

Report title	ECO implementation report
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Department	Community Services
Exempt	No

Purpose of report:

To Resolve

Synopsis of report:

This report seeks Member approval to partner with Happy Energy Solutions Ltd to deliver the Energy Company Obligation (ECO) 4 and ECO4 Flexschemes. As part of this process the report also seeks approval to publish the associated Statement of Intent (drafted by Ofgem) on the Council’s Website which details eligibility criteria for ECO4 Flex. The report includes details of the Schemes, the benefits of putting this in place and of partnering with Happy Energy solutions Ltd to do so. This paper has been written by Community Services, and the Climate Change Team.

Recommendation(s):

To approve the partnership with Happy Energy Solutions Ltd to deliver the Energy Company Obligation (ECO) 4 and ECO4 Flex Scheme and publish an associated Runnymede Borough Council ECO4 Flex Statement of Intent on the council website. Thereby, enabling qualifying residents living in private sector homes in Runnymede to access funding under the ECO4 schemes.

1. Context and background of report

- 1.1 This report proposes the details of a partnership between Happy Energy Solutions Ltd (Happy Energy) and Runnymede Borough Council to deliver the Energy Company Obligations (ECO) 4 Scheme and ECO4 Flex scheme.
- 1.2 Energy efficiency means using less energy to get the same results when it comes to decreasing fuel poverty, while also attempting to reduce pollution and target low-income homes to help with gas and electric bills.
- 1.3 Happy Energy have been providing energy, carbon saving and fuel poverty solutions for private and public sector organisations since 2013. The council has worked with Happy Energy on other energy efficiency schemes in the past, including the warm homes project and the delivery of the LAD1B scheme. Happy Energy approached the Council to deliver the ECO4 Schemes on behalf of Runnymede Borough Council to residents.

1.4 The ECO Scheme is a government energy efficiency scheme designed to tackle fuel poverty and help reduce carbon emissions. There have been four previous iterations of the scheme, ECO, ECO1, ECO2 and ECO3. The ECO4 Scheme, which Happy Energy are proposing to support the Council with, started in July 2022 and will run until March 2026. The ECO4 Scheme provides funding for the installation of appropriate energy efficiency measures for low-income households living in Runnymede who are most likely to experience fuel poverty, and those who are vulnerable to the effects of a cold home.

1.5 The ECO Scheme works by placing a Home Heating Cost Reduction Obligation (HHCRO) on medium and large energy suppliers. Under the HHCRO, obligated suppliers must promote measures that improve the ability of low-income, fuel poor and vulnerable households to heat their homes.

2. Report and, where applicable, options considered and recommended

2.1 The ECO Scheme targets homes that are the least energy efficient, so the property must have an Energy Performance Certificate (EPC) rating of D or lower. Applicants must also receive at least one of the following benefits:

- Child benefit
- Pension Guarantee Credit
- Income-related Employment and Support Allowance (ESA)
- Income-based Jobseekers Allowance (JSA)
- Income Support
- Tax Credits (Child Tax Credits and Working Tax Credits)
- Universal Credit
- Housing Benefit
- Pension credit saving credit
- Further criteria are eligible under the ECO4 Flex scheme are detailed in point 2.3 below

2.2 ECO4 Flex is a household referral mechanism within the wider ECO4 scheme which enables Local Authorities to widen the eligibility criteria for ECO, allowing them to tailor energy efficiency schemes to their respective area.

2.3 The flexible approach to identifying eligible households exists to target low-income households who are unlikely to be in receipt of the scheme's standard approach to fulfilling eligibility. This approach is available for Local Authorities and Devolved Administrations under the ECO4 scheme.

2.4 Under ECO4 Flex, a participating Local Authority can refer private tenure households that it considers to be living in fuel poverty or on a low income and vulnerable to the effects of living in a cold home. While ECO4 Flex is optional, suppliers can deliver up to 50% of their ECO obligation under this mechanism.

2.5 Local authorities can sign up to participate in ECO4 Flex to identify eligible households. To participate they will need to publish a Statement of Intent (SOI) which outlines their intention to participate in the scheme and follow the scheme rules.

2.6 If it is agreed to proceed with the ECO4 Flex Scheme, a Statement of Intent (SOI) will need to be published on our website, signed by the CEO. The SOI will detail the full range of eligibility criteria for qualifying households under this scheme. The

SOI is a standardised template produced by Ofgem, who administer the scheme. The template is attached at Appendix 'A'.

