

Energising Communities

Learning from Area-Based Energy Efficiency Projects in Scotland



About Consumer Focus Scotland

Consumer Focus Scotland started work in October 2008. Consumer Focus Scotland was formed through the merger of three organisations – the Scottish Consumer Council, energywatch Scotland, and Postwatch Scotland.

Consumer Focus Scotland works to secure a fair deal for consumers in both private markets and public services, by promoting fairer markets, greater value for money, and improved customer service. While producers of goods and services are usually well-organised and articulate when protecting their own interests, individual consumers very often are not. The people whose interests we represent are consumers of all kinds: they may be patients, tenants, parents, solicitors' clients, public transport users, or shoppers in a supermarket.

We have a commitment to work on behalf of vulnerable consumers, particularly in the energy and post sectors, and a duty to work on issues of sustainable development.

www.consumerfocus-scotland.org.uk

Acknowledgements

This paper is based on research commissioned by Consumer Focus Scotland and carried out by CAG Consultants. We would like to thank Liz Marquis from the Energy Agency, Elizabeth Leighton of WWF Scotland and Mike Thornton from the Energy Savings Trust, who contributed extensively to the project through the steering group. We would also like to thank the many organisations who gave their time to provide case study information, as well as those stakeholders who attended a seminar to discuss the emerging findings of the report.

We are also grateful to the National Insulation Association and Linlithgow Climate Challenge for giving us permission to use their photographs, which appear on the cover of this report.

Contents

Summary	3
1. Introduction	5
2. The Context for Energy Efficiency Approaches in Scotland	6
3. The Research	9
4. The Case Study Projects	10
5. The Findings: Success Factors Identified in Case Study Projects	12
6. Findings: Challenges and Barriers	15
7. Discussion: Delivering Area-based Energy Efficiency Projects	18
8. Conclusions and Next Steps	26

Summary

The combination of rising energy prices and the need to reduce climate change emissions emphasises the need for government, the energy industry and consumers to take a stronger approach towards energy efficiency than has been the case in the past. Consumer Focus Scotland recognises that a number of approaches are necessary to ensure that all consumers have access to energy efficiency advice and services which meet their needs. While the priority must be to ensure that a targeted and well-resourced programme is available to support those consumers with the greatest need, it is clear that other, complementary approaches to widen take-up of energy efficiency services by all consumers will also be needed.

Previous research shows that, especially in areas with higher concentrations of fuel poverty, area-based projects can help overcome some of the barriers to adopting energy efficiency measures which consumers face. Area-based projects typically promote and provide advice and access to insulation and other physical improvements on a house-by-house basis, within a defined geographical area. Successful projects can generate momentum at community level and, in addition, provide a means of identifying vulnerable consumers eligible for more in-depth support and referring them for appropriate assistance.

Recent research carried out by Consumer Focus Scotland initially suggested that there were fewer examples of area-based projects in Scotland than in England and Wales. However, in discussion with stakeholders, it became clear that there are more area-based projects underway in Scotland than had originally been identified, in part because many projects were at an early stage. We therefore undertook further research, based on in-depth case studies, to provide an overview of area-based activity underway in Scotland, and to draw out emerging challenges and good practice. The original study, including detailed case studies, is published alongside this report.

There is evidence from the case studies that, in a wide range of circumstances, area-based projects are indeed delivering these benefits and Consumer Focus Scotland believes there is strong case for expanding area-based projects as a result. The research also identifies success factors which include the importance of:

- delivering services through organisations trusted at the local level
- integrating the service provided at the point of contact with consumers with all appropriate support mechanisms and funding streams
- delivering basic insulation measures free or at low cost to increase take-up
- ensuring delivery is streamlined and meets consumers' expectations

Outstanding challenges to be addressed include:

- simplifying current funding arrangements, to make it easier for local organisations to deliver, and for consumers to access, appropriate services
- extending the range of measures and approaches available through area-based projects, ensuring that services are provided which meet the needs of consumers living in hard to treat houses, or in rented accommodation

- building the capacity of, and addressing specific information issues facing local organisations active in delivery of area-based projects
- developing and implementing a monitoring and evaluation approach to allow for local flexibility within a consistent framework

