

**BARNSELY METROPOLITAN BOROUGH COUNCIL**

**REPORT OF: EXECUTIVE DIRECTOR OF GROWTH & SUSTAINABILITY**

**TITLE: ECO4 STATEMENT OF INTENT**

<b>REPORT TO:</b>	<b>CABINET</b>
<b>Date of Meeting</b>	<b>17 April 2024</b>
<b>Cabinet Member Portfolio</b>	<b>Regeneration &amp; Culture</b>
<b>Key Decision</b>	<b>Yes</b>
<b>Public or Private</b>	<b>Public</b>

**Purpose of report**

This report provides information on the ECO4 and Great British Insulation schemes along with a proposed Statement of Intent to allow the Council to participate in determining eligibility to access this strand of Government funding.

**Council Plan priority**

This report addresses the following Barnsley 2030 priorities.

*Healthy Barnsley:* Fewer people live in poverty.

*Growing Barnsley:* People have a wide choice of quality, affordable and sustainable housing.

*Sustainable Barnsley:* People live in communities with reduced carbon emissions.

**Recommendations**

That Cabinet:-

1. Approves the ECO4/Great British Insulation Scheme Flexible Eligibility Statement of Intent as set out at Appendix B;
2. Approves the signing of the Memorandum of Understanding (MOU) included at Appendix C to facilitate reporting to OFGEM;
3. Approves the use of the Dynamic Purchasing System (DPS) to determine which organisations ECO4/Great British Insulation Scheme Flexible Eligibility declarations will be issued to.

## **1. INTRODUCTION**

- 1.1 The Energy Company Obligation scheme (ECO) is an energy efficiency scheme administered by OFGEM which is specifically designed to tackle fuel poverty and provide support to low-income households in receipt of specific benefits. The scheme places legal obligations on energy suppliers to deliver energy efficiency and low carbon heating measures to domestic housing, to help to achieve the Government's energy security and net zero targets.
- 1.2 ECO4 runs until 31<sup>st</sup> March 2026 and adopts a whole-house approach to retrofit, with multiple measures to be installed so that a property can achieve a minimum EPC rating of Band D (properties currently rated F or G) or Band C (properties currently rated Band D or E) following completion of works. The Great British Insulation Scheme (GBIS) runs alongside this to provide funding for single, lower cost energy efficiency measures such as loft insulation and has wider eligibility criteria than ECO 4.
- 1.3 Under the Flexible Eligibility mechanism within ECO4 (ECO Flex), Local Authorities can declare specific households as being eligible to receive ECO 4/GBIS funding, using certain pre-defined routes. A Statement of Intent must be published on the Authority's website to allow it to participate in this method of funding delivery.

## **2. UPDATE AND PROPOSAL**

- 2.1 Local Authorities are choosing to deliver ECO/ GBIS Flex in one of two ways:
  - i) Issuing declarations to any Installers working in the locality who identify residents meeting the criteria and charging a small administrative fee to cover the cost of doing this. Or,
  - ii) Working with one or more existing delivery partners who identify residents meeting the criteria and issue declarations to them.
- 2.2 Following consultation with colleagues in Legal and Procurement, the proposal is to utilise the Dynamic Purchasing System (DPS), which has already been established to procure contractors for retrofit works, as a marker to identify those existing delivery partners that will be issued with a declaration. Contractors must supply certification to demonstrate that they are a competent business and can complete insulation works to the PAS2030 industry standards to be able to join the DPS. Restricting declarations to those on the DPS ONLY helps to ensure a quality product and service is being offered to Barnsley residents. The DPS is an open framework which can be joined at any point.
- 2.3 GEMA (Gas and Electricity Markets Authority), along with OFGEM, are regulators of the ECO4/ GBIS scheme and have produced a template for Local Authorities to use for their Statement of Intent (SOI). The proposed SOI for Barnsley is included at Appendix B.

- 2.4 Local Authorities participating in the ECO4/ GBIS scheme are required to submit information to OFGEM regarding the declaration that they sign off under their Statement of Intent. GEMA have produced a Memorandum of Understanding to facilitate this reporting requirement, a copy of which is included at Appendix C.

### **3. IMPLICATIONS OF THE DECISION**

#### **3.1 Financial and Risk**

- 3.1.1 Consultations have taken place with representatives of the Director of Finance (S151 Officer).
- 3.1.2 This report seeks approval to implement the ECO4 Statement of Intent which provides local authorities guideline criteria to assess how citizens are classified as being in 'Fuel Poverty'.
- 3.1.3 This classification category allows eligible people the opportunity to bid for Great British Insulation scheme funding issued by the major energy companies.
- 3.1.4 There are no direct financial implications to the authority as a result of this report.

