



Grant Assessments Ltd

The ECO funding experts

What you need to know about ECO4!

Did you know that there is a new phase of the Government's "Energy Company Obligation" Funding called ECO4? Here we explain the changes and what's new, so, grab a cup of tea or coffee and get ready to find out how you can benefit from non-repayable ECO4 Funding!

The Energy Company Obligation (ECO) is a scheme that requires energy suppliers to improve energy efficiency in UK homes while also tackling fuel poverty. This current phase of the scheme has been allocated £4 billion of funding and is expected to help millions of households until it ends in March 2026.

1. What is the Energy Company Obligation?

The Energy Company Obligation (ECO) is a scheme that requires energy companies to help households who are paying too much on their fuel bills. It is a government initiative that obligates energy companies to reduce carbon emissions and help the UK meet carbon reduction targets. It has been running since 2013, with the current phase called ECO4.

Under this obligation, energy suppliers prevent emissions from reaching the atmosphere by installing energy efficiency measures in homes throughout England, Scotland, and Wales.

ECO4 is an updated version of the previous scheme "ECO3" which started in December 2018 and **was** available until 31 March 2022.

2. What is ECO4?

ECO4 is the fourth and final phase of the Government's Energy Company Obligation. It started in August 2022, and it is due to continue until 31 March 2026.

Changes made for the ECO4 phase included:

- 0.1. Changes to Qualifying Benefits
- 0.2. New ECO4 Energy-Saving Measures
- 0.3. The Importance of your EPC for funding
- 0.4. Minimum EPC (Energy Performance Certificate) Improvement Requirements
- 0.5. Updated Criteria for Non-Condensing Boiler Upgrades
- 0.6. Updated Criteria for High-Heat-Retention Electric Storage Heaters
- 0.7. Updated Criteria for First-Time Central Heating
- 0.8. Minimum Insulation Pre-Conditions
- 0.9. The addition of Solar PV Systems (combined with efficient electric heating systems)
- 0.10. Updated Local Authority Flex Funding (LA FLEX)

0.1. Changes to qualifying benefits

Sadly, the Government has removed several disability benefits from the new scheme, but Housing Benefit and Pension Credit Savings Credit have been added. If you received the one-off “Warm Home Discount Scheme rebate” then you will also be eligible under the new scheme.

Qualifying benefits in ECO4:

Table 5: Full list of proposed eligible benefits which qualify under ECO4

ECO4 qualifying benefits:
Income based Jobseekers allowance (JSA) Income related Employment & Support Allowance (ESA) Income Support (IS) Pension Credit Guarantee Credit Working Tax Credit (WTC) Child Tax Credits (CTC) Universal Credit (UC) Housing Benefit (new eligible benefit under ECO4) Pension Credit Savings Credit (new eligible benefit under ECO4)

Qualifying benefits to be removed – proposed for ECO4:

Table 6: Non means tested benefits that were previously eligible under ECO3 which would no longer be eligible under ECO4

ECO3 qualifying non means tested benefits:
Disability Living Allowance (DLA) Personal Independence Payment (PIP) Attendance Allowance Carer’s Allowance Severe Disablement Allowance Industrial Injuries Disablement Benefit War Pensions Mobility Supplement Constant Attendance Allowance Armed Forces Independence Payment

Table 7: ECO4 Child Benefit income threshold

Type of claimant	Number of children or qualifying young persons			
	1	2	3	4 or more
Single claimant	£19,800	£24,600	£29,400	£34,200
Member of a couple	£27,300	£32,100	£36,900	£41,700

The figures in the table above are taken from the ECO3 thresholds and inflated to 2022 figures, rounded to the nearest £100.

0.2. ECO4 Energy-Saving Measures

1. High-Performance EPS Bead Cavity Wall Insulation
2. Loft Insulation (300mm)
3. Internal Wall Insulation (Contribution May be Required)
4. External Wall Insulation (Contribution Required)
5. Room-In-Roof Insulation (Contribution may be Required)
6. Non-Condensing Boiler Upgrades
7. First-Time Central Heating
8. High-Heat-Retention Electric Storage Heaters
9. Electric Air Source Heat Pump (Contribution Required)
10. Solar PV System (Contribution Required)
11. Gas Boiler Smart Controls

0.3. The Importance of your EPC (Energy Performance Certificate)

An EPC gives a property an overall energy efficiency rating, ranging from “**band A**” (most efficient) to “**band G**” (least efficient) and is valid for 10 years. Although a valid EPC is a legal requirement when selling or letting a property, you may not have one if you live in a property that you bought before 2007.

As part of a government commitment to reduce carbon emission and prevent tenants from living in fuel poverty, all properties being let in England and Wales since April 1st, 2018, must achieve a minimum EPC rating band of 'E' or above. This is known as the government's “Minimum Energy Efficiency Standards” (MEES) and is set to rise to a minimum EPC rating band of “C” in 2025, with Ministers considering a punitive scheme to fine landlords up to £30,000 if they fail to upgrade their properties. However, many landlords are hopeful that this will be extended to 2028.

