

Decision

Great British Insulation Scheme and ECO4 LA and Supplier Flex Decision statement

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The Great British Insulation Scheme will allow early delivery from 30 March 2023 and will run until 31 March 2026. The scheme was previously referred to and consulted on by the Department for Energy Security and Net Zero, under the name 'ECO+'.

On 5 April 2023 we published the consultation seeking stakeholder views on our proposed administration of the policies set out by the Department for Energy Security and Net Zero and included in the draft ECO4A Order. These included policies where we were exercising our discretion in administering new legislative provisions for ECO4A or where we were making further improvements to our current policies. This document summarises the responses to our consultation and details our final administrative position. Where relevant, we also explain where we were unable to incorporate suggestions made.

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Introduction

Context and related publications

- 1.1 The Great British Insulation Scheme is a new energy efficiency scheme for households, which will support the existing Energy Company Obligation Scheme (ECO4) in the delivery of additional energy efficiency measures targeted at a wider range of households. The Great British Insulation Scheme will allow early delivery from 30 March 2023, and the scheme will run until 31 March 2026. The Department for Energy Security and Net Zero consulted on the design of the scheme, and details of this can be found in the Great British Insulation Scheme Government Response¹. The Department for Energy Security and Net Zero (then known as the Department for Business, Energy and Industrial Strategy) previously consulted on ECO4 in the build up to the ECO4 order coming into force on 27 July 2022². Within that consultation some elements of Flex were amended from delivery of ECO3, including increasing compliance oversight, leading to increased administration and evidencing demands to counteract instances of fraud found to have taken place during ECO3.
- 1.2 The Great British Insulation Scheme is established by the Electricity and Gas (Energy Company Obligation) Order 2023 (the 'ECO4A Order') which will place obligations on energy suppliers to deliver notional annual bill savings through the delivery of energy efficiency measures. From the date of commencement of the ECO4A Order Ofgem ('we', 'us' and 'our' in this document) will be the scheme administrator.
- 1.3 We have published a consultation³ on how we propose to administer Local Authority and Supplier Flex within the Great British Insulation Scheme, and on potential amendments to our current administrative approach within ECO4 Flex, so that both schemes are administered consistently. We are publishing our response to this consultation in this decision document. We have also consulted separately on how we propose to administer the Great British Insulation Scheme overall⁴.

¹ <https://www.gov.uk/government/consultations/design-of-the-energy-company-obligation-eco-2023-2026>

² <https://www.gov.uk/government/consultations/design-of-the-energy-company-obligation-eco4-2022-2026>

³ <https://www.ofgem.gov.uk/publications/great-british-insulation-scheme-and-eco4-la-and-supplier-flex-consultation>

⁴ <https://www.ofgem.gov.uk/publications/great-british-insulation-scheme-and-eco4-amendment-administration-consultation>

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1.4 In this document, 'ECO4 Order' refers to the Electricity and Gas (Energy Company Obligation) Order 2022 that established ECO4.

1.5 A list of related publications is detailed below:

- Ofgem Great British Insulation Scheme Administration Consultation
<https://www.ofgem.gov.uk/publications/great-british-insulation-scheme-and-eco4-amendment-administration-consultation>
- Department for Energy Security and Net Zero Great British Insulation Scheme Government Response
<https://www.gov.uk/government/consultations/design-of-the-energy-company-obligation-eco-2023-2026>

Department for Energy Security and Net Zero ECO+ Consultation – November-December 2022
<https://www.gov.uk/government/consultations/design-of-the-energy-company-obligation-eco-2023-2026>
- ECO4 Guidance: Local Authority Administration
<https://www.ofgem.gov.uk/publications/eco4-guidance-local-authority-administration>
- ECO4 Guidance: Supplier Administration
<https://www.ofgem.gov.uk/publications/energy-company-obligation-eco4-guidance-supplier-administration-v10>
- ECO4 Guidance: Delivery
<https://www.ofgem.gov.uk/publications/energy-company-obligation-eco4-guidance-delivery>
- ECO4 Flex: Statement of Intent Template
<https://www.ofgem.gov.uk/publications/eco4-guidance-local-authority-administration>
- ECO4 Flex: Declaration Template
<https://www.ofgem.gov.uk/publications/eco4-guidance-local-authority-administration>
- ECO4 Flex: Declaration Notification Template

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<https://www.ofgem.gov.uk/publications/eco4-guidance-local-authority-administration>

- The Electricity and Gas (Energy Company Obligation) Order 2022

<https://www.legislation.gov.uk/uksi/2022/875/made>

Our decision-making process

- 1.6 The Great British Insulation Scheme and ECO4 Local Authority and Supplier Flex Consultation was published on 5 April 2023 and ran for three weeks.
- 1.7 We received 16 responses from a variety of stakeholders including Local Authorities, energy suppliers, managing agents, installers and charities. All responses and views were considered, and decisions were collectively made on all of the question areas. A full list of non-confidential respondents can be found in Appendix 1.
- 1.8 This decision document outlines our final position on Local Authority and Supplier Flex within the Great British Insulation Scheme and ECO4. The following chapter considers each consultation question, summarising stakeholder responses. This is followed by Ofgem’s comments on those responses and our decision on the administration in question.
- 1.9 In developing our final policy, we carefully considered all of the points raised by respondents.

