

London Borough of Barking & Dagenham

Energy Company Obligation 4 2022/26

Local Authority Flexible Eligibility - Statement of Intent (SOI)

Publication address:

1) Introduction

The Energy Company Obligation (ECO) currently requires the UK's largest energy suppliers to fund the installation of energy efficiency and heating measures to eligible homes in Great Britain in order to help households living in or at risk of fuel poverty to keep their homes warmer and healthier, reduce their energy bills and energy-related carbon emissions.

The latest phase of Energy Company Obligation funding is Phase 4, known as ECO4. This Statement of Intent sets out the London Borough of Barking & Dagenham's (LBBD) Flexible Eligibility criteria for the ECO4 scheme which runs 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.

This Statement of Intent enables LBBD to provide additional eligibility criteria outside the standard eligibility criteria within the main ECO scheme, under the Energy Company Obligation Local Authority Flexibility route (known as "ECO4 Flex"), so that more residents in or at risk of fuel poverty are able to benefit from ECO funding in LBBD. Under ECO4, energy suppliers can meet up to 50% of their obligations under Local Authority Flex routes.

As set out in the Electricity and Gas (Energy Company Obligation) Order 2022 (Section 2 (17) 1(a))¹, this Energy Company Obligation (ECO) Local Authority Flexible Eligibility ('ECO flex') criteria is only applicable and relevant to private tenure households (i.e. private rented sector and owner-occupier sector). Social housing is excluded from Flexible Eligibility.

LBBD is working in partnership with E.ON to deliver a coordinated ECO4 funding programme locally and would prefer to channel all applications and works through this route

to ensure consistency and oversight of installs and the promotion of the Council's flagship Cosy Homes brand. The Council's involvement in ECO Flex is to oversee applications ensuring qualifying conditions are met, sign Flex declarations, report declarations to Ofgem, and help to generate referrals into the scheme.

The Council expects the obligated energy supplier, or contractor working on their behalf, to comply with the Data Protection Act and General Data Protection Regulation, to follow Ofgem requirements for the Energy Company Obligation Help to Heat, and to act in accordance with industry best practice in relation to consumer care and quality standards of any works that may take place.

The Council do not endorse any specific energy supplier, grant agent, installer or company connected to the application or installation of ECO Flex grants or products. The Council accepts no responsibility or liability resulting from any negative consequence, damage or loss arising from an ECO Flex grant being accepted or arising from works or efforts connected to the preparation, application or survey prior to a grant.

Please Note: meeting any of the eligibility criteria detailed in this Statement of Intent does not guarantee funding.

The final decision on whether any individual household will benefit from ECO-funded energy saving improvements rests with obligated energy suppliers or their contractors. The final decision will depend on:

- i) identification of measures eligible under the Energy Company Obligation funding scheme;
- ii) the supplier's assessment of the cost-effectiveness of installing measures in relation to achieving its obligation; and
- iii) whether the supplier has achieved their targets or requires further measures to meet their Energy Company Obligation targets.

2) Benefits of ECO Flex

The Council's Flexible Eligibility criteria contributes to the following Local Authority priorities in LBBD's Corporate Plan, Draft Zero Carbon Roadmap and Inclusive Growth Strategy 2022/26:

1. A Net Zero, cleaner, greener borough

o Retrofitting homes

2. Creating a net zero carbon local authority and borough by 2030 and 2050 respectively

The Council is publishing this Statement of Intent (Sol), on the 11/01/2023 to confirm that each of the households declared under ECO4 Flex will adhere to at least one of the four available routes outlined below:

3) How the Council Will Identify Flex Eligible Households

To be eligible under ECO Flex, the applicant must meet the criteria under at least one of the following routes:

Route 1: Household Income

SAP bands D, E, F, or G owner-occupied households (or E-G for privately rented households) with annual household incomes less than £31,000 qualify for ECO4 funding through Route 1.

Household income is the combined gross income of all household members who are 18 years or older. Individuals do not have to be related to be considered members of the same household.

This income cap applies irrespective of the property size, composition, or region, and does not include savings or assets. The income cap includes all sources of income, including both non-means tested and means tested benefits.

Route 2: Proxy Targeting

SAP bands E-G households can qualify for ECO4 funding if they meet a combination of two different proxies which suggest a household is low income or low-income and vulnerable.

