

Greater Manchester Combined Authority

Date: 28 October 2022
Subject: Energy Company Obligation 4 (ECO4)
Report of: Councillor Martyn Cox, Portfolio Lead for Green City Region and Harry Catherall, Portfolio Lead Chief Executive for Green City Region

Purpose of Report:

The purpose of the paper is to seek GMCA approval to conduct an 'Energy Company Obligation 4 (ECO4) Approved Application Process' exercise for identification of delivery installer(s) in Greater Manchester, specifically for the Flexible Eligibility element.

This paper also seeks approval for the GM Statement of Intent for ECO4 Flexible Eligibility, setting out the region's criteria for ECO4 Flexible Eligibility. Once agreed, the Statement of Intent will be published on GMCA website.

Recommendations:

The GMCA is requested to:

1. Note the forthcoming funding opportunity presented by Energy Company Obligation 4 (ECO4) and specifically the Flexible Eligibility element.
2. Delegate approval to the GMCA Treasurer and GMCA Monitoring Officer to:

<u>BOLTON</u>	<u>MANCHESTER</u>	<u>ROCHDALE</u>	<u>STOCKPORT</u>	<u>TRAFFORD</u>
<u>BURY</u>	<u>OLDHAM</u>	<u>SALFORD</u>	<u>TAMESIDE</u>	<u>WIGAN</u>





- a) Conduct an ECO4 Approved Application Process to produce a list of GM Wide ECO4 delivery installer(s).
 - b) Centralise the management of ECO4 Flexible Eligibility on behalf of the 10 districts.
 - c) Receive and defray any concession received to cover internal costs over the ECO4 period.
3. To approve the GM Flexible Eligibility Statement of Intent (Annex 1) and authorise the CEO of the GMCA to sign it on behalf of the GMCA and all 10 GM LAs.
 4. Note that the co-benefits assessment of this proposal suggests this project will directly reduce emissions from domestic buildings, in particular the worst performing properties.

Contact Officers:







Mark Atherton mark.atherton@greatermanchester-ca.gov.uk

Sean Owen sean.owen@greatermanchester-ca.gov.uk

Equalities Impact, Carbon and Sustainability Assessment:

Impacts Questionnaire			
Impact Indicator	Result	Justification/Mitigation	
Equality and Inclusion	G	The funding if successful would support those who live in homes which are the worst energy performing. The proposal will support those who are potentially greatest affected by the cost of living crisis and living in the worst energy performing homes.	
Health	G	The increased efficiency of the homes could support the reduction of household fuel poverty in GM. Ill health and anxiety which can be attributed to fuel poverty, could be alleviated by the measures installed for residents who meet the funding criteria.	
Resilience and Adaptation	G	Increased energy efficiency can lead to a reduction of hospital admissions as a result of fuel poverty. The proposal/decision seeks to reduce fuel poverty.	
Housing	G	The proposal could reduce energy costs or mitigate price rises for residents in GM's worst performing housing. Properties benefiting from proposed measures could reduce the running costs of homes, or mitigate the price increases being witnessed. Existing residential properties that receive energy efficiency measures through ECO4 will see an improvement e.g. in the form of heating, insulation etc. The government's aspiration is for EPC rating of C by 2035. This proposal/decision may aid this.	
Economy	G	Jobs will be created or maintained through an ECO4 scheme e.g. for installers, supporting local jobs. This proposal/decision may support and secure local jobs. The funding is designed to retrofit our worst energy performing homes, leading to a sense of place if targeted via delivery. The successfully procured company/companies will provide relevant skills development and training to staff, e.g. on latest energy efficiency technologies.	
Mobility and Connectivity			
Carbon, Nature and Environment	G	The removal of gas boilers and replaced with other forms of heating would reduce emissions from boilers.	
Consumption and Production	A	Old inefficient boilers will be disposed of correctly by installers as per national guidelines. This is to allow for the install of efficient heating systems. Where it is deemed viable old boilers will be repaired rather than replaced.	
Contribution to achieving the GM Carbon Neutral 2038 target		This project will directly reduce emissions from domestic buildings in particular the worst performing properties across all tenures.	
Further Assessment(s):	Equalities Impact Assessment and Carbon Assessment		
 Positive impacts overall, whether long or short term.	 Mix of positive and negative impacts. Trade-offs to consider.	 Mostly negative, with at least one positive aspect. Trade-offs to consider.	 Negative impacts overall.

