

<b>TITLE</b>	<b>Help to Heat and ECO Scheme</b>
<b>FOR CONSIDERATION BY</b>	The Executive on Thursday, 24 September 2020
<b>WARD</b>	None specific;
<b>LEAD OFFICER</b>	Deputy Chief Executive - Graham Ebers
<b>LEAD MEMBER</b>	Executive Member for Resident Services, Communication and Emissions – Gregor Murray

## **PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)**

The aim of this scheme is to facilitate a widespread uptake of Energy Company Obligation (ECO) funding to ensure that energy efficiency measures are installed in as many eligible households within the Borough as possible.

WBC will advertise the national ECO Scheme and the locally set Eco Flex 'Help to Heat' scheme through its own facilities, relevant local publications and through social media.

Use of the ECO scheme is expected to primarily support achievement of 2 key objectives within the borough:

- The alleviation of fuel poverty.
- Improved Energy efficiency in households locally. This will subsequently lead to a reduction in carbon emissions, contributing toward the Council's stated Climate Emergency aims.

The expected benefits of the scheme are reduced energy costs for some residents and a reduction in carbon emissions from the least energy efficient properties in the borough.

## **RECOMMENDATION**

It is recommended that Executive approve:

- 1) the Help to Heat scheme in order that the Chief Executive can sign-off Wokingham Borough Council's 'ECO FLEX Statement of Intent.' This will enable the Statement of Intent to be published on the Council's website.
- 2) the use of the wider national ECO scheme including the advertisement to residents of their ability to access ECO grant funds.

## **EXECUTIVE SUMMARY**

This report outlines:

- The Council's proposed utilisation of the national ECO scheme, enabling access to external grant funding to cover the cost of energy efficiency measures to be undertaken on its HRA housing Stock which have an EPC rating of E,F or G.

- The Councils proposed publication of its Statement of Intent in respect of the locally defined ECO FLEX scheme. This will expand eligibility criteria for private households within the Borough and enable those that have an EPC rating of D, E, F or G, to access Grant Funding for the purpose of undertaking energy improvement works/measures to their homes.
- The report outlines the approach to encouraging and promoting as wide a take up as possible in respect of the available grant funding for the benefit of residents of the borough and in line with the Council's Climate Emergency declaration.

## **BACKGROUND**

The Energy Company Obligation (ECO) is a Government program designed to reduce emissions created by energy company power stations. The current obligation ECO 3 commenced on 3<sup>rd</sup> December 2018 and will run until 31<sup>st</sup> March 2022.

Under ECO major energy suppliers (such as British gas, EDF Energy, EON, Npower, Scottish power & SSE) are obliged to contribute a portion of their income to finance grants under the scheme. ECO grants can be accessed by designated ECO providers/installers with the funding being accessed on behalf of the household.

ECO funding is paid by the obligated large energy suppliers directly to the ECO provider/installer with no grants going via the household or, in the case of HRA housing stock, the local authority.

### Wokingham Borough Council's Aims for the scheme

The aim of this scheme is to encourage and facilitate a widespread uptake of the ECO offer(s) within the Borough in order to ensure that energy efficiency measures are installed in as many eligible households as possible.

Wokingham Borough Council will advertise use of the national ECO scheme as well as the locally set Wokingham Borough Council ECO FLEX 'Help to heat' scheme through our own facilities and internal departments, as well as publishing marketing material.

Use of the ECO schemes is expected to primarily support achievement of 2 key objectives within the borough:

- The alleviation of fuel poverty.
- Improved Energy efficiency in households locally. This will subsequently lead to a reduction in carbon emissions, contributing toward the Councils stated Climate Emergency aims.

### Key Elements of Wokingham Borough Council's use of ECO

The ECO funding will be utilised by WBC through this project in 3 main elements, these being:

1. The use of the national ECO scheme grant funds for WBC's own qualifying housing stock properties.
2. The creation of a local 'Help to Heat' scheme using the ECO 3 'Flexible Eligibility Criteria' which enables WBC to create additional criteria under which private households can qualify for energy efficiency installation measures.
3. The promotion of both the national ECO scheme and its qualifying measures as well as advertisement of Wokingham Borough's 'Help to Heat' scheme with its additional eligibility criteria for private residents.

## **Analysis of Issues**

In order to achieve the Councils stated aims with the declared climate emergency it is necessary to realise external funding opportunities for energy improvement works wherever these are available.

By advertising the ECO scheme and the locally set Help to Heat ECO flex portion of this, the Council can utilise external funding to reduce carbon emissions from private households within the Borough.

## **Finance**

The ECO scheme will not incur significant financial expenditure for the Council as it utilises a national grant-funding scheme that is, in most cases, expected to cover 100% of improvement works.

