



# East Renfrewshire Council

## ENERGY COMPANY OBLIGATION - FLEXIBLE ELIGIBILITY SCHEME

Proposal 2017 &18

Version 1

6<sup>th</sup> December 2017

[www.eastrenfrewshire.gov.uk/home-energy](http://www.eastrenfrewshire.gov.uk/home-energy)



## 1. Introduction & Context

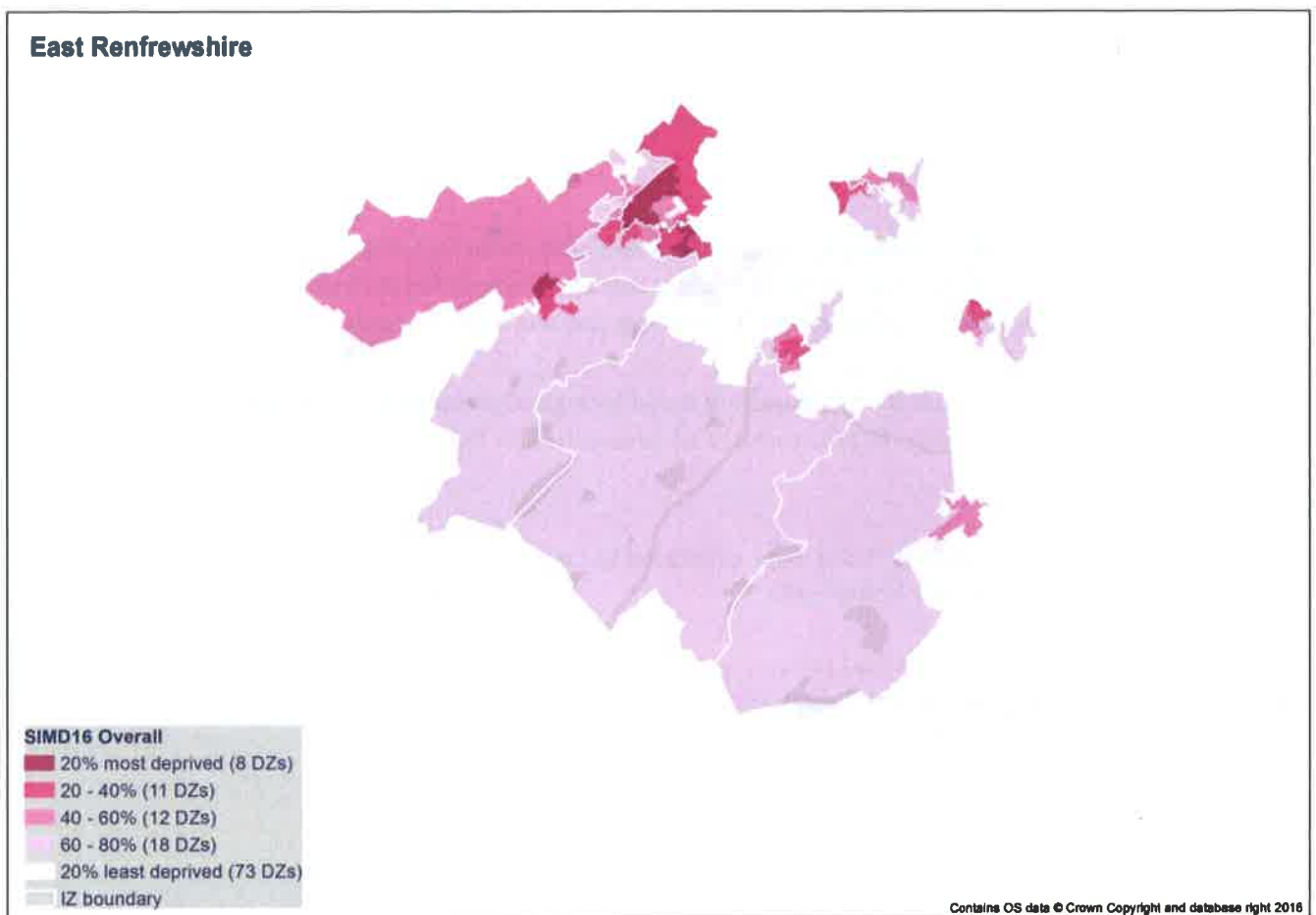
- 1.1 Vulnerable and low income households can be affected by fuel poverty where they are living in cold, unhealthy homes and where these are expensive to keep warm this can push them further into debt. East Renfrewshire Council welcomes the local authority Flexible Eligibility powers for Energy Company Obligation (ECO) Affordable Warmth grant funding as an opportunity to help address this issue within the local area. Further details about Flexible Eligibility are set out in the Government's Energy Company Obligation (ECO): Help to Heat consultation response document.
- 1.2 These powers will allow East Renfrewshire Council to provide affordable warmth assistance to the fuel poor and lower income households that are vulnerable to the effects of the cold. This is in line with the commitment of our *Local Housing Strategy 2017-2022: "People. Homes. Brighter Futures"* ([www.eastrenfrewshire.gov.uk/local-housing-strategy](http://www.eastrenfrewshire.gov.uk/local-housing-strategy)) to maximise available resources to support improvements in energy efficiency and affordable warmth for local residents.
- 1.3 With the ECO 2 Amendment Order, the ECO scheme has been extended to run until 30 September 2018. Under the ECO scheme extension, energy suppliers will be able to achieve up to 10% of their Affordable Warmth obligation by installing energy saving measures in households declared eligible by Local Authorities. This new mechanism, also known as Flexible Eligibility, allows Local Authorities to make declarations determining that certain households meet the eligibility criteria for a measure under the Affordable Warmth element of ECO.

