

SUBJECT:	ECO4 Flex – Proposed Implementation Route for Monmouthshire
MEETING:	Cabinet
DATE:	1st March 2023
DIVISION/WARDS AFFECTED:	All

1. PURPOSE:

- 1.1 The purpose of this report is to seek agreement to declare a statement of intent that enables the Council to participate in the Energy Company Obligation (ECO) scheme known as ECO4 and ECO4 Flex.

2. RECOMMENDATIONS:

- 2.1 To agree to the publication of a Statement of Intent that sets out the eligibility criteria for Monmouthshire residents to access ECO4 Flex
- 2.2 To develop an approved list of qualified and experienced companies able to deliver domestic energy efficiency measures throughout Monmouthshire
- 2.3 To delegate authority to the Chief Officer Communities & Place, in consultation with the Cabinet Member to enter into any agreements that enable the maximisation of ECO4/Flex benefits, that do not result in any residual liabilities for the Council.

3. KEY ISSUES:

- 3.1 Rising energy costs are impacting significantly on all household budgets and the Council is keen to support its residents to access energy efficiency schemes that will not only reduce their bills, but also help them to reduce their carbon footprint. The Energy Company Obligation (ECO) is a government energy efficiency scheme that is designed to tackle fuel poverty and reduce carbon emissions.
- 3.2 The ECO scheme is administered by Ofgem and places a Home Heating Cost Reduction Obligation (HHCRO) on medium and large energy suppliers to promote measures that supports low income, fuel poor and vulnerable households to heat their homes. The target for measures to be undertaken by each energy company is based on their share of the domestic gas and electricity market.
- 3.3 ECO4 is the latest iteration of the scheme which is in place between April 2022 and March 2026. The scheme is targeted at households on low income, properties with an Energy Performance Certificate (EPC) of D-G and off-gas properties. Following the implementation of measures, the EPC band must have increased to a C rating or above (if they were previously assessed as D or E) and D or above if they were previously in bands For G.
- 3.4 ECO4 Flexibility (Flex) enables a LA to refer owner occupiers or private rented tenants that are unlikely to be in receipt of benefits that it considers are living in fuel poverty or on a low income and vulnerable to the effects of living in a cold home. There are four routes, as illustrated in Table 1, to identify low income and vulnerable households and each route must be used independently of each other.

Route 1:	Household income and current EPC rating - EPC rating D, E, F and G with an income cap of £31,000 across the UK regardless of region, property size or number of occupants.(Private rented and social housing EPC rating is E-G.)
Route 2:	Households living in band E,F and G and that meet a combination of two of the following proxies: Proxy 1 – Homes in Lower Super Output Area (LSOA) 1-3 on the Welsh Index of Multiple Deprivation 2019, Proxy 2 - Householders receiving a Council Tax rebate (based on low income only, excludes single person rebates), Proxy 3 - Householders vulnerable to living in a cold home as identified in the National Institute for Health and Care Excellence Guidance ¹ (NICE), Proxy 4 - A householder receiving free school meals for low income, Proxy 5 – A householder supported by a LA scheme, that has been named and described by the LA in their Statement of Intent as supporting low income and vulnerable households for the purpose of the NICE guidance, Proxy 6 – A householder referred to the LA for support by their energy supplier or Citizens Advice because they have been identified by the referrer as struggling to pay their gas and electricity bills, Proxy 7 – Households identified through their supplier debt data. This enables obligated suppliers to use their own debt data to identify both non pre-payment and pre-payment meter households.
Route 3:	NHS/Health referrals – Those who could be severely impacted by the effects of living in a cold home that have respiratory, cardiovascular, limited mobility or immune suppressed conditions.
Route 4	Bespoke Targeting – This enables suppliers and LAs to target households where at least one household member is living in fuel poverty ² and at least 75% are low income living in owner occupied homes and/ or 90% are low income households living in private rented homes.

