

HOMES & COMMUNITIES COMMITTEE

14 JANUARY 2019

ENERGY COMPANY OBLIGATION FLEXIBLE ELIGIBILITY FUNDING OPPORTUNITY

1.0 Purpose of Report

- 1.1 To inform the Committee of a feasibility study currently being undertaken to determine the viability of a programme of works to attract funding from Cadent's Affordable Warmth Solutions programme and Energy Company Obligation (ECO) grant funding to support new gas connections and first time central heating systems to approximately 100 fuel poor private sector dwellings within the district.

2.0 Background Information

- 2.1 Affordable Warmth Solutions is an independent Community Interest Company (CIC) that works in partnership with Cadent (Gas Network Operator) to meet the challenges of fuel poverty and energy efficient homes. Working with Local Authorities and Energy Companies they are committed to funding new gas connections to some of the most deprived communities in England.
- 2.2 The Energy Company Obligation (ECO) is a Government energy efficiency scheme in England that aims to help tackle fuel poverty and reduce carbon emissions and is delivered through energy suppliers and their agents. The current phase (ECO 3) runs from 2018-2022.
- 2.3 The ECO3 Amendment Order allows local authorities (LA's) to help households living in fuel poverty, or living on a low income and vulnerable to the effects of living in a cold home, by matching them with energy suppliers using the new 'flexible eligibility' mechanism.
- 2.4 There are two main categories of private tenure household intended to be eligible through flexible eligibility:
- Fuel poor households, especially those that are not in receipt of eligible benefits and the estimated 20% of fuel poor households that are not in receipt of any benefits; and
 - Low income households that are vulnerable to the effects of living in a cold home.
- 2.5 Local authorities, through their social, housing and health responsibilities, are well placed to identify households in fuel poverty, or vulnerable, including householders who are elderly and those with a health condition that can be exacerbated by living in a cold home.
- 2.6 Under flexible eligibility, LAs are able to make declarations determining these households to be eligible for a measure under Affordable Warmth (also known as "HHCRO").
- 2.7 Energy suppliers are able to achieve up to 25% of their Affordable Warmth obligation in premises identified by local authorities in their declarations.

- 2.8 In July 2017, Newark & Sherwood District Council published a SOI aimed at attracting ECO funding to supplement the capital grant received from the Better Care Fund for energy improvement measures delivered under the Warm Homes on Prescription project. Publishing the SOI put NSDC in a select group of LA's nationally, which came with the offer from the Department of Business and Industrial Strategy (BAIS) to join a small number of LA's to help shape future policy.
- 2.9 In February 2018, a second SOI was published with the aim of attracting ECO grants into the district under a local pilot scheme to help owner occupiers to insulate their Park Homes.
- 2.10 A third SOI (see Appendix A) has recently been published with the aim of attracting funding to install new gas connections and first time gas central heating to private tenure properties at no cost to the home owner or the Council. A pilot site has been identified/is being considered on Vera Crescent and Bevan Close, Rainworth and local Ward Members have been made aware of this.

3.0 Proposal

- 3.1 NSDC will play a pivotal role in ensuring that residents are made aware of this offer as the scheme will only be viable if a high percentage of the 100 households agree to the prospect of a new gas connection and the installation of first time gas central heating. (The vast majority of these homes are currently electrically heated via old storage/panel heaters which are notoriously inflexible and expensive to run when compared to gas central heating.)
- 3.2 This proposed project directly targets private sector owner occupiers and tenants who live in Vera Crescent or Bevan Close (Rainworth) and could benefit significantly from being connected to the gas grid/receiving first time gas central heating. Properties heated by electric are renowned for being difficult and costly to heat, with the occupants very likely to be in/at risk of fuel poverty and so particularly vulnerable to the negative health effects of living in a cold, damp home.
- 3.3 Publishing Statements of Intent give Local Authorities the chance to explore the funding opportunities available through the flexible eligibility element of ECO3 to support some of the most vulnerable in society. If after the feasibility study this scheme looks viable and enough households commit to works this could provide inward investment of approximately £400,000.

4.0 Implications For NSDC

- 4.1 Under these proposals, and as outlined in the Flexible Eligibility Process Map at Appendix B, the Council will have responsibility for determining a household to be ECO Flex eligible, and suppliers are not required to undertake a supplementary assessment to determine eligibility. However, it is the responsibility of suppliers to provide evidence supporting the notification (i.e. the LA declarations and the Statement of Intent) to Ofgem on request. If information is missing or incomplete, Ofgem will approach the supplier to obtain this, not the LA.

