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Dear ECO+ consultation team,

We welcome the opportunity to respond to this consultation. Citizens Advice is the statutory consumer advocate for energy, and within our response we will be only answering the questions that are relevant to our remit. Our response is non-confidential and may be published on your website.

Energy crisis and energy efficiency

Soaring energy bills, due to the rise in the price of wholesale energy, has led to many households struggling this winter. Many are rationing their energy use, or disconnecting from their energy supply because they can't afford to top up their prepayment meter. By the end of October 2022, we had already helped more people unable to afford to top up their prepayment meter than for the previous 5 years combined¹.

Even with the Energy Price Guarantee capping unit rates, giving an average bill of £2500 this is simply unaffordable for many even before the Energy Price Guarantee rises in April to £3000 for an average bill in 2023. Households will need enduring support to make sure they can afford to heat their homes.

We welcome the focus on energy efficiency, which has the potential to deliver bill reductions for households for decades. Our recent research found that households in the most efficient homes could save up to £950 a year if their homes were upgraded to an EPC rating of C².

ECO+

Many households who have not struggled previously with their energy bills are experiencing hardship this winter, and would not qualify for the government's fuel poverty scheme ECO.

¹ Citizens Advice (2022) [CA cost of living data dashboard](#)

² Citizens Advice (2022) [Insulation Nation](#)

We welcome the creation of a scheme that aims to reach a wider group of households to help them improve the energy efficiency of their home, and sustainably reduce their energy bills.

However, we note that the scale of the scheme could be far more ambitious to tackle the scale of inefficient housing in the UK. The government has committed £1bn spread across 3 years, with a target of reaching 410,000 households. This is despite industry calls for a far more ambitious scheme, and with expected supply chain capacity able to deliver measures equivalent to £1bn a year³.

Furthermore, while there are advantages to pursuing a single-measure approach, as it will likely deliver at faster pace and larger scale, it could risk undermining the aims of ECO4 to deliver a whole-house approach to homes in fuel poverty. Homes that would be eligible for ECO4 and a whole-house retrofit, should be treated by ECO4 instead.

Design of the scheme

1. Do you agree with the proposal to set mandatory annual targets for ECO+?

We agree that there should be mandatory annual targets for energy suppliers delivering the ECO+ scheme to ensure that the funding allocated is spent effectively.

3. Do you agree with our proposal to facilitate early delivery under ECO+ ahead of the ECO+ Order coming into force?

We are supportive of the proposal to facilitate early delivery of ECO+, as it is important given the current energy crisis that we improve homes as quickly as possible. However, we note that delays in legislation being laid for ECO4+ resulted in a significant disruption to ECO4 installations in its first few months. In order to facilitate early delivery, as much information should be published ahead of the order ECO+ coming into force to ensure installers are able to begin early delivery.

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

We understand the advantages of flexible targets while suppliers scale up delivery, however we believe given the current energy crisis it is important to get measures into people's homes as quickly as possible. The structure of ECO+ should encourage, as far as possible, full implementation of annual targets, including in year 1.

³ Gemserv (2022) [ECO Plus supply chain market research](#)

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 above, we believe it should be a priority to scale delivery quickly to upgrade homes and reduce energy bills as early as possible.

Targeting

14. Do you agree ECO+ should target two groups with the first focusing on a general group with wider eligibility requirements and the second focusing on low-income households in line with ECO4?

We recognise the need to widen eligibility for energy efficiency schemes to allow those who would not qualify for support via ECO, but cannot afford the upfront cost of measures, to improve the efficiency of their homes. It is also important to prioritise those on the lowest incomes and most in-need of support, therefore, we support the targeting of both a general group as well as a low-income group.

15. Do you agree with our proposal to target “general group” support at households 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 believe that the scheme should be best targeted to make sure funding reaches those who would not otherwise be able to afford the upfront costs of insulating their homes. Using Council Tax bands A-D as a proxy for excluding those on high incomes is problematic. While those on lower incomes tend to be in lower council tax brackets, the relationship between income and council tax bands is non-linear⁴. As a result many of those on the highest incomes would be eligible for funding via ECO+, who could afford to pay for the measures themselves.

17. Do you agree with our proposal to carry over the same eligible benefits from ECO4 to the low-income group under ECO+?

Under ECO4 the eligibility criteria was changed limiting eligibility to those on means-tested benefits, making those who are solely on disability benefits (such as Personal Independence Payment or Disability Living Allowance), no longer eligible. However given the disproportionate impact of current high energy prices on different groups, we believe that the the low income criteria for ECO+ should be widened to include some non-means tested benefits, such as Disability Living Allowance and Personal Independence Payment.

Those who are disabled often have high energy costs as a result of managing their condition. Even before the crisis, Scope estimated that disabled households have additional costs of £583

⁴ IPPR (2019) [A poor tax](#)

per month on average, with energy costs nearly 3 times higher, this will be far more significant. Scope also found that over a third of disabled adults feel that their impairment or condition has an impact on how much energy they use and 9 in 10 (91%) are worried about energy bills this winter.⁵

This is reflected in our own data, in October 2022 we helped 2 times as many people with disability or a long term health condition with practical energy efficiency advice compared to those without. We also referred 82% more people with a disability or long term health condition for charitable support, such as fuel vouchers or fuel bank referrals, compared to those without.⁶

The changes made to ECO4 eligibility in 2021, were designed to achieve greater fuel poverty targeting, an improvement of 29% to 32%. However, given the current economic conditions, and energy prices, those who are struggling with high energy costs has expanded to a wider group of people who would no longer meet the eligibility criteria. In 2017 there were an estimated 400,000 households in band D, E, F and G owner occupier homes are in receipt of disability benefits, with no other means tested benefits⁷.

