



Officer Decision Report

Author/Lead Officer of Report: Nathan Robinson (Decarbonisation Manager, Housing & Neighbourhood Services)

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Report to: Janet Sharpe, Director of Housing & Neighbourhood Services

Date of Decision: 6th December 2022

Subject: Energy Company Obligation (ECO) 4 Flex: proposals for Sheffield City Council to enter in to this scheme, with Agility Eco as the delivery partner

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(Insert reference number)</i>				
Has appropriate consultation taken place?	Yes	<input type="checkbox"/>	N/A	No <input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>				

Purpose of Report:

This report sets out the proposed ECO Flex scheme and Memorandum of Understanding which sets out the arrangement with Agility Eco, who will be administering parts of the scheme on behalf of the Council.

This report also sets out the proposed information sharing agreement between the Council and Agility Eco.

Recommendations:

That the Director of Housing & Neighbourhood Services:

- 1) Approves the Council entering into the Memorandum of Understanding with Agility Eco
- 2) Approves the Council entering into the information sharing agreement with Agility Eco

Background Papers:

(Insert details of any background papers used in the compilation of the report.)

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Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Tina Sharp
		Legal: Richard Marik
		Equalities & Consultation: Ed Saxton
		Climate: Jessica Rick
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	SLB member who approved submission:	Ajman Ali
3	Relevant Policy Committee	Housing Policy Committee
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Nathan Robinson	Job Title: Housing Decarbonisation Manager
	Date: 6 th December 2022	

1. PROPOSAL

Background

- 1.1 “The Energy Company Obligation (ECO) is a government energy efficiency scheme in Great Britain to help reduce carbon emissions and tackle fuel poverty” (OFGEM).
- 1.2 Under ECO, medium and larger energy suppliers (such as British Gas, EDF, EON and Scottish Power etc) fund the installation of energy efficiency measures in domestic homes. Each obligated supplier has an overall target based on its share of the domestic energy market in Britain.
- 1.3 ECO4 is the fourth iteration of the scheme that launched in July this year. It spans over four years through to 2026, with a commitment of £1bn per year.
- 1.4 There are three main pathways through which a household can access ECO funding:
- i) The household can contact their own energy provider or an obligated supplier for support (energy providers can make referrals for homes identified to be in difficulty)
 - ii) Households can contact an ECO accredited installer, or installers may contact/target households they believe are eligible. Installers must be Trustmark, PAS 2030, and PAS 2035 accredited
Eligibility through these two routes is based on the household being in receipt of means-tested benefits
 - iii) LA Flex (Local Authority Flex) provides substantially expanded eligibility criteria so that more households can benefit. Under ECO4, this has been standardised via 4 routes:
 - Route 1** - Households with an annual income of less than £31,000. This figure is set by the government, not local authorities.
 - Route 2** - Households which meet any two proxy criteria (set out within the scheme guidance, and includes home is in a LSOA 1-3 area, receipt of Council Tax rebate, free school dinners etc), and have an EPC rating of E, F or G.
 - Route 3** - Households which have a member with respiratory, cardiovascular or immune suppression conditions, or limited mobility. These ‘umbrella’ eligible conditions are set by Government. The route is to be used by NHS organisations only.
 - Route 4** - Another method for identifying eligible households, as designed by the local authority. This route would require BEIS approval
- 1.5 Under ECO Flex the LA is required to publish a ‘statement of intent’ and is responsible for approving declarations for all homes applying via this route.
- 1.6 The Council hasn’t previously participated in the flex scheme, however, intends to take full advantage of this throughout ECO4. It is expected to bring additional £m’s into the city to support energy improvements in some of the most vulnerable households.

1.7 The report approved by Housing Leadership Team in January '22 (copy provided in the background papers) sets out the options and recommendations for ECO Flex. A detailed evaluation was undertaken in respect of the delivery options, with an assessment of cost, risk, and scalability.

1.8 The proposal is to partner with Agility Eco, which is an experienced organisation in this field working with a range of different LAs and has an excellent track record. The evaluation focussed on ensuring a robust eligibility verification process and the quality assurance of works completed. A soft market test was completed across a range of providers, with Agility being the preferred option. Amongst their experience and expertise, Agility can provide more comprehensive support to households through the integration of ECO4 with their LEAP offer. LEAP (Local Energy Advisory Partnership) is a national scheme run by Agility to provide household support with a range of advice and assistance. Agility's services come at no cost to the Council, funded entirely by ECO4.

