

ECO-3 - Statement of Intent

Local Authority:	East Ayrshire Council
Managing Agent:	Energy Agency
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1.0 Introduction

- 1.1 The Energy Company Obligation (ECO) is a government policy to help reduce carbon emissions and tackle fuel poverty. The scheme began in April 2013, and over time it has been amended. The latest changes to the scheme are to be implemented from 1st November 2018, in the latest version of the scheme that is termed ECO-3.
- 1.2 Under ECO, energy suppliers have a legal obligation to provide funding for domestic energy efficiency measures if they:
- have more than 250,000 domestic customers.
 - provide more than 400 gigawatt hours of electricity or more than 2,000 gigawatt hours of gas.
- 1.3 In ECO-2t, the predecessor to ECO-3, suppliers had two obligations:
1. Carbon Emissions Reduction Target (CERO)
 2. Home Heat Cost Reduction Obligation (HHCRO)
- Under ECO-3, the CERO target has been removed leaving only the HHCRO target which provides funding for fuel poor households, and low income households that are vulnerable to the effects of the cold.
- 1.4 Under HHCRO, a household is eligible if one of the occupants meets the Help to Heat eligibility criteria as set out in OfGEM guidance ¹. However, a supplier will now be able to achieve up to 25% of their obligation by installing measures in households that do not meet the Help to Heat criteria but are declared eligible by Local Authorities. This new mechanism, known as Flexible Eligibility allows Local Authorities to set out their own eligibility criteria for HHCRO funding to help address local needs.
- 1.5 Fuel Poverty can cause vulnerable and low income households to live in cold, unhealthy homes that are expensive to keep warm and push them into debt. East Ayrshire Council welcomes the increase of Flexible Eligibility powers as a means to help address this issue.

2.0 East Ayrshire

- 2.1 In East Ayrshire, 38% of households are estimated to be in fuel poverty. This equates to 19,000 homes: a figure that will only increase as fuel prices rise and the population average age increases². Research has shown that the highest rate of fuel poverty was found in pensioner households and private properties. The Council is keen to provide support to some of the most vulnerable homes which are located in the bottom 35% of SIMD, and in most cases the bottom 10-25% of the most deprived areas in Scotland.³

1. https://www.ofgem.gov.uk/system/files/docs/2018/12/eco3_guidance_delivery_v1.0.pdf

2. EAC Local Housing Strategy 2013-18 and Scottish Housing Conditions Survey update 2013/15
<https://www.east-ayrshire.gov.uk/Resources/PDF/H/Housing-LocalHousingStrategy.pdf>

³ Scottish Government National Statistics (2018). *Poverty and Income Inequality in Scotland 2014-17*. Published 22 March 2018.

- 2.2 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.

A recent study illustrated fuel poverty patterns in East Ayrshire:

- **Overall demographics:** 38% of households (20000) are deemed to be in fuel poverty; of these 8% of households (4000) are deemed to be in extreme fuel poverty.
 - **Older properties:** 49% of households in pre-1945 housing were in fuel poverty compared to 34% of those in properties built after 1945;
 - **Tenure:** 40% of private households were estimated to be in fuel poverty compared to 38% in the social rented sector;
 - **More pensioners** were estimated to be in Fuel Poverty than families. 47% of pensioners only households compared to 23% of families and 39% of households with adults of working age.
- 2.3 ECO Flexible eligibility will contribute towards the aims of the Council's Local Housing Strategy (2013-2018) which commits to ensuring 'People across East Ayrshire live in warm, energy efficient and well maintained homes'. It will help to:
- Increase the number of energy efficient, safe, healthy and affordable homes to live in
 - Reduce carbon emissions from the domestic sector
 - Help to strengthen the local economy

This Statement of Intent outlines East Ayrshire Council's approach to maximising ECO funding across the region for fuel poor, vulnerable & low income households.