Table 1 – ECO4 Flex Referral Routes as published in the Ofgem ECO4 Guidance for Local Authority Administrations

- 3.5 In order for households to access ECO4 Flex, the LA must state publicly through a Statement of Intent (Sol), the criteria it intends to adopt to identify households that meet the Flex eligibility criteria. The Sol confirms the LAs intention to participate in the Flex scheme and enables energy suppliers to engage with eligible residents.
- 3.6 The Capital City Region (CCR) have undertaken a separate procurement exercise to appoint two obligated energy suppliers to deliver ECO4 / Flex on behalf of the ten local authorities. Discussions have been on-going about the opportunity to enter into a non-binding Memorandum of Understanding (MOU) with the preferred energy supplier for the five Gwent authorities. The MOU however, proposes an exclusive arrangement, which officers consider

¹ Recommendation 2, but excludes the low income proxy

² As defines in Section 15(2) of the Energy Act 2010

limits the potential funding available to Monmouthshire residents. It is also considered that this option does not enable the Council to stimulate a local supply chain as the appointment of the installers is undertaken by the preferred energy supplier. It is therefore proposed that Monmouthshire publish the Sol as illustrated in Appendix 1, but continue to engage in discussions with the CCR and if appropriate enter into the MOU should a non-exclusive arrangement become available.

- 3.7 In order to deliver ECO4/Flex it is proposed that Monmouthshire County Council (MCC) develops its own framework of qualified contractors who are able to undertake energy efficiency measures within the County. The framework will provide householders with assurance that the companies on the approved list have PAS accreditation and have met quality assurance criteria, but it will not create any residual risk or obligations for the Council as any agreement for the implementation of measures will be between the householder and their chosen supplier.
- 3.8 The framework will be an active procurement exercise undertaken through Sell2Wales, which will enable suppliers to apply to join the framework throughout the duration of the scheme. The Council will also continue to explore other opportunities to join ECO4 / Flex partnerships which provide greater opportunities to attract energy suppliers and local suppliers into the area.
- 3.9 If the Council chooses to publish a Sol it will place an obligation on the Council to assess and approve applications from eligible households. If the Council is satisfied that an application meets the criteria it must provide a declaration to Ofgem confirming that the household qualifies for the proposed energy efficiency measures. This will result in a resource demand for Monmouthshire as each application will need to be individually assessed, however at this point we are unclear of the extent of the demand and the number of applications that will need to be considered. There is no funding available to support this work which will be led by the Decarbonisation Team.

4. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING)

- 4.1 Energy efficiency measures will be available to all qualifying households as set out in the Statement of Intent at the Appendix 1. Qualifying criteria mainly centres around lower household incomes, health vulnerabilities, and risk of fuel poverty. The scheme is designed to reduce inequalities in terms of living standards, health and wellbeing.
- 4.2 The Integrated Impact Assessment has been completed and no negative implications were identified (See Appendix 2)

5. OPTIONS APPRAISAL:

- 5.1 Option 1: The Recommended Option - To agree to create an approved list of energy efficiency installers and publish a Sol. This will enable vulnerable Monmouthshire residents experiencing fuel poverty to access ECO4 / Flex funding from any obligated energy supplier, maximising the potential funding opportunities available to the County. It will also support local households to access an approved framework of suppliers and in turn develop a local supply chain of approved PAS accredited installers.
- 5.2 Option 2 – Enter into the CCR MOU with their preferred energy supplier. This would result in MCC entering into an exclusive arrangement with the preferred energy supplier which will

limit the funding available to local residents and our ability to stimulate a local supply chain. This approach is not recommended.

- 5.3 Not to publish a SOI. This option prevents vulnerable Monmouthshire residents accessing funding under the Energy Company Obligation (ECO): and leaves them open to experiencing fuel poverty. It is therefore discounted.

6. EVALUATION CRITERIA:

- 6.1 To evaluate the success of Monmouthshire's participation in the CCR scheme we will monitor the following data criteria:
- Level of demand
 - Identification of the type of property and measure(s) installed
 - The cost of the measure(s) installed.
 - The improvement in EPC rating
 - The likely CO2/yr kg saving

7. REASONS:

- 7.1 ECO4 Flex will provide additional grant funding to help low-income households living in homes with poor energy efficiency to access energy efficiency improvement measures and help reduce CO2 emissions.
- 7.2 We have discounted an exclusive approach with the CCR as the MOU does not provide any guaranteed investment within Monmouthshire, limits supply chain opportunities to the approved suppliers of the preferred energy supplier and reduces our ability to work with an energy advisory service and other third party providers.
- 7.3 There is a risk in not entering into the MOU as this places an additional burden on MCC resources to undertake a procurement exercise to implement and maintain an approved list of companies able to undertake domestic energy efficiency measures in Monmouthshire. The obligation to provide declarations for ECO4 Flex remains constant whichever delivery mechanism is adopted.