Carbon Assessment

Overall Score								
Buildings	Result	Justification/Mitigation						
New Build residential	N/A							
Residential building(s) renovation/maintenance		All properties supported will receive measures to enable them to exceed their EPC.						
New Build Commercial/Industrial	N/A	ECO4 seeks to increase the EPC of all properties supported. Old inefficient gas/oil heating systems will be replaced with new low carbon heating systems. in some rare instances						
Transport								
Active travel and public transport	N/A							
Roads, Parking and Vehicle Access	N/A							
Access to amenities	N/A							
Vehicle procurement	N/A							
Land Use								
Land use	N/A							
No associated carbon impacts expected.		High standard in terms of practice and awareness on carbon.		Mostly best practice with a good level of awareness on carbon.		Partially meets best practice/ awareness, significant room to improve.		Not best practice and/ or insufficient awareness of carbon impacts.

Risk Management:

This proposed submission has been informed by both national and local actors and/or polices. The submission, if successful will be subject to internal governance, in-line with the structures currently utilised for similar such programmes e.g., ECO3, Green Homes Grant, Social Housing Decarbonisation Fund.

Legal Considerations:

The contents of this submission will require entering the successful companies onto an Approved List of installers. As such, the paper highlights any risks and seek legal advice when appropriate prior to any form of contracting.

Financial Consequences – Revenue:

There are no financial consequences for GMCA revenue budgets as fully funded provision will be provided within the successful contract process. We are seeking a concession agreement from the successfully approved installer(s), this will cover GMCA costs.

Financial Consequences – Capital:

There are no current financial consequences for GMCA capital budgets as all funded capital expenditure will be via defrayed funds to the approved installers only.

Number of attachments to the report: 1

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

N/A

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution?

Yes

Exemption from call in

Are there any aspects in this report which means it should be considered exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

No

GM Transport Committee

N/A

Overview and Scrutiny Committee

TBC

1. Introduction / Background

- 1.1 For Greater Manchester to achieve its target of carbon neutrality by 2038, we need to prioritise the decarbonisation of heat which, at 2.8mtCO_{2e} per annum, is one of our single biggest sources of carbon emissions. By 2030, our headline objective is to have reached an average of 61,000 domestic properties being retrofitted per year, with the aim to reach an average Energy Performance Certificate Rating of C.
- 1.2 In GM, 181,588 households, representing some 15% of the Greater Manchester population, are classed as experiencing fuel poverty¹ and over 30% of carbon emissions come from energy inefficient buildings. To address these issues, it is important for vulnerable fuel poor residents to be able to access free or low-cost energy efficiency measures.
- 1.3 The Energy Company Obligation (ECO) is a government energy efficiency scheme to help reduce carbon emissions and tackle fuel poverty. The scheme began in April 2013 and, over time, it has been amended.
- 1.4 The previous ECO3 scheme closed on 31 March 2022. The new ECO4 Order, an amended version of previous ECO Orders, came into force on the 27th of July 2022 and will cover a four-year period until 31 March 2026.
- 1.5 The ECO4 Order applies to measures installed from 1 April 2022 by energy companies using ECO funds. Energy companies have access to these funds and can utilise them to install energy efficiency measures in fuel poor households. The constraints are that the householder needs to be eligible, i.e., deemed as fuel poor and only then certain energy efficiency measures are available.
- 1.6 The ECO fund will:

¹ [Poverty Monitor 2022: Fuel, utilities and food - Greater Manchester Poverty Action \(gmpovertyaction.org\)](https://www.gmpovertyaction.org/poverty-monitor-2022-fuel-utilities-and-food)

- deliver warm, energy-efficient homes
- reduce carbon emissions from treated properties
- tackle fuel poverty
- support green jobs
- develop the local retrofit sector
- improve the comfort, health, and well-being of low-income owner occupier households and low-income privately rented households.