3.0 Flexible Eligibility (LA Flex)

- 3.1 Flexible Eligibility funding is available to private sector households, including owner occupiers and private tenants, in line with the Government's guidance Energy Company Obligation (ECO3) Guidance: Delivery version 1.0.
- 3.2 East Ayrshire Council will utilise Flexible Eligibility to assist with current and future HEEPS: ABS programmes which aim to reduce fuel poverty in our communities. ECO funding will be maximised to compliment Scottish Government funding and assist the delivery of mixed tenure Solid Wall Insulation programmes in fuel poor areas, improving the energy efficiency of 'hard to treat' domestic dwellings. The insulation systems reduce heat demand, lower carbon emissions and regenerate areas of deprivation.
- 3.3 Targeted households within HEEPS: ABS projects will be eligible for Flexible Eligibility. One of the criteria for determining project areas for HEEPS: ABS is that the project is located within the most deprived areas according to the Scottish Index of Multiple Deprivation (SIMD). HEEPS: ABS primarily targets households located within the bottom 35% of SIMD and in most cases the bottom 10-25% of the most deprived areas in Scotland.
- 3.4 East Ayrshire Council will continue to focus on targeting households in the lowest SIMD data zones in the region.
- 3.5 The Energy Agency, a local charity, is employed by East Ayrshire Council to deliver the HEEPS: ABS programme. It will be responsible for promoting the scheme to vulnerable householders

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3 Scottish Government National Statistics (2018). *Poverty and Income Inequality in Scotland 2014-17*. Published 22 March 2018.

in the region and collecting household data on behalf of East Ayrshire Council to determine Flexible Eligibility.

- 3.6 Households will be targeted by the Energy Agency during the sign up process for solid wall insulation programmes. It will also check that the householder is happy for their data to be shared with Scheme Partners.

4.0 Eligibility Categories

4.1 Fuel Poor (FP)

Households combining **low income** and **high heating costs** will be eligible for this category. Eligible households will meet the criteria set out in Clause 5.0 and 6.0.

4.2 Low Income and Vulnerable to the Cold (LIVC)

Households with a **low income** and that are **vulnerable to the cold** will be eligible for this category. Eligible households will meet the criteria set out in Clause 5.0 and 7.0.

4.3 SWI In Fill (SWIF)

Households will be eligible for Solid Wall Insulation In-Fill if they meet the criteria set out in Energy Company Obligation (ECO3) guidance : Delivery Version 1.0¹

4.4 Fuel Poor - Area Based (FP-AB)

A number of data zones in East Ayrshire are in the bottom 5% of the SIMD with extreme levels of deprivation. Flexible Eligibility will be granted for all households in these areas enabling the Council to take action at a community level to increase the impact of the scheme and benefit to residents. See Annex 1.

4.5 Fuel Poor - Exceptional Circumstances (FP-EC)

East Ayrshire Council reserves the right to apply Flexible Eligibility to any household it deems to be eligible due to exceptional circumstances.

5.0 Criteria for identifying **low income**

- 5.1 Low income households will be identified as those in the first four Scottish income deciles as set out in the table below³. These equivalised income thresholds identify household incomes below 85% of the Scottish median.

Household	Single Adult No Children	Two Adults No Children	Single Adult With Children	Two Adults With Children
ANNUAL	£14,800	£22,100	£26,500	£33,800
MONTHLY	£1,230	£1,841	£2,208	£2,816
WEEKLY	£284	£425	£509	£650

- 5.2 Low income households will also be identified as those who receive **any** means tested benefit including those that do not qualify under the Help to Heat criteria. These include Housing Benefit, Pension Credits (Savings Element), and any tax credits (CTC, WTC, UC).

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3 Scottish Government National Statistics (2018). *Poverty and Income Inequality in Scotland 2014-17*. Published 22 March 2018.

5.3 The Council reserves the right to exercise discretion for households that do not meet the above criteria but are in financial difficulty.

6.0 Criteria for identifying high heating costs.

6.1 Households will be identified as having high heating costs if it meets any of the following:

- The property has an EPC rating of E or below.
- The property has solid walls and no current insulation exists.
- The property has cavity walls and no current insulation exists.
- The property's primary heating source is not main gas.
- The property is heated for long periods, or abnormally high temperatures, or both, due to disability, health or other condition.

7.0 Criteria for identifying householders that are vulnerable to the cold.

7.1 Households will be identified as being vulnerable to the cold if an occupant meets any of the following criteria:

- receives Carers Allowance for the care of another occupant.
- has a limiting long term or terminal illness.
- has a mental illness.
- has a respiratory condition.
- has a disability.
- is 60 year old or over
- has dependants of 18 years or younger living in the home.

8.0 Declaration

8.1 In order to access Flexible Eligibility funding, East Ayrshire 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.

8.2 The final decision will depend on:

1. The survey carried out on the property and the installation costs calculated.
2. The energy savings that can be achieved for a property.
3. There is adequate funding to support ECO funding for the installation of the energy efficiency measures.
4. Whether ECO obligated suppliers have already achieved their HHCR target.

