

Meeting:	Decision Session – Executive Member for Housing, Planning and Safer Communities
Meeting date:	18/07/2024
Report of:	Pauline Stuchfield, Director of Housing and Communities
Portfolio of:	Councillor Michael Pavlovic, Executive Member for Housing, Planning and Safer Communities

Decision Report: Leveraging more Retrofit Investment into York – Energy Company Obligation Wave 4 and Great British Insulation Scheme LA Flex Arrangement

Subject of Report

1. City of York Council (the “Council”) are seeking to maximise the opportunities available to private residents, to enable them to improve the energy efficiency of their homes. In so doing, residents would benefit from warmer and healthier homes, save money on fuel bills, and reduce carbon emissions, therefore contributing to the ambition for York to be a net zero and climate ready city by 2030.
2. The council has been successful in applying for and utilising significant grant funding alongside our own investment to deliver retrofit projects to many council homes as well as those in the private sector. The council is also leading on advice work for properties which are listed, in conservation areas and Gypsy and Traveller accommodation. The council is developing a ‘retrofit one stop shop’ which it is hoped will both develop demand for retrofit and remove barriers to delivery.
3. This report looks to supplement this activity through taking a proactive approach to bringing further retrofit investment into the city through Energy Company Obligation 4 LA Flex (“ECO4”) funding, a government energy-efficiency scheme designed to tackle fuel poverty and help reduce carbon emissions.
4. ECO4 is an obligation placed on energy companies to deliver energy efficiency measures to domestic premises. ECO4 focusses

- on improving the least energy efficient homes and households in fuel poverty, as only properties in bands D-G can be treated.
5. This report seeks to increase York's share of ECO4 funding by supporting vulnerable York residents in gaining access to the funding. We are seeking to achieve this through a partnership with Agility Eco Services Ltd ("Agility Eco") who are a B-Corp Business. Agility Eco provide services to other Local Authorities, managing the ECO4 LA Flex application process.
 6. To support a greater uptake of available government funding, the council would publish a Statement of Intent that would widen eligibility of the existing ECO4 scheme to a larger pool of residents. The proposal involves the creation of a referral mechanism for residents and interested installers to access the ECO4 LA Flex scheme and a partnership whereby the day-to-day management of the scheme will be handled by Agility Eco with no charge to the Council.

Benefits and Challenges

7. The Home Energy Efficiency Team, within the Healthy and Sustainable Homes Team entirely consists of fixed-term, grant-funded resource and as such, no full-time or permanent resource can be assigned to manage and administer the Council's ECO4 LA Flex obligations which are made with no funding from central government.
8. The main benefit of working with Agility ECO is the opportunity to hand over main management of the scheme, while still being included in the approval declaration stage and being able to report back to Ofgem.
9. The main risk in not supporting the proposed partnership approach with Agility ECO is that the Council would not be able to make use of available government funding to improve the energy efficiency of properties in York.

Policy Basis for Decision

10. The Council Plan for City of York for 2023 to 2027, 'One City, for all' sets out priorities for the next 4 years focus on helping everyone, wherever they live in the city, have happier and healthier lives.
11. The proposals align with several of the Council's commitments, including:
 - 3) Climate – reducing carbon emissions by providing financial assistance to York residents to undertake thermal efficiency measures to their homes using ECO4 funding.
 - 4) Health – improving the health of residents of York through improvement to properties thermal efficiency to help people stay warm in their homes. The proposed partnership with Agility Eco will give eligible customers the opportunity to keep comfortable and healthy in their own homes, benefit from a reduction in bill prices and contribute to reducing the carbon emissions of their home, benefitting the City as a whole.
12. In addition, they will also support the Council Plan priorities and the Council's ambition to be a net zero carbon city by 2030.

a) Health and wellbeing: A health generating city, for children and adults.

Exposure of residents to excess cold exacerbates a range of health conditions and contributes to increased hospital admissions during the winter months. Older people and disabled people are particularly at risk from excess cold. Retrofitting homes will make tangible improvements to the energy performance of dwellings thereby reducing incidents of excess cold and associated ill health. Excess cold and unaffordable utility bills are also factors which can contribute to mental ill-health. Therefore, these projects can provide a base for improved mental health for those residents.

f) Sustainability: Cutting carbon, enhancing the environment for our future.