Challenges and issues raised in the research fall into two categories those affecting all energy efficiency work, and those specific to area-based projects. Consumer Focus Scotland recommends that:

- the UK and Scottish Governments should clarify and simplify funding arrangements for energy efficiency programmes, and ensure that Carbon Emission Reduction Target (CERT) or successor programmes operate in ways which are consistent with the delivery of area-based projects, and allow a wider range of measures to be offered to different areas
- the Scottish Government takes forward work to address long-standing challenges around the delivery of energy efficiency measures in communal flats, and to the private rented sector, in ways which maintain consumers' access to affordable housing

In response to the specific issues around area-based programmes, Consumer Focus Scotland recommends that:

- the Scottish Government refines the existing suite of energy efficiency programmes to ensure that linked solutions are in place to meet the needs of all consumers, and that the important role of targeted area-based projects within that context is clearly explained
- the Scottish Government agrees a consistent monitoring framework, to be applied to all area-based projects receiving public funding, to ensure that information is available to promote learning and improvement over time
- the Energy Savings Trust and the Scottish Government explore opportunities to address capacity building and data management concerns to better enable community organisations to deliver successful area-based projects

1. Introduction

The combination of rising energy prices and the need to reduce climate change emissions emphasises the need for government, the energy industry and consumers to take stronger approach towards energy efficiency than has been the case in the past. Consumer Focus Scotland recognises that a range of approaches is necessary to ensure that all consumers have access to energy efficiency advice and services which meet their needs. While the priority must be to ensure that a targeted and well-resourced programme is available to support those consumers with the greatest need, it is clear that other, complementary approaches to widen take-up of energy efficiency services by all consumers will also be needed.

Area-based approaches to energy efficiency, offering targeted services at community level, are increasingly seen as one important part of the solution.

Recent research by Consumer Focus Scotland examined the approach taken to addressing fuel poverty in each UK country. Although Scottish approaches were found to compare well with those taken elsewhere, the research suggested that there was less experience of area-based projects in Scotland. In subsequent discussion with stakeholders, it became clear that there were, in fact, 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 has therefore carried out this research 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. This report explores these issues by:

- setting out the context in which energy efficiency activity in Scotland takes place, and the role area-based projects can play within that context
- providing an overview of different area-based energy efficiency projects in Scotland, discussing aspects including the range of measures offered, approaches to engagement, and the roles of organisations involved
- drawing out factors which have influenced success in different areas, and highlighting challenges which remain
- suggesting, on the basis of current practice, a monitoring and evaluation framework which will enable information on activities to be gathered consistently, while at the same time continuing to allow for local flexibility in delivery

2. The Context for Energy Efficiency Approaches in Scotland

Since 2002/2003, bills for domestic consumers have more than doubled¹ and recent work published by Ofgem² suggests that, in the medium to longer term, prices will continue to increase. More widely, the Climate Change (Scotland) Act sets out a range of very challenging targets for the reduction of greenhouse gas emissions and improvements in domestic energy efficiency will need to play a key role in meeting these targets.

A range of factors influence the way that these targets will be approached in Scotland:

- overall rates of fuel poverty in Scotland are consistently higher than those in England and Wales
- there is a higher percentage of flats in Scotland than in other UK countries. Although flats tend to be more energy efficient than houses, they offer fewer opportunities for basic insulation measures like loft and cavity wall insulation
- Scotland has a higher proportion of solid wall and other housing types which are expensive to treat, in terms of energy efficiency
- approximately 25% of Scottish homes are not connected to mains gas, which makes them expensive to heat
- the Scottish climate means that there is a greater requirement for heating, particularly in rural areas
- despite improvements in the energy efficiency of housing, there is increasing demand for energy. This is driven by a combination of increasing numbers of households, as a result of an ageing population and more single-person households, together with growing demand for electrical appliances

Rising fuel prices mean that, despite improvement in the energy efficiency of Scottish housing, the number of households experiencing fuel poverty has also increased³. The Scottish Government has a target to eliminate fuel poverty, as far as is practical, by 2016.

