

## ECO4 Guidance: Local Authority Administration V1.1

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This document provides guidance for Local Authorities and Devolved Administrations who wish to start participating and those that are already participating in the Energy Company Obligation (ECO4).

This document outlines how Local Authorities and Devolved Administrations can identify and refer households under the ECO4 Flex mechanism. It details how Local Authorities can evidence eligible households and how they can work collaboratively with suppliers. Information on submitting Statements of Intent (SoI) and Declarations, as well as details on the auditing process, are also included.

For more information on the ECO4 Flex mechanism and ECO4 more generally, please visit the ECO4 Delivery Guidance<sup>1</sup>.

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<sup>1</sup> <https://www.ofgem.gov.uk/publications/draft-energy-company-obligation-eco4-guidance-delivery-v01>

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## 1. About this guidance

- 1.1. The Energy Company Obligation focuses on supporting low-income, vulnerable and fuel-poor households through installation of insulation and heating measures. This policy aims to reduce fuel poverty and energy bills in the long-term and reduce carbon emissions.
- 1.2. The Government committed support for low-income/fuel poor households in their strategy to reach net zero by 2050.<sup>2</sup>
- 1.3. The Electricity and Gas (Energy Company Obligation) Order 2022 (ECO4 Order), or the "ECO4" scheme, covers period from 1 April 2022 until 31 March 2026.
- 1.4. The flexible approach to identifying eligible households was introduced via the Local Authority Flexible Eligibility scheme (LA Flex) in April 2017 to target low-income households who are unlikely to be in receipt of means tested benefits. This approach for Local Authorities (LAs), and Devolved Administrations (DAs), has been reformed to improve targeting under the ECO4 scheme.
- 1.5. Ofgem (the Office of Gas and Electricity Markets) administers the scheme on behalf of the Department for Business, Energy and Industrial Strategy (BEIS) who set the overall policy for the scheme. This document provides guidance on how Ofgem ('we', 'our' and 'us' in this document) will administer the ECO4 Flex scheme, in line with the requirements of the ECO4 Order.<sup>3</sup>

**This guidance will apply to all measures installed from 1 April 2022, under the ECO4 Flex targeting route.**

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<sup>2</sup> Net Zero Strategy: Build Back Greener (October 2021)

<https://www.gov.uk/government/publications/net-zero-strategy>

<sup>3</sup> <https://www.legislation.gov.uk/ukxi/2022/875/made>

## 2. Introduction

2.1. The Energy Company Obligation (ECO), first introduced in 2013 is an energy efficiency scheme for Great Britain that places legal obligations on energy suppliers to deliver energy efficiency and heating measures to domestic premises. This aims to reduce home heating costs for low-income, fuel poor and vulnerable people, and incorporates the replacement of broken heating systems, the upgrade of inefficient systems and the installation of insulation.

2.2. The ECO1 scheme ran between 1 January 2013 and 31 March 2015. The ECO2 scheme then ran from 1 April 2015 to 31 March 2017. This scheme was then extended and ran from 1 April 2017 to 30 September 2018 and was referred to as ECO2t. The 'LA Flex' component of the scheme was introduced as part of the changes to the scheme in April 2017. The ECO3 scheme ran from 3 December 2018 to 31 March 2022. ECO4 is the new scheme that replaced it.

2.3. The government has committed to a four-year successor scheme which covers the period from April 2022 and which will end in March 2026.

2.4. The main objective of ECO4 is to reduce fuel poverty by improving the least energy efficient housing stock occupied by low income, vulnerable and fuel poor households. One route that can be used to identify these households is ECO4 Flex. ECO4 Flex will remain a voluntary targeting mechanism. Under ECO4 Flex, a participating LA can refer private tenure households that it considers to be living in fuel poverty or on a low income and vulnerable to the effects of living in a cold home. Suppliers and DAs will also have a new role under ECO4 Flex.

## Related Publications

- ECO4 Guidance: <https://www.ofgem.gov.uk/publications/draft-energy-company-obligation-eco4-guidance-delivery-v01>
- BEIS' ECO4 Consultation: <https://www.gov.uk/government/consultations/design-of-the-energy-company-obligation-eco4-2022-2026>
- BEIS' ECO4 Government Response: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1065823/eco4-government-response.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1065823/eco4-government-response.pdf)
- For LA Flex measures delivered between 1 October 2018 and 31 March 2022 see BEIS' Guidance for Local Authorities: <https://www.gov.uk/government/publications/energy-company-obligation-eco-help-to-heat-scheme-flexible-eligibility>.

