

Report of:	Interim Head of Environment & Healthy Lifestyles
Contact Officer:	David Prosser-Davies
Contact Number:	01543 464202
Portfolio Leader:	Housing, Heritage & Leisure
Key Decision:	Yes
Report Track:	Cabinet: 11/11/21

Cabinet
11 November 2021
Energy Company Obligation: Flexible Eligibility

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 adopt the revised Energy Company Obligation Statement of Intent at Appendix 1.

2 Recommendation(s)

- 2.1 That Cabinet adopt the revised Statement of Intent (attached as Appendix 1).
- 2.2 That the Interim Head of Environment & Healthy Lifestyles be given delegated authority, in consultation with the Cabinet Member for Housing Heritage and Leisure, to approve subsequent Statements of Intent.

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 with over 250,000 customers to improve the energy efficiency of eligible private sector households. The current Government scheme (ECO3) covers the period 2018 – 2022 and Government has recently [consulted](#) on a revised ECO (ECO 4) to cover the period 1 April 2022 to 31 March 2026.

- 3.2 Energy suppliers can achieve up to 25% of their energy efficiency 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.
- 3.3 The updated Statement of Intent at Appendix 1 sets out how Cannock Chase Council proposes to use the Flexible Eligibility element of ECO to support and assist fuel poor households and those at risk from cold homes.

Reasons for Recommendations

- 3.4 Cabinet are requested to approve the Energy Company Obligation Statement of Intent so that eligible households in the District can continue to 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) **Supporting Health & Wellbeing** – Addressing the negative effects of fuel poverty and cold homes in order to support vulnerable households and reduce carbon emissions

5 Report Detail

- 5.1 Legislation requires relevant 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.
- 5.2 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. 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.
- 5.3 Cannock Chase Council's current Statement of Intent (SOI) was last updated in February 2020 (version 2). Since then, there have been ongoing opportunities for residents to access funding, subsidies and support to improve the energy efficiency of their homes. In the 19 months March 2020 - September 2021 inclusive there have been 39 declarations issued to households who have been deemed eligible for ECO funding in line with our SOI. 7 have been issued for low-income vulnerable households. 32 were issued for fuel poor households.
- 5.4 The former "Low Income, High Cost" metric used as an indicator of fuel poverty has now been replaced with a new indicator, "Low Income, Low Energy Efficiency" (LILEE). This is an important change; previously those in poverty may have limited fuel use or self-disconnected in order to keep fuel bills low and therefore

been unable to demonstrate high costs to be eligible for help. The new indicator takes into account three important elements in determining whether a household is fuel poor: household income; household energy requirements (using energy efficiency ratings) and fuel prices. The new SOI is updated to use the LILEE indicator.

- 5.5 The proposed SOI at Appendix 1, drawn up by our partners Beat The Cold, and approved by the Department for BEIS, has been shared with all eight districts in Staffordshire and six Districts have already adopted it. This SOI complements the Staffordshire Warmer Homes consortium of funding and energy efficiency measures currently available to residents across Staffordshire. The statement of intent is also to be used for local authority delivered green homes grants, warm homes fund, and home upgrade grants, ensuring access to these schemes by households in Cannock Chase District.

6 Implications

6.1 Financial

None.

6.2 Legal

Covered in the main body of the report.

6.3 Human Resources

None

6.4 Risk Management

None.

6.5 Equality & Diversity

The criteria established through the statement of intent will assist households not currently eligible for the main ECO3 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.

6.6 Climate Change

Improving energy efficiency in eligible households will assist in reducing the carbon emissions from these households.

7 Appendices to the Report

Appendix 1: Updated Energy Company Obligation Statement of Intent for Cannock Chase Council

Previous Consideration

None.

Background Papers

None.

STATEMENT OF INTENT

CANNOCK CHASE COUNCIL, CRITERIA FOR ENERGY EFFICIENCY SCHEMES WHERE LOCAL AUTHORITY DISCRETION IS PERMITTED:

VERSION 3: 19/10/2021:

PUBLICATION OF THIS STATEMENT CAN BE FOUND AT: [INSERT URL TO THE WEBSITE HERE]

This statement sets out Cannock Chase Council's eligibility thresholds for energy efficiency measures delivered in its geographical area. It is to provide clarity and consistency across all schemes for which local authority discretion is permitted.

1. Introduction

1.1 Fuel Poverty

Fuel poverty in England is now measured using the Low Income Low Energy Efficiency (LILEE) indicator rather than the old Low Income High Costs (LIHC) indicator.