The Scottish Government has also agreed an overall greenhouse gas emissions reduction target of 42% by 2020, compared to 1990 levels – a target considerably more ambitious than the UK target of 34% over the same period. Achieving both Scottish and UK targets would require take-up of energy efficiency measures considerably in excess of current rates. Specific UK targets include: installing, where practical, loft and cavity wall insulation in 100% of homes by 2015; and up to seven million UK homes having a more comprehensive ‘eco-upgrade’ by 2020.

To maximise the benefits of limited funding, public sector programmes to address fuel poverty focus, rightly, on vulnerable consumers in greatest need. Consumer Focus Scotland believes that there will continue to be a need for dedicated, targeted and well-resourced programmes like the Energy Assistance Package (EAP), and we will continue work with the Scottish Fuel Poverty Forum to help publicise and increase take-up of the EAP.

1 Consumer Focus data

2 Project Discovery, Ofgem, available at <http://www.ofgem.gov.uk/MARKETS/WHLMKTS/DISCOVERY/Pages/ProjectDiscovery.aspx>

3 <http://www.scotland.gov.uk/Topics/Statistics/SHCS>

However, we also recognise the clear need to respond to the wider challenges set out above. A range of approaches will be necessary to assist all consumers to improve the energy efficiency of their homes. Area-based initiatives are one of these approaches, and have some advantages in addressing barriers faced by consumers.

Research shows consistently that consumers understand and are aware of energy efficiency measures in theory, but face practical barriers in installing measures⁴. These barriers can include lack of understanding of the costs and benefits of energy efficiency, access to funding for up-front costs, lack of confidence in finding traders to carry out the work, and disruption associated with the installation of large-scale physical measures. Consumers living in rented accommodation face additional barriers – landlords often see little incentive to invest in energy efficiency measures, because they pay the costs of the work, but tenants benefit from the improvements. Further, many of the individual consumers targeted by fuel poverty programmes are hard to identify and reach.

Area-based projects can be designed in ways which recognise and help address these barriers. It is also possible to set this discussion against a social marketing background; that approach suggests that the best way to encourage widespread changes of behaviour is to present those changes in ways which emphasise the immediate benefits, and which make the consumers' experience of the associated actions fun, easy and popular. Area-based approaches have, arguably, significant potential to fit into this structure:

- local media coverage can generate momentum and demand at community level, emphasising the ease of installing measures and the benefits in terms of increased comfort and lower bills
- door-to-door surveys reduce the hassle of identifying work to be carried out; delivery of physical measures by contractors working with locally trusted organisations helps address consumers' concerns about the source of the recommendations and the practical side of the work, and makes the process easier
- subsidy of measures also reduces or removes costs to consumers
- funding for enabling measures, such as assistance with loft clearance, also reduces the hassle involved. At the same time, loft clearances can also provide an imaginative means of making insulation work 'fun', by highlighting the chances of finding objects which have significance to families, or possibly value, in the process
- in addition, discussion of their circumstances with individual consumers can identify particular households which might, for example, benefit from support measures to engage with landlords, or who are eligible for higher levels of support from a targeted programme like the EAP. Advisors can help reduce the administrative burden on consumers, and on the public sector, by referring them to the most appropriate sources of further assistance

Scottish Government research on environmental attitudes and behaviours⁵ also shows that consumers and the communities in which they live, have different motivations to take action on energy efficiency. Face-to-face advice provides the opportunity to tailor advice so that it fits with consumers' needs and aspirations. At the same time, communal action helps reinforce individual actions.

⁴ This issue was explored in focus group work on attitudes to energy efficiency, carried out by Ipsos MORI for Consumer Focus Scotland.

⁵ Available at <http://www.scotland.gov.uk/Publications/2009/03/05145056/0>

3. The Research

Against this background, Consumer Focus Scotland undertook research to better understand the work of existing area-based projects in Scotland, and to learn more about the factors influencing their success.

To oversee the research, Consumer Focus Scotland brought together a steering group with experience of area-based projects. Members included WWF Scotland, the Energy Agency, and the Energy Savings Trust Scotland. The steering group agreed a selection of ten projects to be used as case studies by the researchers. The projects were selected to represent the different approaches, neighbourhoods and housing types found across Scotland.