2. Energy Company Obligation 4 (ECO4) Flexible Eligibility

- 2.1. Energy Company Obligation (ECO) funds are provided by energy companies to assist fuel poor residents. Flexible Eligibility was launched in 2017 by central government allowing LAs to set eligibility criteria to determine which fuel poor residents are eligible for ECO funds.
- 2.2. Historically, the GMCA has coordinated this on behalf of all 10 GM LAs, which has involved publishing the eligibility criteria in a Statement of Intent on the GMCA website.
- 2.3. The Greater Manchester ECO4 Statement of Intent (Annex 1) has been agreed by all 10 GM LAs via the GM Housing Retrofit Group.

3. ECO4 Approved Application Process for Installer(s)

- 3.1. GM's current procured ECO3 installer is E.ON. However, this contract is due to expire at the end of March 2023 and is non-renewable.
- 3.2. All 10 GM LAs, via the GM Housing Retrofit Group, have requested GMCA to conduct an Approved Application Process for ECO4 Flexible Eligibility installers. Companies applying to be on GM's Approved Installer List (for ECO4 Flexible Eligibility) will be thoroughly vetted, thus providing a level of quality assurance. The

additional benefit of this is that it allows us a level of control, e.g. we can guide the installers on the approved list to suitable properties.

- 3.3. We will appoint a maximum of 3 companies onto the Approved Installer List (more than 3 would be difficult to manage). Unsuccessful ECO installer applicants can still install ECO measures under the wider national ECO programme (which does not require declaration forms to be signed by LAs/Combined Authorities to approve installs). All 10 GM LAs have agreed with this process.
- 3.4. The successful installer(s) would enter into a concession agreement with the GMCA, requiring a payment to GMCA for the provision of contract management. For example, declaration forms need to be signed by the Combined Authority for each successful applicant to confirm their eligibility. It is normal for an installer to provide all the paperwork required to enable this efficiently.
- 3.5. The new contract would run until 2026, i.e., for the duration of ECO4.

4. Opportunities / risks

4.1. The key opportunities include:

- Maximising funding for measures which supports fuel poor residents.
- Potential to mitigate the cost-of-living crisis being felt by some of our most fuel poor residents.
- Improving the energy efficiency of the lowest energy efficiency rated owner occupied and privately rented homes in GM, supporting GM fuel poor residents, and reducing carbon emissions.
- Opportunity for GM LAs to collaborate, with consequential efficiencies of scale.
- Opportunity to link this retrofit delivery programme to local apprenticeships and employment initiatives.

- Maximising housing stock data held by GMCA, to prioritise marketing of the offer to residents.
- ECO4 is fully funded so should not require additional funds from the resident.

4.2. The key risks include:

- Insufficient capacity to deliver both internally and externally, in the form of officer time and supply chain.
- The criteria for the scheme are more restrictive than previous ECO funding regimes.
- Failure to act would lead to no delivery via the ECO Flex mechanism in GM.

5. Financial Implications

If the approval list exercise is successful:

- 5.1. GMCA may enter into a concession agreement with the successful installer(s), with the concession funds provided by the installer(s) covering all GMCA's project management costs.
- 5.2. There is no direct financial burden on districts, however district officers will be required to work with the central co-ordinating team to ensure delivery is efficient e.g., liaison with planning officers.
- 5.3. LAs with their own ECO4 projects or targeted approaches may also be required to sign declaration forms to confirm the eligibility of the applying resident e.g., Manchester's Connected for Warmth scheme.

6. Recommendations

The GMCA is requested to:

1. Note the forthcoming funding opportunity presented by Energy Company Obligation 4 (ECO4) and specifically Flexible Eligibility.
2. Delegated approval to the GMCA Treasurer and GMCA Monitoring Officer to:
 - a) Conduct an ECO4 Approved Application Process to produce a list of GM Wide ECO4 delivery installer(s).
 - b) Centralise the management of ECO4 Flexible Eligibility on behalf of the 10 districts.
 - c) Receive and defray any concession received to cover internal costs over the ECO4 period.
3. To approve the GM Flexible Eligibility Statement of Intent (Annex 1) and authorise the Chief Executive of the GMCA to sign it on behalf of the GMCA and all 10 GM LAs.
4. Note that the co-benefits assessment of this proposal suggests this project will directly reduce emissions from domestic buildings, in particular the worst performing properties, across all tenures.

