

**NORTH SOMERSET COUNCIL  
DECISION**

**DECISION OF: DIRECTOR PEOPLE AND COMMUNITIES  
WITH ADVICE FROM: MARK HUGHES, HEAD OF STRATEGY AND HOUSING  
DIRECTORATE: PEOPLE AND COMMUNITIES**



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**DECISION NO: 2018/19 PC 4**

**SUBJECT: ENERGY COMPANY OBLIGATION (ECO) FLEXIBLE STATEMENT OF  
INTENT**

**KEY DECISION: YES**

**BACKGROUND:**

A Stock Condition Survey completed last year revealed that in North Somerset 12% of the 97,393 households in the District, are defined as being Fuel Poor, equating 11,244 households. Fuel Poverty is highest in the private rented sector.

The aims of the council's Corporate Plan is to achieve the following outcomes:

- Prosperity and opportunity
- Health and well-being
- Quality places

The Private Sector Housing Service works to improve conditions across all housing tenures and uses a variety of tools, including enforcement of minimum standards, housing assistance (loans and grants) and delivery of affordable warmth programme to reduce fuel poor households and carbon emissions.

The Council recently concluded a review of housing conditions in the private rented sector and approved a targeted action approach for improving housing conditions. A key part of the approach is a comprehensive publicity plan to inform landlords of their obligations to ensure homes comply with the minimum standards e.g. free from excess cold.

The limited security of tenure in the private rented sector gives no appetite for tenants to carry out any significant improvements to their home. The current regulations in relation to requiring landlords to make improvements to bring properties to a minimum EPC rating of E; provide an exemption if any expenditure is required on their part.

There are many residential park homes in North Somerset with a high proportion occupied by elderly and/or disabled people. A survey of residents revealed that a major concern is the high cost of heating their homes (limited fuel choice) and the limited availability of funding for energy efficiency improvements through national schemes.

A significant number of fuel poor households (76%) live in dwellings with an EPC rating of E to G and 82% of households occupy houses as opposed to flats; a greater proportion of owner-occupiers live in houses.

The scheme does not apply to social housing sector tenures.

The Council have recently reaffirmed a commitment to action on climate change and approved a Carbon Reduction Business Plan which covers domestic energy efficiency and renewable energy use, leading to reduced energy use and associated emissions.

This mechanism, also known as “flexible eligibility”, allows local authorities to make declarations determining that certain households meet the eligibility criteria for a measure under the Affordable Warmth element of ECO. Flexible eligibility is optional, and neither energy suppliers nor local authorities are mandated to participate although new proposals scheduled for September 2018 should increase national funding available to over £150m.

The Council welcomes the opportunity available through the flexible eligibility under Energy Company Obligation (ECO) and intends to use it to support the above responsibilities to improve the thermal efficiency of homes and reduce the number of fuel poor households. Taking advantage of this new Flexible Eligibility scheme also gives an opportunity to those who would not normally qualify for existing Energy Company Obligation schemes, but are likely to be in fuel poverty, to obtain support to install the heating and insulation measures needed to make their homes warmer and more energy efficient.

The revised ECO3 scheme is scheduled to commence in September 2018 and it's widely anticipated the ECO Flexible element will be increased also the measures available expanded.

#### **DECISION:**

To adopt and publish a Flexible Eligibility Statement of Intent at Appendix 1.

#### **REASONS:**

To maximise the availability of funding for home energy efficiency improvements for households who are likely to be in fuel poverty. Unless a local authority has published a statement of intent; residents are limited to the eligibility criteria set by the Office of Gas and Electricity Markets (Ofgem) which can indirectly exclude some groups because of the link to receipt of benefit.

#### **OPTIONS CONSIDERED:**

The only alternative option is to not publish a statement which would limit the availability of funding for fuel poor households.

## **FINANCIAL IMPLICATIONS:**

The main financial contribution for the local authority are the officer time involved in the governance i.e. declaration sign off.

### **Costs**

The officer costs and any associated publicity will be met from existing budgets. There is potentially significant benefit for fuel poor households and the cost benefit to the council from this action far outweighs the time commitment. It is estimated no more than two hours each week.

### **Funding**

Funding for installation of measures, eligibility checks, ECO compliance, competency of contractors, drafting declarations are all covered by the ECO funding and contribution from contractors. In the unlikely event any top-up funding is required residents would be referred for a low-cost loan through our partners Wessex CIC.

## **LEGAL POWERS AND IMPLICATIONS**

The statement of intent will be published as provided by the Electricity and Gas (Energy Company Obligation) (Amendment) Order 2017 and associated guidance.

## **CONSULTATION**

There has been internal consultation with the Sustainability Team in respect of the content of the draft statement; on how contributes to reducing carbon emissions. Public Health colleagues have advised on the households who may be vulnerable to the effects of living in a cold home; in line with the NICE guidance.

