

## **Energy Company Obligation: Help to Heat Local Authority Flexible Eligibility Statement of Intent**

**Local Authority Name:** The City of Edinburgh Council

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[www.edinburgh.gov.uk/info/20057/housing\\_support/1026/home\\_insulation](http://www.edinburgh.gov.uk/info/20057/housing_support/1026/home_insulation)

**Status:** The City of Edinburgh Council is not acting on behalf of any other local authorities or delegating to any other local authority in relation to Help to Heat Flexible Eligibility.

### **1. Introduction**

The City of Edinburgh Council (“the Council”) welcomes the introduction of Flexible Eligibility (“FE”) in the Help to Heat (also known as “ECO”) obligation. FE has been created to enable local authorities to make declarations determining that certain households, that are not on Affordable Warmth (“AW”) qualifying benefits are still deserving of AW. This is on the basis that they are either in Fuel Poverty (“FP”) or are considered low income and vulnerable to the effects of living in a cold home (“LIVC”). This facility can be used for up to 25% of the Affordable Warmth target, nationally. This Statement of Intent sets out the criteria the Council intends to use to target households under FE, in line with the eligibility criteria set out in the ECO legislation. The Council is keen to utilise the FE mechanism to ensure that deserving households that do not otherwise meet the AW criteria can benefit from energy efficiency measures wherever possible.

The Council is committed to helping residents within its council area that are impacted by fuel poverty or vulnerable to the effects of living in a cold home. Edinburgh continues to be a pressured housing market, with high housing costs and a high need and demand for affordable housing. A different taxation system in Scotland means that some medium income earners pay more than elsewhere in the UK. Furthermore, a high percentage of flatted accommodation and the difficulty of heating traditional homes are some of the challenges the Council face in dealing with the housing needs of the most vulnerable and fuel poor households. Some key insights relevant to the need for Flexible Eligibility are set out below.

## **EDINBURGH CITY HOUSING STRATEGY – 2018**

- **Low Income** - A sixth of all residents in Edinburgh live in low income households and the poorest households have seen their incomes reduce by almost 20% over the last 10 years, increasing the inequality gap in the city.  
**Housing Costs Prices** - The average house price in Edinburgh is six times the average gross annual earnings, 42% higher than Scottish average; making Edinburgh the least affordable city in Scotland to buy a home. Private rents have increased by more than 30% over the last five years, and the average monthly rent is over £1,000.
- **Traditional Homes** - Edinburgh has the highest percentage of homes (48%) that were built before 1945, compared to the Scottish average of 32%. Edinburgh also has the second highest percentage of flats (at 67%, with almost half (48%) of homes built before 1945, posing significant challenges on upgrading homes to modern standards and improving energy efficiency of homes to tackle fuel poverty.
- **Inefficient Homes** – The average EPC score for all homes across Edinburgh is 66.2. Almost a quarter of all households are in fuel poverty, with 6% of these in extreme fuel poverty. Nearly half (46%) of older people households are found to be in fuel poverty and almost a third (30%) of all social tenants.

### **Fuel Poverty Mapping of the City of Edinburgh, Estimated fuel poverty density in City of Edinburgh Council, May 2015**

- Data zones previously identified as deprived in the Scottish Index of Multiple Deprivation (SIMD) generally have high levels of fuel poverty
- Portobello/Craigmillar, Craigentinny/Duddingston, Forth and Sighthill/Gorgie wards containing the highest overall estimated levels of fuel poverty

### **SUSTAINABLE ENERGY ACTION PLAN 2015**

- *“It is estimated that 58,500 households in Edinburgh experienced fuel poverty in 2013 with some 7% in extreme fuel poverty spending more than 20% of their income on energy. The detrimental health and social impacts of fuel poverty are well known.”*

These factors all suggest a strong role for Flexible Eligibility in the Council area.

