

## **Economy and Growth Committee**

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<b>Date of Meeting:</b>	13 September 2022
<b>Report Title:</b>	Domestic Energy Efficiency
<b>Report of:</b>	Jayne Traverse – Executive Director - Place
<b>Report Reference No:</b>	EG/12/22-23
<b>Ward(s) Affected:</b>	All Wards

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### **1. Purpose of Report**

- 1.1. This report outlines proposed changes to the Council's existing Home Repairs and Adaptations for Vulnerable People Policy 2021-2026 and the ECO Flexible Eligibility Statement of Intent, to support low-income households to maintain their health and wellbeing in a warm home, in response to the Government's energy efficiency policy changes for low-income households.

### **2. Executive Summary**

- 2.1. Rising fuel prices are dominating news headlines and is an area of considerable concern for households worried about how they are going to afford to heat their home. Improving the energy efficiency of homes is one practical step that households can take, to reduce the amount of energy that they need to use without compromising their health and wellbeing.
- 2.2. For many low-income households, the pressure on household finances and the rising costs across the building industry means that energy efficiency improvements are unaffordable, and when an emergency happens such as a boiler breakdown, they are not able to afford repairs or a new boiler.
- 2.3. The Council provides support to vulnerable households to access funding for energy efficiency improvements, including emergency boiler repairs and replacements. The Council provides practical help to apply for grants such as Energy Company Obligation (ECO) as well as direct financial help through the Home Repairs and Adaptations for Vulnerable People Policy 2021-26.

- 2.4.** ECO places legal obligations on energy suppliers to deliver energy efficiency and heating measures to low-income households, including replacing broken heating systems, the upgrade of inefficient systems and the installation of insulation. There has been a recent change in Government policy for ECO to align with the strategy for net zero by 2050. ECO is valued at £4 billion over 4 years, so is a significant investment by energy suppliers.
- 2.5.** Under the new policy, ECO will focus on insulation measures and renewable heating systems, and significantly reduce the help available to repair or replace fossil fuel heating systems. Whilst this strategy is clearly aligned with the net zero target, there still needs to be a safety net for those vulnerable people where insulation isn't practical or is too disruptive, or where emergency boiler repairs or renewals are needed to safeguard their health and wellbeing.
- 2.6.** The Council provides a safety net for its vulnerable residents through its Home Repairs and Adaptations for Vulnerable People Policy 2021-2026 (HRAVP Policy). The existing Policy has links to the Government's ECO policy, as households are eligible for support from the Council if they also qualify for ECO. The changes to ECO mean that the Council's HRAVP Policy needs to be amended to ensure that we are continuing to provide the safety net for vulnerable residents in Cheshire East.
- 2.7.** The Council's current HRAVP Policy states that to qualify for a grant, the homeowner must 'qualify by way of ill health or low income for funding from another fuel poverty related domestic energy efficiency scheme [such as ECO] for which they are required to make a financial contribution'.
- 2.8.** It is proposed that the Council amends its HRAVP Policy by removing the requirement to qualify for another fuel poverty related domestic energy efficiency scheme [such as ECO] and replacing this with maximum income and savings thresholds. It is proposed that the income threshold is set at £31,000 in line with the ECO4 Flexible Eligibility criteria detailed below; and that the savings threshold is set at £23,250 in line with the Care Act 2014. It is proposed that these thresholds should be adjusted if the ECO4 or Care Act thresholds are adjusted at any time while the HRAVP Policy is in force.
- 2.9.** The Government have also revised the Local Authority Flexible Eligibility scheme as part of ECO. Previously, local authorities were given discretion whether to participate in the scheme and were able to set local eligibility criteria to supplement the core ECO criteria. This allowed local authorities to determine local priorities such as targeting deprived areas or setting income thresholds in accordance with the local employment market. Under the new scheme local authorities continue to have discretion whether to participate in the scheme but must use the eligibility criteria stipulated by the Government. The local authority's role is to check that households meet the eligibility criteria for the scheme.