Decision-making stages

Date	Stage description
05/04/2023	Stage 1: Consultation open
28/04/2023	Stage 2: Consultation closes (awaiting decision), Deadline for responses
12/06/2023	Stage 3: Consultation decision/policy statement

General feedback

We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this report. We'd also like to get your answers to these questions:

1. Do you have any comments about the overall quality of this document?
2. Do you have any comments about its tone and content?
3. Was it easy to read and understand? Or could it have been better written?
4. Are its conclusions balanced?
5. Did it make reasoned recommendations?
6. Any further comments

Please send any general feedback comments to stakeholders@ofgem.gov.uk

2. Administration: Great British Insulation Scheme and ECO4 LA and Supplier Flex

Section summary

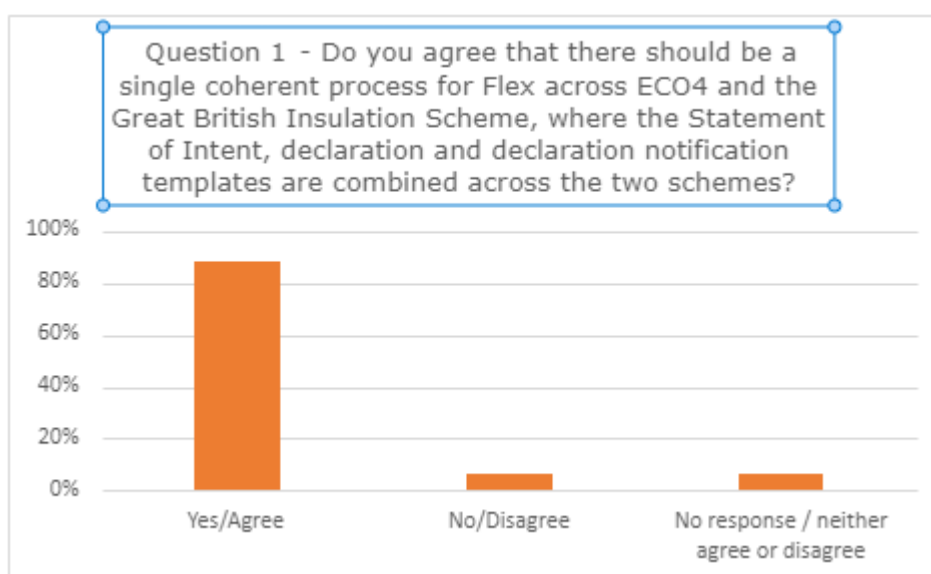
This section outlines our proposed administration for Flex within ECO4 and the Great British Insulation Scheme. We asked stakeholders for their thoughts on potential amendments to our current administrative approach within ECO4 Flex, and whether there should be a single coherent administrative process across both schemes.

Questions

- Q1.** Do you agree that there should be a single coherent process for Flex across ECO4 and the Great British Insulation Scheme, where the Statement of Intent, declaration and declaration notification templates are combined across the two schemes? Please explain your reasoning.
- Q2.** Do you agree that LAs should be required to follow the Statement of Intent template produced by Ofgem? Please explain your reasoning.
- Q3.** Do you agree that LAs should not be responsible for checking SAP bands? Please explain your reasoning.
- Q4.** Do you agree with the pros and cons we have identified? Please explain your reasoning.
- Q5.** Do you think there is an additional administration approach we should consider for Flex across ECO4 and the Great British Insulation Scheme? If yes, please outline.

Question 1

Do you agree that there should be a single coherent process for Flex across ECO4 and the Great British Insulation Scheme, where the Statement of Intent, declaration and declaration notification templates are combined across the two schemes? Please explain your reasoning.



Summary of responses

- 2.1 The majority of the respondents (88%), agreed with the proposal that there should be a single coherent process for Flex across ECO4 and the Great British Insulation Scheme, where the Statement of Intent, declaration and declaration notification templates are combined across the two schemes.
- 2.2 Stakeholders agreed that both schemes need to be accessible and easy to administer for all, and the utilisation of shared templates and systems is a welcome development, keeping the administrative burden of each scheme at a minimum. Stakeholders felt that the unified process and templates will minimise training required for LA officers handling declarations; reduce the chance of human error and allow for supplier compliance teams to better understand auditing requirements. It was also noted that consistency across flex may help to encourage participation in the schemes, and LA engagement, as well as reducing the barrier of navigating different LA approaches, as installers work across LA

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- boundaries. Stakeholders expressed that different formats across the two schemes would bring unnecessary complication.
- 2.3 Another energy supplier commented that a consistent process across both schemes allows the Great British Insulation Scheme to be integrated within suppliers' existing ECO4 Flex programmes relatively quickly. This could lower search costs and help to drive up volume by allowing suppliers to identify groups of households within a local area.
- 2.4 A managing agent commented that some LAs are currently charging for the administrative fees associated with reviewing and approving applications, a further process is likely to increase these fees.
- 2.5 It was requested by a supplier that a future date is set for when this single coherent process comes into effect to avoid the risk of existing ECO4 SoIs etc becoming invalid. Likewise, LAs should be given time to update their existing SoIs to encompass both schemes. To help reduce the administrative burden it was also requested that LAs should be able to submit multiple households on a single declaration provided that each household has its own allocated URN.
- 2.6 An installer agreed that the process should not be complicated any further. However, they raised a concern that some large LAs have conducted an Approved Application Process to produce a list of delivery installers, which can stifle delivery for other appropriately qualified installers in the area.
- 2.7 A managing agent noted that the ECO4 process is yet to be finalised and a further delay to this should be avoided (eg developing a new process for the Great British Insulation Scheme). They further added that the current administrative processes are placing too much of a burden on LAs. Five respondents overall highlighted the perceived administrative burden that the current process places on LAs. Two stakeholders stated that local authorities lack the capacity and resources to deliver both schemes, and that the varying eligibility criteria would create further challenges.
- 2.8 Three suppliers gave the view that the LA declaration to the supplier / installer should not be required, and that removing the requirement for declarations would reduce administrative burden on LAs. One supplier's preference would be for Ofgem to make further simplifications to compliance requirements across both schemes to support LAs facilitation of the respective schemes. As such, the stakeholder suggested that the use of the LA declaration is not supported as it

seems out of step in a digital world. Another noted that the LA declaration creates the risk of errors such as LAs failing to sign declarations.

