

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE

Date

REPORT AUTHOR: County Councillor James Evans
Portfolio Holder for Economic Development, Housing
and Regulatory Services
County Councillor Aled Davies
Portfolio Holder for Finance, Countryside & Transport

REPORT TITLE: Declaration of a Revised Powys ECO Flex 'Statement of Intent' to allow private sector households in fuel poverty access to heating upgrades & home energy efficiency improvements available under ECO3.

REPORT FOR: Decision

1. Purpose

1.1 This report sets out Powys County Council's proposal to make a declaration regarding flexible eligibility criteria allowing Powys households 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 of Intent. It aims to support households living in Powys most likely to experience fuel poverty and those vulnerable to the effects of a cold home.

1.2 ECO is a UK government energy efficiency scheme administered by OFGEM, which is designed to reduce carbon emissions and tackle fuel poverty throughout Wales and the rest of the UK. The Council's only involvement is to agree to publish a Statement of Intent and following publication, to assess residents' applications to ensure their eligibility under the scheme. This facilitates energy providers in meeting their obligations to reduce carbon emissions and reduce fuel poverty via ECO Flexible Eligibility (ECO 3) within Powys.

1.3 The scheme will be subject to available funding and may close at any time.

1.4 As a consequence of revised guidance issued by the Department of Business, Energy and Industrial Strategy (BEIS), recommendations from an internal independent SWAP audit report and feedback from delivery of ECO 2t, the revised scheme adopted by Powys will need to incorporate more robust qualifying criteria.

1.5 This report seeks approval to declare and publish a Powys ECO 3 'Statement of Intent Version 2,' (Appendix 2) allowing fuel poor private sector household's access to home energy efficiency improvements, delivered by

energy providers and their agents.

1.6 The report is supported by the following appendices:

- 1) Scheme Proposal for Introduction of ECO3 in Powys by Warm Wales
- 2) Revised Powys ECO Flex 'Statement of Intent - Version 2'
- 3) Impact Assessment - Associated with Re-introduction of ECO 3 LA Flex Grant Scheme

2. Background

2.1 The table below illustrates numbers, type of measure and value of work installed under ECO2t. Figures were estimated from numbers of applications approved because not all approvals were completed, due to scheme viability.

Measure	Approximate Cost	Approximate Numbers	Approximate value of Works
Oil Boilers	£4,000	1450	£5,800,000
LPG Boilers	£3,250	200	£650,000
Electric Storage Heaters	£3,250	60	£195,000
Mains Gas Boilers	£3,000	25	£75,000
Cavity Wall Insulation	£1,500	350	£525,000
Loft Insulation	£1,000	80	£80,000
External Wall Insulation	£10,000	15	£150,000
Internal Wall Insulation	£8,000	5	£40,000
TOTALS	N/A	2,050*	£7,515,000

Note: Approximate estimates based on average values of work undertaken for declarations issued by the authority.

* Total does not reflect cumulative value, as certain properties received multiple measures

2.2 It is important to note that the previous scheme delivered energy efficiency improvements to over 2,000 households in Powys taking many of them out of fuel poverty. Some local businesses were also used to deliver installation work for households.

2.3 Approximately 16% or 9,500 of the 59,600 households in Powys are in fuel poverty, identified by Powys Council's Well-being Assessment 2017. Disregarding properties assisted by ECO 2t, those households in social housing, on means tested benefits or in property with an incompatible Energy Performance Certificate (EPC), this leaves a figure in the region of 5,000 as the maximum to be targeted under the scheme. However, it is anticipated many properties may not attract enough funding to make grant work viable. It is therefore anticipated numbers of applications for ECO3 may be significantly lower.

2.4 As a result of the SWAP audit report, revised BEIS guidance and feedback on ECO2t, the Council will outsource management of the assessment service for ECO3 to an external organisation. This will provide an independent assessment and employ a more robust vetting and checking process for client applications. Having considered the market and organisations available, the Council will appoint Warm Wales, a Community Interest Company (CIC), specialising in delivery of programmes designed to

address fuel poverty in Wales. They will provide a fully managed scheme, fielding enquiries, undertaking assessments of client eligibility and work directly with energy providers and agents obligated to deliver measures under the scheme. The scheme proposal developed by Warm Wales is attached in Appendix 1.

2.5 The service will be delivered at zero net cost to the Council, funded via referral fees from energy providers. The Council will still be required to provide declarations for households to enable them to access ECO 3. The Council will be entitled to recover an administration fee for providing these declarations and it has been agreed with Warm Wales the administration fee must be paid by the energy provider and may not under any circumstances, be passed onto households receiving assistance via the scheme.

