

Report

Cabinet Member for Climate Change and Sustainability

Part 1

Date: 1 August 2024

Subject Newport City Council ECO Flex Delivery

Purpose To secure approval from the Cabinet Member for a change of delivery method for the ECO Flex scheme from the current Cardiff Capital Region Memorandum of Understanding to a partnership agreement with Warm Wales

Author Head of Environment and Public Protection

Ward All

Summary The NCC built environment stands as a pivotal component in achieving the Council's Net Zero 2030 aspirations, as outlined in our Climate Change Plan. Action is needed to establish a uniform approach that aligns with our carbon reduction objectives, and this is outlined in the attached draft policy.

By embracing the proposed policy (Appendix 1), NCC can effectively prioritise low-carbon practices in our construction, retrofitting, and procurement processes moving forward.

Proposal That the Council withdraw from the Cardiff Capital Region Memorandum of Understanding to which it is currently party and sign up to a new agreement with Warm Wales as described in the report.

Action by Climate Change team

Timetable If approved, NCC will sign up to a new agreement with Warm Wales which will allow us to expand our offering under the ECO Flex scheme

This report was prepared after consultation with:

- Chief Financial Officer
- Monitoring Officer
- Head of People, Policy & Transformation

Signed

Background

The Energy Company Obligation 4 (ECO4) is a levy which totals £1 billion p/a placed on energy suppliers to retrofit the most fuel poor and low energy efficiency performing households across the country by the UK Government. Retrofitting residential properties is a key activity that will support the decarbonisation of Newport as per our Local Area Energy Plan.

Up until now, Cardiff Capital Region (CCR) has been coordinating a regional approach to the Local Authority Flexible Eligibility (LA Flex) element of ECO4 for Newport City Council. This is a 4-year scheme running until March 2026. EDF have been the sole delivery partner for Newport, they have funded City Energy an energy installer based in Cardiff to deliver the measures. This work has been undertaken under a MOU agreement between the different LA regions and CCR. There is a published SOI on the NCC website to promote the scheme.

The number of applications to the scheme from residents in Newport has been poor. To date (May 2024) applications have reached 119 leads, 13 households have been sent to Ofgem for declaration and there are 5 completed installations. The recent increase in applications has been linked to targeted letters sent to rural areas of Newport by the NCC climate change team. These numbers mirror the other local authorities in the CCR arrangement but contrast to more rural counties across Wales where numbers have been significantly higher.

Up until recently the scheme has been available to owner occupied and privately rented homes with an EPC of E and below that are either off gas (coal, oil, LPG, electric etc) or a gas property with back/floor standing boilers that are typically over 18 years old. Eligible off gas properties have been receiving air source heat pumps, solar panels, and insulation. Eligible gas properties have received a replacement boiler and insulation.

The household must meet one of three eligibility routes, which are 1) low income - under £31,000, 2) meet two of a list of proxies 3) have a qualifying health condition linked to the effects of living in a cold home inc. respiratory, cardiovascular, limited mobility or immune suppressed conditions

At the beginning of May 2024, NCC were informed that our delivery partner EDF have reached their national ECO4 targets for the current calendar year. Meaning that going forward EDF will now give higher priority to providing insulation in solid wall properties and to the Great British Insulation Scheme, reducing funding available for low carbon measures like air source heat pumps in off gas properties. We have since had confirmation that at present off gas properties that are suitable can still access funding for air source heating and solar but we are very wary that in our current agreement this could change with little notice.

LA's outside of Cardiff Capital Region have been using an alternative method to run the ECO4 scheme contrasting to our approach of partnering with one energy company and one installer. Powys, Carmarthenshire, Neath Port Talbot and Wrexham have partnered with Warm Wales to act as an ECO management service. Whereas councils such as Swansea and Pembrokeshire manage their own framework of installers.

With both these arrangements each installer is free to have their own relationship with each individual energy supplier, each procuring their own funding arrangement.

Warm Wales

Warm Wales is a community interest company based in Wales who work with partners to help provide affordable warmth and alleviate fuel poverty across Wales and South West.

They offer an ECO Flex scheme management service. Warm Wales have put forward an offering that:

- Offers home energy and grant/scheme advice to residents, in person (where appropriate) and through a dedicated phoneline

- Promotes the scheme across the city to the right target audience as well as other energy efficiency support that is available (Warm Wakes would lead on this - NCC would not need to provide any additional communications support)
- Takes care of admin side of the scheme, providing the household check for eligibility which is currently completed by the NCC home improvements team
- Supports a resident through the application process and then after installation to fully understand the new technology installed
- Curate a list of selected approved contractors from residents to choose from. Anyone carrying out works under the scheme must be compliant under the new PAS 2035 'Trustmark' accreditation scheme (TrustMark & The Delivery of PAS 2035).
- Oversee that every household that is benefiting from ECO Flex or other more suitable grant or scheme is getting the right measure installed that it suitable for that property.

There could be potential to work with ABUHB in the future to match up residents that are vulnerable to cold with the right grant/scheme that are on offer to aid the promotion of healthy homes as preventative medicine.