The City's housing stock contributes around a third of the city's carbon emissions. Retrofit improves the thermal performance of existing dwellings, reduces heating demand, transitions homes

to low carbon solutions, and thus reduces reliance on fossil fuels.

Financial Strategy Implications

13. There are no direct financial implications from the proposal, as the service offered by Agility Eco Service Ltd is free of charge to City of York Council. Agility Eco will recoup management costs by charging installers for their applications.

Recommendation and Reasons

14. The Executive Member is asked to:
 - a) Approve the attached Statement of Intent for publication, indicating the Council's intention to receive ECO4 and Great British Insulation scheme LA Flex applications from approved partners.
 - b) Support the creation of a partnership with Agility ECO, through the signing of a Memorandum of Understanding and Data Sharing Agreement between the Council and Agility ECO.
 - c) Enter into a customer data sharing arrangement with the Gas and Electricity Markets Authority/ Ofgem, who are the data monitor of the scheme, through the signing of a Data Sharing Agreement; and
 - d) Delegate authority to the Director of Housing and Communities (and their delegated officers), in consultation with the Director of Governance (and their delegated officers), to negotiate the provisions, and conclude the entry into the proposed Memorandum of Understanding and Data Sharing Agreements.

Reason: The proposed partnership will assist the Council in opening the current ECO4 and Great British Insulation Scheme ("GBIS") schemes to York residents on low incomes and residents considered 'at risk' due to ill health; helping these residents to access energy efficiency retrofit measures that could provide the following benefits:

- Greater increase in household comfort,
- Reduction in household running costs, and
- Reduction in household carbon emissions.

Realisation of these benefits would help contribute to various sections in the authority's Council Plan and help towards the achievement of the Council's Net Zero 20230 target.

Background

ECO4

15. ECO4 is one of the latest rounds of Energy Company Obligation funding announced by central government to provide energy efficiency improvement measures to low-income households, funded directly by the profits of energy suppliers. ECO4 was announced in September 2021 and access to the funding commenced on 1st April 2022; the scheme will run until 31st March 2026.
16. The ECO4 scheme intends to provide heating and insulation measures to at least 3.5 million households nationally, with a total allocated budget of £4 billion. The intended overall target is £224.3 million in notional annual bill savings by March 2026. The government is focussed on offering available measures to households identified as low income and vulnerable or fuel poor, in EPC band D-G homes.
17. To support households on the lowest incomes, only households in receipt of means tested benefits are currently eligible for ECO4. However, there is the opportunity for the Council to widen eligibility for the funding through a Statement of Intent in line with strategic objectives.
18. There is a minimum post-works EPC band requirement of C for all properties insulated or heated under the scheme; as such, households that would not be able to meet this minimum band requirement, with the proposed measures, would be ineligible for the scheme. They would, however, be eligible for ECO4's sister-scheme, the Great British Insulation Scheme.

Great British Insulation Scheme

19. The Great British Insulation Scheme (GBIS hereafter) was announced in October 2022 as ECO+ and access to the funding commenced at the end of 2023; this scheme will run concurrently, alongside ECO4, until 31st March 2026.
20. GBIS (formerly ECO+) aims to support the installation of insulation measures in around 410,000 homes nationally, cutting annual household bills by an average of £310 per property, by offering one insulation measure only, to a wider pool of applicants. The scheme is open to any owner-occupied or tenanted property within A-D Council Tax bands and with an EPC of D-G, while prioritising those on low income and in fuel poverty.
21. Unlike ECO4, GBIS does not require Energy Companies to contribute but many of the larger energy suppliers are taking part to help those that cannot gain assistance via ECO4. GBIS has no minimum EPC band requirement, which means that many of those that are ineligible for ECO4 are instead eligible for one insulation measure under GBIS.

