

REPORT TO: Executive Board

DATE: 21 September 2017

REPORTING OFFICER: Director of Public Health

PORTFOLIO: Health and Wellbeing

SUBJECT: Affordable Warmth -Publication of Statement of intent to utilise Energy Company Obligation Flexibility criteria (ECO2Flex)

WARD(S) Borough wide

1.0 PURPOSE OF THE REPORT

- 1.1 To outline the Energy Company Obligation, ECO, programme and the recent inclusion of a Flexibility component, ECO2Flex.
- 1.2 To outline how the flexibility component supports Halton's Affordable Warmth Strategy and how residents can benefit from
- 1.3 To seek support for a Liverpool City Region, LCR, approach to access the programme
- 1.4 To seek approval for a joint LCR Statement of Intent (Sol)

2.0 RECOMMENDED: That

- 1) The Joint Statement of Intent is approved;**
- 2) Halton participates in a Combined Authority or similar City Region or devolution process to access the flexibility component of the Energy Company Obligation scheme**
- 3) The authority to deliver the flexible component of ECO 2 is delegated to the Director of Public Health, in consultation with the Portfolio holder for Health and Wellbeing.**

3.0 SUPPORTING INFORMATION

- 3.1 About the Energy Company Obligation (ECO) Flexible Eligibility mechanism (ECO2Flex)**
 - 3.1.1 The ECO2Flex scheme supports the implementation of the Council's Affordable Warmth Strategy Action Plan. The Strategy enables households in Halton to achieve the heating levels they need to maintain comfort and good health, at an affordable cost. Living in cold homes can damage the health and wellbeing of the pregnant woman, the growing toddler, school-aged children, the long-term ill and the elderly. It can affect both the low income households

and households of people with greater heating needs due to ill -health and disability.

3.1.2 About one in ten households in Halton are living in fuel poverty. This means they are either unable to heat their homes to an acceptable level to maintain their health and wellbeing or they are spending so much on heating their homes that they do not have enough disposable income to pay for other essential household needs. Fuel poverty can have significant adverse effects on health and wellbeing of people, especially those considered to be vulnerable.

3.1.3 A Key strand of the Strategy is to Improve the energy efficiency of dwellings within the Borough. This will achieve the following objectives:

- Improve the health and wellbeing of Halton residents who are at risk of ill health from living in cold homes
 - Reduce fuel bills for households. This can increase money available for other needs such as eating
 - Help to tackle fuel poverty
 - Reduce CO2 emission within the Borough
 - Contribute to environmental sustainability.

3.1.4 The ECO2Flex is part of the Government licence requirements for those companies that supply gas and electricity to the public. It is an optional extension of the existing ECO scheme to help reduce carbon emissions and tackle fuel poverty through energy efficiency measures. It runs for 18 months, from April 2017 till September 2018.

3.1.5 Suppliers are given targets based on their share of the domestic gas and electricity market. The Scheme focuses on the installation of insulation and heating measures and supports vulnerable consumer groups.

3.1.6 Following consultation, the Government has determined that local authorities will be able to define eligible homes under the new 'flexible eligibility' mechanism. Suppliers can meet up to 10% of their Affordable Warmth Obligation targets through the flexible mechanism.

3.1.7 There is no cost to the Council in determining who is eligible (other than some internal administration), however there is no guarantee of what grant work energy companies will undertake, if any at all.

3.2 ECO FLEXIBILITY

3.2.1 The Government intends that flexible eligibility for local authorities should target the two main categories of private tenure households that may otherwise be excluded under Affordable Warmth:

- Fuel poor households, in particular, those not in receipt of eligible benefits; and
- Low income households that are vulnerable to the effects of living in a cold home.