The Centre for Sustainable Energy have provided guidance on drafting the statement of intent and will deal with all enquiries, referrals, draft declarations and produce required annual reports.

In addition, the Private Sector Housing Forum were supportive; especially if makes funding available for home energy efficiency improvements to achieve higher EPC ratings.

## **RISK MANAGEMENT**

No risks have been identified from publishing the statement of intent which can be withdrawn, amended or suspended at any time; subject to notification to partners.

## **EQUALITY IMPLICATIONS**

Have you undertaken an Equality Impact Assessment? Yes

Only positive impacts have been identified from publishing this statement of intent which applies universally to residents as set out in the eligibility criteria.

## CORPORATE IMPLICATIONS

The outcomes from the statement of intent will contribute to health & wellbeing and quality places aims within the corporate plan.

## BACKGROUND PAPERS

Executive Minute (EXE089) 17<sup>th</sup> April 2018

<http://apps.n-somerset.gov.uk/cairo/docs/doc28792.htm>

## SIGNATORIES:

### DECISION MAKER(S):

Signed: 

Title: Director, People and Communities

Date: 27/7/18

### WITH ADVICE FROM:

Signed: 

Title: Head of Housing and Strategy

Date: 27/7/18

**Footnote: Details of changes made and agreed by the decision taker since publication of the proposed (pre-signed) decision notice, if applicable:**

**Local Authority Flexible Eligibility Statement of Intent**

**Local authority: North Somerset Council**

**Date of publication: 26 July 2018**

**Version: 1**

**URL: [insert webpage Sol has been published on]**

**1) Introduction**

The Energy Company Obligation (ECO) is an obligation on energy suppliers aimed at helping households cut their energy bills and reduce carbon emissions by installing energy saving measures. Under the scheme energy suppliers can achieve up to 10% of their Affordable Warmth obligation by installing energy saving measures in households declared eligible by local authorities. This mechanism, also known as "flexible eligibility", allows local authorities to make declarations determining that certain households meet the eligibility criteria for a measure under the Affordable Warmth element of ECO.

The Council welcomes the opportunity through the flexible eligibility arrangement and has published this statement to support the projects and ambitions below to improve the thermal efficiency of homes and reduce the number of fuel poor households. Taking advantage of the flexible eligibility arrangement extends the availability of funding to those who wouldn't normally qualify for existing Energy Company Obligation Schemes, but are in fuel poverty or struggle with household fuel costs, to obtain support to install the heating and insulation measures needed to make their homes warmer and more energy efficient.

A Stock Condition Survey completed last year revealed that in North Somerset 12% of the 97,393 households in the District, are defined as being Fuel Poor, equating 11,244 households.

The aims of the council's Corporate Plan is to achieve the following outcomes:

- Prosperity and opportunity
- Health and well-being
- Quality places

The Private Sector Housing Service works to improve conditions across all housing tenures and uses a variety of tools, including enforcement of minimum standards, housing assistance (loans and grants) and delivery of an affordable warmth programme to reduce fuel poor households and carbon emissions.

The Council have recently concluded a stock condition survey of housing in North Somerset and a review of housing conditions in the private rented sector and approved a targeted action approach for improving housing conditions. A key part of the approach is a comprehensive publicity plan to inform landlords of their obligations including minimum

standards. Fuel Poverty is highest in the private rented sector of all housing tenures under both definitions i.e. 10% household income or low income high cost. (Stock Condition Survey 2017).

A significant number of fuel poor households (76%) live in dwellings with an EPC rating of E to G and 82% of households occupy houses as opposed to flats; a greater proportion of owner-occupiers live in houses.

There are a significant number of residential park homes in North Somerset with a high proportion occupied by elderly and/or disabled people. A survey of residents revealed that a major concern is the high cost of heating their homes and the limited availability of funding through national schemes for home energy efficiency improvements.

The Council have recently reaffirmed a commitment to action on climate change and approved a Carbon Reduction Business Plan which covers domestic energy efficiency and renewable energy use, leading to reduced energy use and associated emissions.

It should be noted that the final decision on whether any individual household will benefit from energy saving improvements rests with obligated energy suppliers or their contractors. Inclusion in a Declaration of Eligibility issued by the Council to a supplier will not guarantee installation of measures.

The final decision will depend on

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

In identifying households as eligible under flexible eligibility North Somerset Council is seeking to enable residents to benefit from funding and will seek a written declaration from households (via partners) they are eligible under the criteria. North Somerset Council expects any obligated energy supplier, or contractor working on their behalf, to comply with the Data Protection Act, to fully follow Ofgem requirements for the Energy Company Obligation, and to act in accordance with industry best practice in relation to consumer care and quality standards of any works that may take place.

