



## Shetland Islands Council – ECO Statement of Flexible Intent

### Version 1.0

#### 1.0 Introduction

- 1.1 Legislation is in place which allows local authorities to help households living in fuel poverty, or living on a low income and vulnerable to the effects of a cold home, by matching them with Energy Suppliers who can fund energy efficiency measures using the new “Flexible Eligibility” mechanism. These households are not on qualifying Affordable Warmth (AW) benefits but are still in need and living in cold homes. Further details about Flexible Eligibility (FE) are set out in the UK Government’s Energy Company Obligation (ECO): Help to Heat document.
- 1.2 Under this scheme local authorities can make declarations determining that certain households, that are not in receipt of AW qualifying benefits, are still deserving of AW. This is on the basis that they are either in fuel poverty or considered low income and vulnerable to the effects of living in a cold home.
- 1.3 This Statement of Intent sets out the criteria that Shetland Islands 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.
- 1.4 Funding allocated to FE builds upon the funding already in place for other home energy efficiency schemes and maximises the number of energy efficiency measures that can be installed in fuel poor homes.
- 1.4 Shetland Islands Council, here after referred to as “the Council” is therefore seeking to utilise FE to address the high rates of fuel poverty that exist in Shetland and to improve the energy efficiency of the overall island housing stock.
- 1.5 Living in a cold home can effect health, social mobility, educational attainment and life chances. Improving energy efficiency is the best long term solution for keeping warm and dealing with fuel poverty. Shetland Islands Council regards the implementation of FE to be in line with current Council policies, namely:-  
  
Shetland Community Plan; Shetland Corporate Plan; Shetland Housing Strategy; Shetland Development Plan and Shetland Carbon Management Plan. The implementation of FE promotes inclusion and sustainability across the island group. Adequate housing is critical to the sustainability of islands and to supporting a vibrant future for the next generation.

- 1.6 Recent research carried out by Shetland Islands Council shows a high rate (53%) of fuel poverty throughout the isles. This rate is worse in the remoter areas and northern isles where a fuel poverty rate of up to 64% is found. These figures are confirmed by Government statistics.
- 1.7 Shetland has the highest percentage of households SAP rated E,F or G of any Scottish local authority. We also have an Extreme Fuel Poverty rate of 22% (the national rate being 9%). The islands are off gas and off grid.
- 1.8 In 2016 a Survey of Shetland households found that some 30% of households stated that they were unable to heat their homes adequately. Most homes in Shetland are detached or semi detached (80% of all Shetland homes) and thus have high heating needs. Of these homes 65% are owner occupied.
- 1.9 65% of crofting tenants who responded to the Council survey in 2016 were in fuel poverty. Of tied agricultural tenures 72% were in fuel poverty. Most of these homes are stone built and unimproved. 66% of single person households are known to be in fuel poverty whilst 65% of households with 1 adult and children were also fuel poor. 61% of households with a member over 65 were in fuel poverty. The highest fuel poverty rates are found in older, solid wall constructed properties. Properties with low insulation levels showed the highest fuel poverty.
- 1.10 Single person households living in their own homes and being over the age of 65 were most likely to be in fuel poverty. Those claiming benefits of any age were most likely to be in fuel poverty.

## **2.0 Flexible Eligibility**

- 2.1 ECO FE funding is available to private sector households only, including owner occupiers and certain private tenants in line with Government guidance.
- 2.2 The Council will use FE to assist with current and future HEEPSABS and Warm Homes programmes and also the Transition Programme domestic sector in exceptional circumstances. This will assist in reducing dispersed fuel poverty in our communities.
- 2.3 FE will be used to assist in the delivery of insulation and heating, in particular loft top up, virgin loft and internal wall insulation/solid wall insulation including room in the roof insulation. Heating systems will be offered where the existing system is in need of an upgrade through being faulty, broken or where there is no fixed heating system. This will assist in improving the energy efficiency of "hard to treat" homes.
- 2.4 In Shetland other secondary measures will also be considered such as loft top up and underfloor insulation as this has been proven to make a huge difference locally in providing affordable warmth. (Shetland has many days of storm blown winds which result in high carbon emissions and make unsealed homes difficult to heat).

