

OPEN

## **Economy and Growth Committee**

**14 November 2023**

### **The Great British Insulation Scheme and Eco Flexibility**

---

**Report of: Peter Skates, Acting Executive Director Place**

**Report Reference No: EG/19/23-24**

**Ward(s) Affected: All**

#### **Purpose of Report**

1. This report outlines proposed changes to the Council's Statement of Intent for ECO4 Flexible Eligibility to support low-income and vulnerable households to maintain their health and wellbeing in a warm home, in response to the Government's introduction of the Great British Insulation Scheme.

#### **Executive Summary**

- 2.1 Fuel prices continue to be of considerable concern to 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 Energy Company Obligation (ECO4) places legal obligations on energy suppliers to deliver energy efficiency and heating measures to low-income households, including insulating homes and replacing broken

or inefficient fossil fuel heating systems to align with the Government's strategy for net zero by 2050.

- 2.4. The Great British Insulation Scheme is a new government scheme to help more people insulate their homes. The scheme will run until March 2026 and valued at £1 billion will help around 300,000 households across the country to save around £300 to £400 a year on their bills.
- 2.5. The introduction of the Great British Insulation Scheme means that the Council's Flexible Eligibility Statement of Intent needs to be amended to ensure that residents can take advantage of the full extent of this new scheme.

## **RECOMMENDATIONS**

The Economy and Growth Committee is recommended to:

1. Approve the publication of the Flexible Eligibility Statement of Intent for ECO4 and the Great British Insulation Scheme as outlined in Appendix A.
2. Delegate authority to the Director of Growth and Enterprise in consultation with the Chair of the Economy and Growth Committee to make minor amendments to the policy to ensure its smooth operation and in line with any future Government guidance changes.

## **Background**

- 3.1 The Government consulted on a new energy efficiency scheme from 28 November to 23 December 2022, for the rapid installation of energy efficiency measures to low-income households and those in the least energy efficiency homes in the lower council tax bands. Following this consultation, regulations have been introduced for the Great British Insulation Scheme, which will be delivered up to March 2026.
- 3.2 The Great British Insulation Scheme (GBIS) will complement the existing ECO4 scheme but will mostly target single insulation measures rather than the whole-house approach of ECO. It is expected that loft insulation and cavity wall insulation will be the primary measures delivered through GBIS, but insulation such as solid walls, floors and flat roofs will also be eligible. Under ECO4, households can get assistance with multiple energy efficiency measures including all types of insulation and heating systems such as heat pumps.

- 3.3 Owner-occupiers will be eligible for the scheme if their home has an Energy Performance Certificate (EPC) rating of D – G, and properties in the private rented sector will be eligible with an EPC rating of D – E.
- 3.4 Residents will also need to meet the eligibility criteria for one of the following groups to qualify for the GBIS or ECO:

Qualifying criteria	GBIS	ECO
<b>General eligibility group:</b> Council Tax band A - D	✓	✗
<b>Low-income group:</b> in receipt of at least one of a prescribed list of means tested benefits	✓	✓
<b>Flexible eligibility group:</b>		
<b>Route 1:</b> gross annual household income of no more than £31,000	✓	✓
<b>Route 2:</b> a combination of two or more of the following: <ol style="list-style-type: none"> <li>1. Living in one of the most deprived areas on the Index of Multiple Deprivation;*</li> <li>2. In receipt of Council Tax Support;</li> <li>3. 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);*</li> <li>4. In receipt of free school meals;</li> </ol>	✓	✓

<p>5. Referred to the local authority by the energy supplier or Citizens Advice as struggling with their energy bills;</p> <p>6. Identified by the energy supplier as being in persistent fuel debt.</p> <p><i>* 1 and 3 cannot be used together</i></p>		
<b>Route 3:</b> NHS referrals for a cardiovascular condition, respiratory disease, immunosuppression, or limited mobility.	✓	✓
<b>Route 4:</b> Bespoke targeting in accordance with Government guidance	✗	✓

- 3.5 The GBIS and ECO schemes are administered and funded by the energy suppliers and regulated by Ofgem. However, local authorities have a key role to play in the Flexible Eligibility scheme; Government guidance sets out how participating local authorities are expected to publish a Statement of Intent and verify householders' eligibility for the scheme.
- 3.6 It is not mandatory for local authorities to take part in the Flexible Eligibility scheme, but there are clear benefits for residents who will be able to improve their homes' energy efficiency using energy supplier funding. A Flexible Eligibility scheme has been operated in Cheshire East since October 2022, with 47 residents being verified as eligible for the scheme. To date, this has resulted in energy efficiency improvements for 34 properties, giving them a combined annual energy bill saving of £22,454. This has generated £384,353 investment in Cheshire East and will save 233 tonnes of CO2 per year. A six-fold increase in enquiries in March 2022 when energy prices started to increase demonstrates how 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. The Flexible Eligibility scheme enables us to assist households who may not otherwise receive help.