- 2.9 The third supplier noted that the LA declaration notification to Ofgem already confirms that relevant evidence has been checked by the LA, and this should be sufficient to support LA Flex measures, with the added stipulation that Ofgem can revoke an LA from participating in the scheme if they fail under audit to provide sufficient evidence of compliance. They also raised that the declaration increases the potential for valid measures to be lost from the scheme due to administration issues and could lead to fraud as declarations can be doctored. A concern was also raised over the time taken for Ofgem to respond to LA declaration notification submissions.
- 2.10 A supplier also raised that Ofgem specifying deadlines (eg three month deadline for evidence such as payslips) creates problems for the supply chain and LAs. A more pragmatic approach should be explored should there be any delays in the LA signing off the declaration and / or declaration notification.
- 2.11 One LA commented that they disagree with our proposal on SoI, declaration and declaration notification processes across the two schemes being aligned. They also highlighted that they receive large number of queries about the scheme. The LA further commented that installers all need onboarding, the customer experience needs to be considered, and more information is needed on whether certain insulation measures will be fully funded or not.
- 2.12 Separate scheme templates which are consistent across the two schemes is favoured by a charity. It is thought that including the Great British Insulation Scheme will create a postcode lottery for the councils that are fortunate enough to facilitate ECO Flex. LA Flex involvement is decreasing due to the complexity of ECO4, adding another scheme to that burden will not help. The Great British Insulation Scheme should not be included even as an option, it should be stand alone and not require LA resources to confirm eligibility.

Ofgem response

- 2.13 Ofgem have considered the feedback and decided that there should be a single coherent process for Flex across ECO4 and the Great British Insulation Scheme, where the Statement of Intent (SoI), declaration and declaration notification templates are combined across the two schemes.
- 2.14 This will avoid needless complexity in the administration processes, preventing confusion between the two schemes and any delays new processes may bring.
-

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Furthermore, it is expected that unifying the processes across ECO4 and the Great British Insulation Scheme will provide greater administrative efficiencies and make administration more cost effective.

- 2.15 Suppliers, installers and LAs / DAs are free to and encouraged to establish their own working relationships. There are no formal processes implemented by the Department for Energy Security and Net Zero or Ofgem to do this, and it does not fall within Ofgem’s administrative remit to comment on installer contracts. It is therefore up to the LA to decide which installers they choose to work with.
- 2.16 Currently for ECO4, LAs submit their declaration notifications to Ofgem via the ECO4Flex@ofgem.gov.uk email. Once built the register, for use by LAs for ECO4 and the Great British Insulation Scheme, will allow LAs to submit their declaration notification to Ofgem on the register, and the matching process to energy supplier measure notifications will be automated.
- 2.17 In response to the suppliers’ comments regarding the removal of the LA declaration to the supplier / installer, this was introduced for ECO4 Flex to ensure the most robust compliance and counter fraud processes were in place. This was previously consulted on by the Department for Energy Security and Net Zero (then known as BEIS) and has not formed a part of this consultation. The LA submits a declaration to the supplier / installer which plays a vital role in auditing and evidencing as it confirms to the supplier that the LA is satisfied that the household meets the eligibility criteria and has completed all due diligence. Therefore, we will not be removing the requirement for LA declarations to be sent to the installer / supplier. In recognition of the administrative burden mentioned by some during this consultation we have relaxed our declaration signing requirements and Ofgem will no longer require a LA Officers signature on the declaration. This though may still be required by the supplier for their own auditing and administrative processes, and we encourage LAs and suppliers to work together.
- 2.18 For measures where LAs / DAs have determined eligibility, the supplier is responsible for ensuring the LAs / DAs have collected and retained the evidence, which suppliers need necessary access to for audit purposes, for up to three years after the Final Determination of the Great British Insulation Scheme at a minimum. Where suppliers self-refer an eligible household via Supplier Flex they must collect and retain the evidence. LA declaration notifications are deemed as sufficient support for a Flex measure until the LA retained evidence is called upon.

In the event the supplier is unable to produce satisfactory householder evidence held by either the LA or themselves the measure may be rejected.

- 2.19 Our Audit and Compliance team will confirm to the LA whether or not a declaration notification follows the accepted format. In order for the installation of a measure to be completed, LAs don't need to wait for Ofgem to confirm whether their declaration notifications follow the accepted format.
- 2.20 In response to comments around administrative challenges faced by LAs, to ease administrative burden we have agreed to extend the payslip / bank statement evidence requirement for route 1 from three payslips / bank statements from the last 3 months prior to when the LA dates and issues the declaration to three payslips / bank statements from the last 4 months. This is in recognition of an issue faced where the oldest payslip / bank statement can fall out of the 3 month allowable window too easily and gives a buffer to carry out administrative tasks. We recommend that three payslips / bank statements within the last 3 months are still requested. This will allow an extra month window where the eldest document will not become out of date whilst carrying out administrative work.
- 2.21 We take on board comments referring to householder enquiries. We have updated the ECO 'homeowners and tenants' webpage⁵ to help answer householder enquires, and we will add householder information to the Great British Insulation Scheme webpage⁶. If something goes wrong with the installation itself, then we would expect the householder to follow our Great British insulation Scheme and ECO4 Complaints process⁷ rather than request that the Local Authority intervenes.
- 2.22 The Department for Energy Security and Net Zero set the policy intent for both ECO4 and the Great British Insulation Scheme. Flex within both schemes is a voluntary targeting mechanism and does not require LAs to participate in either scheme. In response to the managing agent's criticism that the current administrative process is putting a burden on the LAs, we recognise that there is an increased burden on LAs to ensure effective targeting, but we do not believe this in itself is a barrier to measures being installed.
- 2.23 Given both schemes focus on low income, fuel poor and vulnerable households, it is not our intent that LAs charge householders for their Flex referrals, but that is

⁵ <https://www.ofgem.gov.uk/environmental-and-social-schemes/energy-company-obligation-eco/local-authorities>

⁶ <https://www.ofgem.gov.uk/environmental-and-social-schemes/great-british-insulation-scheme>

⁷ <https://www.ofgem.gov.uk/eco4-complaints-process>

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the LAs prerogative to do so if they feel necessary as long as the charge is for the sole purpose of administering Flex.

