



**citizens
advice**



**Association for the
Conservation of
Energy**

Westgate House
2a Prebend Street
London N1 8PT

020 7359 8000
research@ukace.org

Closer to home

Developing a framework for greater locally led delivery of energy efficiency and fuel poverty services

Prepared by the Association for the Conservation of Energy, CAG Consultants, the Centre for Sustainable Energy and Dr Joanne Wade for Citizens Advice



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List of acronyms and abbreviations

ABA	Area-based approach
ACE	Association for the Conservation of Energy
ALMO	Arm's length management organisation
CCC	Committee on Climate Change
CCG	Clinical Commissioning Group
CERT	Carbon Emissions Reduction Target
CESP	Community Energy Saving Programme
CLG	(Department for) Communities and Local Government
CO ₂	Carbon dioxide
CSCO	Carbon Saving Communities Obligation
CSE	Centre for Sustainable Energy
DECC	Department of Energy and Climate Change
DNO	Distribution network operator
DWP	Department of Work and Pensions
ECO	Energy Company Obligation
EPC	Energy performance certificate
ESAS	Energy Saving Advice Service
EST	Energy Saving Trust
GDHIF	Green Deal Home Improvement Fund
HECA	Home Energy Conservation Act
HEEPS	Home Energy Efficiency Programmes for Scotland
HEEPS:ABS	Home Energy Efficiency Programmes for Scotland: area-based schemes
HIDEEM	Health Impact of Domestic Energy Efficiency Measures
IMD	Index of Multiple Deprivation
IPPR	Institute for Public Policy Research
kWh	Kilowatt hour
LCCC	Low Carbon Communities Challenge
LGA	Local Government Association
LIHC	Low income, high costs
LEP	Local Enterprise Partnership
LSOA	Lower super output area
MCS	Microgeneration Certification Scheme
NEA	National Energy Action
NGO	Non-governmental organisation
NICE	National Institute for Health and Care Excellence
Ofgem	Office of Gas and Electricity Markets
PAS	Publicly Available Specification
REW	Resource Efficient Wales
RHI	Renewable Heat Incentive
RSL	Registered social landlord
SOA	Single Outcome Agreement
SWI	Solid wall insulation
UREGNI	Utility Regulator Northern Ireland

Executive summary

Citizens Advice considers there is a powerful economic, social and environmental case for an ambitious Britain-wide home energy efficiency programme, which prioritises low income households and is both broader and deeper than current programmes. There is widespread consensus that locally led delivery of home energy efficiency programmes and area-based approaches (ABAs) should play an important role in achieving this ambition, and that this is done as cost effectively as possible. There is also a renewed and growing interest in the wider decentralisation agenda.

A local delivery approach is one in which the people from an area are involved in delivering energy efficiency measures in that area, supported by a framework (or frameworks) that enables or requires this to happen. The scale of the area is open to debate, as are the organisations involved in delivery and their roles. An ABA involves the delivery of energy efficiency measures to all or most of the households in a defined spatial area, rather than the targeting of individual households. The size of the spatial area involved is also open to debate.

Proposals for locally led delivery will only be credible if both the benefits and the limitations of these approaches are recognised, together with the merits and limitations of existing delivery methods, in particular the Energy Company Obligation (ECO). Citizens Advice therefore commissioned a research consortium, headed by the Association for the Conservation of Energy (ACE), to investigate models for delivering energy and fuel poverty services at the local level. This is the report of the research.

The research combined literature review, expert stakeholder interviews, a survey of local authority officers, regional workshops and a final policy workshop to test emerging ideas. This executive summary brings together the proposals developed for the design of a Britain-wide framework, with variations in Scotland and Wales, for the local delivery of energy and fuel poverty services.

The proposals

The UK government should give local authorities in England responsibility for overseeing the delivery of home energy retrofits to low income and fuel poor households, as is already the case in Scotland. Councils should be free to choose the methods through which they and their partners meet this responsibility. The UK government should underpin the responsibility with a resourced statutory duty on councils in England, while the Scottish government should continue to use the existing concordat between the government and local authorities to oversee local delivery. In Wales, the Welsh government could use the existing arrangements for delivering Arbed to oversee the new funds. The UK government should also make sure consumers have access to free local energy advice, both specialist and generalist, as a key component of the new delivery arrangements.

The UK government should raise funds for the new delivery arrangements through a levy on domestic energy bills, which would partially or fully replace the current supplier obligation model. Consumers should not therefore notice any difference to the size of their bills as a result of the new arrangements. The UK government should allocate most of the funds automatically to local authorities, based on need in the local area, and then allocate the remainder via a competition open to all interested organisations, to foster improved delivery practice and efficiency.

The UK government should appoint an existing body to oversee the new delivery arrangements, check progress, monitor compliance and provide support to local authorities in England. The UK government itself should take responsibility for allocating funds. The Welsh and Scottish governments should review whether their current arrangements provide the support required.

The sections below expand on these proposals and highlight areas that require further consultation and development.

Governance and roles

Local authorities are democratically accountable bodies with relevant local knowledge and important responsibilities for housing, health and wellbeing, and economic development. There are, therefore, strong grounds for giving them responsibility for overseeing programmes to tackle fuel poverty within a national framework of local delivery of energy efficiency and fuel poverty services.

The UK government should underpin the framework with guaranteed funding to ensure a minimum level of energy efficiency and fuel poverty activity across all local areas. The framework could build upon the existing concordat between the Scottish government and local authorities in Scotland, and the Welsh government's arrangements for delivering Arbed in Wales. The UK government should introduce a new statutory duty on local authorities in England to tackle fuel poverty and appoint an existing body to oversee the arrangements – see Box 1.

Oversight of local delivery should be relatively straightforward in Scotland and Wales, since it could build upon the existing arrangements for delivering the area-based schemes within the Home Energy Efficiency Programmes for Scotland (HEEPS:ABS) and the Arbed scheme in Wales.

The requirements placed on local authorities in England could be process or output-based, or a combination of both; this is an issue that requires further development. A sufficiently long, government-set timeframe, such as five years, would help ensure that local authorities build up the skills and capacity needed to fulfil these requirements. These needs are particularly acute in the areas of procurement, housing stock and household needs assessment, and applying for funding.

Alongside guaranteed funding for councils, the UK government should allocate further funding through a competitive process, open to all, to support best practice and efficient delivery. This will enable registered social landlords (RSLs), community energy organisations and other contractors to participate in locally led delivery without having to go through local authorities.

The UK government should take responsibility for allocating and administering funds to local authorities in England, with the Scottish and Welsh governments taking on similar responsibilities in their nations.

Box 1: Recommended role for delivery oversight body in England

- Work closely with all relevant bodies that link local authorities, such as the Local Government Association's Climate Local network, National Energy Action's regional fuel poverty forums, the Carbon Action Network, and existing local authority consortia
- Provide support, mentoring and guidance to individual local authorities – especially in the process of bidding for competitively allocated funding and the preparation of plans to spend automatically allocated funds; this will also help local authorities build their ability and capacity to lever in other sources of funding
- Help broker regional and sub-regional partnerships between local authorities
- Develop and refine template procurement processes to streamline and accelerate local authorities' procurement
- Aggregate, monitor and report scheme outputs, including spot-checking compliance with standards
- Evaluate schemes and their outcomes
- Develop case studies
- Make recommendations about the appropriate balance between automatic and competitive allocation of funding, as the capacity of local authorities to deliver increases
- Make recommendations for the guidance governing funding allocation, including the need for programmes to address challenging circumstances and wider policy priorities
- Make sure the above functions inform the design of the support they provide to local authorities

Allocation of funding and encouraging added value

Automatic allocation of a large proportion (around 80 per cent) of the available funding is necessary to avoid the risk of significantly differing levels of action in different local areas, and to help local authorities set up the organisational arrangements required to oversee local delivery.¹ The remaining proportion should be allocated competitively, to foster best practice and delivery efficiency. The UK government should make this funding available to all organisations, and award funds according to a range of criteria, not just cost efficiency.

Local authority capacity to deliver would be a key driver of differing levels of action in the absence of allocated funding: as this capacity increases over time, it should therefore be possible to reduce the proportion of funding that is automatically allocated. The delivery oversight body could review progress and recommend the rate at which the funding split moves towards competitive funding.

Determining need, and hence the amount of money allocated to each local authority, will require the use of best available national data on numbers of households in fuel poverty, the extent of hard-to-treat properties and other factors that may affect delivery costs, such as the degree of rurality, in local areas. This is similar to the approach currently taken in Scotland. The calculation method should evolve over time to incorporate newer, and ideally increasingly reliable, datasets.

Local authorities should be free to determine how they meet the requirements placed on them, using the funding available. However, the proposed delivery body should provide non-binding guidance to explain how to best deploy the funding. This guidance should focus on challenging circumstances, including delivery of whole-house retrofits, delivery in remote areas, and supporting hard-to-reach households.

Criteria for the competitive allocation should be flexible and set out in clear guidance. The primary criteria for funds should include:

- demonstrated local need (for local authorities applying)
- demonstrated ability to deliver
- best value for money in reducing (the severity of) fuel poverty

Secondary criteria could include: the ability to meet multiple local objectives in addition to tackling fuel poverty, such as carbon reduction, health benefits, local employment, poverty reduction and regeneration. The reduction of health inequalities, potentially achieved in collaboration with Health and Wellbeing Boards and the devolved near-equivalents in Scotland and Wales (such as Local Service Boards and Community Health Partnerships) should be chief among the secondary criteria.

The UK government will need to make sure that local delivery is complemented by a national support programme for households in need that do not meet the eligibility criteria for their local schemes. This central programme should accept referrals from local networks and local schemes. Potential models for such programmes exist in Scotland (Energy Assistance Scheme)² and Wales (Nest). These support programmes will require a separate budget, administered and delivered separately, and should be in place in each of the three nations, building on existing programmes as appropriate.

¹ The Scottish and Welsh governments should decide how best to integrate the new funds with their existing programmes.

² The Scottish government recently announced that it will replace the Energy Assistance Scheme with a new, expanded scheme in September 2015, yet to be named – see <http://news.scotland.gov.uk/News/Tackling-fuel-poverty-186d.aspx>

Funding the framework

The most viable option politically for funding a local delivery framework is to raise funds via energy bills. As local authorities, not energy suppliers, would be required to deliver, the current ECO is ill suited as a funding mechanism.

The primary alternative, to pay for a Britain-wide fund out of general public expenditure, is viewed as preferable by many of those concerned about the regressive nature of funding programmes from energy bills. However, it is less politically viable at the present time, although public expenditure-funded programmes do currently exist alongside the ECO: The Home Energy Efficiency Programmes for Scotland (HEEPS);³ Nest and Arbed in Wales; and the Green Deal Home Improvement Fund (GDHIF) across Britain. It is also, on its own, less able to guarantee a framework's annual funding levels over the longer term, although the use of a statutory duty for five years would mean that funding would have to be guaranteed over that period (at least for England).

The consultants therefore propose that primary funding for the framework is raised via a fixed levy per kilowatt hour (kWh) of gas and electricity supplied to every domestic consumer in Britain. A similar approach is in place for Northern Ireland's Sustainable Energy Programme. The levy should start in the last financial year before the framework programme for local delivery commences. Unlike the ECO, under which energy suppliers are only obligated to deliver carbon and heating cost reductions if they have 250,000 or more domestic customer accounts (because it would be disproportionately burdensome for smaller energy suppliers to deliver), the levy would not require a company size threshold because energy suppliers would not be obliged to deliver. It would be raised from all consumers via all energy suppliers. The levy approach would require a change in primary legislation.

A levy, like the ECO, is still a regressive way in which to fund a programme. However, it can be designed to be less regressive: the levy could be applied only above a certain energy consumption threshold, and the local delivery approach can ensure a fairer distribution of investment than under the ECO. Consumers should not notice any difference with respect to the impact of the levy on their bills since it would approximate to the notional impact of the current ECO on bills (approximately £30 per household per year on average).

Citizens Advice's recommendation, to raise the energy performance certificate (EPC) of all low income households to a standard of C by 2025, is estimated to cost £2.6 billion per year in capital spending in England alone.⁴ Current ECO expenditure is estimated at around £0.8 billion per year. Given that there is very little political or consumer appetite to raise a higher level of funds from energy bills, it is clear that further funding is required. Possible sources include carbon tax revenues, national infrastructure investment budgets, energy company fines, surpluses in closed accounts that cannot be repaid to energy consumers and 'allowable solutions' funding⁵.

³ Deployed by the Scottish government as the *Home Energy Efficiency Programmes for Scotland: Cashback Vouchers Scheme* (HEEPS: Cashback).

⁴ (Guertler 2014b)

⁵ 'Allowable solutions' is the provision under which developers of new housing fund retrofits in existing homes to help meet the zero carbon standard for new homes.

Relationship to other programmes, advice provision and managing a transition

Supplier obligations can successfully deliver cost-effective carbon reductions at scale, but have been less successful at delivering the deep retrofits required to raise the homes of low income households to an EPC standard of C. Whether there is a role for a continuing supplier obligation alongside the proposed levy is a question outside the scope of this project.

However, the framework governing local delivery should encourage local schemes to lever in finance from other schemes, including Green Deal finance, feed-in tariffs and the Renewable Heat Incentive (RHI), as well as regeneration and public health programmes. Local authorities and their delivery partners should be free to decide whether and how other programmes can help them to deliver against requirements. Levy funding could be used to top-up the existing national frameworks that govern and support local delivery in Scotland and Wales.

The smart meter rollout programme could potentially complement a local delivery framework. However, with energy suppliers (who have geographically dispersed customers) leading the smart meter rollout, there is currently limited scope for close integration with local authorities. Recent research undertaken for Citizens Advice puts forward a model of how local schemes could work with energy suppliers to make use of any opportunities as part of the rollout.⁶

National and local energy advice should play an important role within the local delivery framework. The delivery oversight body (and equivalents in Scotland and Wales) should provide or procure nationally recognisable marketing campaigns and telephone and web-based advice services, and should hold information on local schemes and local advice and support as well as provide information about, and referrals to, national support programmes. Local generalist advice providers, such as Citizens Advice Bureaux, should help provide such advice. The provision of advice about local schemes should be tailored to each area, assisted by the delivery oversight body's guidance if needed. However, local advice must refer households to the relevant national support programme where appropriate.

The transition to the new local delivery framework will face tight timescales, given that the ECO is currently only set to run until March 2017 and that some suppliers may meet their targets well before this. This potential for an early finish to ECO delivery, as well as the intention to increase Scottish government control over the future deployment of supplier obligation programmes, presents an opportunity to bring forward a managed transition to a levy-funded local delivery framework. This will require early consultation with stakeholders and the launch of a pilot in April 2016, running the local delivery framework in parallel with the ECO for one year. During the pilot, local authorities with 'ready-to-go' schemes in their areas could deploy these whilst the delivery oversight body could begin providing support to other local authorities. During this time, the level of delivery under the framework is likely to be relatively low.

⁶ (Citizens Advice 2014)

Implications for the supply chain and quality assurance

The introduction of a five-year framework for local delivery could offer better stability, transparency and predictability if the targets for local authorities are designed well. This could result in increased supply chain confidence, and stimulate rapid investment in the skills and capacity required to deliver relatively complex products and services, such as solid wall insulation (SWI) or whole-house retrofits.

Local authorities' procurement processes are, however, a concern, with respect to the funding automatically allocated to local authorities under the framework. Many consider these processes are overly bureaucratic and slow, and risk precluding many smaller contractors (many of whom have also struggled to gain access to the ECO) from participating, precisely when more might be required of them. This underscores the importance of finding and accelerating ways to streamline local authority procurement – an area in which the delivery oversight body should play a central role.

Locally led delivery is likely to strengthen informal quality assurance. This is because local authorities' and local contractors' reputations are on the line, and because it should be easier for households to seek redress locally. However, without energy suppliers responsible for delivery, formal quality assurance will need to evolve from the system currently used for the ECO. Formal quality assurance should be made a condition of funding under the framework but, if not done efficiently, could result in making local authorities' procurement processes more complex and time-consuming. However, a requirement that local authorities procure the services of contractors accredited through a national accreditation scheme provides a simple way forward, and one that the delivery oversight body could check compliance with.

Two issues will need addressing: effective enforcement of compliance with standards, and reduction of the barriers to participation from contractors. Existing accreditation standards – principally Publicly Available Specification (PAS) 2030, under the Green Deal framework – need to be strengthened and better enforced. The latter could be achieved without increasing costs by simplifying and strengthening existing standards, and through a coordinated and a refocused monitoring regime to enforce these standards. This would protect consumers more effectively, while avoiding the complexity of introducing extra layers of accreditation. On formal codes of practice and formal redress, the Green Deal Code of Practice could provide a basis, but loopholes within it need closing and the complaints system made more robust.

Simplification, as with a long-term framework that increases supply chain confidence, should also serve to lower the barriers to entry for smaller, more local contractors. The barriers to entry would be lowered both for becoming accredited and for bidding for local authority contracts – in this way also benefitting informal quality assurance and helping to develop the local supply chains that need to play their part in local delivery. In addition, simplifying and accelerating the process for accrediting new measures and associated accreditation standards under the Green Deal framework would lower the barriers to technological innovation – often the domain of smaller businesses.

Issues requiring further consultation and development

There are a number of elements of the proposed model that would benefit from further development:

1. How the requirement on local authorities is expressed; should it be output or process-based, or a combination of the two? How should an output-based requirement be expressed; for example, as a percentage reduction in low income households living in homes with an EPC of D or worse, or as a percentage reduction in the aggregate fuel poverty gap? How could a process-based requirement be expressed; for example, as a need to develop long-term credible business plans for tackling fuel poverty? And how could compliance with this be monitored?
2. What penalties and/or rewards should there be for local authorities not meeting/exceeding requirements? Should these be financial and/or reputational?
3. How could a levy be structured such that it is less regressive than the ECO?
4. How can energy consumption fluctuations, and hence the varying amount that the levy would raise each year, be balanced with the need for a predictable funding stream?
5. A levy-funded framework would guarantee the funding available but not the outputs that it would produce (unlike the ECO). How can this problem be minimised?
6. How should national support programmes be funded? From an increased fixed levy or from general public expenditure? If funding were raised Britain-wide, how would this fit with the programmes already in place in Scotland and Wales?
7. Assuming that a local delivery framework is primarily about tackling fuel poverty, what role is there for a continued supplier obligation? How will a sufficient level of carbon savings from household programmes as a whole be delivered?
8. What is the optimal balance of resources and roles between the different programmes: local delivery, supplier obligations, pay-as-you-save financing and national support programmes?

1 Introduction

1.1 Background

The Citizens Advice service provides free, confidential and impartial advice to help people resolve their problems. As the UK's largest advice provider, the Citizens Advice service is equipped to deal with any issue, from anyone, spanning debt and employment to housing and immigration plus everything in between. The service values diversity, promotes equality and challenges discrimination. Citizens Advice represents the interests of consumers across essential, regulated markets. It uses compelling evidence, expert analysis and strong argument to put consumer interests at the heart of policy-making and market behaviour.

Citizens Advice considers there is a powerful economic, social and environmental case for an ambitious Britain-wide home energy efficiency programme, which prioritises low income households and is both broader and deeper than current programmes. Citizens Advice believes that the local delivery of home energy efficiency programmes and the use of area-based approaches (ABAs) should play an important role in making sure this ambition is achieved, and that this is done as cost effectively as possible.⁷

A local delivery approach is one in which:

- the people from an area are involved in delivering energy efficiency measures in that area
- a governing framework enables (or requires) this to happen

The scale of the area is open to debate, as are the organisations involved in delivery and their roles.

An ABA to energy efficiency involves:

- the delivery of energy efficiency measures in a spatial area – which could be a street, a neighbourhood, a local authority or a group of local authority areas⁸
- the delivery of measures to all or most of the households in a specific area as an alternative to the individual targeting of households

ABAs are used across a wide range of policy areas, including regeneration, crime and health. They may be especially effective in particular policy areas with a strong localised or place-specific aspect to the problem and its solutions. For example, similar types of housing often form clusters or concentrations and are therefore particularly suited to ABAs.

In practice, local delivery includes strict area-based schemes with a tight geographical focus, schemes that are labelled as area-based but are delivered at a fairly large geographical scale, schemes that focus on households in need across the whole local authority or multi-authority area, and schemes that combine area-based delivery with local authority-wide demand-led delivery.

Local delivery and ABAs may have multiple benefits. For example, the UK Green Building Council argues that 'conceiving and delivering (community) infrastructure at a neighbourhood scale as an integrated package represents a very significant opportunity to deliver environmental, social and economic objectives'.⁹ The Sustainable Development Commission advocated an 'integrated, area-based approach to retrofitting buildings and upgrading community infrastructure', arguing that 'enabling communities

⁷ (Which? 2015); (Res Publica 2015)

⁸ (EST 2011)

⁹ (UKGBC and Zero Carbon Hub 2010)

to renew their own neighbourhoods, in partnership with local government and enterprise, can deliver benefits over and above reducing fuel bills and carbon emissions'.¹⁰

The local delivery of energy efficiency also opens up the potential for integration and realising synergies with other areas of policy that are delivered locally, such as regeneration, public health, and income maximisation advice.

ABAs can be designed to identify geographic clusters of fuel poor households. They potentially offer opportunities to target fuel poverty programmes at those in severe or extreme fuel poverty, since those most in need seldom self-refer into support programmes, when compared with households that are better off.¹¹

Notwithstanding the perceived benefits of locally led delivery, these approaches do have limitations. An argument commonly levelled against ABAs to tackling deprivation is that: 'Most "poor people" do not live in the poorest areas. Most people who live in "poor areas" are not themselves poor.'¹² These issues need to be identified and acknowledged, as do the merits and limitations of current programmes, especially the Energy Company Obligation (ECO). Only in this way can proposals for locally led delivery attain credibility, engage constructively with challenges from stakeholders and achieve a successful process of integration with, or transition from, existing programmes.

Citizens Advice therefore commissioned the Association for the Conservation of Energy (ACE), the Centre for Sustainable Energy (CSE), CAG Consultants and Dr Joanne Wade (from now on referred to as 'the consultants') to carry out a programme of research to investigate models for delivering energy and fuel poverty services at the local level. The research aims to develop robust and credible proposals for developing a Britain-wide framework, with national variations appropriate to existing policy and devolved powers in England, Scotland and Wales, to support the local delivery of energy efficiency and fuel poverty¹³ action. In doing this, it also considers the implications of potential reform of the main energy efficiency programme in Britain, namely the ECO.

There is a resurgent and growing interest in the decentralisation of power and the delivery of public services. Scotland's referendum on independence, coupled with recent initiatives to devolve certain functions in England, have thrown this issue into sharp and renewed relief. More broadly, commentators across the political spectrum see greater decentralisation, with its potential for more efficiently and effectively meeting local needs and policy objectives, as a route to greater, and geographically more evenly distributed, prosperity.¹⁴ It is in this wider context that this research and its proposals, which are examining the possibility of a shift of emphasis from largely centralised to decentralised delivery of energy efficiency and fuel poverty services, can and should be considered.

¹⁰ (Sustainable Development Commission 2010)

¹¹ (Walker et al. 2012)

¹² (Spicker 2002)

¹³ Fuel poverty is caused by a combination of low income, poor home energy efficiency standards and high fuel prices. In Scotland, Wales and Northern Ireland, households are defined as being in fuel poverty if they need to spend 10 per cent or more of their income on energy to achieve adequate warmth and meet their other energy needs. In England, households are defined as being in fuel poverty if their *fuel* costs are above average, and were they to spend that amount, they would be left with a residual income below the official *poverty* line.

¹⁴ (Booth 2014); (Cox, Henderson, and Raikes 2014); (The Economist 2014)

1.2 Research objectives

To deliver its aim, the research worked to the following eight objectives. These and other objectives are mapped out against the report's structure in Table 1.

Objectives primarily addressed by the literature review published alongside this report:¹⁵

1. To assess the lessons learnt from existing local delivery models – also addressed throughout this report.
2. To review the literature on area-based schemes, including their use in other policy areas.¹⁶
3. To assess evidence on whether a local delivery model would improve consumer take-up, particularly from those currently excluded or not participating, and propose best practice approaches for ensuring this – also addressed throughout this report (having been asked of all stakeholders interviewed).

Objectives primarily addressed in this report:

4. To develop detailed proposals for a local delivery model – this includes a range of sub-objectives, addressed within different sections.
5. To propose criteria either for assessing bids for locally contestable funds or for the allocation of funds to local authorities/groups of local authorities.
6. To propose a smooth transition process from the current delivery arrangements to a local delivery model.
7. To carry out research and participatory activities that involve key agencies in developing the local delivery model, and to make sure this involves Scottish and Welsh agencies.
8. To help secure the support of key agencies in advocating change – see Section 2, Methodology.

1.3 Structure of the report

The report begins with the methodology; Section 2 explains each element of the methodology, and how these fit together.

Section 3 then presents a summary of the literature review. This is based on a comprehensive review, published alongside this report, of diverse sources that relate directly to local delivery of energy and fuel poverty services, and also sources that cover the analogous policy areas of regeneration and health. This aimed to assess lessons learnt from existing locally delivered and area-based schemes, and to identify guidelines for developing the proposals for a framework governing local delivery. It also focused specifically on issues around consumer take-up and the criteria used to allocate resources, or assist in the competitive allocation of resources, to local areas.

Section 4 presents a selection of headline outputs from an interactive spreadsheet, published alongside this report, based on the modelling data produced for Consumer Futures' *Ending Cold Homes* report. This looked at the cost of achieving an energy performance certificate (EPC) standard of C for all low income households in England by 2025.¹⁷ This provides important context for what a Britain-wide framework for local delivery could aim to achieve, the funding required, the implications for local scheme design and the assessment of cost effectiveness of delivery.

¹⁵ See http://www.citizensadvice.org.uk/index/policy/policy_publications/delivering_energy_and_fuel_at_local_level.htm

¹⁶ It should be noted that this literature comprises mainly qualitative information rather than quantitative data on schemes.

Therefore, it is not an objective of this research to conduct cost-benefit analyses or econometric evaluations of past schemes.

¹⁷ (Guertler 2014b)

Section 5 presents an overview of the response to a survey of local authority officers, while the full and detailed survey results have been incorporated into the subsequent sections, introduced below.

Then, the findings of the project are presented thematically. Each section, from 6 to 14, presents a different aspect of the design of a framework for governing local delivery. These themes emerged from the data that was gathered throughout the project, and bring together findings in relation to specific objectives. How these objectives related to the different themed sections is shown in Table 1.

Table 1: How specific project objectives have been grouped into themes

Response	Objectives covered
Governance framework and roles	<ul style="list-style-type: none"> 4c) The role of local authorities and registered social landlords in the new arrangements – should, for example, a new, resourced statutory duty be placed on local authorities? Or is the Scottish model of Single Outcome Agreements more appropriate? 4e) What organisational reforms are required at national level to oversee local delivery? 4p) How would decentralised delivery work in Scotland and Wales, particularly given that both governments already have area programmes in place, and in Scotland the local authorities play a leading role? [Also addressed in other sections.]
How to allocate funding	<ul style="list-style-type: none"> 4f) The extent to which local delivery approaches might lead to extensive variation in provision ('postcode lotteries'); how might tensions between local discretion and ensuring minimum levels of provision be addressed? 4h) Should funds be contested at local level or just allocated to, for example, local authorities? 4i) How should funds be allocated to local areas (whether contested or not), for example, how should local need be established? Is ring-fencing required or can other mechanisms be used (in Scotland, for example, funding is determined through a concordat between the Scottish government and local authorities)? 4j) What is the appropriate size of local areas, for example, local authority or sub-regional? 5. To propose criteria either for assessing bids for locally contestable funds or for the allocation of funds to local authorities/groups of local authorities.
Wider priorities and challenging circumstances	<ul style="list-style-type: none"> 4g) How might the local delivery of energy efficiency and fuel poverty programmes be integrated with local priorities, such as reducing health inequalities, urban and rural regeneration, anti-poverty, carbon reduction? 4k) How to encourage 'whole house' improvements, rather than the current ECO focus on single measures? And how to make sure programmes improve hard-to-treat homes and homes in rural (particularly remote rural) areas?
Funding the programme	<ul style="list-style-type: none"> 4a) The implications of turning the ECO into a fund, rather than a set of targets.
Managing the transition	<ul style="list-style-type: none"> 4l) The establishment of a parallel programme to the ECO, Green Deal, Renewable Heat Incentive etc, and the determination of the main role of such a programme so that it clearly complements existing policies. 6. To propose a smooth transition process from the current delivery arrangements to a local delivery model.
Integrating national and local advice	<ul style="list-style-type: none"> 4n) Whether independent advice should be provided at the local level and if so, how it should relate to the Energy Saving Advice Service, Home Energy Scotland and other advice providers (particularly Citizens Advice Bureaux).
Implications for the supply chain	<ul style="list-style-type: none"> 4b) The relationship between energy companies and local delivery agents. 4d) The implications for local and national supply chains, and managing agents' responsibilities.
Assuring quality	<ul style="list-style-type: none"> 4m) Ensuring quality assurance and other consumer protection regimes are in place.
Links to the smart meter rollout	<ul style="list-style-type: none"> 4o) How would such a delivery approach relate to the smart meter rollout, which will continue to be led by suppliers?

Finally, section 15 presents the full set of proposals for a framework to govern local delivery. It also presents a series of questions. These represent the issues on which stakeholders were divided and no clear consensus emerged. The consultants propose that these questions could be used as the foundation for a consultation exercise, which could provide additional evidence and so contribute further to realistic proposals on these subjects.

2 Methodology

2.1 Overview of the method

A range of approaches were used to address the project’s objectives (see Figure 1):

- Cataloguing and mapping knowledge and stakeholders
- Literature review
- Defining the nature of the energy efficiency ambition
- Interviews with stakeholders
- Online survey of local authority officers
- Four regional workshops, mainly with scheme practitioners (in Bristol, Cardiff, Edinburgh and Manchester); and one workshop with policy experts in London with a Britain-wide perspective

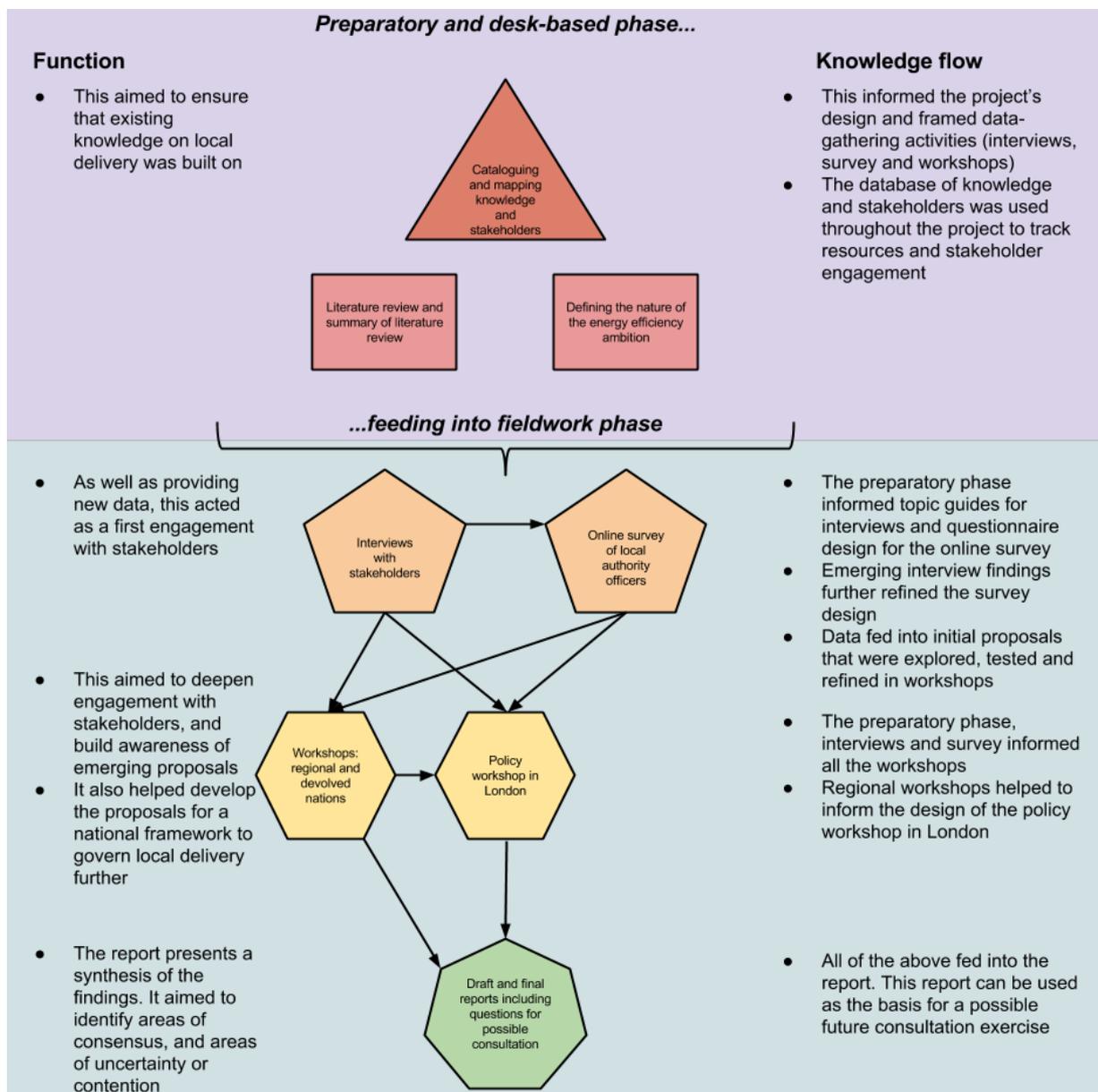


Figure 1: Overview of methodology

2.2 Cataloguing and mapping knowledge and stakeholders

The first step was to catalogue knowledge and stakeholder contacts on locally led schemes. This encompassed the existing and emerging literature, as well as case studies and resources relating to locally led initiatives, including appropriate analogous non-energy initiatives (local regeneration and health schemes) and the contacts for people involved in these. The purpose was to assist the framing and development of the literature review, interviews, surveys, workshop structures and engagement for the project.

2.3 Literature review

The next step was the literature review, including the review of analogous schemes. The review focused on independent scheme literature and evaluations, rather than reports from scheme implementers, and drew on three types of sources:

1. Those reviewing specific energy-related locally led schemes.
2. Those addressing wider issues around local delivery approaches for energy efficiency.
3. Those reviewing specific area-based schemes in analogous policy areas.

The analogous policy areas considered here are regeneration and health, where locally led and particularly ABAs have been trialled and developed over many years. The sources and schemes considered in this review are set out in Appendix I. This also provides an overview of each scheme and of the sources reviewed, including an indication of their provenance and reliability.

After all the sources were reviewed, the consultants identified a series of key themes that represent important considerations for locally led schemes. The literature was reviewed with the project objectives in mind, but the consultants looked for themes that emerged from the sources, rather than using pre-determined themes (an inductive approach). The literature review informed topic guides for stakeholder interviews, and the design and structure of the wider survey of local authorities.

2.4 Defining the scale and composition of the energy efficiency ambition

Common to all possible local delivery approaches is the need to assess the potential for each to scale up the level of investment and rate of delivery. To enable this assessment, the consultants built on existing research carried out for Consumer Futures on the cost of achieving an EPC standard of C for all low income households in England by 2025 – called *Ending Cold Homes*.¹⁸ The modelling undertaken for that work produced richly detailed datasets, which enabled the consultants to segment the group of 'low income households below a standard of C according to parameters that have significant implications for programme design, as Table 2 highlights. This provides important context for the proposed local delivery framework, particularly with respect to the cost of achieving this ambition and the level of funding that might be required, the implications for local scheme design, and the assessment of cost effectiveness of delivery.

The consultants produced an interactive spreadsheet based on pivot table techniques for Citizens Advice to interrogate the datasets according to the segmentations below (published alongside this report). *Ending Cold Homes* provides more detail on the method used to produce the underlying data.

