

# CYNGOR SIR POWYS COUNTY COUNCIL

## CABINET EXECUTIVE

October 11<sup>th</sup>, 2022

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Deputy Leader and Cabinet Member for a Fairer Powys

**REPORT TITLE:** Adoption of ECO4 Flex in Powys

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**REPORT FOR:** Decision

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### 1. Purpose

- 1.1 ECO4 is the next iteration of the United Kingdom-wide Energy Company Obligation (ECO) programme that originally commenced in January 2013. ECO4 was launched on 27<sup>th</sup> July 2022 and runs to Autumn 2026. The programme delivers energy efficiency and heating measures to homes.
- 1.2 The ECO4 programme embraces a range of different schemes, including Home Heating Cost Reduction Obligation (HHCRO)<sup>1</sup> and ECO4 Flex. The latter allows a local authority to establish its own eligibility criteria within guidelines set by BEIS. There is no obligation on a Council to establish an ECO4 Flex scheme. However, doing so expands the range of households who can benefit from help to improve energy efficiency and reduce fuel costs.
- 1.3 The availability of the ECO4 Flex scheme in the county offers the opportunity to complement not only HHCRO but also the Welsh Government's Warm Homes initiative. This includes the Arbed am Byth<sup>2</sup> and Nest<sup>3</sup> schemes, together with the Warm Homes Fund<sup>4</sup>. ECO4 Flex, compared to other schemes, includes within its eligibility some non-means tested benefits and health conditions not included in other schemes. This allows action to reduce fuel poverty, raise energy efficiency and increase environmental sustainability to be enjoyed by more households and communities.

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<sup>1</sup> The Home Heating Cost Reduction Obligation (HHCRO) scheme, also known as 'Affordable Warmth', provides funding to help eligible people reduce the cost of heating their home through the installation of energy efficient measures. Available across Britain, it is targeted at households with the lowest of incomes.

<sup>2</sup> Arbed am Byth is the agency been appointed by the Welsh Government to arrange the installation of energy efficiency measures, like central heating or insulation in homes across Wales as part of the Welsh Government Warm Homes scheme.

<sup>3</sup> Every household in Wales is eligible for Nest advice and support. Householders who own or privately rent their home, are in receipt of a means-tested benefit or living with specific health conditions and living in the most energy inefficient properties may also be eligible for Nest funded home energy efficiency improvements.

<sup>4</sup> Warm Homes Fund specifically targets F & G EPC rated homes within the private rented sector, in collaboration with Rent Smart Wales.

- 1.4 The proposal is that in Powys ECO4 Flex would be delivered by Warm Wales, a not-for-profit Community Interest Company specialising in tackling fuel poverty. <https://www.warmwales.org.uk/about-warm-wales/>
- 1.5 This report recommends adoption of ECO4 Flex, informed by the latest guidance from the Department of Business, Energy and Industrial Strategy (BEIS) and OFGEM.

## **2. Background**

- 2.1 ECO4 Flex is considered a key driver in assisting local authorities in their aim of reducing fuel poverty, whilst simultaneously contributing towards reducing carbon emissions from domestic homes, owned or occupied by those unable to pay for improvements themselves.
- 2.2 BEIS guidance allows a council to take part in ECO4 Flex following publication of an appropriate Statement of Intent (SOI). The SOI sets eligibility criteria for the fuel poor and vulnerable applicants, as well as details of how the scheme will operate and be governed.
- 2.3 Under previous 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.
- 2.4 The standardised SOI includes additional flexibility and encourages local authorities to collaborate with fuel poverty specialists, such as Warm Wales. This facilitates pooling of resources and expertise to better address fuel poverty initiatives through locally approved schemes.
- 2.5 Adopting the standardised eligibility criteria will mean Powys is less likely to be disadvantaged when compared to other authorities in accessing funding delivered by external ECO funders and their delivery partners.

## **3. Advice**

- 3.1 Following consultation by BEIS and OFGEM, new guidance has been issued proposing adoption of a nationally agreed, standardised SOI for local authorities. The intention is to increase uptake of ECO4 Flex installations throughout the UK by those in fuel poverty.
- 3.2 The Powys ECO Flex Report Recommendations are attached to this report as Appendix A. This includes details of 'The Warm Wales - Powys Energy Savings Scheme' together with current and proposed scheme conditions (should Powys adopt ECO4 Flex).

- 3.3 Advice from our proposed delivery partner, Warm Wales, recommends Powys adopt the standardised BEIS SOI, with a particular focus on utilising the Route 2 qualification criteria. This would afford Warm Wales an opportunity to identify and help households in Fuel Poverty via 'The Warm Wales - Powys Energy Savings Scheme.' This specifically targets those in fuel poverty who would not necessarily qualify for assistance via ECO.
- 3.4 The proposed Powys ECO4 Flex SOI for consideration and adoption by Cabinet is attached to this report as Appendix B.

### **3.5 Options Appraisal**

#### 3.5.1 Option One: Discontinue the scheme.

- In Powys, ECO3 Flex ended on 30<sup>th</sup> June 2022 and continuation of ECO4 Flex is subject to adoption of a new SOI. Failure to adopt will mean discontinuation of this investment into energy efficiency improvement of homes, following the Council's declaration of a climate emergency and at a time of fuel price increases. This would disproportionately have a detrimental impact on low-income and vulnerable households.
- Failure to adopt the SOI will remove the ability for Powys to access both the Welsh Government Arbed am Byth and the Warm Homes Schemes, restricting future strategic investment in energy efficiency projects.

#### 3.5.2 Option Two: Adopt the proposed BEIS 'standardised' SOI.

- Adoption of the standardised SOI published by BEIS would facilitate uptake of ECO4 Flex in Powys, reduce carbon emissions from domestic homes and deliver reduced energy bills for many as a direct result of living in more energy efficient homes.
- It would allow Powys access to both Welsh Government Arbed am Byth and Warm Homes Schemes, enhancing future strategic investment in nationally targeted energy efficiency projects.

## **4. Resource Implications**

- 4.1 There are no additional resource implications for the authority, ECO4 Flex is fully funded by the participating energy companies. Warm Wales would continue to deliver the scheme at zero cost to the Council under a renewed service level agreement for the duration of ECO4.
- 4.2 The Head of Finance (Section 151 Officer) notes the report.

## **5. Legal implications**

5.1 Legal implications have been reviewed by the Housing Solicitor who is happy with the content and recommendation associated with the report.

5.2 The Head of Legal Services and 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' for the continued delivery of ECO4 Flex in Powys involves the processing of personal data. Delivery would be contracted out to the Community Interest Company, Warm Wales, who would be the data controller. Accordingly, Warm Wales would be required to deliver the scheme and comply with the General Data Protection Regulations 2018, under service level agreement with the Council.

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

## **7. Comment from local member(s)**

7.1 ECO4 Flex is a county wide initiative affecting all local Members.

## **8. Integrated Impact Assessment**

8.1 An impact assessment was undertaken prior to adoption of the previous ECO3 Flex proposal. Amendment of the SOI and adoption of ECO4 Flex will ensure delivery of the scheme in accordance with the original Impact Assessment.

## **9. Recommendation**

9.1 Cabinet is recommended to:

9.1.1 Support Option Two and adopt the revised Statement of Intent, attached to this report as Appendix B, for the delivery of ECO4 Flex in Powys by Warm Wales.

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