

Citizens Advice response: Consultation on amending the ECO4 order to allow cost recovery via grant funding



Do you agree that the ECO4 order should be amended to specify which government grants cannot be used to fund measures?

We support the Government's intention to remove the risk of increases to energy bills as a result of supplier overspend during the ECO4 scheme. Last winter 3 in 10 households (30%) said that they found it difficult to afford their energy bills,¹ and in a single month in November 2025 Citizens Advice helped over 16,000 clients with energy affordability issues.² Adding the overspend to consumer bills would be a regressive way to address these costs and would counteract much-needed efforts to bring down energy bills.

As a result, we agree that the ECO4 order may need to be amended to allow the Government to pay suppliers directly through Exchequer funding.

However, we are concerned that this means that the taxpayer will be making retrospective payments towards a scheme that has already been paid for through consumer bills, but has struggled to meet its objectives efficiently - and has in some cases caused severe consumer detriment due to failures in consumer protections and oversight.³

We recognise the impact of factors such as supply chain constraints on overall scheme spending. But it will also be important to assess the efficiency of suppliers' spending on the scheme, rather than automatically reimbursing any overspend. Where suppliers' spending has been increased by their own inefficiencies or delivery failures, these additional costs must not be shouldered by energy consumers or taxpayers. The Government must therefore carefully assess different suppliers' spending on ECO4 in order to determine a fair level of payment.

It is also vital that retrospective payments for a former scheme do not impact the levels of funding available for fuel poverty reduction in the future. As a result, any payments to suppliers must not be taken from the Warm Homes Plan budget. The Warm Homes Plan must be delivered in full, with action to deliver upgrades to those in fuel poverty, protect consumers who make changes to their homes, and offer advice to help people navigate the process.

¹ Citizens Advice (2025), [Frozen in place: Why the Government needs to move quicker to address energy affordability](#)

² Citizens Advice (2025), [Data Insights Dashboard](#) - energy affordability issues data for November 2025

³ National Audit Office (2025), [Weak controls and oversight blamed for faulty installations under energy efficiency scheme](#)

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We provide free, confidential and independent advice to help people overcome their problems. We are a voice for our clients and consumers on the issues that matter to them.

We value diversity, champion equality, and challenge discrimination and harassment.

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