### East Renfrewshire Context

- 1.4 The latest figures published as part of the Scottish House Condition Survey (SHCS) (2013-2015) suggest that around 31% of households in East Renfrewshire experience fuel poverty. This sits below the national average of 34%, however, with an ageing population and the expected impact of ongoing welfare reforms, it is important that we continue to take steps to address this for our residents.
- 1.5 In East Renfrewshire those considered as fuel poor equates to just under 12,000 households, with figures expected to continue an upward trend as fuel prices rise. Around 9% (3,500 households) experience 'extreme' fuel poverty, i.e. spending 20% or more of their income on fuel costs, and this is on a par with the Scottish average.
- 1.6 28% of owner occupiers are suffering the effects of fuel poverty. Around 53% of older households were also estimated to be in fuel poverty, and 22% in extreme fuel poverty. In addition, NRS Household Projections (Scottish Government: 2016) also show that East Renfrewshire has the largest average household size in Scotland, with **2.42** people per household. Scotland has an average household size of 2.16 people per household. Therefore we would seek to support families impacted by fuel poverty, as well as the elderly population and other vulnerable households.
- 1.7 East Renfrewshire has 9 data zones which are in the 25% Most Deprived data zones in Scotland, which represents 8% of data zones within the East Renfrewshire area. The 9 data zones (shown in Map 1) in the 25% most deprived of Scottish neighbourhoods are all located in the Levern Valley area. These data zones are located in Barrhead (Dunterlie and Auchenback) and part of

Neilston. There is a single data zone, in the Dunterlie area, which is in the 5% most deprived in Scotland.

- 1.8 The SIMD data zone rankings are a key source of data for determining a household's risk of fuel poverty. The overall rankings are calculated by assessing seven categories, four of which are linked to fuel poverty: household income, employment levels, health data and geographical access.
- 1.9 The Council is keen to target support to the most vulnerable households locally which are located in the bottom 25% of SIMD of most deprived areas in Scotland. It should be noted however that not all of those living in the most deprived areas fall into this category, and in turn some of those living in more affluent areas face deprivation. Therefore we wish to adopt a broader approach in identifying vulnerable households across the area.



1.10 Nationally and locally available data on fuel poverty in East Renfrewshire highlights:

**Stock Profile:**

Similar numbers of households in pre and post -1945 built homes estimated to be in fuel poverty of 33% and 29% respectively, showing a spread across the area.

Almost half of households in flatted accommodation were much more likely to experience fuel poverty to those in houses (49% compared to 25%), though houses still account for 1 in 4;

42% of households in 1 or 2 bedrooms were in fuel poverty compared to 25% of households with 3 or more bedrooms.