### 3. Overview of ECO4 Flex/ roles and responsibilities

- 3.1. ECO4 places a legal obligation on obligated suppliers<sup>4</sup> to reduce heating costs for low-income and vulnerable households by delivering energy efficiency and heating measures. One route to identify eligible households is through ECO4 Flex, where LAs, the Scottish and Welsh Governments, and suppliers identify households that meet the eligibility requirements set out in the ECO4 Order.
- 3.2. Suppliers can deliver up to 50% of their obligation through the ECO4 Flex route. Delivery under ECO4 Flex is optional for LAs, DAs, and suppliers.
- 3.3. Where a LA wishes to participate in ECO4 Flex they are expected to follow this guidance. In addition, we have also produced separate Delivery Guidance<sup>5</sup> for the entire ECO4 scheme that all stakeholders are required to follow.
- 3.4. This chapter provides an overview of the ECO4 Flex processes for LAs and DAs, as well as the key roles and responsibilities of the other relevant parties involved. The following chapters provide further detail on identifying eligible households and the relevant documentation.

#### Overview of the ECO4 scheme

- 3.5. The main objective of the scheme is to reduce household heating costs by improving the least energy efficient housing stock occupied by low income and vulnerable households. Under ECO4, suppliers with more than 150,000 domestic customer accounts are obligated, subject to supply volumes of 300 GWh / year electricity and 700 GWh / year gas.
- 3.6. The overall obligation period for ECO4 runs from the commencement of the ECO4 Order to 31 March 2026 and is split into four phases:
  - Phase 1: 27 July 2022 to 31 March 2023
  - Phase 2: 1 April 2023 to 31 March 2024

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<sup>4</sup> <https://www.ofgem.gov.uk/eco-supplier-contact-details>

<sup>5</sup> [Energy Company Obligation \(ECO4\) Guidance: Delivery V0.1 | Ofgem](#)

- Phase 3: 1 April 2024 to 31 March 2025
- Phase 4: 1 April 2025 to 31 March 2026

- 3.7. For each phase of ECO4, a supplier is allocated a proportion of the overall obligation depending on its relative share of the gas and electricity market. A supplier must achieve its obligation before 1 April 2026.
- 3.8. Homes with an Energy Performance Certificate (EPC), band of D-G may be eligible for the scheme. There is a minimum requirement of improving band F or G homes to at least band D, and band D or E homes to at least a band C. This requirement is to encourage the delivery of multiple measures to a home for a more complete upgrade of the least efficient homes.
- 3.9. Installations under the ECO4 scheme are referred to as 'measures' and the full package of measures that are delivered to a household to meet the minimum requirements is an 'ECO4 project'.
- 3.10. A list of the measures that can be delivered under ECO4 can be found on our ECO4 measure table<sup>6</sup>

## Roles and responsibilities

- 3.11. The roles of LAs, the Scottish and Welsh Governments, suppliers, Ofgem and BEIS are detailed below.

**Table 1: Summary of the roles and responsibilities of the different organisations involved in flexible eligibility**

Organisation	Summary of roles and responsibilities
<b>Local Authority</b>	<ul style="list-style-type: none"><li>• Local authorities can volunteer to participate in ECO4 Flex to identify eligible households. To participate, a LA will need to publish a Statement of Intent (SoI) which outlines their intention to participate in the scheme and their commitment to follow the scheme rules.</li></ul>

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<sup>6</sup> <https://www.ofgem.gov.uk/publications/eco4-project-forms-and-tables>

	<ul style="list-style-type: none"> <li>• LAs are responsible for determining whether households are eligible and will also need to produce declarations for all households they identify. Further information on SoIs and declarations can be found in Chapters 4 and 5.</li> <li>• LAs can identify households in their area and for other areas where they have been given delegated authority from another LA (see paragraph <b>Error! Reference source not found.</b>).</li> </ul>
<b>Scottish/Welsh Government</b>	<ul style="list-style-type: none"> <li>• The Local Authorities in Wales and Scotland, as well as the Welsh and Scottish governments, are all able to make household referrals for ECO4 Flex. Where LAs and governments in Scotland and Wales refer households for the scheme, they must issue a SoI and a declaration following the procedures outlined in Chapters 4 and 5.</li> <li>• The auditing and governance sections of this guidance will only apply to LAs in devolved areas who refer households independently from their DA.</li> </ul>
<b>Supplier</b>	<ul style="list-style-type: none"> <li>• The ECO4 Flex route used to identify households and the measures installed at the relevant home should be notified to Ofgem.</li> <li>• Suppliers can also use their own energy debt data to identify and refer eligible households through ECO4 Flex or work with relevant authorities under the scheme, (see paragraph 4.9). Where suppliers self-refer an eligible ECO4 Flex household, they must produce details of this on their project notification, (see Chapter 3 of the ECO4 Delivery Guidance)<sup>7</sup>.</li> </ul>
<b>Ofgem</b>	<ul style="list-style-type: none"> <li>• Ofgem administers the ECO4 scheme and produces guidance for suppliers, local authorities and supply-chain members.</li> <li>• Ofgem has set up a process to receive declarations from LAs and to check these against supplier notifications.</li> <li>• Ofgem is responsible for delivering the annual LA audits (further info in Chapter 7: <b>Error! Reference source not found.</b>).</li> </ul>
<b>BEIS</b>	<ul style="list-style-type: none"> <li>• BEIS is responsible for setting the overall policy for the scheme.</li> </ul>