To qualify through Route 2, households must live in a home with an EPC rating of E, F or G **and** meet **any two** of the following proxy criteria:

Proxy: Description:
1* Home is located in Lower-layer Super Output Area 1-3 (LSOA)2 in England. For LSOAs 1-3 in LBBB please see this list of English Indices for Deprivation 2019

2	Householder(s) receives a Council Tax reduction (rebates based on low income only, excludes single person rebates).
3*	A householder is vulnerable to living in a cold home as identified in the NICE Guidance (only one from the list can be used, excludes the proxy 'low income') See Table 1 for NICE criteria below.

Table 1	
Characteristics/Conditions Which Make People Vulnerable to the Cold	
	<ul style="list-style-type: none"> i. people with cardiovascular conditions ii. people with respiratory conditions (in particular, chronic obstructive pulmonary disease and childhood asthma) iii. people with mental health conditions iv. people with disabilities v. older people (65 years and older) vi. households with young children (new-born to school age) vii. pregnant women <p><i>*Source: National Institute for Health and Care Excellence (NICE) Quality Statement and Guidance 2015 On Excess Winter Deaths And Illness Caused By Cold</i></p>
4.	A child living at the property receives free school meals due to low income.
5	A householder is supported by a Local Authority-run scheme that has been named and described by the LA as supporting low income and vulnerable households for the purposes of NICE Guideline.
6**	A household referred to the Local Authority for support by their energy supplier or Citizen's Advice because they have been identified as struggling to pay their electricity and/or gas bills.

7. Energy suppliers across Great Britain can refer eligible households in to ECO4

Flex using their own customer data to evidence the below criteria:

Proxy A**

Non Pre-Payment meter households will be eligible if in debt for more than 13 weeks and either in a debt repayment plan with their energy supplier or repaying their fuel debt through third-party deductions (Suppliers only).

Proxy B**

Pre-Payment meter households, have to have been either self-disconnected or received supplier Discretionary / Friendly credit in the last 13 weeks; or in a debt repayment plan with their energy supplier; or repaying their fuel debt through third-party deductions (Suppliers only)

** Proxy 1 (LSOA) and Proxy 3 (NICE guidance) cannot be used together. Instead, these two proxies must be used in isolation of each other and combined with a different proxy from the list above. This is because these are very broad criteria compared to the others in the list and may not target low income and vulnerable households by themselves.*

*** Supplier Proxy 7 A or B (supplier debt) cannot be used with Proxy 6 (referral to LA for debt) as they are both using the same common proxy which is debt.*

Route 3: NHS Referrals

SAP bands D, E, F, or G owner-occupied households (or E-G for privately rented households) that have been identified by their doctor or GP as low-income and vulnerable, with an occupant who has severe and/or long-term health conditions that may be adversely impacted by living in a cold home.

These conditions must fall under one of the following categories:

- Respiratory disease
- Cardiovascular condition
- Immunosuppression
- Limited mobility

Households under this route can only be referred by:

- An NHS Foundation Trust
- An NHS Trust
- An NHS Health Board
- NHS General Medical Practitioner (GP)

This is because there is a positive correlation between households who suffer from long-term health conditions and living on a low-income, with living in poorly insulated homes.

Route 4: Bespoke Targeting

SAP bands D, E, F, or G owner-occupied households (or E-G for privately rented 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 existing routes.

4) “In-Fill” Properties

To maximise delivery of energy efficiency improvements and increase the economies of scale, homes that are not eligible under standard ECO or ECO Flex criteria, may still be eligible for Flexible ECO funding for wall insulation if they are co-located with a minimum percentage of households who are eligible under ECO or ECO Flex criteria. These ‘in-fill’ properties must meet the criteria stated below:

Houses: A ratio of 3:1 for solid wall insulation or district heating system connection.

One in-fill property may be improved for every three homes that meet the ECO4 eligibility criteria. In-fill properties may only receive solid wall insulation or district heating system connection – whichever is the same measure as the other ECO-eligible homes in the same project and road.

In-fill homes must have EPC ratings of D, E, F or G, and share the same street address as homes qualifying under ECO4 eligibility criteria to qualify.

In-fill houses can be owner-occupied, privately rented or socially rented.

Flats: A ratio of 1:1 in flats for solid wall insulation, cavity wall insulation, or district heating system connection.

For every ECO-eligible flat, another ‘in-fill’ flat whose household would not otherwise be eligible for ECO can be treated under ECO4 in-fill. For example, in a block of flats, the whole block can be upgraded if at least 50% of the flats are occupied by ECO-eligible

households.