There may be instances where an ECO surveyor informs the Council that a HRA property doesn't qualify for a grant covering 100% of the costs of identified work. The Councils Housing department has therefore identified use of up to £30,000 from pre-existing budgets to meet any such funding gap(s) where appropriate.

The Council's 'Help to Heat' scheme will not incur capital costs. A member of the Energy Team within Commercial Property will be assigned as the 'Responsible Council Officer' (as required under the scheme) and will undertake additional tasks related to the project as an extension of their substantive role.

## **Governance**

The Council's ECO scheme including the 'Help to Heat' element of this will be run by the Energy team within Commercial Property in Corporate Services Directorate.

The ECO scheme will be administered by the Energy Team with assistance from the Housing department in relation access to HRA housing stock properties and associated data.

## **Next steps**

Following Executive approval the 'Statement of Intent' document will be sent for signing by the Chief executive ahead of publication on the Council's website as required by the legislation under-pinning the locally set flexible eligibility criteria portion of ECO. Once the Statement of Intent is published the Council's 'Help to Heat' scheme will be live and residents will be to engage ECO providers/installers to access funds using the Boroughs locally set additional criteria.

The Energy team has been working with Insta Group Ltd who have been selected to work with WBC in accessing funds for HRA housing stock properties that are eligible and undertaking works.

The Council will undertake advertisement of our 'Help to Heat' scheme as well as the national ECO scheme via social media, local publications and letters to residents to ensure that there is strong uptake of ECO grant funding within the Borough.

## **BUSINESS CASE**

Wokingham Borough Council undertook to reduce its carbon emissions to net zero by 2030. In order to achieve this, continual improvement of the energy efficiency measures of properties within the borough are required.

To tackle carbon emissions within the Borough the Council will need to undertake as many non-mutually exclusive options for improving energy efficiency as practically possible. To facilitate the uptake of energy efficiency improvement measures within Wokingham Borough it is considered that the ECO scheme as outlined above is ideal due to the benefits it provides with limited additional costs.

The grant funding nature of the ECO scheme with funds provided from large energy suppliers to ECO installers (as outlined above) enables work to be undertaken at no cost to individual householders or the HRA (in respect of the Councils Housing Stock). There is subsequently a clear cost benefit to the Borough in making use of ECO funding and advertising this opportunity to local residents.

The current timescales for ECO3 are that it will complete on 31<sup>st</sup> March 2022.

With the adoption of the ECO scheme the expected outcomes will be an uptake of grant funded installation measures in both qualifying borough resident properties and HRA housing stock properties with these resulting in lower energy use as well as carbon emissions for these properties.

There are very few notable risks associated with uptake of ECO since the financial costs for this are placed on large energy suppliers as an obligation to issue a certain level of grant funding.

The main risks associated with this scheme, therefore, are through publicity associated with the works carried out. However, the Council itself will not bear any responsibility for works to third party properties as these will be carried out by independent contractors selected by individual households. The Council's involvement for these properties is to widen the qualifying criteria and facilitate access to the ECO funding.

The biggest notable risks for the ECO scheme surround negative publicity in NOT undertaking it as this would limit access to ECO funds for some residents who could have qualified under the expanded eligibility measures the Council can introduce by publishing a signed ECO flex Statement of Intent. Many neighbouring local authorities already have similar ECO schemes in place.

This scheme represents a positive undertaking by the Council that will benefit not only its own housing stock but also qualifying households within the borough, all of which advances the Council's position in respect of its Climate Emergency declaration.

### **Key Performance Indicators**

The performance of the Help to Heat ECO scheme will be measured in terms of the number of installations/measures undertaken.

The Help to Heat ECO scheme will initially aim for 400 energy efficiency measures to be installed in its first full year.

The data for installation measures will be taken from Wokingham Borough Council's spreadsheet record of approved Help to Heat scheme declarations and from information supplied by Insta Group Ltd as our primary ECO provider.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	
Next Financial Year (Year 2)	£0	Yes	
Following Financial Year (Year 3)	£0	Yes	

### Other Financial Information

The wider ECO scheme will involve the Housing department to facilitate use of ECO grants for eligible HRA housing stock properties as well as the Communications team to assist Energy in advertising both our 'Help to Heat' scheme as well as the national ECO scheme.

### Stakeholder Considerations and Consultation

None

### Public Sector Equality Duty

Equality Assessment completed and attached

***Climate Emergency – This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030***

The delivery of the ECO scheme will have a direct impact in carbon emissions across the Borough. By improving the energy performance of buildings, carbon emissions will be directly reduce.

### List of Background Papers

None

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