<sup>7</sup> [Draft Energy Company Obligation \(ECO4\) Guidance: Delivery V0.1 | Ofgem](#)



	<ul style="list-style-type: none"><li>• BEIS will review applications under Route 4: Bespoke Targeting.</li></ul>
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## **Working with energy suppliers**

- 3.12. There are a number of potential delivery models that could be followed under flexible eligibility, and it will be up to the supplier, or their intermediaries, and LAs / DAs to agree them for each area.
- 3.13. LAs / DAs should be aware that a supplier must provide information to Ofgem on projects delivered under the scheme and as such the supplier will require information from the LA / DA to support this.
- 3.14. Suppliers, installers and LAs / DAs are free to and encouraged to establish their own working relationships. There are no formal processes implemented by BEIS or Ofgem to do this.
- 3.15. LAs / DAs should make clear to their residents that the inclusion of a household in a LA / DA declaration does not guarantee a measure will be installed in their home by an energy supplier. Decisions by energy suppliers on whether to install a measure may depend on:
- i) survey carried out by suppliers, or their agents / contractors and installation costs calculated,
  - ii) the energy savings that can be achieved for a property,
  - iii) whether suppliers have achieved, or are close to achieving, their targets, and
  - iv) other commercial considerations.
- 3.16. LAs / DAs should additionally make it clear to their residents that suppliers will carry-out an assessment to decide which measures their property should receive. Residents should be advised that they are likely to receive multiple measures, including insulation measures, where it is both possible and cost-effective to do so due to minimum requirements (MR) on the scheme. This will be decided by the supplier and subsequently shared with the LA / DA.
- 3.17. It is encouraged that LAs / DAs and suppliers establish robust partnerships with a strong understanding of mutual roles and responsibilities that provide a positive

customer journey for fuel poor and vulnerable households. As a result of this, situations where customers expect a measure that is then not delivered should be avoided.

## 4. Identifying eligible consumers

### ECO4 Flex Referral routes

- 4.1. The ECO4 Order outlines four separate routes to identify low income and vulnerable households under ECO4 Flex. All four routes can be used by a single LA and each route must be used independently.
- 4.2. Where a LA identifies a household, or is notified of an eligible household by a 3<sup>rd</sup> party, the LA must ensure that the household meets one of the four eligibility routes and that the LA officer has seen and collected evidence to demonstrate this. It will be up to the LA and supplier to ensure they have sufficient evidence requirements in place. However, we have provided a non-exhaustive list in Table 3.
- 4.3. Households identified must be private tenure. Properties owned or let by a social landlord can only be listed in a LA declaration where it is let by the social landlord at or above market rate, ie meeting the private domestic premises requirement. For more information on how to evidence market rate see Appendix 2 in the ECO4 delivery guidance.
- 4.4. Prior to identifying and evidencing a household for ECO4 Flex, the LA must ensure that the property is a private domestic premises for which the pre-project Standard Assessment Procedure (SAP) band is D, E, F or G for owner-occupied homes or E, F or G for privately rented homes. Further, under route 2 below, regardless of the private tenure home, only SAP band E, F or G are eligible.

**Table 2: ECO4 Flex Referral Routes**

Route	Explanation
<b>Route 1: Household Income</b>	Households living in private tenure SAP band D, E, F or G homes and with a gross annual income less than £31,000. This cap applies irrespective of the property size, composition or region and is from all sources of income, including both non means tested and means tested benefits.
<b>Route 2: Proxy Targeting</b>	Households living in owner occupied or privately rented SAP band E, F, or G homes that meet at least two of the following proxies: Proxy 1) Homes in England in Lower-layer Super Output Area (LSOA)1-3 on the English Indices of