- 2.10.** Cheshire East has previously participated in this scheme, which has been effective in securing funding for households that wouldn't otherwise receive help. By publishing a new Statement of Intent that is compliant with the Government's guidance, the Council will continue to facilitate access to funding from ECO for households that do not meet the core ECO criteria of means tested benefits but do meet other criteria such as poor health or gross household income less than £31,000.
- 2.11.** A minor change has been made to the Targeted Regeneration Grant within the HRAVP Policy to provide more flexibility to align the grant with external grant funding opportunities and local priorities and needs. Funding opportunities may become available from time to time, for example the Towns Fund, which will each have their own eligibility criteria. To remove any conflict between the terms of any externally funded grants and the HRAVP Policy, it is proposed that the maximum grant amount of £10,000 is removed from the Policy, and replaced with "The grant amount will be determined and published in accordance with the individual regeneration scheme rules, terms and conditions that are in force at the time."

### **3. Recommendations**

- 3.1.** That approval is given to the amendments to the Home Repairs and Adaptations for Vulnerable People Policy 2021-2026 as outlined in Appendix A.
- 3.2.** That approval is given to the publication of the ECO Flexible Eligibility Statement of Intent as outlined in Appendix B.

### **4. Reasons for Recommendations**

- 4.1.** The Council cannot provide discretionary grants without formally adopting a policy that sets out the eligibility criteria.
- 4.2.** There is a strong policy drive for integrated approaches across housing, health and social care to prevent hospital admissions and expedite hospital discharge, none more so than in the pandemic. Housing's role in supporting health is becoming more prominent, with research demonstrating the causal link between poor housing conditions and ill health.
- 4.3.** The Council's Corporate Plan 2021-25 sets out our vision for a more open, fairer, greener Cheshire East. The plan sets out priorities under the three broad aims including "a great place for people to live, work and visit" and "reduce health inequalities". The proposed revisions to the Council's policies will enable us to deliver these priorities.
- 4.4.** At the Council meeting on 22 May 2019, Members approved a Notice of Motion relating to Climate Change, and committed to "work with all businesses, residents and organisations in Cheshire East to reduce their carbon footprint by reducing energy consumptions and promoting healthy lifestyles". The Council made a further pledge in January 2022 to make Cheshire East a carbon neutral borough by 2045.

## 5. Other Options Considered

- 5.1. The Council could do nothing and continue with the HRAVP Policy in its current form. Likewise, the Council could decide not to publish an ECO Flexible Eligibility Statement of Intent. This would be to the detriment of low-income and vulnerable residents who would not be able to access funding for emergency heating repairs and boiler replacements.

Option	Impact	Risk
Do nothing	Low-income and vulnerable households will not be able to access funding for emergency heating works	<ul style="list-style-type: none"><li>• Increased GP attendances and hospital admissions for cold related ill health and falls</li><li>• Increased risk of unsustainable household debt</li></ul>

## 6. Background

- 6.1. The Regulatory Reform (Housing Assistance) (England & Wales) Order 2002 contains wide-ranging powers to provide financial help with housing renewal, including adapting or improving or repairing living accommodation. The Order also states that before the powers contained within it can be used, the Council must publish a policy on how it intends to use them.
- 6.2. On 9<sup>th</sup> March 2021, Cheshire East's former Cabinet approved the Home Repairs and Adaptations for Vulnerable People Policy 2021-2026 (HRAVP Policy). The purpose of the HRAVP Policy was to set out the financial help that the Council will give to vulnerable households to improve and adapt their homes to improve their health and wellbeing and support them to live independently for longer.
- 6.3. The HRAVP Policy details the Affordable Warmth Grant, which provides grants of up to £2,000 for some or all of the cost of repairing or replacing broken boilers and heating systems, as well as providing first time central heating.
- 6.4. The HRAVP Policy stipulates that homeowners over the age of 18 were eligible for the grant if they met the criteria for funding from another energy efficiency grant (for example, ECO) but were unable to afford their financial contribution; or if they were unable to return home from hospital until a working heating system was in place; or if they were 'clinically extremely vulnerable' to Covid-19. In 2021-22 the Council granted £103,000 to 65 households to carry out essential heating improvements, which has drawn down £51,000 of ECO funding.