¹⁸ (Guertler 2014b)

Table 2: Segmentations of low income households below an EPC standard of C

Segmentation category	Types	Examples of significance for deployment mechanism
Tenure	Owner-occupied; private-rented; social-rented	Subsidy for owner-occupiers; or tax breaks/minimum standards/financing mechanisms for landlords
Region	English region	To check against scale-up potential in existing area-based programmes
Wall type	Solid or cavity wall	To assess level of disruption/degree to which, for example street-by-street approaches could be especially beneficial
Heating type	Gas or off-gas	To check potential role of the domestic Renewable Heat Incentive
Built form	House; converted flat; purpose-built flat	Where existing funding levels are sufficient for reaching Band C/doing whole-house retrofits, and where they are not
Household composition	Families; working-age couples and singles; elderly couples and singles	Nature of information and advice provision, and routes to households
Index of Multiple Deprivation	Number of target homes in different lower super output area decile areas	To check the potential to expand Community Energy Saving Programme/Carbon Saving Communities Obligation-style ABAs
Cost to improve to C standard/by EPC band	Average and banded into different cost ranges	To check 'goodness of fit' with existing programmes; and where additional investment depth (for example, for a whole-house retrofit) is required

2.5 Interviews with stakeholders

The consultants first identified the key categories of stakeholders and then potential stakeholders for interview from each category. It is worth noting that most of these stakeholders were not working for local authorities. The views of stakeholders working in local authorities were primarily captured via an online survey (see Section 2.6). The number of stakeholders interviewed in each category is shown in Table 3.

Interview questions were based on the project's objectives and interviews were informed by the literature review and gaps in the literature. Questions were sent to stakeholders a few days in advance of interviews; the list of questions is shown in Appendix II.

Interview notes were transferred to a table consisting of a row for each question, and a column for each stakeholder, to allow thematic analysis of responses. Not all questions were asked of all stakeholder groups. The themes identified were used to structure the report's findings, as shown in Table 1 earlier.

Table 3: Sets of interviews with stakeholders

Stakeholder group	Number of organisations interviewed	Of which had a...	
		Scotland remit	Wales remit
Academics	2		
Area-based schemes	2		
ECO policy and administration contacts	1		
Energy industry	6	1	
National and community non-governmental organisations	9	2	1
National area-based scheme programme managers	4	1	1
National energy advice service providers	1		
Registered social landlords	3	1	
Smart meter stakeholders	1		
Supply chain and managing agents	8		1
Total	40	5	3

The interviews also began the process of building stakeholders' awareness of the eventual proposals. Many of the stakeholders also took part in the workshops at which the initial proposals were discussed.

2.6 Survey of local authorities

Given the importance of local authorities in any framework for locally led delivery, an extensive survey of authorities was conducted. The consultants aimed to survey representatives from 44 authorities (four each in Scotland and Wales, and four in each of the nine English regions).¹⁹ This was not intended as a representative sample, but as sufficient to achieve saturation in the range and types of responses they would provide. Using publicly available data for Scotland and for Wales, and a database shared confidentially by the Department of Energy and Climate Change (DECC), the consultants identified 88 priority local authorities for survey. To ensure the 88 constituted a diverse set of local authorities, the consultants made sure to have a good mix of the following:

- Level of rurality using the national classification system
- Single and lower-tier authorities (NB all Scottish and Welsh authorities are single tier)
- Size, based on population
- To capture authorities both more active and less active in the delivery of energy efficiency and fuel poverty services:
 - Those that won Green Deal Communities funding and those that did not
 - Those that won DECC's Local Authority Competition funding and those that did not
 - Level of participation in Green Deal and the ECO, based on classifications derived from Home Energy Conservation Act (HECA) reports
 - Those that were part of a delivery consortium of local authorities and those that were not
- Data on the above is not available for Scotland or Wales:
 - In Wales, the consultants considered per capita spending of the Welsh fuel poverty programme, Nest.
 - In Scotland, the consultants considered per capita spending of the Home Energy Efficiency Programmes for Scotland (HEEPS).
 - A mix of relatively high and relatively low-spending local authorities

Contact details for survey targets were established through the project team's own contact databases, through internet searches and through the help of regional Carbon Action Network secretariats.

Survey questions included a mix of multiple choice and free-form answers – see Appendix III. The issues covered by the survey were as follows:

- About you and your Council
- Provision of advice
- About schemes that are delivered locally (respondents could provide details on up to four schemes, covering whether and how they were area-based, who they targeted, who was involved in delivery, how they were funded and what objectives they had)
- The Council's top corporate priorities
- Ability and capacity; working with partners and outsourcing
- What would enable you to do more?

¹⁹ There are 353 principal authorities in England (57 single tier, 34 upper tier and 269 lower tier), 32 unitary authorities in Scotland and 22 single-tier principal areas in Wales.

The consultants sent the survey to 200 local authorities and focused on chasing up the priority 88 to achieve a response of 44. Sixty-two responses were received, of which 46 were completed fully. The remaining 16 respondents had completed questions on some or most of the above issues, and so could be included in the presentation of results where appropriate.

2.7 Workshops

The interviews, wider survey and earlier desk-based work all informed the structure and content for the workshops. The consultants held a series of devolved nation and English regional workshops (in Bristol, Cardiff, Edinburgh and Manchester), and a policy workshop in London. The workshops were designed to involve key stakeholders in the development of proposals for a future framework and thus help encourage their support for the final project proposals.

Regional and devolved nation workshops

For the two workshops in Scotland and Wales, the consultants invited local authority contacts covered in the wider survey, as well as representatives from national agencies and government. These two workshops were policy as well as practice-oriented, and aimed to give an understanding of the different policy contexts and relevant experiences of schemes in these nations.

The consultants also held one-day English regional workshops in Bristol and Manchester. These were primarily practice-oriented, with the aim of exploring issues around scheme design and delivery. Policy issues covering England were principally covered by the policy workshop, which had a Britain-wide focus.

The consultants also invited community organisations involved in delivery (such as referral networks, advice provision and home visits), local contractors and ECO representatives (identified through interviews with energy suppliers' ECO officers).

Policy workshop in London

A full-day policy workshop with a Britain-wide perspective was held in London in January, to focus on the overarching project objectives and emerging proposals. Invited participants were drawn from interviewees, as well as a number of experts not otherwise engaged by the project. The workshop was set up to gather expert feedback on an initial set of proposals, from which the consultants could refine the final set of proposals described in this report.

2.8 Presentation of qualitative data

The workshops and interviews generated qualitative data, which is not representative of a population. Rather, it constitutes the views of a range of stakeholders selected for their expertise on various aspects of scheme design and delivery. For this reason, this report does not present numerical data on how many stakeholders mentioned each point. However, in the interests of clarity and rigour, it is helpful to give an indication of the prevalence of the key ideas mentioned in the interviews. This report adopts the following conventions for presenting this information:

- 'A few' means a quarter of stakeholders or fewer.
- 'Several' means between a quarter and a half of stakeholders.
- 'Many' means between a half and three-quarters of stakeholders.
- 'Almost all' means over three-quarters of stakeholders.

The workshops were group discussions, so numbers of individual opinions were not recorded.

2.9 Conclusion

The method involved six different approaches to gathering data. By using a review of existing evidence, and analysis of new qualitative and quantitative data, the consultants gained a comprehensive understanding of the issues around locally led and area-based delivery. The consultants also used a participatory approach, through the workshops, which enabled key stakeholders to feed into the design of the proposals. Each step in the method informed the next one: the consultants started with a set of objectives and then identified the key themes and issues that relate to these, based on existing material. Then, the consultants gathered new data on these themes and issues and used this to begin to develop proposals for a future framework to govern locally led delivery. Finally, the consultants gathered expert input on the emerging proposals and synthesised the findings to create a final set of proposals and consultation questions for a future framework.

3 Literature review

This section presents a summary of the literature review carried out for this project. The full literature review has been published alongside this report.²⁰

The literature has its limitations. Sources mostly cover the experience of local delivery and lessons from and for individual schemes. While these lessons offer a very valuable bottom-up perspective for the research and the development of this report's proposals, as well as a valuable standalone resource for informing local scheme design, almost none of the literature considers the top-down perspective: the lessons from and for higher-level frameworks that govern and support a multitude of local schemes. Such frameworks are of course in place, such as RE:NEW in Greater London, Arbed in Wales, area-based schemes within the HEEPS (HEEPS:ABS), and Green Deal Communities in England. To date, however, evaluations of these frameworks have primarily (though not exclusively) concentrated on the individual schemes supported by them.

3.1 Overview

The literature review addresses the following objectives:

- To assess lessons learnt from existing locally delivered and area-based schemes (including in other policy areas).
- To identify guidelines for developing a range of local delivery frameworks.
- To look for evidence on whether local delivery would increase consumer take-up.
- To examine the criteria used to allocate resources, or assist in the competitive allocation of resources, to local areas.

The review focused on independent scheme literature and evaluations, rather than reports from scheme implementers, and drew on three sources:

1. Those reviewing specific energy-related locally led schemes.
2. Those addressing wider issues around local delivery approaches for energy efficiency.
3. Those reviewing specific area-based schemes in analogous policy areas, specifically regeneration and health, where ABAs have been trialled and developed over many years.

Details of the sources and schemes reviewed are provided in Appendix I. The headings used to group the findings of the literature review, which are also used in this summary, are based on the main themes identified through the review itself.

This section summarises the results, in terms of local and ABAs, discusses lessons learnt from existing local schemes and identifies emerging guidelines for potential local delivery frameworks.

3.2 Governance

Governance of locally delivered schemes is a fundamental theme highlighted in the literature, coupled with scheme structures and scheme duration. Key issues include how to make sure there is coherence and dialogue between different partners (and between different schemes), and whether a statutory or voluntary approach is required.

The review suggests the following learning points, which could be considered by those designing local delivery schemes:

²⁰ See http://www.citizensadvice.org.uk/index/policy/policy_publications/delivering_energy_and_fuel_at_local_level.htm

- Consider how the scheme can be integrated with other relevant schemes to ensure a coherent and consistent approach – including schemes at local, regional and national scales.
- Promote dialogue between the different levels of governance (such as local, city, county and national) and make sure flexibility is built into scheme design, so schemes can be tailored to specific contexts.
- Central governments can play an important role in providing guidance and promoting lesson-sharing.
- Consider mechanisms for making sure local authorities take action; these may include a resourced statutory duty, incentive schemes or provision of ring-fenced funding.
- Adequate timescales are important – long-term schemes are likely to be more successful.

3.3 Objectives and targets

The review considers the setting of multiple objectives for schemes, people- versus place-based objectives, aligning objectives across partners and setting targets. It also considers potential related objectives such as employment, cost efficiency, health, community cohesion and neighbourhood perception. It finds that there are benefits to maximising progress against multiple objectives and that area-based schemes can offer particular benefits, such as community cohesion, that other schemes are unable to. However, the literature also warns against schemes becoming too complex.²¹ The review suggests the following lessons:

- Consider setting both place-based and people-based objectives, and look for synergies between energy objectives and other social goals such as health and regeneration.
- Consider including quick-win targets to boost interest and engagement.
- Align schemes with relevant funding streams and initiatives to promote local training and employment.
- Consider setting broad eligibility criteria for the installation of free energy efficiency measures, and build in a degree of flexibility to optimise cost efficiency.
- Look for opportunities to embed community cohesion, positive neighbourhood perception and other related benefits into the scheme.
- Aim to not only maximise the multiple benefits, where appropriate, of efficiency schemes, but also to measure these outcomes (see Section 3.7, Evaluation, below).

3.4 Eligibility, targeting and criteria

One of the perceived benefits of local delivery is that local agencies, through local knowledge, are well placed to define their target communities and geographies. The proposals need to consider how they can support these abilities while ensuring consistency and quality across localities. The review considers the challenges involved in targeting fuel poverty. It considers the use of proxies, such as the Index of Multiple Deprivation (IMD) or the number of people claiming benefits, and the potential for building in energy efficiency criteria.

The review considers whether schemes should target leading areas or areas in most need. Should schemes help all households in the area or just certain eligible people? Should schemes be based on rigid area boundaries or be more fluid and community-based? What size should the area be? Should there be offers for neighbouring areas or extensions to the target area? The review found that data quality and availability is a key challenge for most schemes.

²¹ (Energy Action Scotland 2015)

An ABA circumvents the need to identify individual households as vulnerable, which risks stigmatising people and may prevent those most in need coming forward for help. However, there are important issues of equity to be considered, including who pays for the scheme and who benefits. Like any policy, energy efficiency policies have the potential to be either regressive or progressive in terms of the distribution of benefits, depending on how they are designed, funded and implemented. Furthermore, in locally led and area-based energy efficiency schemes, there are equity issues around the criteria used to define and select eligible areas and eligible households, and the geographic variations in provision that may result. Geographic variation can occur on numerous scales, including between neighbourhoods, between local authorities, between regions and between nations. Such variation is often labelled as a ‘postcode lottery’. Locally led schemes need to recognise these risks and make careful consideration of equity issues throughout scheme design and delivery. One specific concern is that an ABA inevitably leaves fuel-poor households living in low-risk areas with little hope of help in the medium term. It also results in the relatively more affluent households receiving support.²²

DECC’s evaluation of the Carbon Emissions Reduction Target (CERT) and Community Energy Saving Programme (CESP)²³ commented that ABAs involved a trade-off between the cost effectiveness of tackling a whole street and the inclusion of many households who may not be fuel poor, some of whom could contribute to measure costs. A two-track system of targeting, with individual schemes and ABAs operating in parallel, could maximise cost effectiveness whilst protecting those most vulnerable to fuel poverty.²⁴ The Scottish government’s HEEPS include both forms of targeting.

Of course, if an area-based scheme is designed to roll out to all areas (as opposed to just certain areas, as in these case studies), then the issue is not who to target but who to target first. The establishment of non-area specific referral systems could make sure those in urgent need outside initial priority areas receive help. For example, the National Institute for Health and Care Excellence (NICE) guidance on excess winter deaths and cold homes proposes that Health and Wellbeing Boards should establish local referral systems for those suffering cold-related ill health.²⁵ The Scottish and Welsh governments could consider transposing the NICE guidance to suit their public health structures.

The review suggests the following guidelines:

- Make sure there is good quality local stock data. In Scotland, the Energy Saving Trust (EST) can provide local authorities with detailed fuel poverty and stock data, including EPCs, free of charge; in England and Wales, local authorities have to pay for EPC data.
- Develop criteria relevant to energy efficiency and fuel poverty: the IMD in England and equivalents in Wales and Scotland are ill-suited to this task.
- Be flexible in defining area boundaries.
- Consider introducing separate criteria for urban and rural areas, to encourage rural action.
- Consider whether the scheme should address all areas within a locality in turn, or adopt a twin-track approach of establishing both area-based delivery and non-area referral schemes.
- Consider how to address resentment from households living in homes just outside eligible areas.
- Schemes may be more effective and influential among policy makers and consumers if they target wider issues of poverty at the same time as targeting fuel poverty.

²² (Platt, Rosenow, and Flanagan 2012)

²³ These were energy supplier obligation schemes, replaced by the ECO in 2013 (Ipsos MORI et al. 2014)

²⁴ (Liddell and Lagdon 2013)

²⁵ (NICE 2015)

3.5 Community engagement and promoting uptake

The review considers how locally led schemes address engagement with their target communities, promoting take-up and maintaining it over time. It looks at engagement strategies, community events, overcoming stigma, providing advice and assessments, reaching all tenure and property types, and the performance of past schemes in terms of take-up. The review suggests that flexibility in implementation and variety in communication methods is key to engagement and the promotion of take-up. This activity – a perceived central advantage to local delivery – requires a wide range of partners and capabilities for successful engagement with the target community and/or area.

The review suggests the following guidelines:

On securing engagement:

- Carry out intensive promotional work tailored to the local context.
- Use door knocking, and involve local champions.
- Include a direct mailing to all targeted households, which is endorsed by the local authority
- Have a ‘trusted’ organisation representing the scheme, and carry out resident engagement through trusted local actors such as local authorities and community groups.
- Utilise local networks to promote the services offered and gain access to householders – this is particularly important in rural and more deprived urban areas.
- Make sure private landlords are engaged in schemes.

On securing uptake:

- Have a clear and specific scheme offer.
- Offer free energy efficiency measures for low income households.
- Consider offering other support, such as income maximisation advice, alongside measures.
- Take a whole-house approach, for example, reward proactive property owners.
- Make sure there is flexibility and freedom to provide a package of measures and solutions tailored to the stock and households in question.
- Address administrative barriers, such as multiple ownership.
- Plan for additional and unanticipated works and variations.

On sustaining uptake:

- Take-up will be greater where the customer journey has fewer ‘steps’ (separate interactions) and involves fewer separate partners (such as scheme promoters, managers and installers); and when the scheme includes partners with direct experience of working together and delivering similar schemes.
- Provide on-going support to residents throughout the scheme, for example, assessments, form-filling, explanation of works being carried out, minimising disruption.
- Liaise with social and private landlords on behalf of residents.
- Provide related advice by, and cross-referrals between, relevant frontline staff and community groups regarding, for example, (a) energy behaviours including use and maintenance of technologies; (b) maximising income through switching energy tariffs, benefits, jobs advice and training; (c) advice on health and safety.
- Offer participatory behaviour change programmes: training or action learning groups in order to build understanding of energy technologies and behaviours.

3.6 Partners, networks, management and delivery

The review considers the practical implementation of schemes, including the involvement of partners. It addresses management and time; supporting local projects; assessing community capacity; roles and personnel; procurement and legacy. The main issues identified relate to capacity, capability, connections and leadership skills of the actors involved in delivering schemes locally. The review suggests it is important to build capacity, particularly in areas that have not been active in the delivery of energy efficiency and fuel poverty services.

The review suggests the following guidelines:

Partnership working:

- Use local partnership or multi-agency approaches to coordinate delivery.
- Identify clear roles and responsibilities for each partner.
- Identify key people and convince them of why a locally led approach is worthwhile at an early stage.
- Build on existing relationships to facilitate the development of proposals.

Local authorities and registered social landlords (RSLs):

- Giving a central role to local authorities can generate additional funding and further benefits, such as in-kind contributions, endorsement and promotion of the scheme. Local authority expertise can also make sure areas and households needing help are effectively targeted.
- Engage with multiple landlords if the social housing in the area is owned by several housing associations.
- Draw on expertise within local authority and RSL partners, such as project management, energy efficiency expertise, construction knowledge and experience, tenant liaison skills.
- RSLs can potentially provide support to private-sector households, particularly those living in homes close to RSL properties.

Community organisations:

- Partner with existing community organisations – local knowledge helps make sure schemes and messages are relevant to property types and householders.
- Link with services offered by local organisations to strengthen the support offered to households and the effective dissemination of information.
- Use incentives to involve wider community groups – this can help secure interest from parts of the community otherwise hard to engage.
- Allocate appropriate time and resources to make sure community groups are comfortable with endorsing the scheme. Consider the training needs of volunteers.
- Involve community groups from the beginning; this will help make sure measures are suitable for households, increase participation, ensure promotional material is tailored to the residents of certain areas, and provide local and trusted assessors.
- Build in flexibility to encompass the many varied skills and contributions that local, particularly community-led, organisations can make to local delivery.

3.7 Monitoring and evaluation

The review considers the different evaluation criteria that may be used by schemes and explores the capacity and resources required for monitoring and evaluation. The *Monitoring and evaluation for sustainable communities* project recommended national-scale coordination of monitoring and evaluation, and the aggregation of data on impacts, both regionally and nationally.²⁶ It is important that monitoring and evaluation are built in at the start of scheme design. Area-based approaches offer particular challenges and opportunities, but many deliver additional benefits such as community cohesion and capacity building.

If scheme objectives stress the multiple benefits of energy efficiency, then metrics are required to measure each of these, such as employment, health, community cohesion and comfort. Data may need to be collected from multiple partners, areas and scales, so it is important that clear data-gathering processes are established and shared between partners from an early stage.

The review suggests the following lessons:

- Plan monitoring and evaluation from the beginning of the scheme, drawing on community and partners' inputs.
- Ensure consistency in monitoring across areas, for example, through national-level oversight.
- Provide resources and other support to enable partners to participate in evaluation.

3.8 Conclusion

The literature review informed and guided the rest of the research project, including data collection, through surveys, interviews and workshops. The issues raised in this review formed the basis for topic guides and question plans, which enabled the project team to gather rich, experience-based data to complement the information presented here.

²⁶ (Hobson, Hamilton, and Mayne 2013)

4 Defining the nature of the energy efficiency ambition

This section presents a selection of headline results from an interactive spreadsheet, published alongside this report, based on the modelling data produced for Consumer Futures' *Ending Cold Homes* report. This looked at the cost of achieving an EPC standard of C by 2025 for all households in England defined as having low incomes, according to the fuel poverty definition.²⁷ The principle of improving a target group of households to a certain energy efficiency standard exists in the recently laid regulation for the private-rented sector, and in the new fuel poverty target for England, which aims to raise the homes of all fuel poor households to an EPC standard of C by 2030, as far as is 'reasonably practicable'. This provides important context for the level of ambition that a framework for local delivery might aim to achieve.

The consultants produced an interactive spreadsheet based on pivot table techniques for Citizens Advice to interrogate the datasets according to the segmentations in Table 4 below.

Table 4: Segmentations of low income households below an EPC standard of C

Segmentation category	Types	Examples of significance for deployment mechanism
Tenure	Owner-occupied; private-rented; social-rented	Subsidy for owner-occupiers; or tax breaks/minimum standards/financing mechanisms for landlords
Region	English region	To check against scale-up potential in existing area-based programmes
Wall type	Solid or cavity wall	To assess level of disruption/degree to which, for example street-by-street approaches could be especially beneficial
Heating type	Gas or off-gas	To check potential role of the domestic Renewable Heat Incentive
Built form	House; converted flat; purpose-built flat	Where existing funding levels are sufficient for reaching EPC Band C/doing whole-house retrofits, and where they are not
Household composition	Families; working-age couples and singles; elderly couples and singles	Nature of information and advice provision, and routes to households
IMD	Number of target homes in different lower super output area decile areas	To check the potential to expand CESP/Carbon Saving Communities Obligation-style ABAs
Cost to improve to C standard/by EPC band	Average and banded into different cost ranges	To check 'goodness of fit' with existing programmes; and where additional investment depth (eg for whole-house retrofit) is required

The significant limitation of the dataset is that it does not cover Scotland and Wales, and that it estimates only the capital costs of retrofitting target homes, not other delivery costs. This analysis is intended to illustrate the type of issues that would need to be taken into account when designing a new programme that explicitly aims to address need and ensure geographic equity. This is especially important in England, where the proposed changes will have a more profound effect. Scotland has already developed tools for allocating resources and determining the measures required, such as Home Analytics. In Wales, there is an urgent need to compile up-to-date data on housing and household circumstances, as the last major survey (*Living in Wales*) was conducted in 2008.

²⁷ (Guertler 2014b)

This section explores some aspects of the scale and distribution of investment required to meet the *Ending Cold Homes* ambition in the context of funding currently in place, and considers broad implications for local delivery. Drawing on the literature review published alongside this report, it then examines the cost-effectiveness considerations, for capital costs and other scheme costs, of locally led and area-based delivery of energy efficiency programmes.

4.1 Overall costs and distribution of costs

The level of funding required to meet just England's fuel poverty targets (raising the EPC of all fuel poor households to a standard of C by 2030) has been estimated by the Committee on Climate Change (CCC) to be £1.2 billion per year in capital spending alone until 2030,²⁸ (and this assumes perfect targeting of the fuel poor). This is for the installed cost of energy improvements in homes, and excludes the costs of programme management, marketing and administration.

The equivalent estimate for achieving this, based on the data from *Ending Cold Homes*, is £1.25 billion in capital spending per year for the 15 years to 2030 – a close fit with the CCC's estimate. To achieve the EPC standard of C for all households below the English fuel poverty definition's income threshold by 2025, as *Ending Cold Homes* recommends, would cost £2.6 billion per year over 10 years; a total of £26 billion over the period.

To put this into perspective: the ECO currently raises an estimated £0.8 billion per year, Britain-wide, not all of which is directed to low income households or expended on capital investment. The Green Deal Home Improvement Fund (GDHIF) is worth approximately £150 million per year across Britain,²⁹ and is much more likely to be taken up by better-off households. Other energy efficiency programmes have been targeting low income households and communities in individual nations. In 2013/14:

- England had the Green Deal Communities programme, worth £80 million.
- Scotland had two HEEPS schemes (Area-Based and Energy Assistance) and the Warm Homes fund, with a combined budget of nearly £95 million.
- Wales had the Nest and Arbed schemes, with a combined budget of £44 million.

Taken together, these programmes fall far short of what is required. However, it is worth noting that in 2013/14, Scotland's public expenditure (that is, excluding the ECO) per capita on low income energy efficiency programmes was greater than that in England by a factor of more than 10. In Wales, it was greater by a factor of nearly nine.³⁰ The Scottish and Welsh programmes continue and also offer benefits entitlement checks for households, while there is no replacement for the smaller-scale Green Deal Communities programme in England. Even so, the current Scottish and Welsh targets – to end fuel poverty by 2016 and 2018, respectively – will not be met. Were England to draw level with Scotland, its public expenditure on such programmes would fall a little short of £0.9 billion in addition to the ECO. This is more than twice the amount of annual Warm Front funding at its peak.³¹

²⁸ (CCC 2014)

²⁹ Deployed sequentially by the Scottish government as the *Home Energy Efficiency Programmes for Scotland: Cashback Vouchers Scheme* (HEEPS: Cashback).

³⁰ (NEA, Consumer Futures, and EAS 2014)

³¹ £420 million in 2008/09, in 2011/12 prices; (Watson and Bolton 2013)

The total capital investment requirement of £26 billion breaks down across English regions and rurality as shown in Figure 2.

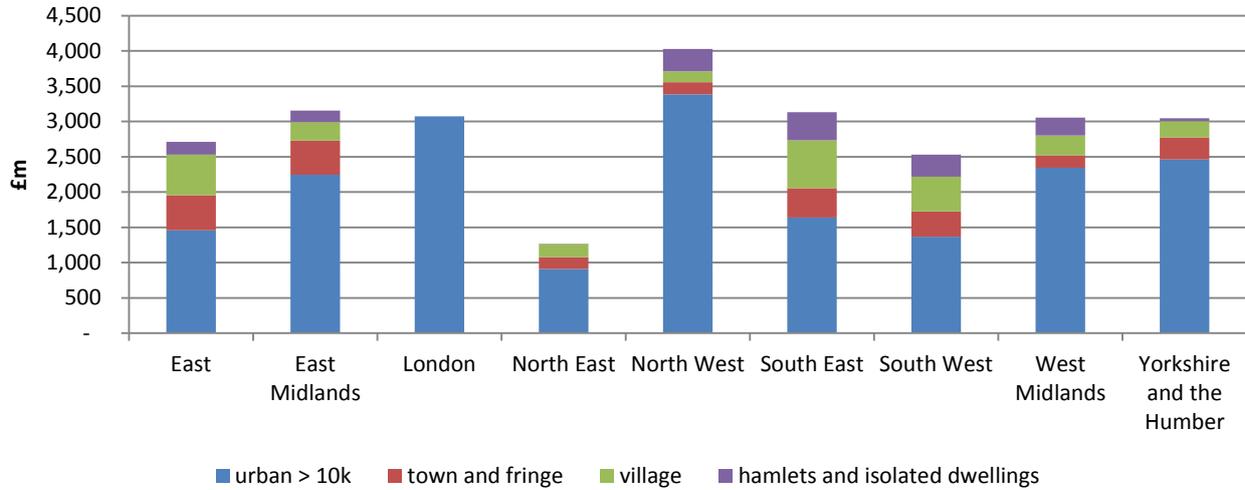


Figure 2: Total capital costs by English region and urban/rural classification

The main driver behind the difference in total capital costs between English regions is the number of households on low incomes living in homes with an EPC standard below C – the ‘target group’. Across England, these households constitute 20 per cent of the total of 22 million households. Within regions, this proportion varies from 15.2 per cent in the South East to 23.6 per cent in the North East (Figure 3).

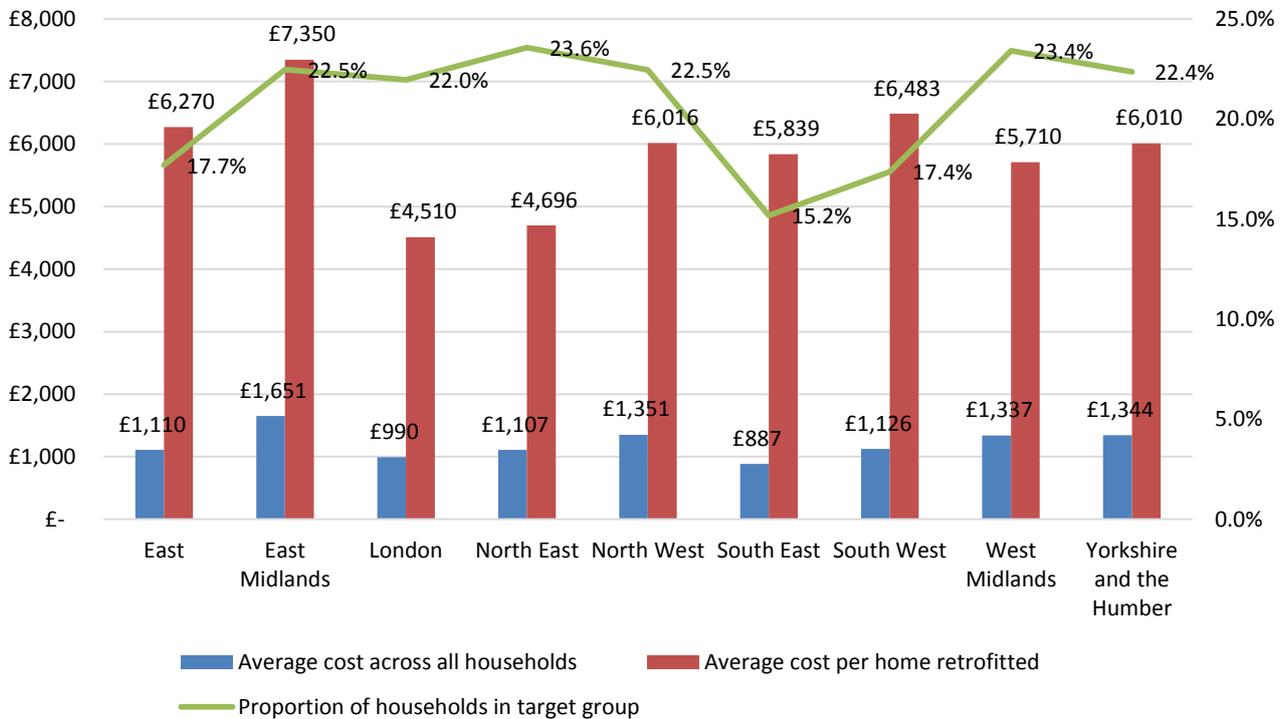


Figure 3: Average cost per household, per target household, and proportion of households in target group in each region

Also indicative of differing levels of need between regions is the average cost to retrofit each of the target group's homes. This ranges from £4,510 in London to £7,350 in the East Midlands. Many factors contribute to these differences. Where target households are more likely to live in flats that are smaller and may require fewer and less costly measures to bring up to an EPC standard of C, average costs are lower. Where a higher proportion of target households live in larger properties, especially those not connected to the gas grid in more rural areas – often requiring more, and more costly, insulation, as well as larger and more costly heating systems – average costs are higher.

This highlights how different areas have very different capital requirements, which has considerable implications for scheme design in different localities. Table 5 shows 8 per cent of target households live in villages, hamlets, and isolated dwellings, and require 17 per cent of the capital expenditure. The same proportion of target households live in 'town and fringe' areas, but require just 10 per cent of the total capital expenditure needed to bring EPCs up to a standard of C.

Table 5: Capital costs, target households and average costs by urban/rural classification

Urban/rural status	Capital costs [£bn]	Percentage of total costs	Number of target households	Percentage of total target households	Average cost per home retrofitted [£]
Urban > 10k	18.89	73	3,612,267	84	5,073
Town and fringe	2.58	10	345,855	8	6,999
Village	2.86	11	243,727	6	11,077
Hamlets and isolated dwellings	1.67	6	96,403	2	16,375
Total/overall	26.00	100	4,298,252	100	5,841

Supplier obligations – CESP and the Carbon Saving Communities Obligation (CSCO) under the ECO – have used area-based targeting of energy efficiency support for low income households. Both CESP and CSCO use the IMD, which ranks lower super output areas (LSOAs) by deprivation level. CESP targeted the most deprived decile areas, and CSCO currently targets the most deprived quartile. The target households under *Ending Cold Homes* are more likely to live in more deprived areas as ranked by the IMD, as Figure 4 shows. It is important to note that approximately equal proportions of the total population live in each decile of areas.

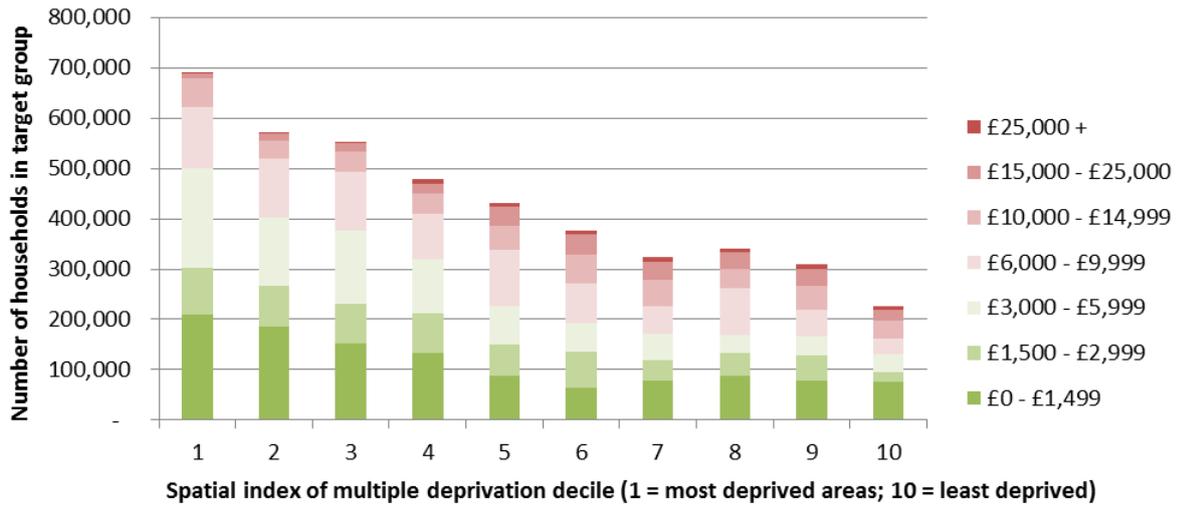


Figure 4: Number of target group households in each IMD decile area, broken down by cost, to improve to EPC standard C

The majority of target households do not live in areas in the most deprived quartile that CSCO currently targets. Nevertheless, targeting more deprived areas first would appear to be reasonable. However, the English national picture shown in Figure 4 masks considerable differences between regions, some of which are highlighted in Figure 5.

