



# **Renfrewshire**

## **Council**

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**To:           Infrastructure, Land & Environment Policy Board**

**On:           24<sup>th</sup> January 2018**

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**Report by:   Director of Finance & Resources**

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**Heading:    Renfrewshire Council ECO-flex Statement of Intent**

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### **1.   Summary**

- 1.1. The UK Government has introduced a new funding stream to the Energy Company Obligation called ECO-flex.
- 1.2. The qualifying criteria for ECO-Flex is defined by local authorities in a document called a Statement of Intent. ECO-flex will apply to owner occupier and private rented accommodation.
- 1.3. Homes that meet the criteria described in the Statement of Intent will be issued a Declaration which will enable them to access enhanced funding levels from the ECO providers for insulation and energy efficiency improvements in their homes.

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### **2.   Recommendations**

- 2.1 That the Statement of Intent be approved for submission to OFGEM.
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### **3. Background**

- 3.1 The Energy Company Obligation (ECO) is a levy which all electricity and gas suppliers with over 250,000 customers add to fuel bills. The money collected is used by those companies to meet carbon reduction targets set by OFGEM. These targets are achieved through funding towards domestic energy efficiency projects. In addition to the carbon targets the companies are also set social targets to ensure that low income households are targeted. Due to the carbon and social targets ECO is split into multiple streams with specific targets set for each.
- 3.2 ECO-Flex is a new funding stream. This is a new approach, placing the onus on local authorities to set the criteria which they believe is appropriate for their locality.
- 3.3 Currently only two Scottish local authorities have submitted Statements of Intent for approval from OFGEM. This fund is therefore currently undersubscribed and the funders are more likely to offer more generous funding levels.
- 3.4 A declaration of compliance with a local Statement of Intent criteria enables private householders to access these higher funding levels for specified improvements.
- 3.5 As such, the local authority acts as an enabler for private householders to access ECO-Flex. The Council does not appoint an ECO-Flex provider with the exception of mixed tenure projects managed by Development and Housing Services.
- 3.6 The attached document is a draft Statement of Intent for approval. In the document we set out eleven qualifying criteria. We have endeavoured to use criteria which will not require excessive administrative support.
- 3.7 The criteria we have chosen, in summary and further described in the attached paper, are consistent with the other Local Authorities who have approved Statement of Intents and the OFGEM guidance.
  1. an income of £22,000 or less AND less than £28,000 in savings of any kind
  2. A member of that household with;
    - a. a limiting long term or terminal illness –
    - b. a mental illness –
    - c. a disability –
    - d. are 60 years or over –
    - e. are dependent children of 16 years or younger
  3. A client of RAMH
  4. A client of Families First core team
  5. A client of Renfrewshire Council's advocacy service
  6. Households are in the same street of HEEPS:ABS programmes.

7. Homes are of the same build type as the Council housing stock targeted by the HEEPS:ABS
8. They do not qualify for or would receive a lesser value of funding under existing passport benefit limited schemes.
9. they have one or more of the qualifying criteria in 1 and 2 above.
10. Properties which have an EPC rating of E or lower.
11. Exceptional cases not meeting the above criteria will be considered by the Energy Officers in the Energy Management Team of the Council on a case by case basis.

3.8 The Statement of Intent is attached for approval by Board.

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## **Implications of the Report**

1. **Financial – *none***
  2. **HR & Organisational Development - *none***
  3. **Community Planning  
Greener - *none***
  4. **Legal - *none***
  5. **Property/Assets - *none***
  6. **Information Technology - *none***
  7. **Equality & Human Rights - *none***
  8. **Health & Safety - *none***
  9. **Procurement - *none***
  10. **Risk - *none***
  11. **Privacy Impact - *none***
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## **List of Background Papers**

- (a) Background Paper 1 – Department of Business, Energy and Industrial Strategy. Energy Company Obligation - Flexibility. Local Government Guidance.
- (b) Renfrewshire Council Statement of Intent for ECO-Flex.