	<p>Deprivation 2019<sup>8</sup> or homes in Wales in LSOA 1-3 on the Welsh Index of Multiple Deprivation 2019<sup>9</sup>, or homes in Scotland in “data zone” 1-3 on the Scottish Index of Multiple Deprivation 2020<sup>10*</sup>,</p> <p>Proxy 2) A person living at the premises receives a Council Tax reduction on the grounds of low income,</p> <p>Proxy 3) A person living at the premises is considered to be vulnerable to the cold under the National Institute for Health and Care Excellence (NICE) Guidance: Recommendation 2, for a reason other than their low income<sup>11*</sup>,</p> <p>Proxy 4) A child living at the premises is eligible for free school meals, due to low-income<sup>12</sup>,</p> <p>Proxy 5) A person living at the premises is supported by a LA run scheme that is named and described in their Statement of Intent, and established to support people living on a low income and vulnerable to the cold under NICE Guideline NG6,</p> <p>Proxy 6) A person living at the premises has been referred to the LA for support by their energy supplier, Citizens Advice or Citizen’s Advice Scotland because they have been identified by the referrer as struggling to pay their gas or electricity bills,</p> <p>Proxy 7) Households identified through supplier debt data. This route enables obligated suppliers to use their own debt data to identify either Non Pre-Payment meter households (non-PPM), or Pre-Payment meter households (PPM)*.</p>
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<sup>8</sup> [The English Indices of Deprivation 2019 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

<sup>9</sup> [Welsh Index of Multiple Deprivation \(full Index update with ranks\): 2019 | GOV.WALES](https://gov.wales)

<sup>10</sup> [Scottish Index of Multiple Deprivation 2020 - gov.scot \(www.gov.scot\)](http://www.gov.scot)

<sup>11</sup> [1 Recommendations | Excess winter deaths and illness and the health risks associated with cold homes | Guidance | NICE](#)

<sup>12</sup> Under section 512ZB(4) of the Education Act 19965 or section 53 of the Education (Scotland) Act 19806

	<p>a) <b>Non-PPM customers:</b> These are customers who have been in debt for more than 13 weeks ending with the day on which the declaration is made, and are in a debt repayment plan with their energy supplier or repaying their fuel debt through 3<sup>rd</sup> party deductions.</p> <p>b) <b>PPM customers:</b> Suppliers may also identify PPM households who:</p> <ul style="list-style-type: none"> <li>• have either self-disconnected or received supplier Discretionary/Friendly credit within the last 13 weeks ending with the day on which the declaration is made; or</li> <li>• are in a debt repayment plan with their energy supplier; or</li> <li>• repaying their fuel debt through 3<sup>rd</sup> party deductions.</li> </ul> <p><b>*Proxies 1 &amp; 3 and proxies 6 &amp; 7 cannot be used in combination with each other.</b></p>
<p><b>Route 3: NHS Referrals</b></p>	<p>Households in private tenure SAP band D, E, F and G homes and identified as housing a person suffering from a severe and / or long-term health condition that is adversely affected by living in a cold home.</p> <p>The person’s severe or long term health condition must be due to :</p> <ul style="list-style-type: none"> <li>• A cardiovascular condition,</li> <li>• A respiratory disease,</li> <li>• Limited mobility, or</li> <li>• Immunosuppression.</li> </ul> <p>The LA must complete a declaration certifying that it has received a referral from one of the following:</p> <ul style="list-style-type: none"> <li>• A General Practitioner (GP),</li> <li>• A Scottish Health Board,</li> <li>• A Welsh Health Board,</li> <li>• An NHS foundation trust, or</li> <li>• An NHS Trust,</li> </ul>

<p><b>Route 4: Bespoke Targeting</b></p>	<p>Suppliers and LAs can submit a proposal via an application form to BEIS where they have identified new methods to identify low income and vulnerable households.</p> <p>Applications need to demonstrate a number of factors, aside from living in an owner-occupied D, E, F, or G SAP band property or for homes in the private rented sector E, F or G home. Applicants will also need to demonstrate, underpinned by evidence, that the proposed methodology is more effective at identifying low income households than the criterion offered under Routes 1 and 2.</p> <p>Applications should also demonstrate that assistance reaches the majority of households who are not in receipt of any means tested benefits that fall within the help to heat group benefits:</p> <ul style="list-style-type: none"> <li>• over 50% of the premises that meet the criteria are not occupied by a member of the help to heat group, and that</li> <li>• at least 75% of the premises that meet the criteria are owner-occupied premises occupied by at least one person living in fuel poverty; or</li> <li>• at least 90% of the premises that meet the criteria are private rented premises occupied by at least one person living in fuel poverty.</li> </ul> <p>Owner-occupier D, E, F, and G and private rented sector E, F, and G properties may qualify for ECO4 Flex route 4, providing that the LA is consulted by the supplier prior to completed installation, and that their supporting supplier or LA application has been approved by the Secretary of State, (SoS).</p> <p>BEIS will issue new guidance for this targeting method.</p>
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**Route 2 Proxy Targeting: Premises in a LSOA or the Index of Multiple Deprivation**

4.5. Under Route 2 Proxy 1, premises located in England, in an area identified as a LSOA in the first, second or third decile on the Index of Multiple Deprivation for 2019 published by the Ministry of Housing, Communities and Local Government, can be referred for ECO4 Flex.