- 4.2 Newark & Sherwood District Council is not entering into any contractual relationship with Cadent or any energy suppliers, their agents or the householders who ultimately benefit from these energy saving improvement measures. As the SOI is advertised on NSDC's website, with free access to all suppliers, NSDC's Procurement Manager has advised there are no procurement implications.
- 4.3 In terms of NSDC staff time, these proposals aim to utilise the existing human resources employed within the Council's Energy & Home Support Team.
- 4.4 A data sharing/confidentiality agreement will be put in place with Cadent/the supplier, taking due regard of the Government's published data sharing guidance for ECO Flex schemes and utilising support and advice provided by NSDC's Information Governance Officer. The Council will always obtain the resident's written consent before sharing their personal data with Cadent/the supplier.

5.0 Risks

- 5.1 As this is a feasibility study, there is a risk that insufficient households will engage with the process and confirm their willingness to convert from electric storage/panel heaters to gas central heating which means the proposal will not be financial viable for Cadent and the offer will be withdrawn. A communications plan will be agreed and implemented with support from the Council's Communications Team.
- 5.2 A low impact exit strategy can be implemented should this be necessary due to unforeseen circumstances. (The SOI can be withdrawn at any time so long as we inform the supplier. The supplier/their agent, not the Council, will be responsible for liaising with residents and site installation staff.)

6.0 Equalities Implications

- 6.1 The scheme outlined in this report targets residents living in, or at risk of, fuel poverty. An Equalities Impact Assessment will be carried out for this scheme, should it go beyond the feasibility study stage, in order to consider the relevant protected characteristics.

7.0 Financial Services Business Manager Comments – FIN18-19/4209

- 7.1 The proposed services outlined in this report will be delivered within existing budgets, subject to a successful bid to the Warm Homes Fund in February 2019 depending on the outcome of the feasibility study, which should be known by April 2019.

8.0 RECOMMENDATION

That the Homes & Communities Committee note the contents of this report and should the feasibility study prove viable, support the Council's involvement in this scheme and support our intention to submit a Warm Homes Fund bid.

Background Papers

Nil

For further information please contact Leanne Monger on Ext 5545 or Helen Richmond on Ext 5418

Karen White
Director – Safety

Local Authority Energy Company Obligation Flexible Eligibility – third Statement of Intent

Newark & Sherwood District Council

1. Name of the local authority: Newark & Sherwood District Council
2. Date of publication 15/10/2018
3. Published at <http://www.newark-sherwooddc.gov.uk/housing/energycompanyobligationflexibleeligibility/>

1) Introduction

This third Statement of Intent (SOI), together with SOIs published on 13th February 2018 and 20th July 2017, sets out how households in the District of Newark & Sherwood will be declared to be eligible for assistance under Energy Company Obligation Flexible Eligibility funding.

The focus of this SOI is to install gas connections and first time gas central heating systems in dwellings that are currently heated by electricity and occupied by those deemed to be either fuel poor or living on a low income with high heating costs; making them vulnerable to the effects of living in a cold home.

This SOI aims to directly target properties on Bevan Close and Vera Crescent in Rainworth, Nottinghamshire that do not currently have gas central heating systems installed but, instead, use traditional electric storage/panel heaters as their main means of heating; these systems are renowned for being inflexible (storage heaters operating on Economy 7 often run out of heat later in the day/evening) and are typically more expensive to run than homes heated by gas central heating.

In all areas, the final decision on whether any individual household can benefit from energy saving improvements will be made by the obligated suppliers (Energy Companies) or their agents/contractors. The signing off of a Declaration by Newark & Sherwood District Council for a supplier will not guarantee installation of measures or fully funded works, as the final decision will depend on the following:

- i) Cadent confirming the new gas connections for this scheme will be free of charge;
- ii) A survey carried out by the ECO agent/contractor and installation costs calculated;
- iii) The energy savings that can be achieved for a property;
- iv) Whether suppliers have achieved their targets or require further measures to meet their obligated ECO targets.

2) How Newark & Sherwood District Council intends to identify eligible households

The LSOA in which Vera Crescent and Bevan Close sit is more deprived than average for both the Ward and Newark & Sherwood District. In addition, homes not connected to the gas grid and using electricity as the main heating fuel are renowned for being costly to heat, with their occupants more likely to be in fuel poverty or living on a low income. The Council intends to support a pilot project which enables the installation of free gas connections and first

time gas central heating systems in up to 100 homes not currently connected to the gas grid, targeting Vera Crescent and Bevan Close and, in so doing, improving the living conditions and well-being of these vulnerable residents.

These criteria will be kept under review in relation to level of referrals made, delivery of installed measures and the practices of other authorities.

3) Governance

The Declaration of households meeting the Council's flexible eligibility criteria under this SOI will be signed off on behalf of Newark & Sherwood District Council by Helen Richmond, Energy and Home Support Officer.

Before any declaration can be signed off, the contractor must self-certify that they are accredited to the standards required by Ofgem to undertake ECO-funded energy efficiency improvement works.