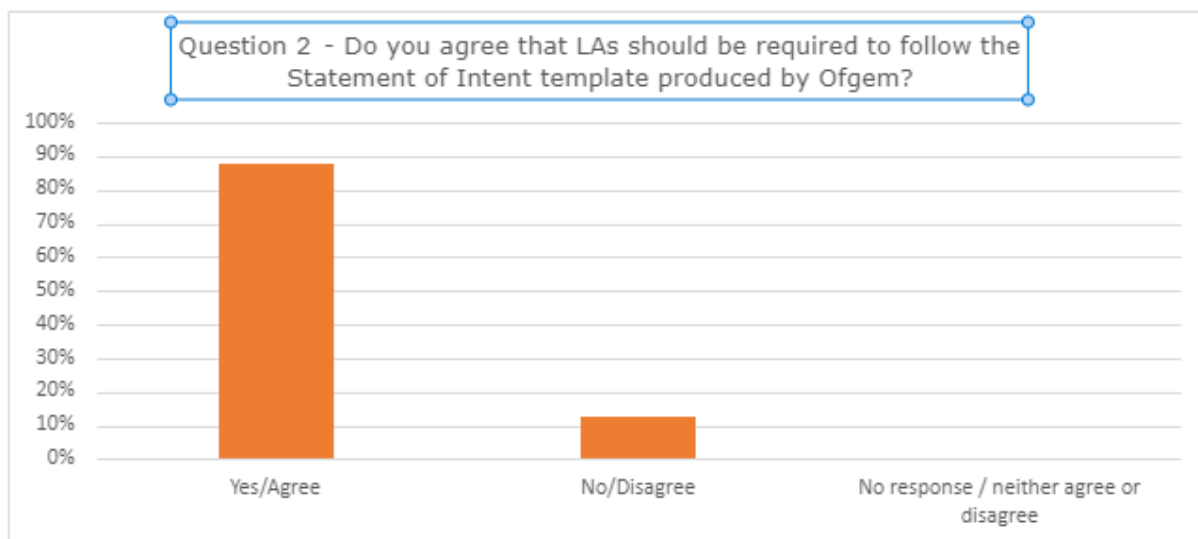
2.24 It is acknowledged that LAs who are already participating in ECO4, will need time to update their SoI if they are also going to participate in the Great British Insulation Scheme.

2.25 We would like to take this opportunity to clarify that multiple households can be included on a single declaration, provided each household has their own URN. Please see our Great British Insulation Scheme and ECO4 Flex declaration template⁸.

⁸ <https://www.ofgem.gov.uk/environmental-and-social-schemes/great-british-insulation-scheme>

Question 2

Do you agree that LAs should be required to follow the Statement of Intent template produced by Ofgem? Please explain your reasoning.



Summary of responses

- 2.26 The majority of the respondents (88%), agreed with the proposal that a single SoI template should be utilised by LAs to issue their SoI on their websites.
- 2.27 Stakeholders noted that this offers a consistent method for LAs to issue their SoI, where a uniform layout provides clear requirements. It makes it easier for LAs to conform to scheme requirements, thereby easing the administrative burden and it would be simpler for the supply chain to assess the respective LA SoIs.
- 2.28 One supplier stated that having one template to standardise the auditing checks requirement also allows for a more streamlined approach to auditing, which should help prevent misrepresentation through the declarations received.
- 2.29 A local Authority felt that following the SoI template provided by Ofgem would reduce confusion for residents across differing LA areas, especially those in proximity to district borders, where households could be subject to different LA Flex criteria on the opposite side of the street in some circumstances. This should also contribute to equitable delivery of assistance across Great Britain.

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- 2.30 Two LAs commented that they should be able to choose which eligibility routes / proxies they want to administer.
- 2.31 An LA raised a concern that they don't endorse contractors, but the SoI template suggests that they have 'approved' contractors.
- 2.32 It was flagged by a stakeholder that Ofgem have already updated the SoI several times. If LAs are required to follow the SoI template published by Ofgem, then updates should be made on very rare occasions due to the disruption it causes.

Ofgem response

- 2.33 Ofgem have decided that LAs should use the Ofgem produced SoI template to participate in Flex within the Great British Insulation Scheme and ECO4. In recognition of concerns about the number of updates the SoI template receives, the document will be unified across both schemes leading to much less need to update SoIs in future.
- 2.34 LAs will still have a choice on which eligibility routes / proxies they wish to administer. The SoI will list both schemes and all routes, with check boxes for each to select which routes/proxies the LA will be administering.
- 2.35 This consistent approach should reduce LA confusion and errors, making it easier for our Audit and Compliance team to check that the SoIs follow the accepted format.
- 2.36 It is up to the LA to decide which installers they choose to work with, hence the 'approved' contractor text is included in the SoI. To clarify, LAs are only responsible for referring eligible fuel poor or vulnerable households whilst the supplier is, amongst other things, responsible for SAP band assessment and measure installation. Responsibility for SAP band assessment is further discussed in Question 3 of our consultation below. The Great British Insulation Scheme and ECO4 Guidance for Local Authorities provides further explanation of the roles and responsibilities of all parties.
- 2.37 We take on board the stakeholder request for the SoI template to be updated less frequently. We do not intend to make regular updates to the SoI once our unified SoI covering ECO4 and Great British Insulation Flex is published, but we may need to update our template with relatively minor changes in the future. We don't expect LAs to publish a new SoI on their website when we publish an updated SoI template. Instead, LAs who are amending existing SoIs should use the most up to date template. LA's who are wishing to deliver the Great British Insulation

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Scheme Flex will though need an SoI that reflects this, and so will require a new SoI in this instance.

Question 3

Do you agree that LAs should not be responsible for checking SAP bands? Please explain your reasoning.



Summary of responses

- 2.38 All the respondents (100%), agreed with the proposal that LAs should not be responsible for checking SAP bands.
- 2.39 It was noted by stakeholders that not all LAs have the knowledge or staffing levels required for an additional eligibility SAP band check, and this would cause delays in getting households referred and measures installed. It was also noted that LAs may assess households that don't have a completed Energy Performance Report (EPR) / Energy Performance Certificate (EPC). Removing this requirement would simplify the task for LAs and would streamline the process for installers given that it links to installation assessment requirements and avoids unnecessary duplication and cost. Any properties which are not in an eligible SAP band should be identified by the supply chain and installation would not go ahead. Therefore, the LA responsibility is limited to determining the flexible eligibility route only, whilst installers / suppliers are best placed to check SAP bands as they have the knowledge and experience. This would maximise the potential for LAs to refer more eligible households which may benefit from ECO4/Great British Insulation Scheme funded measures, while relying on installers / suppliers to conduct SAP band assessments.