The in-fill rule would apply irrespective of whether the in-fill flats within the same block are privately rented, owner occupied or social housing. There are no restrictions on eligible household EPC bands in in-fill flats, however the ECO4 eligible flats must be in band D-G for owner-occupied homes, and E-G for social housing or privately rented homes, and meet the proposed minimum requirements.

Our referral network may support households to take advantage of “in-fill” projects where the minimum number of ECO eligible households is met. This will involve contacting neighbouring properties to ascertain their eligibility.

Any “in-fill” projects will be undertaken in accordance with Ofgem’s Energy Company Obligation (ECO4) Guidance: Delivery Version 1, 14th October 2022. As part of this, the delivery agent must comply with the National and Local Planning and Building Control requirements and seek / obtain appropriate planning approval.

5) Exclusions

Stewardship of public money requires Responsible Officers to refuse declarations where evidence provided by an applicant does not meet the Flex criteria outlined in Section 3, or if the information provided is suspected to be fraudulent.

6) Governance

The Assessor, (provided by E.ON, the Home Energy Support service, or another approved delivery partner) will receive, log and follow-up initial referrals. The Assessor will check if the customer is potentially eligible for ECO Flex funding and request relevant supporting evidence. Once provided, the Assessor will liaise with the Local Authority to obtain a signed ‘Local Authority Declaration’ confirming eligibility.

7) Responsible Officer

All potentially eligible households in LBBB contacted by E.ON via letter should apply through E.ON using the contact details shared in the letter.

LBBB would prefer that LA Flex is run through our existing Cosy Homes scheme, delivered by EON and its contractors. All queries should be forwarded to Neil Pearce, Head of Sustainability at neil.pearce@lbbd.gov.uk

8) Referrals

We would expect referrals to be identified primarily through enquiries from residents, the Council services and commissioned voluntary sector partners, and contractor-led referrals by E.ON and other utility companies.

LBBB will use EPC and housing stock data to direct communication to residents most likely to qualify for and benefit from the funding. Referrals may also be made by Local Authorities on behalf of residents or by partner agencies in the community, such as GPs, hospitals, food banks and other support services that interact with residents at greater risk of fuel poverty.

Any other supplier or installer who wishes to use this SOI to obtain a Council Flex declaration on behalf of an eligible resident should be registered with the National Energy Foundation (NEF) Supplier Network. The Network ensures that councils have information about the standards, practices and accreditations of installers working in their area reducing the risk of fraud, poor quality installations and the exploitation of vulnerable residents that the council is looking to assist via ECO Flexible Eligibility. However, we stress that we would prefer all LA Flex applications to be run through our existing partner and the Cosy Homes scheme.

9) Evidence, Monitoring and Reporting

E.ON, other participating utility companies, and the National Energy Foundation's Home Energy Support Service, will provide the central administration and management of Energy Company Obligation Flexible Eligibility in LBBB. The scheme will report to Ofgem on ECO Flex activity including SOI qualifying reason, household information, and installation progress.

All applicants for ECO and ECO Flex funding will be required to provide sufficient qualifying evidence to the obligated energy company, the Local Authority, and/or its delivery partners. This will help to deter and prevent fraud. Flex applications will also be audited by the Council and/or delivery partner periodically to detect fraud.

Evidence provided for Flex applications will be retained for the duration of the ECO4 scheme (2022-2026).

Please note: The Local Authority may ask you to provide full documentary evidence which

confirms your eligibility for the ECO Flex funding at any time both before and after the installation of a measure. It is therefore imperative that you provide accurate information. Failure to do so may result in your having to refund the costs of any measure(s) which are installed in your property or the costs of any services which you have received.

10) Signature

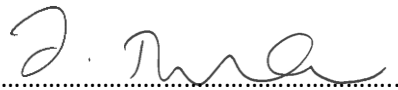
LBBB will administer the scheme according to BEIS' ECO4 Order and will identify eligible households via Ofgem's application process. The Council's Responsible Officers, named in Section 7, will oversee the process of identifying eligible households under ECO4 Flex.

The Flex 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.

SIGNED ON BEHALF OF

the London Borough of Barking & Dagenham

by:

A handwritten signature in black ink, appearing to read 'F. Taylor', written over a horizontal dotted line.

Fiona Taylor

Acting Chief Executive