- 3.2.2 Accountability for the accuracy of targeting is determined by local authorities who are required to identify eligible households and issue a declaration to prove eligibility.
- 3.2.3 In order to ensure accountability, reduce the scope for non-compliance and monitor the effectiveness of the mechanism, the Government will require local authorities to:
- Publish a **Statement of Intent (Sol)**, detailing the methodology and criteria they intend to use to identify eligible customers before they can provide a declaration to suppliers;
 - Issue a declaration to energy suppliers stating that they had determined a household as eligible under Affordable Warmth, and the reasons for determining them as eligible;
 - Produce annual reports on their use of flexible eligibility; and
 - Collect and maintain evidence on their targeting processes and participate in the evaluation of the mechanism.
- 3.2.4 Given the requirements of the wider ECO scheme it is expected that the majority of activity under ECO Flexibility will be cavity wall and loft insulation (there maybe scope for replacement storage heaters or first time central heating, but it is very unlikely to include replacement boilers or solid wall insulation).
- 3.2.5 Should the ECO2Flex scheme be deemed successful nationally then we would expect ECO3 to continue with this flexibility and potentially increase the impact across the borough.

3.3 DELIVERY OPTIONS

- 3.3.1 Assuming Halton would like residents to benefit from this opportunity, it first needs to publish a Statement of Intent (before available funds are allocated) and develop a partnership with an Energy company or one of their agents.
- 3.3.2 Halton could run a scheme as an individual Local Authority, within its own boundaries. This would allow it to run schemes on behalf of other authorities or sub contract to another Local Authority, or work in partnership with neighbouring Authorities.
- 3.3.3 Liverpool City Region (LCR) authorities met to discuss options and produced a LCR-wide scheme and Statement of Intent (Sol), which will ensure a consistent approach across the LCR. A draft Sol has been written (see attached appendix). The advantage of working with the LCR is that there is an existing procured ECO supplier contract in place through Liverpool City Council. Halton has been duly represented in this process.
- 3.3.4 Halton could still publish separately and use the draft Sol as the basis for its own Sol without many changes being required. However that would require a procurement exercise for appointing a delivery partner.

3.3.5 Given the timescales for delivery and the benefits of working together, it is recommended that the LCR approach is supported.

4.0 POLICY IMPLICATIONS

4.1 The ECO2FLEX is a potential opportunity to improve the energy efficiency of homes in Halton. This will reduce the risk of living in cold homes, especially for vulnerable people in the borough. As a result, the short and long term health and wellbeing of qualifying and successful households will be improved. The approach supports the work of the recently adopted Affordable Warmth Strategy.

5.0 FINANCIAL IMPLICATIONS

5.1 There may be financial implications in the administration of this scheme. This will be assessed and managed within the Strategic Group and through partner agencies.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children & Young People in Halton

For children, Fuel poverty and living in a cold home can affect normal development. This includes: unhealthy weight gain; worsened health problems like asthma; increased hospital admissions and reduced educational achievement. For adolescents and young people, living in a cold home can also lead to poor emotional and mental well-being resulting in reduced ability to cope with the stress of life.

Improving the Health and Wellbeing of Children and Young People is a priority in Halton. Increasing Affordable warmth will help to achieve this goal.

6.2 Employment, Learning & Skills in Halton

Reducing fuel poverty and living in cold homes can improve educational achievements for children and young people. This is likely to improve life chances, including employment potentials for people in Halton

6.3 A Healthy Halton

Protecting the health of Halton's population is a statutory responsibility for Public Health and the Council. Increasing Affordable warmth through the ECO2FLEX programme will improve the health and wellbeing of individual households and contribute to a healthier community.

6.4 A Safer Halton

N/A

6.5 Halton's Urban Renewal

The environment in which we live and the physical infrastructure of our communities have a direct impact on our health and wellbeing. Fuel poverty is greatly impacted by dwellings which are poor in terms of energy efficiency. Improving the energy efficiency of homes in Halton will reduce fuel poverty and living in cold homes. It will also contribute to reduction in the council's carbon footprint.

7.0 RISK ANALYSIS

There are no major risks associated with the participation in the ECO2FLEX scheme in Halton.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 This proposal has no negative impact on Equality and Diversity within the Council.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Liverpool City Region ECO2Flex joint Statement of Intent		Olukemi Adeyemi olukemi.adeyemi@halton.gov.uk