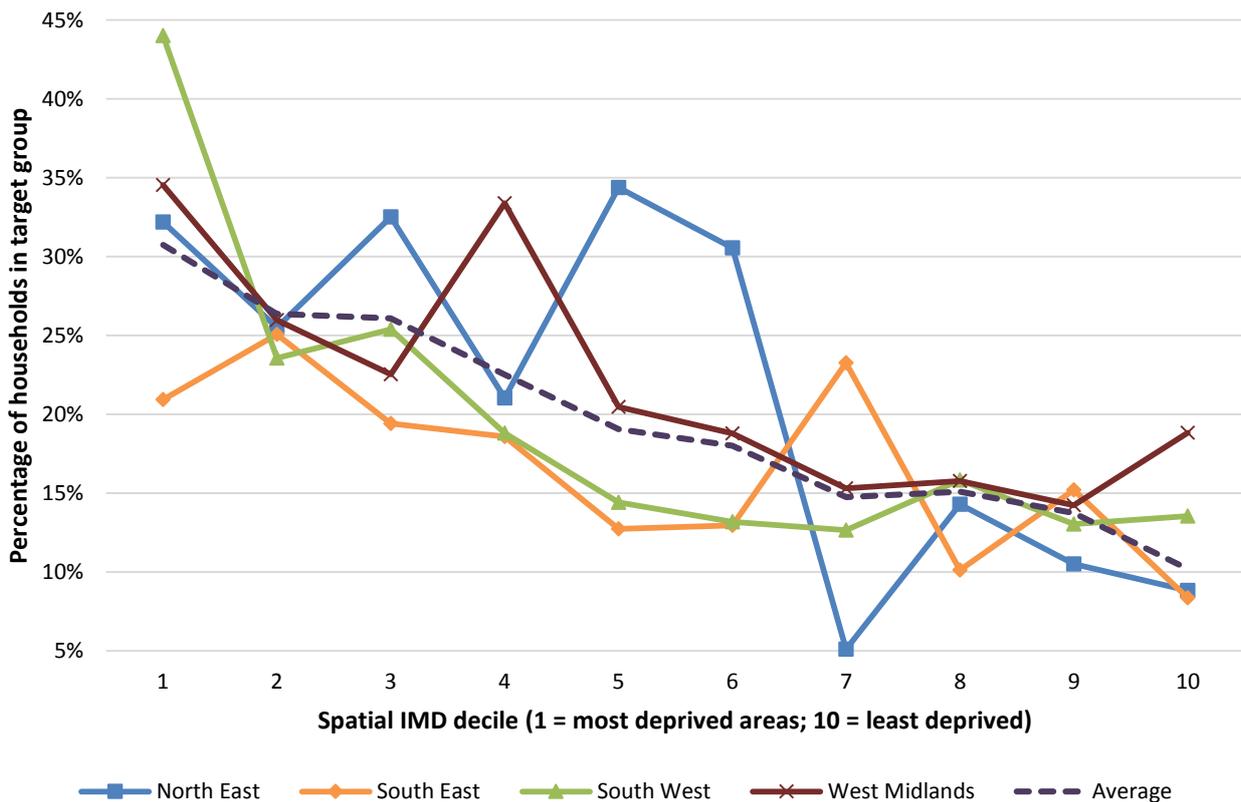


Figure 5: Percentage of target group households in each IMD decile area

As stated before, the target group constitutes 20 per cent of all households in England. Figure 5 shows the proportion of all households living in IMD decile areas that are in the target group. The dotted line shows the national average: whereas just 10 per cent of households in the least deprived decile areas are in the target group, over 30 per cent of households living in the most deprived decile areas are.

Moreover, the proportion of households in the target group rises consistently as the deprivation of areas increases. In the South West, nearly 45 per cent of households in the most deprived decile are in the target group. By contrast, in the North East, the areas with the highest concentrations of target households are the fifth and sixth deciles. Just as the national pattern masks regional variations, the regional patterns doubtless mask considerable variations in county, local authority and smaller geographical levels.

To meet a national objective such as DECC's fuel poverty target or that proposed by *Ending Cold Homes*, prescriptive approaches to scheme design – with respect to the retrofit measures and funding offered, and household eligibility – would severely limit the schemes' ability to effectively reach target households with the appropriate retrofit support. This section highlights just a few examples of such limitations found in the data. Building on local knowledge of housing and households, local delivery bodies need considerable flexibility to tailor energy efficiency and fuel poverty schemes to their areas.

4.2 Cost effectiveness

One of the perceived benefits of more localised delivery, especially delivery through area-based schemes, is that the search costs of identifying target households are reduced and the rate of conversion of leads into household take-up is increased. It is often argued that implementing policy at area level offers efficiency gains through economies of scale, by using fewer resources to potentially capture a greater number of fuel poor households.³² Previous studies have found that area-based schemes brought significant benefits in terms of take-up rates and cost-effective installations.³³ As stated earlier, the modelled cost estimates presented above do not include programme management, marketing and administration costs.

The potential for the spatial concentration of take-up by targeted households, where it is successful, to bring down the cost of retrofits can be significant. For example, the Cardiff Partnering Scheme – a retrofit of 100 homes and 5 blocks of flats – reduced costs by 20 per cent through targeting a whole area rather than upgrading homes individually.³⁴ The potential for the reduction of the capital cost of home energy retrofits through spatially concentrated delivery has not been considered in the modelled cost estimates presented above.

Supplier obligations can potentially appropriate the benefits of localised delivery, although there is not much consistent and reliable quantitative evidence for this in the literature reviewed. DECC's final evaluation of the CERT and CESP supplier obligation programmes was conducted in 2014 by Ipsos Mori and partners. It notes that the cost effectiveness of schemes was helped by geographical concentration, which delivered operational efficiencies in both surveying and installation, with good levels of take-up reducing the cost per lead. Similar benefits were perceived by a significant number of local authorities, installers and energy suppliers interviewed during this evaluation. They also felt that an ABA offered benefits in terms of delivery efficiency, including minimising waiting periods for customers, particularly in rural areas.³⁵ Many stakeholders interviewed for DECC's CESP evaluation believed that this approach was cost effective, led to economies of scale and efficiency of delivery, and also had the potential to deliver a range of wider benefits for the area.³⁶

³² (Tunstall and Lupton 2003)

³³ For example: (Cambium Advocacy 2009); (CAG Consultants 2010a); (CAG Consultants 2010b); (Sustainable Development Commission 2010)

³⁴ (Bradley and Smith 2012)

³⁵ (Ipsos MORI et al. 2014)

³⁶ (CAG Consultants, Ipsos MORI, and BRE 2011)

Locally led delivery is potentially well-suited to tackling challenging and location-specific circumstances and objectives, such as deep retrofits, reaching ‘hard-to-reach’ households and delivering in remote areas. These are inevitably more complex and more costly to deliver than ‘shallow’ retrofits, which target easy-to-reach households and deliver in easily accessible areas. Delivery in the latter circumstances is likely to be more cost effective when using narrowly defined metrics such as £ per tonne of CO₂ saved, or £ per unit of heating cost reduction – which are the metrics for the ECO’s targets and brokerage system. However, these have not been designed to deliver the objectives set out here – namely to retrofit low-income households’ homes to an EPC standard of C – nor have they been designed to deliver DECC’s similar but less ambitious new fuel poverty target. Reaching an EPC of C requires an average of three improvement measures per home; the ECO is currently delivering one improvement per home.³⁷ This means that direct cost-effectiveness comparisons between the current delivery model and that of a potential framework for local delivery are inappropriate. In addition, the review of the literature does not enable clear conclusions about the cost effectiveness of locally led and area-based schemes to be drawn, as evaluated schemes’ objectives and evaluation methods varied considerably.

Even where the evaluation of multiple schemes was carried out consistently, such as in the 2005 external evaluation of Warm Zones by the EST and partners, there was significant variation between schemes and variable evidence regarding cost effectiveness. Warm Zones were judged to be ‘reasonably cost effective, with the most efficient judged to be very cost effective’.³⁸ The pilot Warm Zones removed 7 per cent of fuel poor households from fuel poverty; this varied from 2 per cent in Hull to 23 per cent in Stockton. The evaluation also suggested there is little evidence that the efficiency gains for clustered work were ever actually obtained by Warm Zones.

Further research is needed in this area, and it is important that any framework governing local delivery will carefully consider how to measure and support cost effectiveness of delivery, using metrics and methods that are appropriate to the objectives and targets set for the framework.

4.3 Conclusions

Funding currently available to deliver retrofits in low income and fuel poor households is far from sufficient to meet a higher energy efficiency ambition, as set out in *Ending Cold Homes*. It is also currently insufficient to meet DECC’s less-ambitious fuel poverty target. Funding levels in Scotland and Wales are significantly higher than in England, but it is clear that the current target in both nations – to end fuel poverty by 2016 and 2018 respectively – will not be met. More funding will be needed to do that.

The level of funding required for reaching, and the distribution of low income households living in homes below, an EPC standard of C varies greatly from area to area. A framework governing local delivery will need to allow for considerable flexibility in local scheme design, and ensure that methods to establish local investment needs are robust.

³⁷ (Guertler 2014a)

³⁸ (EST, CSE, and NEA 2005)

There are recognised potential cost-effectiveness advantages from locally led and area-based delivery. However, the evidence from the reviewed literature on this is inconsistent and inconclusive. Moreover, given the differences in objectives, it would be inappropriate to directly compare the cost effectiveness of a framework governing local delivery with the current delivery model built around the ECO. A framework will need to use a carefully considered approach to measuring and supporting cost effectiveness that fits well with its objectives.

5 Survey of local authorities

This section presents an overview of the local authority survey. The full survey results are incorporated into sections 6 to 14 where appropriate.

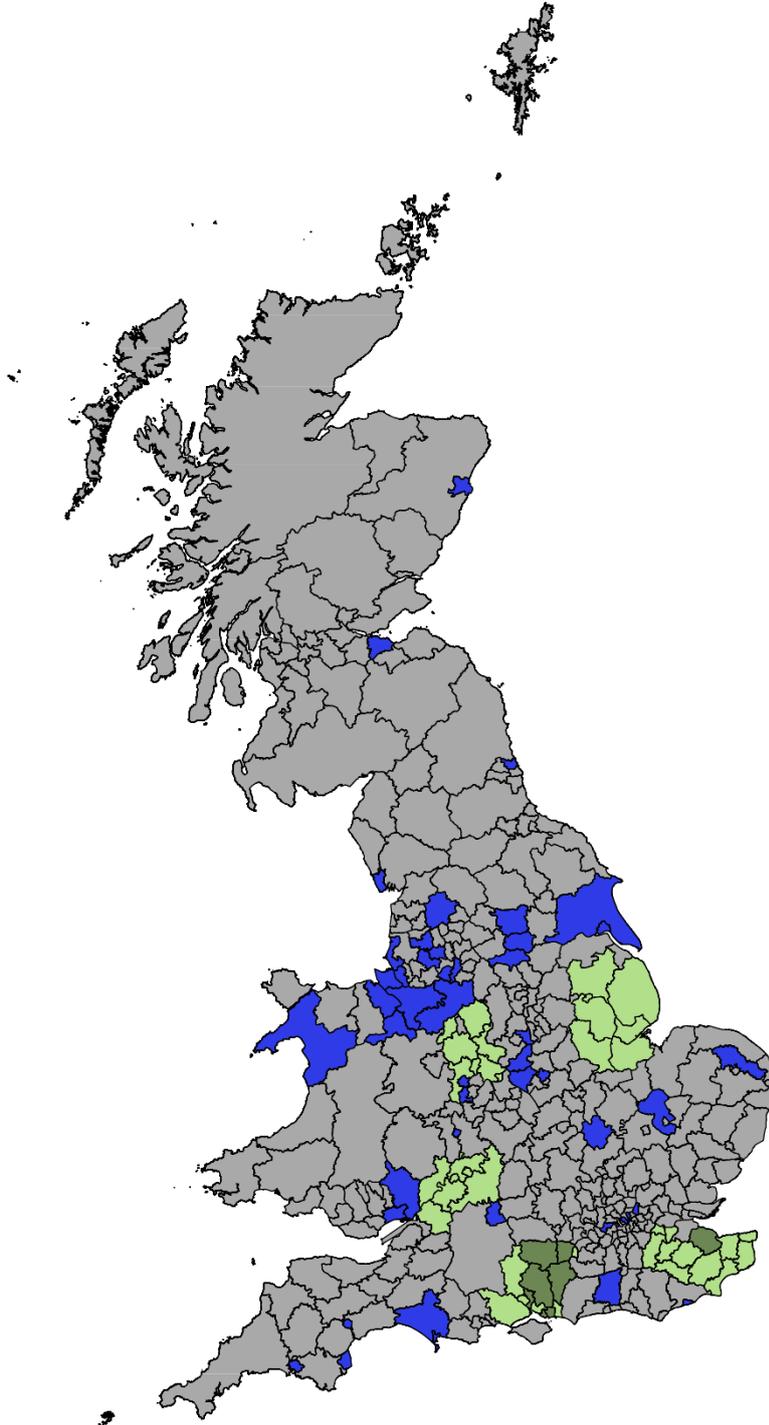


Figure 6: Map of local authorities who responded to the survey in part or in full [n=62]

The map in Figure 6 shows the local authorities that took part in the survey, with blue representing individual authorities, light green representing county councils, and dark green representing district councils within county councils.

Figure 7 shows the breakdown of respondents by region and devolved nation. The consultants did not achieve the target of four councils per region/devolved nation in East England, the North East and Scotland.

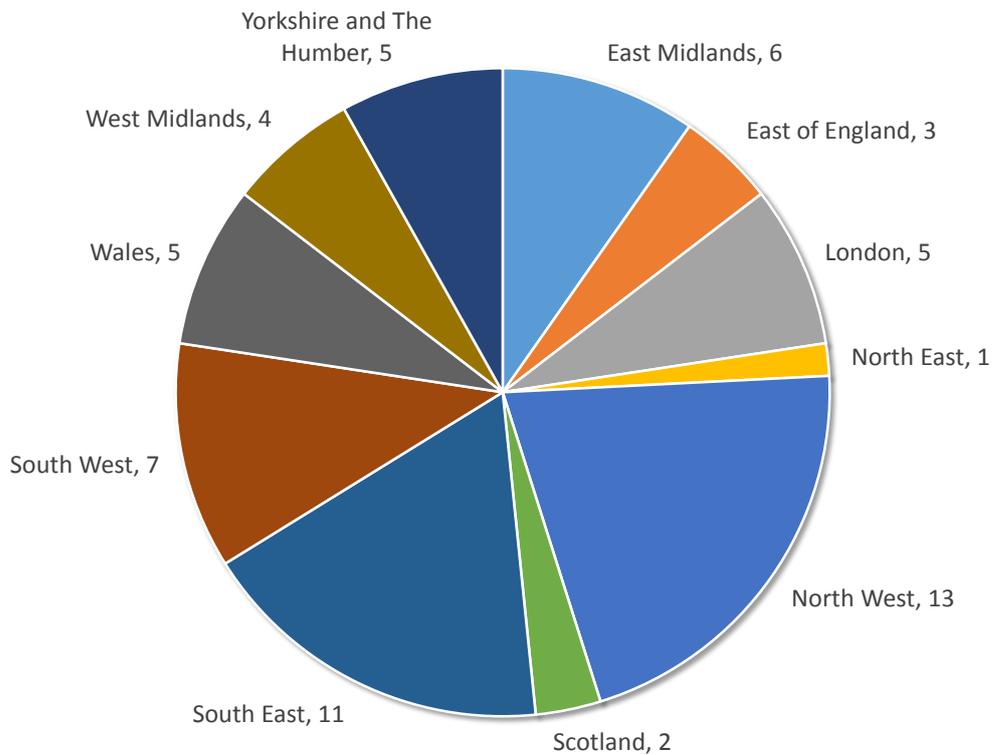


Figure 7: Breakdown of respondents by English region/devolved nation [n=62]

Figure 8 presents a breakdown of the job titles of respondents.

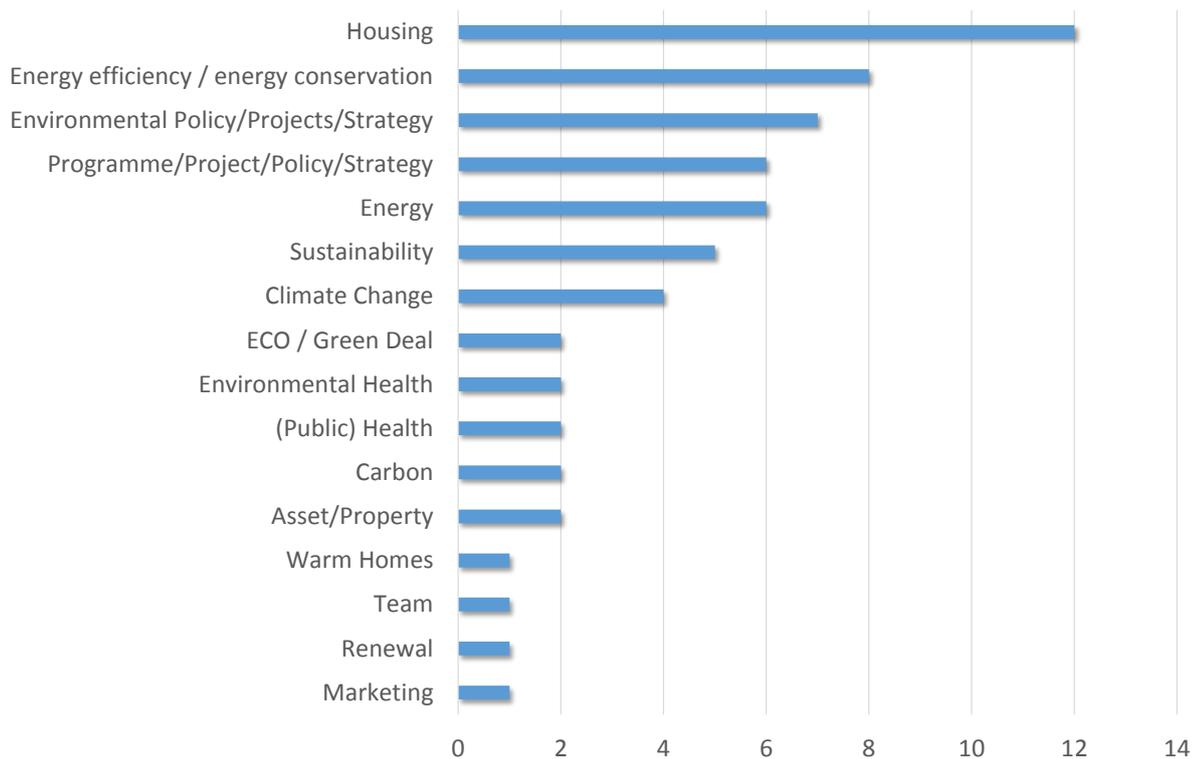


Figure 8: Principal word in respondents' job titles [n=62]

A total of 35 councils provided information about 46 home energy retrofit and/or fuel poverty schemes operating in their area. Of these, 28 provided information about one scheme, three reported two schemes and four reported three schemes.

There were 11 further councils who completed the survey in full and did not report any schemes operating in their area, while 16 additional councils did not report any schemes but also did not fully complete the survey.

Figure 9 shows the consumer groups targeted by the 46 schemes referred to by respondents.

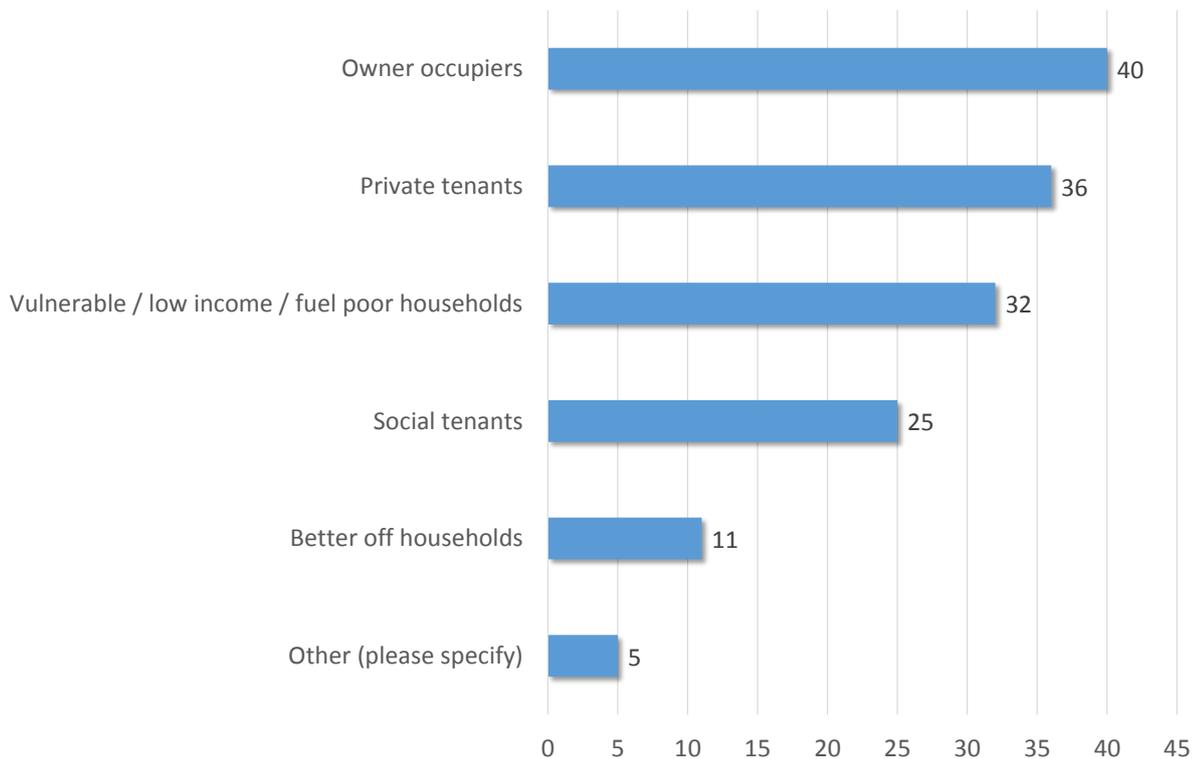


Figure 9: Household categories that schemes focus on [n=46]

In terms of tenures targeted, only 4 schemes targeted social tenants exclusively and just 4 targeted owner-occupiers exclusively. No schemes had an exclusive focus on private tenants. All 3 tenures were targeted by 21 schemes, while 15 schemes targeted both private tenants and owner-occupiers.

There were 8 schemes that targeted both better-off households and vulnerable/ low income / fuel poor households. Of the 3 that exclusively targeted better-off households, 1 targeted only owner-occupiers and 2 targeted both owner-occupiers and private tenants. Of the 24 schemes that exclusively targeted vulnerable, low income or fuel poor households, 16 focused on all 3 tenures. The pattern of groups targeted under area-based schemes (n=26) was broadly similar to the pattern seen for non area-based schemes (n=20).

6 Governance framework and roles

This themed section brings together the findings in relation to the following project objectives:

- The role of local authorities and RSLs in the new arrangements – should, for example, a new, resourced statutory duty be placed on local authorities? Or is the Scottish model of Single Outcome Agreements (SOAs) more appropriate?
- What organisational reforms are required at national level to oversee local delivery?
- How would decentralised delivery work in Scotland and Wales, particularly given that both governments already have area programmes in place, and in Scotland, local authorities play a leading role?

6.1 Roles and responsibilities

In stakeholder interviews, the consultants asked:

If there were a new national area-based scheme in place (as is the case in Scotland with HEEPS:ABS, for example), what do you see as the role for local authorities and RSLs? What would need to happen to address skills and capacity gaps? Should new (and resourced) statutory duties be placed on them?

For Scotland stakeholders, the consultants asked:

How well does the Scottish model work, in terms of the role of local authorities and RSLs? Are SOAs sufficient or would statutory duties be better? Are there skills/capacity gaps within local authorities and RSLs that hinder delivery?

There were 33 responses in total to this question.

Role for local authorities

The literature review found that local authorities play a central role in the majority of the schemes reviewed. In the Low Carbon Communities Challenge (LCCC), projects represented two main ‘types’ of community-scale delivery: projects led by community groups and projects led by existing agencies (such as local authorities and charities). Local authority and charity-led projects tended to be better resourced and had easier access to guidance on specific issues such as planning, although they sometimes found community engagement to be resource-intensive and difficult to achieve.³⁹ The literature review provides further discussion of issues around community engagement.

A 2012 report by the Institute for Public Policy Research (IPPR) argues that councils are well placed to identify target areas by drawing on their local knowledge and seeking opportunities to integrate energy efficiency schemes with other regeneration and development initiatives – maximising economies of scale and making best use of available resources.⁴⁰ The Sustainable Development Commission has suggested that benefits of local authority involvement can include the following:⁴¹

- Their focus on delivering wider social, economic and environmental benefits.
- Their ability to deliver area-based programmes, which can help to reduce capital costs and encourage higher levels of take-up.
- Their lower expectations of financial return, which can translate into lower interest rates for consumers and higher take-up rates.

³⁹ (DECC 2012)

⁴⁰ (Platt, Rosenow, and Flanagan 2012)

⁴¹ (Sustainable Development Commission 2010)

- A clear social agenda when developing an investment portfolio, which means that properties with high Green Deal savings potential can be balanced with more hard-to-treat/fuel poor properties.

The conditions for successful local authority engagement are: enduring commitment from leading members of the council and from senior officers; in-house energy specialists driving the work forward; partnerships with private, public and non-governmental organisation (NGO) sectors; and ability to attract top-up funding. Appreciation for how councils operate and their protocols and timetables is important. Communication is key when it comes to keeping councils enthusiastic about participation.⁴²

Central role for local authorities

Many stakeholders suggested a central role for local authorities. In interviews, a few stakeholders said that **local authorities should play a facilitation or enabling role** in a framework for local delivery, with stakeholders saying that local authorities are experienced at bringing local parties together at the local level, that many of the relationships needed are already in place, and that 'they know who the local players are, and who is best placed for delivery.

A few stakeholders said that local authorities can act as 'advocates' for local schemes, to promote the scheme and generate leads, passing these through to a private (or non-public) sector partnership or Community Interest Company within the supply chain for delivery.

A few stakeholders said that local authorities should play a **more comprehensive role within a strongly devolved framework**. The focus here was on local authorities distributing funding, as opposed to some central body doing so. One said that local authorities should be doing everything (including advice, referrals and delivery), with a central body only administering and regulating the programme. One stakeholder said that:

- Local authorities are better equipped than any central body to decide on local needs and priorities

A few stakeholders highlighted the **potential for local authorities to play their part in what can be considered as 'once-removed partnerships' leading delivery**. This connects to the facilitation or enabling role discussed above, but is distinct in explicitly avoiding local authorities taking the lead. Such partnerships might help in sidestepping political interference in schemes. A few mentioned that Local Enterprise Partnerships (LEPs) in England could be a good vehicle to route funding through to the locality and set up procurement frameworks, not least to encourage local business involvement. Advantages of this that were mentioned included LEPs' ability to carry out deeper retrofits beyond those achievable under the ECO's relatively narrow remit; and a better customer experience (for example, through redress processes if things go wrong and 'making good'), owing to the proximity of local businesses to their customers. However, one noted that while LEPs offer the opportunity for small local businesses to tender for contracts, this is unlikely to happen. In addition, stakeholders highlighted the possibility of delivering national priorities locally through Community Planning Partnerships.

A few stakeholders said that local authorities should **lead in partnership with the health and community sectors** (such as the Clinical Commissioning Groups (CCGs) and Health and Wellbeing Boards in England, and the near-equivalent bodies in Wales and Scotland). Some said such partnerships were necessary to reach vulnerable consumers (such as through the involvement of Citizens Advice Bureaux and Age UK).

⁴² (Liddell and Lagdon 2013)

A few other stakeholders said **local authorities should be encouraged to organise into consortia** (as they often do), led by large authorities in order to pool their often-limited resources to bid for funding, and enhance their ability to lever in more funding from other sources. City-region-wide schemes were cited as positive examples of this. One stakeholder highlighted that this way of working is common in other areas of local policy implementation.

In the survey of local authorities, the consultants asked local authority officers to provide information about energy efficiency and fuel poverty schemes operating in their areas – 35 local authorities provided information about 46 schemes. They indicated that 28 of the 46 were in some way area-based. The consultants asked officers to say who was leading each scheme; the results for the 46 schemes are shown in Figure 10.

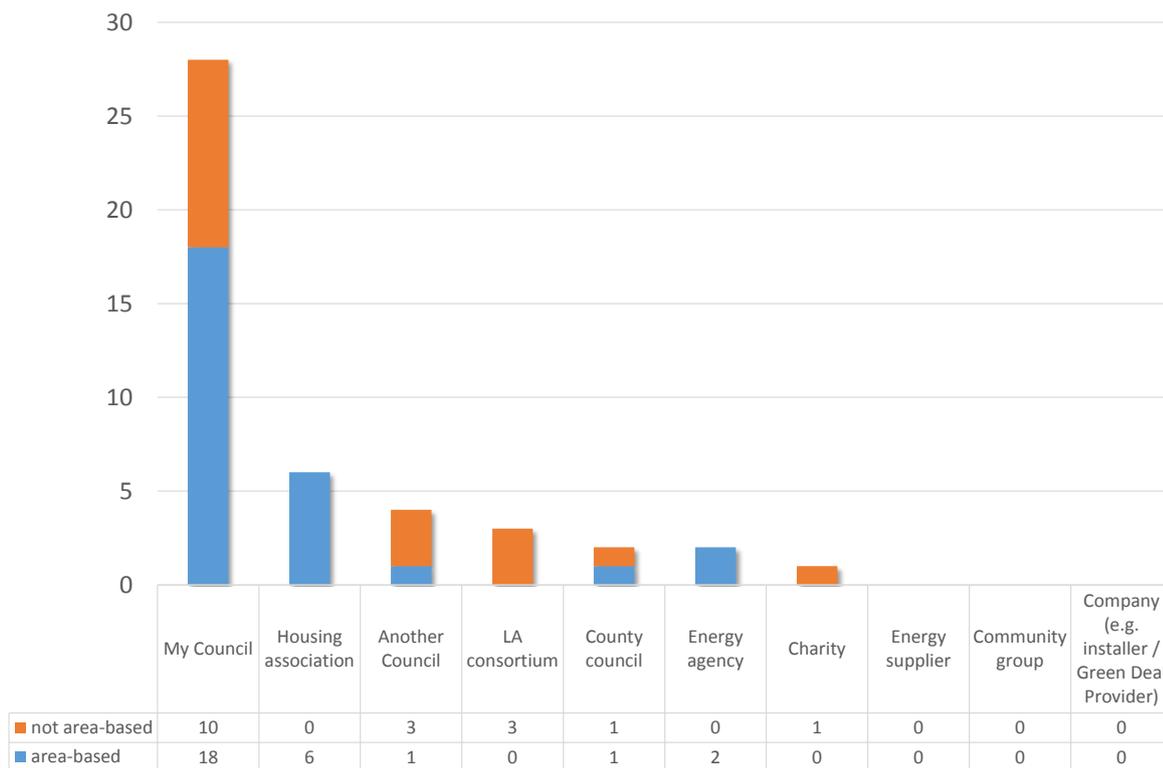


Figure 10: Local authority survey – who leads the scheme? [n=46]

Local authorities mostly reported that they themselves were leading the schemes operating in their areas, with a total of 28 out of 46 schemes led by the respondent council. However, it should be noted that the survey respondents were local authority representatives, which may lead to a focus on local authority schemes in the results. A further 9 were public sector-led.

The consultants asked officers responding to the survey to indicate partners involved in the delivery of each of the 46 schemes. In contrast to scheme leadership, this is where private and community sector organisations come into play.

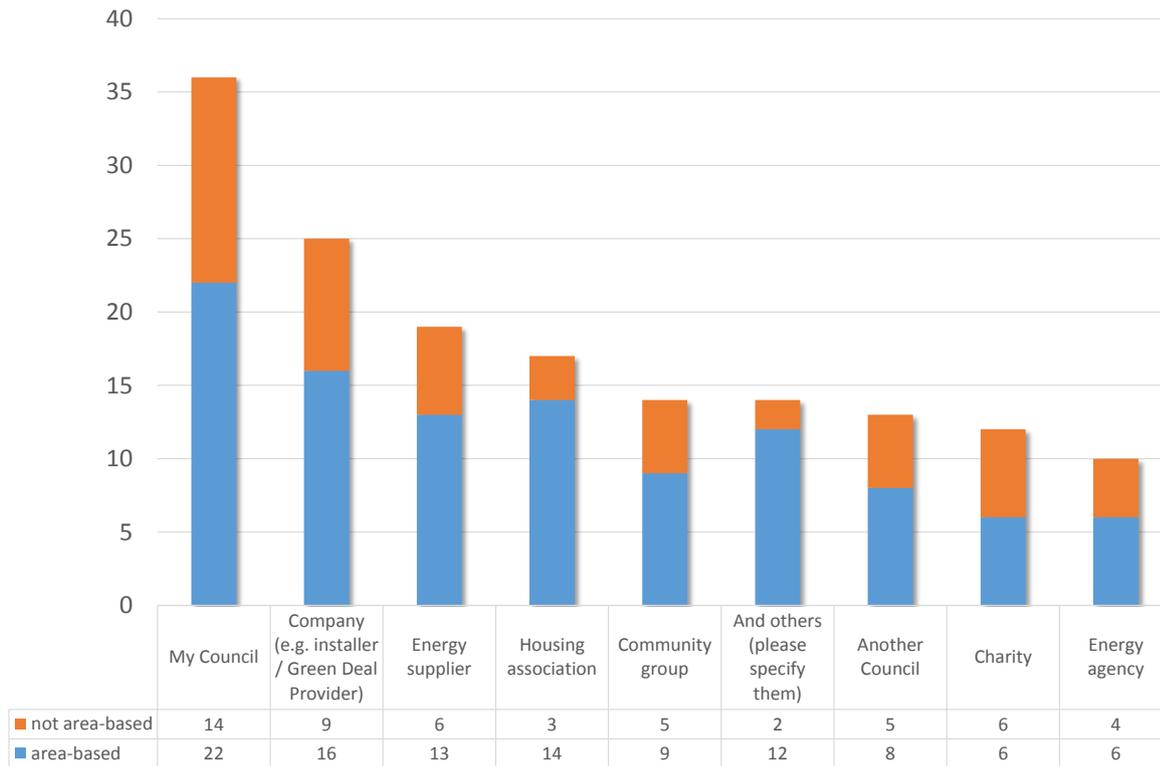


Figure 11: Local authority survey – partners involved in delivery [n=46]

Figure 11 distinguishes between area-based and non area-based schemes. The average number of partners for area-based schemes was about four, for the other local schemes the average was three.

Amongst the other partners specified were: the NHS; the Scottish government; Care & Repair; letting agents; private landlords; an arm’s length management organisation (ALMO); a local college; a debt advice centre; an in-house improvement service; health agencies for referrals; and a Warm Zone.

Interviewed stakeholders suggested that ‘leadership’ by local authorities can and does constitute a wide variety of approaches and configurations, and nearly always involves numerous partners.

Other roles for local authorities

A few interviewed stakeholders said that **local authorities enjoy good trust with householders**, and some said that badging (using the local authority brand) and/or public endorsement of energy suppliers’ energy efficiency schemes by the local authority results in contractors developing more leads. However, the DECC Local Authorities competition report found that, in some cases, residents preferred home visitors to be independent from the council; there was a distrust of ‘officialdom’.⁴³ A few stakeholders highlighted how **local authorities have good relevant local knowledge**, particularly of the housing stock in their area or where people with vulnerabilities reside, supporting the view of IPPR and the Sustainable Development Commission, as outlined above.

A few stakeholders made the point that **local authorities have the power to enforce standards in the private-rented sector**, which is important for any local schemes that target vulnerable households. However, one said that while local authorities have this power, it is usually and largely neglected. This

⁴³ (SE2 2013)

is likely as a result of funding, skills/capacity constraints and competing priorities. It should also be noted that some local authorities show good practice in using these powers to enforce standards.⁴⁴

A few stakeholders found **local authorities, when they have their own funds to distribute, were a more stable source of funding than energy suppliers.**

A few stakeholders highlighted how **local authorities should be just one of many parties competing with each other on value for money, in order to get funding to deliver measures.** One said this would include RSLs and managing agents competing with each other for funding administered at, for example, county level, similar to the ECO's brokerage system. Another said this would mean that 'good' local authorities end up delivering in their own areas, and other actors in other areas.

Caveats, challenges and barriers

While some sources suggest a pervasive view that local authorities are well placed to deliver schemes, the literature review also identified several barriers that prevent many authorities from implementing energy efficiency measures or even meeting their existing responsibilities, such as enforcement of the Housing, Health and Safety Rating System. These barriers include:

- Major cuts to local authority budgets over recent years (with attendant consequences for their capacity and skills).
- Difficulties in convincing key decision makers to make energy efficiency a priority, due to the multiple priorities and pressures faced by authorities, the fragmentation of the energy remit between different departments and the lack of clear 'ownership' of the energy portfolio at Director or Cabinet level.
- Lack of knowledgeable technical and project management staff.
- No history of working with neighbouring authorities, which may be essential for complex, large-scale programmes and for realising cost economies.
- Lack of statutory responsibilities on fuel poverty and energy efficiency.
- Split responsibilities in two tier authorities.
- Lack of detailed stock data on energy performance and difficulties in monitoring progress on implementing measures.
- Potential for councillors to feel threatened by community-based initiatives that present an alternative voice of the community to their own representational role.⁴⁵

Many of these lessons were reflected in interviews. One stakeholder warned 'not to go full circle', suggesting that, under the HECA and local authorities' leadership, there was too much bureaucracy and too much funding that remained unspent. Others mentioned a lack of leadership at local authority level. One said there is a need in any framework for local delivery to square the role of second-tier authorities with that played by counties, while another noted that small local authorities, especially those without any of their own housing, have no real energy function.