- 6.5.** Enquiries for help with energy improvements and heating repairs increased six-fold in March 2022, coinciding with the announcements for energy price increases. Households are very concerned about their energy bills and are exploring ways to make their homes more energy efficient to reduce their spending without compromising their health. Whilst demand has reduced over the spring and summer, it can be expected that it will increase in autumn and winter as the reality of the price rises sets in.
- 6.6.** A change in Government policy however means that there is a risk to the effectiveness of the HRAVP Policy. The Government consulted on changes to the ECO scheme (ECO4) and published its response on 1 April 2022, which changes the focus of energy efficiency improvements and the households that are eligible for support, and is likely to leave some people who would previously have received a grant from the Council without emergency support. ECO4 started on 1 April 2022 with regulations to be laid before Parliament in due course.
- 6.7.** The Government have removed disability benefits as a qualifying welfare benefit for ECO4. Whilst disability benefits are not means tested, they provide a proxy indicator of vulnerability to the effects of cold; cold homes increase the risk to people with impaired mobility and chronic health conditions.
- 6.8.** Oil and LPG boilers will no longer be installed through ECO. This is consistent with the Government's target for 'net zero' carbon emissions by 2050 where fossil fuel heating systems will be phased out, and the Council has secured grant funding for off-gas properties. However, there will continue to be situations where renewable heating systems such as heat pumps are not suitable for the property, and there is a risk that a vulnerable person with a broken oil or LPG boiler could be left without suitable heating.
- 6.9.** Properties that have an Energy Performance Certificate (EPC) rating of Band C or above will no longer be eligible for ECO4. This will result in vulnerable people living in well insulated homes but with a broken boiler being unable to access financial support to repair or replace their boiler.
- 6.10.** The Government have stipulated that works carried out through ECO4 must result in an improvement of at least 2 EPC bands, ie a property starting at Band G must increase to Band E, and so on. Our experience in delivering the Green Homes Grant programme over the last 2 years is that it can be very difficult to achieve this increase without multiple costly measures such as internal or external solid wall insulation which can be disruptive to households and in some cases require planning permission.
- 6.11.** The Government have put a cap of 5,000 on the replacement of energy efficient broken gas boilers and electric storage heating through ECO4. This is an annual cap and is for England, Scotland and Wales, leaving people with efficient but broken boilers with very little opportunity for support.
- 6.12.** The Government have updated their guidance to local authorities for 'flexible eligibility' for ECO4 (where local authorities can certify that additional

households need support). The flexible eligibility routes for ECO4 have been established as follows:

- 6.12.1. Route 1: Gross household income of no more than £31,000.
- 6.12.2. Route 2: a combination of two or more of the following:
  - Living in one of the most deprived areas on the Index of Multiple Deprivation;
  - In receipt of Council Tax Support;
  - People who are vulnerable to cold as defined by the National Institute of Clinical Excellence guideline NG6 (people with cardiovascular conditions; respiratory conditions; mental health conditions; disabilities; aged 65 and over; children aged 0 to 5; and pregnant women) (this cannot be used in conjunction with living in a deprived area to qualify)
  - In receipt of free school meals;
  - Referred to the local authority by the energy supplier or Citizens Advice as struggling with their energy bills;
  - Identified by the energy supplier as being in persistent fuel debt.
- 6.12.3. Route 3: NHS referrals for a cardiovascular condition, respiratory disease, immunosuppression, or limited mobility.
- 6.12.4. Route 4: Bespoke targeting. The Government will issue guidance on this later in 2022.
- 6.13.** The Council must produce a Statement of Intent setting out the above criteria to be able to certify households for ECO4 flexible eligibility. The Government has issued draft guidance for the ECO4 Flexible Eligibility scheme and have permitted the delivery of ECO4 through the core criteria as well as flexible eligibility before the draft regulations have been approved by Parliament. Whilst the guidance and regulations have gone through an extensive consultation process, a risk remains that the draft regulations may change before approval and households that are declared as eligible for ECO4 flexible eligibility may no longer be eligible. This is a low risk given the extensive consultation process that has taken place and is borne by energy suppliers and installers; there is no financial or legal risk to the Council.

## **7. Implications**

### **7.1. Legal**

- 7.1.1. There are no legal implications for this recommendation. The changes to the Policy are not controversial or place the Council in a different legal position than under the existing policy. The changes are in accordance with the Corporate Plan.

7.1.2. The Council remains the gateway for financial assistance under the various schemes and accordingly the legal implications for this remain as before. That is, such decisions made must be made in accordance with recognised public law principles and in accordance with the Policy unless there is good reason to depart from it.

7.1.3. The adoption of a financial threshold for eligibility for the affordable warmth grant based on current government thresholds under the Care Act 2014 and government guidance arguably widens the pool of eligibility to include those who would not have been eligible before but nonetheless would be exposed to energy poverty.