The foregoing background papers will be retained within Finance and Resources for inspection by the public for the prescribed period of four years from the date of the meeting. The contact officer within the service is Craig Doogan, Energy Manager, Tel. 0141-618 6198, e-mail address: [craig.doogan@renfrewshire.gov.uk](mailto:craig.doogan@renfrewshire.gov.uk).

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## Statement of Intent (ECO Flex criteria)



**Prepared by Ron Mould**  
**Date: January 2018**  
**Version number: 0-3**



## **Consultees.**

The following is a list of those organisations and individuals with whom the Council consulted in drafting this document.

<b>Organisation</b>
Renfrewshire Council: Development & Housing Services
Local Energy Action Partnership (LEAP)
Connect for Renfrewshire (C4R)
Recovery Across Mental Health (RAMH)
Scottish National Health Service (SNHS)
Renfrewshire Council: Children's Services
Home Energy Scotland (HES)
Citizens Advice Bureau (CAB)

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## Executive summary

This is Renfrewshire Council's Statement of Intent (SoI) for Energy Company Obligation – Flex (ECO-Flex). This SoI is a requirement of legislation which determines whether households qualify for enhanced funding support for energy efficiency improvements to their homes. ECO-Flex is aimed at supporting households in fuel poverty and vulnerable to fuel poverty. This document complies with the legislative requirement (ECO2 amendment order 2017) to issue a SoI that defines the qualifying criteria for ECO-Flex in the Renfrewshire area.

Renfrewshire Council is committed to mitigating fuel poverty as far as is practicable and has worked with partners to deliver on this ambition. Our commitments are described in our Fuel Poverty Strategy. Based on the most current data available, levels of fuel poverty in Renfrewshire is at 28% while the Scottish Average is 34%. Renfrewshire, however, has one of the lowest levels of fuel poverty in Scotland and is also home to some of the poorest data zones for the Scottish Indices of Multiple Deprivation (SIMD). The Council believes that these figures hint at the complexity of fuel poverty and the nature of vulnerability to fuel poverty. Our SoI aims to extend support to the vulnerable households that may not otherwise qualify for funding for domestic energy improvements.

The Council has developed this SoI through consulting with internal and external partners to ensure that what we describe in this document meets the expectations and strategic commitments of the Council.

This is a publically available document which will be available from the Council's web pages.

# 1 Introduction

Under the ECO scheme, energy suppliers will be able to achieve up to 10% of their Affordable Warmth 3 obligation for the extension period (estimated to have a value of nearly £70m over the 18 months of the scheme) by installing energy saving measures in households declared eligible by Local Authorities (LAs). This new mechanism, also known as “flexible eligibility”, allows LAs to make declarations determining that certain households meet the eligibility criteria for a measure under the Affordable Warmth element of ECO.

ECO-Flex applies to owner occupiers and private rented properties; it does not apply to Council or Housing Association properties. The UK Government through the Department of Business, Energy and Industrial Strategy (BEIS) and OFGEM have directed LAs to consider two main categories of private tenure household for eligibility for ECO-Flex:

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

LAs participating in flexible eligibility have to publish a Statement of Intent (Sol) in which they set out the criteria they intend to use to identify households meeting the eligibility criteria for flexible eligibility. This is a mandatory requirement.

This Sol ensures that Renfrewshire Council has met the requirements of the legislation (ECO2 amendment order 2017) and thereby to maximise the opportunities for enhanced funding for our vulnerable and fuel poor households. This statement is not a guarantee that households will access ECO-Flex since this decision rests with the ECO providers. In addition to the discretion of the ECO providers all installations will be subject to appropriate surveys by the ECO providers or their agents to confirm that:

