

About this consultation

The Energy Company Obligation (ECO) has delivered 3.5 million energy efficiency measures to 2.4 million households across Great Britain since 2013¹. ECO+ has been proposed by the Department for Business, Energy, and Industrial Strategy (BEIS) as an additional component to ECO in response to the energy price crisis. This new scheme is designed to complement existing provision and deliver faster installation of energy efficiency measures to a wider pool of households. This will include those on lower incomes and the least energy efficient homes in higher Council Tax bands.

Key points and recommendations

Improved support for household energy efficiency could not have come at a better time for older consumers and we warmly welcome the introduction of ECO+.

With more than 3 million lower income households living in the least energy efficient properties, BEI

Low-income group customer contributions should be banned, with funding for higher cost installations provided to ensure they can still access the full suite of measures.

About Age UK

Age UK is a national charity that works with a network of partners, including Age Scotland, Age Cymru, Age NI and local Age UKs across England, to help everyone make the most of later life, whatever their circumstances. In the UK, the Charity helps more than seven million older people each year by providing advice and support. It also researches and campaigns on the issues that matter most to older people. Its work focuses on ensuring that older people: have enough money; enjoy life and feel well; receive high quality health and care; are comfortable, safe and secure at home; and feel valued and able to participate.

Introduction

We welcome the opportunity to respond to this consultation². ECO+ has been proposed to complement existing energy efficiency provision and deliver faster installation of insulation measures to a wider pool of households. The Scheme has two eligibility groups – the low-income group and the general group. The low-income group broadly mirrors ECO4 eligibility (primarily those in receipt of means tested benefits or identified as vulnerable) while general group supports those who are in the lowest Council Tax bands but who also have an Environmental Performance Certificate (EPC) of band D or below. ECO+ is designed to provide suppliers the opportunity to deliver large scale, affordable insulation measures, at high volume. This addresses ongoing early implementation issues with ECO4, improves supply chain sustainability, helps achieve the objectives of net zero, and will insulate a greater number of vulnerable households against the cold more rapiETQq0.000008866

this longer-term programme of work

quality energy efficiency measures which comprehensively mitigate the effects of the cold, while at the same time making sure installation, certification, and reimbursement for ECO4 projects is attainable for installers.

We believe ECO+ will help to ensure this balance is struck in homes that do not meet the ECO4 full

important initial signal of commitment to off-grid homes must be for BEIS to commit to dropping its proposal to remove in England.

We also propose a low-income over-delivery uplift. This would be triggered once a supplier hits its initial 20% minimum low-income target for ECO+

Regulations to bring ECO+ into force are expected in the spring but this will leave a gap in provision over winter. We strongly agree that BEIS should work to incentivise early delivery amongst suppliers and expedite the process of getting relevant legislation passed.

We are concerned that many suppliers will be reluctant to adopt early delivery without the certainty of regulations being

energy efficiency programmes has left the installer industry lacking the capacity and appetite for risk²⁹ that early delivery requires. The Government must provide concrete reassurances that if suppliers proceed with ECO+ prior to necessary legislative changes being enacted then installers will still be reimbursed for any works conducted even if the regulations are delayed or cancelled. This will be essential to restoring supply chain confidence after years of uncertainty around the status of energy efficiency schemes.

5. Do you agree with our proposal to allow each supplier a maximum of 10% carry under of the Year 1 obligation to Year 2 for ECO+?

BEIS has proposed that suppliers who fail to meet their year 1 target by up to 10% can roll this obligation over into scheme year 2. This is designed to minimise administrative backlogs towards the end of the first scheme year and is in recognition of the reduced flexibility and potential for increased supplier costs as a result of having a specific mandatory target.

As discussed in our response to question 1, speed of delivery in the first scheme year is key to the success of ECO+, alongside delivering high grade measures to a wider pool of vulnerable households. At the same time, we recognise that administrative issues have already hampered delivery of ECO4 and it is important that some flexibility is afforded to ensure effective delivery.

We agree that up to 10% carry under should be permitted for the general group but that there should be no carry under afforded to suppliers for the low-income group. This would better reflect the urgency of installing measures for this cohort in scheme year 1 and with this group representing just 20% of the target for suppliers³⁰ it should have minimal impact on the viability of annual supplier targets.

6. Do you agree with our proposal to allow unlimited carry-over between annual targets for each of the first two years of ECO+?

As discussed in response to question 1 Age UK is keen to see swift delivery of ECO+ measures in scheme year 1. We therefore strongly support supplier obligation carry over. BEIS should work to reward and incentivise suppliers who deliver more measures in the first year, especially in cases where they support vulnerable hard to reach households.

8. Search costs across the two eligibility groups: Do you agree with our plans to use lower search costs for the general eligibility group in the final ECO+ modelling compared to the low-income group? If so, by how much should we reduce search costs in the general group? Please provide BEIS with information on search costs supporting your response.