Memorandum of Understanding and Statement of Intent

There is an agreement between the 10 local authorities within the CCR region and the energy companies that they will work together through a Memorandum of Understanding. We will need to give notice to leave this MOU.

There is Statement of Intent (SOI) published on our website, this will need to be updated to reflect the Warm Wales agreement.

Options Appraisals

The Warm Wales delivery model offers multiple advantages over the current CCR model:

- Increased number of suppliers, meaning that residents have increased choice and local suppliers can be included as part of scheme delivery
- Better opportunities for marketing the scheme, resulting in greater uptake
- Wrap-around service which will increase resident satisfaction with the scheme
- Ability of suppliers to access funding from all energy suppliers (currently only EDF fund the scheme in Newport)
- Existing supplier will still be part of the scheme so any installations in progress can proceed as normal

Financial Summary (Capital and Revenue)

There are no implications for either capital or revenue budgets for the council. Warm Wales' costs will be met by a small (£150) levy on installers for every application assessed and another optional levy on the installer for provision of the wraparound service (£150).

Risks

Risk Title / Description	Risk Impact score of Risk if it occurs* (H/M/L)	Risk Probability of risk occurring (H/M/L)	Risk Mitigation Action(s) What is the Council doing or what has it done to avoid the risk or reduce its effect?	Risk Owner Officer(s) responsible for dealing with the risk?
Greater risk of reputational issues due to potential resident dissatisfaction with supplier (due to greater number of suppliers)	L	L	Warm Wales vet all suppliers before adding them to their approved list. The wraparound service that Warm Wales are offering will also mitigate this risk	Programme Manager Climate Change

Links to Council Policies and Priorities

- Organisational Climate Change Plan
- Corporate Plan Theme 2 – Newport’s Environment and Infrastructure
- Local Area Energy Plan

Options Available and considered

- 1) To approve the new delivery model for ECO Flex.
- 2) To continue with the existing agreement through CCR

Preferred Option and Why

Option 1 - To approve the new delivery model for ECO Flex.

This will provide a better service to Newport residents who are eligible for the scheme by providing them with a choice of installers and wrap-around care from Warm Wales after an installation has occurred. It will also increase the visibility of the scheme and allow us to reach a higher number of households.

Comments of Chief Financial Officer

There are no financial impacts from this report and recommendations as the costs of the preferred management service provider in going forward are covered off by a levy against suppliers who access work through the scheme.

Comments of Monitoring Officer

There are no legal implications arising from the recommendation. The proposal and officer recommendation set out above is for the Council to withdraw from the current agreement facilitated by the Cardiff Capital Region and enter into the Warm Wales scheme described above. It is open to the Council to withdraw from the CCR scheme without penalty; doing so would result in the termination of that multi-party agreement, the parties to which include other councils, however, it is understood that the proposal to withdraw has already been discussed with the other local authorities involved and so any prejudice caused to other organisations should be minimal. The report sets out that there are numerous advantages to entering into the Warm Wales Scheme when compared with current arrangements.

Comments of Head of People, Policy and Transformation

This report seeks a Cabinet Member decision on a change of delivery method for the ECO Flex scheme from the current CCR MOU to a partnership agreement with Warm Wales. The proposal is in line with

the Council's Corporate Plan 2022-27 vision of 'an ambitious, fairer, greener Newport for everyone', and supports its four Well-being Objectives including Environment and Infrastructure, which seeks to protect and enhance our environment whilst reducing our carbon footprint. This also supports the organisations Climate Change Plan and Local Area Energy Plan.

The principles of the Well-being of Future Generations (Wales) Act 2015 and its five ways of working are supported, preventing issues for people with underlying health conditions through better heating and reducing the dampness of homes. The improved delivery of the scheme over the long-term will both better decarbonise residential properties and lower energy bills by working collaboratively with Aneurin Bevan University Health Board and Warm Wales.

A Fairness and Equalities Impact Assessment was not required with no implications for individuals with protected characteristics. There are no staffing or HR related issues arising directly from this report.

Scrutiny Committees

N/A

Fairness and Equality Impact Assessment

Having consulted the FEIA guidance, there are no implications for individuals with protected characteristics, impacts on other council services, impacts on staff or significant risks to the council's reputation as a result of changing the delivery model for this scheme. Therefore, an FEIA is not required for this report.

Wellbeing of Future Generations (Wales) Act 2015

Long-term: Better delivery of the ECO Flex scheme will both decarbonise residential properties in Newport and result in lower energy bills for residents, both of which support long-term planning

Prevention: Better heated and less damp homes provide huge preventative benefits for people with underlying health conditions

Collaboration: There are opportunities as part of the new delivery method to work with Aneurin Bevan University Health Board to identify residents who would qualify for the scheme under Route 3 (Qualifying Health Condition)

Welsh Language (Wales) Measure 2011

This decision is not anticipated to have a negative impact on this Act. Warm Wales have confirmed that they can offer a fully bi-lingual service to residents.

Consultation

No consultation has taken place for this decision.

Background Papers

[Local Area Energy Plan](#)

Dated: 25 July 2024