- 2.40 Stakeholders had no significant concerns surrounding the installer / supplier continuing to conduct an RdSAP assessment at the premises before a determination is made on what measures might be appropriate to install. As such, it was recommended that an up-to-date confirmation of the SAP band is provided to Ofgem in supplier measure notifications, which Ofgem should validate against TrustMark's data warehouse.
- 2.41 A contractor commented that there are enough checks in place, through funding providers and TrustMark etc, which would not require LAs to confirm SAP bands.
- 2.42 However, it was flagged by an LA that there may be conflicts when comparing up-to-date SAP assessments against the existing lodged EPC's. This is because they may be outdated, or some lodged EPCs may have overstated energy performance in order for the assessor to avoid the Minimum Energy Efficiency Standards (MEES). It is therefore logical for the installer / supplier to ensure that the property meets the relevant SAP band criteria in advance of the works commencing. If a property is private rented, the LA would expect the installer / supplier to advise the LA responsible for the enforcement of the MEES if there was an apparent breach of the Regulations.
- 2.43 A stakeholder also commented that, if LAs are not responsible for determining the scheme that the household is eligible for, then LAs should participate in both ECO4 and the Great British Insulation Scheme. Each declaration should entitle the householder to funding from whichever scheme is determined to benefit them the most.
- 2.44 One energy supplier agreed that the SAP band should be checked during an RdSAP assessment. However, they raised concerns that if the SAP band is not initially checked by LAs this could result in declarations being made for non-eligible properties. Which could lead to customer disappointment, as well as wasted time and costs. They also noted more broadly that Ofgem should ensure that suppliers and installers are not negatively impacted if LAs mistakenly submit a declaration for non-eligible households.

Ofgem response

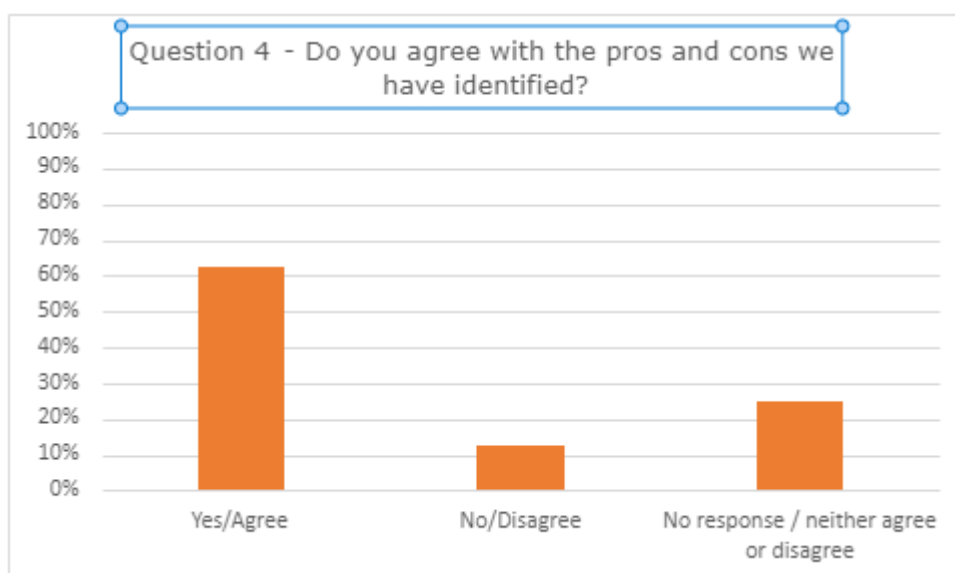
- 2.45 Ofgem will not require LAs to be responsible for checking SAP bands, this is a requirement for the installers / suppliers only. This is because installers / suppliers are best placed and already conduct an RdSAP assessment to ensure the SAP band assessment is up-to-date and correct.

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- 2.46 As a result, SAP bands won't be included in the SoI which participating LAs publish on their website. This will avoid any confusion / expectation that the LAs are required to verify SAP bands, and ultimately removes the burden from LAs who are not best placed within the process to be checking SAP bands and would inevitably be using old evidence, particularly as an RdSAP needs to be completed separately before measures can be agreed.
- 2.47 Ofgem notes the suggestion that the installer / supplier should advise the LA responsible for the enforcement of the MEES if there was an apparent breach of the Regulations.
- 2.48 Flex within ECO4 and the Great British Insulation Scheme is a voluntary targeting mechanism used to identify households considered to be fuel poor or vulnerable who may be eligible for either Great British Insulation Scheme or ECO4 Flex funding as set by the Department for Energy Security and Net Zero, and therefore it is not a requirement for LAs to participate in both schemes, although it provides a locally targeted approach to helping those who are fuel poor or vulnerable.
- 2.49 Ofgem acknowledges the potential risk that comes from LAs not conducting an initial SAP band check for the households they refer. But given the lack of capacity / expertise for LAs to assess SAP bands, and the fact that this would create duplication of work, we do not require LAs to conduct this check. Householders should be made aware that being referred by their LA doesn't guarantee they will be eligible for Great British Insulation Scheme Flex or ECO4 Flex measures; that depends on the supplier who is installing and the RdSAP assessment.

Question 4

Do you agree with the pros and cons we have identified? Please explain your reasoning.



Summary of responses

- 2.50 The majority of the respondents (63%), agreed with the pros and cons we have identified.
- 2.51 A stakeholder agreed with the householder con that there will be less clarity on what scheme they are eligible for and noted that LAs will need to ensure that the correct messaging is prepared and adopted. They continued, energy efficiency and fuel poverty initiatives / schemes need to be understood and promoted for the benefit of residents and this is extremely difficult.
- 2.52 Regarding the householder positive point that more efficient and simplified administration means more LAs are likely to engage, it was thought to be unlikely that more LAs will engage in Flex due to the addition of a new scheme to facilitate. One respondent disagreed that aligning the schemes is a pro for householders, as the schemes will be similar but not exactly the same, which could lead to further confusion. They suggested that adding the Great British Insulation scheme funding to ECO4 would be a better option.