Age UK understands that the costs of identifying eligible households may differ between the low-income and general groups. However, our concern is ensuring that differential search costs do not disincentivise suppliers taking on the additional costs and resource constraints of searching for households who are eligible through the low-income route beyond the initial minimum target of 20%. At the same time, we do not want the low-income search costs to be set so high that they significantly hamper the quantity of homes benefitting from the scheme.

If allocating differential search costs within ECO+ modelling will make supporting low-income households more cost competitive with general group while ensuring adequate provision, then we support these plans. It as yet remains unclear whether this will be the case, with the ultimate outcome likely determined by the final differential value BEIS settle on. We are unable to propose an exact figure but we would encourage BEIS to decide based on these two criteria – incentivising low-income delivery and maximising the number of low-income beneficiaries.

14. Do you agree ECO+ should target two groups with the

EPC bands D – G. We raise some of our specific concerns with Council Tax band targeting in response to question 15.

in Council Tax bands A-D in England, A-E in Scotland and A-C in Wales with an EPC of D and below?

We accept this approach as an imperfect proxy for rapidly delivering support to people in higher need, but we are particularly concerned that the amount of money allocated remains inadequate. There are 4.3 million households in England not eligible for general group because they live in Council Tax bands E to H, among whom almost half (2.1m) include at least one-person aged 60+³².

eligible, one-in-five (21 per cent) are living in poverty or just above the poverty line and/or are in receipt of income-related benefits³³. This represents around 440,000 older households who are vulnerable to the impact of spiralling energy bills.

While the low-income component of ECO+ will help support this group there is simply not enough allocated low-income spend to cover these 440,000 older households, or those of all ages in a similar position. With more than 3 million lower income households living in the least energy efficient properties in England alone³⁴ an additional £1 billion per annum for ECO+ would better reflect the scale of need (s

BEIS to work with local authorities and suppliers to target people missing out on welfare benefits.

We also encourage BEIS to consider adding disability benefits to the list of eligible benefits and correspondingly increasing funding to meet any additional demand. Older people with disabilities or long-term health conditions often face higher energy bills because of the costs associated with operating at-home medical equipment such as dialysis and oxygen concentrators. We encourage the Government to include Attendance Allowance, Personal Independence Payment, and Disability Living Allowance within the eligibility criteria for ECO+.

18. Do you agree with our proposal to set a low-income group minimum requirement equivalent to 20% of each annual target with flexibility on whether the remaining obligation is delivered to low-income or general group households?

We encourage BEIS to incentivise suppliers to go beyond the proposed 20% low-income target and, where possible, deliver a higher proportion of measures to this group. At minimum, BEIS should remove the carry under afforded to suppliers for the low-income group to ensure they are mandated to meet their target in each scheme year (see response to question 5) and ensure search costs (see response to question 8) and relevant uplifts incentivise low-income delivery.

In this vein, Age UK strongly recommends the adoption of a low-income over-delivery uplift. This would be triggered once a supplier hits its initial 20% minimum low-income target. At this point they would receive an uplift of 10% for any additional installation supplied through the low-income criteria. While we recognise the utility of adding general group eligibility, this new uplift would better incentivise distribution to vulnerable households beyond the minimum target while having marginal impact on general delivery numbers. This uplift should also sit alongside existing low-income incentives (e.g. higher search costs and the exclusive ECO4 Flex Route 4 uplift).

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minimum requirement to be met through LA and Supplier Flex, with unlimited flex permitted beyond the low-income minimum requirement?**

LA and Supplier Flex forms a key component of the ECO4 scheme. It allows suppliers and local authorities to proactively identify private tenure households which they deem fuel poor or vulnerable to the cold³⁷. It was designed to help identify households unable to access their benefits entitlement by using bespoke identifiers such as local health information or data on access to Council Tax reductions³⁸. LA and Supplier Flex

households in EPC bands F and G should be excluded, other than when exempt from the minimum energy efficiency standard?

We disagree with this approach. While we appreciate that Minimum Energy Efficiency Standard (MEES) Regulations for the private rented sector (PRS) should mean landlords

BEIS must make offline accessibility a mainstay of its user experience. We look forward to engaging on how best to achieve this to maximise the success and accessibility of ECO+.

35. Are there additional issues you wish to flag about the interactions between ECO4 and ECO+ and/or with other grant schemes?

create a perverse disincentive for installers in England to support rural homes when compared to Scotland and Wales. We wish to see BEIS maintain the 35% rural uplift for ECO+ (see our response to question 27).

36. Do you agree with our proposal to target the low-income group at eligible households in EPC bands E, F and G that cannot meet the ECO4 minimum requirement?