Under the LILEE indicator, a household is considered to be fuel poor if:

they are living in a property with a fuel poverty energy efficiency rating of band D or below.¹

and

when they spend the required amount to heat their home, they are left with a residual income below the official poverty line.

There are three important elements in determining whether a household is fuel poor:

- household income
- household energy requirements
- fuel prices

In publishing discretionary eligibility, this authority is looking to support those that may fall outside general eligibility criteria, but who are still at risk of becoming fuel poor.

This document also acknowledges the part that energy efficiency schemes have in helping to achieve carbon reduction targets.

¹ Energy Performance of Buildings Data England and Wales (opendatacommunities.org)

1.2 Which scheme can discretion be used for?

As of the date of publication, this discretion is intended to be used for:

- Energy Company Obligation
- Warm Homes Fund
- Green Homes Grants

Up until the date of its re-issue, this statement should also be used for all future energy efficiency schemes, unless criteria for such schemes specifically forbids such action.

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

- The criteria set out for each individual energy efficiency scheme.

2. Eligibility Criteria

2.1 To be eligible for flexible eligibility under The Council's discretion, a household must have:

- A low income as determined by table 1 below, and an EPC, or expected EPC of D, or below

OR

- **(For energy company obligation schemes ONLY)** A low income as determined by table 1 below, and a health condition known to be exacerbated by living in a cold home, as detailed in National Institute for Health and Care Excellence Guideline NG6: Excess winter deaths and illness and the health risks associated with cold homes

OR

- Given the nature of individuals' circumstances, be deemed by the local authority to be eligible, as not to would knowingly cause unnecessary harm to a persons physical or mental wellbeing.

2.2 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

Cannock Chase Council has chosen to model the current ECO programme as its baseline and to apply an uplift to the permitted income for those in receipt of child benefit. We have taken account of the £30,000 p.a. permitted income level for individual homeowners in the current Green Homes Grant programme, as determined by BEIS.³

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 6th April to 5th April of the following year.

Household Composition	Permitted Gross Household Income.
1 Adult	£30,000
And 1 Child	£34,838
And 2 Child	£39,788
And 3 Child	£44,738
And 4+ Child	£49,668
2 Adults	£37,914
And 1 Child	£42,538
And 2 Child	£47,488
And 3 Child	£52,438
And 4+Child	£57,388

2.3 Use of discretion:

We believe this Statement of Intent to be inclusive, for those that may need support to install energy efficiency measures in their home. However, the Council is aware that there may be unusual circumstances, that could not reasonably have been 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 criteria, where to do otherwise would create unnecessary hardship.

² Energy Company Obligation (ECO): Help to Heat scheme - flexible eligibility - GOV.UK (www.gov.uk)

³ Sustainable Warmth Competition: guidance for local authorities (publishing.service.gov.uk)

3. Area Based schemes

3.1 Where permitted to do so, this local authority wishes to set clear guidance as to the definition of an eligible area. The underpinning principle of defining an area as being eligible, is that some energy efficiency measures require an element of scale, and homogenous delivery to make them feasible. By excluding a small number of householders in an area, because they do not meet the discretionary eligibility as noted above, could negatively impact a significantly higher number of fuel poor households within the same area. For an eligible area, the local authority will be looking at postcode level approvals.

3.2 Criteria for an eligible Lower Super Output Area (LSOA) which the postcode falls within

A lower super output area may be classed as eligible where, using the English Indices of Deprivation:

- Income deprivation of the LSOA is in the 40% of most deprived neighbourhoods in the country ⁴

AND

- For the Postcodes of the Area Based Scheme, more than 60% have a published EPC of D, or below.⁵

3.3 Council discretion: The local authority reserves the right to review area-based schemes on a case-by-case basis. Where individual energy efficiency schemes cannot benefit the majority of fuel poor households, due to the circumstances of a minority none fuel poor, the local authority may exercise discretion. In such circumstances it will record the evidence that it has collated to reach this judgement.

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.

5. Signature

To be inserted following approval

6. Key Contacts

- For comments in relation to this Statement of Intent and its development please contact Cannock Chase Council: • Telephone: 01543 462621 • Email: privatesectorhousing@cannockchasedc.gov.uk • Post: Cannock Chase Council, Civic Centre, Beecroft Road, Cannock WS11 1BG.

⁴ Details to be taken from Indices of Deprivation 2015 and 2019 (communities.gov.uk) mapping tool.

⁵ Details to be taken from Energy Performance of Buildings Data England and Wales (opendatacommunities.org)