property to assess its efficiency and size to give a life time savings of carbon or “LTS” score e.g. 40,000 (based on built type, room sizes etc.) The company will have a contract with an energy company for a rate of grant funding per unit of LTS e.g. 14 pence per unit. i.e. £0.14 x 40,000 LTS = £5,600. This will then be the available grant available for that property. If the boiler costs £3,000 to fit with £600 costs, the company will stand to make £2,000 profit.

A company may have a contract e.g. for 0.5million of LTS for insulation per month at £0.08p. This is what they have to offer Powys in terms of contract value. However, there is no obligation for them to spend this money specifically in Powys, or work with a particular customer (they “cherry pick” the most profitable properties to work on with a high LTS and low cost of work). Energy companies may also decline payment for installations on noncompliant properties or where there are errors within the vast array of ECO compliance paperwork. One contractor was refused payment on 20 boilers by an energy company post installation, indicating significant risk for any subcontractor in the supply chain. Funding may be rejected for reasons such as a safety fail, or the name on the application form not matching the name on the title deed to the property.

In order for a grant to proceed the company concerned must request from the council a certificate to confirm the client is eligible to access grant funding. This needs to be submitted along with ECO paperwork in order to access funds (along with safety certification and proof of occupation etc.). Agents cannot work on properties ineligible under council rules and the application form is used to confirm this.

In order for the council to issue certificates we are required to publish a “statement of intent” regarding who the council considers eligible under the scheme. We restricted numbers of agents operating in Powys to reduce the administrative burden and published their details online to assist applicants with their choice of agent.

Questions: 1. Number of households assisted and installations delivered to date?

We have predicted the following installations under ECO2. Figures for ECO 3 are expected to be more focused towards insulation and less focused on boilers so it is likely to be very different. Accurate figures are not available as the council has no direct involvement with installs we are only able to accurately measure declarations issued.

Measure	Approximate Numbers	Approximate Cost	Approximate value of Works
Oil Boilers	1450	£4,000	£5,800,000
LPG Boilers	200	£3,250	£650,000
Electric Storage Heaters	60	£3,250	£195,000
Mains Gas Boilers	25	£3,000	£75,000
Cavity Wall Insulation	350	£1,500	£525,000
Loft Insulation	80	£1,000	£80,000
External Wall Insulation	15	£10,000	£150,000
Internal Wall Insulation	5	£8,000	£40,000
TOTALS	2050		£7,515,000

Current value of local spend under the scheme list of companies used?

Details of local subcontractors working on the scheme was not collected by the council. We predict <5% of installation cost only (i.e. not the sale of the boiler unit, just the fitting) for just oil and LPG boilers was performed using local contractors. However, there will have been local spend on hospitality e.g. hotel and living expenses locally or any minor things missed from a quote e.g. pipe fittings sourced locally. The majority will have been source from national companies working in multiple authorities and who can buy in large volume.

2. What services we deliver for the scheme for which we charge. How is the charge made up?

The council charge a fee of £125 plus vat for issuing certificates to cover admin costs, this procedure is fundamental to the process and key in allowing agents access to unlock Energy Company funding.

3. The value of the intended concession agreement (i.e. the assessed value of spend with householders) and term thereof?

The council does not provide any funding under the agreement, therefore value of the agreement is dependent on the available LTS contract of a specific company and willingness of the company to spend it exclusively in Powys. Following the tender we might have a collective value of 5million LTS per month that companies want to spend in Powys or 500k LTS that needs to be shared UK wide. A company can choose to actively look for work by door knocking or sit and wait for enquires. Consequently, there are too many variables to predict an accurate value.

Powys has many large and inefficient F and G EPC rated properties and some companies currently consider Powys to be a “gold mine”. However this may change as rule changes on ECO 3 are less favourable for off gas properties.

4. What risks are taken by contractors/and the Council in the process?

Significant risk exists within the scheme. The council may inadvertently be vicariously liable if we have recommended/endorsed a company who cause a health & safety issue, cause damage to property, cause data theft or go bust mid work. This could also potentially be embarrassing for the council as we have little ability to rectify issues having not directly commissioned or funded works.

Subcontractors and agents carry the risk of undertaking work and not getting paid e.g. if funding is pulled or if a paperwork problem is discovered post installation, preventing grant payment.

Also smaller properties do not attract enough grant to be financially viable for free installations and a client's level of poverty does not affect grant amount. Therefore, there may be political risk to the authority as the scheme is inequitable. The council is also unable to force a company to work on a specific property, even if the property and occupant are eligible under the scheme.

There may also be shortfalls in funding due to different rates offered by different energy companies e.g. if one company has funding at 10p per unit the grant may be free, if another has funding at 7p installers will be forced to charge a fee to cover installation costs.

There is also a risk that rogues will operate within the scheme as freelance middle men, or be employed as subcontractors by legitimate 'authorised agents' under our concession agreement.

5. The current agreements/contracts we sign with Energy companies and Energy Agents

No formal written contracts exist between the authority and any agent or energy supplier as this is a national scheme and not one operated by the council.

Private agents approached the authority requesting we issue declarations necessary for them to access Energy Company funding to undertake ECO work for their clients. After checking they were sufficiently accredited and had a LTS contract (there is still money to be made by companies with no LTS contract as they can sell on data to those who do) they were placed on a publically available list of ECO agents on our website (subsequently removed). The public were able to contact agents direct to enquire about ECO grant availability. Agents were ejected from this list if they became dormant, ran out of grant or performed poorly. The list was closed after the number reached 20 agents as it became difficult to administer with such numbers and limited staffing resource.

6. The assessment process undertaken by Energy Companies on the Energy Agents

The housing service is not best placed to answer this question.

Much of the control measures and criteria required by the scheme are not set by the energy companies themselves but imposed by the regulator OFGEM for all installations. Although each energy company may have slightly different criteria and additional rules surrounding funding requirements, the energy companies are primarily concerned with delivery of numbers in order to meet their obligation targets.

Many agents do not work directly with energy companies and instead use intermediary brokers (who can split up a large contracts into more manageable ones, suiting SME's). This also minimises administration by energy companies as less contracts need to be issued. Only the larger agents work directly with energy companies.

The criteria relating to installations imposes the need for various accreditations such as PAS2030, Green Deal Accreditation and industry accreditation (such as Blue Flame). There are various other OFGEM rules such as qualifying boilers, methods of works, photo evidence, survey data, proof of ownership, proof of occupation, proof of bill payer, installation procedures etc....

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