Several stakeholders highlighted how **local authorities' ability to play a positive part in the delivery of local energy and fuel poverty services is very variable** (though one said this applies to everything that local authorities do). A few highlighted how local authorities were almost universally unresponsive

⁴⁴ Examples include Newham, Westminster and Liverpool. One way forward is to set up cross-council licencing schemes to prevent landlords moving to neighbouring areas with less rigorous enforcement. For a detailed investigation of local authorities' use of powers to enforce standards in the private-rented sector, see (Impetus Consulting and NEA 2011).

⁴⁵ (Adamson and Bromiley 2008)

to the opportunities presented by CESP, in contrast to many RSLs that came forward with proposals for CESP schemes.

A few stakeholders from Scotland said that the **local authorities' role in local delivery was only made widely possible by the EST in Scotland providing support**. One highlighted how this was a drawback in cases where the local authority fully handed over scheme management, thereby losing local scheme 'ownership'. One further stakeholder stated that Scottish local authorities in a position to commit more of their own money under HEEPS:ABS managed to get a lot more out of the Scottish government's support because the programme 'doesn't allow much for scheme admin funding'.

Addressing skills and capacity gaps

A few stakeholders said that **local authorities lack staff dedicated to this area of activity, meaning that skills are often not there**; some put this down to continuing budget cuts and layoffs. Points included:

- They have very little capability in this area. They don't understand retrofit.
- Some local authorities don't seem to know who their HECA person is.
- Many local authorities do not have affordable warmth teams

More specifically, a few stakeholders highlighted a **lack of procurement skills and commercial 'nous' in local authorities**. One described this as 'commercial naivety'; another described procurement processes in local authorities as a 'nightmare'. A few described how the complexity of local authorities' procurement processes meant that smaller, more local contractors are often effectively ruled out. The point was made that local authorities need to develop a realistic attitude to risk in procurement (as they are too risk-averse), which requires a cultural change. One Scotland interviewee said that there were good lessons on how to improve procurement abilities from the HEEPS:ABS experience, but added that this has been as a result of schemes in Scotland having been designed to work with CERT and now the ECO, with the objective of attracting supplier obligation funding. Some stakeholders suggested that it would be beneficial for Scottish local authorities to use standardised templates and technical guides for procurement, in order to avoid duplication of effort and make efficient use of time.

In the survey of local authorities, the consultants asked officers to rate their confidence on a scale of 1 (not confident) to 5 (very confident) in their council's *ability*⁴⁶ to carry out nine key tasks in locally led delivery. They received responses from 46 councils; the results are shown in Figure 12. The consultants also asked local authorities to rate the same nine tasks in terms of their confidence in their *capacity*⁴⁷ to carry them out. The results for this are shown in Figure 13.

⁴⁶ In the survey, we explained 'ability' to respondents as meaning 'personnel: their skills, experience and competencies'.

⁴⁷ In the survey, we explained 'capacity' to respondents as meaning 'resources: time and money'.

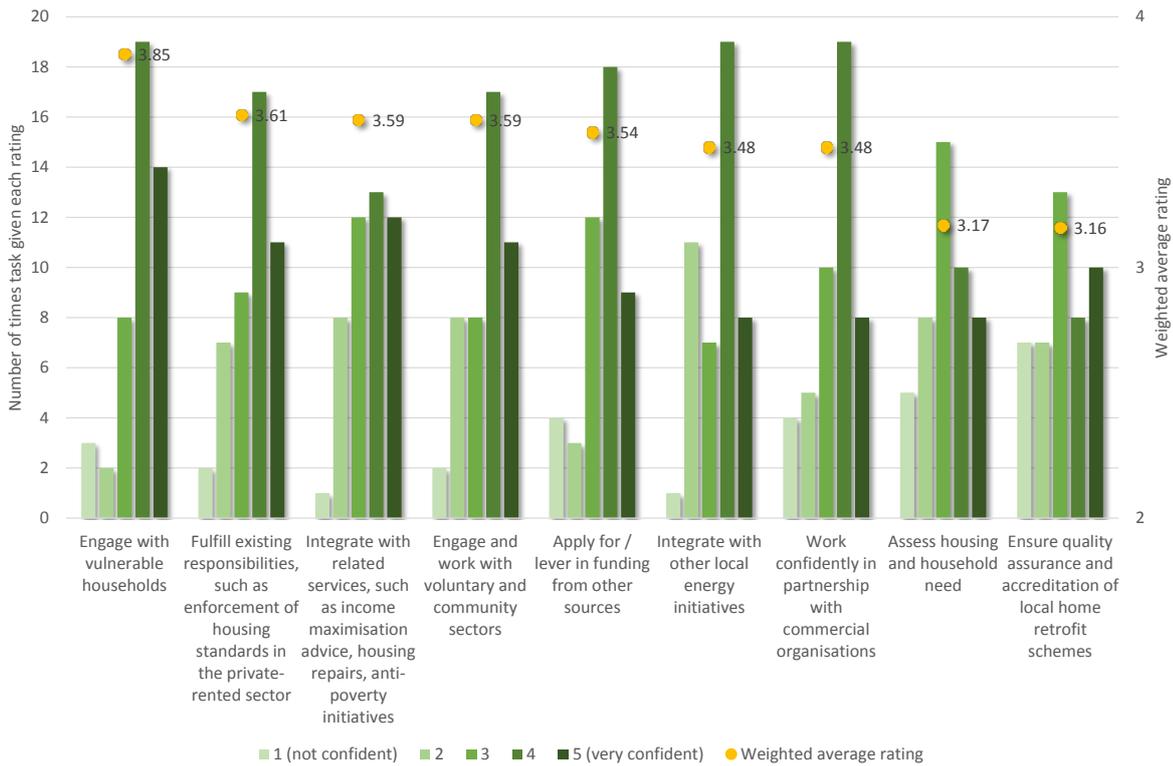


Figure 12: Local authority survey – confidence in ability to carry out key tasks [n=46]

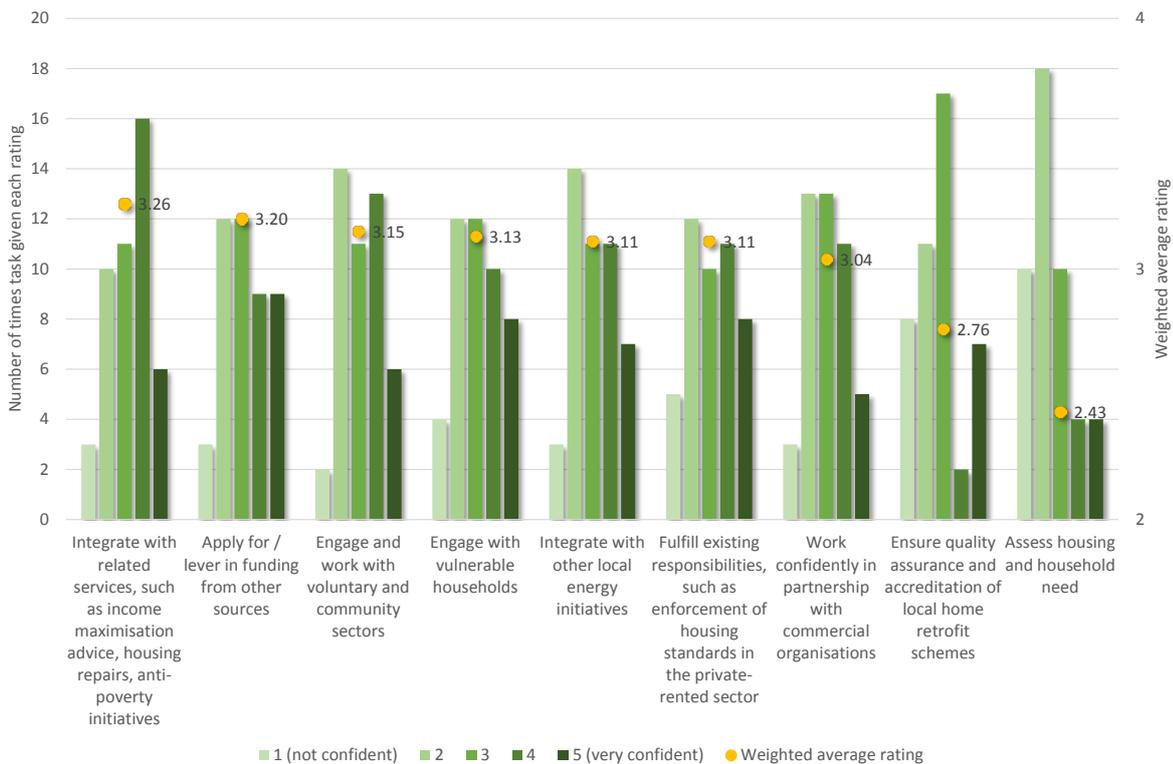


Figure 13: Local authority survey – confidence in capacity to carry out key tasks [n=46]

Councils quite rarely rated confidence in their abilities as low. They rated their confidence in their capacity as lower, suggesting that, in their opinion, resources are a greater constraint than skills. Confidence in their ability to work in partnership with commercial organisations ranks third from

bottom in terms of the weighted average confidence rating. In capacity terms, the task also ranked third from bottom. One officer responding to the survey noted:

- ‘Procurement's a real issue – if we do it, it's a nightmare. We get others to do it on our behalf.’

Box 2 highlights a couple of innovative approaches to building confidence in this task that were identified in the literature review.

A few stakeholders highlighted the **breadth of skills required for local authorities to deliver local schemes as a barrier to be overcome.**

One said that the current range of activities performed by existing staff already requires a very broad skillset, and that any requirement to manage a new funding stream could pose problems. Another said that the broad skillset required was reflected by the range of services offered by individual managing agents; these often include under one roof: advice provision, finance, sourcing suppliers, working with building control and planning approval, as well as providing behavioural advice to householders.

The survey of local authorities echoes this: a broad range of skills is required, and local authorities of course can and do outsource core tasks for local delivery to partners and contractors. Figure 14 illustrates this, showing whether councils are carrying out core tasks in-house or whether they outsource them for ability or for capacity reasons.

Box 2: Approach to local authority procurement in London's RE:NEW framework

In London's RE:NEW projects, the boroughs selected different means to award contracts to the delivery agents. In the North, West, South West and South East sub-regions, the boroughs awarded contracts following a competitive tendering exercise using the RE:NEW procurement framework. The RE:NEW project in East London was procured differently. The East London boroughs used a single tender action as a cool-off arrangement from an existing East London Renewal Partnership framework. This framework was established for the provision of support services for the delivery of the Communities and Local Government funded Private Sector Decent Homes programme. This allowed the sub-region to gain a head start on the other sub-regions and to run this project with a delivery team in place, who had been working together since 2004, and using existing sub-contractors for the RE:NEW visits.

North London and West London procured their delivery agents by grouping boroughs together in lots, primarily based on geography. The rationale for this was to spread the risk of delivery timescales to different organisations, thus minimising the risk of not being able to claim grant payments due to under-delivery.

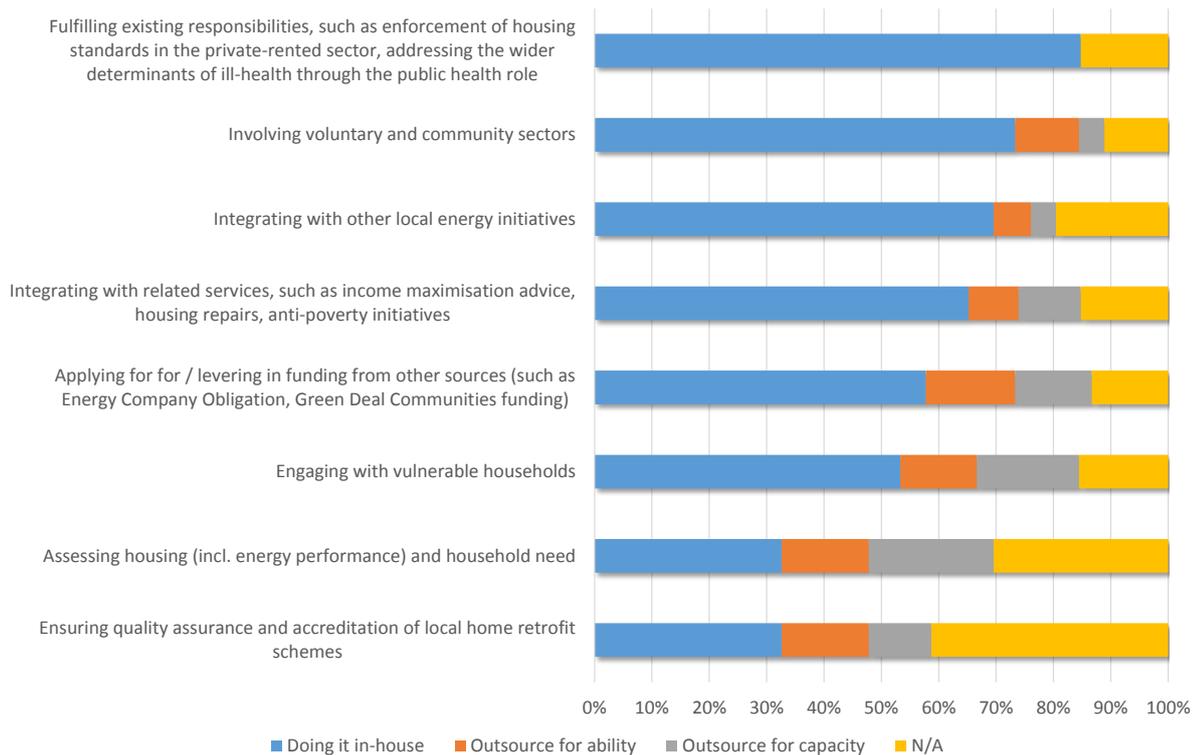


Figure 14: Local authority survey – whether key tasks are carried out in-house, primarily outsourced for ability or primarily outsourced for capacity [n=46]

With the exception of ‘Assessing housing (including energy performance) and household need’, the majority of local authorities carry out core tasks for local delivery in-house. Local authorities were asked to say who they were outsourcing different tasks to. Of the 46 authorities, 28 did so; 9 used a single contractor for all of their outsourced tasks. Each of these 9 local authorities was outsourcing at least 4 tasks. Managing agents specialising in local delivery of energy efficiency and fuel poverty services play a hugely important role in addressing skills and capacity gaps in local authorities, but they are not enough to plug these gaps on their own, even if every local authority had the resources to contract them. As one interviewee from Scotland said: ‘Not everyone has a Changeworks or a Scarf in their area.’⁴⁸

A few stakeholders said that, given time, **a funded statutory duty in this area can address the skills and capacity gaps local authorities face** (see also the later sub-section on statutory duties). Some said this was especially the case if a duty were to require resources to be built up, as had been experienced under the HECA (with its requirement for designated responsible officers). Some said that the availability of long-term funding would encourage investment in skills and capacity, and said that funding must be able to cover salaries so skilled staff can be employed.

A few stakeholders suggested that, **if local authorities are to take a central role, then some form of standardised model or ‘template’ approach would be needed to reduce the impact of the skills and capacity gap**. One said: ‘Local authorities are like sheep; they need a tried and tested model. They have very little imagination.’

One stakeholder also advocating a template approach pointed to the system under HEEPS:ABS in Scotland, in which the ‘template’ – centrally determined – sets the aims for fuel poverty, energy

⁴⁸ Two Scottish organisations working on energy efficiency.

efficiency and carbon reduction, and the broad approach to take, but allows for local flexibility. Similarly, one stakeholder proposed that some standardisation of the local approach (with respect to aims, tender selection and reporting process) would reduce local authorities’ required skills burden. This comes with a risk of stifling innovation and creativity in schemes, so a balance needs to be struck.

A few stakeholders said that a **framework for local delivery should include a mechanism for local authorities to learn from each other**. One suggested a peer-to-peer learning arrangement where local authorities facing similar circumstances are paired. Another added that peer-to-peer learning should also take place between RSLs, and between RSLs and local authorities. Another idea was a network of local authority ‘mentors’ for less-progressive local authorities.

A few stakeholders said that **the lack of ability of local authorities to collect good-quality housing data is a problem**. One Scotland stakeholder said that the support from the Scottish government via EST’s Home Analytics data was important in overcoming this.⁴⁹ This was echoed by the local authority survey. As can be seen in Figure 12, ‘Assessing housing and household need’⁵⁰ ranked second-to-last out of the nine core tasks local authorities were asked to rate in terms of their confidence in their *ability* to perform them. As can be seen in Figure 13, in *capacity* terms, it ranked last.

A few stakeholders said that **resources available in local authorities for writing funding bids were a big constraint**. In the survey of local authorities, this emerged as a top priority. The consultants asked respondents to choose and rank three out of the nine core tasks involved in local delivery which, if they had more ability and capacity to carry out those tasks, would most enable them to do more on home energy retrofit and fuel poverty. This is shown for ability in Figure 15, and for capacity in Figure 16.



Figure 15: Local authority survey – abilities needed to do more on home energy retrofit and fuel poverty [n=39]

⁴⁹ Unlike in Scotland, such data is not offered free of charge in England.

⁵⁰ The consultants explained in the survey that ‘assessing housing need’ means housing stock energy performance surveys.

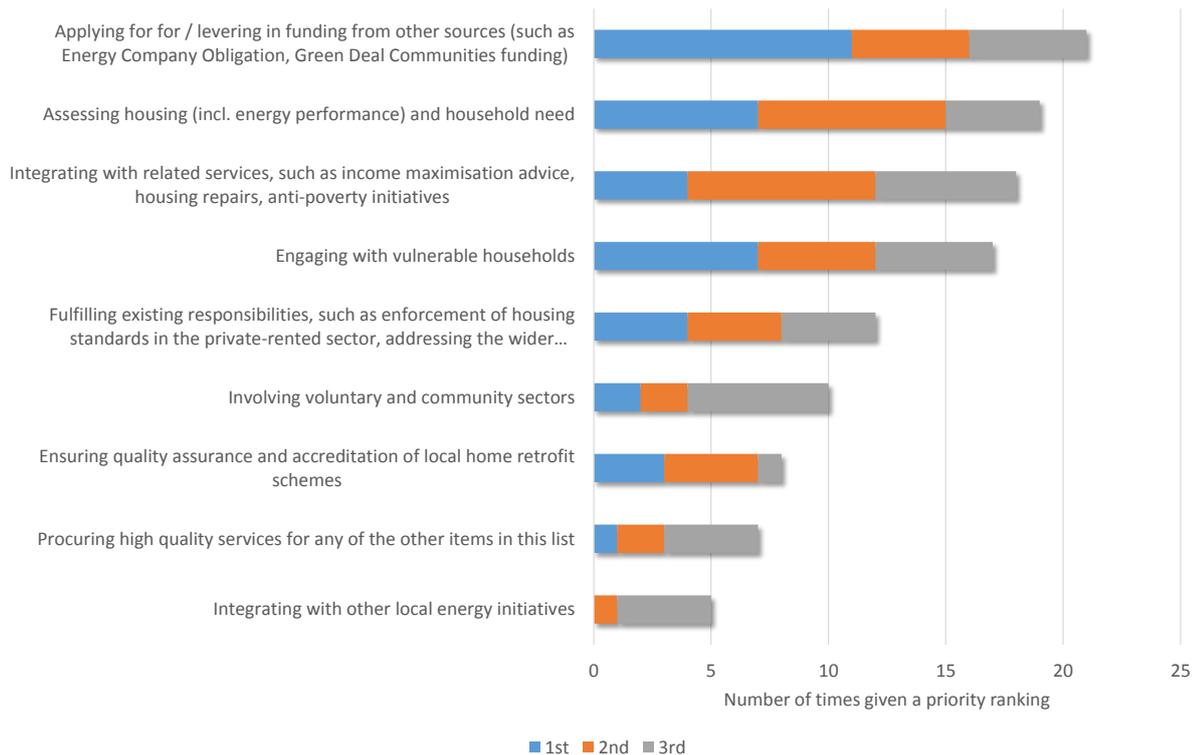


Figure 16: Local authority survey – capacities needed to do more on home energy retrofit and fuel poverty [n=39]

More ability and more capacity to ‘apply for/lever in funding from other sources’ (other than the council) are, on aggregate, the most important factors that would enable local authorities to do more. Confirming the importance of the issue of quality housing data raised earlier, lacking ability and capacity for ‘Assessing housing (including energy performance) and household need’ is the second most important issue preventing local authorities from doing more. This is slightly at odds with the perception that local authorities know their areas and housing stocks well, but may specifically relate to a lack of *technical* knowledge of their areas and housing, as opposed to the informal and unquantified nature of their knowledge.

Roles for registered social landlords

Major role

A few stakeholders **emphasised RSLs’ strong operational abilities to suggest they should play a major role in the delivery of local schemes.** For example, they are good at managing large contracts and multiple contractors. Stakeholders highlighted the need to ensure that RSLs are able and encouraged to tender for delivering works where needed, and that they would be central players in any delivery partnership. A few stakeholders said that RSLs had been very responsive to CESP, or that they are already playing an important role, and that this should continue. Other points were that large RSLs are numerous and able to swiftly deploy any funding, and that RSLs are highly trusted by their tenants and good at engaging with them.

Caveats to any RSL role

One stakeholder said that RSLs were not equipped to play a leadership role in any scheme under a framework for local delivery, although they would inevitably be large beneficiaries. Stakeholders participating in one of the regional workshops warned against introducing a bias towards improving

RSL stock, and one made the point that a separate fund would not be appropriate if the idea was to tackle the most severe fuel poverty, because RSLs have the most energy efficient housing stock of all the sectors. Other stakeholders highlighted how large RSLs' housing stocks are not generally located in cohesive geographical areas, which adds a layer of complexity to their role in area-based and location-specific schemes.

Statutory duties

A key governance issue concerns statutory versus voluntary approaches to achieving widespread geographical coverage of energy efficiency schemes focused on tackling fuel poverty. The 2012 *Going Local* report for Consumer Focus, which reviewed English local authorities' work on fuel poverty, recommends that the UK government should place a new fuel poverty duty upon local authorities in England, following an assessment of burdens and the resources required. This would consist of a duty to monitor progress towards a locally set target – and national datasets would be collected and provided to enable this monitoring – with action required if progress was not sufficient. A lack of statutory responsibility was a key barrier to action identified by this study. The recommendations in the report also offer an alternative, which is for governments to incentivise local authorities to take fuel poverty action, whilst avoiding turning this into a competitive process. However, the former course of action (a duty) was thought more likely to be successful.⁵¹

The approach taken by HEEPS:ABS represents a third alternative. This is based around a concordat between the Scottish government and local authorities. The funding arrangements are such that all 32 local authorities in Scotland receive ring-fenced funding for energy efficiency schemes from the allocated HEEPS pot, based on proposals submitted by the local authorities to the Scottish government for approval, with a further pot of money available through a competitive bidding process. However, not all local authorities bid for the additional competitive pot.⁵² A different route to ensuring a reasonably consistent degree of geographical coverage is taken in Wales, where the Welsh government appoints managing agents for local Arbed schemes through a competitive tendering process. Area-based Arbed schemes have, to date, been implemented in 19 out of 22 Welsh local authority areas.

Several interviewed stakeholders said that **statutory duties would be helpful or necessary for local authorities to play their part**. A few of these said this would ensure consistency and fairness, and reduce the risk of a postcode lottery under a framework supporting local delivery. A few highlighted how statutory duties can help overcome councils' political reluctance to do things. This might be a way forward in England, but as indicated above, may not be the most appropriate policy lever for the Scottish and Welsh governments to use in the context of energy efficiency and fuel poverty.

Options for the duty that were suggested by stakeholders included the following:

- A requirement for local authorities to facilitate, enable or bring together partnerships.
- An energy standard that all housing must meet by 2050.
- The original HECA duties reintroduced in an improved form (this duty was expressed in terms of a percentage improvement in domestic energy efficiency by a given date, and required local authorities to define a strategy to meet the target).
- A standard based on the former National Indicator 187 (this measured the percentage of people receiving income-based benefits living in homes with a low energy efficiency rating).

⁵¹ (Wade, Jones, and Robinson 2012)

⁵² Formal evaluation of HEEPS, which has just commenced its third year, has not yet been conducted, although this project has gathered many emerging views through interviews with stakeholders and workshops.

- A standard based on reducing the fuel poverty gap (as measured by DECC), provided this could be measured accurately at the local level. A similar metric for assessing the impact of schemes on the severity of fuel poverty could be developed for Wales and Scotland using their fuel poverty definitions.

Many stressed the importance of using a measurable objective. Owing to concerns about getting quantitative targets right, a different, but potentially complementary, approach was to express a statutory duty as a requirement for local authorities to demonstrate an understanding of their housing stock by identifying priority areas for scheme delivery and developing a long-term plan with objectives and targets for these areas.

Summary of roles and responsibilities

Local authorities are broadly, but not universally, regarded as the appropriate bodies to take responsibility for overseeing local delivery under a framework to facilitate this. There is widespread acknowledgement that there is considerable variation in the ability of local authorities to deliver energy efficiency and fuel poverty services, and near universal acknowledgement that there are significant skills and capacity needs in local authorities. These needs are particularly acute in the areas of procurement, housing stock assessment and applying for funding.

Some local authorities can meet these needs through partners such as RSLs or specialist managing agents that can handle these and other tasks locally. In other areas, these needs would have to be met through other means, and are likely to require the development of a range of skills and capacity. A statutory duty with guaranteed funding would probably be necessary to ensure a minimum level of delivery throughout England. It would also encourage local authorities to invest in developing the skills and capacity required. In Scotland, the provision of funding to local authorities and deployment of that funding could be governed by concordat, as it currently is for HEEPS:ABS. The Welsh government has appointed managing agents, through competitive tender, to implement Arbed schemes in 19 out of 22 local authority areas to date.

There are numerous ways in which a statutory duty could be couched, which broadly fall into two categories. The first of these is output-based: a requirement to improve, to a particular degree, the homes of a percentage of particular groups of households. The second is process-based, which may involve a requirement to bring together a delivery partnership, identify a priority area for scheme delivery and develop a long-term plan with objectives and targets appropriate to the area. The two categories complement each other and could be combined within the statutory duty. Where statutory duties are not used to ensure a minimum level of delivery – specifically in Scotland and in Wales at present – the terms of a concordat or criteria for awarding contracts and funding could be couched in similar output and/or process-based terms.

6.2 Organisational reform for national oversight

As identified above, the UK and devolved governments can play an important role in creating statutory duties and incentives, as well as offering guidance and promoting the sharing of information. Even though local organisations play a critical part in terms of knowledge, trust and confidence, the role of partners like local and central governments provides a badge of legitimacy, a range of financial and non-financial resources, and the means to brand local initiatives in the context of a collective effort.⁵³

⁵³ (DECC 2012)

Therefore, structures and governance at the national scales are an important issue for locally led schemes.

In stakeholder interviews, the consultants asked:

What organisational reforms do you think would be needed at national level(s) to oversee local delivery?

For Scotland stakeholders the consultants asked:

What is in place at the national level to support delivery of HEEPS:ABS in Scotland? Is this sufficient? What else would help to facilitate delivery?

There were 19 responses in total to this question.

Roles for designated agency/agencies

Many interviewed stakeholders thought there was a **need for a designated body, or bodies, at national or regional levels to oversee local delivery**. Stakeholders emphasised different primary functions for this body.

Several of these considered that **the designated agency should focus on administering funds**. A few suggested that a new body (or ‘new ivory tower’, as one put it) would not be politically palatable. The interviewed stakeholders mentioned the following ideas for the body to administer funding:⁵⁴

- Regional electricity and gas distribution network operators (DNOs)
- The Local Government Association (LGA)
- An ad hoc group, or arms-length organisation of DECC (without staff or budget)
- A set of (unspecified) regional bodies could administer funding
- An independent, commercially astute agency, such as the Green Investment Bank or the Homes and Communities Agency
- The Department for Communities and Local Government (CLG), not DECC (if local authorities were to lead the programme’s delivery)

A few thought that the **designated agency should focus on oversight of delivery, checking compliance against targets and evaluating outcomes**, with funds being administered at a more devolved level. Comments included that:

- ‘Central government should do this; an inspection regime to sample outcomes, which are continually evaluated – not just at the end of the programme – and iteratively inform programme design.’
- ‘It needs to be robust, and have experience of big procurement projects, and manage reporting very well. It needs to police the scheme and prevent ‘gaming’ by installers – that is, installers getting undocumented capital contributions from householders.’
- ‘It should act as an interface to coordinate relationships between suppliers and local agents. Citizens Advice would be good at this; they’re experts at delivering services and connected at the local level. It should be a non-profit body, that is, a quango or external charity, with a Public Interest standard. It could be a social enterprise.’

A few emphasised the **need for the designated agency to provide support for local authorities**. One suggested support along the lines of that which EST in Scotland provides to local authorities under Scotland’s HEEPS:ABS programme. Another put forward DECC’s Heat Network Delivery Unit as a model,

⁵⁴ This is not an exhaustive list of possibilities, and devolved equivalents exist in many cases.

with an officer providing expertise and resources for supporting delivery and streamlining local authorities' procurement processes under the programme (which would otherwise be too complex and varied). Figure 15 in Section 6.1 potentially provides an indication of the types of support the designated agency should prioritise providing to local authorities, if support were one of its functions.

Summary

There are a number of regional and/or national functions needed to implement a framework governing local delivery of energy efficiency and fuel poverty services. The first of these is to administer funding, whether it is automatically allocated to local authorities, competitively to local authorities and others, or both. The second is to provide oversight of delivery, measure progress and check compliance against objectives and targets as set out in any statutory duty or equivalent stipulations and criteria, and evaluate outcomes to inform the evolution of the frameworks governing local delivery. The third is to offer formal support to local authorities in developing their approaches to meeting objectives and targets set. These functions need not involve just one body, but should involve central government's relevant departments, and involve appropriately skilled and resourced organisations to carry out each function.

6.3 Decentralised delivery in Scotland and Wales

Both Scotland and Wales have national frameworks governing local delivery. In Scotland, HEEPS:ABS automatically allocates Scottish government funding to local authorities for area-based schemes. Around 70 per cent is allocated directly to local authorities, based on the strength of the proposals received by the Scottish government. The amount allocated to each council is calculated according to a combination of factors: population, fuel poverty, extent of hard-to-treat homes and quality of proposals. The remaining 30 per cent is allocated to local authorities through a competitive tendering process that is designed to reward innovation and best practice. In Wales, the Welsh government-funded, area-based Arbed programme, which allocates funding to scheme managing agents on a competitive basis, currently operates with the objectives of mitigating emissions, tackling fuel poverty, and boosting economic development and regeneration by retrofitting homes.

In stakeholder interviews, the consultants asked:

How would decentralised delivery work in Scotland and Wales, particularly given that both governments already have area programmes in place and, in Scotland, local authorities play a leading role?

There were eight responses in total to this question.

A few interviewed stakeholders considered the **prospect of a new national framework governing local delivery being essentially England-only**. A few said that there was an opportunity for England to learn and potentially improve on the experience of HEEPS:ABS in Scotland and Arbed in Wales. One considered energy efficiency programmes in Scotland to be more successful because their governance was 'much closer to the people', and added that there was a 'need to work towards that in England'; another noted there is higher per capita spending in Scotland than England (quantified in Section 4).

Other points included:

- That the Barnett formula⁵⁵ should be used to determine allocation of funding between devolved nations.
- That the programme should be devolved according to the existing level of devolution.
- That the Smith Commission's recommendations on increased Scottish devolution, if implemented, mean that the Scottish government may have the freedom to deploy ECO resources according to its priorities and overall energy efficiency policy, although the UK government would retain control over the design of ECO.
- That 'things shouldn't be allowed to get more complicated', in order not to lose the benefits of a nationally recognisable scheme that 'should work equally well everywhere'.

A number of comments on organisational reform related to local authorities specifically in Scotland.

These included:

- That support at national level for local authorities under HEEPS:ABS needed to be stronger, as 'local authorities often come to energy companies for support in scheme delivery' (although two stakeholders thought that support for local authorities was sufficient).
- That EST in Scotland should be given the resources to play a more active role in local scheme design.
- That a careful balance is struck between energy and fuel poverty services that are delivered locally and those that are delivered nationally – 'for example, affordable warmth access checks are better delivered nationally'.
- That more work is needed to make the customer experience seamless, for example, integrating support offered through HEEPS:ABS with ECO Affordable Warmth support and the Warm Home Discount.

In summary, Scotland and Wales already have national frameworks governing local delivery, and to some degree, the biggest challenge lies in designing a new framework for and implementing it in England. However, funding could be raised Britain-wide, meaning that the most appropriate way forward for the governments in Scotland and Wales should be to deploy the additional funding via the national frameworks and programmes already in place.

6.4 Conclusions and recommendations

Local authorities are democratically accountable bodies with important responsibilities for housing, health and wellbeing, and economic development. They have considerable knowledge of local housing and household circumstances, and close partnerships with local stakeholders. The consultants therefore recommend that the UK government gives local authorities in England responsibility to tackle fuel poverty as part of a Britain-wide framework to enable the local delivery of energy efficiency and fuel poverty services. In Scotland and in Wales, pro-rata proportions of funds raised Britain-wide should be deployed in accordance with the devolved governments' existing responsibilities for energy efficiency and fuel poverty.

The UK government should underpin the framework in England by introducing a statutory duty with guaranteed funding on local authorities to tackle fuel poverty and oversee the delivery of energy efficiency services.

⁵⁵ The Barnett formula is a mechanism used by the Treasury in the UK to automatically adjust the amounts of public expenditure allocated to Northern Ireland, Scotland and Wales to reflect changes in spending levels allocated to public services in England, England and Wales or Great Britain, as appropriate.

The relationship between the Scottish government and Scottish local authorities is governed by concordat, meaning that it would not be consistent with current conventions to set a statutory duty in Scotland (although this could change in future). The consultants recommend that guaranteed funding could be linked to the SOA framework that already underpins the objectives of its area-based scheme funding for local authorities (HEEPS:ABS).

In Wales, this funding could be deployed by the Welsh government in an approach consistent with (or indeed via) the Arbed programme, which allocates funding to scheme managing agents on a competitive basis, whilst ensuring a degree of geographical equity.⁵⁶

Alongside guaranteed funding for councils in England, the UK government should allocate a proportion of funds through a competitive process, open to all, to support best practice and efficient delivery, and to ensure that RSLs, community energy organisations and other contractors can participate in locally led delivery without having to go through local authorities.

A statutory duty, set over a sufficiently long timeframe such as five years, would help ensure that local authorities build up the skills and capacity needed to fulfil them. These needs are particularly acute in the areas of procurement, housing stock and household needs assessment, and applying for funding.

A statutory duty can be expressed as an output-based requirement to improve, to a specified minimum energy efficiency standard, the homes of a percentage of a specific group of households. It could also be expressed as a process-based requirement to bring together a delivery partnership, identify priority areas and/or target groups for scheme delivery, and develop a long-term plan with objectives and targets appropriate to the areas and/or groups. An output and a process-based duty potentially complement each other and could be combined into one statutory duty in England. If (part of) the duty was to be output-based, then the most appropriate metrics to use would be the same as are chosen to calculate any automatic allocation of funding to local authorities (which are discussed in Section 7).

Organisational changes are needed to oversee and administer this local delivery framework. In Scotland, this could build on the existing organisational infrastructure that supports HEEPS:ABS. In Wales, it could build on the infrastructure underpinning Arbed. The UK government should appoint an existing body to carry out the following functions in England:

- Provide oversight of delivery, measuring progress and checking progress against objectives and targets as set out in any statutory duty, including consistent measurement of progress made through schemes that are funded competitively.
- Oversee compliance with quality standards and evaluating outcomes to inform the evolution of the framework governing local delivery.
- Provide formal support to local authorities in developing their approaches to and meeting their statutory duty, and facilitating lesson-sharing and mentoring between local authorities.

