

Appendix A:

Powys ECO Flex - Review and Recommendations

Warm Wales have historically worked in partnership with Powys County Council (PCC) to manage delivery of ECO3 within the county. More recently, Warm Wales has developed a bespoke proposal, specific to Powys residents, in relation to the evolution of ECO4 Flex. It is hoped adoption in Powys will help compensate the current cost of living crisis, reduce the incidence of fuel poverty whilst simultaneously reducing carbon emissions from 'hard to treat' properties within the domestic housing stock.

The delivery of the ECO scheme is considered a key driver to assist Local Authorities to reduce fuel poverty and reduce carbon emissions from housing stock owned or occupied by those unable to pay for improvements themselves.

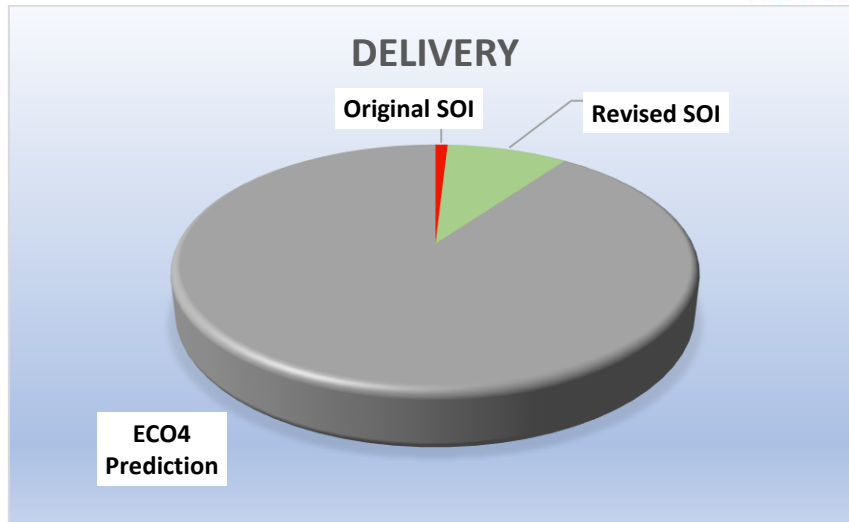
Following guidance from the Department for Business, Energy and Industrial Strategy (BEIS), PCC can offer ECO4 Flex via a published Statement of Intent (SOI). The SOI sets criteria to direct assistance towards any home at risk of fuel poverty, but falling outside of the normal qualifying ECO rules (usually only for those on benefits). PCC then issue a declaration letter on behalf of residents stating that they are eligible for funding.

Following the launch of ECO3, several mitigating factors affected enrolment (Covid & funding restrictions). Warm Wales subsequently recommended a review of the SOI. This change of parameters, agreed through PCC Cabinet, increased eligible applications. However, throughout ECO3, applications were lower than anticipated and changes are necessary to make scheme delivery viable for Warm Wales.

Current Situation

Warm Wales initially identified that the low number of eligible applications was in part due to the tight income eligibility thresholds selected for the SOI (based on original BEIS guidance). This was revised, following introduction of increased income thresholds by BEIS, generating an upswing in eligible applications, assessments, and ensuing assistance.

To date, the scheme has seen a total of 44 ECO flex declaration letters issued by PCC.



Period	Declaration letters
Original SOI	4
Revised SOI	40
ECO4 Prediction (18 months from commencement)	400

Recommendation

ECO4 launched on the 27th July 2022, under The Electricity and Gas (Energy Company Obligation) Order 2022 and BEIS has issued a standard SOI for adoption by Local Authorities across England and Wales.

Under previous ECO schemes, each council needed to develop its own eligibility criteria. However, for ECO4 Flex, BEIS has developed a standardised SOI and client eligibility criteria to identify homes most at risk of fuel poverty. There is now also the added allowance and greater flexibility of being able to work closely with local approved organisations such as Warm Wales, utilising their expertise in tackling fuel poverty via an approved scheme.

Following consultation by BEIS and OFGEM, Warm Wales propose Powys adopts this new guidance, including the nationally agreed and standardised SOI for local authorities throughout the UK.



However, prior to implementing ECO4, Warm Wales recommends an appraisal of the SOI to tailor it to local needs, enabling more struggling Powys residents to take advantage of the available funding for energy efficiency improvements.