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 agree with the requirement to set a low-income group minimum but would recommend that consideration is given to uplifting this minimum level. This could be done either through setting a higher minimum target or another mechanism that would encourage greater participation from households on a low-income".

Supplier/ LA Flex

19. Do you agree that we should allow up to 80% of a supplier's low-income minimum requirement to be met through LA and Supplier Flex, with unlimited flex permitted beyond the low-income minimum requirement?

We support the proposal for suppliers to meet up to 80% of their low-income requirement through LA and supplier flex. Suppliers often report that they find it hard to find eligible households for fuel poverty schemes. Local authorities typically have a good understanding of their populations and housing stock and may find it easier to reach eligible households.

⁵ Scope (2022) [Do the right thing: supporting disabled people through the cost of living crisis](#)

⁶ Citizens Advice (2022) [Cost of living dashboard data dashboard](#)

⁷ Committee on Fuel Poverty (2021) [Committee on Fuel Poverty annual report: 2021](#)

Beyond the low-income minimum requirement we also support unlimited use of LA and supplier flex to make sure that as many eligible households are reached as possible.

20. How can referrals through LA and Supplier Flex be facilitated?

LA and Supplier Flex can be supported through partnerships with other organisations such as Citizens Advice, who could refer eligible households to the scheme.

Private Rented Sector (qs 21-23)

We believe it is appropriate for landlords to not receive ECO+ funding to pay for energy efficiency upgrades for their properties which they may otherwise be able to fund themselves. However it is important those in rented properties are not left behind to live in inefficient housing.

Renters are facing record increases in rent, energy, food and other areas of cost of living. At the same time, they have less agency over the energy efficiency of their home, but are still responsible for the energy costs. Recent data found that 60% of renters are finding it hard to afford their energy bills, and 11% already behind on their bills⁸.

Furthermore, renters living in inefficient homes are likely to suffer from cold, damp and mould. In 2020, 23% of occupied homes in the private rented sector in England did not meet the Decent Homes Standard, compared to 14% in owner occupied and 11 in social rented homes. Of properties with an energy efficiency rating (EER) of band F or G, 96% failed to meet the Decent Homes Standard, as did 38% of homes in EER band E. In addition, 713,000 less energy efficient homes with an EER band D or below also had damp⁹.

Due to power imbalances between landlords and tenants, and the threat of no-fault eviction, many tenants do not feel able to ask for improvements to their home. Our research found that 23% of renters have said that they would not feel comfortable asking their landlord to make energy efficiency improvements. If they were to ask for improvements it is unlikely that their landlord would be willing to pay out-of-pocket for any retrofit measures. Recent polling of landlords found that $\frac{2}{3}$ landlords would not spend more than £1000 on improving the energy efficiency of their properties, with 15% saying that they would not spend anything out of pocket¹⁰. If ECO+ is to rely on contributions for high-cost measures, and no funding for low cost measures, it is likely to fail to make much of an impact on energy efficiency in the private rented sector. Therefore, the Government needs to consider how it will facilitate greater levels of energy

⁸ ONS (2022) [Impact of increased cost of living on adults across Great Britain](#)

⁹ DLUHC (2022) [English Housing Survey 2020 to 2021: Energy report](#)

¹⁰ Public First (2022) Public First Poll for Citizens Advice (21st Oct - 25th Oct 2022) online survey (462 residential landlords)

efficiency in the private rented sector through improved Minimum Energy Efficiency Standards and mechanisms to provide appropriate support to landlords and tenants.

Consumer protections

66. Do you think we should allow loft insulation in low-risk situations and heating controls to be delivered in accordance with the TrustMark Licence Plus scheme rather than PAS2030/2035?

Consumers need protections when making significant changes to their homes to ensure a good consumer experience, prevent harm and to give people the confidence to engage with the market in the first place.

Nearly four in 10 home insulation contacts our Consumer Service received in the first quarter of 2022 related to consumers concerned about a scam. A further quarter of contacts were people reporting the poor quality of work done to their homes.¹¹ Both of these issues could be mitigated through a mandatory, simple to navigate consumer protection framework that includes accreditation of traders and clear dispute resolution processes.

Tighter consumer protections could also help to encourage greater takeup of energy efficiency. Our research shows that 42% of consumers not considering making energy efficient changes to their homes would consider upgrading if there were stronger consumer protections (a mandatory accreditation scheme for all installers, with options for redress).¹²

PAS2035 is designed as a whole house retrofit approach to installation standards, which may not be appropriate for a scheme like ECO+ which focuses on installing single measures. While we also understand the motivation to reduce delivery costs of the scheme, we are concerned that using Trustmark Licence Plus could result in a watering down of protections for consumers.

PAS2035 includes a robust auditing process; we are concerned that removing these could lead to a decline in the quality of installations.

An alternative could be to use the PAS2030 standard, which has been used for previous government schemes, and includes some of the same elements as PAS2035 but without the emphasis on a whole-house approach.

Other

Infill

¹¹ Citizens Advice, Consumer Service, Q1 2022

¹² Citizens Advice/Opinium, August 2022 survey of 2,000 UK homeowners

Where cost-effective, suppliers should be allowed to use infill ratios to treat other properties where the household may not be eligible. However, funding should be prioritised for those that are on low-incomes or part of the general eligibility group.

Yours sincerely,

Connie Thorn

Patron HRH The Princess Royal Chief Executive Dame Clare Moriarty

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