ECO3 Statement of Intent – IL0

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The Energy Company Obligation (ECO) is a government energy efficiency scheme designed to help reduce carbon emissions and tackle fuel poverty. It places an obligation on energy suppliers to help households cut their energy bills and reduce carbon emissions by installing energy saving measures. The Government has made a commitment to have an energy supplier obligation in place until 2022, with a focus on fuel poverty.

The latest extension of the scheme is called ECO3 and is expected to run until 31st March 2022.

ECO3 sits alongside the main ECO scheme and is designed to support private sector residents who have previously been unable to qualify for funding.

The main categories of private tenure targeted by the latest scheme are as follows:

a. People living in fuel poverty, particularly those not in receipt of eligible benefits
b. People living on a low income and vulnerable to the effects of living in a cold home
c. In addition, a proportion of non-fuel poor homes (in-fill) will be allowed for Solid Wall Insulation projects, if:
   66% of blocks of flats, terraces, adjacent properties are fuel poor/low income and vulnerable to cold or:
   50% of semi-detached houses or bungalows and two premises’ buildings are fuel poor or low income and vulnerable to cold.

Local Authorities (LA) are responsible for determining eligibility criteria for measures via what is known as a Statement of Intent (Sol) which must be published before any ECO3 scheme can be implemented. The Sol is intended to state publicly the criteria that a LA intends to use to identify households that meet the eligibility criteria under ECO3 and will need to demonstrate transparency and public accountability.

When a recipient has been identified, the Local Authority is responsible for issuing declarations of eligibility. A declaration is a statement, in writing, issued by the LA, which is required to demonstrate that the LA has been consulted and that it considers the household to meet the eligibility criteria for the scheme. A declaration must be in place before a measure can be installed.

Measures included within the scheme could include loft insulation, cavity wall insulation, boiler replacement, first time central heating and solid wall insulation (see Section 4).

Energy companies are responsible for meeting their obligations and ensuring that they, and any members of the supply chain acting on their behalf, comply with the scheme requirements. OFGEM is the scheme administrator and responsible for
setting suppliers’ obligations using a calculation based on their share of the gas and electricity supply market.

This Statement sets out the Sandwell Metropolitan Borough Council’s Flexible Eligibility Criteria.

1. Eligible households for ECO ‘Flexible Eligibility’

Note: to qualify for assistance under existing ECO Affordable Warmth criteria residents must own their home or rent from a private landlord and be in receipt of benefits or a combination of benefits, or live with someone who does.

Flexible Eligibility.

‘Flexible Eligibility’ under the Sandwell scheme may also support private sector households that are not in receipt of eligible benefits.

There are two main categories of private tenure targeted by the scheme:

a. People living in fuel poverty (FP) and not in receipt of eligible benefits for standard ECO funding,
b. People living on a low income and vulnerable to the effects of living in a cold home (LIVC).

2. Identifying households in fuel poverty

Defining people living in fuel poverty

The Government calculates Fuel Poverty by taking into consideration both income and costs. Households are in fuel poverty if they have both:

- higher than average required fuel costs; and
- if spending this amount on fuel would push residual income below the official poverty line.

Under the Low Income High Cost fuel poverty indicator, the number of households living in fuel poverty in Sandwell has reduced to 12.1% in 2014. This means that approximately 14,700 households out of a total of 121,498 are living in fuel poverty. By comparison, across England 10.6% or 2.38 million households live in fuel poverty.

Sandwell Council’s approach to tackling fuel poverty is set out within the Council’s Home Energy Conservation Act (HECA) 2017. For Sandwell residents to be considered eligible for eco flexibility funding under this section they must meet both parts one (i) and two (ii) and of the criteria listed below.

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and have savings that are less than £8000 (single person household), or less than £12,000 (more than one person household):

(i) Resident's disposable household income is less than £27,200 (the provisional estimate of median UK household disposable income for financial year ending 2017 as sourced from the Office of National Statistics). Disposable income is the amount of money that households have available for spending and saving after direct taxes (such as Income Tax and Council Tax) have been accounted for. It includes earnings from employment, private pensions and investments as well as cash benefits provided by the state.