LA Flex Arrangement

22. Currently, the only residents that can access and benefit from ECO4 are those in receipt of means-tested income benefits. Similarly, the only residents that can access GBIS, are those in Council Tax Bands A-D or those in receipt of means-tested income benefits. The LA Flex arrangement has been devised by Central Government, to enable Local Authorities to identify other vulnerable resident groups and widen eligibility, enabling these groups to access and benefit from the ECO4 and GBIS schemes.
23. Take up of the LA Flex arrangement, by Local Authorities, is not mandatory but highly recommended.
24. Via the Publishing of the Local Authority Statement of Intent and the creation of a management process or partner arrangement, the LA Flex process enables Local Authorities to set wider eligibility criteria for both ECO4 and GBIS via four routes:

Route 1: Owner-occupied and private rented sector households with a gross annual income less than £31,000. This cap applies irrespective of the property size, composition, or region.

Route 2: Owner-occupied and private rented sector households that meet two of the prescribed criteria, as detailed in Annex 2, which includes criteria such as deprivation, vulnerable households, children etc.

Route 3: Owner-occupied and private rented sector households that have been identified by either a person registered in the General Practitioner Register, a Scottish Health Board, a Welsh Health Board, an NHS Foundation Trust, or an NHS Trust as vulnerable, with an occupant whose health conditions may be adversely affected by living in a cold home. These health conditions must be cardiovascular, respiratory, immunosuppressed, or limited mobility related.

Route 4 [applicable to ECO4 only]: Suppliers and Local Authorities can submit an application to the Department for Energy Security and Net Zero, where they have identified new methods to identify low-income and vulnerable owner-occupied and private rented sector households, that could be used for bespoke targeting, in accordance with the authorities' strategic objectives. Applications need to demonstrate a number of factors, including that the proposed methodology is more effective at identify households in fuel poverty than the criterion offered under Routes 1 and 2.

Who are Agility Eco Service Ltd and what can they provide?

25. Agility ECO are a mission-led B Corp business who specialise in the planning, management, and delivery of innovative services to help eliminate fuel poverty. Agility Eco work closely with local authorities, housing providers and charities to reach those most in need and they also work with utility companies, helping them to fulfil their social and environmental obligations.
26. Through partnerships with Energy Companies, Agility Eco have received ECO4 and GBIS funding for installers and are working with Local Authorities to manage and support their LA Flex obligations. The service offered to the Council, by Agility Eco, consists of:

- The Management of ECO4 LA Flex applications from installers, on behalf of customers, including the negotiation of evidence accepted as proof of eligibility and the preparation of documentation for review and approval by appropriate Council resource.
- The Management of referrals from interested installers and customers that have been signposted to the Council by the GOV.UK website.
- The Collation of approved application and install data into the Ofgem verified report template for monthly submission to Ofgem.
- Reporting on the cost and carbon benefits of each completed energy retrofit installation, post-application approval.

Consultation Analysis

27. Consultations have taken place within City of York Council, with a summary of views detailed in the organisation impact and implications section below, and which informs the recommendations of this report.

Options Analysis and Evidential Basis

28. The two options the Executive could consider in respect of this report are below: ~
- a) **Option 1** - approve the proposed Statement of Intent for publication, support the creation of a partnership with Agility ECO
 - b) **Option 2** – not to approve the proposed Statement of Intent for publication, support the creation of a partnership with Agility ECO
29. It is recommended that the Executive Member approves Option 1 and the recommendations outlined in paragraph 14. This provides the most comprehensive response to the ambitions to improve the energy efficiency of homes in the city, which will maximise the reduction in carbon emissions and maximise the benefits for residents through warmer homes which are more energy efficient and more affordable to heat.

Organisational Impact and Implications

Financial, contact: Comments from Victoria Noble

1. There are no direct financial implications from the proposal, as the service offered by Agility Eco Service Ltd is free of charge to City of York Council. Agility Eco will recoup management costs by charging installers for their applications.
2. However, there are financial risks associated with not taking up the option/ fulfilling the obligation; such as, pressure from Central Government to join the scheme and employ in-house resource further down the line, and the possibility that access to future grant funding may be limited because Central Government do not believe we have capacity to fulfil grant funded agreements because we could not engage in the LA Flex arrangement.