Annex 1

Greater Manchester Combined Authority ECO4 Flexible Eligibility Statement of Intent

Local Authority names: Bolton Council, Bury Council, Manchester City Council, Oldham Council, Rochdale Borough Council, Salford City Council, Stockport Metropolitan Borough Council, Tameside Metropolitan Borough Council, Trafford Council, Wigan Council.

Publication Date: 01/11/2022

Version number: 4

Publication on web site: www.greatermanchester-ca.gov.uk

This statement sets out the Greater Manchester Combined Authority's flexible eligibility criteria for the Energy Company Obligation (ECO4) scheme from April 2022 – March 2026.

The ECO4 scheme will focus on supporting low income and vulnerable households. The scheme will improve the least energy efficient homes helping to meet the Government's fuel poverty and net zero commitments.

The flexible approach for Local Authorities (LAs) to identifying fuel poor and vulnerable households who may benefit from heating and energy saving measures is referred to as "ECO4 Flex".

The Greater Manchester Combined Authority welcomes the introduction of the ECO4 Flex eligibility routes as it helps the 10 Greater Manchester Councils achieve their plans to improve the homes of those in fuel poverty or vulnerable to the cold.

The Greater Manchester Combined Authority is publishing this Statement of Intent (Sol) on 01/11/2022 to confirm that each of the households declared will adhere to at least one of the four available routes outlined below:

Route 1 (Household Income): Households living in private tenure Energy Performance Certificate (EPC) band D, E, F, or G homes and with a gross annual income less than £31,000. This cap applies irrespective of the property size, composition, or district and is from all sources of income, including both non means tested and means tested benefits.

Route 2 (Proxy Targeting): Households living in owner occupied or privately rented EPC band E, F, or G homes that meet **at least two** of the following proxies:

Proxy 1) Homes in England in Lower-layer Super Output Area (LSOA) 1-3 on the English Indices of Deprivation 2019².

Proxy 2) A person living at the premises receives a Council Tax reduction on the grounds of low income.

Proxy 3) A person living at the premises is considered to be vulnerable to the cold under the National Institute for Health and Care Excellence (NICE) Guidance: Recommendation 2, for a reason other than their low income³.

Proxy 4) A child living at the premises is eligible for free school meals, due to low-income⁴.

Proxy 5) A person living at the premises is supported by Bolton Care and Repair, Warm Homes Oldham, or AWARM Plus Wigan, which have been established to support people living on a low income and vulnerable to the cold under NICE Guideline NG6.

² [The English Indices of Deprivation 2019 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

³ [Recommendations | Excess winter deaths and illness and the health risks associated with cold homes | Guidance | NICE](#)

⁴ Under section 512ZB(4) of the Education Act 1996

Proxy 6) A person living at the premises has been referred to the LA for support by their energy supplier or Citizens Advice because they have been identified by the referrer as struggling to pay their gas or electricity bills.

Proxy 7) Households identified through supplier debt data. This route enables obligated suppliers to use their own debt data to identify either Non Pre-Payment meter households (non-PPM), or Pre-Payment meter households (PPM)*.

- a) **Non-PPM customers:** These are customers who have been in debt for more than 13 weeks ending with the day on which the declaration is made, and are in a debt repayment plan with their energy supplier or repaying their fuel debt through 3rd party deductions.
- b) **PPM customers:** Suppliers may also identify PPM households who:
 - have either self-disconnected or received supplier Discretionary / Friendly credit within the last 13 weeks ending with the day on which the declaration is made; or
 - are in a debt repayment plan with their energy supplier; or
 - repaying their fuel debt through 3rd party deductions.

* Proxies 1 & 3 and proxies 6 & 7 cannot be used in combination with each other.

Route 3 (NHS Referrals): Households in private tenure EPC band D, E, F and G homes and identified as housing a person suffering from a severe and / or long-term health condition that is adversely affected by living in a cold home.

The person's severe or long-term health condition must be due to:

- A cardiovascular condition,
- A respiratory disease,
- Limited mobility, or
- Immunosuppression.