The majority of those responding to our local survey who are affected by fuel poverty are from the Levern Valley, with around 70% from Barrhead specifically. However, fuel poverty is evident across the area including in areas such as Newton Mearns and Thornliebank.

### **Household Profile:**

28% of owner-occupiers were estimated to be in fuel poverty and notably 82% of all households across East Renfrewshire are owner occupiers. From local experience significant numbers of older people and families living within the owned sector are vulnerable to fuel poverty.

East Renfrewshire has some of the highest house prices in Scotland and the average Council Tax band of F-H in East Renfrewshire (in contrast to the Scottish picture). In many cases older people impacted by fuel poverty are “asset rich”, however are on a fixed or low income and fuel poor. A similar picture is developing for some families who face significant housing costs to remain locally, and despite a reasonable gross household income struggle to enjoy affordable warmth.

Firm estimates of fuel poverty for private rented and social rented households are not available nationally due to the size of these sectors locally. However local research estimates half of Council tenants to be in fuel poverty, reflecting low and fixed incomes.

Expectations are that similar issues are faced by a good proportion of private renters, and that there are also a significant number of properties in this sector which will benefit from improvement.

Over half of pensioners (53%) were estimated to be in fuel poverty compared to 11% of families and 35% of adult only households.

The profile of those in fuel poverty tends to be most commonly single income households, or those on a fixed income. Around three quarters of those in fuel poverty are in receipt of benefits, including families.

## **2. Flexible Eligibility**

2.1 ECO Flexible eligibility will contribute towards the aims of the Councils Local Housing Strategy (2017-2022) which commits to ensuring *“People across East Renfrewshire live in well maintained, warm dry homes that are in good condition”*. It will help to:

- Increase the number of energy efficient, healthy and affordable homes to live in;
- Reduce carbon emissions from the domestic sector;
- Help to strengthen the local economy.

2.2 This Statement of Intent outlines East Renfrewshire Council’s commitment to maximising ECO funding across the region for fuel poor, vulnerable and low income households.

2.3 ECO Flexible Eligibility funding is available to private sector households, including owner occupiers and private tenants, in line with the Government's guidance (ECO: Help to Heat Flexible Eligibility). Specifically, this targets:

- *Fuel poor households, especially those that are in receipt of ECO eligible benefits, and the estimated 20% of fuel poor households that are not in receipt of any benefits; and*
- *Low or fixed income households that are vulnerable to the effects of living in a cold home*

2.4 East Renfrewshire Council will utilise Flexible Eligibility to assist with and complement current and future HEEPS: ABS programmes which aim to reduce fuel poverty in our communities. ECO funding will be maximised to complement Scottish Government funding to assist the delivery of mixed tenure heating and insulation programmes in fuel poor areas, improving energy efficiency, including in 'hard to treat' domestic dwellings. This will reduce heat demand, lower carbon emissions and regenerate areas of deprivation.

2.5 Targeted households within HEEPS: ABS projects will be eligible for Flexible Eligibility. One of the criteria that will be considered for determining project areas is that the project is located within the most deprived areas according to the Scottish Index of Multiple Deprivation (SIMD). HEEPS: ABS 2017-18 targets households located within the bottom 25% of SIMD in Scotland. Other broader criteria have also been used to reflect the local stock context and limited solid wall properties.

2.6 East Renfrewshire will continue to focus on targeting households in the lowest SIMD data zones in the region, and also in those areas locally where there are low scores of deprivation relating to housing, household income, employment and health, even though the overall SIMD ranking is not in the lowest 25%.

2.7 An authorised 'Referral Network' and process will be maintained by East Renfrewshire Council and will include local health practices, partner organisations and charities supporting the vulnerable subject to fuel poverty and or living in cold homes. In addition the Council will maintain its delivery of the HEEPS:ABS programme. The HEEPS:ABS delivery partners will also be responsible for promoting the scheme to vulnerable householders in the region and collecting household data on behalf of East Renfrewshire Council to determine Flexible Eligibility.