## Consultation and Engagement

- 4.1 No consultation has taken place as the Government has specified the format and content of the Statement of Intent that local authorities must use to comply with the Electricity and Gas (Energy Company Obligation) Order 2023 (ECO4A Order), and there is no opportunity to alter the Statement of Intent based on any consultation.

## **Reasons for Recommendations**

- 5.1 The Council cannot provide declarations to energy suppliers confirming household eligibility under the Flexibility Eligibility scheme without formally adopting a Statement of Intent that sets out the eligibility criteria.
- 5.2 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.
- 5.3 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.
- 5.4 As part of its work to achieve the Borough’s 2045 carbon reduction target the Council has undertaken a base line report listing best practice and options that are informing the development of a 5-year action plan. This identifies a priority for retrofitting building fabric for existing homes and installing electric heating systems as key measures to be taken in reducing the energy consumption and carbon emissions of residential buildings.
- 5.5 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.

## **Other Options Considered**

- 6.1 The Council could do nothing and continue with the Flexible Eligibility Statement of Intent in its current form. Likewise, the Council could decide not to publish a Statement of Intent. This would be to the detriment of low-income and vulnerable residents who would not be able to access funding for insulation and heating improvements.

Option	Impact	Risk
Do nothing	Low-income and vulnerable households will not be able to access funding for insulation and	<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>

## Implications and Comments

### Monitoring Officer/Legal

8.1 There are no legal implications for this recommendation.

### Section 151 Officer/Finance

9.1 There are no financial implications for this recommendation. The cost of producing the Statement of Intent and its operation is covered by existing staffing budgets. There are no financial contributions required from the Council; all funding is provided directly by the obligated energy suppliers.

### Policy

- 10.1 The Flexible Eligibility Statement of Intent contributes to the overall vision of the 2021-2025 Corporate Plan to be an open, fairer, greener Cheshire East. It 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.
- 10.2 In its goal to be carbon neutral by 2025 that is set out in the Environment Strategy 2020-2024, the Council acknowledges its role as a partner and facilitator in reducing borough-wide emissions; the Statement of Intent contributes to this goal.
- 10.3 The Flexible Eligibility Statement of Intent will combat fuel poverty, aligning with the key deliverable of reducing the number of households in fuel poverty as set out in the Joint Health and Wellbeing Strategy 2023-2028.

<b>An open and enabling organisation</b>  Not applicable	<b>A council which empowers and cares about people</b>  Reduce health inequalities across the borough  – work with partners to address the issues of poor housing, poverty, employment and education opportunities across urban and rural areas	<b>A thriving and sustainable place</b>  To be a carbon neutral council by 2025  To be a carbon neutral borough by 2045  - To have delivered the milestones in becoming a carbon neutral Council  - To use the Council's influence to reduce carbon emissions across the borough
--	---	--

## Equality, Diversity and Inclusion

- 11.1 The Flexible Eligibility Statement of Intent will enable the Council to deliver efficient and effective housing services to groups with protected characteristics who are vulnerable, particularly older people and people with a disability or chronic health needs.

## Human Resources

- 12.1 The Statement of Intent will be administered by Housing officers within existing resources.

## Risk Management

- 13.1 The Council must publish a Statement of Intent to be able to provide declarations confirming household eligibility to energy suppliers. Publication of a Statement of Intent and assessment of applications against the eligibility criteria will ensure that the Council is compliant with this requirement.

## Rural Communities

- 14.1 The Flexible Eligibility Statement of Intent will widen the help available for residents across all areas of Cheshire East, however greater benefit is likely to be felt by rural off-gas communities where heating system costs and energy bills tend to be higher.

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

- 15.1 The 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.

**Public Health**

- 16.1 The Flexible Eligibility Statement of Intent will have a positive impact on the health and wellbeing of Cheshire East residents. 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. Cold and damp homes increase the risk and effects of cardiovascular, respiratory, and rheumatoid diseases, as well as hypothermia and mental ill health.
- 16.2 The Statement of Intent will have a greater positive impact on groups who are more vulnerable to health problems associated with cold and damp homes including young children; older people; pregnant women; people with a physical or mental health condition(s); and people with a disability.
- 16.3 The 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.

**Climate Change**

- 17.1 Energy use in homes accounts for 23% 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.
- 17.2 The Council made a further pledge to make Cheshire East a carbon neutral borough by 2045. The '2045 carbon target menu of options' submitted to the Environment and Communities Committee in February 2023 identified residential retrofitting households as a key area of influence for the Council in reducing the borough's carbon emissions. Providing support to low-income households who otherwise would not be able to afford to reduce their carbon footprint supports this commitment.



<b>Access to Information</b>	
Contact Officer:	<p>Karen Whitehead, Housing Standards &amp; Adaptations Manager</p> <p>karen.whitehead@cheshireeast.gov.uk</p>
Appendices:	<p>Appendix A – Cheshire East Flexible Eligibility Statement of Intent for the Great British Insulation Scheme and ECO4</p> <p>Appendix B – Equality Impact Assessment</p>
Background Papers:	<p>Great British Insulation Scheme and ECO4 Local Authority Administration Guidance</p> <p>2045 carbon target menu of options</p>