#### **3.2 Legal**

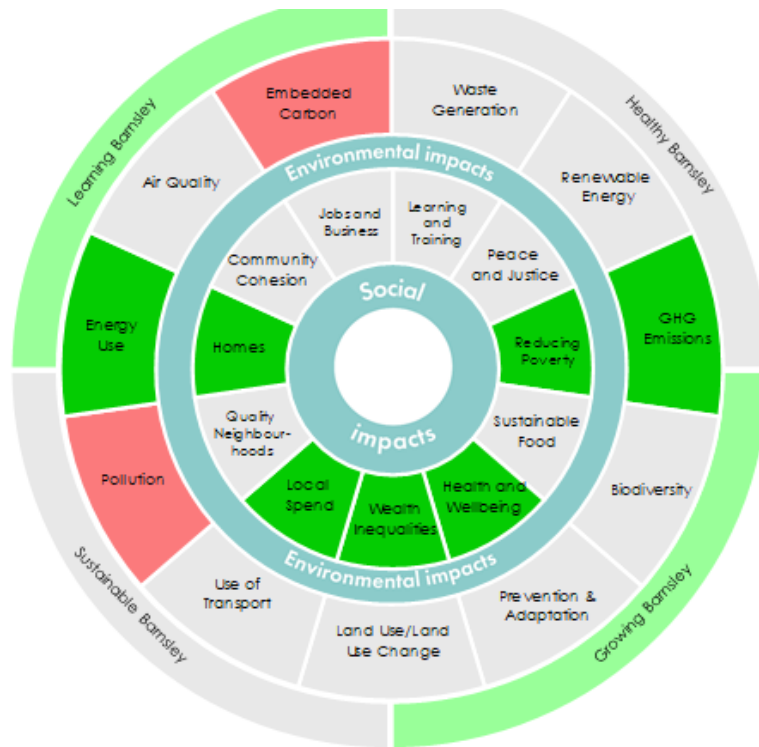
- 3.2.1 The MOU has been reviewed and approved for signature by Legal, who have noted that although this document is termed as a Memorandum of Understanding, it serves the same purpose as a data sharing agreement. The compliance requirements within the terms relating to how the data is to be processed and shared, should also be noted.

#### **3.3 Equality**

- 3.3.1 A full equality impact assessment had been completed for the ECO4 scheme. The findings show that the scheme will impact positively on groups with protected characteristics through the reduction in energy bills and health inequalities.

#### **3.4 Sustainability**

- 3.4.1 The sustainability decision-making wheel has been produced for this project and the overall impacts are positive, particularly around reducing carbon emissions, reducing poverty, and improving the health and well-being of residents.
- 3.4.2 Pollution from the insulation manufacturing process along with embedded carbon in the supply chain are highlighted as areas of negative impact. However, work is on-going with the procurement team to address how we can build a more sustainable supply chain going forwards.



### 3.5 Employee

- 3.5.1 An administrative resource will be required for ECO 4/GBIS to monitor the applicants on the Dynamic Purchasing System. This will be covered by existing Procurement and Warm Homes Officers.
- 3.5.2 An administrative resource will be required to issue and report on declarations produced under the Council's Statement of Intent. This will be covered by existing staff within the Warm Homes team.
- 3.5.3 Existing Warm Homes Officers will continue to promote the support available for energy efficiency works and support vulnerable residents to access grants and other services to help them stay warm and well in their homes.

### 3.6 Communications

- 3.6.1 A rolling programme of social media promotion will continue along with the promotion of Warm Homes and Healthy Housing drop-in sessions and community events.
- 3.6.2 Locally held data will be utilised to devise specific marketing campaigns for ECO4/GBIS.

## 4. CONSULTATION

- 4.1 Consultations have taken place internally with colleagues in Procurement, Finance, Legal, Comms and Public Health. Consultations have taken place externally with existing delivery partners, OVO Energy Services.

## 5. ALTERNATIVE OPTIONS CONSIDERED

### 5.1 That the Council doesn't participate in the ECO4/ GBIS Flex scheme.

This is not recommended as participation in this scheme costs nothing additional to the Council other than officer time but will benefit those residents who do not qualify for financial support for energy efficiency works through the standard ECO4/GBIS routes.

### 5.2 That declarations under the Statement of Intent are issued to any organisation who approaches the Council to obtain one.

This is not recommended as, by way of the Council being involved in the process, residents could potentially see this as an endorsement of that contractor/organisation. Therefore, the Council needs to undertake the necessary checks associated with an organisation joining our Dynamic Purchasing System to ensure that declarations are only being issued to genuine, competent organisations who work to the expected industry standards. Whilst contracts for work are between the contractor and the householder, there are still reputational risks for the council.

## 6. REASONS FOR RECOMMENDATIONS

6.1 By participating in the ECO 4 scheme, the Council can ensure that residents of Barnsley can access this additional source of funding, which is available across England, to fully fund the insulation of their properties to make them warmer and easier to heat.

## 7. LIST OF APPENDICES

Appendix B: Statement of Intent

Appendix C: MOU for ECO reporting to GEMA

## 8. REPORT SIGN OFF

<b>Financial consultation &amp; sign off</b>	Senior Financial Services officer consulted and date  <b>Steve Loach</b> <b>12/03/24</b>
<b>Legal consultation &amp; sign off</b>	Legal Services officer consulted and date  <b>Peter Wilson</b> <b>01/03/2024</b>

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**Date:** 28<sup>th</sup> February 2024