8. RESOURCE IMPLICATIONS:

- 8.1. There will be a requirement for the LA to assess ECO4 Flex applicants against the stated criteria. This will involve verifying documentation and using datasets to determine eligibility and submitting declarations to Ofgem for eligible applicants. As the scheme is yet to launch the demand and resulting resource commitment is unknown and this will need to be reviewed following its implementation.

9. CONSULTEES:

- 9.1 Cabinet
Senior Leadership Team
Housing Service
CCR
Legal Services

10. BACKGROUND PAPERS:

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Appendix 1

Monmouthshire County Council EC04 Flexible Eligibility Statement of Intent

Local Authority Name: Monmouthshire County Council

Publication Date: XX/XX/XXXX

Version Number: 1.0

Publication on website: Monmouthshire.gov.uk

This statement sets out Monmouthshire County Council's flexible eligibility criteria for the Energy Company Obligation (ECO4) scheme from April 2022 – March 2026.

The ECO4 scheme will focus on supporting low income and vulnerable households. The scheme will improve the least energy efficient homes helping to meet the Government's fuel poverty and net zero commitments.

The flexible approach for Local Authorities (LAs) to identifying fuel poor and vulnerable households who may benefit from heating and energy saving measures is referred to as "ECO4 Flex".

The Council welcomes the introduction of the ECO4 Flex eligibility routes as it helps the Council achieve its plans to improve the homes of those in fuel poverty or vulnerable to the cold. The Council is publishing this Statement of Intent (Sol), on the XX/XX/XXXX to confirm that each of the households declared will adhere to at least one of the four available routes outlined below:

Identifying Eligible Households

Route 1 (Low-Income):

SAP bands D-G households with a gross annual income less than £31,000. This cap applies to the household irrespective the size of a property or its composition.

Route 2 (Combined Proxy Eligibility):

SAP bands E-G households that meet a combination of two of the following proxies (Table 1):

Proxy 1*)	Homes in Lower Super Output Area (LSOA) decile 1-3 on the Welsh Index of Multiple Deprivation 2019.
Proxy 2)	Householders receiving a Council Tax rebate (rebates based on low income only, excluding single person rebates).
Proxy 3*)	Householders vulnerable to the effects of living in a cold home as identified in the National Institute for Health and Care Excellence (NICE) Guidance. Only one from the list can be used, excludes the proxy 'low income'.
Proxy 4)	A householder receiving free school meals due to low-income.
Proxy 5)	A householder supported by a LA run scheme that has been named and described by the LA as supporting low income and vulnerable households for the purposes of the NICE Guideline. Details of scheme:
Proxy 6)	A household referred to the LA for support by their energy supplier or Citizen's Advice because they have been identified as struggling to pay their electricity and gas bills.

(*Note that proxies 1 and 3 cannot be used together*)

Route 3 (NHS Referral):

SAP bands D-G households that have been identified by their doctor or GP as low income and vulnerable, with an occupant whose health conditions may be impacted further by living in a cold home. These health conditions may be cardiovascular, respiratory, immunosuppressed, or limited mobility related.

This is because the Council has identified a positive correlation between households who suffer from long-term health conditions and living off a low-income, with living in poorly insulated homes.

Route 4 (Bespoke Targeting)

SAP band D-G households that are referred under Route 4: Bespoke Targeting. Suppliers and LAs can submit an application to BEIS where they have identified a low income and vulnerable household, who are not already eligible under the exiting routes.

Declaration and evidence check confirmation

All potentially eligible households should apply through Monmouthshire County Council or one of their approved ECO installers to ensure that they can either benefit from the scheme or be assessed for eligibility under any other relevant programme.

The officer below will be responsible for checking and verifying declarations and associated evidence submitted on behalf of the local authority:

Name: XXXX XXXX

Job Title: XXXXXXXXXXXXXXXXXXXX

Telephone: XXXXX XXXXXX

Email: XXXXXX@XXXXX.gov.uk

CEO or dedicated responsible person mandatory signature

Monmouthshire County Council will administer the scheme according to BEIS' ECO4 Order and will identify eligible households via Ofgem's application process. The CEO of the Council will oversee the process of identifying eligible households under ECO4 Flex. The eligibility information will be stored securely in line with the Council's data protection policy, Information Commissioner's Office Data Sharing Code, and BEIS guidance.