9.0 Governance

9.1 The Energy Agency will be responsible for collecting household data on behalf of East Ayrshire 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 either via post or at an in-house sign up visit with a Project Officer.

9.2 The Energy Agency will complete an LA Declaration for each household that they have determined eligible for Flexible Eligibility. The declaration clearly states the householders Flexible Eligibility category:

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3 Scottish Government National Statistics (2018). *Poverty and Income Inequality in Scotland 2014-17*. Published 22 March 2018.

1. Fuel Poor (FP)
2. Low Income and Vulnerable to the Cold (LIVC)
3. SWI In-Fill (SWIF) – 50% or 66%
4. Area Based (FP-AB)
5. Exceptional Circumstances (FP-EC)

9.3 An individual file will be created for each household and held securely on a customer database by the Energy Agency.

9.4 The LA Declaration will be presented to Bob McCulloch, Acting Head of Housing and Communities for approval and signature before submitting to the supplier.

Statement of Intent authorisation

Signed: 

Fiona Lees, Chief Executive

Date: 23 January 2019

1. https://www.ofgem.gov.uk/system/files/docs/2018/12/eco3_guidance_delivery_v1.0.pdf

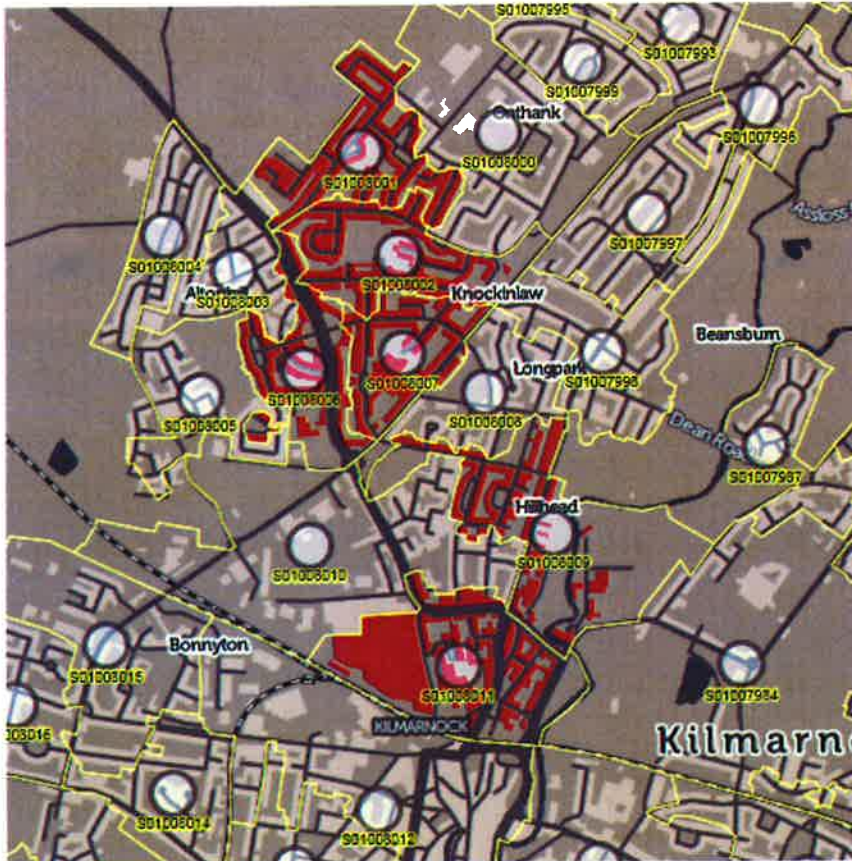
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3. Scottish Government National Statistics (2018), *Poverty and Income Inequality in Scotland 2014-17*. Published 22 March 2018.

Annex1

Areas in bottom 5% SIMD

Kilmarnock -Datazones – S01008006, S01007963, S01008007, S01008011, S01008002, S01008001, S01008009



1. https://www.ofgem.gov.uk/system/files/docs/2018/12/eco3_guidance_delivery_v1.0.pdf
2. EAC Local Housing Strategy 2013-18 and Scottish Housing Conditions Survey update 2013/15
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3. Scottish Government National Statistics (2018). *Poverty and Income Inequality in Scotland 2014-17*. Published 22 March 2018.

Muirkirk

Datazone – S01007902



Bellsbank

Datazone – S01007872 and S01007871



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