Human Resources (HR): Approval from Helen Whiting

3. There are no human resources implications as review of application documentation and signing of declarations will fall under the remit of existing officers carrying out Home Energy Efficiency schemes in the Healthy and Sustainable Homes Team.

Legal: Approval from Walter Burns

4. It has been proposed that a Memorandum of Understanding and Data Sharing Agreement will be signed between the Council and Agility Eco, to provide the service and allow the referral of cases.
5. It is also envisaged that Agility Eco will be responsible for the provision of advice, installer management and any liabilities thereafter.
6. The Memorandum of Understanding, Agility Eco Data Sharing Agreement and OFGEM Data Sharing Agreement have already been reviewed and approved by officers within Information Governance and Legal Services.

7. Any contract entered by the Council must be entered into in compliance with our obligations under the Public Contract Regulations 2015 and the Council's Contract Procedure Rules within the constitution.
8. Arguably, the proposed Memorandum of Understanding falls outside of the Public Procurement Regime under the Public Contract Regulations 2015. The Regulations only apply to "Public Contracts," which are defined under Regulations 2(1) as contracts for pecuniary interest concluded in writing between one or more economic operators and one or more contracting authorities and having as their object the execution of works, the supply of products or the provision of services.
9. In other words, if a contract has no identifiable, financial consideration being provided by the contracting authority to the economic operator (i.e., "consideration" in this context can be either where the Council pays the economic operator an agreed rate/fee in exchange for any services they provide, or the Council reimburses Agility Eco's expenditure incurred in providing the agreed service) then a contract does not fall within the definition of a contract "for pecuniary interest."
10. In this instance, the intention is that Agility Eco shall provide services to the Council and individual private sector households, and on any ECO4 or GBIS LA Flex application, Agility Eco's fees shall be paid by the installer making the application. As a result, there are not any associated costs to CYC. As such, this is arguably not a contract for "pecuniary interest" under the Public Contract Regulations 2015.
11. That being said, as Agility Eco Services Ltd would be appointed directly by the Council, this will require a waiver of the Council's Contract Procedure Rule before any agreement is entered into.

Procurement: Approval from Chloe Wilcox

12. Further to the Legal Implications set out above, since the proposed partnership with Agility Eco, is unique to the industry and does not involve the purchase of a service, rather it involves the creation of a referral mechanism for residents and interested installers to access the LA Flex scheme and a partnership whereby the day-to-day management of the scheme will be handled by Agility Eco with no charge to the Council, there are no procurement implications.

Health and Wellbeing: Approval from Peter Roderick

13. Climate change is one of the biggest public health issues of our time. NICE estimate that older adults living in 'hard to heat' homes contribute to 28,000 additional deaths each year and is a major contributor to avoidable hospital admissions. This project seeks to put in more affordable and lower carbon heating solutions to housing that is designed for vulnerable residents. As well as contributing to achieving the cities 'net zero' pledge, a project like this supports the delivery of the health and wellbeing strategy ambition to be an 'age friendly city'. Without a robust marketing campaign targeted at those most in need, it is unlikely that GPs will refer customers to the scheme; however, the Home Energy Efficiency Programme Manager will work with Public Health, Agility Eco and the Integrated Care Board (ICB) to discuss ways in which to target and engage this demographic specifically.

Environment and Climate Action: Comments from Shaun Gibbons

14. The city's housing stock contributes around a third of locally derived carbon emissions. Retrofit improves the thermal performance of existing dwellings, reduces heating demand, transitions homes to low carbon solutions, and thus reduces reliance on fossil fuels. Expanding the eligibility of households to access ECO4, increases the number of homes that can benefit from retrofit. This approach supports the ambitions of the Climate Change Strategy.
15. The proposed partnership with Agility Eco to deliver ECO4 and GBIS funding in York provides an effective mechanism for delivery and supporting fabric and heating improvements to homes is a cost-effective approach to decarbonising homes and reducing energy costs.

