



Department for
Business, Energy
& Industrial Strategy

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ECO: FLEXIBLE ELIGIBILITY

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Energy Company Obligation

Summary

ECO began in 2013 and is the main domestic energy efficiency scheme in GB

Over 2.4m measures installed in around 1.9m homes – primarily cavity wall insulation, loft insulation and gas boilers

Has been a shift of focus from carbon savings to reducing energy bills for low income households

From now until March 2022 the ~£640m per annum will all focus on households on low incomes – regulations will come into force on 3 December



Why flexible eligibility?

We use receipt of benefits as a proxy for low income households

However, a significant proportion of homes in fuel poverty are not on benefits e.g. 67% of Pension Credit and 59% of income based JSA is claimed

Benefits are not necessarily a good indication of the greatest need and vulnerability

The objective is for LAs to identify homes which would not otherwise be eligible and, ideally, those in most need

Ideal scenario:

- Person not claiming benefits they are entitled to
- Chronic health condition exacerbated by living in a cold home
- Frequent GP/A&E visitor



Flexible Eligibility – the story so far

Suppliers who have participated in flex will mainly reach or exceed the 10% cap

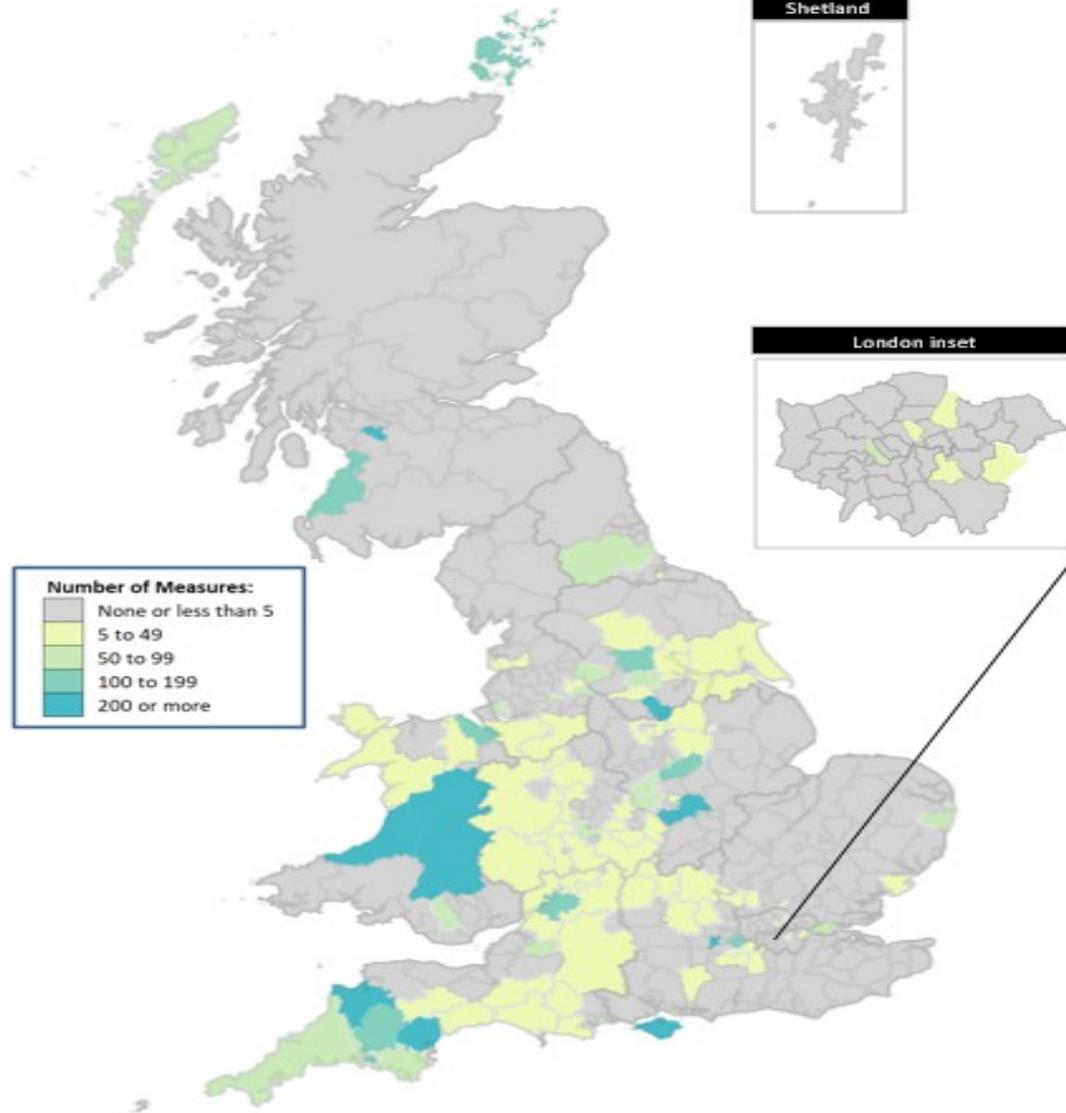
Generally positive feedback and a wide range of measures installed under broad range of criteria

However, high level of variability in eligibility criteria a lot of which do not meet our objectives for the scheme

Inevitably coverage is patchy

To September 2018, around 16,400 measures had been delivered with around 15,500 installed since January 2018.

Up to the end of September 2018, around 14% of the Affordable Warmth obligation was delivered through Flexible Eligibility.



Local Authorities are shown only if they have at least 5 flexible eligibility measures. In total, 168 Local Authorities had at least 1 flex measure up to June 2018.

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The Good

We have seen some **great** examples of SOI's these have been clear and concise approx. 2-3 pages long and provided clear information on their qualifying criteria, and who to contact for further information.

Some good examples of those include those that do not meet the AW benefit criteria, have incomes in line with BEIS recommended levels, are aimed at those with those whose health would be clearly effected by living in a cold home.





The bad

We took a look at 73 random SOI's of which:

37 used age as a possible standalone qualifying criterion, the ages ranged from 55-85 as the entry level of qualifying.

We have also seen SOI's with varying levels of disposable income over £40k (income after housing costs and in some cases after utility bills have been paid), with no household compositions.

Qualify regardless of income if home is below an EPC Band D rating.





ECO3: greater ambition and new guidance

25% of the obligation can be met through flexible eligibility – that is around £560m spending over 3.5 years

In-fill now possible in 50% of households for SWI and district heating

25% score uplift for F&G properties

We will be stating clearly what we would or would not like to see

New guidance will be out before the end of the year, with the proposal that LA's amend their SOI's before 31st March 2019



New analysis informing guidance

Low income (based on 2 adults, after housing costs income)

- £15K provides best results
- Beyond £17.5K no fuel poor households are added

IMD (even 10%) not a good proxy to use for low income households nor as an additional proxy if income threshold is used

Vulnerability

- Likely to recommend households with someone over 70 and those with children under 5.
- Unable to model impacts of choosing particular illnesses



In conclusion

Flex has the potential to target those most in need

Need to make sure that loose criteria are not exploited for profit – LAs should cast a critical eye over their SOI

Using health criteria could deliver the greatest benefits to the individual and to society

Its success or otherwise will influence the design of future policies