2.6 The Administration Fees will be paid to the Council by Warm Wales one month in arrears, post successful ECO 3 installation. They will be paid in line with Warm Wales proposal, taking account of charges for vetting applicants on behalf of the Council. Charging detail will be included within our published Statement of Intent.

2.7 Even with adoption of a fully managed service, the Council has received independent legal advice that it does not have power under the ECO 3 scheme to offer exclusivity or to restrict energy providers, their agents or installers and neither can it refuse to issue declarations to any eligible resident who meets the schemes eligibility criteria.

2.8 Warm Wales will work with agents to encourage locally sourced contractors and will be required, in conjunction with Business Wales, to run meet the buyer events to make suppliers 'ready' for any subsequent requirements offered by agents.

2.9 Funding is only available for owner occupiers and private sector tenants. Qualification of ECO 3 in Powys will be restricted to those in fuel poverty. Eligibility will be determined by more robust criteria, specified within the attached revised 'Statement of Intent Version 2' (Appendix 2) and will now require a signed declaration by the person in fuel poverty as well as (where necessary) the property owner.

2.10 Qualifying energy efficiency measures that can 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.

2.11 Energy providers and/or their agents involved with ECO 3 surveys and identified works, will be expected to comply with the General Data Protection Regulations (GDPR) 2018 and Data Protection Act 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.

2.12 To ensure as many declarations issued by the authority as possible are delivered, it is now proposed all applications are required to be assessed by Warm Wales under the scheme proposal attached in Appendix 1. No declaration will be issued direct to any other ECO provider.

2.13 The decision whether a household receives a measure under ECO 3 or other ECO funding stream will be made by the energy provider. 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 energy provider.

2.14 To qualify for assistance under the scheme:

i) the applicant must certify that they are in fuel poverty in accordance with income values given in BEIS guidance and published in our Statement of Intent. Warm Wales will conduct verification/means-testing to confirm this. Applicants are then required to sign a declaration confirming the details and 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; and

ii) the property must be rated F or G on an EPC or score 15 points or more in Table 2 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 the situation/condition questions 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*].

2.15 Warm Wales will access the best deal for individual households by accessing the highest funding rate for installations from a range of energy companies direct. This does not prevent other agents canvassing for works, presenting assessments to the Council and requesting declarations. However, any third-party agents or contractor with clients they wish to refer to the Council will need to have said clients utilise the vetting services of Warm Wales. The Council will be unable to determine an application that has not been properly assessed and undergone the above vetting process.

2.16 Outsourcing administrative activity to Warm Wales will:

- Allow monitoring of 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
- Allow monitoring numbers of families removed from risk of fuel poverty in Powys
- Specialist third parties, such as dedicated fuel poverty charities not only undertake the necessary fuel poverty assessment but also sign-

post vulnerable households to complimentary support services, e.g. debt management and benefit entitlement assessments etc.

- Allow performance monitoring of agents in sourcing installers locally
- Come at an additional cost and need to be factored into fees levied by the authority to cover auditing of scheme delivery
- Will reduce the requirement for local authority project officer support - limited to auditing Warm Wales activity and ensuring compliance
- Generate a small sustainable income for the service to help mitigate significant local authority financial pressures

3. Options

3.1 There are two options for Cabinet to consider:

Option 1 - To make a declaration and publish a revised 'Statement of Intent' regarding flexible eligibility criteria, allowing Powys households at risk of fuel poverty, access to funding under ECO 3.

Advantages:

- The scheme is designed to help households who are currently suffering from fuel poverty, many of which may not be in the position to pay for costly works themselves
- Provides households access to free or highly subsidised insulation measures designed to improve poorly insulated properties in Powys
- Allows the authority access to Welsh Government ARBED Am Byth funding - facilitating delivery of gas connection vouchers and heating system upgrades, allowing Council tenants in fuel poverty to switch to a less expensive heating fuel e.g. Radnor Drive strategic proposal should become financially viable to deliver
- Provides independent assessment of applications and additional data on fuel poverty levels in Powys via Warm Wales
- Will seek to provide local businesses opportunities to work with ECO agents to deliver the scheme in Powys
- Potential for local businesses to become ECO Agents via the scheme
- Will provide long-term opportunities for local businesses through on-going service and maintenance requirements
- Generate a small sustainable service level income via fees levied for declarations issued

Disadvantages:

- It is claimed the scheme will negatively affect established local businesses through the loss of direct work
- The Council does not have power under the ECO 3 scheme to offer exclusivity or to restrict energy providers, their agents or installers and neither can it refuse to issue declarations to any eligible resident who meets the schemes eligibility criteria

Option 2 - Not to make a declaration or publish a 'Statement of Intent' regarding flexible eligibility criteria, preventing Powys households at risk of fuel poverty, access to funding under ECO 3.