(ii) Resident has High Heating Costs in accordance with the property qualification table below – a score of 50 points or more is required to qualify:

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of rooms in the home</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>6 or more</td>
<td>60</td>
</tr>
<tr>
<td>Are energy payments made by Direct Debit?</td>
<td>Yes</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>15</td>
</tr>
<tr>
<td>Property Type</td>
<td>Flat</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Terraced</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Semi Detached</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Detached</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Park Home</td>
<td>60</td>
</tr>
<tr>
<td>Tenure</td>
<td>Local authority</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Owner occupied</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Registered Social Landlord</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Private Rented</td>
<td>15</td>
</tr>
<tr>
<td>Does the home use a boiler?</td>
<td>Yes</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>5</td>
</tr>
<tr>
<td>Was the home built before 1976?</td>
<td>No</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>25</td>
</tr>
<tr>
<td>What is the main fuel type used in the home?</td>
<td>Gas</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Electricity</td>
<td>30</td>
</tr>
</tbody>
</table>

**TOTAL SCORE**
3. **Identifying people living on a low income and vulnerable to the effects of living in a cold home**

For Sandwell residents to be considered eligible for eco flexibility funding under this qualification they must meet only one of the four criteria listed below and have savings that are less than £8000 (single person household), or less than £12,000 (more than one person household):

(i) The resident has one of the following illnesses and has an annual household disposable income of less than £27,200 (the provisional estimate of median household disposable income for financial year ending 2017 as sourced from the Office of National Statistics). Disposable income is the amount of money that households have available for spending and saving after direct taxes (such as Income Tax and Council Tax) have been accounted for. It includes earnings from employment, private pensions and investments as well as cash benefits provided by the state.

   a. Chronic Respiratory Condition e.g. COPD / Asthma / Pneumonia
   b. Diabetes
   c. Cardiovascular condition e.g. Coronary Heart Disease, high blood pressure, stroke, heart attack, poor circulation
   d. Cancer
   e. Mental Health Condition
   f. Musculoskeletal conditions (Osteoarthritis, Rheumatoid Arthritis etc.)
   g. Long Term Illness made worse in Winter (i.e. Arthritis)
   h. Blood conditions e.g. Sickle Cell Anaemia
   i. Disability or Restricted Mobility
   j. Neurological Condition (including dementia, Parkinson’s Disease, multiple sclerosis, epilepsy etc)

(ii) The resident is aged over 60 and has an annual household disposable income of less than £27,200

(iii) The resident is pregnant and has an annual household disposable income of less than £27,200

(iv) The resident has young children under the age of 5 years and has an annual household disposable income of less than £27,200

4. **Flexible Eligibility Solid Wall Insulation projects including ‘in-fill’**.

The Council intends to help enable projects across the borough where solid wall insulation for hard to treat homes is technically feasible, permitted under planning legislation and can attract eco funding.

In certain situations, Flexible Eligibility powers allows homes, that are not in fuel poverty (FP) or on a low income and vulnerable to the effects of living in a cold home (LIVC), to be funded.

Non-fuel poor (FP) or non- LIVC households eligible for solid wall insulation in-fill must meet the minimum percentages set out below (using guidance from the government’s Energy Company Obligation – Flexible Eligibility – guidance for local authorities April 2017):
<table>
<thead>
<tr>
<th>Property Type</th>
<th>LA declaration requirements</th>
<th>In-fill available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project consisting of a pair of semi-detached houses or bungalows, or a building containing no more than two domestic premises</td>
<td>At least one of the two properties must be declared by the Council as fuel poor (FP) or a Low-Income household vulnerable to effects of living in a cold home (LIVC) i.e. 50% of the properties must be FP or LIVC</td>
<td>The other property to which it is directly adjoined is eligible for building containing no as fuel poor (FP) or as solid wall insulation.</td>
</tr>
<tr>
<td>Project consisting of any premises that are contained in the same building (e.g. flats), immediately adjacent buildings (e.g. neighbouring detached properties) or in the same terrace</td>
<td>At least two in three properties on the list must be declared by the Council as FP or LIVC i.e. at least 66% of the properties are FP or LIVC</td>
<td>The other (i.e. up to one third) of properties in the project are eligible for solid wall insulation, provided they are either in the same building, an immediately adjacent building or in the same terrace as the ones identified as fuel poor</td>
</tr>
</tbody>
</table>