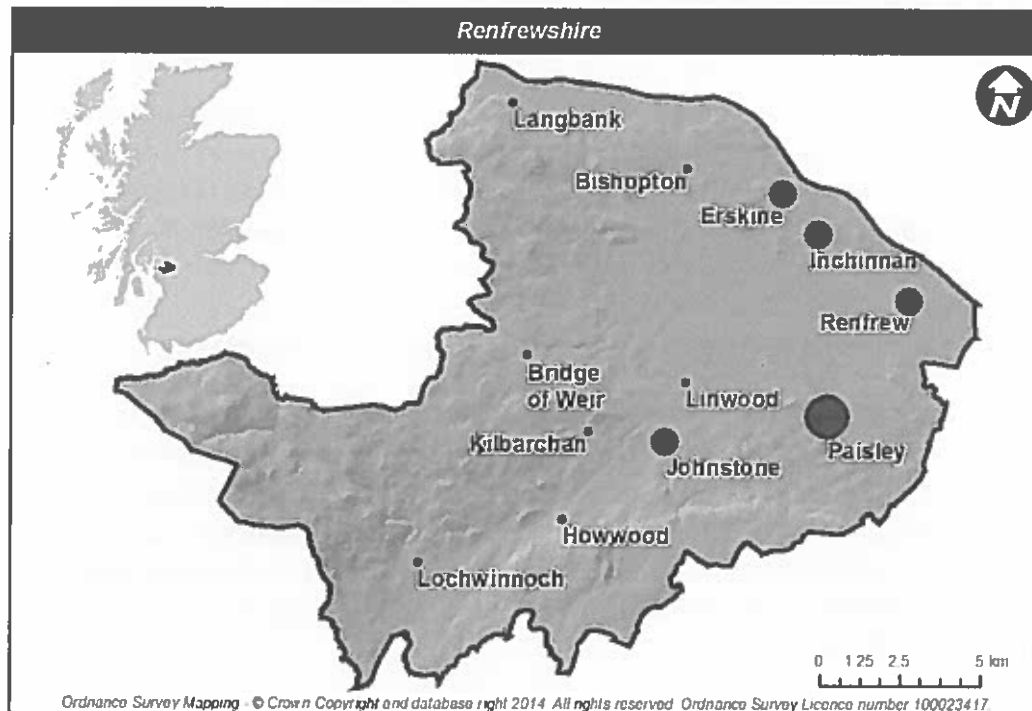
- properties are suitable for specified measures
- installation costs are within the ECO providers’ criteria
- ECO providers have funding available

The level of funding made available by the ECO providers varies and there is no guaranteed minimum funding level. Ultimately Renfrewshire Council may only facilitate and support householders. The final agreement and contract is between the house owner and the ECO provider or their agents.

## 2 Renfrewshire Council Area

Renfrewshire Council was created in 1996 following the break-up of Strathclyde Regional Council. Renfrewshire is the ninth largest Council area in Scotland and is home to a population of 170,000 people, which is 3% of the total Scottish Population. Renfrewshire Council has a variety of Public Buildings, which number in excess of 260 and include education establishments, libraries, offices, recreational buildings etc. There are almost 84,000 homes in Renfrewshire area of which about 12,000 are in council ownership.

The main areas of population are shown in the map in **Figure 1**.



**Figure 1 – Main areas of population in Renfrewshire**

The council area is characterised as urbanised in its eastern, northern and southern boundaries while its western boundary contains peri-urban, rural and remote rural areas.

### 3 Renfrewshire Council Statement of Intent, ECO-Flex2017

This following section describes how the Council defines the qualifying households for ECO-Flex.

This is not a guarantee of funding being available.

#### 3.1 How the LA intends to identify eligible households

The Council is investigating new ways to interrogate available data to enable us to identify households that may benefit from support. Renfrewshire Council has secured a grant to investigate this from the Scottish Energy Efficiency Programme (SEEP). This investigation has only started, with a provisional finishing date of September 30<sup>th</sup> 2019. At the end of that project we will have evaluated the abilities of this software and the veracity of the data available and make informed decisions. Until then, we are faced with the challenge of identifying such households.

Renfrewshire Council works with many partners offering support to vulnerable and almost coping households. Two of these are of particular interest in relation to fuel poverty, that is RAMH the local mental health support agency and Families First that works with families with young children. We acknowledge that poor mental health may be a result of and result in fuel poverty<sup>1</sup>. We therefore propose that clients supported by RAMH or Families First core team will qualify for consideration for ECO Flex.