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- 2.53 A stakeholder disagreed that a combined SoI for both ECO4 and the Great British Insulation scheme is a positive. They believe this would complicate it further and cause more confusion.
- 2.54 Two suppliers commented that they are strongly opposed to the LAs issuing both a declaration and declaration notification as this is believed to add unnecessary complication for LAs, installers and suppliers. LAs should only submit a declaration notification to Ofgem, match this against the data submitted by suppliers, and then notify suppliers where there are data mismatches to conduct further investigation. The declaration notification should be used as proof that LAs have declared a household meets the specific scheme / route / proxy criteria that they are referring, and that the LA has collected the householder eligibility evidence to demonstrate this. This would also avoid the issues that surround the signature requirements of declarations, and the time and cost taken to complete this per household.
- 2.55 A supplier raised that it would be helpful to be able to pre-validate an LA Flex measure against the declaration notification prior to notification to Ofgem and, as such, create a database suppliers could link to. This would give suppliers early sight of any discrepancies.
- 2.56 The supplier is also strongly against energy suppliers needing access to sensitive customer data, ie evidence. The LA is responsible for determining if a customer is eligible and Ofgem should be able to rely on their judgement.
- 2.57 Another stakeholder highlighted the requirement for a wet or electronic signature on declarations as an additional con for LAs, and similarly commented that an Ofgem database which would allow the supply chain to cross check projects against LA declaration notifications could be used instead.
- 2.58 A supplier commented that requiring a dedicated responsible person (LA Officer) to sign the declaration adds a further administrative burden on LAs, and suppliers will be unable to validate these signatures, leading to increased financial risk for suppliers.
- 2.59 Another supplier agreed with the positive and negative points identified, but raised that some local authorities find the current evidence requirements excessive, which also poses risks to suppliers if projects are rejected due to insufficient evidence. The supplier supported increased engagement with LAs to address barriers to uptake.

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2.60 One stakeholder commented that suppliers already require LAs to provide householder evidence to support declarations, and queried whether this was part of the scheme requirements.

2.61 Some respondents provided further cons in addition to our own list provided during the consultation. They provided no further pros. Below is a table highlighting all further cons provided by respondents.

Table 1: Further cons provided by respondents to question 4

Stakeholder	Cons
LA / DA	<ul style="list-style-type: none"> • Could lead to an increase in the number of applications and declarations that a participating LA will need to make due to addition of an extra scheme
Supplier / installer	<ul style="list-style-type: none"> • As some LAs are charging for each signed declaration, the introductions of the new scheme will increase costs for suppliers as the number of expected declarations increases with the introduction of the Great British Insulation Scheme Flex • A financial risk to suppliers as LAs not being required to check SAP bands could lead to declarations being issued for non-eligible households • The varying eligibility criteria of available schemes makes providing advice to customers on the support available challenging • Some local authorities find the current evidence requirements excessive, which also poses risks to suppliers if projects are rejected due to insufficient evidence
Householder	<ul style="list-style-type: none"> • Increased complaints from householders as LAs not required to check SAP bands could lead to declarations being issued for non-eligible households • Households are often wary of providing personal data and documentation in order to access support schemes • Some customers may struggle to provide evidence and fill in the required forms, meaning that vulnerable customers are difficult to reach

Ofgem response

- 2.62 Ofgem takes on board the additional LA / DA negative point that was raised that some local authorities find the current evidence requirements excessive. We flag that the Department for Energy Security and Net Zero consulted on the evidence requirements for ECO4 flex and implemented the policy from that consultation. Given both schemes focus on low income, fuel poor and vulnerable households, it is not our intent that LAs charge installers for their Flex referrals, but that is the LAs prerogative to do so if they feel it necessary, as long as the charge is for the sole purpose of administering Flex.
- 2.63 As the two schemes are different, the eligibility criteria varies but we will ensure processes are consistent across the two schemes to reduce the administrative burden for LAs taking part. If the processes were different for both schemes, LAs would need to understand this on top of the different eligibility criteria.
- 2.64 Householders and suppliers should be made aware that a household initially qualifying for Flex via LA eligible route requirements, does not guarantee that they will be eligible, that depends on the RdSAP assessment.
- 2.65 Regarding the householder negative point that there could be less clarity on what scheme they are eligible for, we have updated the ECO 'homeowners and tenants' webpage⁹ to help answer householder enquiries, and we will add additional content for householders to the Great British Insulation Scheme webpage¹⁰.
- 2.66 Ofgem acknowledges frustrations around declarations, declaration notifications and strict evidence requirements, however, these are in place to ensure compliance and to counter fraud. This approach was consulted on by the Department for Energy Security and Net Zero with the policy instigated from the results of that consultation. We are looking into what further guidance we can provide on the evidence requirements. In cases where vulnerable customers are struggling to provide sufficient evidence, this can be dealt with on a case-by-case basis where LAs can take a view on what is appropriate. LAs may ask Ofgem for advice on what to do when a specific household is struggling to provide evidence.
- 2.67 With regard to the comment that LAs should only submit a declaration notification to Ofgem and not to installers / suppliers, this would mean that the supplier is

⁹ <https://www.ofgem.gov.uk/environmental-and-social-schemes/energy-company-obligation-eco/local-authorities>

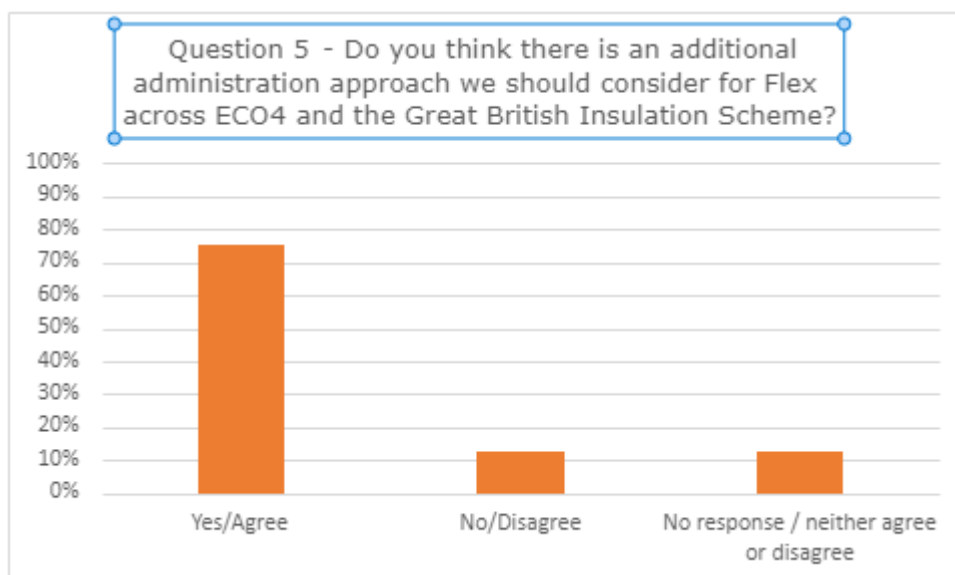
¹⁰ <https://www.ofgem.gov.uk/environmental-and-social-schemes/great-british-insulation-scheme>