The function of providing oversight of delivery, ensuring compliance and evaluating outcomes would be strengthened if this is carried out independently of the allocation and administration of funding, which is best carried out by the UK government itself. If some funding is to be competitively allocated, this separation would serve to avoid compliance and evaluation bias. The provision of oversight and the provision of support to local authorities complement each other well and should be delivered by one body.

⁵⁶ Having, to date, funded schemes in 19 out of 22 Welsh local authority areas.

For England, DECC and CLG should consult on the most appropriate bodies to carry out these functions (which could include the departments themselves), and appoint these bodies through competitive tender to carry out these functions over the same timescale as the statutory duty.

The major issues recommended for further consultation are:

- How precisely could a statutory duty be expressed? Should it be output-based, process-based or both? If it is output-based should it be expressed (say) as a percentage reduction in the number of households on low incomes living in homes with an EPC of D or worse? Or could it be expressed as a percentage reduction in the aggregate fuel poverty gap? Could this be estimated or measured locally? How would different definitions of fuel poverty be accounted for? If it is process-based, for example, by requiring that local authorities develop and implement a credible long-term business plan to tackle fuel poverty in their area, how could compliance be monitored?
- What penalties and/or rewards should be in place for not meeting/exceeding statutory duties? Should these be financial and/or restricted to ‘naming and shaming’/‘naming and faming’?

7 Allocation of funding

This themed section brings together the findings in relation to the following project questions and objectives:

- To what extent might local delivery approaches lead to extensive variation in provision ('postcode lotteries')? How might tensions between local discretion and ensuring minimum levels of provision be addressed?
- Should funds be contested at local level or just allocated to, for example, local authorities?
- How should funds be allocated to local areas (whether contested or not), for example, how should local need be established? Is ring-fencing required or can other mechanisms be used (in Scotland, for example, local government funding is determined through a concordat between the Scottish government and local authorities)?
- What is the appropriate size of local areas, such as local authority or sub-regional areas?
- To propose criteria either for assessing bids for locally contestable funds or for the allocation of funds to local authorities/groups of local authorities.

7.1 Balancing consistency and local flexibility

In stakeholder interviews, the consultants asked:

To what extent might local delivery approaches lead to extensive variation in provision ('postcode lotteries')? How might tensions between local discretion and ensuring minimum levels of provision be addressed?

There were 23 responses in total to this question.

Many stakeholders said that they did think local delivery approaches would result in variations in provision (like a postcode lottery).

Several were concerned that this would put households in need who do not have a proactive local authority at a disadvantage. Several thought that this variation would not necessarily be a bad thing. These stakeholders thought that local variation is desirable and reflects a localist approach. There was recognition of the inevitable tension between local discretion and flexibility. For example: 'I think it's healthy that local authorities address their local priorities and circumstances. A one-size-fits all solution is rarely appropriate.'

Many suggested one or more ways to reduce the likelihood of variations in provision.

Several stakeholders thought that a strong **national steer/framework** from national governments would help to minimise the risk of a postcode lottery. This should include a clear objective for the programme (for example, 'to tackle fuel poverty'), plus guidance, targets and minimum standards (such as a 'Code for Sustainable Homes for existing stock').

Some interviewed stakeholders and those taking part in workshops thought that giving local authorities a **statutory duty** in this area is important in terms of helping to reduce variations. For Scotland, one stakeholder thought that reintroducing the HECA would help. One suggested, (as part of the statutory duty) 'to make rules and guidance very clear about having to analyse local need, work with other partners and so on to minimise these variations.'

A few interviewed stakeholders referred to placing some specific requirements on authorities in terms of how they design their schemes: one thought that authorities should be required to show their targeting strategy if they are not covering their entire area.

A few stakeholders at one of the regional workshops suggested that having the **right funding structure**, and longer-term funding, would help to reduce the postcode lottery effect. In terms of the former, it was suggested that the Scottish approach (of allocating funding to all authorities) has gradually levelled the playing field (helped by the support Scottish authorities receive from the Scottish government).

Some interviewed stakeholders suggested that it is important to have a **complementary programme** that is available to any householder who wants support, is in need and who is not eligible for a local scheme (similar to the Energy Assistance Scheme in Scotland,⁵⁷ and Nest in Wales). There was unanimous support for this at the policy workshop. Linked to this, there would need to be a central phone number within each nation for referrals.

One interviewed stakeholder suggested that the only way to ensure fair distribution would be to have a **central body** tasked with ensuring this.

A few stakeholders commented that data issues would be important in reducing variation in provision. They suggested that there should be a requirement for local authorities to hold the necessary data on their housing stock before they get any funding.

A few stakeholders expressed the view that, despite potential postcode lottery problems, **a local delivery framework would be an improvement on the current system in England.**

Summary

Most stakeholders indicate that significant variation in provision is, to some degree, inevitable but it was suggested that this could be minimised by providing local authorities with a statutory duty to take action in this area, plus funding to deliver against this and appropriate guidance. Providing this over the longer term will also reduce the risk of a postcode lottery.

Several stakeholders felt strongly that there should be some kind of complementary or support programme available. This would help people who are in great need, but who are not able to get help through local schemes because there is no scheme running in their area, or because they do not meet the eligibility criteria of their local scheme.

7.2 Competitive and automatic funding allocation

In stakeholder interviews, the consultants asked:

Should funds be contested at local level or just allocated to, for example, local authorities?

There were 23 responses to this question.

A few stakeholders thought that either approach could be taken, and that the best approach would depend on what the government wanted to achieve.

⁵⁷ The Scottish government recently announced that it will replace the Energy Assistance Scheme with a new, expanded scheme in September 2015, yet to be named – see <http://news.scotland.gov.uk/News/Tackling-fuel-poverty-186d.aspx>

Have a mixed approach

Several interviewed stakeholders thought there should be a **mix of allocated and contested funding**. In general, these stakeholders thought that some form of allocation, based on need, is a good and fair starting point (and would minimise the number of households that cannot be helped). An element of competition is also needed so that bidders can request what they think they need, with this being matched to what they can actually deliver.

- ‘A mixed approach seems to work pretty well in Scotland. Targeting will become more important as the need becomes less widespread.’
- ‘Allocated funding will help local authorities that have done little in the area to get started, whereas contested funding will attract more progressive local authorities, so they can build on the work they have already done.’

Where stakeholders favoured a mixed approach, only one suggested what the split between the two should be: 80 per cent automatically allocated and 20 per cent competitively allocated.

At the policy workshop, the majority of stakeholders favoured a split approach, with 60 to 80 per cent most commonly cited as the proportion that should be allocated automatically. One idea suggested was that there should be a sliding scale, with the amount allocated automatically decreasing over time, as capacity to deliver increases.

Contested

Only a few stakeholders thought that **all the funding should be contested**, with the caveat that support should be provided to authorities that need it. The advantages of competition are that it helps to ensure that funding is spent effectively, provided that robust plans are required and are focused on households in greatest need.

A few stakeholders thought that a problem with the bidding approach is that the same authorities often win the extra funding every time, resulting in an increased chance of there being a postcode lottery in terms of delivery. In addition, a substantial amount of time and resource is required to both write and assess the bids.

- ‘HEEPS:ABS in year two has increased its automatic allocation proportion, partly because the contestation part of the programme led to delays getting things off the ground/getting funding spent.’

Stakeholders at one regional workshop commented that authorities ‘get very excited’ about the competitively available funding, and that this also generates interest from partners.

Allocated

Several interviewed stakeholders thought that **all the funding should be allocated**, based on need. This approach was thought to reduce the risk of inequality that might result from contested funding (with those local authorities disabled by cuts unable to put together a bid), and also to save time and effort. It was also thought that this approach would encourage longer-term delivery.

A few of the interviewed stakeholders mentioned the need for statutory duties to accompany any automatically allocated funding and reporting mechanisms.

Participants at the Scotland workshop, who have experience of funding being allocated through HEEPS:ABS, were in favour of some automatic funding but warned of issues in ensuring quality of provision.

- ‘There have been lots of examples of local authorities using up funding on poor schemes, such as replacing boilers that are only six years old or digging out cavity wall insulation and replacing it.’
- ‘Allocating funds based on a number (of fuel poor households) in a spreadsheet gives no indication that money will be spent wisely or that the local authority has the capacity to deliver on it.’

Summary

Views on whether funding should be allocated or contested were mixed, but the most popular approach is to have a combination of the two, with around 60 to 80 per cent of the total funding pot being automatically allocated.

7.3 How to calculate automatically allocated funding

Good data is key to local delivery, as virtually all literature reviewed for this project makes clear. If a framework for local delivery is to include an element of automatically allocated funding to all areas, then a consistent and high quality approach to calculating the appropriate allocation is needed. Past work suggests that one problem for many schemes operating independently of any framework is that there is not currently no comprehensive national database of individual property characteristics, and the best available resource – the EPC register – is too expensive for local authorities to purchase.⁵⁸ However, proxy data sets can be used relatively effectively and aggregated to neighbourhood level. These could potentially be cross-referenced with income data to identify target areas for local schemes, at a geographic scale of street-level or above.⁵⁹ Automatic allocation of funding thus needs to consider not only allocation criteria but also the quality and availability of nationally available data on those criteria.

In stakeholder interviews, the consultants asked:

How should each area’s share of the allocated funding be calculated?

There were 16 responses to this question.

Many stakeholders interviewed focused on how to allocate according to need, with stakeholders suggesting the use of house condition data, Mosaic data,⁶⁰ and health conditions data.

Several stakeholders at the policy workshop suggested using a similar approach to that in Scotland: the number of households in fuel poverty plus the number of hard-to-treat homes (solid wall and/or off-gas). One interviewed stakeholder suggested simply using the formula already used by government (that is for example, housing stock plus socio-economic information – income, age, benefits, number living alone) to fund local authorities. Other ideas included an allocation based on the number of low-income households in properties with an EPC rating of F or G, or the fuel poverty gap (although it was not clear how this would be measured at local level).

Most stakeholders at the policy workshop said that authorities **should be able to decide how best to spend their funding** in order to deliver against any statutory duties, with several suggesting that local authorities should be urged to spend the money on those in greatest need.

⁵⁸ The EST in Scotland’s Home Analytics software offers progress on this – notably, the EST owns the EPC database in Scotland and uses this for its tool to calculate allocations under HEEPS:ABS.

⁵⁹ (Platt, Rosenow, and Flanagan 2012)

⁶⁰ Consumer profiling data held by the credit-rating agency, Experian.

Stakeholders at the workshops highlighted the need for a national dataset to help inform the automatic allocation of funds.

Summary

Views are mixed, but the most popular idea is that the share of automatically allocated funding that goes to each area should be calculated based on the number of fuel poor households in that area plus the number of hard-to-treat homes (solid wall and/or off the gas grid).

7.4 Criteria for assessing competitive funding bids

In stakeholder interviews, the consultants asked:

What should be the criteria for assessing bids for competitive funding?

There were 22 responses to this question.

A few interviewed stakeholders, as well as many attendees at the regional and policy workshops, suggested **basing this on need using fuel poverty levels**. There were mixed views on the data that should be used; EPC data was mentioned, as was fuel poverty data (taking into account income levels as well as property efficiency), IMD information and health factors.

A few interviewed stakeholders warned against using the Low Income, High Costs (LIHC) definition of fuel poverty, stating that it is not respected and that there are concerns over how it deals with dwelling size.

A few said **the competition should be based on local knowledge**. One interviewed stakeholder referred to the requirement, under the 2004 Housing Act, for local authorities to carry out a review/assessment of the condition of the housing stock in their area.

- 'Whilst a number of local authorities did this, it wasn't done systematically or in that much detail. But without this knowledge it is difficult to assess what needs to be done. So we'd like to see an element addressing this obligation, requiring local authorities to carry out a systematic review of the housing stock in a proactive way.'

A few interviewed stakeholders and in workshops mentioned the need for **local authorities to demonstrate their capacity to deliver**, and to meet targets by deadlines. One stakeholder at a regional workshop thought that making use of local skills should also be a criterion. In this context, it was also mentioned that work must start immediately to build the capacity of local authorities so that they can deliver effectively. This is discussed in more detail in Section 6.

Stakeholders at the policy workshop thought that the primary criterion should be delivering the **maximum amount of fuel poverty reduction per pound spent**. This could be measured based on the cost per fuel poor household brought up to an EPC standard of C. Linked to this, a few of the interviewed stakeholders mentioned leveraging other funding as one criterion.

Other criteria mentioned included:

- providing free measures to low income households
- appropriateness of materials and measures being proposed, and consideration of air-tightness and thermal bridging issues, and so on
- CO₂ savings
- local economic benefits
- quality of proposed behavioural change programme

- innovation in delivery.

However, several stakeholders at the policy workshop thought that it was important to keep the programme focused and that including side issues as criteria (such as jobs or health checks) would impact either the quality of installations and/or the overall cost effectiveness of the programme. These issues are discussed in greater detail in Section 8.

Summary

The balance of opinion is that criteria for assessing bids for funding should include, as a minimum:

- the level of need in the area for which funding is being sought
- fuel poverty reduction per pound spent (which may include the ability to leverage in additional funding)
- evidence of ability to deliver.

7.5 Size of local areas

A difficulty with local delivery, and ABAs in particular, has been what size areas to target. The literature reviewed suggests that, in England, areas for energy schemes are usually as large as 5,000 households. However, (Liddell and Lagdon 2013) note that in Northern Ireland this would generate much too large a cluster of homes, inevitably capturing a wide range of levels of fuel poverty. The review of area schemes to inform CESP found that the most common geographical scale at which 45 *individual* community schemes (that is, those that were not part of a national network of related schemes) were found to be operating was at the district level (likely to be larger than 5,000 households) or community/village levels (likely to be smaller).⁶¹ The housing retrofit programmes included in a pilot scheme called *Low Carbon Frameworks* were all multi-authority, carried out across two city regions and one multi-borough area of London. The review of this pilot for DECC in 2011 suggests that single authorities may not provide a sufficiently large market (or have the resources) to deliver housing retrofit programmes efficiently and effectively,⁶² meaning that areas targeted can be very much larger than 5,000 households. A challenge is that smaller schemes may not reach the scale at which the best economic offers can be achieved.

Another challenge is data; for example, the Northern Ireland House Condition Survey (from which fuel-poverty prevalence is officially estimated) relies on sample sizes that are too small to assist in targeting at a small area level.⁶³ This is also a problem with the other national house condition surveys. The EST in Scotland's Home Analytics software is one example of a more accurate approach, and is used by the Scottish government and some local authorities for planning their area-based schemes under the HEEPS:ABS programme. Data is a major issue for determining the size of areas for local delivery.

In the survey of local authorities, 35 council officers provided information about 46 schemes operating in their local area. They indicated that 28 of the 46 were in some way area-based. The consultants asked them to describe the area-based nature of these schemes, and got responses for 26 of the 28 schemes.

⁶¹ (ACE and CSE 2008)

⁶² (CAG Consultants, Impetus Consulting, and Wade 2011)

⁶³ (Liddell and Lagdon 2013)

The results are shown in Figure 17.

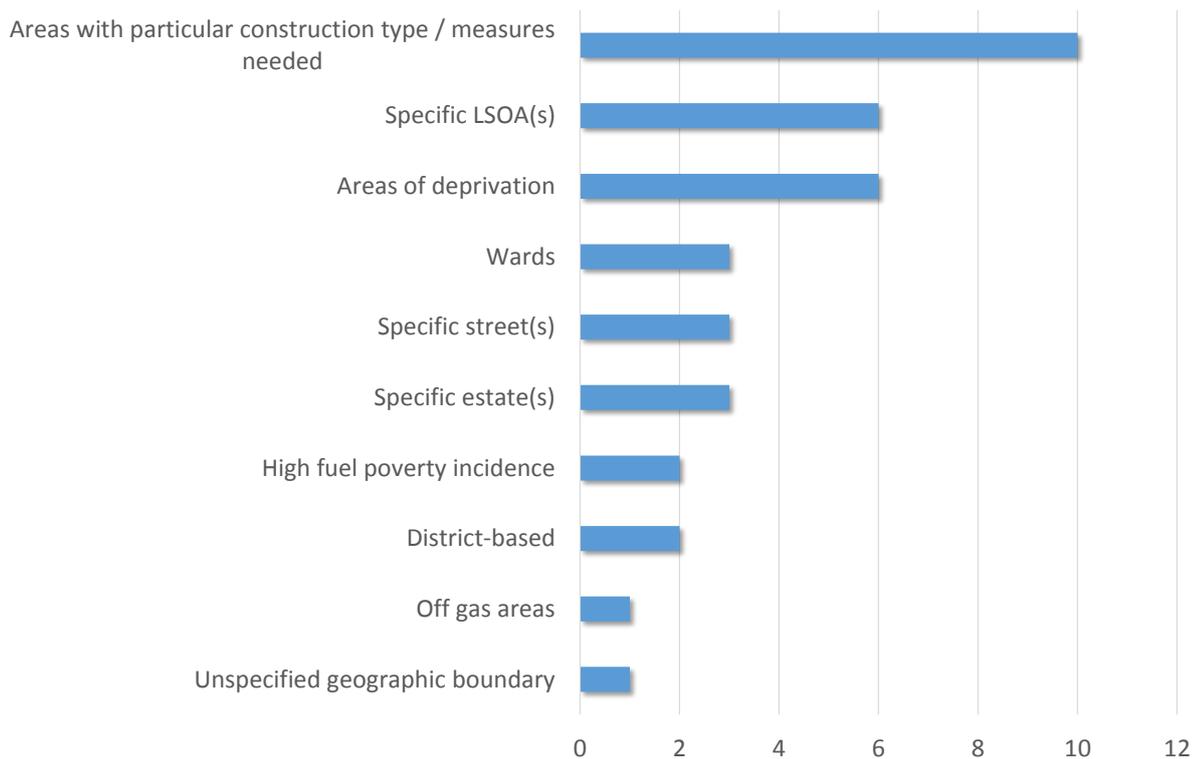


Figure 17: Parameters mentioned by councils talking about how they defined their area-based schemes [n=26]

Areas with a prevalence of particular types of homes, needing particular energy efficiency measures for retrofit, were the most common geographical basis for these schemes. The use of one or more LSOAs, and areas of high deprivation more generally (which may in some cases relate to LSOAs as ranked on the IMD) were also both mentioned quite frequently. In general terms, the range of approaches cited was quite broad.

In stakeholder interviews, the consultants asked:

What is the appropriate size of local areas – for funding allocation and scheme design more generally?

There were 16 responses to this question in total.

Views were mixed. Several stakeholders interviewed said that this is a question **for local authorities to decide**. Some stressed the importance of leaving it flexible to allow authorities to work together if they want to. One mentioned having flexibility in terms of the size of the area; some local delivery agents work very effectively across local authority boundaries.

Many stakeholders interviewed and participating in workshops thought that the **best size would be the local authority area**. One stated that the local authority scale is very important due to local knowledge plus links to voluntary/community groups who would also be involved. Another spoke of the challenges of trying to work across the county with other councils; they thought that focusing on a smaller (district) area would work better. However, another thought that the upper-tier local authority level is optimal, due to the existing infrastructure and ability to secure additional funding.

A few stakeholders at the policy workshop commented on the need to link this to a statutory duty; local authorities would have to be responsible for the delivery. Authorities would then be free to form

partnerships to meet their targets. Whilst some stakeholders were concerned about the ability of some local authorities to deliver schemes, others suggested that this would be addressed by enabling authorities to form partnerships or subcontract work to deliver against their targets.

A few of the stakeholders interviewed thought that areas should be at **city region or sub-regional scale**, with one specifically referring to London's success in bringing local authorities together for procurement (see Box 2 in Section 6).

- 'There is a poor understanding of cross-sectoral needs and provision at a lower level than this, so it would be much harder to achieve integrated delivery.'

A few of the interviewed stakeholders and attendees at the policy workshop mentioned the benefits of **allocating funding to the regions**. One interviewed stakeholder commented that there are more options in terms of access to supply chains at a regional level.

Summary

The appropriate size of areas for funding allocation is likely to vary considerably from local authority to local authority, depending on the spatial distribution of the housing stock, schemes already being delivered and relationships with other local authorities involved in delivering schemes. Flexibility in the size of areas and the design of schemes is essential.

7.6 Conclusions and recommendations

The consultants recommend that the UK government distributes funds to local authorities via a mix of automatic and competitive allocation.

The UK government should allocate 80 per cent of the 'English share' of funds automatically to local authorities in England, which will mitigate the risk of major variations in provision between local authorities. The UK government should then allocate the remainder via a competitive tendering process open to all, to foster best practice and efficiency. The Scottish and Welsh governments should decide their own procedures for allocation. However, it would seem sensible to build on their existing arrangements for administering funds. They would, in effect, have much greater control over the new levy funds than they currently have over ECO.

Assuming that local authority set-up, capacity-building and administrative costs will fall over time, the UK government should reduce the 80 per cent allocation annually over the five-year period to 60 per cent or less, as local authorities increase their capacity to deliver efficiently.

The amount allocated to each authority should be calculated using a formula, based on the best-available national data on the number of households in fuel poverty, the extent of hard-to-treat properties (solid wall and/or off-gas) and other factors that may affect delivery costs, such as the degree of rurality. This is similar to the approach taken under HEEPS:ABS in Scotland, and should evolve to incorporate the use of other appropriate datasets as their reliability improves. While local authorities would be required to deliver home energy retrofit with the funding, it would not be appropriate for the delivery oversight body to prescribe the size of targeted areas. However, it could provide non-binding guidance to local authorities on how to deploy programmes in order to best deliver against the new statutory duty to reduce fuel poverty.

Criteria for the competitive allocation should be flexible and set out in clear guidance. The primary criteria for funds should include:

- demonstrated local need (for local authorities applying)
- demonstrated ability to deliver
- best value for money in reducing (the severity of) fuel poverty.

The UK government should set up a national support programme for fuel poor and low income households in England who live in inefficient homes and who cannot be helped by local schemes as a result of scheme design (for example, if it is area-based and households do not live in the area, or if households do not live in the type of dwelling the local scheme supports), with appropriate eligibility criteria and central referrals systems. The eligibility criteria should be centrally set as the types of households that cannot access local schemes will vary from area to area, although referrals to central support programmes should also be made through local networks and via local schemes.

Potential models for the English support programme include the former Energy Assistance Scheme in Scotland and the Nest scheme in Wales. The experience and programmes in Scotland and Wales could be built on and expanded, as can the earlier experience of Warm Front in England. These support programmes would require separate budgets, administered and delivered separately, and should be in place in each of the three nations, building on existing programmes as appropriate.

8 Wider priorities and challenging circumstances

This themed section brings together the findings in relation to the following project objectives:

- How can we encourage ‘whole-house’ improvements, rather than the current ECO focus on single measures? How can we make sure programmes improve hard-to-treat homes and homes in rural (particularly remote rural) areas?
- How might the local delivery of energy efficiency and fuel poverty programmes integrate with local priorities, such as reducing health inequalities, urban and rural regeneration, anti-poverty and carbon reduction?

8.1 Challenging circumstances

Many of the literature sources reviewed suggest that a key challenge is engaging all tenure and property types. Bradley and Smith’s research identified the limited success of the ‘street-by-street’ approach, which CESP aimed to deliver, because owner-occupiers were not adequately engaged in some areas.⁶⁴ For the private-rented sector, landlord permission is required for installation of measures, which complicates and delays the process.⁶⁵ Meanwhile, research conducted for Consumer Focus Scotland in 2010 found that flats present difficulties for area-based schemes. The installation of measures often requires securing the agreement of numerous flat owners, who may be eligible for different packages of support. Work at national levels to improve the coordination of different support packages and suppliers could help to address this issue.⁶⁶

The literature review also highlights challenges around rural areas, and suggests that using local networks to promote the services offered is particularly important in rural and more deprived urban areas. Another challenge is hard-to-treat homes. In London’s RE:NEW programme, the areas selected included a high proportion of solid wall properties, one of the main physical factors in fuel poverty. However, these properties could not be treated through the rollout phase of RE:NEW due to limits on the funding available for the appropriate measures, because of a mismatch of council and scheme objectives. Coherence in objectives, and matching of objectives and target area selection are important lessons for future work.

In stakeholder interviews, the consultants asked:

Can and does locally led delivery help with challenging circumstances? For example, ‘whole-house retrofits’, especially in ‘hard (or expensive)-to-treat’ homes? Can it help in engaging harder to reach households, particularly those in remoter rural areas?

There were 33 responses in total to this question.

Nearly all stakeholders thought that **locally led delivery does help in this way**, and none actively disagreed. The main benefit was seen to be in reaching vulnerable or hard-to-reach people. One stakeholder at the policy workshop said that an ABA is the only way to reach the ‘hidden fuel poor’ (those who need help, but do not acknowledge this).

⁶⁴ (Bradley and Smith 2012)

⁶⁵ (GLA 2012)

⁶⁶ (CAG Consultants 2010a)

A few stakeholders interviewed mentioned that challenging circumstances have not been effectively addressed by the ECO. They noted that the number of measures installed per property has dropped, and that commercial players do not build local links and partnerships over time, due to costs, and that energy suppliers cherry-pick high-density urban areas.

Interviewed stakeholders said that locally led delivery helps with challenging circumstances in the following ways, among others:

- **Local knowledge and data** held by local authorities and other local stakeholders help to identify households and to engage them. However, one stakeholder said local authorities do not have good local knowledge, for example, about where fuel poor households are.
- **Local charities, community schemes and referral networks facilitate access** and meet people's multiple needs. Trust in local partners helps with access, especially to people with vulnerabilities who do not respond to the usual channels. However, one stakeholder said there has been a lack of trust in local authorities and RSLs.
- **Word of mouth makes local delivery more effective**; this is especially important for large improvement jobs, and for people with vulnerabilities. For example, the elderly tend to have more localised networks than younger affluent people.
- It allows a group of **similar hard-to-treat properties in an area to be treated together**, in a co-ordinated way, especially through RSLs.

Stakeholders interviewed mentioned the following risks and problems involved in using local approaches to challenging circumstances:

- **Work in remote rural areas is not cost effective** for commercial partners. Also, local delivery relies on word of mouth, which may make rural targeting harder.
- **It takes time to build householders' confidence levels** so as to be able to do whole-house retrofits.
- **Local authorities can be obstructive** in terms of hard-to-treat homes, for example, with no clear planning rules for solid wall insulation (SWI).
- **Small RSLs are harder to work with** than large ones, and can struggle to deliver.

Stakeholders interviewed suggested the following ideas and lessons for overcoming these problems:

- Use **local authority branding and trusted local intermediaries** for engagement (for example, CESP benefited from local champions).
- Use a **concerted partnership approach**, and build links and referral mechanisms with local agencies (as has been done by the South West Energy Agency).
- Ensure **stability over time** and keep coming back to the same homes. Create a sense of the presence of the scheme, even in remote rural areas.
- Ensure the scheme is **responsive to local circumstances**. Work to do things with, not to, communities, and actively engage them.
- **Offer incentives for delivery** to challenging households.

Warm Zones were cited as an example of good practice. To install multiple measures, and engage hard-to-reach households and households in remote or deprived areas, Zones use a concerted partnership approach, building links and referral mechanisms with local agencies over time. They find 'gap funding' to assist fuel poor and vulnerable homes that are missing out under the ECO. The programme is not for profit, targeted at those most in need, and integrates different funding streams.

Stakeholders at the policy workshop were divided on the issue of whether a new programme should include targets around challenging circumstances. However, a small majority thought that the **programme should be concerned only with its core objective in terms of fuel poverty and energy efficiency**, with no sub-groups or challenging circumstances considered in the allocation of funding.

8.2 Multiple benefits and priorities

A fundamental issue for any locally led scheme is the definition of objectives. The literature reviewed suggests that specifically area-based schemes for regeneration often include both place-related and people-related objectives.⁶⁷ In the context of energy, this relates to the idea of defining objectives in terms of housing stock improvements or in terms of household fuel poverty, health and so on. Past schemes have found that people-based outcomes are more likely to make changes to people's lives, but these people may then leave the area and the benefits to the area will be lost.⁶⁸

Thus, a major issue is the choice of multiple or single objectives, and, in some cases, primary and secondary objectives. Many of the literature sources reviewed suggest that it is beneficial to work within a strategic approach that makes links across a whole range of local priorities, such as health or economic development.⁶⁹ For example, Warm Zones have contributed towards community safety, fire safety and anti-poverty objectives by offering community and fire safety devices and income maximisation advice alongside fuel poverty assistance.

One of the reasons why the consideration of multiple benefits and priorities is so important is **because locally led schemes may be challenged by differing objectives among numerous delivery partners**. Also, local bodies, given funding, will use it to meet their own objectives that may not always reflect national goals. This is not a negative point, since these objectives will reflect locally determined priorities, but it should be borne in mind when considering the extent to which local action will deliver national aims.⁷⁰

⁶⁷ (Batty et al. 2010)

⁶⁸ (Lawless 2007)

⁶⁹ For example: (Wade, Jones, and Robinson 2012)

⁷⁰ *Ibid.*

In the survey of local authorities, the consultants asked local authority officers to provide the publicly stated priorities of each of the 46 local energy efficiency and fuel poverty schemes they reported. The results are shown in Figure 18.

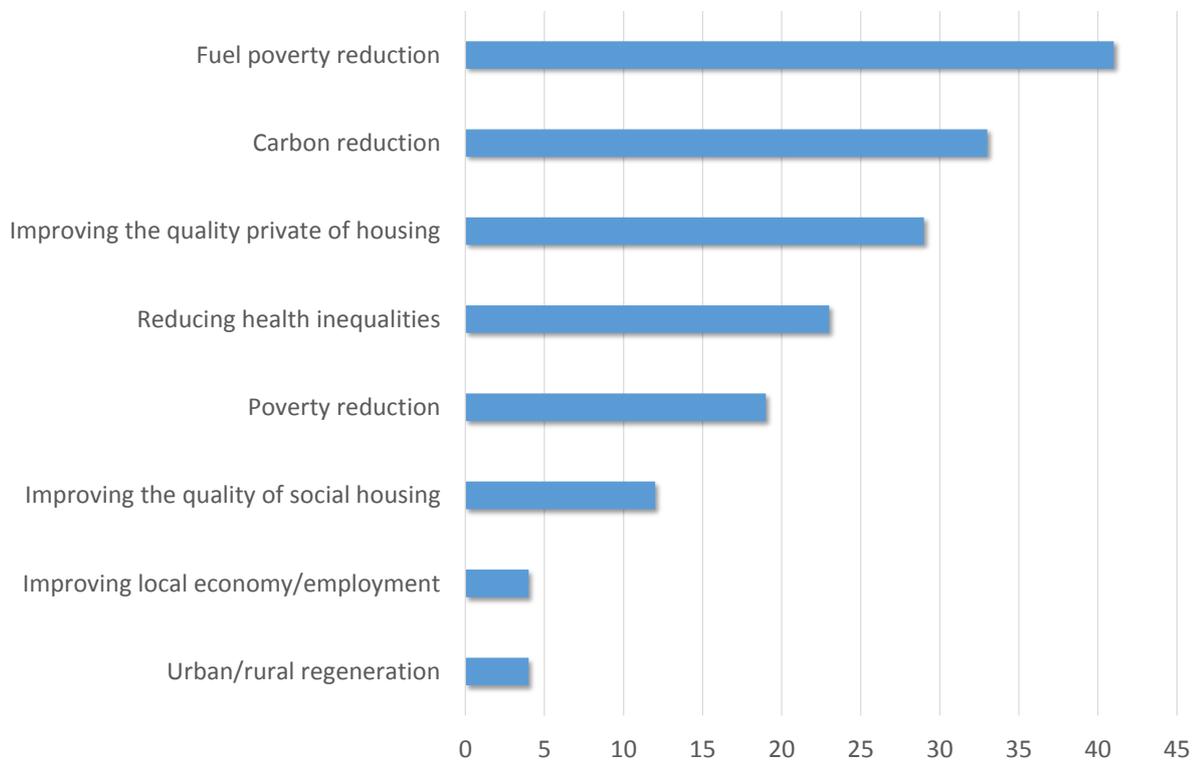


Figure 18: Local authority survey – publicly stated priorities of schemes [n=46]

Almost all schemes had fuel poverty reduction as a publicly stated priority. Many said carbon reduction was a stated objective. The next two stated priorities, which featured in half or more of the schemes, were ‘Improving the quality of private housing’ and ‘Reducing health inequalities’. Multiple priorities beyond fuel poverty and carbon reduction are commonly stated – schemes averaged close to four publicly stated priorities.

In stakeholder interviews, the consultants asked:

How, and to what extent, might it be desirable for locally led delivery of energy and fuel poverty services to integrate with other – overlapping – local priorities? These might include reducing health inequalities, urban and rural regeneration, anti-poverty, carbon reduction.

For Scotland stakeholders the consultants asked:

To what extent has it been possible in Scotland for locally led delivery of energy and fuel poverty services to integrate with other – overlapping – local priorities? These might include reducing health inequalities, urban and rural regeneration, anti-poverty, carbon reduction. What benefits has this brought?

There were 23 responses in total to this question.

A significant majority of stakeholders interviewed said that **local energy efficiency and fuel poverty schemes should tie in with other local priorities**. Quotes included ‘massive scope’, ‘absolutely vital’, ‘critical’, ‘big opportunity missed if you don’t do it’. However, there were some caveats, which warned

that schemes should be simple and focused, with a clear priority (several thought this should be fuel poverty, though carbon and energy efficiency were also mentioned).

A few stakeholders who were interviewed said that a key way to tie in with local priorities is through referrals and signposting, and that local approaches can take referrals from multiple agencies and address multiple issues, such as checking benefits entitlements or identifying wider home improvements that are needed.

A few noted that the ECO does not tie in well with other priorities; it involves ‘cherry-picking’ of easy measures, without additional services such as benefits checks and signposting, or effective targeting of people with vulnerabilities.

Interviewed stakeholders mentioned many examples of schemes that had been successful in achieving multiple objectives, including Scottish national schemes: these build partnerships with the NHS, local authorities, fire service and so on, and customers get a joined-up approach with multiple offers of support, depending on need. The EST in Scotland has been good at identifying multiple benefits, which helps local authorities to extend referral networks to more participant organisations. However, one stakeholder at the Scotland workshop said multiple benefits were actually limited in these schemes.

In the policy workshop, the majority of stakeholders preferred a model in which the scheme is solely concerned with addressing fuel poverty and energy efficiency (assuming that advice and income maximisation are part of any scheme as they have a large impact on fuel poverty). One stakeholder explained that local schemes should ensure that the most vulnerable households are assisted, so schemes should not dilute this, for example, by emphasising health referrals. However, a few stakeholders thought that multiple benefits should be a criterion in the allocation of funding to local schemes. One specified that local employment should be a criterion for all funding.

In the interviews, several specific areas of policy were discussed as possible priorities that could be tied to locally led energy efficiency and fuel poverty schemes.

The **health benefits of energy efficiency** are increasingly being recognised, and recent schemes such as *Warm Homes Healthy People* have aimed to engage the health sector in fuel poverty work. DECC has started quantifying health benefits at a national level with its Health Impact of Domestic Energy Efficiency Measures (HIDEEM) model.⁷¹ However, it has proved more difficult to measure and quantify health outcomes within area-based energy efficiency schemes. Closer working between health and energy efficiency providers, and the potential extension of HIDEEM to local schemes, could help capture the benefits of local energy efficiency schemes.

Among interviewed stakeholders, **health was the most commonly discussed additional priority**, with many stakeholders mentioning this as something that should be linked to local energy efficiency schemes. They mentioned the need to respond to changes, including local authority control of public health, and the establishment of Health and Wellbeing Boards and CCGs in England (the near-equivalents are Community Health Partnerships in Scotland and Local Service Boards in Wales), as well as new NICE guidelines on poor housing and ‘prescription’ of energy efficiency measures.⁷² A few called for more evidence and testing, especially to prove and quantify the health benefits of energy efficiency – though data collection can be difficult, as mentioned above. Stakeholders at the policy workshop also

⁷¹ (UCL 2014)

⁷² NICE guidance is officially England-only. Decisions on how NICE guidance applies in Scotland and Wales are made by the devolved administrations, which are often involved and consulted with in the development of NICE guidance.

noted that the health sector can be hard to engage with, so schemes need to show they will help health bodies hit their targets.