A further aspect of our criteria will be those private householders (those who live in private rented and owner occupied properties) whose properties are within areas where Development and Housing Services are investing in solid wall insulation. These investment areas will be supported by Housing Energy Efficiency Programme Scotland: Area Based Scheme (HEEPS:ABS) funding from the Scottish Government.

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<sup>1</sup> Liddell, C. and Morris, C., 2010. *Fuel poverty and human health: A review of recent evidence*. Energy Policy 38 (6) 2987-2997

### 3.2 Criteria for identifying households in fuel poverty

The median income in Scotland is £24,400 (before housing costs). In common with other Local Authorities we are, therefore setting our income criteria as the median less 10%.

As defined by ECO Flex, householders should have one or more of the following criteria:

1. An income of less than £21,960 AND less than £28,000 in savings of any kind.
2. A member of that household with:
  - a. a limiting long term or terminal illness
  - b. a mental illness
  - c. a disability
  - d. are 60 years or over
  - e. are dependent children of 16 years or younger

Vulnerability is a complex interaction of multiple characteristics of a household that can change rapidly. Households that do not qualify for any other funding sources which require receipt of benefits as qualifying criteria, or where the available funding sources are less than an ECO Flex offer, will be able to receive a Declaration if they are:

3. A client of RAMH
4. A client of Families First core team
5. A client of Renfrewshire Council's advocacy service
6. A client of LEAP (Local Energy Advice Partnership)

### 3.3 Any details of scheme requirements for "in-fill" projects

We also recognise the benefits of integrating ECO-Flex into planned Housing improvement programmes. Therefore we will also include the following criteria as a qualifier for ECO-Flex;

7. Households are in the same street of HEEPS:ABS programmes.
8. Homes are of the same build type as the Council housing stock targeted by the Home Energy Efficiency Programme : Area Based Scheme (HEEPS:ABS).
9. They do not qualify for or would receive a lesser value of funding under existing passport benefit limited schemes.
10. They have one or more of the qualifying criteria in 1 and 2 above.
11. Properties which have an EPC rating of E, F or G.

We appreciate that the above criteria may not cover all cases where ECO-Flex could support a household. Therefore our final qualifying criteria is:

12. Exceptional cases not meeting the above criteria will be considered by a Renfrewshire Council Energy Officer.

We note that the above criteria does not guarantee funding being available.

In order to access ECO-Flex funding Renfrewshire Council is required to submit a Declaration to the ECO suppliers. The Declaration is not a guarantee of funding as this is ultimately a decision made by the ECO suppliers and will be subject to:

- A survey
- Confirmation of energy savings achievable
- Consent to offer funding from the ECO provider

Renfrewshire Council cannot guarantee or demand any level of funding offered by the ECO providers. The amount of funding offered by the ECO suppliers will be an offer made to the householders by the ECO provider.

### 3.4 Governance

Responsibility for Fuel Poverty and all housing, excluding the Council's own stock rests with the Finance and Resources, Energy Management Unit (EMU). Only declarations issued by an appointed Energy Officer in the EMU will qualify for ECO-Flex within Renfrewshire Council area.

EMU will collate referrals from partner organisations. Housing will inform EMU of all HEEPS:ABS and provide a list of private sector housing in that area that meets the criteria above. EMU shall issue a Declaration subject to the information provided by Development & Housing Services.

All households considered for ECO-Flex will be logged on a spreadsheet and held by EMU.

Guidance from the Department of Business, Energy & Industrial Strategy (BEIS) requires signatory authorisation from a designated Officer of the Council such as