Signature: XXXXXX

Name: XXXX XXXX

Job Title: CEO/ dedicated responsible person

Date of signature: XX/XX/XXXX

For any general enquires relating to this Sol, please contact XXXXXX@XXXXX.gov.uk



monmouthshire
sir fynwy

Integrated Impact Assessment document

(incorporating Equalities, Future Generations, Welsh Language and Socio Economic Duty)

Name of the Officer completing the evaluation Debra Hill-Howells Phone no: 01633 644281 E-mail: debrahill-howells@monmouthshire.gov.uk	Please give a brief description of the aims of the proposal Proposed delivery route for ECO4 Flex within Monmouthshire
Name of Service area Communities & Place	Date: 13th February 2023

1. **Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	ECO4 Flex provides access to finding for Monmouthshire's residents who are on low incomes and living in properties with an EPC rating between D-G	No impact	The Council will promote ECO4 and ECO4 Flex through a campaign to increase awareness and maximise participation of eligible households
Disability	ECO4 Flex provides access to finding for Monmouthshire's residents who are on low incomes and living in properties with an EPC rating between D-G	No impact	The Council will promote ECO4 and ECO4 Flex through a campaign to increase awareness and maximise participation of eligible households

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Gender reassignment	No impact	No impact	No impact
Marriage or civil partnership	No impact	No impact	No impact
Pregnancy or maternity	No impact	No impact	No impact
Race	No impact	No impact	No impact
Religion or Belief	No impact	No impact	No impact
Sex	No impact	No impact	No impact
Sexual Orientation	No impact	No impact	No impact

2. The Socio-economic Duty and Social Justice

The Socio-economic Duty requires public bodies to [have due regard to the need to reduce inequalities of outcome which result from socio-economic disadvantage when taking key decisions](#) This duty aligns with our commitment as an authority to Social Justice.

	Describe any positive impacts your proposal has in respect of people suffering socio economic disadvantage	Describe any negative impacts your proposal has in respect of people suffering socio economic disadvantage.	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Socio-economic Duty and Social Justice	<p>ECO4 and ECO4 Flex is designed to support those households on the lowest incomes, including those not in receipt of benefits.</p> <p>The purpose of the scheme is to improve energy efficiency in the poorest performing properties (EPC rating D-G) and for off gas properties in rural areas.</p>	There are no negative impacts of the proposal.	The Council is proposing to develop an approved list of domestic energy efficiency installers and publish a Statement of Intent that will enable it to work with all obligated energy suppliers.

3. Policy making and the Welsh language.




How does your proposal impact on the following aspects of the Council's Welsh Language Standards:	Describe the positive impacts of this proposal	Describe the negative impacts of this proposal	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts
Policy Making Effects on the use of the Welsh language, Promoting Welsh language Treating the Welsh language, no less favourably	All information will be available in the Welsh language	None	N/A
Operational Recruitment & Training of workforce	There are no proposals for additional staff as the delivery of the scheme will be undertaken by Energy Companies and their preferred suppliers. Declarations will be undertaken by existing staff who are able to access Welsh Language courses through the Council's Training Unit	None	N/A
Service delivery Use of Welsh language in service delivery Promoting use of the language	The promotion of ECO4 and ECO4 Flex will be bi-lingual. Applicants will be advised that they can access the Councils service through the medium of Welsh.	None	N/A



4. Does your proposal deliver any of the well-being goals below? Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal. There's no need to put something in every box if it is not relevant!