**IMPORTANT NOTE:** Inclusion in a Declaration of Eligibility issued by the Council will not guarantee installation of measures. The final decision on whether any individual household will receive an offer of funded energy efficiency measures rests with obligated energy suppliers or their contractors. The final decision will depend on identification of eligible measures, the supplier or contractor’s assessment of the cost-effectiveness of installing measures and whether the obligated energy suppliers have achieved their Help to Heat targets.

## **2. Identification of Eligible Households**

This section sets out the criteria that the Council intends to use to identify and target households that may benefit from the installation of measures under FE. The ECO legislation and the BEIS guidance in relation to FE envisage three categories of eligibility:

- Fuel Poverty (FP): Households with low income and high heating costs
- Low Income and Vulnerable to the effects of living in warm homes (LIVC): Households with low income who, because of health, disability, age or other reason, are vulnerable to the impact of living in a cold home
- Solid wall insulation “in-fill”: Eligibility criteria to facilitate solid wall insulation schemes including households that are not necessarily in fuel poverty or vulnerable.

Since the first two of these eligibility routes both relate to household income, the Council first sets out here the criteria that will be used to identify and target low income, as part of the identification of FP and LIVC. The Council notes that, under the ECO legislation and BEIS guidance, FE is only open to those living in owner-occupied or private rented sector housing (collectively “private housing”) and is not open to those in social housing. Declarations should not be sought, and will not be made, in relation to social housing. However, there may be instances where ECO flexible eligibility criteria can be used to help lower income and vulnerable households access support through other energy company obligations or schemes and the Council will provide declarations for such schemes, where agreed with the funder and an arrangement is put in place to do this. This could include where schemes covered social tenures and well as private tenures.

**a. Criteria for identifying low income**

The Council intends to use the following criteria as indicators of low income:

- (a) household gross income levels as self-certified by the householder or estimated by a frontline Council worker being below a threshold; or
- (b) a member of the household receiving certain qualifying benefits; or
- (c) significant and persistent debt problems including energy debt;

For private rented sector homes, the income of the resident (tenant) household is considered rather than that of the landlord.

Income thresholds to access the scheme are based on net equivalised income thresholds recommended by the Department for Business, Energy, and Industrial Strategy (BEIS) and will be taken as incomes after housing costs (incl. council tax payments), childcare costs and tax/national insurance deductions by household composition. This figures will be adjusted upwards by 15% to take account of colder than average climate in the City of Edinburgh Council area compared to the average across the UK.

|                       |   |  |  |
|-----------------------|---|--|--|
| Household Composition | After housing costs threshold recommended by BEIS | plus 15% local colder climate adjustment | After housing costs threshold applied for Council ECO Flexible Eligibility scheme. |
|-----------------------|---|--|--|

|              |            |           |         |
|--------------|------------|-----------|---------|
|              |            |           |         |
| 1 Adult      | £9,300.00  | £1,395.00 | £10,695 |
| and 1 child  | £12,200.00 | £1,830.00 | £14,030 |
| and 2 child  | £15,000.00 | £2,250.00 | £17,250 |
| and 3 child  | £18,000.00 | £2,700.00 | £20,700 |
| and 4+ child | £21,000.00 | £3,150.00 | £24,150 |
| 2 Adults     | £15,200.00 | £2,280.00 | £17,480 |
| and 1 child  | £18,200.00 | £2,730.00 | £20,930 |
| and 2 child  | £21,100.00 | £3,165.00 | £24,265 |
| and 3 child  | £24,100.00 | £3,615.00 | £27,715 |
| and 4+ child | £26,800.00 | £4,020.00 | £30,820 |

The Council also intends to extend eligibility for FE to all private sector households that are in receipt of Council Tax rebate (not single person rebate only) or guarantee or savings elements of pension credit. The Council will reserve the right to use its discretion when determining eligibility around the thresholds and criteria set out above, where the Council has evidence that residents are struggling financially.