Advantages:

- Not making a declaration may assist some local businesses who feel the scheme will negatively affect their business

Disadvantages:

- Does not address issues of households suffering from fuel poverty, a large proportion of which are unlikely to be able to afford costly heating or insulation work
- Will deny households access to free or highly subsidised insulation measures designed to improve poorly insulated properties in Powys
- Will deny Council tenants access to Welsh Government ARBED Am Byth funding for fuel switching and heating upgrade opportunities designed to alleviate fuel poverty e.g. Radnor Drive strategic proposal will no longer be financially viable to deliver
- Opportunity to gather additional data on fuel poverty levels in Powys via Warm Wales will be lost
- Will not deliver benefits to the local economy via businesses that are prepared to work with ECO agents or the ongoing servicing and maintenance of installed systems
- Restricts local businesses from becoming ECO agents via the scheme
- Additional capital funding from ECO3 will not be secured to supplement the various loan schemes provided by the Council
- Prevents generation of a small sustainable service level income via fees levied for declarations issued

Preferred Choice and Reasons

3.1 Option 1 is the preferred choice. Making a declaration and publishing a revised 'Statement of Intent' will widen existing ECO criteria, thereby allowing Powys households at risk of fuel poverty, access to funding under ECO 3.

3.2 The Council has worked for many years to improve homes across Powys with the aim of increasing energy efficiency and reduce fuel poverty. This fund will be a welcome boost to existing interest free loans for such measures and specifically targets those households likely to suffer from fuel poverty and be less able to access interest free loans.

3.3 Local Authorities, working with energy providers obligated under ECO, have an opportunity to extend eligibility criteria for energy efficiency measures offered to households that are not covered by existing schemes e.g. Welsh Government NEST scheme.

4. Resource Implications

4.1 Financial Implications - There will be no negative financial implications for the authority. The scheme will be delivered at zero financial cost, funded via referral fees from energy providers. Referral fees will be recovered direct from energy providers by Warm Wales who take their fee at source. There will be opportunity to generate a small sustainable service level income for declarations issued by the authority to Warm Wales. Income will cover the Council's costs and be paid one month in arrears. This will be less than that generated under ECO 2t as it now must take account of charges associated with external vetting and checking of client eligibility by the Community Interest Company. Further detail within Warm Wales Proposal (Appendix 1).

4.2 Workforce/Digital Implications - There will be no additional workforce or digital implications associated with implementation of ECO3. The process will be outsourced to Warm Wales, specialists in delivery of programmes designed to address fuel poverty in Wales. They will use their own resources and infrastructure to deliver the scheme on behalf of the Council under an agreed service level agreement.

4.3 Section 151 Officer comments that the recommendation can be supported from a financial perspective.

5. Legal implications

5.1 Legal: The recommendation can be supported from a legal point of view.

5.2 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: "I note the legal comment and have nothing to add to the report".

6. Data Protection

6.1 The declaration of a revised 'Statement of Intent' allowing delivery of ECO3 in Powys will involve the processing of personal data. Delivery will be contracted out to the Community Interest Company, Warm Wales, who will be the data controller. Accordingly, Warm Wales will be required to deliver the scheme and comply with the General Data Protection Regulations 2018, under service level agreement with the Council.

6.2 The personal data being processed by Powys County Council as the data controller, in relation to the declaration will be processed in line with data protection legislation.

7. Comment from local member(s)

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

8. Integrated Impact Assessment

8.1 The Integrated Impact Assessment is attached at Appendix 3.

8.2 Overall Summary and Judgement of Impact Assessment: Adoption of ECO Flex in Powys will facilitate delivery of investment into energy efficiency measures by companies' subject to the Energy Company Obligation (ECO). The Central Government scheme will be impartially facilitated via the Community Interest Company Warm Wales, at zero cost to the Council. The Council will recover costs and generate a small sustainable income for each successful measure installed, following a declaration to Warm Wales allowing ECO agents access to funding.

8.3 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.

8.4 A negative impact is the potential detrimental effect on local installers, as providers will come from out of county. To mitigate this, Warm Wales will where possible, introduce criteria specifying agents use local installers. Failure to deliver on this obligation will result in removal of agents from the scheme.

9. Recommendation

9.1 That Powys make an ECO Flex 'Statement of Intent' declaration as set out in Appendix 2 to the report to help eliminate F & G EPC rated properties and reduce the risk of residents living in fuel poverty in Powys - allowing private sector households living in poorly insulated properties, access to 'A' rated heating systems, insulation and home energy efficiency improvements funded via the Energy Company Obligation (ECO3).

Contact Officer: Julian Preece / Garry Leatherland
Tel: 07795 602642 / 01597 826081
Email: julian.preece@powys.gov.uk / garry.leatherland@powys.gov.uk

Head of Service: Nina Davies

Corporate Director: Nigel Brinn