- 2.5 Targeted households within our HEEPSABS programme will be eligible for FE. These will be households in Council Tax Bands A, B, C and D having a SAP rating of E, F or G, ie in the group of worse performing energy efficient homes. Shetland has the highest percentage of homes in SAP rating E, F and G of all Scottish local authorities.
- 2.6 From our work on HEEPSABS we are aware that a G1 (the lowest possible energy rating) is not considered unusual in Shetland. Where this is the case the amount of money needed to upgrade the home from a G1 to the proposed energy standard of a C is well above the grant funding offered by HEEPSABS and Warm Homes. FE will be able to add to the grant costs and ensure more measures can be installed to help the household.
- 2.7 In the case of our SEEP Transition programme homes the FE funding will be used to reduce the loan costs the family will have to bear. In this again we will focus on homes SAP rated E, F or G. In a number of cases the Transition programme homes are older, larger family homes now occupied by one or two adults only on a low income and often wary of taking out loans. By funding some measures through FE it is more likely that the family will (on recognising the positive difference they are experiencing from these works) then take out a loan to complete other needed works. The FE will act as the catalyst to change behaviour.
- 2.8 By having an income check as part of the FE criteria we will be able to support those most in need throughout the islands. We will target the most fuel poor Tax Bands and the most energy inefficient housing stock. We will also identify those fuel poor properties within the higher tax bands where families are apparently asset rich but in reality are income poor. In so doing we will be avoiding the limitations of SIMD as a fuel poverty proxy. By working in partnership with our HEEPSABS/Transition Programme processes we will also support households which have previously been excluded for schemes other than for loan funding.

### **3 Criteria for Identifying Fuel Poverty**

3.1 Fuel poor households will be identified as those owner occupied or private rented households that:-

- \* live in a property with a Council Tax Band A-D and
- \* Score E, F or G in their Energy Performance Certificate Rating

OR

- \* live in a property within Council Tax Bands E, F or G and
- \* Score E, F or G in their Energy Performance Rating and
- \* Would spend 10% or more of their annual **income** on heating their home to an adequate standard throughout.

3.2 Exceptional cases not meeting the above criteria from any Council Tax Band will be dealt with on a case by case basis. These are likely to include homes supplied by the Lerwick District Heating network which have not been insulated as part of the heating upgrade.

#### **4 Criteria for Identifying Low Income and Vulnerable to Cold Households**

4.1 The Council will categorise households as being eligible under this criteria if: they:

\* have an income of £25,000 or less and have less than £28,000 of savings

\* have someone resident in the house :-

- with a limiting long term illness or who is terminally ill

- with a mental illness

- with a respiratory or circulatory condition

- with a disability

- who is aged over 60

- who are dependant children of 18 years or younger

- with significant and persistent debt problems including energy debt.

4.2 To qualify households will require to self certify their income signing a declaration to that effect. Where possible this will be verified by a Council officer. Persistent debt and energy debt would be verified by Shetland Citizens Advice Bureau.

4.3 The Council will also extend eligibility for FE to all private sector households in receipt of any means tested benefits that do not qualify under the broader AW criteria. Means tested benefits that will be used as indicators of low income for FE will included Housing Benefit, Pension Credit Savings Credit and any tax credits (CYC, WTC, UC). Households on the Priority Service Register of any utility company will also be supported.

4.4 The Council recognises that the intention of FE is to enable Councils to be flexible in their approach to reaching those in need wherever they are within the Council area. Therefore the Council will also consider exceptional cases not meeting the above criteria on a case by case basis where it can be shown that the household is struggling financially.

#### **5.0 Governance**

5.,1 The Council will introduce FE through the Home Energy Efficiency Programme for Scotland Area Based Scheme (HEEPSABS) already operated in Shetland by the Carbon Management Team within Estates Operations. This programme

is capable of access by homes throughout Shetland in Council Tax Bands A- D,  
- some 9000 homes scattered throughout the island group.