- 2.7 Ofgem have now combined the SOI template for ECO4 and the Great British Insulation Scheme. The template has been simplified to remove reference to SAP band eligibility, as SAP bands should be checked by the supplier / installer, not the LA. The SOI template has been combined to create consistency across the two schemes and avoid unnecessary complexity in the administration process.
- 2.8 The SOI template includes all routes and covers both schemes. LAs are advised to use the tick boxes provided on the SOI to publicise which eligibility routes or proxies they wish to opt in to administer but cannot remove routes or proxies from the SOI template. This is to make the administration of SOLs simpler and smoother.
- 2.9 Applications to the Great British Insulation Scheme are being administered separately via Action Surrey for the wider energy consortium, see point 2.11 for more information on this.
- 2.10 The ECO4 schemes cover the installation of a range of energy efficiency measures which include:
- Gas central heating
 - Non-condensing boiler replacement
 - Air-source heat pump
 - Solar PV replacement
 - Storage heaters
 - Loft insulation
 - Room in roof insulation
 - Cavity wall insulation
 - Internal wall insulation
- 2.11 The Council is already part of an energy grant consortium, consisting of Surrey County Council (SCC) and the other 11 District and Borough Councils, for which Action Surrey are acting as their delivery agent for various energy efficiency funds. However, currently SCC has not included the delivery of ECO4 in the remit of Action Surrey. This is because they are concentrating on finishing the installation of measures for Sustainable Warmth (incorporating LAD3 and HUG1) and delivering HUG2. Action Surrey are also acting as our delivery agents for the Great British Insulation Scheme.
- 2.12 If agreed, Happy Energy would run the ECO4 Scheme for the Council (including ECO4 Flex). They would advertise the grant throughout Runnymede using leaflets and the Council's website and social media channels. All applications will be completed directly through Happy Energy, who will be responsible for checking eligibility criteria. All applications will then be sent to the council, who will review and approve them. Happy Energy will then carry out all appropriate work using local contractors.
- 2.13 Under the Home Improvement Agency Assistance Policy, there is an Energy Efficiency grant of up to £2000. The criteria for the grant in this policy differs to the ECO Scheme. It is a small grant available to support residents in replacing or repairing central heating boilers and heating systems. This grant is to support urgent minor repairs and energy efficient top up grants where the resident has no alternative means of self-funding. Applicants must be over 60 years of age, disabled or otherwise vulnerable.

3. Policy framework implications

- 3.1 This work provides support to residents across the Borough. The Community Services Team and Climate Change Team will work together to deliver this project. Working across both teams will support in reaching a wider number of residents and delivering on multiple strategic aims.
- 3.2 The Council's Carbon Baseline Report (LINK) has shown that within the borough the heating of residential homes is the second largest emitter of emissions after those emitted by transport. This shows the importance of providing as many avenues of support and grant funding as possible to residents to make their homes more energy efficient. This work would support the aims of our Climate Change Strategy and achieving the UK wide target of Net Zero 2050 across the borough. It will also support the 'Greener Homes and Buildings' and 'Supporting our Communities' sections of the draft Runnymede Climate Change Action Plan.
- 3.3 This work will run alongside the Home Improvement Agency Assistance Policy. In this Policy, there is an Energy Efficiency grant for up to £2000, to support residents to repair or replace their central heating boiler or heating system. Section 2.7 provides further information on the grant.

4. Resource implications

- 4.1 There is no cost implication of this work to the Council. Happy Energy will provide their services for free. This includes promoting the service through the borough, reviewing all applications and ensuring the information is correct. They will provide local contactors to carry out the works for residents.
- 4.2 There will be a small implication on staff resources. Staff resources will be needed to approve the grants. It is proposed that this is done alongside the current grant approval process, outlined in the Home Improvement Agency Assistance Policy. The Community Service Manager and Deputy Head of Community Services will review and approve these grants. This will help to reduce the impact on staff resources, by combining it with meetings and work already taking place. Happy Energy will also do the majority of the work, vetting all applications, and so the Council will need to check this and approve.

5. Legal implications

- 5.1 There has previously been a Memorandum of Understanding (MoU) with Happy Energy to run the warm homes project. We have written a new MoU with support from the Legal Team. This outlines the role of Happy Energy in the partnership and that the agreement is non-exclusive. This is important because, as previously mentioned in point 2.11, Runnymede Borough Council already works with Action Surrey as part of the Surrey wide consortium to deliver other energy efficiency grant schemes. The MoU held with Action Surrey also contains a non-exclusivity clause.

6. Equality implications

- 6.1 The ECO Scheme supports residents who receive means tested benefits and have a low EPC rating. It provides support for residents who may not be able to afford improving the energy efficiency of their homes without it.

7. Environmental/Sustainability/Biodiversity implications

7.1 This Scheme supports the aims of the Runnymede Climate Change Strategy and achieving the UK wide target of Net Zero 2050 across the borough. It also supports the 'Greener Homes and Buildings' and 'Supporting our Communities' themes from the draft Runnymede Climate Change Action Plan.

8. Risk Implications

8.1 The main risk in choosing to implement the ECO Scheme with Happy Energy is if Surrey County Council decided in the future to include ECO4 in the remit of the consortium with Action Surrey. However, the MoU's between RBC and both organisations include a non-exclusivity clause so the ECO Scheme could be run through both suppliers if this situation were to occur.

9. Other implications

9.1 Not applicable

10. Timetable for Implementation

10.1 If approval is granted then the scheme will be put in place with Happy Energy in January 2024. Residents can then begin to use the Scheme.

11. Conclusions

11.1 This paper recommends that the Council partners with Happy Energy to implement the ECO4 Scheme and as such issues the accompanying Statement of Intent on the Council's website. This will provide eligible residents with access to an energy efficiency scheme to support them upgrade their heating systems and have warmer homes.

11.2 Community Services and the Climate Change Team will work together to help make this a success, and that eligible residents are made aware of the support available to them.

12. Background papers

None stated.

13. Appendices

Appendix 'A' – template SOI reproduced from the OfGem website (to be completed)