A few interviewed stakeholders said **that areas where local authorities are active in regeneration tend to see better rates of engagement** with owner-occupiers than other areas, due to trust, or that regeneration is a way of getting access and engagement in an area. Stakeholders at the Scotland workshop mentioned links with sustainable places and strengthening communities/community pride, which can be a natural outcome of good area-based schemes. A few interviewed stakeholders said there should be links with local employment and the local economy, for example, through the use of local contractors, while others noted links with crime reduction.

A few stakeholders interviewed said **there are links with poverty objectives**. A few said that benefits should be considered, for example, with schemes offering benefit checks. However, stakeholders at the Scotland workshop noted that local delivery might actually hinder integration, because it requires linking in with benefits advice, which is delivered at the national level. The Scottish government has a national marketing campaign that helps to address this.

Stakeholders interviewed and at workshops also mentioned links with affordable housing, tenancy sustainability, income maximisation, householders' problems around the home and education. Stakeholders at the Wales workshop said that trying to include fuel poverty within a wider poverty agenda caused fuel poverty to 'get lost'. However, linking food and fuel poverty was said to work. They said that, in Somerset, fuel poverty had been successfully linked with financial inclusion work.

A few stakeholders interviewed said there are links with carbon reduction objectives. However, one said that carbon objectives should not be combined with fuel poverty objectives.

A number of interviewed stakeholders argued that **more evidence of achieving multiple benefits is needed**, and suggested a national cost-benefit analysis, or use of SOAs, modelled on Scotland's approach.

One argued that schemes need to protect their money to avoid it being moved to other budgets and spent on other issues, so money needs to be ring-fenced carefully. Another felt that money should not be ring-fenced, as streams should be blended.

8.3 Conclusions and recommendations

The consultants propose that the new programme is concerned only with tackling fuel poverty through energy efficiency. Demonstration of other benefits would not be required for the allocation of funding. However, the funding of locally led delivery should bring about other benefits. Also, existing programmes in Scotland and Wales may have their own (potentially different) objectives, and these would be retained.

At the policy workshop, there was a clear preference for the programme's objectives to be explicitly concerned with fuel poverty and energy efficiency, not other priorities. The majority of stakeholders interviewed said that local energy efficiency schemes should tie in with other priorities at the local level, but many stressed that fuel poverty and energy efficiency should remain the main priority. Stakeholders also stressed that advice and income maximisation should form part of any scheme.

Most stakeholders interviewed thought that **locally led delivery does help to address challenging circumstances**, and none actively disagreed. The main benefit was seen to be in reaching hard-to-reach people or people facing vulnerabilities, although whole-house improvements were not cited.

Stakeholders at the policy workshop were quite evenly split in their opinions on how a framework for local delivery should attempt to ensure that local schemes address challenging circumstances. This also reflects the mixture of views of the interviewed stakeholders, those at the other workshops and the information gleaned from the reviewed literature.

The consultants propose that those delivering, or bidding to deliver, local schemes should receive non-binding guidance on how to deploy funding in order to best achieve the local delivery framework's objectives. This **guidance should have a particular focus on developing schemes that can tackle challenging circumstances, such as whole-house retrofits, delivering in remote areas and supporting hard-to-reach households.**

9 Funding the programme

This themed section brings together the findings in relation to the following project objective:

- The implications of turning the ECO into a fund, rather than a set of targets.

In stakeholder interviews, the consultants asked:

What do you think would be the governance, administrative and organisational implications of turning the ECO into a fund (a levy), rather than a set of targets? What would the implications be for you?

For Scotland stakeholders, the consultants asked:

How well does the ECO work alongside the Scotland-specific schemes at the moment? If ECO were to be turned into a fund (levy) to support locally led delivery, what impact would that have on delivery in Scotland?

There were 28 responses in total to this question.

9.1 Funding through a levy or through taxation

There were mixed views about whether the programme should be funded by energy suppliers or through taxation. Taxation was seen to be fairer (interviewed stakeholders referred to the regressive nature of funding energy efficiency through energy bills) but less realistic. Unfairness would be exacerbated if the measures were high-cost, and therefore fewer households would become beneficiaries. There were also concerns that the annual variations in energy demand would lead to uncertainty about the size of the fund. There was a comment that a levy was less likely to be cancelled than a tax.

A few interviewed stakeholders referred to a **levy as indirect taxation**. One thought it would be ‘very challenging to get good governance’ in a situation where an indirect tax is raised from one source and given to another organisation to hand out to others. Another said that, as a tax, there would be a greater requirement for transparency and clear targets, and that perhaps there should be a line on consumers’ bills showing this tax. Two other stakeholders thought that a levy would be more transparent than the current ECO arrangements.

One interviewed stakeholder suggested that there could be a State Aid issue with having a central fund. Another said that there would need to be a change in primary legislation to change the ECO into a levy.

The policy workshop discussed the proposal that energy companies should pay a fixed amount into a levy fund for each kilowatt hour (kWh) supplied to domestic consumers in the last financial year before the scheme starts. There were mixed views about whether this should only apply above a fixed amount of kWh per customer (in order to be fairer to low energy consumers). A majority agreed that all energy companies could pay it, regardless of size, because a levy is not as onerous as an obligation. There was a comment that, as well as energy supplier funding, this fund could aggregate other sources such as ‘allowable solutions’⁷³ payments.

⁷³ ‘Allowable solutions’ is the provision under which new-build developers fund retrofits in existing homes to help meet the zero carbon standard for new homes.

9.2 Targets in a levy-based scheme

Stakeholders at the policy workshop thought the fund's targets could be related to a national target, such as DECC's target to bring all fuel poor homes up to an EPC standard of C.⁷⁴ The fund should be guaranteed for at least 10 years, and ideally to 2030 (which is the deadline for this target). However, there was also concern that having targets could spawn very complex rules, and it was suggested that it would be better for the fund to have objectives (for example, to close the fuel poverty gap) and then collect data to measure achievement of the objectives.

A few interviewed stakeholders talked about the implications of **switching from a programme where quantity is set (in terms of carbon savings and energy bill savings) to one in which the cost is set**. If the price is determined by the market, then in theory either the quantity should be fixed and the total cost determined by the price set in the market (as under the ECO), or the total cost should be fixed (as by a levy) and the quantity delivered should be determined by the price set in the market. It is difficult to set total cost and quantitative delivery targets without having perfect knowledge of what the market prices will be, but as one stakeholder pointed out, it would be unacceptable to have a fund without targets. One interviewed stakeholder said that ring-fenced brokerage (that is, specifying a minimum amount of work that needs to be delivered through ECO's brokerage mechanism) would be a way to approximate turning the ECO into a fund.

9.3 Administrative implications

Interviewed stakeholders did not assume the Office of Gas and Electricity Markets (Ofgem) would be the administrator of the scheme, if energy companies were no longer obligated to deliver (one said Ofgem should not have this role). One stakeholder thought that the government would have to undertake a procurement exercise to appoint an administrator and emphasised that, for continuity, this organisation should have a long-term contract. At the policy workshop, there was disagreement about whether it was sensible to appoint an existing organisation to be the administrator or whether this should be a newly established quango (discussed in detail in Sections 6 and 7). It was also commented that there should be a process to challenge the administrator's decision on allocation if funding recipients thought it was unfair.

A key theme was around **complexity and bureaucracy**. A few interviewed stakeholders specifically mentioned that they wanted something that was simpler than the ECO. One thought that the small number of energy companies currently delivering made it easy to record delivery, but that this would become more complex and inconsistent if many more organisations were involved. One stakeholder talked about there being a danger of the process becoming bureaucratic and political if money was only available through local authorities (this overlaps with the other funding questions described in this section). This stakeholder thought it was better for the private sector to deliver, with support from the public sector. However, another said that installers feel most secure about getting paid when local authorities handle the funding. A few stakeholders thought that a levy fund would be easier and less risky for energy companies than the ECO.

⁷⁴ Although this applies to England only.

9.4 Conclusions and recommendations

The most viable option, politically, for funding a Britain-wide framework for local delivery is to raise funding via energy bills. As local authorities, not energy suppliers, would be required to deliver, the current ECO would be ill suited to fund the framework.

The primary alternative, to pay for a Britain-wide fund out of general public expenditure, is less politically viable, although it is viewed as preferable by many concerned about the regressive nature of funding programmes from energy bills. It is also, on its own, less able to guarantee a framework's annual funding levels over the longer term. However, the setting of statutory duties would mean that funding would have to be guaranteed over the period, regardless (at least where these duties could be set – for England and Wales).

Nevertheless, public expenditure-funded programmes are in place alongside the ECO. Programmes in Scotland and Wales are publicly funded, as is the GDHIF across Britain,⁷⁵ although the latter was put in place to make up for the unexpected cuts to the ECO announced at the end of 2013.

Instead of a supplier obligation model, the consultants propose that primary funding for the framework is raised via a fixed levy per kWh of gas and electricity supplied to every domestic consumer in Britain. The levy should start in the last financial year before a framework programme for local delivery commences. Unlike the ECO, under which energy suppliers are only obligated to deliver carbon and heating cost reductions if they have 250,000 or more domestic customer accounts (because it would be disproportionately burdensome for smaller energy suppliers to deliver), the levy would not require a company size threshold because energy suppliers would not be obliged to deliver. It would be raised from all consumers via all energy suppliers. The levy approach would require a change in primary legislation.

The consultants recognise that a levy, like the ECO, is still a regressive way in which to fund a programme, but find that it can easily be designed to be less regressive than the ECO, for two reasons. Firstly, it is cost transparent – by fixing the amount of funding to be raised per kWh (rather than the level of delivery), steps can be taken to make it fairer, such as applying the levy only above a certain threshold of energy consumption. Secondly, the framework for local delivery is intended to be fairer in its distribution than the ECO – both geographically and in terms of the households it targets.

A levy-funded approach is in place for Northern Ireland's Sustainable Energy Programme, which is funded via a fixed levy on kWhs sold to all electricity customers. The utility regulator (UREGNI) competitively allocates funds annually to organisations proposing to deliver energy efficiency schemes in the domestic and non-domestic sectors, with 80 per cent of funding ring-fenced for schemes targeting vulnerable households.

If the aim was to fully replace the ECO and raise funds similar to its current estimated expenditure, the levy would be set to raise £0.8 billion per year, with the funds passed through to the UK and devolved governments to distribute. Consumers should not notice any difference with respect to the impact of the levy on their bills since it would approximate to the notional impact of the current ECO on bills (approximately £30 per household per year on average). As the energy suppliers would no longer be obligated, there is no imperative for Ofgem to administer the funding pot, although Ofgem could choose to bid to deliver the required services, based on its existing expertise.

⁷⁵ Deployed by the Scottish government as the *Home Energy Efficiency Programmes for Scotland: Cashback Vouchers Scheme* (HEEPS: Cashback).

The CCC has estimated the level of funding required to meet England’s fuel poverty targets (raising the EPC of all fuel poor households to a standard of C by 2030) to be £1.2 billion pa in capital spending alone.⁷⁶ Citizens Advice’s recommendation, to raise the EPC of all low income, not just fuel poor, households to a C by 2025, has been estimated to cost £2.6 billion per year in capital spending, in England alone.⁷⁷

Given that there is very little political or consumer appetite to raise a higher level of funds from energy bills, it is clear that sources of further funding are required. For example, Treasury carbon tax revenues, paid by electricity consumers, are likely to exceed the funding required. Also, domestic energy efficiency could be made a national infrastructure investment priority, which would unlock considerable funds. Consideration should also be given to establishing a mechanism to enable ‘allowable solutions’ funding to flow into the framework for local delivery. In previous research for Citizens Advice, this funding is estimated to average £190 million per year from 2017⁷⁸, although Citizens Advice remains committed to the priority for the design and build of new homes to minimise consumption and maximise on-site generation.

The findings do not address an important consideration, namely the source of funding for the proposed back-up programme.

The major issues recommended for further consultation are:

- How can the levy be structured as fairly as possible, to make it as likely as possible that it is less regressive than the way funds are currently raised for the ECO?
- How can the fluctuations in gas and electricity consumption (and hence the amount the levy would raise each year) be balanced with the need for a predictable stream of funding for the period the framework is set to run for?
- Under the ECO, the outputs are known but there can be no certainty about the level of funding required to achieve them. Under a levy-funded framework, the outputs are not known but the amount of funding likely to be raised is. How can the problem of not being able to know the outputs of a levy-funded framework for local delivery be lessened?
- Where could funding for a support programme come from? From a fixed levy set at £0.8 billion? From a fixed levy set at more than that? Or from general public expenditure? If the funding for it were raised Britain-wide, how could it best be deployed by Scotland and Wales to fit in with the existing support programmes in place in both nations?

⁷⁶ (CCC 2014)

⁷⁷ (Guertler 2014b)

⁷⁸ (Baker 2014)

10 Managing the transition

This themed section brings together the findings in relation to the following project objectives:

- To address the issue of the establishment of a parallel programme to the ECO, Green Deal, Renewable Heat Incentive (RHI) and so on, and the determination of the main role of such a programme so that it clearly complements existing policies.
- To propose a smooth transition process from the current delivery arrangements to a local delivery model.

10.1 Relationship with other programmes

In stakeholder interviews, the consultants asked:

Were there to be a national programme supporting locally led delivery, what would its main features be for it to complement existing programmes well (such as the Green Deal, ECO, RHI)?

There were 22 responses in total to this question.

Many stakeholders interviewed said a new approach should complement existing programmes, in order to ensure a coherent policy framework. The few that disagreed explained that current policy is failing, and so a completely new approach is needed (the Green Deal in particular was seen as failing).

Stakeholders stressed that any **programmes that co-exist need to be coherent so that consumers have clarity**, and the schemes have a seamless appearance to the public. Some noted that schemes can clash with each other; one scheme can undercut another, or schemes can compete for customers in an unhelpful way. A few stakeholders interviewed said that blending funding could be beneficial, or create efficiencies. One suggested that suppliers could cover a few cheap measures in a home and then an additional programme or fund covers the rest of a package of energy efficiency improvements.

Stakeholders at the Scotland workshop favoured two schemes; one using local delivery, and a national programme for those in greatest need (which is referred to as a support programme in this report; although they said that potentially the latter should also be promoted locally).

A few interviewed stakeholders said that different compliance rules and different paperwork can be a challenge to blending schemes, and that it is important to try to keep a scheme or schemes simple and transparent. One of these said that financial instruments like the Green Deal bring onerous requirements. Another said consumer protection can also be a barrier to joining up schemes, since schemes may have varying requirements to be met; some much more rigorous than others.

Interviewed stakeholders mentioned these examples of schemes that have not complemented each other well:

- One stakeholder said there has been a clash between the ECO and Scottish area-based schemes, in that suppliers in Scotland can access government funding and that this drives down the ECO funding they provide; a minimum ECO spend is needed to address this. Another stakeholder noted a clash between the ECO and GDHIF over funding amounts for SWI. Scotland workshop participants said that the ECO and the local schemes do not match in terms of timescale and availability, and that there is currently too much focus on the cost of carbon savings and too much fluctuation in price
- On GDHIF and Green Deal Communities, one said that the GDHIF appeared and ‘trumped’ every Green Deal Communities scheme by offering a larger grant. Another said that mixing the Green

Deal and fuel poverty goals could create perverse incentives. Another said that GDHIF and the Green Deal Communities fund have created confusion for the public, officers and the private sector delivering them

10.2 Transition

In stakeholder interviews, the consultants asked:

If it were desirable or feasible to nationally shift to a local delivery model, what would the features or criteria of a smooth transition process be?

There were 26 responses in total to this question.

Several stakeholders interviewed stressed the **importance of early planning, notification and clarity about a future programme**. They asked for a clear declaration of intent, goals, a transition plan, timeframes and legislation. One specified that there should be 12 months' notice of scoring and monitoring mechanisms and funding, with certainty for five years, and no changes before 2017 (that is, until the ECO in its current form has run its course).

One said:

- You need to give the current people who are operating in this field a runway into the future. What we tend to do is we flick the switch. Off, no work, sack your people, no incentive to invest in the supply chain or training and an absolutely sure way of making sure that when it starts up again you have all the teething problems you had before.

Interviewed stakeholders said that a transition to a future scheme should involve early engagement with, and participation of: industry and suppliers; local authorities; and local partners and supply chains.

Several interviewed stakeholders stressed the need for **adequate and realistic timescales, including lead-in and preparation time**. One of these said that local authorities would need at least three months to set a scheme up. Another said that, in a transition phase, government should step up reporting requirements on local authorities so it is not a shock when new arrangements come in.

A few interviewed stakeholders and attendees at the policy workshop said that gradual implementation is needed, or that programmes should run in parallel for a period. However, one thought that a clear cut-off date is better than programmes running in parallel, as the latter is confusing. At one regional workshop, there was a consensus that any new programme would need to use existing systems to help manage the transition; for example, the ECO brokerage mechanism.

It was noted at the policy workshop that there should ideally be a political consensus that guarantees a scheme until 2030. Three years was seen as far too short for a scheme; it leaves inadequate time for procurement and delivery. Stakeholders at the policy workshop noted the need for adequate time for bid development and other preparation ahead of a new local delivery framework. They felt that any new programme should start in summer 2016, and emphasised the importance of piloting in the interests of capacity-building and training, and testing processes and design.

Stakeholders at the Scotland workshop mentioned the transition from the Home Insulation Scheme to the Universal Home Insulation Scheme as bad practice – this happened with two months' notice, and many jobs were lost.

Interviewed stakeholders mentioned the need to ensure **adequate capacity and resources for local authorities**: one said that these need government roadshows, workshops and advice tailored to local authorities and their partners, and another felt that local authorities need kick-start funding. Several said that a central resource such as DECC's Heat Networks Delivery Unit is needed, set up well in advance, to help local authorities. The policy workshop favoured the idea of support to local authorities.

Supply chain capacity was also mentioned; one interviewed stakeholder said that the workforce must be 'engaged, trained and ready to mobilise'. Another highlighted an issue about whether schemes develop local supply chains or have a few large providers doing one area at a time. If schemes want local supply chains, not monopolies, upfront investment in these is needed. One stakeholder felt that it is also important to consider unemployment risks in the transition, while stakeholders at the policy workshop said the SWI skills and capacity gaps need to be addressed ahead of a new programme.

10.3 Conclusions and recommendations

A question beyond the scope of this research is the potential role for, and size of, a continuing supplier obligation alongside a levy as proposed in Section 9. Stakeholders broadly agree that supplier obligations can be very successful at delivering cost-effective carbon reductions at scale. However, the ECO has been less successful at delivering the deep retrofits of the homes of low income and fuel poor households that would be needed to reach an EPC standard of C. On average, these homes require three energy improvements; the ECO has been delivering an average of just one improvement per home.⁷⁹

The consultants propose that the Britain-wide **framework governing local delivery should not require but should encourage local schemes to lever in Green Deal finance, feed-in tariffs and the RHI wherever feasible**. It should be up to local authorities and their delivery partners to decide whether, and how, integration with these programmes can help them meet their targets. The consultants also recommend the UK government sets up a coherent accreditation framework that covers both existing national schemes and serves as the basis for assuring quality in local schemes; the proposal for this is presented in Section 13.

The Scottish and Welsh governments already fund national frameworks that govern and support local delivery – HEEPS:ABS and Arbed, respectively. The consultants recommend that in Scotland, the use of levy funding is devolved in a way consistent with the Smith Commission's initial recommendation for devolved supplier obligations – that is, determining how the levy funding is best deployed in Scotland, but not how it is raised. This means it could work alongside and/or build on HEEPS:ABS. Similarly in Wales, its share of funding raised under the Britain-wide levy could work alongside and/or build directly on Arbed. For all three nations, the consultants recommend that levy funding is treated as additional and does not displace public expenditure on energy efficiency and fuel poverty programmes.

The transition to the new framework governing local delivery would face tight timescales, given that the ECO is currently only set to run until March 2017. Even though current rates of delivery are low compared to 2014, the ECO looks set to meet its targets early. This will result in a hiatus in large-scale delivery of up to a year, particularly delivery to low income and fuel poor households. This presents an opening for bringing forward a managed transition.

Starting as soon as possible after the General Election, roadshows should commence to consult, engage and inform key stakeholders and delivery partners, with the goal of launching a

⁷⁹ (Guertler 2014a)

framework in pilot form in April 2016, one year before the ECO is set to expire, with both programmes running in parallel for this year.

During this time, the framework should focus on two things. First, it should support those local authorities that have ‘ready-to-go’ schemes in their areas, and that meet the framework’s criteria, to deploy those schemes quickly. Second, a delivery oversight body as put forward in Section 6 should begin providing the formal support the other local authorities need: a) support in developing their approaches to, and meeting, their targets or statutory duty; b) facilitating lesson-sharing and mentoring between local authorities; and c) involving the local authorities who act early in this mentoring. During this time, the level of delivery under the framework should be expected to be relatively low.

The major issues recommended for further consultation are:

- If, as proposed, the framework for local delivery is primarily about tackling fuel poverty: what role is there for a continued (albeit smaller) supplier obligation? Will carbon savings from the framework, which is focused primarily on tackling fuel poverty, be sufficient to match those that would have been achieved by previous programmes? If not, where are enough carbon savings going to come from if resources from current carbon saving programmes were to be transferred to a framework for local delivery?
- What is the relative balance of resources and roles of different programmes – the framework for local delivery, supplier obligations, pay-as-you-save financing and national support programmes?

11 Integrating national and local advice

This themed section brings together the findings in relation to the following project objective:

- Whether independent advice should be provided at the local level and if so, how it should relate to the Energy Saving Advice Service, Home Energy Scotland and other advice providers (particularly Citizens Advice Bureaux)

In stakeholder interviews, the consultants asked:

Under such a programme, should independent advice be provided at the local level? If so, how can you ensure consistency (or at least avoid or minimise conflicting messages) with national advice services (such as the Energy Saving Advice Service (ESAS) or Home Energy Scotland) – including Citizens Advice Bureaux?

There were 18 responses in total to this question.

No interviewed stakeholders thought that there would be a problem having advice at both national and local levels. One said that if this was the case then there must be no overlap, in order to avoid giving out too many messages. Another stakeholder said that it would be beneficial to have multiple advice ‘voices’ that could reach different groups of people, as long as the advice narratives were consistent. One felt that, in the past, there had often been conflicting messages between national and local advice.

A few stakeholders interviewed thought it was better for advice to be provided at the local level, in particular for advice about local installers, and also for networking and knowing what is happening locally, for example, being part of local partnerships.

A few stakeholders interviewed said advice should be provided at both national and local levels. One said that the advice could be given by whoever is delivering the work, but that there should be a centrally produced advice resource, including an advice phone line. Another said that with a central funding pot, a central advice service could make more sense, but there could also be local services. At the policy workshop there was disagreement about whether funding could be justified for local advice if there is also a national advice line.

A few interviewed stakeholders spoke about Green Deal assessors providing independent advice but having no incentive to encourage householders to install measures, because they sell assessments rather than retrofits. This indicated a requirement for impartial advice that directs householders to the best schemes for them.

A few interviewed stakeholders spoke about how local delivery bodies could encourage advice provision through other local and national organisations that are trusted sources of advice, including Citizens Advice Bureaux and Age UK. Both Citizens Advice and Age UK are organisations that have national frameworks with local provision, similar to what a framework for local delivery of energy efficiency and fuel poverty services could look like.

A few interviewed stakeholders said that, although it is acceptable to give general advice at the national level, locally specific services were needed as well. One pointed out that it made sense that if delivery were local, the way for households to get on board should also be local.

A few interviewed stakeholders thought that, in England, the current approach based on the national ESAS was not very good. One of these said they would prefer the ESAS to be broken up into local

services, as it was previously.⁸⁰ The ESAS can confirm the eligibility of an ECO Affordable Warmth applicant directly with the Department for Work and Pensions (DWP), which gives them an advantage over other advice services when dealing with referrals. In addition, ESAS only gives advice on schemes and cannot give advice about more basic actions in the home, such as how to deal with condensation, which is something that trained advisors can do.

The survey of local authorities suggests that local advice provision on energy efficiency and fuel poverty is highly prevalent, with local authorities frequently involved in providing this themselves. The consultants asked local authority officers: ‘Do you provide home energy retrofit and/or fuel poverty advice to local residents?’ The results are shown in Figure 19.

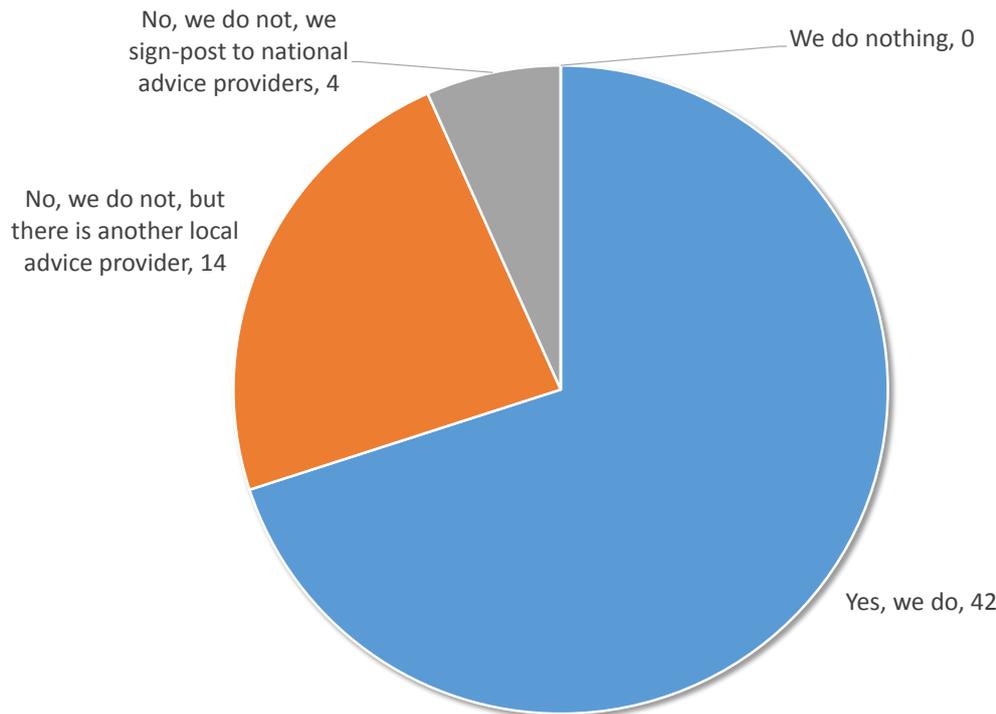


Figure 19: Provision of home energy retrofit and/or fuel poverty advice [n=60]

Of those who said they offered an advice service to residents themselves, four commented that they had commissioned a third party to provide the service, two added that they mostly sign-posted to other advice services, one said they provided advice on an ad hoc basis and one said that they offered a switching service to residents in the council area.

A few interviewed stakeholders spoke about giving better advice when people are considering renovation. One of these said that the focus should move away from energy efficiency to home improvement. Another said that more data needed to be gathered across the board on the impact of energy efficiency – the impact on bills, health, comfort and educational attainment – and that this should be translated into advice.

One interviewed stakeholder pointed out that advice is the product of scheme design; additional advice is required because the schemes are so complex. If they were less complex, advice provision would be simpler. Linked to this, another stakeholder said that it is important for DECC to provide guidance on

⁸⁰ Under the national network of 52 Energy Efficiency Advice Centres.

new schemes or incentives in plenty of time so that advice services can be ready. The example of the GDHIF was given, where there was very little time for advice services to prepare information about it between its announcement, its launch and intermittent closures.

At the policy workshop, stakeholders brought up the provision of energy efficiency advice by energy suppliers during the installation of smart meters. It was suggested that it could be linked into locally tailored advice coordinated with a new framework for local delivery. This is explored further in Section 14.

11.1 Conclusions and recommendations

The consultants did not put forward an initial proposal for advice provision at the policy workshop due to time constraints. Based on the analysis of the literature, survey, interviews and workshops, the consultants propose that under a Britain-wide framework governing local delivery, advice should be provided nationally as well as locally.

Nationally recognisable marketing campaigns and telephone and web-based advice services should be provided or procured by the framework's delivery oversight bodies in England, Scotland and Wales. This would hold the information on every local scheme supported via the framework, and could signpost households to locally available advice and/or support, as well as provide information about and referrals to national support programmes. The latter could be modelled or build on ESAS' referrals to ECO Affordable Warmth, Home Energy Scotland's referrals to the Energy Assistance Scheme and Resource Efficient Wales' (REW) referrals to Nest. To increase the reach and consistency of advice, local generalist advice providers to whom most people turn, such as Citizens Advice Bureaux, need to play a part. Citizens Advice's views on energy advice are presented in Box 3.

The relevant delivery oversight body should develop guidance and templates to assist different categories of local advice providers in developing their services. How advice is provided locally about local schemes should be tailored to each area, assisted by the delivery oversight body's guidance if needed, but must be able to channel households to the relevant national referrals service for the relevant support programme as well.

Box 3: Citizens Advice perspective on local energy advice

- Local advice agencies can provide face-to-face advice, carry out home visits, take part in community events and hold detailed knowledge about local schemes.
- Consumers often get better energy advice, particularly on energy efficiency, from local providers than from national telephone advice lines. Examples of local agencies include Severn Wye Energy Agency, CSE, Cornwall Community Plus, TADEA and Changeworks (and many others). Such provision is not available everywhere and there is no longer a national framework for ensuring local advice provision in all areas. Citizens Advice is extending its Energy Best Deal service to also offer generalist energy efficiency advice.
- In some areas, there are good cross-referral systems between Citizens Advice Bureaux and specialist energy advice providers. These could also support the advice and referral systems that NICE recommends establishing for cold-related ill health (NICE 2015).
- Local energy efficiency advice services should be integrated with non-energy advice, such as debt counselling or welfare rights.
- National advice lines can play a useful role and will be preferred by some consumers. They can also help reduce pressure on local providers.
- A strategic approach to advice should bring together local generalist and specialist providers to ensure consistent local provision, ensure effective local cross-referral systems and provide access to a range of national specialist advice services, such as Citizens Advice Scotland's Britain-wide Extra Help Unit

12 Implications for the supply chain

This themed section brings together the findings in relation to the following project objectives:

- The implications (of a framework for local delivery) for relationships between energy companies and local delivery agents.
- The implications (of a framework for local delivery) for local and national supply chains and managing agents' responsibilities.

12.1 Relationships under a framework for local delivery

In stakeholder interviews, the consultants asked:

How do you see the relationships between energy companies and local delivery agents? How do you see it evolving?

For Scotland stakeholders the consultants asked:

If we were to move towards more locally led delivery, how would the relationship between the energy companies and local delivery agents (such as local authorities) need to change?

There were 31 responses in total to this question.

Effects of the ECO and energy companies' implementation of the ECO

A few interviewed stakeholders said that the **ECO had led to a strong focus from the energy suppliers on the delivery of high volume at low cost**. Others said that energy suppliers are working with a small number of larger installers who can handle large volumes of work as well as the compliance requirements, and that there is not enough focus on partnership working. One stakeholder pointed to the example of Birmingham Energy Savers; an evaluation of this programme found that using one large Green Deal provider had hampered achievement of green economy benefits because the large provider did not have relationships with local businesses. In turn, this lack of local business involvement reduced take-up of retrofit because it could not use local businesses' pre-existing relationships with local households.

Only one interviewed stakeholder pointed out that there is an upside to the ECO having a low cost/high volume focus – that when a scheme is funded by all bill payers, it should be cost effective and the benefits should be spread widely. This stakeholder felt that the ECO is more cost effective than Warm Front was.

One interviewed stakeholder, working in Scotland, talked about how local businesses had had difficulty accessing the ECO due to its complexity, and how this meant that local authorities could not include local suppliers in schemes. There is a tension between assuring quality (the reason for this difficulty), and allowing smaller businesses access.

There was disagreement among interviewed stakeholders over whether most installers were currently local or national; most thought they were local, but one stakeholder, working in programme delivery, said that energy companies only use their own people and contractors, and do not employ local people. Another thought that there had been an over-reliance on a small number of companies.

One interviewed stakeholder thought that there was a tension between the energy companies' obligations and local priorities, as they do not always match. Others pointed out that the current system means that certain areas, such as rural areas, miss out. Another stakeholder thought that there was not

enough focus on customer satisfaction, and contrasted this with local delivery, which he thought was more likely to have this focus.

A few interviewed stakeholders also talked about how the ECO, and **energy suppliers' behaviour under the ECO, had increased the insecurity of the supply chain**. The 'feast and famine' nature of supplier obligations was noted. One said that people were losing their jobs because targets for the year had been met, while another said that the successful installation companies are those that can 'scale down quickly', that is, reduce their workforce. Some said that local supply chains and their partners would be helped if there was an approach that gave consistency in demand.

Roles and relationships under a levy

A few interviewed stakeholders discussed what would happen if energy suppliers were not obligated to deliver targets (for example, if there were a levy fund). Some of these stakeholders thought that energy suppliers' relationships with delivery partners would probably end. One (linked to an energy supplier) thought that if the money was raised through energy bills, energy companies would still want to make sure that the money was spent responsibly, even if they themselves did not have targets to meet.

One interviewed stakeholder thought that some energy suppliers would still bid in as delivery agents, in order to support their installer base. Another thought that they should be allowed to bid in, but that they would have an unfair advantage due to all of the customer data that they hold. One stakeholder involved in scheme delivery thought that, as well as providing money into a fund, energy companies should also be made to provide data on where the need was.

Responses that touched on hoped-for changes in relationships and structures focused on **encouraging partnerships, long-term stability and funding, more transparency, more focus on local authorities' assessments of need and less commercial focus**. A few interviewed stakeholders highlighted the flexibility and more equal relationships between suppliers and local partners that would come from a local approach. However, one said that if the local delivery partner was the local authority, they would be more likely to contract large companies to do the work because they are risk-averse.

A few interviewed stakeholders touched on the contrast between very large energy companies and small local communities. One said that new structures would be required for local delivery because large energy companies cannot work directly with small local groups. This stakeholder wanted a much greater focus on partnerships, and suggested that supplier obligations could be ring-fenced outside of the companies' core business, so that they are not so commercially driven.

Transition

One interviewed stakeholder touched on the impact of a transition from a supplier obligation to one where energy suppliers are not responsible for meeting targets, noting that if suppliers no longer have an obligation, there cannot be 'carryover' from one obligation to the next, unlike under previous programmes. This would create a **cliff edge, where suppliers would aim to meet their targets by the end of the programme and then nothing would happen** for some time as the new programme got started. This would impact on the supply chain, due to the time that procurement would take, and place pressure on developing new relationships. The procurement phase of a new programme is likely to take some time, and complex procurement frameworks could preclude the participation of some companies. (See also Section 10 on managing the transition.)

12.2 National and local delivery agents and supply chain

The literature reviewed suggests that working with **short, local supply chains can help to speed up delivery and hence improve the householder's experience** of the process, and get help for those in greatest need quickly.⁸¹ However, a potential challenge is that local supply chains may not be sufficiently developed to deal with large-scale retrofit programmes.⁸² One example from DECC's Local Authority Competition reveals that a local authority had to use a national procurement framework to secure a delivery contractor (due to a short timeframe) and then this contractor sub-contracted to a local delivery agent. This caused some problems and the local authority would have preferred to be able to contract directly with the local agent. Successful supply chain development includes getting the procurement process right, and this is sometimes difficult (as has been highlighted in other sections).⁸³

In stakeholder interviews, the consultants asked:

What would the implications (of a framework for local delivery) be for national supply chains? What about local supply chains?

There were 17 responses in total to this question.

A few interviewed stakeholders thought there would be **more of a role for small businesses/the local supply chain in local delivery**, for example because dealing with a local delivery agent would be easier for them than dealing with an energy supplier. Several interviewed stakeholders thought there was a role for both large and small businesses (national and local supply chains). Some of these spoke about national supply chains being able to get started quickly and to deliver efficiently, while local supply chains have to grow and up-skill over time. The importance of training and investment in this were stressed, including developing the necessary skilled supply chains for whole-house retrofits.