- 5.2 However the Council also wishes to offer FE to certain homes supported through the SEEP Transition domestic programme currently being developed by the same officers within Shetland.
- 5.3 Whilst Council Tax Bands are used as a proxy of income for the HEEPSABS grant funding we are acutely aware of dispersed one off properties within the higher tax bands (E – G) where pensioner or single adult families are living in oversized properties which have once been the family home. These homes are underheated and clear examples of needy affordable warmth homes.
- 5.4 There is little opportunity to property downsize particularly in rural areas of Shetland and often these households have essentially self disconnected from power in all but the living room of their home as they are unable to pay high energy bills to heat the entire home on their low often pensioner income, the rest of the family now living elsewhere.
- 5.5 These householders are apparently asset rich but are in reality income poor. Many are elderly and faced with the high costs of living in Shetland (particularly in its rural areas) they are at risk of ill health from lack of heating. With the national policy aspiration of keeping people in their homes as long as possible to avoid hospital or Care Home admission these people are in a very vulnerable position.
- 5.6 These larger properties may be in poor repair and have inefficient heating systems and limited insulation. It is felt that ad hoc these properties may be the subject of a declaration to ensure some improvements at least flow to these households.
- 5.8 All Declarations (from both HEEPSABS properties and Transition programme properties) will be signed off by the Executive Manager Estate Operations on behalf of the Council.

## **6.0 Declaration**

- 6.1 It should be noted that in order to access FE funding the Council is required to submit a local authority declaration to the ECO suppliers. However the final decision on whether a household receives ECO measures is made by the energy supplier and **not** the Council. Therefore property inclusion in a declaration will not in itself guarantee installation of measures.
- 6.2 The final decision will depend on:-
- \* a survey carried out on the property and the installation costs calculated
  - \* the energy savings that can be achieved for the property
  - \* the supplier having adequate funding to carry out the works

## **7.0 Referrals**

- 7.1 A household can be referred into FE by partner agencies such as Shetland CAB; Home Energy Scotland; NHS Shetland; and our Social Services staff. In this case the property details should be submitted to the Council's Carbon Management email address or by phoning our Energy Helpdesk number (01595 744179). In these cases accurate figures and data must be supplied to the Council to back up the referral. Self referral will also be accepted.
- 7.2 On receipt of a referral the Council will contact the household and begin the process of establishing eligibility and which measures would be available to the household.
- 7.3 The Council will liaise with energy suppliers around the eligibility and the measures proposed to be installed.
- 7.4 FE will be marketed on the Council's website and alongside the HEEPSABS and Transition programme details.

## **8.0 Evidence, Monitoring and Reporting**

- 8.1 The data that requires to be collected to demonstrate FE eligibility ties in with the data already collected for the HEEPSABS and Transition programmes . This will include data on:-
- \* household income and any benefits the household receives
  - \* the energy efficiency and state of repair of the property in question
  - \* The heating and utility costs of the household and whether they would be interested in switching supplier
  - \* Health concerns of those living in the home.
- 8.2 Evidence of household eligibility will be held by the Council as well as details of the measures installed.
- 8.3 The Council will monitor installations by sending follow up questionnaires to all households 12 months after install asking what has been the effect of the works on the household, in particular on their fuel poverty and health.
- 8.4 Every household will receive a follow up visit after works are complete to ensure customer satisfaction before sign off. Any query or complaint by the customer will be followed up by the Council with the energy supplier and his installer and if necessary will be reported to Ofgem.
- 8.5 Installers are requested to inform the Council of which properties they will be working in and when so that a visit can take place if required during the install process.

## 9.0 Statement of Intent Authorisation

Signed:

A handwritten signature in black ink, appearing to read "John R. Smith". The signature is written in a cursive style with a large initial 'J' and 'S'.

On behalf of Shetland Islands Council

Date: 13 September 2018

URL: [Shetland.gov.uk](http://Shetland.gov.uk)