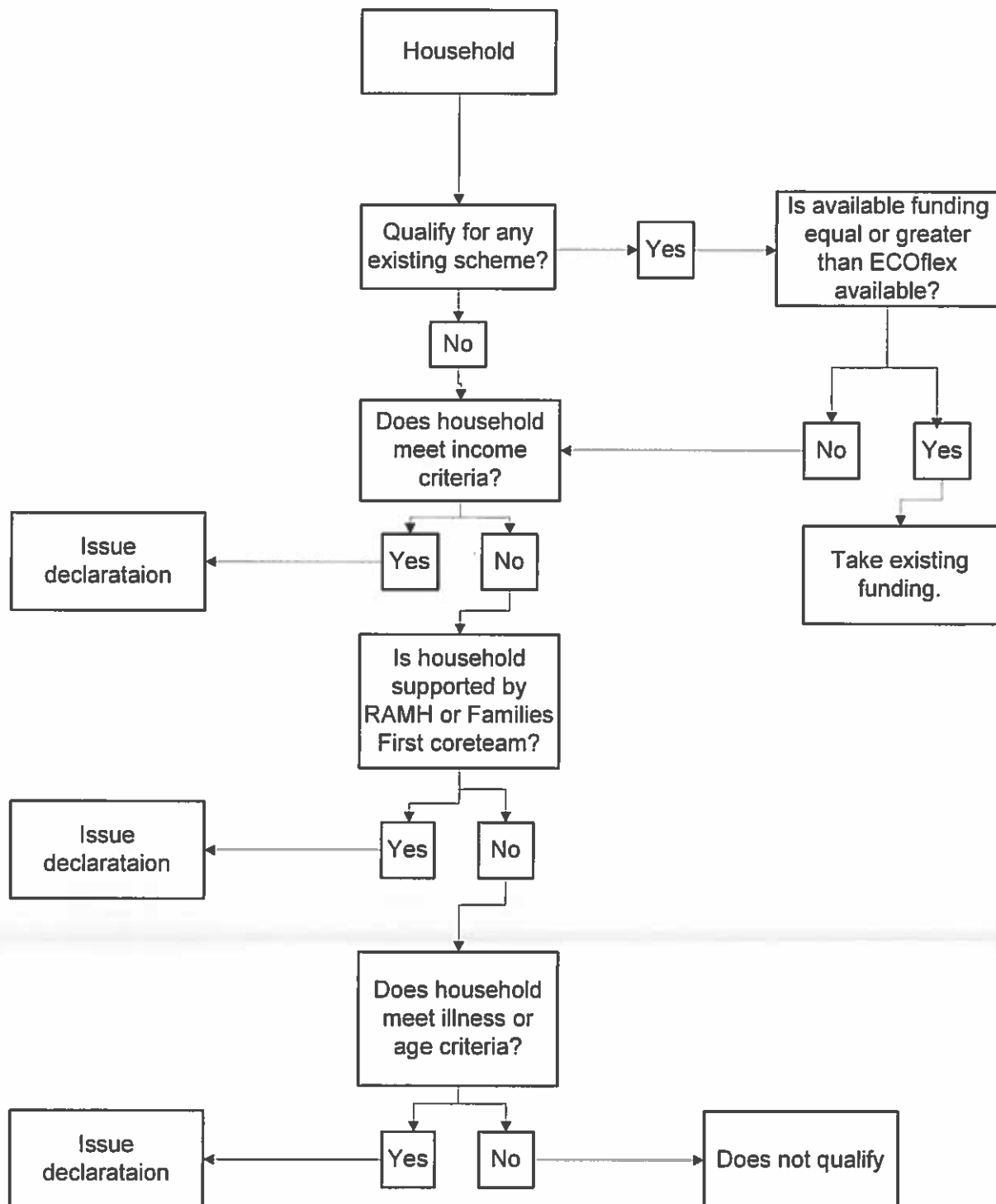
Head of Property Services

Corporate Asset and Energy Manager, Energy Management Unit

Energy Team Leader, Energy Management Unit

Energy Officer, Energy Management Unit.

Decision path for Renfrewshire ECO-Flex Declarations.



### 3.5 Referrals

Renfrewshire Council will accept referrals for ECO-Flex Declarations from:

- RAMH
- Children's Services, core team
- Renfrewshire Council Development & Housing Services

Each of the Referral partners will be asked to provide supporting evidence to confirm eligibility.

### 3.6 Evidence, monitoring and reporting

Renfrewshire Council is currently exploring the quantity and quality of data available to identify possible households that would benefit from ECO-Flex. In the meantime we have outlined above referral paths through trusted partners who specifically engage with vulnerable households. We believe these are robust gatekeepers who will ensure that Declarations will only be issued to qualifying households.