1.9 Agility Eco will be responsible for:

- Manage household enquiries & the application process
- Assure eligibility through the requisite checks and evidence
- Onboard contractors to ensure full compliance with the scheme (focussing on bringing in local companies)
- Promote their LEAP scheme to extend household support with energy advice and other potential funding streams
- Support with communications & marketing to Sheffield residents, including other energy support organisations
- Monthly reporting of outcomes and impacts of the energy efficiency measures

1.10 It is important to note is that there will be no flow of monies in to or from the Council under this scheme. Agility Eco will claim funds directly with the energy companies to cover the costs. The Council's responsibility is for signing off declarations of interest for each household applying for ECO4 funding. These will be provided through Agility Eco following eligibility verification and evidence.

1.11 The proposal is to work alongside Agility Eco who will carry out the above tasks at no cost to the Council. The Council will enter a memorandum of understanding with Agility Eco and an information sharing agreement – neither the Council nor Agility Eco will have any legal obligations under the MOU and both parties will be free to walk away from the arrangement at any stage.

2. HOW DOES THIS DECISION CONTRIBUTE ?

2.1 This decision will directly contribute to the ambitions within the Corporate Plan of achieving net zero by 2030, reduce fuel poverty and improve both energy efficiency and thermal comfort to hundreds of homes across Sheffield.

3. HAS THERE BEEN ANY CONSULTATION?

3.1 No consultation required

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

4.1.1 Through its Equality Impact Assessment process, the Council considers the potential impacts of its proposals through the criteria of the Equality Act 2010, (which identifies several 'protected characteristics' that people share and which public authorities must take into account); and its own equality policy, (which includes additional equality interests).

4.1.2 The scheme will support vulnerable households across the whole city. An EIA has been completed for the scheme, and notes that, as the primary eligibility criteria is low income and fuel-poor homes, the scheme will principally have a positive impact in relation to financial inclusion and health. However, potential impacts associated with beneficiaries' age, disability and race are also identified.

4.2 Financial and Commercial Implications

4.2.1 The Council will enter into a zero value Memorandum of Understanding with Agility Eco. There is no cost to the Council for Agility's services. The ECO4 funding is dispensed directly by the Energy Companies to Agility Eco covering their costs and the energy improvement works undertaken by the contractors.

4.2.2 The only cost to the Council is the resource associated with approving the declarations of interest. This is estimated to take on average 8-10 hours per week. The staff member who will be completing this work is already within the funding provision of the service. To clarify, no additional staffing budget is required.

(see attached Finance Business Partner approval)

4.3 Legal Implications

4.3.1 The Council has the power to enter into the memorandum of understanding under s1 of the Localism Act 2011. Although the memorandum of understanding is not strictly legally binding, there are practical and reputational consequences of non-compliance for the Council.

4.3.2 The Council has duties under the Data Protection Act 2018 and the UK GDPR when processing personal data.

4.3.3 The arrangements to enter into the information sharing agreement are facilitated by the Local Government (Contracts) Act 1997.

4.3.4 The Subsidy Control Regime, the Public Contracts Regulations 2015 and the Concession Contracts Regulations 2016 do not apply to this proposal.

4.4 Climate Implications

The scheme is intended to deliver £m's across the city for energy improvement works and renewable energy, contributing toward decarbonisation.

4.4 Other Implications

- 4.4.1 The scheme will contribute toward tackling fuel poverty, helping some of the most vulnerable households with the worst performing energy rated properties across the city

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 There were two primary considerations:
- i) Whether the Council would administer the scheme entirely in-house, or to utilise a delivery partner?
 - ii) Which organisation to partner with?

6. REASONS FOR RECOMMENDATIONS

- 6.1 The attached 'HLT LA Flex Report' provides detail on how these options were evaluated. In brief, to deliver this internally may have resulted in higher administrative cost to the Council, more risk and lack of speed and scale on which to mobilise the scheme in order to maximise the benefits for Sheffield residents.
- 6.2 Through the soft marketing testing there were several organisations identified operating in this field. Agility Eco were selected above the others based on:
- Their unique proposition to combine the ECO Flex scheme with their LEAP (Local Energy Advice Partnership) offer to provide households a more comprehensive service and support
 - Agility's proposals for administering ECO Flex, including how it could be combined with other grant fund initiatives and simplified through a single brand – Sheffield Warm homes
 - Agility's track record in other areas of the country for delivering success
 - Strong supply chain links, robust quality assurance and onboarding focussed on local organisations
 - Existing links with numerous other voluntary/ charity/ support organisations across the city to provide a more integrated approach across communities