0.4. Minimum EPC (Energy Performance Certificate) Improvement Requirements

Under ECO4, the biggest change, is that a minimum EPC band improvement is required to qualify for funding. This is usually two EPC bands for low value measures (such as cavity wall, loft insulation, and gas boiler upgrades), three for medium value measures (such as Internal Wall Insulation) and four EPC bands for high value measures (such External Wall Insulation, Electric Air Source Heat Pump, and solar PV Systems). To achieve this, both insulation and heating upgrades are required. Simply put, the older and more inefficient your heating system, and the more insulation measures we can install; the more funding you will qualify for. For example, if your current gas boiler is non-condensing (and inefficient), you will pay a lesser contribution than if your boiler is condensing (and highly efficient).

Although we can get a pretty good idea of the potential EPC Improvements using the EPC an info given over the phone, a full in-depth ECO4 Retrofit Assessment is required to calculate your exact current and achievable EPC ratings, which when compared to the cost of installing the available energy-saving Improvements, will confirm if a contribution is required, and how much that contribution will be.

Reasons for a contribution to be required include the existing heating system being very efficient; the walls or loft having already been insulated; or that one or more high value measures are to be installed as part of the project.

0.4. Continued

Furthermore, any contribution amount is calculated using the relevant EPC improvement shortfall, but also the cost of installing the measures. For example, a lesser contribution is required if we achieve a 3.5 band EPR improvement rather than a 3-band EPC improvement.

Conversely, in this instance, a higher contribution would be required if installing an **Electric Air Source Heat Pump**, rather than **High-Heat-Retention Electric Storage Heaters** or **Internal Wall Insulation** rather than **cavity wall insulation**. This is simply because these measures cost more to install.

When it comes to Internal Wall Insulation, the same can be said about property type, as mid-terraced houses normally only have two heat loss elevations, making them much cheaper to install than a semi-detached or detached house.

Fortunately, once we've completed your Retrofit Assessment, we can work out multiple EPR Improvements based on the installation of different measures, so you can weigh up your options and decide which one best suit your needs. For example:

Internal Wall Insulation, Loft Insulation & Smart Controls will achieve a post Install EPC rating of a High-C/76, has an install value of £12,200 and is available with a contribution of £1,570 or

Internal Wall Insulation, Loft Insulation, an Electric Air Source Heat Pump and Solar PV System which will achieve a post Install EPC rating of a High-B/90, has an install value of £26,400 and is available with a contribution of £4,910.

Please note that the above are just an example, and it could be that the above measures are available FREE of Charge!

It's worth noting that a much higher level of funding is available for an EPC improvement of Band "G" to "E" than from Band "D" to "A", even though the same Band improvement has been achieved. This is because the carbon saving between EPC band improvements is increased as you go down the table.

0.5. Non-Condensing Boiler Upgrades

You can only qualify for a boiler upgrade if you own your property, and your current boiler is non-Condensing, but you will need an insulation measure to be installed to meet the two (2) Band EPC Improvement. If the person living at the address isn't paying rent, then the property will also qualify for a boiler upgrade.

0.6. High-Heat-Retention Electric Storage Heaters

High-Heat-Retention Electric Storage Heater upgrades are only available to privately owned properties and not to those that are let, however, this will be changing around September 2023. If the person living at the address isn't paying rent, then the property will qualify for High-Heat-Retention Electric Storage Heater upgrades.

0.7. First-Time Central Heating

First-Time Gas Central Heating is only available to properties that have NOT had gas central heating previously and have a gas metre (installed before April 1st 2022). This includes gas heated properties without central heating such as those with warm air boilers and room heaters without radiators.

0.8. Minimum Insulation Pre-Conditions

Whether you're eligible for a new boiler, storage heaters, first-time central heating, or an Air Source Heat Pump; heating upgrades are only available once all loft, roof, and cavity wall areas of the property have been fully insulated. This includes ALL room-in-roof and/or flat roof areas, but if there is a UPVC door present between the main house and an extension or porch that has an uninsulated roof; this area can be excluded from heat loss calculations.

If this area were included in the calculations, then the roof must be insulated, however, it is often a better option to exclude this area rather than insulate as part of the project. This is because the flat roof must be insulated both externally and to part-L standards under ECO4. We will need two layers of 18mm plyboard, 100mm PIR Board, 25mm Firestone rubber, and much more, which takes £5,000-£7,000 out of the pot that was meant to be spent on the other energy saving measures.

Thankfully, this rule does NOT apply to solid or cavity walls with no insulation, which can be omitted, however; we wouldn't recommend installing an Electric Air-Source Heat Pump unless your walls and loft are fully insulated.

0.9. Solar PV Systems

Solar PV Systems are only available if an efficient electric heating system is installed, such as High-Heat-Retention Electric Storage Heaters, or an Electric Air Source Heat Pump, and are available in either 3kw or 5kw Systems.

0.10. Local Authority Flex Funding (LA FLEX)

Local Authority Flex Funding allows councils to set their own eligibility criteria based on household income and health conditions, which they publish in a statement of intent (S.O.I). These rules help households that don't claim benefits access funding, so long as the household income is below £31,000 per year and the property has an EPC Rating of D or worse. Sadly, many large City Councils such as Manchester, Birmingham, and Liverpool are yet to publish their ECO4 statement of intent but will likely do so by September 2023. Furthermore, if we haven't already mentioned FLEX Funding, then it's likely your Council hasn't published their S.O.I yet.

In Conclusion

So that's about it - Do you or one of your tenants qualify? If so, or if you'd just like to find out more, why not get in touch with one of our friendly team, on 0330 1331 788.