#### **b. Criteria for identifying FP households**

The legislation and guidance state that those households in private housing, combining low income with high home heating costs should be eligible for FE in this category. The income component of eligibility is set out in (a) above. The criteria to be used as indicators of high heating costs are:

- The house has an EPC with an E, F or G energy efficiency rating
- The primary heating source for the home is not mains natural gas
- The home is large – with four or more bedrooms
- The main wall type of the property is uninsulated solid wall or cavity wall
- The home is a park home or mobile home
- Through disability, health or other condition the home is occupied for long periods or needs to be heated to abnormally high temperatures. Note that most residents in this category will also qualify under the LIVC criteria set out below
- The resident family has small children below school age (under the age of 5).

#### **c. Criteria for identifying LIVC households**

The legislation and guidance state that those households in private housing, combining low income with health, disability, age or other conditions that result in a vulnerability to the effects of living in a cold home should be eligible for FE in this category. The income

component of eligibility is set out in (a) above. The criteria to be used as indicators of vulnerability to cold are sub-divided into:

- Health-related criteria (long-term health conditions), which reflect the National Institute for Health and Care Excellence (NICE) 2015 guidance on excess winter deaths and illness caused by cold homes
- Benefits-related criteria
- Other vulnerability indicators.

These are set out below.

Long-Term Health Conditions:

- Cardiovascular condition (incl. coronary heart disease, stroke, hypertension, transient ischemic attack)
- Respiratory condition (incl. COPD, asthma)
- Neurological or neurobiological condition (incl. dementia, Parkinson's disease, MS, epilepsy, fibromyalgia, ME)
- Musculoskeletal conditions (incl. arthritis, limited mobility, recently attended hospital due to a fall)
- Blood conditions (incl. Sickle cell disease, thalassemia)
- Cancer
- Moderate to severe mental illness (incl. schizophrenia, bipolar disorder and depression, where receiving regular treatment)
- Severe learning disabilities
- Autoimmune or immunodeficiency diseases (incl. lupus, diabetes, HIV)
- Terminal illness
- Other illness exacerbated by cold (confirmed by GP) Benefits-related criteria:
- Pensions Savings Credit
- Carer's Allowance
- Housing Benefit or Council Tax Reduction
- A Disability Benefit (incl. Attendance Allowance, DLA, PIP) Other Vulnerability

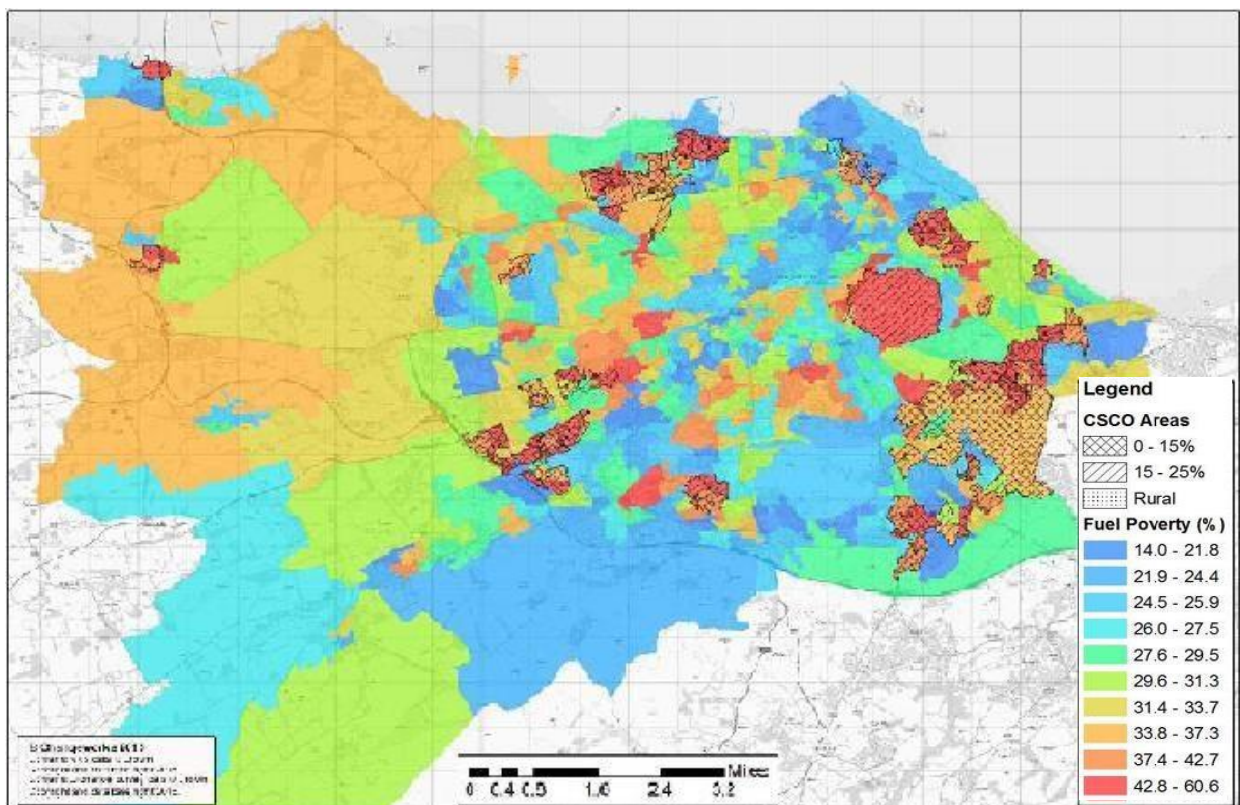
Indicators:

- On the Priority Services register of utility company
- Core Group Warm Home Discount recipient
- Victim of domestic violence
- Recent bereavement
- Moving in and out of homelessness
- Recent immigrant or asylum seeker
- Physical or sensory disability

**d. Additional eligibility route for FP/LIVC Area-based:**

The Council recognises that widespread area-based eligibility for targeting FE would not be in line with the intent that FE is targeted specifically on FP and LIVC, given that most geographical areas will be home to both FP/LIVC and more well off residents. However, previous work (*"Fuel Poverty Mapping of the City of Edinburgh, estimated fuel poverty density in City of Edinburgh Council, May 2015"*) has identified a small number of geographical areas where the extent of deprivation is extreme. The work also highlights a very strong correlation between SIMD data and fuel poverty, and the Council therefore believes that there will be a very high proportion of FP/LIVC households in these areas. By including all residents in these areas as eligible for Declarations (where suitable energy efficiency measures are identified), it will be possible for the Council to take action on an area-based, community level to increase the impact of schemes and the benefit to residents. This will also enable FE to work more closely with other area-based activities in Scotland such as HEEPS ABS.

These areas are shown in the following map:



Households within the red and bright orange, cross hatched areas from the map will be considered eligible for Declarations under this Statement of Intent.

The council may also designate further areas as qualifying for Flexible Eligibility under the area-based criteria, where that area is currently part of a HEEPS Area-Based Scheme and the Council has evidence that the area suffers a high incidence of LIHC/LIVC households.

Individual Circumstances:

The Council will reserve the right to use its discretion when determining eligibility FE in both FP and LIVC categories, to take account of other income, fuel cost or vulnerability circumstances not listed above. In the event that the Council intends to include a household in a Declaration based on individual circumstances, it will produce a report to the signatory set out in section 3 below prior to a Declaration being produced.

**e. Solid wall insulation “in-fill” projects**

Where potential solid wall insulation works have been identified, households will be supported to take advantage of ECO funding for solid wall insulation under the “in-fill” category as set out in the guidance issued by BEIS in April 2017, and subject to the rules and restrictions set out therein, particularly in relation to the minimum number of FP/LIVC households being met. Please see table below as outlined in Ofgem’s guidance.