4.6. In the case of premises located in Wales, homes in in an area identified as a LSOA in the first, second or third decile on the Welsh Index of Multiple Deprivation 2019

published in November 2019 by the Welsh Government may also be referred for the scheme.

- 4.7. In the case of premises located in Scotland, homes in a data zone which is identified as being in the first, second or third decile on the Index of Multiple Deprivation for 2020 published in April 2020 by the Scottish Government, may also be referred for the scheme.
- 4.8. All cases must be used in isolation of each other and combined with another Route 2 proxy from the list.

**Route 2 Proxy targeting: Supplier provided data or Citizen’s Advice<sup>13</sup> referral**

- 4.9. Under Route 2, suppliers and Citizen’s Advice, or Citizen’s Advice Scotland, have the option to work with the LA by referring customers to the LA for support with their energy bills.

*LA and supplier combined declaration, (Supplier debt data proxy):*

- 4.10. Where LAs work with the supplier, they will need to combine one of the two supplier debt data elements, as outlined in Proxy 7, with Proxy 5 that aims to support low-income and vulnerable households. Where this proxy combination is used, the LA must sign the declaration.

*Suppliers and Citizen’s Advice referral:*

- 4.11. To refer households for the scheme, Citizen’s Advice, or Citizen’s Advice Scotland, must produce a signed referral letter to the LA confirming they are assisting the householder with their gas or electricity debt arrangements. This referral letter can be found on our Ofgem website on the same webpage as our ECO4 Administrative Guidance.
- 4.12. Citizen’s Advice will only need to refer a household to a LA, and they will not need to find the second proxy combination.

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<sup>13</sup> Also refers to Citizen’s Advice Scotland.

## Evidencing eligible households

- 4.13. We expect that for all households identified as eligible through ECO4 Flex evidence will need to be collected and retained by both the LA and the supplier. Ofgem will not be collecting this evidence but will be able to request it where issues arise with measures (eg mismatch between LA declaration or project notification) or during audits (further information on audits in Chapter 7, 'Audits').
- 4.14. Suppliers must retain evidence for the duration of the scheme. Ofgem may conduct checks after the scheme closure date, so we recommend that suppliers have access to relevant information for three years after ECO4 ends, as per the wider data retention policy in ECO4<sup>14</sup>, in case they need to support the eligibility of a measure. LAs are likely to have experience in determining adequate and acceptable evidence for their own schemes so are in the best position to determine what is sufficient evidence.
- 4.15. However, to support LAs in determining what is sufficient evidence, we have provided a non-exhaustive list of forms of evidence in Table 3.

**Table 3: Examples of suitable evidence for each of the ECO4 Flex referral routes**

Referral Route	Evidence
Route 1: Low income	<ul style="list-style-type: none"> <li>• Tax returns if within the past three months,</li> <li>• Payslips from the last three months,</li> <li>• Bank statements within the last three months proving income payments, including non means tested benefits,</li> <li>• P45 or P60 documentation, so long as the household's annual income is visible.</li> </ul>
Route 2: Proxy targeting	<ul style="list-style-type: none"> <li>• Screenshot from the LA confirming the household is within a LSOA area, supported by Office for National Statistics (ONS) data: <a href="https://onsdigital.github.io/postcode-lookup/">https://onsdigital.github.io/postcode-lookup/</a>.</li> <li>• Copy of council tax reduction eg a photo, an email, a PDF with name and address; or letter confirming reduction from LA.</li> <li>• Signed, referral letter from a Doctor / GP identifying that a person living at the premises is considered to be vulnerable to</li> </ul>

<sup>14</sup> <https://www.ofgem.gov.uk/publications/eco-privacy-notice>



	<p>the cold and suffers from a health condition as stated in the NICE guidance: NG6, excluding the low-income proxy.</p> <ul style="list-style-type: none"> <li>• Signed letter from local coordinator / local authority that proves the household was eligible for a LA-run scheme.</li> <li>• Eligibility Checking Service (ECS), documentation showing eligibility for free school meals due to low-income provided by the Department for Education or from the school.</li> <li>• Signed letter accompanied by proof of gas and electricity debt from the energy supplier or Citizen’s Advice, showing that the household has been referred to the LA for support with their energy bills.</li> </ul> <p><b>PPM / non-PPM evidence (supplier provided data):</b></p> <ul style="list-style-type: none"> <li>• Customer tariff data to indicate the customer’s payment method.</li> </ul>
<p>Route 3: NHS referrals</p>	<p>Official letter signed by either an NHS Trust, NHS Trust Board or NHS GP. This letter will need to state that the official signing the letter considers someone in the household to be suffering from one of the four health conditions listed in Table 2.</p> <p>The link to a generic letter template can be found on our Ofgem website.*</p>
<p>Route 4: Bespoke targeting</p>	<p>The evidence for this will be assessed as part of a BEIS led panel assessment.</p>

\* In recognition of doctor’s and GP’s time and effort, and to reduce their administrative burden, we have published a standard referral letter on our website that can be used for Route 2, proxy 3, and Route 3.