2.8 Households will be targeted by the 'Referral Network' during the sign up process for insulation programmes. They will also check that the householder is happy for their data to be shared with Scheme Partners.

### **3. Criteria for identifying fuel poverty**

3.1 East Renfrewshire Council will identify households that may benefit from flexible eligibility in a number of ways:

- This includes households that are considered to be fuel poor, through spending more than 10% of their net household income on fuel costs.
- In addition, households who are on fixed or lower incomes and are also vulnerable to the effects of a cold home.

3.2 Subject to availability of resources within the Flexible Eligibility Project and the legal use of data East Renfrewshire Council will also target those most in need having regard to BEIS guidance (Dept. for Business, Energy & Industrial Strategy) on targeting, including the following:

### Income & Housing Costs

3.3 The average incomes of households living locally have been considered net of housing costs, i.e. considering householder's disposable income after they have paid for their rent or mortgage. This has used a standard calculation of 25% of income spent on housing costs, in line with national guidance on assessing housing need and affordability. However, in practice a household may be spending more than 25% of their income on housing costs, particularly given the local East Renfrewshire housing market and costs of buying/ renting.

3.4 The income data used is the most recent Income data available from Scottish Government for the local area, and takes into account gross income for all households (including from employment, in and out of work benefits, pension etc). This data is unequivalised, e.g. isn't adjusted for different household types. (*Scottish Government: Local Level Household Income Estimates Experimental 2014 based*)

Households who are on median average income or below will be considered for the scheme, alongside the other factors of high energy costs, vulnerability and health. The table below shows that this represents an annual income of no more than £27,404 after housing costs, but the scheme will be targeted in large part at those at the lower income levels outlined (60% or less than median income). Households must also have less than £28,000 in savings of any kind.

Area	Gross Household Income– Median average*	Net Income (less 25% housing costs)	Gross Income (maximum) of those with income 60% or less than average	Net Income (less 25% of housing costs)
East Renfrewshire (per week)	£702	£527	£421	£316
East Renfrewshire (annualised)	£36,504	£27,404	£21,892	£16,432

\*based on available data from Scottish Government

3.5 Using the information in the table below East Renfrewshire Council defines that a household will be eligible as having high energy costs if the household also achieves a score of **4 or above** in their responses to the following high energy cost questions. This takes into account that locally a high number of households may be on direct debit or on prepayments meters, but that this does not in itself exclude households from the effects of fuel poverty.

### High Energy Costs Table



Question	Response	Score
Does the home use a boiler?	Yes	0
	No	5
Was the home built before 1964?	Yes	25
	No	0
What is the main heating fuel?	Gas	-14
	Electricity	0
	Oil	12
	Other	-10
Are energy payments made by Direct Debit?	Yes	-7
	No	0

*\*Based on BEIS Guidance on High Energy Costs (Dept. for Business, Energy & Industrial Strategy)*

3.6 The property will also be deemed Eligible if Fuel Bills exceed 10% of the Householder/s income after mortgage or rent payments have been made.

3.7 Where possible we will cross-reference data on income with data that we hold or can access on Energy Performance Certificates, prepayment meters, expenditure on fuel, housing type/age/condition, and heating type. Low income households living in energy inefficient housing identified in the private rented sector (PRS) will be included within the same eligibility criteria and will be actively informed utilising our Referral Network and working with our Registered Private Landlords Forum.

### **Vulnerability to Cold Homes**

3.8 If a household meets one of the following criteria and is also on a low household income, they will be considered for eligibility for the scheme.

- People with a limiting long term or terminal illness.
- People with disabilities.
- Older people (60 and older).
- Households with children (up to the age of 16).
- Pregnant women.

3.9 East Renfrewshire Council will also target households containing people with the following characteristics, reflecting the National Institute for Health and Care Excellence (NICE) 2015 guidance on excess winter deaths and illness caused by cold homes.