**Table 1: Summary of the requirements for different property types under in-fill**

| <b>Property Type</b>   | <b>LA declaration requirements</b>   | <b>In-fill available</b>  |
|--|--|---|
| Semi-detached houses or bungalows, or a building containing no more than two domestic premises   | At least one of the two properties must be classified by the LA as FP or LIVC (50% eligibility). | The other property to which it is directly adjoined is eligible for solid wall insulation.  |
| Any other properties that are contained together on a list provided by the LA that are in the same or immediately adjacent buildings or in the same terrace (eg flats and terraced houses) | At least 50% of properties listed in the declaration must be classified by the LA as FP or LIVC. | The other 50% of properties on the list are eligible for solid wall insulation, provided they are either in the same building, an immediately adjacent building or in the same terrace. |

**3. Governance**

*Responsible officer*

The officer below will be responsible for signing Declarations on behalf of the Council.

Name: Paul Wilkinson

Job title: Energy & Climate Change Officer

Email: [Paul.Wilkinson@edinburgh.gov.uk](mailto:Paul.Wilkinson@edinburgh.gov.uk)

The key governance consideration is confirming that households meet the eligibility criteria set out in this Statement of Intent prior to a Declaration being issued. The Council will therefore require satisfactory evidence being provided by the referring agency (see below) prior to any Declaration being produced.

Subject to the above consideration being satisfied, then the Council will be minded to issue a Declaration under the FE mechanism for that property.

#### **4. Referrals**

The Council is keen to secure the maximum number of energy efficiency measures, including but not limited to those funded through FE. FE will be an important component of this, and therefore aim to utilise a number of different strategies to generate referrals – some key current strategies are set out at the end of this section.

All initial FE referrals will be channelled through Home Energy Scotland, Council frontline staff and trusted third party agencies. This will ensure that:

- The household will gain the broader benefits of the HES service (simple energy efficiency measures, help in switching energy tariffs, income maximisation support, follow-up local support, etc.)
- The need for an ECO-funded measure such as SWI, cavity wall insulation, loft insulation, room-in-roof insulation or a heating system replacement can be verified during the home visit, to ensure that Declarations are only produced where there is a reasonable prospect of a funded measure being installed
- The household's desire for an ECO/FE referral is determined prior to a Declaration being issued – this is important for customer consent and data protection purposes.

The key strategies for generating referrals identified to date are:

- The Council believes that frontline staff, who deal on a daily basis with the most vulnerable residents, are best placed to make referrals. Training and guidance will be provided to staff from the following areas:
  - Housing Officers
  - Customer Services Department
  - Public Health Department
  - Council Tax Arrears
  - Occupational Therapy
  - Social Care Team



- Key staff members have also identified from local housing associations, charity and third sector partners, who will also be trained in making referrals:
- Citizens Advice
- Changeworks – including LEAP programme
- Department of Work and Pensions
- Edinburgh Food Foodbank (8 locations)

## **5. Evidence, monitoring and reporting**

The key elements of the evidence, monitoring and reporting process are set out below:

- i) The Council will only accept requests for a Declaration from an agency with which it has a prior relationship, including a Confidentiality Agreement or Data Sharing Agreement, to ensure data protection requirements are respected. These parties include the Council's delivery partners on HEEPS Area Based or Energy Efficient Scotland Schemes operating in the Council area, Home Energy Scotland, and Changeworks (including LEAP referrals).
- ii) Prior to any property being included in a Declaration, the Council will require information from the referring agency on the FE criteria that each household meets along with supporting evidence that the Council, at its sole discretion, deems as adequate.
- iii) As households, including those set out in Declarations, proceed through the ECO process, the Council will be updated in regular reports on the progress of each household.
- iv) Details of households reached through FE will be made available to the Council in order to record the number of households assessed, how many were deemed eligible and ineligible, and how many received heating and insulation improvements under both Flexible Eligibility and broader ECO funding.
- v) The City of Edinburgh Council will make declarations on behalf of any households served by Energy Efficient Scotland programmes in which the Council is participating and where the Council has selected partners to deliver these. The Council will not make declarations available to all organisations that have access to ECO funding. The Council will only work with selected or procured partners to deliver specific programmes in partnership with the Council.

## **6. Signature**

A handwritten signature in black ink, appearing to read 'AK', with a horizontal line underneath.

Andrew Kerr

Chief Executive, The City of Edinburgh Council