## 5. Statement of Intent (SoI)

- 5.1. A Statement of Intent (SoI), as set out in the ECO4 Order<sup>15</sup>, is intended to state publicly the criteria that either a LA, a group of LAs, or a DA, intends to use to identify households that meet the eligibility criteria under flexible eligibility.
- 5.2. The SoI is intended to create transparency and public accountability for the eligibility criteria and will be a good way of advertising the LAs' approach to their residents, energy suppliers, charities and community groups, who may be able to work with them.
- 5.3. A LA or DA must publish a SoI before it can make declarations that households meet the eligibility criteria. Only one SoI should be used for Flex and it should not reference other schemes. A template SoI can be found on our website.
- 5.4. For ECO4 the SoI will state the LA / DA's intent to participate in ECO4 Flex and a commitment that the signing LA officer will check and verify that declarations have been issued for households which match the criteria in the SoI.
- 5.5. The SoI must be signed by the CEO or dedicated responsible person.
- 5.6. If we find that the SoI was not published at all or was published after a declaration was made, we will look to revoke approval of the measures included in the relevant declarations.
- 5.7. The SoI template includes fields for the following information:
  - a) Name of the LA,
  - b) Whether the LA is acting on behalf of another LA (if relevant),
  - c) Date of publication,
  - d) Version number,

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<sup>15</sup> <https://www.legislation.gov.uk/uksi/2022/875/made>

- e) A statement to outline that the LA will be using one of the four eligible routes to identify households. Where LAs use the LA-run scheme proxy, the name and the description of the scheme must be stated in the SoI. The dedicated LA officer will be responsible for checking and verifying declarations and associated evidence submitted.
- f) A signature (or co-signature) from the CEO or dedicated responsible person to confirm the above.

5.8. Where a LA needs to edit the SoI during ECO4, they should use version numbers to ensure it is clear to Ofgem and suppliers which version should be used. Previous versions of the SoI should remain publicly available but clearly marked as 'superseded' /'withdrawn' and include the date in which the document was withdrawn.

## **Delegation between LAs and joint SoIs**

5.9. A LA can delegate to another LA to provide declarations for households in its administrative area. This needs to be stated in the SoI of the LA to which it has been delegated.

5.10. Where a LA has delegated another LA to deliver declarations on their behalf, we suggest the delegating LA also publishes the relevant SoI on its website, so that residents are aware.

5.11. LAs should have regard to the requirements under the UK General Data Protection Regulations<sup>16</sup> (GDPR), when sharing data between parties. Ofgem administers the ECO4 Flex scheme, but we have no remit in approving any data-sharing agreements between local authorities and obligated suppliers or installers and are not responsible for the data handling between them.

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<sup>16</sup> <https://www.gov.uk/government/publications/guide-to-the-general-data-protection-regulation>

## 6. Declarations

### Local Authority / Devolved Administration Declaration

- 6.1. LAs and DAs are also required to produce and sign declarations for all households that they refer for the scheme. Authorities can only issue declarations once they have published a SoI. Declarations that are signed by third-parties will be rejected.
- 6.2. A declaration confirms that the authority has identified a property that meets the eligibility criteria of one of the four referral routes, and they have collected evidence to demonstrate this. Declarations should be made on a household basis.
- 6.3. A LA can provide declarations for households not within its administrative area when they have been given delegated authority from another LA. This should be made clear on the declaration, as stated from paragraph **Error! Reference source not found.**
- 6.4. LAs in Wales and Scotland are also able to provide declarations for households following the declaration process below.
- 6.5. The LA or DA must ensure that a household first meets the following criteria, prior to issuing a declaration:
  - The measure is installed as part of an ECO4 project at private domestic premises for which the pre-installation SAP band is band D-G for owner-occupied homes, or band E-G for private-rented properties. Under Route 2 both owner-occupied and private-rented sector properties must be SAP band E-G.
  - A SoI has been uploaded onto the authority's website, on or before its declaration publication.
  - The LA or DA has been consulted by the supplier or installer about the carrying-out of measures in domestic premises before the day on which the ECO4 project is completed.
- 6.6. Suppliers are able to work with LAs to identify households that meet the relevant criteria. Where suppliers are working with a LA, that LA must outline that they are using supplier debt data under Route 2, and sign and submit the declaration by following the declaration process below.