4) Marketing & Referrals

Newark & Sherwood District Council will work with a nominated partner to identify eligible homes which must be either privately owner occupied or privately rented (this scheme excludes social housing). If a tenant is privately renting, written permission will be required from the landlord prior to the commencement of any works.

Referrals made direct to the Council will be administered by the Energy & Home Support Team and can be contacted at **winterwarmth@nsdc.info**

5) Evidence, monitoring and reporting

Newark & Sherwood District Council will use its discretion to decide whether any auditing is required to confirm eligibility under this Statement of Intent. If auditing is undertaken, eligibility of claimants will be assessed by a random sample of households on a post-installation basis.

6) Signature

Name: Sanjiv Kohli

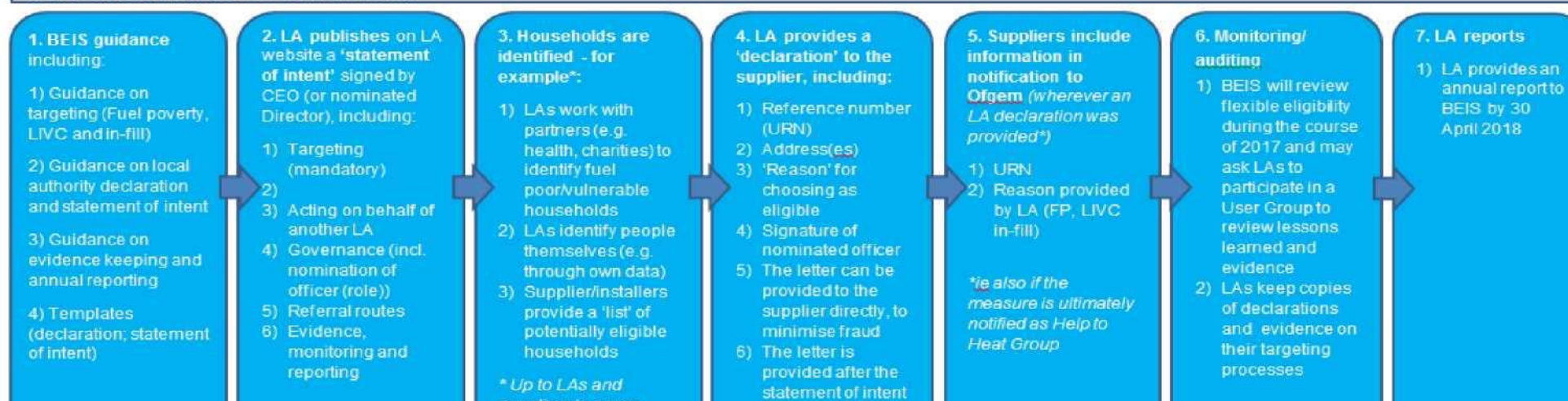
Position: Director - Resources and Section 151 Officer

Signed:

Date:

Appendix B: Flexible Eligibility Process Map

Description: Under flexible eligibility, local authorities (LAs) provide a 'declaration' to suppliers which can be used to demonstrate that a household (or a number of households) is eligible for Affordable Warmth (AW). Energy suppliers can count measures installed in those households towards their AW obligation, subject to the limits imposed by the scheme. LAs will have to ensure that they target households in private domestic premises living: 1) in fuel poverty or 2) on a low income and vulnerable to the effects of living in a cold home (LIVC). In addition some non-fuel poor homes will be allowed for solid wall insulation (SWI) projects, as long as a proportion of the households in the project are in fuel poverty or LIVC (i.e. 66% in blocks of flats, terraces, adjacent properties) or 50% (in semi-detached houses or bungalows and buildings with two premises). This 'flexibility' only covers eligibility - all other rules of the scheme will apply normally to ECO: Help to Heat measures. The key steps in the process are illustrated below.



Requirements on energy suppliers for flexible eligibility (see Ofgem's guidance for suppliers on flexible eligibility)

1) Statement of intent

- Ofgem may audit suppliers to check that a statement of intent was published by an LA on or before it issued any declarations.
- Ofgem may audit a statement of intent to ensure that it includes a section relating to how an LA intends to identify relevant households.
- Should Ofgem receive/find evidence that a statement of intent does not meet either of the two criteria above, it may reject measures identified as eligible by that LA in its declarations.

2) Declarations

- Ofgem may audit suppliers to check that a declaration exists and contains the relevant addresses of the measures notified.
- Ofgem may also check that the declaration is dated on or after the SOI was published
- Ofgem may also audit declarations to ensure that the percentage requirements for SWI infill are met on the declaration.
- Should Ofgem find or receive any evidence that an LA is targeting households that do not meet the policy intent they will pass this information to BEIS for action as appropriate.

Location of current gas main