responsible for ensuring the LAs have collected and retained the evidence as well as declarations, which suppliers need necessary access to. Therefore, this likely puts more of a burden on the LAs. As previously mentioned, in order to make the declaration processing smoother we have relaxed our signature requirements for this particular form and Ofgem will no longer require a LA Officer's signature. Please note that suppliers may still require one for their own auditing and administrative processes and LAs should work with suppliers to ensure all of their requirements are met.

- 2.68 Regarding a supplier database and customer data, the scheme register is still being built and so we cannot currently state all of its potential functionality but we have taken this point on board. As a minimum though, once built the register will allow LAs to submit their declaration notification to Ofgem, and the matching process to energy supplier measure notifications will be automated.
- 2.69 As discussed in our response to question 1, for measures where LAs / DAs have determined eligibility, the supplier is responsible for ensuring the LAs / DAs have collected and retained the evidence, which suppliers need necessary access to for audit purposes, for up to three years after the Final Determination of the Great British Insulation Scheme at a minimum. Where suppliers self-refer an eligible household via Supplier Flex they must collect and retain the evidence. LA declaration notifications are deemed as sufficient support for a Flex measure until the LA retained evidence is called upon. Where a supplier is unable to provide evidence that they hold directly or are unable to access evidence held by a LA then measures may be rejected.

Question 5

Do you think there is an additional administration approach we should consider for Flex across ECO4 and the Great British Insulation Scheme? If yes, please outline.



Summary of responses

- 2.70 The majority of the respondents (75%) think there should be an additional administration approach that we should consider for Flex across ECO4 and the Great British Insulation Scheme, despite some stakeholders commenting that generally, the proposed administration process seems logical and straightforward for LAs who wish to take part in Flex.
- 2.71 It is noted by an LA that there will be some inconvenience in having to take a new or amended SoI through the democratic process, however, the LA also stated that many LAs will have already streamlined this process, hence adoption should be completed quickly.
- 2.72 It was suggested that clear guidance should be made available for installers / suppliers where they have conducted an RdSAP assessment and find that a property is in breach of the MEES Regulations. A process for advising the relevant enforcement authority of each potential breach should be considered.

- 2.73 Some stakeholders would like the declaration notification process to be strengthened. Suppliers / installers should be able to check whether Ofgem has received a declaration notification from LAs and that it has been confirmed by Ofgem that they follow the accepted format, to avoid contacting LAs to confirm this. Alternatively LAs should work with installers / suppliers to provide information on which declaration notifications have been confirmed by Ofgem as following the accepted format. This would provide assurance that eligibility has been confirmed and reduce the likelihood of a rejection later down the line. The notification of installs would also benefit from automation.
- 2.74 Additionally, an installer / supplier or managing agent needs to be able to verify the household has been notified earlier in the process and be able to identify any data mismatches. The direct contact between the LA and Ofgem will improve the scheme, however, there needs to be better visibility, as any issues need to be identified quickly so they can be resolved and stop widespread issues.
- 2.75 One stakeholder felt that the process of uploading individual URNs should be avoided to save LA time. Further, the barriers that reduce LAs engaging in the scheme should be reviewed. They also suggested that LAs should be encouraged and supported by Ofgem and the Department for Energy Security and Net Zero through the above process simplifications, automations and transparency suggestions, instead of the third sector offering that support.
- 2.76 A supplier felt that LAs should not be able to exclude PAS accredited installers / suppliers with an ECO obligation from accessing a household's Flex eligibility within an LA's locality. It is noted that by including all PAS accredited installers / suppliers, more eligible householders can be targeted, which will improve the energy efficiency of homes, and support suppliers in meeting their obligations.
- 2.77 Two LAs called for there to be a national call centre to deal with contractor and householder enquiries in a consistent manner. It was also suggested that monthly or quarterly reports on scheme measures, spend etc. in each LA area would be beneficial.
- 2.78 One LA proposed that the scheme could be administered centrally via a portal for online applications, with local authorities only having responsibility for any bespoke elements of the scheme they choose to introduce for their own area. Currently if LAs don't participate in the whole scheme then householders may miss out on support, whereas delivering the scheme centrally would allow everyone to access it.

- 2.79 As previously discussed in this document, two energy suppliers did not agree with LAs being required to sign and submit a declaration to installers / suppliers. They felt that the declaration notification is all that should be required as the declaration offers no benefit or assurances beyond what is already provided in the declaration notification, while creating many issues impacting delivery of the schemes. Another stakeholder similarly disagreed with the requirement for wet signatures on declarations, and suggested that suppliers / installers should validate measures via a cross check against the declaration notifications.
- 2.80 One stakeholder recommended that where LAs were found to have consistent issues with evidencing or declaration submissions then they should be banned from participating in the scheme, but requiring this evidence to be accessible by the installer / supplier creates additional GDPR, data protection and administrative issues for all parties.
- 2.81 Alternatively, Ofgem should request access to householder eligibility evidence from LAs directly if a mismatch is identified, as suppliers do not necessarily have relationships with the respective LAs.
- 2.82 It was suggested by one respondent that the process should be simplified so that measures can only be rejected by Ofgem due to fraud, and not due to insufficient evidence. As previously discussed in this document, some stakeholders find the current evidence requirements excessive, and additional concerns were raised around potential data protection issues arising from evidence being passed between multiple parties.
- 2.83 Similarly, another stakeholder thought if a person in a position of responsibility is content to state on a declaration and declaration notification that a householder is eligible for the scheme, that should be sufficient for suppliers to accept as an eligible project. Having personal documents shared between multiple scheme participants to further evidence eligibility is something that is proving very unpopular amongst LAs. Suppliers are reluctant to wait until an audit to request such evidence for a variety of reasons and LAs are reluctant to provide it up front.
- 2.84 Another stakeholder commented on the need for financial protection for installers who have made commercial decisions from declarations which then turn out to be invalid.
- 2.85 Another perceived burden is requiring the supplier / installer to consult with the LA / DA prior to installing measures identified through their own data such as Pre-Payment Meter (PPM) data.