A few interviewed stakeholders who work in scheme delivery spoke about the importance of long-term confidence in up-skilling local businesses. For example, although the SWI industry is still in its relative infancy, if there was confidence that the market was not going to stop and start then up-skilling would happen, and a sustainable industry would develop. In the workshops there was some discussion of how to address the skills gap for local installers. Participating stakeholders suggested working with Sector Skills Councils, colleges and universities, developing apprenticeships and training schemes. This should include supporting businesses to deal with compliance requirements. These are all things that could be coordinated at the national level, but some of them could also be done independently by local authorities.

A few interviewed stakeholders spoke about the need to involve local businesses so that energy retrofit can be integrated into general home renovations, to make the process more convenient for households, and also to make use of builders' existing skills.

12.3 Conclusions and recommendations

If energy companies are not obligated to deliver under the proposed framework, there will be significant implications for the supply chain, and the opportunities and risks it faces. A likely positive effect is that undue cost pressures on delivery that adversely affect quality, and thus contractors in the supply chain, would probably diminish. The consultants find that this could manifest itself as prompter payments to contractors, better-quality workmanship, higher customer satisfaction and better

⁸¹ (Wade, Jones, and Robinson 2012)

⁸² (CAG Consultants, Impetus Consulting, and Wade 2011)

⁸³ (SE2 2013)

management of customer expectations, assuming that a longer-term framework results in more stable customer offers. The transition between previous successive supplier obligations have been characterised by ‘booms’ in delivery followed by relatively inactive periods that have frequently resulted in the laying off of staff. This has been the case despite the use of carryover for over-delivery against targets, which is intended to smooth the transitions between supplier obligations. Within supplier obligations, the consultants find that supply chains have struggled to plan their business more than three months ahead.

In this respect, the supply chain would welcome the introduction of a longer-term framework with delivery led by local authorities – with better stability, transparency and predictability. However, careful consideration needs to be given to the design of the targets for the initial and subsequent periods of the framework to foster supply chain confidence for meeting longer-term objectives and targets. This could also stimulate sustainable investment in the skills and capacity needed to deliver relatively complex products and services, such as SWI and whole-house retrofits, in greater volumes. The consultants find that, provided a long-term framework is in place, the supply chain – both nationally and locally – will be able to increase its capacity quickly.

Of greater concern are local authorities’ procurement processes (as identified in Section 6), with respect to the funding automatically allocated to local authorities under the framework. These are deemed to be overly bureaucratic and slow, and risk precluding many smaller contractors who are more embedded in local supply chains (many of whom have also struggled to gain access to the ECO) from participating – precisely when more might be required of them. This again underscores the importance of finding and accelerating ways to streamline local authority procurement – an area in which a body providing support to local authorities could play a central role.

13 Consumer protection and assuring quality

This themed section brings together the findings in relation to the following project objective:

- Ensuring quality assurance and other consumer protection regimes are in place.⁸⁴

In stakeholder interviews, the consultants asked:

How would such a programme ensure that consumer protection regimes are in place, and rigorously enforced and complied with? In what ways might it conflict with regimes currently in place?

There were 17 responses in total to this question.

13.1 Using existing accreditation and consumer protection

Several interviewed stakeholders wanted to keep **current accreditations, but simplify and strengthen them** (including strengthening policing of compliance with accreditation standards). A few stakeholders emphasised that there were already accreditations covering every relevant technology. These could be used, rather than introducing further consumer protection measures.

Several interviewed stakeholders identified a problem with current accreditations. Some specifically mentioned shortcomings in Publicly Available Specification (PAS) 2030 (a standard of quality of installations and part of the Green Deal framework), but nobody suggested scrapping it; rather, it was felt that it should be improved. A few stakeholders specifically said that enforcement of standards was the problem (rather than what was required in the accreditation), and a few of these said that the industry itself should take more of a role in enforcement. Another said that accreditation processes should be strong enough that if a contractor is found to be performing poorly on one scheme, their accreditation can be taken away, meaning they are taken off all schemes.

A few interviewed stakeholders said that the Green Deal framework should be retained and used, although one noted that the Green Deal Code of Practice had loopholes that needed to be closed. One felt that Green Deal installer accreditation should be simplified, and that a more robust complaints system is required. One said the current system is based on the assumption that customers will complain, but find it hard to know where to complain, so this should be strengthened in any future programme. Another said that quality assurance and Green Deal measures accreditation must be more nimble to better keep pace with technological change. One stakeholder argued that warranties need to be tightened up; for example, more information and detail are required on best practice for finishing and detailing in SWI. A few stakeholders said that current consumer protection was unduly complex, that there was duplication, or that there was currently too much consumer protection.

13.2 Quality assurance under a local delivery programme

Some interviewed stakeholders said that consumer protection would work better through local delivery, for example, because it is easier to monitor quality of work in locally delivered projects. A few stakeholders thought that local community 'ownership' of a project could drive informal quality assurance by holding installers to account for problems. Others stressed the importance of good partnerships and relationships in motivating high-quality installations.

Interviewed stakeholders raised various questions around how compliance with local schemes' requirements would be checked, whether this would be done by a central body, and when it would

⁸⁴ Citizens Advice is carrying out a parallel project on quality assurance of low carbon and energy efficiency schemes.

happen. One stakeholder referred to the need for an independent national organisation to set delivery standards, such as Microgeneration Certification Scheme (MCS) or PAS 2030 accreditation. Another suggested that local authorities' public accountability should ensure better quality assurance (due to reputational risk); however, local authorities may not have the technical know-how to deliver quality assurance in a commercially viable and robust manner.

13.3 Conclusions and recommendations

The consultants find that locally led delivery, with local authorities accountable for local schemes that will frequently involve locally-based supply chains, is likely to strengthen informal quality assurance. This is because local authorities' and local contractors' reputations are on the line, and because it should be easier for households to seek redress locally.

However, without energy suppliers responsible for delivery, formal quality assurance will need to evolve from the system used under the ECO. Formal quality assurance should be made a condition of funding under the framework, but, if not done efficiently, could result in making local authorities' procurement processes unduly complex and time-consuming. Requiring that local authorities procure the services of contractors suitably accredited through an improved national accreditation scheme provides one way forward (although it would be challenging to establish this, and to ensure coherence across nations). Such a scheme could use a single wider quality assurance framework for energy efficiency assessors and installers, to ensure simplification and consistency across the sector. If this was the case, the delivery oversight body should have a role in ensuring compliance with it.

For such a requirement to be effective, two things, which fall outside of the immediate scope of a framework for local delivery, need to be achieved: effective enforcement of compliance with effective standards and reducing the barriers to participation. Existing accreditation standards – principally PAS 2030 under the Green Deal framework – need to be strengthened and better enforced. Better enforcement could be achieved without increasing costs by simplifying and strengthening existing standards, and a coordinated monitoring regime focused on enforcing these standards. This would protect consumers more effectively, while avoiding the complexity of introducing extra layers of accreditation.

On formal codes of practice and formal redress, the Green Deal Code of Practice could provide a basis, but loopholes within it need to be closed and the complaints system made more robust. It would also require the extension of the Green Deal ombudsman's remit.

Simplification, as with a long-term framework that increases supply chain confidence, should also serve to lower the barriers to entry for smaller, more local contractors. The barriers to entry would be lowered, both for becoming accredited and for bidding for local authority contracts – in this way, also benefitting informal quality assurance and helping to develop the local supply chains that need to play their part in local delivery. Where housing associations bid for contracts, because of the particular quality assurance drivers in this sector, a declaration that they will meet certain standards of quality they use for their own housing stock and tenants could suffice. In addition, simplifying and accelerating the process for accrediting new measures and associated accreditation standards under the Green Deal framework would lower the barriers to technological innovation – often the domain of smaller businesses.

14 Links to the smart meter rollout

This themed section brings together the findings in relation to the following project objective:

- How would such a delivery approach (locally led delivery) relate to the smart meter rollout, which will continue to be led by suppliers?

In stakeholder interviews, the consultants asked:

How would, or could, such a delivery approach relate to the smart meter rollout, which will continue to be led by suppliers? What would be the advantages or disadvantages of linking the two programmes? What might be the challenges of linking them? What barriers might stand in the way? How could these be overcome?

There were 15 responses in total to this question.

14.1 Opportunities

Many interviewed stakeholders thought that there were opportunities to link up the smart meter rollout with locally led delivery. A few thought that **installations of energy efficiency measures** could be linked with smart meter installations; this would minimise hassle for householders. However, they did state that, although the rollout is not currently happening on a regional basis, this could be changed.

- ‘There are no challenges at all in linking the local approach with the smart meter rollout, they complement each other.’ (a smart meter stakeholder)

A few stakeholders mentioned the need to engage with the community on the smart meter rollout, suggesting opportunities for **joint communication**.

Another suggested an integrated approach with signposting (from the smart meter rollout) to approved local schemes: ‘There is a huge opportunity there that we don’t want to miss.’

Another interviewed stakeholder suggested that local schemes could capitalise on the **increased customer awareness** that smart meters should create, stating that: ‘Suppliers could share information about which areas are being targeted in the rollout at what time.’

A few thought that the **data** from the smart meter rollout could benefit the delivery of retrofit programmes, particularly in identifying need.

One interviewed stakeholder suggested that consumers should become **more engaged** with their energy use once they have a smart meter, suggesting increased interest in energy efficiency measures.

14.2 Barriers or problems

Several interviewed stakeholders thought that there should be opportunities to link up the smart meter rollout with local delivery approaches, but warned that this would **not be straightforward** and that not too much should be expected of these opportunities. A few specifically referred to the cost of the smart meter rollout, and wanting to avoid anything that could increase the cost:

- ‘The smart meter rollout is already a massive job; we are primarily concerned with getting it right as it stands.’
- ‘We need to keep our costs down.’
- ‘It can’t hurt to have advice from the smart meter rollout but we shouldn’t pin all our hopes on it.’

One interviewed stakeholder commented on the fact that energy suppliers are prohibited from cross-selling during the rollout, which would make it difficult for them to promote energy saving measures. However, another highlighted that householders must be given information about energy efficiency when the smart meter is installed.

Several interviewed stakeholders thought that the potential to link the two is **hampered because energy suppliers are leading the smart meter rollout**. A few said that DNOs should be delivering the smart meters (enabling an ABA, as individual DNOs cover geographically cohesive areas):

- ‘There are very limited opportunities, because the mistake has already been made that suppliers are leading the rollout. It should have been left to the DNOs. Then they could have targeted a particular street. But that street will have lots of suppliers, so that opportunity is lost.’

A few interviewed stakeholders thought they should not be linked. The smart meter rollout has been planned ‘down to the second’, and people shouldn’t be distracted by the need to provide additional information.

This mixture of views was corroborated by the discussions in the regional workshops. Stakeholders generally thought that the smart meter rollout presents an opportunity to give advice, particularly to people facing vulnerabilities. But they queried how this can best be integrated with a framework for local delivery, given that suppliers will still be leading on the smart meter rollout. They thought that suppliers do not want to be involved in area-based programmes. In addition, the challenges faced by the energy companies in the rollout are so large that they are likely to resist any additional demands.

14.3 Conclusions and recommendations

Stakeholders identified some ways in which the smart meter roll out might complement a future framework governing local delivery, including opportunities to promote engagement with energy efficiency. However, with energy suppliers (who have geographically dispersed customers) leading the smart meter rollout, there is currently limited scope for integrating the framework for local delivery with this rollout. In addition, the challenges and costs of the rollout present further barriers to any large-scale integration. Recent research, undertaken for Citizens Advice,⁸⁵ puts forward a model of how local schemes could work with energy suppliers (shown in Figure 20), including a series of options exploring opportunities to provide extra support to vulnerable households in connection with the smart meter rollout.

⁸⁵ (Citizens Advice 2014)

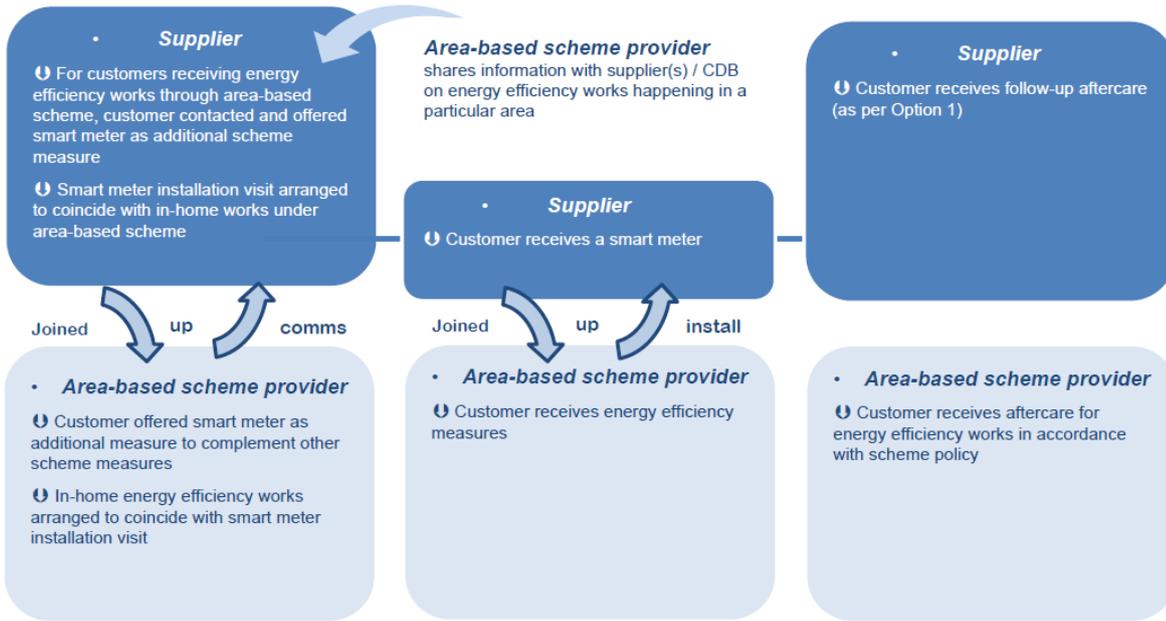


Figure 20: Linking up a smart meter installation with area-based fuel poverty and energy efficiency works schemes

15 Overall conclusions and recommendations

This report describes an extensive programme of research to explore the opportunities and barriers to setting up a local delivery model for fuel poverty and energy efficiency services. This included the following:

- A literature review, published as a separate report and available on the Citizens Advice website.
- Breakdowns of the amount of work required to improve low-income homes to an EPC C standard by tenure, region, householder type, IMD decile and other factors.
- Interviews with 40 expert stakeholders, including fuel companies, academics, RSLs, national and community NGOs, scheme managers and energy efficiency contractors.
- A survey of officers from 60 local authorities in England, Scotland and Wales.
- The holding of five regional/devolved nation workshops and a final policy workshop to test emerging ideas.

The research found that there was extensive support for setting up a national framework for local delivery, with many agreeing with the detailed proposals presented below. Many felt that a local delivery framework would have substantial advantages over current arrangements. Potential benefits included:

- more effective targeting of fuel poverty, particularly the ‘hard to reach’ and most vulnerable
- facilitate the use of area-based approaches
- allow synergies with other local policy objectives and thus potential leveraging in of additional funds
- greater flexibility with respect to addressing local housing and household circumstances.

The research was not able to compare the cost effectiveness of a local delivery framework with current arrangements. However, there was widespread agreement that the current reliance on ECO alone to improve the energy efficiency standards of low-income homes was ineffective.

There was general agreement that a local delivery framework would require substantial reform to current arrangements in England. By contrast, it would be relatively straightforward to build upon the existing arrangements for local delivery in Scotland, given that local authorities already play a major role in delivering the Scottish government’s programmes. Wales falls somewhere in between the two, in that the Welsh government already has an effective mechanism for delivering local area-based schemes. However, Welsh local authorities could potentially play a greater role in helping deliver these schemes.

The main obstacles to setting up a local delivery framework were regarded as local authority procurement procedures, uneven assessments across authorities of housing stock and household needs, lack of project management skills in many authorities, and uneven experience of putting together complex funding bids and following these through to implementation. There was particular concern that recent cuts to English local authority budgets has meant that they are struggling to meet existing statutory duties, let alone take on new ones, even if resourced. However, recent government announcements about plans to give greater powers to local authorities give some cause for optimism.

Recommendations

1. The UK government should give local authorities in England responsibility for overseeing the delivery of home energy retrofits to low-income and fuel-poor households, as is already the case in Scotland. Councils should be free to choose the methods through which they and their partners meet this responsibility.

2. The UK government should raise funds for the new delivery arrangements by introducing a fixed levy per kWh of gas and electricity supplied to all domestic consumers (including those of smaller energy companies) in Britain. This should partially or fully replace the current ECO so that consumers should not notice any difference with respect to impact of the levy on their energy bills. Funds raised should be allocated on a proportionate basis to England, Scotland and Wales.
3. The UK government should direct the bulk of the 'English share' of funds towards a local delivery framework, with the remainder going towards a national support scheme for households in need and who are not likely to get support from local schemes. It should also introduce a statutory duty on English local authorities to tackle fuel poverty.
4. The Scottish and Welsh governments should allocate a proportion of their respective funds to their existing local and national support schemes, namely HEEP in Scotland and the Arbed and NEST schemes in Wales. A Britain-wide local delivery framework could potentially facilitate more cohesive arrangements for delivery in the two countries, in that levy funds could be used to expand existing national government schemes rather than attempt to integrate such schemes with ECO, as is currently the case.
5. The Scottish government should build upon the existing concordat between the government and local authorities to oversee an expanded local delivery framework. This may involve a greater proportion of funds going to the current competitive element within its area-based schemes.
6. The Welsh government should build upon its existing arrangements for administering the Arbed area schemes, but should explore ways to encourage greater local authority involvement in the delivery of an expanded local delivery framework.
7. The UK government should initially allocate the bulk of the local delivery funds automatically to English local authorities, based on need, for example, extent of fuel poverty, hard-to-treat homes and rurality. It should allocate the remainder via a competition open to all interested organisations to foster improved delivery practice and efficiency. This will enable RSLs, community organisations and other contractors to participate in locally led delivery without having to go through local authorities. The UK government should reduce the automatic allocation, and correspondingly increase the competitive allocation of funds over time.
8. The UK government should appoint an existing body to oversee the local delivery framework, advise on the appropriate split between automatic allocation and competition, check progress, monitor compliance and provide support and guidance to local authorities in England. The Welsh and Scottish governments should review whether their current arrangements provide the support required to local authorities, particularly those not playing a very active role.
9. The UK government should set a sufficiently long time frame, such as five years, for the local delivery framework. This will help local authorities build up the skills and capacity to oversee the new arrangements. Lack of skills and capacity is particularly acute in the areas of procurement, housing stock and household needs assessment and working up funding bids .
10. The UK government should not make the meeting of multiple objectives, such as reducing health inequalities or creating jobs, a condition of receipt of local funds. However, it should encourage and provide guidance on how local programmes might lever in further funds from such sources as public health and regeneration. It should also encourage local authorities to help 'able-to-pay' consumers use Green Deal finance, feed-in tariffs and the RHI alongside locally delivered energy efficiency schemes.

11. The delivery oversight body (and equivalents in Scotland and Wales) should provide or procure nationally recognisable marketing campaigns and telephone and web-based advice services. Local generalist advice providers, such as Citizens Advice Bureaux, should provide advice to consumers on both local schemes and the national support programme, where appropriate.
12. Piloting of the local delivery framework should begin in April 2016, in parallel with the ECO for one year. Local authorities with 'ready-to-go' schemes should be encouraged to deploy their schemes while the delivery oversight body should provide support to other local authorities.
13. Quality assurance for local schemes will need to evolve from the system currently used for ECO, and formal quality assurance should be a condition of funding under the framework. This may require local authorities to procure the services of contractors accredited through a national accreditation scheme, with the delivery oversight body responsible for checking compliance.
14. While a local delivery framework may represent an improvement on current arrangements for tackling fuel poverty, the level of funding available for meeting the fuel poverty target from an ECO-equivalent levy still only represents only around a third of the resources required. Possible sources for the additional funds required include national infrastructure investment budgets, carbon tax revenues, fuel company fines, surpluses in companies' closed accounts and 'allowable solutions'.

Issues requiring further consultation and development

There are a number of elements of the proposed model that would benefit from further consultation and development. These include the following points:

- How the requirement on local authorities is expressed; should it be output or process-based, or a combination of the two? How should an output-based requirement be expressed; for example, as a percentage reduction in low-income households living in homes with an EPC of D or worse, or as a percentage reduction in the aggregate fuel poverty gap? How could a process-based requirement be expressed; for example, as a need to develop long-term credible business plans for tackling fuel poverty? And how could compliance be monitored?
- What penalties and/or rewards should there be for local authorities not meeting/exceeding requirements? Should these be financial and/or reputational?
- How could a levy be structured so that it is less regressive than the ECO?
- How can energy consumption fluctuations, and hence the varying amount that the levy would raise each year, be balanced with the need for a predictable funding stream?
- A levy-funded framework would guarantee the funding available but not the outputs that it would produce (unlike the ECO). How can this problem be minimised?
- How should national support programmes be funded? From an increased fixed levy or from general public expenditure? If funding were raised Britain-wide, how would this fit with the programmes already in place in Scotland and Wales?
- Assuming that a local delivery framework is primarily about tackling fuel poverty, what role is there for a continued supplier obligation? How will a sufficient level of carbon savings from household programmes as a whole be delivered?
- What is the optimal balance of resources and roles between the different programmes: local delivery; supplier obligations, pay-as-you-save financing and national support programmes?

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Appendix I – Sources and schemes considered in the literature review

Scheme	Source reference(s)	Overview of scheme and source(s)
Scheme reviews: energy focused		
Local Energy Assessment Fund	Databuild Research & Solutions Ltd. 2014. <i>Learnings from the DECC Community Energy Efficiency Outreach Programme</i> . London: Department of Energy and Climate Change. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/274867/ceeop_eval_in_decc_formattingFINAL.pdf .	<p>The Local Energy Assessment Fund (LEAF) (December 2011 to March 2012) was a DECC funding competition involving 236 community groups in England and Wales. The purpose of LEAF was to help prepare communities in England and Wales to take action on energy efficiency and renewable energy, and to take advantage of the opportunities offered by policies such as the Green Deal and RHI. LEAF offered initial seed funding to build the capacity of community-led energy projects in England and Wales, and to encourage public engagement and information sharing, among other goals.</p> <p>This report was written by Databuild for DECC. Databuild carried out a process evaluation from January to October 2013. This draws mainly on input from project stakeholders and an analysis of application and monitoring forms submitted by all funding recipients.</p>
Low Carbon Frameworks (LCF) Pilots	CAG Consultants, Impetus Consulting, and Joanne Wade. 2011. <i>Evaluation of the Local Carbon Framework Pilots</i> . London: Department of Energy and Climate Change; Local Government Association. http://www.cagconsultants.co.uk/resources/Local_Carbon_Framework_Pilots/Evaluation%20of%20the%20Local%20Carbon%20Framework%20Pilots.pdf .	<p>The LCF pilots programme was intended to look at how councils could embed climate change action into their core business, and involved 30 councils in 9 pilot areas. The housing retrofit programmes included in this pilot were all multi-authority, carried out across 2 city regions and 1 multi-borough area of London.</p> <p>The report to DECC is based largely on qualitative information collected through interviews with key project personnel.</p>

Scheme	Source reference(s)	Overview of scheme and source(s)
CERT and CESP	<p>Ipsos MORI, CAG Consultants, UCL, and EST. 2014. <i>Evaluation of the Carbon Emissions Reduction Target and Community Energy Saving Programme</i>. London: Department of Energy and Climate Change. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/350722/CERT_CESP_Evaluation_FINAL_Report.pdf.</p> <p>CAG Consultants, Ipsos MORI, and BRE. 2011. <i>Evaluation of the Community Energy Saving Programme</i>. London: Department of Energy and Climate Change. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/48210/3342-evaluation-of-the-community-energy-saving-programm.pdf.</p> <p>Bradley, William, and Peter Smith. 2012. <i>The Warm-Up</i>. London: Demos. http://www.demos.co.uk/files/The_Warm-Up_-_web.pdf?1332860609.</p>	<p>From April 2008 to December 2012, CERT was the main legislative driver for improving the energy efficiency of existing households in Great Britain. It placed an obligation on the six major gas and electricity suppliers to meet a carbon emissions reduction target. A priority group and super-priority group included customers on certain qualifying benefits, for example, households in receipt of child tax credits and under an income threshold.</p> <p>CESP (2009-2012), was a whole-house approach to energy efficiency, delivered via a street-by-street, community-wide approach. Measures were delivered through the establishment of community-based partnerships between local authorities, housing associations, community groups and energy companies.</p> <p>The CESP report to DECC sets out the key findings of a process research stream and a householder experience research stream. It draws on interviews with a very wide range of stakeholders and also a literature review.</p> <p>The comprehensive CERT and CESP report to DECC builds on this, and involves 3 streams of research: the process stream, led by CAG Consultants, the householder experience research stream, undertaken by Ipsos MORI, and the cost analysis stream, led by Ipsos MORI.</p> <p>Bradley and Smith's review for Demos draws on evaluations of CESP schemes in Walsall and Stafford, as well as wider reviews of the CESP policy. This uses input from professional stakeholders but also a householder survey and focus group.</p>
DECC Community Energy Outreach Programme	<p>Databuild Research and Solutions Ltd. 2014. <i>Learnings from the DECC Community Energy Efficiency Outreach Programme</i>. London: Department of Energy and Climate Change. https://www.gov.uk/government/uploads/system/</p>	<p>DECC Community Energy Outreach Programme (CEEOP) was a pilot initiative between December 2012 and March 2013, designed to build a better understanding of the effectiveness of community engagement as an approach to increasing household awareness of, demand for, and installation of energy efficiency measures. The programme was delivered through Groundwork Trusts and other members of the Community Energy Practitioners Forum (CEPF), comprising six</p>

Scheme	Source reference(s)	Overview of scheme and source(s)
	uploads/attachment_data/file/274867/ceeop_eval_in_decc_formattingFINAL.pdf.	<p>local pilot energy efficiency projects and an online pilot to encourage uptake through social media. Each area had a comparator area, where the offers were available but not promoted.</p> <p>DECC commissioned Databuild Research and Solutions Ltd to deliver a process evaluation of the pilots, undertaken through qualitative research and monitoring of pilot activity, during and after delivery activities. The research was undertaken through 3 stages of qualitative research with pilot project leads, community groups and householders engaged through the pilots. Monitoring involved gathering customer tracking information at each stage of the evaluation and costs data. The report notes that, whilst the findings provide useful insights as to the success of different approaches, it is not possible to make robust conclusions due to the small size of the pilots.</p>
DECC Local Authority Competition	<p>SE2. 2013. <i>Learning from the DECC Local Authority Competition 2012/13: A Case Study Approach</i>. London: Department of Energy and Climate Change.</p> <p>https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/275108/DECC_-_Learning_from_the_Local_Authority_Competition_2012-13_-_a_case_study_approach_-_FINAL_REPORT_100913.pdf.</p>	<p>The DECC Local Authority Competition 2012/13 offered funding for local authority-led projects on collective switching, fuel poverty alleviation and Green Deal pioneer activity. Collective switching projects led by community organisations were also funded under the competition. The competition provided over £46 million to support 130 schemes covering over 260 local areas in England and, for collective switching schemes, Scotland.</p> <p>This report presents the findings of a small, qualitative study of schemes funded under DECC's Local Authority Funding Competition 2012/13. DECC commissioned this work to get a better sense of what works in engaging DECC's customers in some of their priority policy areas: it is not intended to provide robust findings that offer clear conclusions for policy.</p>
DECC Low Carbon Communities	<p>Mayne, R. 2013. <i>A Shared Learning Resource from the EVALOC Project: Carbon Reduction in Disadvantaged Communities</i>. Oxford: Environmental Change Institute, University of Oxford.</p> <p>Mayne, R., & Hamilton, J. 2014. <i>A Working Paper for the EVALOC Project: Addressing Pockets of Fuel</i></p>	<p>The LCCC (2010 to 2012) was a £10 million programme to provide financial and advisory support to 22 test-bed communities. Its aim was to fund, and learn from, community-scale approaches to the delivery of low carbon technologies and engagement activities. It was funded and supported by DECC, the Department of Enterprise, Trade and Investment (DETI) in Northern Ireland, the Welsh government and Sciencewise-ERC.</p> <p>Here, the consultants draw upon two academic working papers written for the Evaluating Low Carbon Communities (EVALOC) project, which was funded by two UK research councils to evaluate the LCCC programme.</p>

Scheme	Source reference(s)	Overview of scheme and source(s)
	<p><i>Poverty in Oxfordshire</i>. Oxford: Environmental Change Institute, University of Oxford.</p> <p>DECC. 2012a. <i>Low Carbon Communities Challenge – Evaluation Report</i>. London: Department of Energy and Climate Change. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/48458/5788-low-carbon-communities-challenge-evaluation-report.pdf.</p>	<p>The consultants also draw on the DECC evaluation of the scheme. This is a synthesis report, bringing together a large number of separate pieces of evaluation, by various agencies, and so can be seen as comprehensive.</p>
ECO	<p>CSE. 2014. <i>The ECO: An Evaluation of Year 1</i>. London: Energy UK. http://www.cse.org.uk/downloads/file/eco_evaluation_final_april_2014.pdf.</p>	<p>The ECO is an energy efficiency programme that was introduced into Great Britain at the beginning of 2013. ECO places legal obligations on the larger energy suppliers to deliver energy efficiency measures to domestic energy users. ECO is intended to work alongside the Green Deal to provide additional support in the domestic sector, with a particular focus on vulnerable consumer groups and hard-to-treat homes.</p> <p>This report presents the findings of an independent evaluation of the ECO undertaken by CSE and commissioned by Energy UK. The approach to evaluating the performance of the ECO is twofold, encompassing: surveys with 3 key stakeholder groups of the supply chain; and analysis of energy supplier data on the costs and nature of current delivery.</p>
Green Street	<p>Liddell, Christine and Lagdon, Susan. 2014. <i>Low Carbon Transition in Northern Ireland: The Green Street Project – Evaluation of a Pocket Neighbourhood Scheme</i>. Belfast: University of Ulster. http://eprints.ulster.ac.uk/29907/1/GreenStreetFinalReportAugust_2014Final.pdf.</p>	<p>The Green Street pocket neighbourhood of low carbon homes was originally promoted by Habitat for Humanity Northern Ireland. In 2011, 5 families moved into new homes equipped with:</p> <ul style="list-style-type: none"> • an innovative building design that aimed to allow households to function without central heating • SMART electricity meters

Scheme	Source reference(s)	Overview of scheme and source(s)
		<ul style="list-style-type: none"> a sophisticated in-house display unit that provided immediate feedback on electricity being consumed at the present time, as well as a range of comparative data on consumption the previous day, week, month etc. <p>Researchers from the University of Ulster’s School of Psychology were appointed by the company building the homes (Tyrone Timberframes Limited) to carry out the evaluation, which aimed to monitor the families before they moved in, and for at least 1 year afterwards. Their experiences in managing the energy system, as well as objective evidence on their energy consumption, form the basis of the evaluation.</p>
Low Carbon Zones	<p>Haringey Council. 2011. <i>Muswell Hill Low Carbon Zone Mid-Project Evaluation – May 2011</i>. London: Haringey Council. http://www.haringey.gov.uk/lcz_mid_project_report.pdf.</p> <p>London Borough of Richmond upon Thames. 2014. <i>Ham and Petersham Low Carbon Zone</i>. London: London Borough of Richmond upon Thames. http://www.richmond.gov.uk/ham___petersham_evaluation_report_final_oct_2013.pdf.</p>	<p>In 2009, 10 London boroughs won funding to develop Low Carbon Zones. Each borough was awarded at least £200,000 to pioneer energy efficiency and carbon reduction measures. The low-carbon neighbourhoods cover 13,000 homes, around 1,000 shops and businesses, 20 schools, a hospital, places of worship and community centres, and each had a target to deliver emissions savings of 20.12 per cent by 2012.</p> <p>This review draws on 2 reports by Low Carbon Zones: Muswell Hill; and Ham and Petersham. These were produced by project officials themselves, and are not independent evaluations.</p>
RE:NEW	<p>GLA. 2012. <i>RE:NEW Roll-out Evaluation Report – 2011/12</i>. London: Greater London Authority. http://www.london.gov.uk/sites/default/files/RENEW%20report%20full%20FINAL.pdf.</p>	<p>RE:NEW is a collaborative programme of home energy retrofit for London’s homes, delivered through a partnership between the GLA, London’s boroughs, London councils and the EST. RE:NEW brings together London’s existing home energy retrofit programmes into a cohesive model to up-scale efforts on domestic CO₂ and water reduction in a cost-effective manner. It also provides a delivery framework for future carbon reduction activity to operate through, in</p>

Scheme	Source reference(s)	Overview of scheme and source(s)
		<p>turn acting as a mechanism to attract further retrofit financing into London. RE:NEW was launched in April 2009, with technical trials held in 3 boroughs.</p> <p>This evaluation report covers the initial RE:NEW rollout, from July 2011 to April 2012. This was the final stage of RE:NEW Phase I (which also included technical trials and demonstration projects). A second pan-London phase of RE:NEW (RE:NEW Phase II) is running from September 2012 to March 2014.</p> <p>The report draws on qualitative and quantitative evidence. Due to the commercial nature of the relationship between the boroughs and delivery agents, and their continuation on the RE:NEW framework, there is some bias in the qualitative evaluation that the delivery agents have provided for this report. Also, while detailed guidance was provided to the delivery agents, the quality, structure and detail of their reports has varied greatly.</p>
University of Southampton Energy and Communities experiment	<p>Bardsley, N., M. Büchs, P. A. James, A. Papafragkou, T. Rushby, C. Saunders, G. Smith, R. Wallbridge, and N. Woodman. 2013. <i>Initial Effects of a Community-Based Initiative for Energy Saving: An Experimental Analysis</i>. Reading: University of Reading.</p> <p>http://eprints.soton.ac.uk/358212/1/effect%20final%20WP.pdf.</p>	<p>This academic research project is funded by 2 UK research councils, and involves an ongoing matched case and control field experiment on energy saving. Household energy use in 175 households is measured using monitoring equipment, recording electrical power consumption and temperature. Participants in treatment and control groups received improvements to the thermal insulation of their homes. A behavioural intervention in the treatment group began with a 2-hour workshop on energy saving, led by a community-based environmental group.</p> <p>This working paper reports on the impact of the community workshop, using actual energy consumption data, which represents a rigorous method (despite a small sample size).</p>

Scheme	Source reference(s)	Overview of scheme and source(s)
University of Ulster ABA	<p>Walker, Ryan, Paul McKenzie, Christine Liddell, and Chris Morris. 2012. "Area-Based Targeting of Fuel Poverty in Northern Ireland: An Evidenced-Based Approach." <i>Applied Geography</i> 34 (May): 639–49. doi:10.1016/j.apgeog.2012.04.002.</p> <p>Liddell, Christine, and Susan Lagdon. 2013. <i>Tackling Fuel Poverty in Northern Ireland: An Area-Based Approach to Finding Households Most in Need</i>. Belfast: Office of the First Minister and Deputy First Minister. http://www.ofmdfmi.gov.uk/tackling-fuel-poverty-in-ni-liddell-lagdon.pdf.</p>	<p>The Northern Ireland government granted funding for a fuel poverty targeting pilot to be launched by the University of Ulster in early 2012. In collaboration with 19 local councils, an ABA to targeting was tested. GIS-based systems mapped data from a wide variety of sources through the application of a weighted multi-dimensional algorithm. The algorithm calculated both the fuel poverty risk in small areas of 125 households and Warm Homes eligibility in these small areas.</p> <p>The Liddell and Lagdon report comprises the final report on the project's progress by the University of Ulster, and is based on extensive analysis of quantitative data, including a household survey. The Walker et al. paper is a peer-reviewed academic article on the same subject.</p>
Warm Zones	<p>EST, CSE, and NEA. 2005. <i>Warm Zones External Evaluation</i>. London: Defra and DTI. http://www.cse.org.uk/downloads/file/warm_zones_evaluation_full_final.pdf.</p> <p>Keirstead, James, and Carlos Calderon. 2012. "Capturing Spatial Effects, Technology Interactions, and Uncertainty in Urban Energy and Carbon Models: Retrofitting Newcastle as a Case-Study." <i>Energy Policy</i> 46 (July): 253–67. doi:10.1016/j.enpol.2012.03.058.</p>	<p>Warm Zones is a scheme that started in 2001 and aimed to reduce fuel poverty by working at a local level and on an area basis. It began with a pilot study in 5 places - Stockton, Newham, Sandwell, Northumberland and Hull, lasting for 3 years. It aimed to implement practical measures to reduce fuel poverty and set targets of reducing fuel poverty by 50% and severe fuel poverty by 50%. This was done through hard (energy efficiency improvements) and soft (benefits advice, etc.) measures.</p> <p>The Keirstead and Calderon paper is a peer-reviewed academic article that draws on research by the authors in Newcastle.</p> <p>The Department for Environment, Food and Rural Affairs (Defra) and the Department of Trade and Industry (DTI) commissioned an independent external evaluation of the Warm Zone pilots. The evaluation was conducted by CSE and National Energy Action (NEA), under the management of EST. This is the third and final report of the evaluation. The report assesses the effectiveness of the Warm Zones over the full 3-year pilot period. It also comments on Zone activities since the pilot period finished to December 2004 and assesses the prospects for Zone expansion.</p>

Scheme	Source reference(s)	Overview of scheme and source(s)
Various, UK	Donaldson, R. 2012. <i>What's in It for Me? Using the Benefits of Energy Efficiency to Overcome the Barriers</i> . London: Consumer Focus. http://www.consumerfocus.org.uk/files/2012/06/Whats-in-it-for-me-IA.pdf .	This report for Consumer Focus draws on a large number of detailed case studies to explore ways of promoting take-up of energy efficiency measures. These include the following area-based schemes: Cosy Devon, Sheffield City Council Free Insulation Scheme, Kirklees Warm Zone, Warmer Worcestershire, Newark and Sherwood <i>Warmstreets</i> and Gloucestershire Warm and Well. The information is largely provided by scheme managers.
Various, Scotland	CAG Consultants. 2010a. <i>Energising Communities: Learning from Area-Based Energy Efficiency Projects in Scotland</i> . Glasgow: Consumer Focus Scotland. http://www.consumerfocus.org.uk/scotland/files/2010/10/Area-Based-Energy-Report.pdf .	Consumer Focus Scotland noted that there were a number of area-based projects running in Scotland. However, many of these projects were in the early stages of delivery, and no overview of their work was available. Consumer Focus Scotland therefore carried out this research in 2010 to ensure that, as area-based projects are further developed in Scotland, their design reflects experience, learning and good practice from existing work, and that existing challenges are addressed. The report draws on a wide range of area-based energy efficiency schemes in Scotland. Face-to-face interviews were conducted with those involved in the delivery of 9 projects, and telephone interviews with a further 7 projects. Interviews were conducted in January and February 2010. Consumer Focus Scotland organised an invited stakeholder seminar in March 2010, where participants discussed different aspects of the case study findings and helped to inform the final report.
Wider literature: energy focused		
	SDC. 2002. <i>Low Carbon Spaces: Area-Based Carbon Emission Reduction – a Scoping Study</i> . London: Sustainable Development Commission. http://www.sdc-commission.org.uk/data/files/publications/020601-Low%20carbon%20spaces-area-based%20carbon%20emission.pdf .	The Sustainable Development Commission wished to examine the prospects for an ABA to reducing carbon emissions. The Commission appointed a team led by the Tyndall Centre for Climate Change Research in January 2002 to review existing experiences on 'carbon reduction' at the sub-UK scale, and to draw out lessons and recommendations for a workshop and subsequent project(s). A large number of relevant individuals and organisations were informed of the project(s) via email lists. Information was collected by submissions of project pro-formas (accessible via the web) and other data. Approximately 70 telephone interviews were conducted across the UK.