The authority must complete a declaration certifying that it has received a referral from one of the following:

- A General Practitioner (GP),
- An NHS Foundation Trust, or
- An NHS Trust,

Route 4 (Bespoke Targeting): Authorities can submit a proposal to BEIS for a new route to identify low-income and vulnerable households where they are not already eligible under the existing routes. Applications need to demonstrate a number of factors, including that, aside from living in private tenure EPC band E, F, and G homes:

- The proposed methodology would identify low-income households where more than 50% are not in the Help to Heat Group **and**,
- At least 75% of the households that meet the criteria are owner-occupied premises occupied by at least one person living in fuel poverty, **or**
- At least 90% of the households that meet the criteria are private rented premises occupied by at least one person living in fuel poverty.

Further guidance on this route will be published by BEIS later in 2022.

Declaration and evidence check confirmation

All potentially eligible households should apply through the Greater Manchester Combined Authority or one of its approved ECO4 installers to ensure that they can either benefit from the scheme or be assessed for eligibility under any other relevant programme.

The officers below will be responsible for checking and verifying declarations and associated evidence submitted on behalf of each authority:

Name:	Job Title:	Telephone:	E-mail:
--------------	-------------------	-------------------	----------------

Greater Manchester Combined Authority			
Tina Gandhi	Principal Environmental Strategy Officer	07973 876473	Tina.Gandhi@greatermanchester-ca.gov.uk
Anees Mank	Programme and Policy Lead – Retrofit	07926 068636	Anees.Mank@greatermanchester-ca.gov.uk
Bolton Council			
Emma Sewell	Principal Strategy Officer (Housing)	01204 336811	Emma.Sewell@bolton.gov.uk
Bury Council			
Nicole Stonier			Nicole.Stonier@bury.gov.uk
Michelle Stott	Unit Manager – Private Sector Housing	0161 253 6367	M.D.Stott@bury.gov.uk
Manchester City Council			
Andrew Cullinan	Business Support Officer		Andrew.Cullinan@manchester.gov.uk
Paula Watt	Project Manager – Zero Carbon		Paula.Watt@manchester.gov.uk
Oldham Council			
Philip Doherty	Resident Liaison Officer	0161 770 1060	Philip.Doherty@oldham.gov.uk
Mark Drinkwater	Building Surveyor	0161 770 1048	Mark.Drinkwater@oldham.gov.uk
Rochdale Borough Council			
Mohammed Butt	Housing Technical Officer	01706 924289	Mohammed.Butt@rochdale.gov.uk

Peter Maynard	Head of Housing and Homelessness		Peter.Maynard@rochdale.gov.uk
Salford City Council			
Javid Mayat		0161 793 3206	Javid.Mayat@salford.gov.uk
Caren Green			Caren.Green@salford.gov.uk
Stockport Metropolitan Borough Council			
Colm O'Brien			Colm.Obrien@stockport.gov.uk
Andrew Kippax	Strategic Housing Lead	0161 474 4319	Andy.Kippax@stockport.gov.uk
Tameside Metropolitan Borough Council			
Christina Morton	Environmental Development Officer	0161 342 3550	Christina.Morton@tameside.gov.uk
Trafford Council			
Samantha Smeaton	Housing Enforcement Officer	0161 912 4576	Samantha.Smeaton@trafford.gov.uk
Nicola Lees	Team Leader – Housing Standards	07890 067855	Nicola.Lees@trafford.gov.uk
Wigan Council			
Stephanie Alsop	Service Manager		S.Alsop@wigan.gov.uk
Joanne Wilmott	Assistant Director		J.Wilmott@wigan.gov.uk

CEO mandatory signature

Each authority will administer the scheme according to BEIS' ECO4 Order and will identify eligible households via Ofgem's application process. The CEO of each authority will oversee the process of identifying eligible households under ECO4 Flex.

The eligibility information will be stored securely in line with each authority's data protection policy, Information Commissioner's Office Data Sharing Code, and BEIS guidance.

Signature: *Eamonn Boylan*

Name: Eamonn Boylan

Job Title: Chief Executive - Greater Manchester Combined Authority

Date of signature: 01/11/2022

For any general enquires relating to this Sol, please contact: eco@greatermanchester-ca.gov.uk