It is proposed that Powys adopts the standardised SOI and utilises Route 2 of the qualification criteria, affording Warm Wales the opportunity to identify and help households in fuel poverty via 'The Warm Wales - Powys Energy Savings Scheme,' an established successful pilot in operation during the interim between ECO3 and ECO4. The scheme would ideally like to address households in fuel poverty who would not necessarily benefit under normal ECO qualifying criteria. The enhanced scheme criteria adopted based on that previously approved by Powys Cabinet under ECO3 Flex.

This scheme and its criteria are being designed based on experience and take up levels from previous ECO campaigns administered by Warm Wales. The new scheme focus is centered around a 'whole house' approach for ECO4 funding with an emphasis on helping households in fuel poverty.

The purpose of ECO Flex is to have a more flexible, less rigid approach on a regional basis, helping more people that would otherwise fail to benefit (falling just outside) normal ECO qualifying criteria.

This is primarily due to a high proportion of Powys being a rural 'off gas' area consisting of older housing stock with solid wall, uninsulated/limited property insulation and a population with an older average household age. Consequently, residents in Powys have a significantly higher than the national average net fuel spend versus income. They find themselves in a position where they can't afford to make the necessary fabric and heating improvements. This is due to the excessive outlay cost and difficulty/disruption of upgrading such hard-to-treat homes compared to newer properties.

The current cost of living crises caused by catastrophic fuel, interest and energy price hikes is having a serious impact on many families, exasperating the difficult housing and social conditions identified above. Therefore, under our new proposed scheme criteria we have adopted a **net** income level (after mortgage/rent, council tax and main fuel bill payments) to help address the above issues.

On the 22nd July 2022, The Warm Wales - Powys Energy Savings Scheme was launched, based on an ongoing initial pilot project. Eligibility for the scheme mirrors that of ECO4 qualifying criteria. It is our mission to try and improve peoples' lives by offering them an opportunity to make the necessary fabric and heating improvements to the whole house.



Our aim is to focus on greener more carbon neutral solutions to dramatically lower energy costs, whilst making Powys greener and more Eco friendly.

Should ECO4 Flex be adopted in Powys, we propose a 2-part scheme qualification process to enhance The Warm Wales - Powys Energy Savings Scheme. (Detailed in Appendix A).

The recommended changes will increase the uptake of ECO4 locally, subsequently reducing fuel poverty and carbon emissions within Powys. This will also permit PCC to follow national ECO processes while allowing local nuances to be addressed.

In doing so, more households will benefit from the scheme resulting in the following outcomes for PCC:

- Tackle fuel poverty by increasing low-income homes' energy efficiency rating substantially, adopting a 'whole house' approach and solution to reduce energy bills.
- Deliver cost effective carbon savings to carbon budgets and progress towards the UK's target for net zero by 2050.
- Support clean growth and ensure homes are thermally comfortable, efficient and well adapted to climate change.
- Support economic resilience and a green recovery in response to the economic impacts of Covid-19 within PCC.
- Use learning from the delivery experience to inform the development and design of further energy efficiency schemes.

Appendix A:

The Warm Wales Powys Energy Savings Scheme



WARM WALES
CYMRU GYNNES

Tackling Fuel Poverty Together!

Warm Wales are proud to launch an innovative new scheme designed to address fuel poverty and reduce carbon emissions by adopting a 'whole house' approach and solution. Funding for the following improvement measures is available under the scheme via ECO4 and subject to the qualifying criteria and conditions listed below.

- Air/Ground Source Heat Pump central (radiator) heating/underfloor heating system
- Solar PV & (Battery Storage - Subject to Powys County Council funding)
- Mains Gas Boiler (*existing boiler must be non-condensing*)
- SMART Heating (Zone) Controls
- Energy Saving Lights
- Loft Insulation
- Room in Roof Insulation
- Solid Wall Insulation
- Cavity Wall Insulation
- Underfloor Insulation
- Flat-roof Insulation
- Draught Proofing

Qualification is based on the current and potential EPC rating achievable being enough to provide sufficient funding levels to carry out works. **ALL** essential improvement measure recommendations provided in your assessment **must** be taken up. **No part projects are allowed.**

In the event there is insufficient funding available, you may be offered the opportunity to provide a contribution towards your improvement works (part-funded). An interest free loan may be available (subject to acceptance) from the Robert Owen Community Banking Fund to help with the initial outlay.