6.7. An example of the combined evidence needed for collection under the Supplier Flex proxy is given below:

**Figure 1: Example of the supplier data provided proxy**

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<b>Actor</b>	<b>LA and supplier eligibility</b>	<b>Evidence</b>
<b>Local Authority</b>	<p>A non-pre-payment meter household has been in debt for 13 weeks and is repaying their fuel debt through 3<sup>rd</sup> party deductions.</p> <p>A member of the household has been referred by a LA under a scheme established by the LA to support households containing people who would be considered vulnerable to the cold for the purposes of NICE Guidelines.</p>	LA signed declaration

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## Declaration template

6.8. We will be setting up a new process to receive declaration notifications from LAs / DAs. Ofgem will use LA / DA's notification templates via a CSV file to check against supplier project notifications. Please note that the actual declaration should be sent to the supplier, but the declaration notification is sent to Ofgem.

6.9. We have provided the template on our website<sup>17</sup>, which includes the following fields:

- LA Declaration Unique Reference Number (URN),
- Referral made outside of LA remit (if appropriate),
- Referral Route:

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<sup>17</sup> [ECO4 Guidance: Local Authority Administration | Ofgem](#)

Route 1, Low Income households,

Route 2, Proxy Targeting- including supplier debt data,

Route 3, NHS Referral or,

Route 4, Bespokes Targeting (BEIS Panel),

- Additional Route 2 proxies (if appropriate),
- Route 4 Application number,
- Address Line 1,
- Address Line 2,
- Postcode,
- LA code area<sup>18</sup>,
- Confirmation of the LA's consultation with the supplier prior to measure installation,
- Date of householder eligibility,
- Statement of Intent publication date,
- Statement of Intent link.

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<sup>18</sup> A local authority can provide declarations for households not within its administrative area under certain circumstances. For example, this includes where a LA delegates some functions to another LA, where the LA providing the service is best placed to make a determination of the eligibility of a household. In such situations all relevant LAs must co-sign the SoI to confirm which LAs are operating on behalf of others. This must also be recorded on the LA declaration

6.10. The CSV declaration template can be found on our website. The LA / DA will need to fill out each of the fields by manually adding data or by clicking on the drop-down boxes.

### **Unique Reference Number (URN)**

6.11. Each declaration must include a unique reference number (URN). This URN must be unique to each property identified by the LA or DA. These URNs will be used by Ofgem to carry out checks against supplier project notifications for each household.

6.12. The URN must follow the format below:

ANNNNNNNN-NNNNN

6.13. The 'ANNNNNNNN' should identify the LA making the declaration. Each LA has a 9 digit Office for National Statistics (ONS) code. For example, the ONS code for Liverpool is E08000012. These ONS codes are available online and an amalgamated list of area codes can be found in BEIS' Household Energy Efficiency National Statistics tables<sup>19</sup>.

6.14. The second section of the URN, 'NNNNN', should represent the number of the declaration in the order it has been made. For example, the first declaration can be 00001.

6.15. Where a LA has delegated to another LA the ability to issue declarations on their behalf in their administrative area, the ONS code should represent the LA making the declaration, not the original delegating LA.

6.16. After the declaration has been accepted and measures have been installed, the supplier must produce a notification to Ofgem that lists the declaration URN and the route used. This notification will be used for checking and auditing purposes.

### **Interim declaration notification process (submissions via email)**

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<sup>19</sup> See Tab 3.4 of the 'Headline HEE release tables' for area codes  
<https://www.gov.uk/government/collections/household-energy-efficiency-national-statistics>

- 6.17. For the beginning of the ECO4 Flex scheme, authorities will be expected to provide Ofgem with their declaration notification via email: [ECO4Flex@ofgem.gov.uk](mailto:ECO4Flex@ofgem.gov.uk).
- 6.18. Through email, authorities will be able to provide their declaration notifications by using the ECO4 Flex CSV spreadsheet that is published on our website. Ofgem will subsequently review the notification and respond to the supplier of its approved outcome.
- 6.19. Supplier notifications that do not reconcile with the LA declaration will produce a mismatch error report. In this case, Ofgem will notify the supplier of the report and will allow the supplier to remediate the error and renotify Ofgem of the measures at a later stage. If there are any measures that cannot be confirmed against a declaration that has been issued by a LA / DA, Ofgem will reject the measure.
- 6.20. If a mismatch error report is issued, the supplier will be advised to resolve the error with the appropriate LA or DA.