For the purposes of this review, it was agreed by the Steering Group that each of the area-based energy efficiency initiatives to be studied should incorporate three key aspects:

- they seek to engage with all households in a defined geographic area
- the services offered are intensively marketed in that area, including through locally based organisations and media
- they provide, or clearly improve direct access to, free or subsidised energy efficiency measures, together with tailored advice on more advanced behaviours and investments appropriate to individual households

In addition, many of the case studies also provide, or link to services which give advice on income maximisation. These services typically check that consumers are in receipt of all benefits or tax credits for which they may be eligible.

Face-to-face interviews were conducted with those involved in delivery of nine of the case study projects, and telephone interviews with a further seven projects added to the range of information available. Interviews were conducted in January and February 2010. To test the emerging findings of the research, and to provide a first opportunity for discussion, Consumer Focus Scotland organised an invited stakeholder seminar in March 2010. The seminar participants discussed different aspects of the case study findings and helped to inform the final report.

4. The Case Study Projects

There are currently four main sources of funding which support area-based projects. The research looked at a range of projects funded through each of these sources:

4.1 The Scottish Government's Home Insulation Scheme⁶

The Scottish Government's Home Insulation Scheme (HIS) was the largest single programme of area-based work underway at the time of the study, with a budget of some £15m in 2009-10. HIS support was targeted at areas identified by 10 local authorities, covering just under 100,000 households in total. Given its importance, the steering group agreed that our research should look at three of the HIS areas, and those in Western Isles (Lewis and Harris), Highlands (Fort William and Thurso) and Glasgow (King's Park, Croftfoot, Simshill and Cardonald) were included in our case studies.

4.2 Energy suppliers in conjunction with local agencies

We examined two case studies of this type. Hadyard Hill Community Energy Project, South Ayrshire, was delivered by the Energy Agency, with funding from a nearby Scottish and Southern Energy wind farm. Hadyard Hill is unique among our case studies because it took a universal approach, offering free installation of basic insulation measures to all householders in rural areas. The second case study under this heading was the Local Energy Savings Scheme (LESS), which works in urban parts of West Dunbartonshire. LESS is delivered by Solas Insulation Ltd with CERT funding, again from Scottish and Southern Energy.

4.3 The Climate Challenge Fund

The most important source of funding for community-level projects is the Climate Challenge Fund⁷, introduced by the Scottish Government in 2008. The selection criteria for the fund were deliberately set very broadly, with the main requirements being that projects had to be developed and to a large extent delivered by communities, and to reduce greenhouse gas emissions. To some extent, all of these projects can be said to be promoting energy efficiency within a defined area, often as one element among others⁸; we worked with stakeholders to identify projects which were thought to best represent the range of activity underway among projects with a strong focus on improving the energy efficiency of homes. We looked at four case studies under this heading:

6 <http://www.energysavingtrust.org.uk/scotland/Scotland-Welcome-page/At-Home/Home-Insulation-Scheme>

7 The Climate Challenge Fund supports community-based projects which aim to reduce climate change emissions at that level. Most of the projects supported are based within a defined area. The research concentrated on those which, to some extent, met the wider criteria defined in section 1.2. <http://www.keepsotlandbeautiful.org/ccf.asp>

8 A wide range of activities is undertaken by Climate Challenge Fund projects. An overview is available at <http://www.scotland.gov.uk/Topics/Environment/climatechange/ClimateChallengeFund>

- the Linlithgow Climate Challenge, delivered by a community group with the same name
- BeGreen Dunbar, delivered by Sustaining Dunbar, a local development trust, and including funding from a nearby wind farm
- the Perthshire Street-by-Street Audit and Insulation Programme, run by three community groups in Comrie, Alyth and Letham
- Cosy Keith, Banffshire delivered by REAP⁹, a local sustainable development charity, with funding from the Climate Challenge Fund

In addition, other Climate Challenge Fund projects were offered the chance to take part through telephone interviews. Representatives of organisations from each of the islands of Eigg, Islay and Bute, and from Assynt Renewables, Strathblanefield Community Development Trust, and the East Neuk & Landward Energy Network all contributed in this way.