Scheme	Source reference(s)	Overview of scheme and source(s)
	<p>ACE, and CSE. 2008. <i>Review of the Market for CESP Community Partnerships</i>. London: Energy Efficiency Partnership for Homes. http://www.ukace.org/wp-content/uploads/2012/11/ACE-Research-2008-12-Review-of-the-market-for-CESP-community-partnerships.pdf.</p>	<p>In order to support the development of CESP, the Energy Efficiency Partnership for Homes commissioned CSE and ACE to review the market for CESP community partnerships in Great Britain. This report, intended to inform DECC's development of, and consultation on, CESP, presents the consultants' findings.</p> <p>Existing programmes and policies relevant to CESP and community energy schemes/community engagement in general. The schemes were mapped against income deprivation maps in recognition of the fact that CESP schemes are to be set up in the most deprived areas. Schemes were then categorised according to the nature of suppliers' and communities' participation or leadership, and for each main category, 2 to 3 schemes were examined in greater depth in order to identify lessons learnt.</p>
	<p>EST. 2011. <i>Area Based Approach – Best Practice Guide</i>. London: Energy Saving Trust. Retrieved from http://www.energysavingtrust.org.uk/content/download/2775/64282/version/1/file/ABA+Best+Practice+Guide.pdf.</p>	<p><i>Not yet reviewed</i></p>
	<p>Owen, Gill. 2011. <i>It's Not Just about the Money: Taking the Hassle out of Energy Saving</i>. London: Sustainability First. http://www.sustainabilityfirst.co.uk/docs/2011/taking%20the%20hassle%20out%20of%20energy%20saving%20March%202011.pdf.</p>	<p>This is a review piece produced by the think-tank Sustainability First, drawing on existing literature.</p>
	<p>DECC. 2012b. <i>Improving Energy Efficiency in Buildings: Resources Guide for Local Authorities</i>. London: Department of Energy and Climate Change. https://www.gov.uk/government/uploads/system/</p>	<p>This document, developed by DECC and CLG, is intended to act as a resource for local authority personnel, who are involved in climate change mitigation in the built environment, to support the planning and delivery of projects.</p>

Scheme	Source reference(s)	Overview of scheme and source(s)
	uploads/attachment_data/file/65578/6746-improving-energy-efficiency-in-buildings-resource.pdf.	It draws on existing resources and is not intended to replicate good practice information that is already in existence. Official documents and procedures are referenced to support engagement of local authorities in development and delivery of policies through industry and supply chain arrangements. It is designed to bring together and categorise tools, models, knowledge, case studies and datasets, which can be used and adapted at local levels to meet local authority needs.
	Wade, J, E Jones, and J Robinson. 2012. <i>Going Local: A Report for Consumer Focus on Local Authorities' Work to Tackle Fuel Poverty</i> . Consumer Focus.	Consumer Focus wanted to get a better understanding of local authority fuel poverty activity, with a view to identifying good practice and suggesting improvements. They commissioned Joanne Wade and Impetus Consulting to carry out a survey of local authority fuel poverty work, highlight exemplars of good practice and identify the scope for greater local action and the barriers that prevent this. The report is based on opinions of, and data supplied by, local authority officers involved or interested in fuel poverty alleviation.
	Platt, Reg, Jan Rosenow, and Brooke Flanagan. 2012. <i>Energy Efficiency: Who Pays and Who Benefits?</i> London: Institute for Public Policy Research. http://www.ippr.org/assets/media/images/media/files/publication/2012/12/energy-efficiency-whopays-whobenefits_Dec2012_10051.pdf .	This paper seeks to establish whether the ECO will achieve its desired outcomes and result in a fair distribution of costs and benefits. It offers an examination of the potential cost of the policy and the effectiveness of its targeting. It also puts forward a number of policy recommendations. The findings in this report are based on analysis of policy literature, policy impact assessments produced by government, responses to government consultations from a range of stakeholders and statements by energy suppliers. This was supplemented by interviews with 17 expert stakeholders representing a range of views on the issue.
	Government website: Community Energy. https://www.gov.uk/community-energy .	This online guide is aimed at communities who may be interested in energy activities or projects, and includes details of support available, relevant events and schemes, and guidance on a range of issues that community energy projects may encounter.
	Hobson, Kersty, Jo Hamilton, and Ruth Mayne. 2014. "Monitoring and Evaluation for Sustainable Communities". Research project. <i>Monitoring and Evaluation for Sustainable Communities</i> .	This research project was funded by Oxford University. The project was collaboratively initiated by researchers and practitioners through the Transition Research Network and Low Carbon Communities Network. The project ran from 1 January to 31 October 2013. This is a working paper called "Project Summary Report", written by the academic project team.

Scheme	Source reference(s)	Overview of scheme and source(s)
	http://www.geog.ox.ac.uk/research/technologies/projects/monitoringandevaluation/ .	
	CSE, & CDX. 2007. <i>Mobilising Individual Behavioural Change through Community Initiatives: Lessons for Climate Change</i> . London: Department for Environment, Food and Rural Affairs. http://www.cse.org.uk/pdf/pub1073.pdf .	<p>This report was prepared by CSE and the Community Development Exchange (CDX). It is the final report of a project entitled ‘Individual Mobilisation through Community’, which has been undertaken on behalf of Defra, CLG, HM Treasury, DTI and the Department for Transport (DfT). In the Energy Review, the UK government committed itself to carrying out a ‘study looking at the role of “community level” approaches to mobilising individuals and the role of local authorities, in particular, in making them work effectively’. This project contributes to meeting that commitment.</p> <p>This brief study, completed between December 2006 and mid-February 2007, investigated what kinds of local and community initiatives are most effective at influencing changes in behaviour and at what levels, and whether any lessons learned from these are transferable to the issue of climate change. It also looked for evidence to support or contradict the hypothesis that communities are well placed to mobilise individuals to change their behaviour. The study involved a brief literature review, interviews with 21 community-based initiatives, and a workshop of 23 expert stakeholders from both sustainable energy and community development sectors.</p>
	Government website: Local authorities and the Green Deal – detailed guidance. https://www.gov.uk/local-authorities-and-the-green-deal . Accessed 13th November 2014.	<p>The Green Deal is a financing mechanism that lets people pay for energy efficiency improvements through savings on their energy bills. The Green Deal launched in January 2013 and applies to both the domestic and non-domestic sectors.</p> <p>This webpage provides guidance for local authorities in delivering the Green Deal and the ECO in their communities.</p>
	Website: Local Energy Scotland. http://www.localenergyscotland.org/ . Accessed 13 th November 2014.	<p>Local Energy Scotland is a consortium made up of EST, Changeworks, The Energy Agency, SCARF and The Wise Group. Local Energy Scotland administers and manages the Community and Renewable Energy Scheme (CARES) with support for delivery from Ricardo-AEA. Local Energy Scotland helps communities and rural businesses via a wide range of support, including:</p>

Scheme	Source reference(s)	Overview of scheme and source(s)
		<ul style="list-style-type: none"> • free advice and support to help communities and rural businesses develop renewable energy schemes • advice on funding streams • support to access CARES (development and pre-planning loans) • support to access the Renewable Energy Investment Fund (post-planning loans).
	<p>Website: PlanLoCal. www.planlocal.org.uk. CSE. Accessed 13th November 2014.</p>	<p>The CSE PlanLoCal is a tool and resource bank for community activists, individuals and development workers who want to develop low carbon living. By providing strategic tools, the aim is to empower people and groups to create successful projects in renewable energy, energy efficiency and neighbourhood planning that benefit their local area. The suite of resources covers a wide range of topics including planning, legislation, financial considerations, technical detail and case studies. The PlanLoCal resource is currently being evaluated to ascertain the extent to which community groups and individuals have found it useful in achieving their aims.</p>
Scheme reviews: analogous policy areas		
ALISS	<p>Website: http://www.aliss.org. CSE. Accessed 13th November 2014.</p>	<p>ALISS (A Local Information System for Scotland) programme is funded by the Scottish government and delivered by the Health and Social Care ALLIANCE Scotland. The programme works closely with existing ALLIANCE programmes, membership and networks, as well as public services and communities in Scotland, to make information about local sources of support more findable.</p>
Health and Wellbeing Boards	<p>Humphries, Richard, Amy Galea, Lara Sonola, and Claire Mundle. 2012. <i>Health and Wellbeing Boards. System Leaders or Talking Shops?</i> The Kings Fund.</p>	<p>The UK government demonstrated its intention to strengthen the role of local government in local health services in the White Paper <i>Equity and Excellence: Liberating the NHS</i>. As part of this, Health and Wellbeing Boards were established in 2012. These are intended to provide forums for discussion and to allow key leaders from the health and care system to improve the health and wellbeing of their local population.</p> <p>This report is by the Kings Fund, an English health charity that helps shape health and social care policy and practice. It discusses the findings from telephone interviews with 50 local authority areas about the implementation of the boards in their areas.</p>

Scheme	Source reference(s)	Overview of scheme and source(s)
Communities that Care	<p>Crow, Iain, Alan France, Sue Hacking, and Mary Hart. 2004. <i>Does Communities that Care work? An Evaluation of a Community-Based Risk Prevention Programme in Three Neighbourhoods</i>. Joseph Rowntree Foundation.</p> <p>France, Alan, and Iain Crow. 2001. <i>CTC – the Story so Far. An Interim Evaluation of Communities That Care</i>. Joseph Rowntree Foundation. http://www.jrf.org.uk/sites/files/jrf/1859352901.pdf.</p> <p>Bannister, Jon, and Jennifer Dillane. 2005. <i>Communities That Care: An Evaluation of the Scottish Pilot Programme</i>. 79. Scottish Executive Social Research. http://www.scotland.gov.uk/Resource/Doc/54357/0012332.pdf.</p>	<p>Communities that Care (CTC) is an early intervention programme originally developed in the USA for children living in families and communities deemed to be at risk for social problems. It was funded by the Joseph Rowntree Foundation in the mid-1990s and was based on a ‘social development model’ that suggests the development of children is heavily influenced by the interactions they have with adults around them. The scheme targets particular geographic areas and makes use of local community members and professionals to try and eliminate ‘risk factors’ in that region that may be likely to lead to social problems in young people. Guided by a co-ordinator and various training exercises, CTC programmes are community led. Local residents and representatives are at the heart of the decision-making process.</p> <p>The Joseph Rowntree Foundation (JRF) report is an evaluation, after 5 years, of 3 demonstration projects that were run in the UK: Southside, Westside and Eastside.</p> <p>The France and Crow report draws on a pilot programme in Scotland at 3 sites, with research carried out between February 2000 and December 2003.</p>
CCGs	<p>Naylor, Chris, Natasha Curry, Holly Holder, Shilpa Ross, Louise Marshall, & Ellie Tait. 2013. <i>Clinical Commissioning Groups: Supporting Improvement in General Practice?</i> The Kings Fund. http://www.kingsfund.org.uk/sites/files/kf/field/field_publication_file/clinical-commissioning-groups-report-ings-fund-nuffield-jul13.pdf.</p>	<p>CCGs were established in 2013 and broadly replace the function of Primary Care Trusts. CCGs have two important, but distinct, roles: they are responsible for commissioning secondary and community care services for their local populations; and they have a legal duty to support quality improvement in general practice.</p> <p>The aim of this Kings Fund report is to investigate the relationships being built inside CCGs, particularly looking at GP involvement, CCG’s role in improving general practice, and the structures and processes through which these relationships occur.</p>

Scheme	Source reference(s)	Overview of scheme and source(s)
Various, regeneration	Adamson, Dave. 2010. <i>The Impact of Devolution: Area-Based Regeneration Policies in the UK</i> . York: Joseph Rowntree Foundation. http://www.jrf.org.uk/sites/files/jrf/impact-of-devolution-area-regeneration.pdf .	This study for the JRF examines how area-based regeneration policies have developed in the 4 devolved nations of the UK. This report considers the ‘lived experience of poverty’, which it defines as the ‘total effects derived from living as a poor person in a poor neighbourhood’, and looks at how area-based schemes make changes in the social experience of living in a neighbourhood. It concludes that local schemes are very important, but can only really be successful alongside national schemes.
New Deal for Communities	Batty, Elaine, Christina Beatty, Mike Foden, Paul Lawless, Sarah Pearson, and Ian Wilson. 2010. <i>The New Deal for Communities Experience: A Final Assessment</i> . Final report - volume 7. London: Department for Communities and Local Government. Lawless, Paul. 2007. <i>The New Deal for Communities Programme in England: Is Area-Based Urban Regeneration Possible?</i> Sheffield: Centre for Regional Economic and Social Research, Sheffield Hallam University. http://www.gla.ac.uk/media/media_45376_en.pdf	<p>The New Deal Communities (NDC) scheme began due to the recognition that 39 neighbourhoods within England were heavily deprived, and that action was required to bring them up to the national standard. Beginning in 1998, the scheme ran for 10 years, with each area including around 9,900 people and an average £50m spend. Improvement was based on 3 place-related outcomes (including the physical environment) and 3 people-related outcomes (including health), with a broad aim of putting community at the heart of the initiative.</p> <p>The scheme is notably hard to assess as the 39 schemes are designed to achieve different outcomes and are operating in contrasting contexts.</p> <p>The Batty et al report to CLG is a synthesis of evidence presented in a series of final reports from the national evaluation of the NDC programme carried out between 2001 and 2010 by a consortium led by the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University.</p> <p>The Lawless paper is written by the Director of the 2006-09 Phase 2 NDC national evaluation (and also one of the authors of the Batty et al report). This is a personal working paper.</p> <p><i>NB The Lawless paper requires permission to quote.</i></p>
Communities First	AMION Consulting Limited and Old Bell 3 Limited. 2011. <i>The Evaluation of Communities First</i> . Merthyr Tydfil: Welsh Government Social Research.	Communities First is a Welsh scheme, introduced in 2001, to try and target poverty through a community-based programme. This programme provided funding to small areas, known as Community First Clusters. The scheme’s overarching aim is to narrow the gaps in wealth, health, education and skills between the most affluent and most deprived areas. The concept is based on the idea of small groups of communities working together and sharing resources to tackle

Scheme	Source reference(s)	Overview of scheme and source(s)
	<p>http://wales.gov.uk/docs/caecd/research/110913-evaluation-communities-first-en.pdf.</p> <p>Adamson, Dave, and Richard Bromiley. 2008. <i>Community Empowerment in Practice Lessons from Communities First</i>. Joseph Rowntree Foundation. http://www.jrf.org.uk/sites/files/jrf/2157-community-wales-empowerment.pdf.</p> <p>Hincks, Stephen, and Brian Robson. 2010. <i>Regenerating Communities First Neighbourhoods in Wales</i>. Joseph Rowntree Foundation. http://www.gavowales.org.uk/file/communities_regeneration_Wales_full.pdf</p>	<p>local issues. The scheme was set up in response to a perceived failure of grant-aided regeneration projects in securing sustainable improvements in deprived areas.</p> <p>The programme had an early focus on simply building community capacity and developing an action plan for the community. It did this by developing the skills, abilities and confidence of both individual residents and community-based groups and organisations to take effective action and leading roles in the development of communities.</p> <p>The Department for Social Justice and Local Government (now Local Government and Communities) of the Welsh Assembly Government (now the Welsh government) commissioned two concurrent evaluations of the Communities First programme during 2010. These were published together as the AMION Consulting and Old Bell 3 report. The report uses:</p> <ul style="list-style-type: none"> • a literature review • a review of area conditions • a review of the performance management data and local evaluation material • econometric modelling • a web-based survey • fieldwork in 25 case study areas • qualitative interviews. <p>The Adamson and Bromiley report is an independent review for JRF. The primary methods included a programme of 9 case studies of Communities First partnerships and a series of over 50 interviews with stakeholders in the Communities First programme, including 20 with community members. These were supported by community-led review events in each case study area, which provided an opportunity for community members of Communities First partnerships to review their experience of participation in the programme.</p> <p>The Hincks and Robson report, also for JRF, compares the extent to which first generation Communities First neighbourhoods have improved, relative to other similarly deprived neighbourhoods in Wales, using key change indicators. In terms of similar areas, these were</p>

Scheme	Source reference(s)	Overview of scheme and source(s)
		defined using a dynamic typology of deprived neighbourhoods based on LSOAs developed specifically for Wales.

Appendix II – Interview questions

This is the complete list of interview questions. Not all questions were asked to all stakeholders; the questions asked depended on that stakeholder's role and expertise.

1. If there were a new national area-based scheme in place (as is the case in Scotland with HEEPS:ABS, for example), what do you see as the role for local authorities and RSLs? What would need to happen to address skills and capacity gaps? Should new (and resourced) statutory duties be placed on them?
[For Scotland stakeholders, the consultants asked: How well does the Scottish model work, in terms of the role of local authorities and RSLs? Are SOAs sufficient or would statutory duties be better? Are there skills/capacity gaps within local authorities and RSLs, which hinder delivery?]
2. What organisational reforms do you think would be needed at national level(s) to oversee local delivery?
[For Scotland stakeholders, the consultants asked: What is in place at the national level to support delivery of HEEPS:ABS in Scotland? Is this sufficient? What else would help to facilitate delivery?]
3. How would decentralised delivery work in Scotland and Wales, particularly given that both governments already have area programmes in place, and in Scotland, local authorities play a leading role?
4. To what extent might local delivery approaches lead to extensive variation in provision ('postcode lotteries')? How might tensions between local discretion and ensuring minimum levels of provision be addressed?
5. Should funds be contested at local level or just allocated to, for example, local authorities?
6. How should each area's share of the allocated funding be calculated?
7. What should be the criteria for assessing bids for competitive funding?
8. What is the appropriate size of local areas – for funding allocation and scheme design more generally?
9. Can and does locally led delivery help with challenging circumstances? For example, 'whole-house retrofits', especially in 'hard (or expensive)-to-treat' homes? Can it help in engaging harder to reach households, particularly those in remoter rural areas?
10. How, and to what extent, might it be desirable for locally led delivery of energy and fuel poverty services to integrate with other – overlapping – local priorities? These might include reducing health inequalities, urban and rural regeneration, anti-poverty and carbon reduction.
[For Scotland stakeholders, the consultants asked: To what extent has it been possible in Scotland for locally led delivery of energy and fuel poverty services to integrate with other – overlapping – local priorities? These might include reducing health inequalities, urban and rural regeneration, anti-poverty and carbon reduction. What benefits has this brought?]
11. What do you think would be the governance, administrative and organisational implications of turning the ECO into a fund (a levy), rather than a set of targets? What would the implications be for you?
[For Scotland stakeholders, the consultants asked: How well does the ECO work alongside the Scotland-specific schemes at the moment? If ECO were to be turned into a fund (levy) to support locally led delivery, what impact would that have on delivery in Scotland?]
12. Were there to be a national programme supporting locally led delivery, what would its main features be for it to complement existing programmes well (for example, the Green Deal, ECO, RHI)?

13. If it were desirable or feasible to nationally shift to a local delivery model, what would the features or criteria of a smooth transition process be?
14. Under such a programme, should independent advice be provided at the local level? If so, how can you ensure consistency (or at least avoid or minimise conflicting messages) with national advice services (such as ESAS or Home Energy Scotland) – including Citizens Advice Bureaux?
15. How do you see the relationships between energy companies and local delivery agents? How do you see it evolving?
[For Scotland stakeholders, the consultants asked: If we were to move towards more locally led delivery, how would the relationship between the energy companies and local delivery agents (such as local authorities) need to change?]
16. What would the implications [of a framework for local delivery] be for national supply chains? What about local supply chains?
17. How would such a programme ensure that consumer protection regimes are in place, and rigorously enforced and complied with? In what ways might it conflict with regimes currently in place?
18. How would or could such a delivery approach relate to the smart meter rollout, which will continue to be led by suppliers? What would be the advantages or disadvantages of linking the two programmes? What might be the challenges of linking them? What barriers might stand in the way? How could these be overcome?

Appendix III – Local authority survey questionnaire

About this survey

Citizens Advice has commissioned the **Association for the Conservation of Energy**, the **Centre for Sustainable Energy**, **CAG Consultants** and **Dr Joanne Wade** to carry out a programme of participative research that will investigate models for 'delivering energy and fuel poverty services at the local level'. **William Baker**, Head of Fuel Poverty Policy at Citizens Advice is overseeing the project.

There is a widespread view that local level delivery of home energy retrofit is likely to play an important role in ensuring any increased nation-wide energy efficiency and fuel poverty ambition can be realised.

Citizens Advice requires a robust, credible and technically feasible set of proposals for increased local delivery that is supported by a national framework. An example of this exists in Scotland under the Home Energy Efficiency Programmes' Area-Based Scheme component.

In this context, Local Authorities clearly play a very important role. What we are seeking to capture from you through this survey is a sense of the nature of your role in relation to home energy retrofits in your area, and what areas of additional support and resources you'd find most useful.

We will keep your response anonymous. It should take no more than 15 minutes to complete this survey. If you'd rather respond to the survey on the phone, the project team is available to do this with you during working hours on any day between December 8th to the 17th inclusive.

If you'd prefer to do this on the phone, please contact project manager **Pedro Guertler** at the Association for the Conservation of Energy (ACE) at pedro@ukace.org or 020 7359 8000. He'll help arrange a time for you to speak to a member of the project team on one of those dates.

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About you and your Council

This first page covers a few basics about your Council and your role.

* 1. Which Nation / English region are you in?

* 2. Which Local Authority do you work for?

* 3. Is it a unitary, second-tier or first-tier (county) authority?

- Unitary
- Second-tier
- First-tier (County Council)

* 4. What is your job title?

5. It's not essential, but it'd be great if you could list your main roles and responsibilities in order of importance.

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About home energy retrofit in your area

* 6. Does your Council offer a home energy retrofit and/or fuel poverty advice service to residents?

- Yes, we do.
- No, we do not, but there is another local advice provider.
- No, we do not, we sign-post to national advice providers.
- We do nothing.

Any additional comments?

* 7. Are there one or more home energy retrofit schemes operating in your Council area?

- Yes
- No

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About home energy retrofit in your area

This section will ask you about schemes operating in your area. We're also happy to hear about any local schemes your Council isn't involved in where possible. You'll have the option of adding information about up to four schemes.

For the remaining questions on this page, please think about one local home energy retrofit scheme. Then, if you wish to add details about another scheme, please tick the box at the bottom of the page.

* 8. Is it in some way area-based (e.g. in particular ward(s), neighbourhood(s), estate(s))?

- Yes
 No

If 'Yes', please give a short explanation of how the area is defined.

* 9. Is this part of a larger scheme or does it only operate in your area?

- Part of a larger scheme
 Only operates in my Council area

* 10. In your area, who does the scheme focus on? (Please tick all that apply.)

- Social tenants
 Private tenants
 Owner-occupiers
 Vulnerable / low income / fuel poor households
 Better off households
 Other (please specify)

11. Can you give us a sense of scale for the scheme as it applies in your area?

In terms of number of homes reached/helped, and over which time-scale:

And, if possible, in terms of investment in home retrofit, and over which timescale:

* 12. Who leads the scheme(s)?

- | | |
|----------------------------------------------|----------------------------------------------------------------------|
| <input type="radio"/> My Council | <input type="radio"/> Charity |
| <input type="radio"/> Another Council | <input type="radio"/> Energy agency |
| <input type="radio"/> Energy supplier | <input type="radio"/> Community group |
| <input type="radio"/> Housing association | <input type="radio"/> Company (e.g. installer / Green Deal Provider) |
| <input type="radio"/> Other (please specify) | |

* 13. What partners are involved in delivery of the scheme? (Please tick all that apply.)

- | | |
|-----------------------------------------------------------|-------------------------------------------------------------------------|
| <input type="checkbox"/> My Council | <input type="checkbox"/> Charity |
| <input type="checkbox"/> Another Council | <input type="checkbox"/> Energy agency |
| <input type="checkbox"/> Energy supplier | <input type="checkbox"/> Community group |
| <input type="checkbox"/> Housing association | <input type="checkbox"/> Company (e.g. installer / Green Deal Provider) |
| <input type="checkbox"/> And others (please specify them) | |

* 14. What sources of funding have been secured for the scheme? (Please tick all that apply.)

	Yes, funding secured...	...for advice provision	...for cost of measures and/or installation	...for scheme management, admin, promotion, marketing etc
Energy Company Obligation (ECO) Carbon Emissions Reduction funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ECO Carbon Saving Communities funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ECO Affordable Warmth funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Council funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Charity sector funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Health sector funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Green Deal Communities funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Community Energy funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In Scotland: HEEPS:ABS funding (Core Allocation Programme element)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In Scotland: HEEPS: ABS funding (Proposals for Additional Funding element)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In Wales: Nest funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In Wales: Arbed funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other (please specify)

* 15. Which of the following local priorities are publicly stated aims of the home energy retrofit scheme?
(Please tick all that apply.)

- Reducing health inequalities
- Urban/rural regeneration
- Poverty reduction
- Carbon reduction
- Fuel poverty reduction
- Improving the quality of the social housing stock
- Improving the quality of the private housing stock

Others (please specify)

* 16. Is there another scheme you would like to add details for?

- Yes
- No. (Takes you to the next section.)

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NB: The survey allowed up to four schemes to be added per responding local authority. For each scheme, questions 8 to 15 were repeated.

Ability and capacity; working with partners and outsourcing

* 43. Based on your opinion, please rank the following issues in order of priority to your Council (at corporate level) in the next 2-3 years ('1' being the highest priority):

<input type="checkbox"/>	Reducing health inequalities
<input type="checkbox"/>	Urban/rural regeneration
<input type="checkbox"/>	Poverty reduction
<input type="checkbox"/>	Carbon reduction
<input type="checkbox"/>	Fuel poverty reduction
<input type="checkbox"/>	Improving the quality of the social housing stock
<input type="checkbox"/>	Improving the quality of the private housing stock

For the next two questions, we'd like you to distinguish between '*ability*' and '*capacity*'. By *ability* we mean personnel, their skills, experience and competencies. By '*capacity*' we mean resources: time and money.

* 44. In the context of home retrofit, on a scale from 1 (not confident) to 5 (very confident), how would you rate the **ability** of the Council to do the following?:

	1	2	3	4	5
Ability to engage with vulnerable households	<input type="radio"/>				
Ability to assess housing (incl. energy performance) and household need	<input type="radio"/>				
Ability to apply for / lever in funding from other sources (such as Energy Company Obligation, Green Deal Communities funding)	<input type="radio"/>				
Ability to integrate with related services, such as income maximisation advice, housing repairs, anti-poverty initiatives	<input type="radio"/>				
Ability to integrate with other local energy initiatives	<input type="radio"/>				
Ability to fulfill existing responsibilities, such as enforcement of housing standards in the private-rented sector, or addressing the wider determinants of ill-health through the public health role	<input type="radio"/>				
Ability to ensure quality assurance and accreditation of local home retrofit schemes	<input type="radio"/>				
Ability to engage and work with voluntary and community sectors	<input type="radio"/>				
Ability to work confidently in partnership with commercial organisations	<input type="radio"/>				

Any comments?

* 45. In the context of home retrofit, on a scale from 1 (not confident) to 5 (very confident), how would you rate the **capacity** of the Council to do the following?:

	1	2	3	4	5
Capacity to engage with vulnerable households	<input type="radio"/>				
Capacity to assess housing (incl. energy performance) and household need	<input type="radio"/>				
Capacity to apply for / lever in funding from other sources (such as Energy Company Obligation, Green Deal Communities funding)	<input type="radio"/>				
Capacity to integrate with related services, such as income maximisation advice, housing repairs, anti-poverty initiatives	<input type="radio"/>				
Capacity to integrate with other local energy initiatives	<input type="radio"/>				
Capacity to fulfill existing responsibilities, such as enforcement of housing standards in the private-rented sector, or addressing the wider determinants of ill-health through the public health role	<input type="radio"/>				
Capacity to ensure quality assurance and accreditation of local home retrofit schemes	<input type="radio"/>				
Capacity to engage and work with voluntary and community sectors	<input type="radio"/>				
Capacity to work confidently in partnership with commercial organisations	<input type="radio"/>				

Any comments?

* 46. Outsourcing and work taken on by partners - please let us know whether you outsource any of the following activities in the context of home energy retrofit, and whether this is primarily for ability or capacity reasons.

	Doing it in-house	Outsource for ability	Outsource for capacity	N/A
Engaging with vulnerable households	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If you are outsourcing this work, please list the organisations / types of organisations you are working with.				
<input type="text"/>				
Assessing housing (incl. energy performance) and household need	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If you are outsourcing this work, please list the organisations / types of organisations you are working with.				
<input type="text"/>				
Applying for for / leveraging in funding from other sources (such as Energy Company Obligation, Green Deal Communities funding)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If you are outsourcing this work, please list the organisations / types of organisations you are working with.				
<input type="text"/>				
Integrating with related services, such as income maximisation advice, housing repairs, anti-poverty initiatives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If you are outsourcing this work, please list the organisations / types of organisations you are working with.				
<input type="text"/>				
Integrating with other local energy initiatives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If you are outsourcing this work, please list the organisations / types of organisations you are working with.				
<input type="text"/>				
Fulfilling existing responsibilities, such as enforcement of housing standards in the private-rented sector, addressing the wider determinants of ill-health through the public health role	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If you are outsourcing this work, please list the organisations / types of organisations you are working with.				
<input type="text"/>				
Ensuring quality assurance and accreditation of local home retrofit schemes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If you are outsourcing this work, please list the organisations / types of organisations you are working with.				
<input type="text"/>				
Involving voluntary and community sectors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If you are outsourcing this work, please list the organisations / types of organisations you are working with.				
<input type="text"/>				

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And finally...

Because we've been tasked with researching proposals for a national framework that can support locally-led delivery of home energy retrofit and fuel poverty services, we'd like you to give us a sense of areas in which you feel you would most appreciate support.

* 47. Would increased in-house **ability** (personnel, their skills, experience and competencies) enable you to do more on home energy retrofit and fuel poverty? If so, please select the three types of ability you most need more of, in order of importance (giving the value 1, 2 or 3):

	1st	2nd	3rd
Engaging with vulnerable households	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Assessing housing (incl. energy performance) and household need	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Applying for for / leveraging in funding from other sources (such as Energy Company Obligation, Green Deal Communities funding)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Integrating with related services, such as income maximisation advice, housing repairs, anti-poverty initiatives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Integrating with other local energy initiatives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fulfilling existing responsibilities, such as enforcement of housing standards in the private-rented sector, addressing the wider determinants of ill-health through the public health role	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensuring quality assurance and accreditation of local home retrofit schemes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Involving voluntary and community sectors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Procuring high quality services for any of the other items in this list	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* 48. Would increased in-house **capacity** (i.e. resources: time and money) enable you to do more on home energy retrofit and fuel poverty? If so, please select the three types of ability you most need more of, in order of importance (giving the value 1, 2 or 3):

	1st	2nd	3rd
Engaging with vulnerable households	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Assessing housing (incl. energy performance) and household need	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Applying for for / levering in funding from other sources (such as Energy Company Obligation, Green Deal Communities funding)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Integrating with related services, such as income maximisation advice, housing repairs, anti-poverty initiatives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Integrating with other local energy initiatives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fulfilling existing responsibilities, such as enforcement of housing standards in the private-rented sector, addressing the wider determinants of ill-health through the public health role	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensuring quality assurance and accreditation of local home retrofit schemes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Involving voluntary and community sectors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Procuring high quality services for any of the other items in this list	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

49. How many people employed by the Council work on home energy retrofit and fuel poverty?

How many people?

For these, how many 'full-time equivalents? (E.g. if 3 people work on these issues, with 2 working on them full time and one working on it for half of their time, please enter 2.5.)

A quick note and an apology on the above question due to a technical problem. The 'full-time equivalents' box only allows whole numbers (e.g. 2, but not 2.5). That was our error in designing the survey which has only now become apparent. Sadly, this element of the survey can't be changed now that it's gone out. Either just put in the nearest whole number and/or please add the full-time equivalent number into the box under the next question.

50. Tell us anything more you'd like to say to us here, including whether there are any messages you'd like to get out to policy makers (be they in Westminster, Scottish Government, or Welsh Assembly Government):

51. Thank you so much for your time! Finally, if you don't mind us getting in touch with you for any clarifications, please enter your email address here: