

<b>Report of:</b>	<b>Managing Director</b>
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<b>Portfolio Leaders:</b>	<b>Environment / Housing</b>
<b>Key Decision:</b>	<b>Yes</b>
<b>Report Track:</b>	<b>Cabinet: 18/04/19</b>

**CABINET**  
**18 APRIL 2019**  
**ENERGY COMPANY OBLIGATION –**  
**FUEL POVERTY INITIATIVES IN CANNOCK CHASE**

**1 Purpose of Report**

- 1.1 To update Cabinet on the Energy Company Obligation to reduce fuel poverty and carbon emissions by improving the energy efficiency of eligible households in the District.
- 1.2 To approve the Energy Company Obligation Statement of Intent.

**2 Recommendation**

- 2.1 That Cabinet gives approval to the Energy Company Obligation Statement of Intent (attached as Appendix 1).

**3 Key Issues and Reasons for Recommendations**

Key Issues

- 3.1 The Energy Company Obligation (ECO) is a government energy efficiency scheme to help reduce carbon emissions and tackle fuel poverty. ECO creates a legal obligation on energy suppliers to improve the energy efficiency of eligible private sector households. The Government scheme has been revised (ECO3) and now covers the period 2018 – 2022.
- 3.2 Local authorities have an opportunity via the adoption of a revised 'statement of intent' to direct a significant proportion of the funds available to private sector households through the Energy Company Obligation scheme to address affordable warmth.

Reasons for Recommendations

- 3.3 Cabinet are requested to approve the Energy Company Obligation Statement of Intent so that eligible households in the District can benefit from additional

funding to improve energy efficiency and mitigate fuel poverty and carbon emissions.

#### **4 Relationship to Corporate Priorities**

4.1 This report supports the Council's Corporate Priorities as follows:

- (i) Community Wellbeing – Supporting vulnerable people experiencing fuel poverty in the District.

#### **5 Report Detail**

##### **Background**

- 5.1 The Energy Company Obligation (ECO) is a government energy efficiency scheme to help reduce carbon emissions and tackle fuel poverty. ECO creates a legal obligation on energy suppliers who have more than 250,000 customers to improve the energy efficiency of eligible private sector households. The Government scheme has been revised (ECO3) and now covers the period 2018 – 2022
- 5.2 The legislation requires these energy companies to deliver heating and insulation measures to low income and vulnerable households. It mandates the eligibility criteria for individuals, and the eligible measures. The criteria was last updated in 2018, and now includes all means tested, and disability benefits, and householders in receipt of child benefit, with limited means.
- 5.3 Local authorities have an opportunity via the adoption of a 'statement of intent' to direct a significant proportion of the funds available to private sector households through the Energy Company Obligation scheme to address affordable warmth
- 5.4 The Government has established criteria which have to be met by households seeking support through ECO and has extended the power for local authorities via the adoption of a 'statement of intent' to set criteria for 25% of the funds available to the area (known as ECO Flex).
- 5.5 For the period running from April 2018 – September 2022 energy suppliers are able to achieve up to 25% of their Affordable Warmth target in households falling outside of the nationally set eligibility criteria. The eligibility criteria to be met by households for this 25% of ECO funds are set by local authorities through a 'Statement of Intent'. Known as ECO flex the idea is that local authorities are able to direct funding based on specific local needs.
- 5.6 Staffordshire County Council, working in partnership with the CCG, and district and borough councils has secured £3.8m of funding to provide 1st time central heating systems, subject to eligibility. This amounts to approximately 517k of investment in the district. Client eligibility for this project is based around ECO eligibility and that approved by Cannock Chase District Council. This is a private investment from National Grid to support vulnerable people. Bid requirements included a delivery partner and matched funding and the lead bidder to be a local authority. E.ON have committed a further £1,834,588 Energy Company

Obligations (ECO) fund, bringing the total to £3.795 million. E.ON's funding is on condition that it is the sole delivery partner.

- 5.7 The proposed criteria have been suggested by Beat the Cold, a North Staffordshire Charity which specialises in addressing fuel poverty. This voluntary sector body will liaise with the energy companies and households as part of the implementation of these schemes.
- 5.8 To ensure access to these schemes by households in Cannock Chase, there is a requirement to have an approved Statement of Intent signed and published on the Council's website.

## **6 Implications**

### **6.1 Financial**

There are no financial implications for the Council.

### **6.2 Legal**

The key requirements on flexible eligibility are set out in a statutory instrument: The Electricity and Gas (Energy Company Obligation) Order 2014 and the (Amendment) Order 2017.

### **6.3 Human Resources**

A link contact officer needs to be provided to Beat the Cold.

### **6.4 Section 17 (Crime Prevention)**

None

### **6.5 Human Rights Act**

There are no human resource implications in the report.

### **6.6 Data Protection**

All data will be managed in compliance with GDPR.

### **6.7 Risk Management**

None.

### **6.8 Equality & Diversity**

The criteria established through the statement of intent will assist households not currently eligible for the main ECO scheme. Beat the Cold will collect information on those taking up the scheme and this data will be used to assess its uptake and impact on groups with protected characteristics.

**6.9 Best Value**

These schemes will facilitate additional investment into the housing stock of the District.

**7 Appendices to the Report**

Appendix 1: Energy Company Obligation Statement of Intent.

**Previous Consideration**

None

**Background Papers**

None.

**STATEMENT OF INTENT****CANNOCK CHASE DISTRICT COUNCIL FLEXIBLE ELIGIBILITY CRITERIA FOR ECO:****VERSION 1 – APRIL 2019****PUBLISHED ON [WWW.CANNOCKCHASEDC.GOV.UK](http://WWW.CANNOCKCHASEDC.GOV.UK)**

This statement sets out CANNOCK CHASE DISTRICT COUNCIL's flexible eligibility criteria for ECO

**1. Introduction****1.1 Fuel Poverty in CANNOCK CHASE DISTRICT COUNCIL**

Fuel poverty is calculated taking into consideration both income and costs. Households are in fuel poverty if they have both:

- Higher than average required fuel costs; and
- If spending this amount on fuel would push residual income below the official poverty line.

This is known as the 'Low Income High Costs' indicator (LIHC). There is an emphasis on heating costs, but the cost of hot water, lights, appliances and cooking are also included. Heating and hot water represent 80% of the cost of energy for most domestic households. The new way of estimating fuel poverty reflects both the extent (how many households are in fuel poverty) and depth of the problem (also known as the 'fuel poverty gap') which is defined as the difference between modelled fuel bills and a reasonable cost threshold for each household.

Under the Low Income High Cost fuel poverty indicator, the number of households living in fuel poverty in the CANNOCK CHASE DISTRICT COUNCIL is currently X%. This means that X households out of a total of X are living in fuel poverty. For comparison England has X% or X million households live in fuel poverty.

**1.2 What is the Energy Company Obligation (ECO) scheme?**

The Energy Company Obligation (ECO) is a government energy efficiency scheme in Great Britain to help reduce carbon emissions and tackle fuel poverty.

The Affordable Warmth (AW) element of the Government's ECO programme delivers heating and insulation measures to low income and vulnerable households in receipt of certain benefits.

**1.3 What are the qualifying Criteria for the ECO Affordable Warmth Programme?**

In order to qualify for assistance under the Government's ECO programme residents must own (with or without a mortgage) their home or rent from a private landlord. Some measures will also be allowed for tenants in the most inefficient social housing.

Detailed guidance on the financial eligibility for ECO (affordable warmth) can be found at: <http://www.legislation.gov.uk/ukxi/2018/1183/contents/made>

#### 1.4 What is Flexible Eligibility?

Suppliers can achieve up to 25% of their Affordable Warmth target in households falling outside of the eligibility criteria described in section 1.3 above who are defined as eligible by local authorities through this Statement of Intent.

There are specific categories of individuals expected to benefit by the scheme extension:

- People living in fuel poverty, in particular those not in receipt of eligible benefits
- People living on a low income and vulnerable to the effects of living in a cold home

The final decision on whether a household receives an ECO measure is made by the energy suppliers or their agents/contractors. Eligibility will not guarantee installation of measures, as the final decision will depend on:

- a survey carried out by suppliers agents/contractors and installation costs calculated,
- the energy savings that can be achieved for a property, and
- whether suppliers have achieved their targets or require further measures to meet their ECO targets

## 2. Eligibility Criteria

To be eligible under flexible eligibility, a household must have:

- A low income as determined by table 1 below, and high costs, detailed in point 2.2

**OR**

- A newly diagnosed health condition listed, as noted at point 2.3, and low income as determined by table 1.

**OR**

- Be living within 100m of a gas connection, requiring the first time installation of a gas central heating system, with a gross household income as noted in table 1

**OR**

- Given the nature of the individuals circumstances be deemed by the local authority to be eligible, as to deny eligibility would cause unnecessary hardship, of the potential of poor health.

The local authority does not intend to facilitate SWI “in-fill” projects under flexible eligibility, but reserves the right to review this decision.

### 2.1 Criteria for identifying households in Fuel Poverty - Low Income

The question of how much money is the minimum needed to just exist varies considerably as it depends on the size of the household, where someone lives, in what type of accommodation and on the individual’s basic needs. Therefore, the only reasonably reliable indicator of poverty that is generally accepted is that of relative poverty.