4.4 Local authorities

The final case study was the Aberdeen Warmzone, led and funded by the local authority, and clearly designed to tie into a wide range of existing council services. This approach, while less common in Scotland, has been adopted more widely in England.

It is important to emphasise that the aim of our research was not to evaluate any single project or group of projects. Rather, we wanted to record the range of current experience, to draw out aspects which meet consumers' needs in different circumstances, and ensure that future work reflects existing good practice and addresses current challenges.

⁹ <http://www.reapscotland.org.uk/>

5. The Findings: Success Factors Identified in Case Study Projects

The case studies show a diversity of current activity in terms of:

- funding sources
- delivery agents
- support offered
- approaches to marketing and engagement
- approaches to the assessment of homes and the installation of measures

The importance of local flexibility comes across clearly, taking account of housing type and tenure, the concerns and circumstances of the communities involved, and the organisations working with, and trusted by, local people.

Positively, this range of experience provides an opportunity to compare different approaches. However, the absence of consistent approaches to monitoring and reporting presents considerable difficulties in making comparisons between schemes and assessing the effectiveness of different approaches, even between areas facing similar challenges. We therefore suggest a common framework for the monitoring of costs, outputs and outcomes. Given the local variation described above, we accept that this framework may not be appropriate for all projects, but we believe its use would help refine approaches and make future projects more effective.

In spite of the difficulties in measuring success and making comparisons between schemes, a range of factors have been identified, which the review suggests increase the effectiveness of area-based schemes. Factors influencing success include:

5.1 Funding Sources and Consumer Advice

- Delivering the scheme through impartial advisors is essential to ensure consumers are confident that the advice they receive on the doorstep is driven by what is best for them. The range of current support mechanisms is complex, and informed advice is needed to enable householders to benefit from appropriate support.
- Drawing in funding from all available sources can significantly extend the scope of area-based schemes, in terms of both the range of assistance offered and the number of households able to benefit.
- Offering basic measures free of charge is likely to significantly increase the take-up of measures in any area-based scheme. Adopting this approach would appear to be necessary, if challenging climate change and fuel poverty targets are to be met.

5.2 The Role of Local Organisations

- Giving a central role to local authorities can generate additional funding and further benefits such as in-kind contributions and endorsement and promotion of the scheme, which can help in raising awareness and gaining the trust of householders. Local authority expertise can also more effectively target the areas likely to benefit from the services on offer.
- Linking in with the services offered by local organisations can enable the services and support offered to households to be significantly extended and strengthened. Making links with such organisations can also enable effective dissemination of information about the schemes. In addition, by involving local organisations seeking to build longer-term behaviour change, area-based schemes can contribute to the achievement of such aims.

5.3 Promotion of Energy Efficiency Actions and Consumer Engagement

- Intensive promotional work, tailored to the local context, is critical to raising awareness of the services offered by area-based schemes and to generating interest amongst householders. Promotional activities need to be tailored to suit the local context. For example:
 1. Utilising local networks to promote the services offered and gain access to householders is particularly important in more deprived urban areas where engaging with householders may be more challenging.
 2. In areas with high numbers of private rented homes, particular efforts will need to be focused on engaging with private landlords.
- Including a direct mailing to all targeted households which is endorsed by the local authority has been identified as being critical to the successful marketing of any area-based scheme.

5.4 Delivery of Surveys and Energy Efficiency Measures

- Utilising a methodical door-to-door approach, where resources allow, is likely to be the most productive in engaging with individual households and is likely to result in higher levels of engagement with vulnerable households in particular.
- Developing a streamlined assessment and installation process will help to minimise any confusion and uncertainty for the householder and is likely to result in fewer households dropping out during the process. If possible, having trained surveyors carry out door-to-door visits removes the need to arrange a follow-up visit. Where this is not possible, effective communication and integration between the assessor organisation and installer organisation(s) is critical to provide certainty for consumers in terms of the prices of measures and the timescales for survey and installation.

- Using well-trained and experienced assessors who are able to physically inspect properties (e.g. lofts and wall cavities) is likely to lead to higher quality referrals for insulation measures, as well as higher quality and more tailored and detailed advice for householders.
- Providing funding for enabling measures (for example, to pay for loft clearance for those who are less able to do so themselves) is likely to increase the take-up of measures.