- i. Aged over 60, and particularly those over 75
- ii. Children under 16 and pregnant mothers
- iii. Respiratory disease (COPD, asthma)
- iv. Cardiovascular disease (e.g. ischaemic heart disease, cerebrovascular disease)
- v. Moderate to severe mental illness (e.g. schizophrenia, bipolar disorder)
- vi. Substance misusers

- vii. Dementia
- viii. Neurobiological and related diseases (e.g. fibromyalgia, ME)
- ix. Cancer
- x. Limited mobility
- xi. Haemoglobinopathies (sickle cell disease, thalassaemia)
- xii. Severe learning disabilities
- xiii. Autoimmune and immunodeficiency diseases (e.g. lupus, MS, diabetes, HIV)

3.10 The presence of some of these diseases will not in itself mean that someone is vulnerable but referrals from health and social care services will be given more weight.

3.11 Exceptional cases not meeting the above criteria will be considered on a case by case basis. Monitoring of the impact of the scheme will be undertaken on a quarterly basis, using the outlined combination of income levels and household 'high energy' score, to ensure the target audience is being reached effectively.

3.12 Note: Eligibility does not guarantee funding. Flexible eligibility will be available to households subject to this funding still being available locally.

#### **4. Declaration**

4.1 In order to access Flexible Eligibility funding, East Renfrewshire Council is required to submit a Local Authority Declaration to the ECO supplier. The final decision on whether a household receives ECO measures is made by the energy suppliers and therefore inclusion in a Declaration will not guarantee installation of measures.

4.2 The final decision will depend on:

- The survey carried out on the property and the installation costs calculated
- The energy savings that can be achieved for a property
- Adequate funding being available to support ECO funding for the installation of the energy efficiency measures
- ECO obliged parties having achieved their targets to require further measures to meet their ECO targets.

#### **5. Governance**

5.1 The 'Referral Network' will be responsible for collecting household data on behalf of East Renfrewshire Council to determine that the householder meets the Flexible Eligibility Criteria. This data will be collected through the completion of a Household Energy Efficiency Survey form which will be used to determine that the householder meets the Flexible Eligibility criteria. This will be undertaken by the installation partner. Records of installation as well as those that do not require measures will be considered by the Council for the purpose of monitoring scheme uptake locally.

5.2 The 'Referral Network' will complete the LA Flex Declaration application form for each household. This will be forwarded to the nominated authorised person/s in the Council for approval, subject to meeting the published criteria, i.e.



1. Living in fuel poverty (FP)
2. Living on a low income and vulnerable to the effects of a cold home (LIVC)
3. High Fuel Cost Households

- 5.3 Referrals for consideration under ECO Help to Heat Flexible Eligibility can be received by East Renfrewshire Council via the web page link, or Telephone enquiry to 0141 577 8579 or e-mail to [Flex.Eco@eastrenfrewshire.gov.uk](mailto:Flex.Eco@eastrenfrewshire.gov.uk). Referrals will primarily be generated from our partner referral network organisations.
- 5.4 Briefings provided to the 'Referral Network' outline the application of the scheme, and the information and monitoring requirements to be fulfilled to allow eligible residents to access the scheme. This is to ensure consistency of approach and allow appropriate in-house monitoring of the scheme progress.

## 6. Evidence, monitoring and reporting

- 6.1 A file will be created for each household that requests assistance. Measures applied will be monitored and anonymised data on the characteristics of households reached through Flexible Eligibility will also be reviewed.
- 6.2 The data above will include details of households assessed, how many were deemed eligible and ineligible, and how many received heating and insulation improvements
- 6.3 Monitoring of ECO Flexible Eligibility will be carried out by contacting qualifying referrals where declarations have been made, through to installation of measures is achieved within an agreed 6 week time frame. This is to ensure the referral process works as we anticipate and can be reviewed and amended as required to deliver the expected level of customer service.
- 6.4 The LA Declaration and accompanying survey form will then be considered by the Head of Environment to approve.
- 6.5 Once the LA Declaration has been approved, householder details will be securely transferred to the contractor for technical survey and installation.

## 6 Statement of Intent Authorisation

Date: **06.12.2017**

**Authorised Signatory** (*East Renfrewshire Council – Housing Services*)

Name: ..... Tim Holman .....

Designation: ..... PROPERTY SERVICES MANAGER .....

**Project Consultant** – Patrick Mooney; *Averon River Ltd.*