## **2) How North Somerset Council intends to identify eligible households**

North Somerset Council will identify households that may benefit from flexible eligibility by:

### ***a. Identifying fuel poverty***

The Council will use area mapping from data obtained from the stock condition survey, inspections and the indices of deprivation to identify eligible households; in particular:

- Properties with an EPC rating of E, F or G
- Park Home site owners and occupiers
- Private sector tenants

Subject to availability of resources within the Council and the legal use of data the Council will target those most in need having regard to the Department of Business, Energy and Industrial Strategy (BEIS) guidance on targeting, including:

- i. Those living in private sector and in receipt of the relevant means-tested benefits and/or on a low income
- ii. Households likely to be living in full poverty obtained from cross-referenced data on income with available data on Energy Performance Certificates, prepayment meters, expenditure on fuel, housing type/age/condition, heating type
- iii. Low income households living in energy inefficient housing will be identified in the private rented sector through enforcement activity under the Housing Act 2004
- iv. Promoting the scheme through partners e.g. Private Sector Housing Forum, Rent with Confidence partners, Park Home Residents Association(s)

### **Identifying low income and vulnerability to cold**

North Somerset Council will target households containing people with the following characteristics, which reflects the National Institute for Health and Care Excellence (NICE) 2015 guidance on excess winter deaths and illness caused by cold homes.

- i. Older people (75 & older)
- ii. Households with children (pregnant women)
- iii. Respiratory disease (COPD, asthma)
- iv. Cardiovascular disease (e.g. ischaemic heart disease, cerebrovascular disease)
- v. Moderate to severe mental illness (e.g. schizophrenia, bipolar disorder)
- vi. Substance misusers
- vii. Dementia
- viii. Neurobiological and related diseases (e.g. fibromyalgia, ME)
- ix. Cancer
- x. Limited mobility
- xi. Haemoglobinopathies (sickle cell disease, thalassaemia)
- xii. Severe learning disabilities
- xiii. Autoimmune and immunodeficiency diseases (e.g. lupus, MS, diabetes, HIV)
- xiv. Anyone else who has health condition aggravated, triggered or health deteriorates by living in a cold home.

### **Eligibility Criteria**

#### **EPC requirement**

Properties (Park Homes excepted) which have an E, F or G rating based on the EPC for the property.

#### **Tenure status**

Any privately rented properties will be eligible regardless of income or receipt of benefit; a current tenancy agreement or license must be in place.

Private homeowners subject to the household gross income being less than £30,000 per annum.

## **Dwelling Type**

Park homes located on a licensed residential park home site will be eligible regardless of income or receipt of benefit subject to a cost effectiveness assessment.

## **Solid wall insulation “in-fill” projects**

Where potential works have been identified households will be supported to take advantage of “in-fill” projects where the minimum number of vulnerable households is met as outlined in the Office of Gas and Electricity Markets (Ofgem) guidance.

## **3) Governance**

The officer below will be responsible for signing Declarations on behalf of the local authority.

Responsible officer – **Kim Herivel, Energy & Health Officer**

Telephone: 01934 426686

E mail: kim.herivel@n-somerset.gov.uk

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## **4) Referrals**

All potentially eligible households will need to apply for ECO Flex through the Home Energy Team at the Centre for Sustainable Energy. There is an administration fee of £50 per property for all ECO Flex declarations (to be paid by the installer or energy supplier installing the measure) i.e. no cost to the householder.

If you are an installer or managing agent and you wish to process ECO Flex declarations then you will need to contact the Centre for Sustainable Energy and sign their code of conduct ([ecoflex@cse.org.uk](mailto:ecoflex@cse.org.uk)). They will then process the applications in line with the BEIS guidance including contacting the household to check their eligibility and then preparing the declarations for sign-off. The information will be passed to their ECO supplier according to the ECO application process.

Householders who believe may be eligible for ECO Flex should contact the Home Energy Team directly (0800 082 2234 or <https://www.cse.org.uk/advice/contact-us>). The Home Energy Team will check eligibility in their initial conversation with the resident; they will also check that the resident is happy for their data to be stored and shared with a third party for the purposes of the scheme. The eligibility information will be recorded on a secure customer record management system (CRM). A referral will then be made to an obligated supplier or installer who's signed the code of conduct.

## **5) Evidence, monitoring, reporting and termination**

- a. Anonymised data on the characteristics of households reached will be reviewed, in line with current data protection legislation
- b. The data above will include details of households assessed, how many were deemed eligible and ineligible, and how many received heating and insulation improvements
- c. All households for whom Declarations were made will be invited to provide feedback on the process and outcomes following any improvements completed.



- d. North Somerset Council reserve the right to amend, suspend or cancel this statement of intent at any time; subject to reasonable notice.

**6) Signature**

Sheila Smith, Director of People and Communities

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