Energy Company Obligation 2018-22
Flexible Eligibility

**ECO-3 - Statement of Intent**

**Local Authority:** Dumfries and Galloway 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, the latest version of the scheme being 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. 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. Dumfries and Galloway Council welcomes the increase of Flexible Eligibility powers as a means to help address this issue.

2.0 **Dumfries and Galloway**

2.1 In Dumfries and Galloway, 45% of households in the district are estimated to be in fuel poverty. This equates to 31,000 homes (based on figures from National Records for Scotland 2015); a figure that will only increase as fuel prices rise. Research has shown that the highest rate of income deprived households were found in Annandale and Eskdale. The Council is keen to provide support to some of the most vulnerable homes which are located in the bottom 25% of the most deprived areas in Scotland.

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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.

Research carried out by the Crichton Institute (2015) published in the Dumfries and Galloway Anti-Poverty Strategy identified that fuel poverty is more prevalent within Dumfries and Galloway in the following categories:

- 22.7% of people in our region who are income deprived reside in Annandale and Eskdale.
- 41.9% of those who are unemployment deprived reside in Nithside.
- 21.9% of households who have no qualifications reside in Wigtownshire.
- 20% of households who have no central heating reside in Stewartry.

2.3 LA Flex will contribute towards the aims of the Council’s Anti-Poverty Strategy (2015-2020) and the council’s vision is ‘People will be prevented from falling into poverty; supported to escape from poverty; and able to lead independent, safe, happy and fulfilled lives’. It will aim to:

- Listen to people and families experiencing poverty and make sure their voice is heard.
- Support people experiencing poverty to move from dependence to independence.
- Ensure our information and services are easy to access.
- Provide services that meet the needs of people experiencing poverty.

This Statement of Intent outlines Dumfries and Galloway 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 (ECO: Help to Heat Flexible Eligibility).

3.2 Dumfries and Galloway 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 In addition Dumfries and Galloway Council will utilise Flexible Eligibility to support the Council’s Home Energy Assistance Scheme which has a principal aim of providing support for Fuel Poverty Households.

*Energy Company Obligation 2018-22 (ECO3) Guidance: Delivery
3.4 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 25% of SIMD.

3.5 Dumfries and Galloway will continue to focus on targeting households in Council Tax Bands A-C that are of a suitable property type. The Council targets the funding from the Scottish Government at both rural and urban properties through the rural insulation project and whole street projects. Rural fuel poverty is a particular problem in Dumfries and Galloway due to the nature of energy supply, property type and low wage economy.

3.6 The Energy Agency, a local charity, is employed by Dumfries and Galloway Council to deliver the HEEPS:ABS programme. It will be responsible for promoting the scheme to vulnerable householders in the region and collecting household data on behalf of Dumfries and Galloway Council to determine Flexible Eligibility.

3.7 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 1.1

4.4 Fuel Poor - Area Based (FP-AB)
A number of data zones in Dumfries and Galloway 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 A.

4.5 Fuel Poor - Exceptional Circumstances (FP-EC)
Dumfries and Galloway Council reserves the right to apply Flexible Eligibility to any household it deems to be eligible due to exceptional circumstances.

1Energy Company Obligation 2018-22 (ECO3) Guidance:Delivery
5.0 Criteria for identifying low income

5.1 Low income households will be identified as those who:
   a) Have a gross household income, as certified by the householder, below certain thresholds as set out in the table* below.

<table>
<thead>
<tr>
<th>Household</th>
<th>Single Adult No Children</th>
<th>Two Adults No Children</th>
<th>Single Adult With Children</th>
<th>Two Adults With Children</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANNUAL</td>
<td>£14,800</td>
<td>£22,100</td>
<td>£26,500</td>
<td>£33,800</td>
</tr>
<tr>
<td>MONTHLY</td>
<td>£1,230</td>
<td>£1,841</td>
<td>£2,208</td>
<td>£2,816</td>
</tr>
<tr>
<td>WEEKLY</td>
<td>£284</td>
<td>£425</td>
<td>£509</td>
<td>£650</td>
</tr>
</tbody>
</table>

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).

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 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.

*Energy Company Obligation 2018-22 (ECO3) Guidance:Delivery

8.0 Declaration

8.1 In order to access Flexible Eligibility funding, Dumfries and Galloway 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 HHCR0 target.

9.0 Governance

9.1 The Energy Agency will be responsible for collecting household data on behalf of Dumfries and Galloway 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:
   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 Jim O’Neill, Housing Manager for approval and signature before submitting to the supplier.

Statement of Intent authorisation

This statement of Intent has been authorised by the Chief Excutive of Dumfries and Galloway Council.

Signed: [Signature]

Date: 06/03/2019.
ANNEX A

Fuel Poor – Area Based

The data zones noted below are in the bottom 5% of the SIMD and experience high levels of deprivation. These data zones will qualify for Fuel Poor- Area Based Flexible Eligibility.

- Stranraer West – S01007485
- Stranraer West – S01007486
- Stranraer East – S01007487
- Upper Nithsdale – S01007554
- Lochside and Lincluden – S01007575
- Lochside and Lincluden – S01007576
- Lochside and Lincluden – S01007577
- Lochside and Lincluden – S01007578
- Summerville – S01007583
- Dumfries Central – S01007612