## 2.2 Criteria for identifying households in Fuel Poverty - High Costs.

High usage of fuel and therefore high costs, can directly be attributed to the overall energy efficiency of the home, or the cost of the type of fuel being used.

Therefore, high costs will be assumed for any property with an EPC rating of E,F, or G. High costs will also be assumed where the main heating source is not gas central heating.

For any other energy efficiency measure High costs will be inferred by the eligibility for a heating or insulation measure<sup>1</sup> as determined by OFGEM, in their list of approved measures.

**Table 1 : “Income” means annual gross income from all sources, including housing-related benefits, before tax. This should be determined based on the preceding annual tax year which runs from 6 th April to 5th April of the following year.**

Household Composition	With no household disability. 10% uplift on Child Benefit Allowance	A household with a newly diagnosed health condition listed in 2.3, or without gas central heating NG6. 20% uplift
1 Adult	£15,512	£17,063
And 1 Child	£20,350	£22,385
And 2 Child	£25,300	£27,830
And 3 Child	£30,250	£33,275
And 4+ Child	£35,200	£38,720
2 Adults	£23,426	£25,768
And 1 Child	£28,050	£30,855
And 2 Child	£33,000	£36,300
And 3 Child	£37,950	£41,745
And 4+Child	£42,900	£47,190

## 2.3 Criteria for Identifying Households on low income with additional vulnerability to the cold

The NICE guideline<sup>2</sup> ‘Excess winter deaths and illness and the health risks associated with cold homes’ states that: a wide range of people are vulnerable to the cold. This is either because of a medical condition, such as heart disease; a disability that, for instance, stops people moving around to keep warm, or makes them more likely to develop chest infections; or personal circumstances, such as being unable to afford to keep warm enough.

The guideline identifies people with the following health conditions as being particularly vulnerable to cold:

- people with cardiovascular conditions

<sup>1</sup> [https://www.ofgem.gov.uk/system/files/docs/2018/11/eco3\\_measures\\_table\\_v3.pdf](https://www.ofgem.gov.uk/system/files/docs/2018/11/eco3_measures_table_v3.pdf)

<sup>2</sup> Excess winter deaths and illness and the health risks associated with cold homes NICE guideline [NG6] Published date: March 2015 <https://www.nice.org.uk/guidance/ng6/chapter/What-is-this-guideline-about>

- people with respiratory conditions (in particular, chronic obstructive pulmonary disease and childhood asthma)
- people with mental health conditions
- people with disabilities
- Households with young children (from new-born to school age)

Further groups of people who are vulnerable to the health problems associated with a cold home are also identified in the NICE Quality Standard on 'Preventing excess winter deaths and illness associated with cold homes.' These include:

- people who move in and out of homelessness
- people with addictions
- people who have attended hospital due to a fall
- recent immigrants, asylum seekers and refugees (if living in private tenure)

There are other groups of people who spend most of their time at home because of their health conditions. These include people who are terminally ill and people with suppressed immune systems (for example from cancer treatment or HIV).

CANNOCK CHASE DISTRICT COUNCIL is aware of the additional strain placed on primary, secondary, and social care of cold related ill health, and wishes to undertake a pragmatic approach to supporting those whose health is at risk from a cold home, and those households most likely to require a health intervention at times of "winter pressures" Therefore it will permit a higher income threshold for those identified in NICE guidance NG6, as at risk groups, to take account of this risk.

This statement looks to support those with recent diagnosis of ill health, who are susceptible to the cold, but who have not yet been assessed, or received a disability benefit.

CANNOCK CHASE DISTRICT COUNCIL is aware of limited funding for first time central heating in their locality, which is time limited, and not nationally available. Understanding this, it wishes to follow a more pragmatic approach in allowing individuals to receive support. By installing a more cost effective method of heating these homes, it has the potential to reduce the fuel poverty gap of both current, and future residents, by reducing the high cost element caused by a none mains gas heated property.

## **2.6 Use of discretion:**

We believe this statement of intent to be inclusive, for those that may need support under ECO Flex. However the council is aware that there may be unusual circumstances that it could not reasonably have been expected to have foreseen. In these cases, the statement may exclude householders with a vulnerability, as an unintended consequence. The council therefore reserves the right to review individual cases, and provide a declaration of meeting the flex criteria, where to do otherwise would create unnecessary hardship.

## **3. Joint Statement of Intent**

This section is not applicable to CANNOCK CHASE DISTRICT COUNCIL.

#### **4. Referrals**

Referrals to schemes will come from a variety of sources including council departments, the health and social care sectors, the voluntary sector and other agencies. Examples of voluntary sector agencies include local charities such as Beat the Cold.

#### **5. Signature**

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*Tony McGovern*  
*Managing Director*

#### **6. Key Contacts**

For comments in relation to this Statement of Intent and its development please contact

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