

**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**

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**REPORT FOR: Decision**

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**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
<b>TOTALS</b>	<b>2050</b>		<b>£7,515,000</b>

1.5 This reports 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 CO<sub>2</sub> 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:

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

<b>Relevant Policy (ies):</b>	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		
<b>Within Policy:</b>	<b>Y / N</b>	<b>Within Budget:</b>	<b>Y / N</b>

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

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

Contact Officer:	Julian Preece
Tel:	07795 602642
Email:	julian.preece@powys.gov.uk

**Background Papers used to prepare Report:**

CABINET REPORT TEMPLATE VERSION 6