2.86 Stakeholders would like to see more engagement between the Department for Energy Security and Net Zero, Ofgem, LAs, suppliers and the supply chain to try and find the most pragmatic way LA Flex could work to boost delivery across both schemes.

Ofgem response

2.87 Ofgem have considered the feedback and decided to go ahead with our proposed administration approach outlined in the Great British Insulation Scheme and ECO4 LA and Supplier Flex Consultation.

2.88 Regarding SoIs, we flag that the LAs only need to republish any SoIs that they have already published for ECO4, if they are partaking in both ECO4 and the Great British Insulation Scheme. However, LAs that don't intend to partake in the Great British Insulation Scheme as well, may keep their ECO4 SoIs that they have already published.

2.89 Ofgem takes on board the suggestion that guidance should be made available where the installer / supplier finds a property that is in breach of the MEES regulations. This will be included in our final version of the Great British Insulation Scheme and ECO4 Guidance for Local Authorities, due to be published in Autumn.

2.90 Ofgem expect LAs to respond to household enquiries to a certain degree; householders can be directed to our webpages for more information, and to their supplier's national call centre. Scheme statistics will be published once our IT system is fully up and running.

2.91 Ofgem acknowledges frustrations around declarations, declaration notifications and strict dated evidence requirements, however, these are in place to ensure compliance and to counter fraud and were consulted on by the Department for Energy Security and Net Zero in the design of ECO4 Flex. As highlighted previously within this decision statement Ofgem will no longer require a LA Officer's signature on the declaration but this may still be a requirement of suppliers for their own auditing and administrative processes.

2.92 Regarding stakeholder calls for the declaration notification process to be strengthened, we have no remit / responsibility for the data handling between LAs and obligated suppliers / installers. Because suppliers / installers and LAs are free to and encouraged to establish their own working relationships (including LAs deciding which installers to work with), it is up to the LA to decide how they wish to communicate with the supply-chain and inform them that the declaration notification has been sent to Ofgem and whether it has been confirmed by Ofgem

that the declaration notification follows the accepted format, as long as UK-GDPR requirements are followed.

- 2.93 For measures where LAs / DAs have determined eligibility, the supplier is responsible for ensuring the LAs / DAs have collected and retained the evidence, which suppliers need necessary access to for audit purposes, for up to three years after the Final Determination of the Great British Insulation Scheme at a minimum. Where suppliers self-refer an eligible household via Supplier Flex they must collect and retain the evidence. LA declaration notifications are deemed as sufficient support for a Flex measure until the LA retained evidence is called upon. We also take on board suggestions to reduce LA administration time in developing the register for use by LAs, ie by avoiding individual URN uploads.
- 2.94 Suppliers can use their own energy debt data to identify and refer eligible households through the Great British Insulation Scheme and ECO4 Flex (Supplier Flex) or work with relevant authorities under the scheme (LA Flex). Where suppliers self-refer an eligible Great British Insulation Scheme Flex or ECO4 Flex household via Supplier Flex they must produce details of this on their measure notification. It is up to the relevant authorities whether they wish to work with suppliers as their Flex participation is voluntary. Therefore, the supplier / installer is only required to consult with the LA / DA prior to measure installation when the supplier is using their own data as well as LA data.
- 2.95 Regarding the recommendation from one stakeholder that Ofgem ban LAs from partaking in Flex if found to have consistent issues with their declarations and evidencing; Ofgem do not have the powers to prevent LAs participating within Flex and it is an entirely voluntary element of the schemes. The Great British Insulation Scheme and ECO4 are obligations upon suppliers to fulfil at their own discretion.
- 2.96 In response to a stakeholder's call for the scheme to be administered centrally / LAs to be responsible for bespoke elements of the scheme, this is not for Ofgem to comment on as it is the Department for Energy Security and Net Zero who set the policy intent.
- 2.97 Ofgem will be conducting more engagement on Flex and relevant stakeholders will continue to be made aware of this.

Appendices

Appendix 1 - List of non-confidential respondents

1. Borough Council of King’s Lynn & West Norfolk
2. Isle of Anglesey County Council (Cyngor Sir Ynys Môn)
3. Octopus Energy ECO Ltd
4. Anesco Ltd
5. British Gas Zero
6. Centre for Sustainable Energy
7. EDF Energy
8. E.ON Energy
9. Energy UK
10. Rhondda Cynon Taf County Borough Council (RCTCBC)
11. Scottish Power
12. UK Energy Management

Appendix 2 – Table of all responses^{11,12}

Consultation Question	Agree	Disagree	Neither Agree Nor Disagree	No Response
Question 1	88%	6%	6%	0%
Question 2	88%	13%	0%	0%
Question 3	100%	0%	0%	0%
Question 4	63%	13%	19%	6%
Question 5	75%	13%	0%	13%

¹¹ Appendix 2 sets out the percentage of respondents who either ‘agree’, ‘disagree’ or ‘neither agree nor disagree’ to a question, and the percentage who did not provide a response. We received a total of 16 responses from a variety of stakeholders, including energy suppliers, local authorities, and installers.

¹² Percentages may not total 100 due to rounding.

Appendix 3 – Abbreviations Table

Abbreviations Table

Abbreviation	Explanation
DA	Devolved administration
ECO	Energy Company Obligation Scheme
EPC	Energy Performance Certificate
EPR	Energy Performance Report
Flex	Flexible eligibility
LA	Local authority
MEES	Minimum Energy Efficiency Standards
PPM	Pre-Payment Meter
RdSAP	Reduced Data Standard Assessment Procedure
SAP	Standard Assessment Procedure
SoI	Statement of Intent