5. Application.

To summarise, residents may be eligible for Flexible Eligibility where:

i. the householder is a Private Sector tenant or an owner occupier

ii. householders are not on an Affordable Warmth qualifying benefit (if they are, they qualify through the normal Affordable Warmth eco route)

iii. households have an income of £27,200 or less

iv. savings are less than £8000 (single person household), or less than £12,000 (more than one person household)

and

v. the household is deemed to have high energy costs if the household scores 50 or more using the table above under ‘Identifying households in fuel poverty’

or

vi. there is one or more person(s) in the household that has a qualification as identified under ‘Identifying people living on a low income and vulnerable to the effects of living in a cold home’
Residents or other agents acting on the residents’ behalf can seek further advice by contacting the council on 0121 569 5396 or by email: mark_taylor@sandwell.gov.uk

6. Acting on behalf of another local authority

This Statement of Intent is solely for the use of Sandwell Metropolitan Borough Council and its residents. It is not the council’s intention to act on behalf of other authority.

7. Governance

Once households have applied for help through their chosen contractor, provided they meet the Flexible Eligibility criteria, their information will be passed to the local authority to agree a Declaration. The local authority being:

Sandwell Metropolitan Borough Council,
Council House,
Freeth Street,
Oldbury,
West Midlands
B69 3DB

All data received by the Council will be stored and managed in accordance with relevant legislation current at the time of collection.

Contractors should explain to applicants that their information will be passed to the Council for processing and that the Council will hold details for 12 months from the date of registration. A signed applicant agreement evidencing this must be obtained by the contractor and passed to the Council at the same time as the Declaration.

If approved, the Declaration of Eligibility will be signed off by Sandwell Council’s Energy Officer and returned to the appointed contractor for progression.

Applicants should be aware that any contract or agreement will be between them and the installer, not Sandwell Metropolitan Borough Council.

8. Marketing/ Referrals

It is anticipated that contractors will undertake their own marketing, although the Council may wish to carry out some high-level advertisement of the scheme. The Council will assist on request by helping to enable effective targeting of areas of the borough deemed to be in fuel poverty.

Sandwell MBC will confirm with contactors when Declarations of Intent have been approved and signed copies will be returned to them. Referrals will then be passed by the contractor to the Energy Supplier for processing.
9. Evidence, monitoring and reporting

Declarations received by the Council will be recorded and monitored to enable ongoing assessment of the effectiveness of the scheme and resident eligibility in terms of both household income, savings and secondary eligibility criteria at the time of approval.

The Council will carry out an audit of approximately 1 in 10 Declarations initially, reducing this to 1 in 20 for contractors that have proven performance and reliability. Residents will be asked to complete a brief satisfaction survey to ensure they are happy with the process.

Contractors will be expected to provide feedback regarding the type and number of measures installed.

Key performance Indicators – Quarterly Reporting structure

<table>
<thead>
<tr>
<th>Activity</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declarations received by Local Authority</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Declarations approved by Local Authority</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loft insulations completed</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Cavity Wall Insulation completed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boiler replacements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other measures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of installations audited</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction forms received</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

10. Signatures

Statement of Intent authorisation

Date: 1 October 2018

Print name: Dr Alison Knight

Signature: 

Executive Director of Neighbourhoods
Sandwell Metropolitan Borough Council