Affordability: Comments from Pauline Stuchfield

16. The proposed partnership with Agility Eco will enable a wider cache of York residents to improve the energy efficiency of their homes, benefitting from subsidised rates on retrofit measures. In so doing, residents would benefit from money savings on fuel bills and from

warmer and healthier homes, thus improving the health of residents of York through improvement to properties' thermal efficiency.

Equalities and Human Rights: Approval from Pauline Stuchfield

17. The Council recognises, and needs to take into account its Public Sector Equality Duty under Section 149 of the Equality Act 2010 (to have due regard to the need to eliminate discrimination, harassment, victimisation and any other prohibited conduct; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it in the exercise of a public authority's functions).
18. At the time of writing there are no equalities implications identified in respect of the matters discussed in this report.
19. However, an Equalities Impact Assessment has been carried out (see Annex 3) and the process of future review of the recommendations in this report will identify any equalities implications on a case-by-case basis, these will be addressed in any future reports.

Data Protection and Privacy: Approval from Lorraine Lunt

20. The proposed arrangement will involve the sharing of data between the Council and Agility Eco, and the Council and Ofgem. However, this will be covered by the included data sharing agreements, and application consent. The attached data sharing agreements between the Council and Agility Eco/ Ofgem have already been reviewed and approved by Legal Services and the Data Protection Officer/ Information Governance & Feedback Team Manager.
21. A DPIA for this arrangement is required as Council officers may gain access to and process special category (disability) data that is sent with an LA Flex application form. A DPIA has been created and is under review. A Privacy Notice, detailing how customers' data under LA Flex will be gained and held, will be published on the website alongside the Statement of Intent. This will occur prior to the arrangement with Agility Eco commencing.

Communications: Comments from Megan Rule

22. Besides any preliminary communications announcing the new scheme by City of York Council, the ECO4 scheme is installer-led and communications will primarily be managed by the proposed partner, Agility Eco. No customers or installers will have direct contact with CYC about the scheme. It is proposed that all interested residents will be forwarded direct to Agility Eco for them to contact them with more information about the scheme and the details of installers.

Economy: Comments from Simon Brereton

23. As discussed in the report, ECO4 and GBIS LA Flex arrangements provide economic benefits to residents and householders through subsidising the costs of installing energy efficiency measures and reducing energy bills following such work. Stimulating the retrofit market supports the broader objectives of the York Economic Strategy and has a further economic benefit for local businesses in the supply chain. The recommendations of the report therefore represent a positive potential impact for the York economy.

Risks and Mitigations

24. The main risk identified associated with the proposals contained in this report are those which concern risks associated with data breaches.
25. This risk will be minimised via gaining written consent from residents and installers in their LA Flex applications and via the strict use of a tried and tested Agility Eco data-sharing portal system.
26. References from other Local Authorities that use Agility Eco for their ECO4 LA Flex management, have been sought and reviewed to ensure that Agility Eco's data-sharing platform is robust.

Wards Impacted

27. All wards impacted.

Contact Details

For further information please contact the authors of this Decision Report.

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Background papers

Paper 1: ECO4 Delivery Guidance

https://www.ofgem.gov.uk/sites/default/files/2024-04/eco4_delivery_guidance_v2.1.pdf

Paper 2: Great British Insulation Scheme Delivery Guidance

https://www.ofgem.gov.uk/sites/default/files/2024-04/eco4_delivery_guidance_v2.1.pdf

Paper 3: ECO4 and GBIS Flex Local Authority Guidance

<https://www.ofgem.gov.uk/sites/default/files/2023-07/GBIS%20and%20ECO4%20Guidance%20for%20Local%20Authorities.pdf>

Annexes

Annex 1: ECO4 LA Flex Arrangement Route Prescribed Criteria - Proxies

Annex 2: Statement of Intent for publication (separate attachment)

Annex 3: Equalities Impact Assessment (separate attachment)

Abbreviations used in this report

Agility Eco – Agility Eco Services Ltd

ECO – Energy Company Obligation

GBIS – Great British Insulation Scheme

ICB – Integrated Care Board

NHS – National Health Service

OFGEM – Office of Gas and Electricity Markets