## **7.2. Finance**

7.2.1. Delivery of the HRAVP Policy is funded by a rolling capital programme in the Council's budget: Home Repairs for Vulnerable People. Unspent funds from previous years are carried forward to subsequent years where the funds are committed but works are incomplete at the end of the financial year.

7.2.2. The total approved funding in 2022-23 including carry-forwards is £246,000. An additional £200,000 per annum is included in the capital programme until 2026 which will be subject to further approval as part of the budget setting process.

7.2.3. The number of people that can be assisted through the HRAVP Policy is limited by the budget that is available. A prioritisation system is in place to ensure that priority is given to people in need of emergency assistance; any non-urgent works are deferred, or work is undertaken to identify alternative funding sources.

## **7.3. Policy**

7.3.1. The HRAVP Policy and the ECO Flexible Eligibility Statement of Intent contribute to the overall vision of the 2021-2025 Corporate Plan to be an open, fairer, greener Cheshire East. It also supports the Council's priority to empower and care about people, and to make Cheshire East a thriving and sustainable place. We are committed to supporting the most vulnerable residents, whilst enabling others to support themselves and lead a prosperous and healthy life and reduce carbon emissions.

## **7.4. Equality**

7.4.1. The HRAVP Policy and the ECO Flexible Eligibility Statement of Intent will enable the Council to deliver efficient and effective housing services to groups with protected characteristics who are vulnerable, in particular but not limited to older people and people with a disability.

## **7.5. Human Resources**

- 7.5.1. The policies will be administered by Housing officers within existing resources.

## **7.6. Risk Management**

- 7.6.1. The Council must publish a housing renewal policy to be able to administer grants. Publication of the revised HRAVP Policy 2021-2026 and assessment of applications against the policy will ensure that the Council is compliant with this requirement.

## **7.7. Rural Communities**

- 7.7.1. The amended HRAVP Policy and the ECO Flexible Eligibility Statement of Intent will widen the help available for residents across all areas of Cheshire East, however the greatest benefit will be felt by rural off-gas communities where heating system costs and energy bills tend to be higher, and the repair or renewal of off-gas boilers is no longer eligible for ECO4.

## **7.8. Children and Young People/Cared for Children**

- 7.8.1. The HRAVP Policy and the ECO Flexible Eligibility Statement of Intent will provide opportunities for young people to live in suitable housing, and protect the health of children and young people in low-income vulnerable families through improved living conditions.

## **7.9. Public Health**

- 7.9.1. Housing is widely acknowledged to be an important social determinant of health and wellbeing. Living in a cold home has significant, demonstrable direct and indirect health impacts, with strong evidence to show that it is associated with poor health outcomes and an increased risk of morbidity and mortality for all age groups.
- 7.9.2. Cold and damp homes increase the risk and effects of cardiovascular, respiratory and rheumatoid diseases, as well as hypothermia and mental ill health. Groups who are more vulnerable to health problems associated with cold homes include; young children; older people; pregnant women; people with a physical or mental health condition(s); and people with a disability..
- 7.9.3. The HRAVP Policy and the ECO Flexible Eligibility Statement of Intent will enable the Council to provide housing services that directly impact on public health. Housing improvements will benefit vulnerable residents' mental and physical wellbeing and reduce demand on health and social care services.

**7.9.4. Climate Change**

**7.9.5.** Energy use in homes accounts for 28% of carbon emissions in Cheshire East. The Council has committed to becoming carbon neutral by 2025 and to encourage all businesses, residents and organisations in Cheshire East to reduce their carbon footprint. The Council made a further pledge to make Cheshire East a carbon neutral borough by 2045. Providing support to low-income households who otherwise would not be able to afford to reduce their carbon footprint supports this commitment.

**7.9.6.** We do not consider that providing energy efficient fossil fuel boilers in limited urgent situations will have an adverse effect on the Council's commitment to becoming a carbon neutral borough by 2045.

<b>Access to Information</b>	
Contact Officer:	Karen Whitehead, Housing Standards & Adaptations Manager karen.whitehead@cheshireeast.gov.uk 01270 686 653
Appendices:	<ul style="list-style-type: none"><li>• Appendix A – Home Repairs and Adaptations for Vulnerable People Policy 2021-2026 v.2 (2022)</li><li>• Appendix B – Cheshire East Flexible Eligibility Statement of Intent</li></ul>
Background Papers:	ECO4 Guidance: Local Authority Administration