## Timings

- 6.21. A declaration can only be issued once a valid SoI has been published on the LA / DA website. A LA should not make a declaration until it has made a determination that each property included in a declaration is verified to meet the eligibility criteria.
- 6.22. The declaration must be issued within the 12 month period ending with the day immediately preceding the day on which the measure is complete. The declaration must meet the ECO4 criteria. Any declarations issued during the Interim Period using the ECO3 criteria would cease to be valid after the 30th June 2022.
- 6.23. LAs can submit declarations to installers at the same time or after they notify them to Ofgem. Ofgem will then use these notifications as part of project processing for households referred through ECO4 Flex by comparing them to supplier project notifications that are using the LA declaration eligibility route. Declarations must be notified to Ofgem before measures are completed, although they do not need to be processed by that date.



## 7. Audits

- 7.1. Suppliers will be expected to collect sufficient evidence from all LA Flex measures to ensure that they meet the eligibility and compliance requirements of the scheme.
- 7.2. Ofgem will send suppliers an annual sample of measures that they have notified throughout the duration of the year and request that suppliers carry out internal checks on them to ensure that they have complied with the scheme's requirements.
- 7.3. If the supplier's evidence is insufficient or incorrect, they will need to engage with the LA to review their data.
- 7.4. Once the supplier has carried out its internal checks, they will be expected to present the evidence to Ofgem through a compliance report. This should also detail the checks conducted.
- 7.5. Where the evidence was found to be insufficient or incorrect, the supplier must explain in detail the reasons for the error. If Ofgem find the case provided by the supplier to be unsatisfactory, then the measure may be rejected.
- 7.6. Ofgem will publish their own report to summarise the overall findings of the audit. This report will assess the reasons for non-compliance and further auditing may be carried out where necessary. The report will be published on our Ofgem website.
- 7.7. Where Ofgem identify that LAs have not carried out adequate due diligence checks, we will include this in the report. Ofgem would expect suppliers to consider results from the report when delivering LA Flex measures for the following year.

### **Devolved Administration checking process**

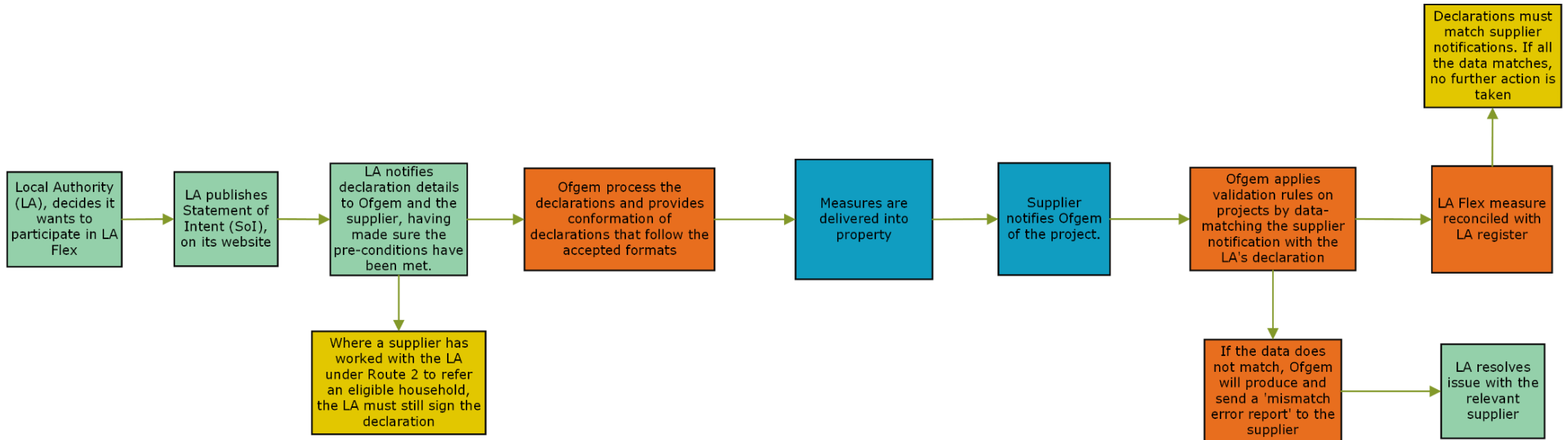
- 7.8. Where Scottish and Welsh governments submit SoIs and declarations on behalf of LAs within their remits, they will be expected to carry out their own checks on LAs to ensure that they have complied with Ofgem's guidance. Whilst they will be responsible for their own LA remits in this situation, Ofgem will still monitor Scottish and Welsh declarations.
- 7.9. If Scottish and Welsh governments do not submit a SoI and declaration on behalf of LAs within their remit, or a LA within a devolved remit refers households for Flex independently from their DA, Ofgem will audit the LAs following the process above.

# Guidance



Making a positive difference  
for energy consumers

## Appendix 1: ECO4 Flex process for Local Authorities, (LAs)



Ofgem	Local Authority
Additional Information	Supplier