Current Scheme Qualifying Criteria

- 1) Income based Jobseekers Allowance (JSA)**
- 2) Income related Employment and Support Allowance (ESA)**
- 3) Income Support (IS)**
- 4) Pension Credit Guarantee Credit (PCGC)**
- 5) Working Tax Credit (WTC)**
- 6) Child Tax Credit (CTC)**
- 7) Universal Credit (UC)**
- 8) Housing Benefit (HB)**
- 9) Pension Credit Savings Credit (PCSC)**
- *10) Child Benefit**

***Child Benefit Income Threshold - ECO4 Qualification**

<u>Number of Children</u>	<u>Single Claimant</u>	<u>Member of a Couple</u>
1	£19,900	£27,500
2	£24,800	£32,300
3	£29,600	£37,200
4 +	£34,500	£42,000

PROPOSED Enhanced Scheme Qualifying Criteria (Post ECO4 Flex Adoption by Cabinet)

It is recommended the following be added to Scheme Criteria post adoption by Cabinet.

Part 1 Qualifying Criteria

The property must have a current EPC rating of **E, F or G**. (All EPC scores will be taken at face value from www.epcregister.com).

Hard to Treat Home, Vulnerability or Fuel Poverty.

To qualify under Part 1, it is necessary for any householder to be classed as vulnerable due to their house type/condition, financial instability, or at greater risk of further ill health, due to the effects of living in a cold home.

To do this they must pass any **one** of the **a,b or c** conditions listed below from ECO Flex Route 2, Proxy 3. Conditions based on and identified using the National Institute for Health & Care Excellence (NICE) guidance and recommendations;

<https://www.nice.org.uk/guidance/ng6/chapter/1-Recommendations>

a) Hard to Treat Properties

Properties with the following conditions below;

- Off Gas area
- Solid Wall (Internal/External Wall Insulation required)
- No loft space (Room in the roof insulation required)

Evidence Required: Current EPC

- State of disrepair

Evidence Required: Picture of interior and exterior of property

b) Vulnerability

Householders vulnerable or higher risk due to a medical condition as outlined below (but not limited to); or have contacted or been referred to Warm Wales due to a medical condition making them more vulnerable to a 'cold home'.

- people with cardiovascular conditions
- people with respiratory conditions (in particular, chronic obstructive pulmonary disease and childhood asthma)
- people with mental health conditions
- people with disabilities

Evidence Required: Doctors letter confirming condition

- older people (60 and older)

Evidence Required: Drivers Licence or Passport

- households with children (in full time education)

Evidence Required: Child Benefit letter or bank statement (*confirming benefit payment*)

- pregnant women

Evidence Required: Midwives letter confirmation of pregnancy or picture of Personal Child Health Record Book.

c) Fuel Poverty

To qualify via the Fuel Poverty route, a householder needs to show financial vulnerability as outlined below (but not limited to); or have contacted or been referred to Warm Wales due to their dire financial situation making them more vulnerable to a 'cold home'.

- An increasing fuel debt with no means to reduce it

Evidence required: Two concurrent fuel bills showing an increasing fuel debt, plus copy of bank statement confirming their inability to repay the fuel debt

- On a pre-payment meter where self-disconnection occurs regularly

Evidence required: Picture of pre-payment meter **and** top-up card

- Spend more than 10% net income on domestic energy to keep their home warm

Evidence required: Copy of latest fuel bills and bank statement confirming monthly income & fuel spend

Part 2 - Qualifying Criteria - Low Income

In addition to Part 1, to Qualify under Part 2 - you must have a **net** (after payment of mortgage/rent, council tax & main heating energy bill) **household income** falling below that of the values in the table below, corresponding to family makeup and size.

***WARM WALES WILL REQUIRE APPROPRIATE EVIDENCE TO DEMONSTRATE INCOME & EXPENDITURE LEVELS FROM ALL APPLICANTS**

**Warm Wales reserve the right to apply discretion for exceptional cases of hardship (on a case-by-case basis) that fall outside the income levels below:*

Table 1

<u>STATUS</u>	<u># NET INCOME</u>
1 Adult	£18,400
1 Adult + 1 Child	£19,900
1 Adult + 2 Children	£24,800
1 Adult + 3 Children	£29,600
1 Adult + 4 Children+	£34,500
2 Adults	£26,000
2 Adults + 1 Child	£27,500
2 Adults + 2 Children	£32,300
2 Adults + 3 Children	£37,200
2 Adults + 4 Children+	£42,000

#Income levels will increase annually from 1st Jan 2023, in line with RPI or CPI

Evidence required:

- Latest bank statement (showing salary, mortgage/rent, council tax & energy bill payment)

NB: For self-employed we will need latest SA302 tax calculation confirming Net Profit.

- Utility bill (fuel used for main heating source)
- Council Tax bill

A completed and signed ECO FLEX declaration form by the applicant is necessary together with any documentary evidence requested by Warm Wales as above.