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p>A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>The Council will develop an approved framework of suppliers to maximise the opportunities for local PAS accredited installers to become approved contractors for the delivery of the ECO4 / ECO4 Flex schemes.</p> <p>The schemes are designed to improve the energy efficiency ratings of domestic properties through the implementation of measures including insulation and renewable technologies.</p>	<p>The proposed framework will enable suppliers to register to be included at any time to maximise opportunities for local suppliers to be involved.</p> <p>We will identify opportunities to offer independent energy efficiency advice for residents.</p>
<p>A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)</p>	<p>The schemes will implement measures designed to improve the energy rating of domestic properties by a minimum of two bands, reduce fuel costs and reduce CO2 emissions.</p>	<p>As above</p>
<p>A healthier Wales People's physical and mental wellbeing is maximized, and health impacts are understood</p>	<p>The schemes will support the delivery of energy efficiency measures targeted at low income families to reduce the number of households living in fuel poverty and low energy efficient homes.</p> <p>In addition, the NHS is able to refer households where an individual is at risk of harm due to living in a cold house e.g., they suffer from respiratory illness or are immune suppressed.</p>	<p>As above</p>

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	ECO4 is targeted at those households that are off gas in rural locations. Measures are designed to improve energy efficiency and support low income households.	As above
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	N/A	N/A.
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	N/A	N/A
A more equal Wales People can fulfil their potential no matter what their background or circumstances	N/A	N/A

5. How has your proposal embedded and prioritised the sustainable governance principles in its development?

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Balancing short term need with long term and planning for the future</p> <p>Long Term</p>	<p>ECO4 and ECO4 Flex will improve the energy efficiency of residential properties for eligible households which results in positive impacts for current and future occupiers.</p> <p>The schemes will contribute to a reduction in the Counties collective carbon footprint.</p>	<p>The Council is exploring the potential for an energy advice service which will be able to provide wider support for local residents.</p>
 <p>Working together with other partners to deliver objectives</p> <p>Collaboration</p>	<p>The Council will work with obligated energy suppliers and approved framework companies.</p>	<p>The Council is exploring opportunities to work with independent energy advice agencies to support local residents</p>
 <p>Involving those with an interest and seeking their views</p> <p>Involvement</p>	<p>The Council has met with stakeholders from the energy industry and undertaken discussions with the CCR</p>	<p>N/A</p>

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Prevention Putting resources into preventing problems occurring or getting worse</p>	<p>The schemes will deliver measures designed to improve the energy efficiency of poorly performing homes to reduce energy consumption and their carbon footprint.</p>	<p>N/A</p>
 <p>Integration Considering impact on all wellbeing goals together and on other bodies</p>	<p>The proposal positively impacts on the well-being goals.</p>	<p>N/A</p>

6. Council has agreed the need to consider the impact its decisions has on the following important responsibilities: Corporate Parenting and Safeguarding. Are your proposals going to affect any of these responsibilities?

	Describe any positive impacts your proposal has	Describe any negative impacts your proposal has	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	The partners will enter into a data sharing agreement to safeguard personal data.	None.	Ensure that all parties sign up to and adhere to agreed data sharing protocols
Corporate Parenting	There are no Corporate Safeguarding implications	None.	None

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

A supply chain frame work will be implemented which will create an approved list of qualified and experienced companies to undertake energy efficiency measures in Monmouthshire.

Data will be used to support the implementation of the scheme which will include EPC ratings, household income, off gas and referrals from agencies including CAB and the Health Service. The Council will need to complete eligibility checks for each applicant and enter into a declaration with Ofgem.

The schemes are governed by the guidance issued by Ofgem.

8. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?

.This section should summarise the key issues arising from the evaluation. This summary must be included in the Committee report template

The ECO4 and ECO4 Flex schemes are specifically targeted at low income households occupying properties with a poor energy efficiency rating or who are off gas. The scheme also enables referrals from partner agencies for those households where an individual is at risk of ill-

health due to the impact of living in a cold house. This will result in positive improvements for all households who are able to benefit from the scheme.

There are no negative impacts.

9. ACTIONS: As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.

What are you going to do	When are you going to do it?	Who is responsible
Cabinet Decision	1 st March	FOB, CF & DHH
Commence the procurement of an approved contractor framework	Post Cabinet decision	DHH
Publish a Sol	Post Cabinet decision	DHH
Promote the Scheme	Post Cabinet decision	Decarbonisation Team

10. VERSION CONTROL: The Equality and Future Generations Evaluation should be used at the earliest stage, such as informally within your service, and then further developed throughout the decision-making process. It is important to keep a record of this process to demonstrate how you have considered and built in equality and future generations considerations wherever possible.

Version No.	Decision making stage	Date considered	Brief description of any amendments made following consideration
1	Pre-Cabinet consultation		
2			

3			
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