Efficiency is key to successful delivery of the ECO+ scheme for the most vulnerable older consumers urgently in need of support. While Age UK understands that interactions between ECO4 and ECO+ -income group mean including band E-G as standard may duplicate some aspects of ECO4,

Age UK fundamentally disagrees with this proposal. Accepting short term ECO+ support during a crisis cannot come at the expense of longer-term eligibility for ECO4 without massively disadvantaging older consumers.

gaming risks is simply not sufficient to warrant this drastic decision.

ECO+ and ECO4 have completely different delivery targets, eligible measures, and entitlement criteria. Each scheme has a wholly different remit, with ECO+ primarily designed to install rapid measures providing a swift reduction in bills. ECO4 is a far more comprehensive scheme designed to improve the core fabric of a home and systematically eliminate the impact of the cold over the longer-term.

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Throughout this consultation we have proposed ways BEIS can ensure they comply with their public sector equality duty under the Equality Act 2010 and better account for the needs of older people. BEIS will fail in its duty if it does not ensure consumer fairness and accessibility are the golden threads running through the ECO+ scheme. This must include accounting for the 770,000 older people not in receipt of their Pension Credit entitlement⁶¹, two fifths of those aged 75+ not using the internet⁶², and households who are disengaged from the energy market and more likely to be struggling financially⁶³.

It is imperative BEIS acknowledges and works to address inequities for older people from ethnic minority backgrounds within ECO+ delivery. BEIS collect statistics on fuel poverty based on the household reference person (HRP). Households with an ethnic minority HRP have a higher rate of fuel poverty (19.1%) when compared with households with a White HRP (12.6%)⁶⁴

This is particularly true

⁴⁷ BEIS, 2022. Fuel poverty detailed tables 2022. Department for Business, Energy, and Industrial Strategy. [Online]. Available at: <https://www.gov.uk/government/statistics/fuel-poverty-detailed-tables-2022>. [Accessed 05/12/22]. Table 19.

⁴⁸ MSM, 2022. How changing mortgage interest rates affect your expenses. Money Super Market. [Online]. Available at: <https://www.moneysupermarket.com/mortgages/mortgage-interest-rates/>. [Accessed 05/12/22].

⁴⁹ MoJ, 2022. Mortgage and landlord possession statistics: July to September 2022. Ministry of Justice. [Online]. Available at: <https://www.gov.uk/government/statistics/mortgage-and-landlord-possession-statistics-july-to-september>

⁶⁶ Online and CATI survey conducted by Opinium on behalf of Age UK between 2nd – 20th September 2022. Sample of 1402 older adults (60+) in Great Britain, weighted to be nationally representative.

⁶⁷ BEIS, 2022. Fuel poverty detailed tables 2022. Department for Business, Energy, and Industrial Strategy. [Online]. Available at: <https://www.gov.uk/government/statistics/fuel-poverty-detailed-tables-2022>. [Accessed 25/09/22]. Table 26.

⁶⁸ Scope, 2022. Cost of living: the impact for disabled people. Scope. [Online]. Available at: <https://www.scope.org.uk/campaigns/research-policy/cost-of-living-report/>. [Accessed 05/12/22].

⁶⁹ BEIS, 2022. Energy Company Obligation ECO+: 2023 – 2026. Department for Business, Energy, and Industrial Strategy. [Online]. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1120391/consultation_on_design_of_the_energy_company_obligation_2023-2026.pdf. [Accessed 01/12/22]. Pg39.

⁷⁰ Energy UK, 2022. ECO+: The energy market. Energy UK. [Online]. Available at: <https://www.energy-uk.org.uk/index.php/publication.html?task=file.download&id=8297>. [Accessed 02/12/22]. Pg5.

⁷¹ NEA, 2021. National Energy Action (NEA) response to BEIS ECO4 Consultation. National Energy Action. [Online]. Available at: <https://www.nea.org.uk/wp-content/uploads/2021/09/NEA-response-to-BEIS-ECO-4-Consultation.pdf> [Accessed 06/12/22]. Pg3.

⁷² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1118417/CCS1022065440-001_SECURE_HMT_Autumn_Statement_November_2022_Web_accessible_1_.pdf. [Accessed 01/12/22].

⁷³ Agility ECO, 2022. 2030 Fuel Poverty Target will overshoot by over 30 years. Agility ECO. [Online]. Available at: <https://www.agilityeco.co.uk/2030-fuel-poverty-target-will-overshoot-over-30-years#:~:text=The%20Government%E2%80%99s%20statutory%202030%20fuel%20poverty%20target%20to,2065%20to%20achieve%20unless%20further%20funding%20is%20announced>. [Accessed 02/12/22].

⁷⁴ Age UK, 2021. Consultation Response: Energy Company Obligation ECO4: 2022 – 2026. Age UK. [Online]. Available at: <https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/energy-company-obligation-eco4---maintaining-energy-efficiency-support-from-2022.pdf>. [Accessed 07/12/22]. Pg20.