5.5 Commentary

Although all of the case studies in our research provide examples of some – and in some cases most – of the above success factors, none of the case studies had adopted all of them.

Of all factors identified, the provision of basic measures free to all households in an area was the source of most discussion. Take-up of free measures is, not surprisingly, significantly higher than in other circumstances, as work carried out by the Energy Agency shows. There is, however, still debate about the balance between the additional costs and benefits of this approach, and about the level of savings delivered by reducing administration costs when compared to means-tested approaches.

There is also debate about the use of trained surveyors to carry out initial assessments. An advantage of this approach is that it removes the necessity to arrange a new time for the survey to take place, as the surveyor can carry out the inspection on the spot; this clearly makes the consumer journey faster and smoother. Disadvantages of this approach are that it is more expensive to use surveyors than assessors, and, arguably, a different set of skills is required to provide consumers with advice on ways they can reduce their energy costs.

6. Findings: Challenges and Barriers

A number of challenges and barriers facing area-based schemes in Scotland have also been identified during the course of this review:

6.1 Complexities of funding sources

- The current arrangements for the CERT¹⁰ severely restrict the range of measures being delivered. For example, a particular problem identified in the Western Isles HIS scheme is that CERT funding cannot be used for cavity wall insulation in extensions to properties, because it is not seen to be cost-effective in terms of carbon savings. However, there are large numbers of small stone-built cottages in the Western Isles with extensions which are larger than the original properties, and where cavity wall insulation could generate significant carbon savings.
- The complexity of the advice and assistance packages available to address energy efficiency and fuel poverty, and the eligibility criteria associated with them, makes it challenging for area-based schemes to identify the most appropriate support for individual households.
- Funding issues make it difficult for delivery organisations to plan effectively. Community-based organisations are often reliant on short-term project-specific funding with limited, if any, allowance for associated core costs, which can make it very difficult to plan for the long term. The relatively short-notice funding announcements for the first phase of HIS also made it difficult for delivery partners to secure and retain the large number of skilled staff needed to deliver the scheme.

6.2 Barriers relating to housing type or tenure

- 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 and, therefore, negotiation between different energy suppliers. A number of urban-based projects have sought to address this problem, but all report that it is complex and labour intensive. Work at a national level to improve the coordination of different support packages and suppliers could help to address this issue. This is particularly important given the higher proportion of flatted properties in Scotland compared to the rest of the UK.
- It can be difficult for area-based schemes to work with homes which are not owner-occupied. This is because the costs of improving a property generally fall to the landlord, but the landlord's incentive to invest is limited because the benefits, through lower energy bills, are gained by the tenants. Both the Scottish and UK Governments have indicated that they are considering regulation which will take account of this position.

¹⁰ CERT is, at present, the largest single source of funding for energy efficiency projects in GB. CERT was established by the UK Government, but operates as an obligation on energy suppliers, who have to deliver agreed levels of energy savings. CERT is designed to deliver carbon savings in the most efficient way possible, and, in practice, this means that most emphasis is placed on the installation of low-cost measures, of which loft and cavity wall insulation are by far the most common. This is important, because CERT funding commonly supports the physical measures delivered by area-based projects.

6.3 Capacity of community-based organisations

- Community-based organisations need further advice and support. An increasing number of projects are being delivered by community-based organisations with little or no prior experience of delivering energy efficiency schemes. Locally based groups have key strengths and advantages in engaging communities, and the requirement, through the Climate Challenge Fund, for such organisations to work alongside an Energy Saving Scotland Advice Centre (ESSAC)¹¹ is important in ensuring that the schemes have access to the necessary advice and training. However, further support and guidance may be necessary, for example to establish relationships with installers and to ensure effective integration with EAP or other support.

6.4 Management of data

- There is a general issue around the quality of data which affects all energy efficiency projects. There is also a more specific issue, related to the information about take-up of energy efficiency measures at household level, which can make it difficult for some community-based schemes to target their work effectively, monitor the outcomes from referrals made and provide follow-up support to consumers. Addressing both of these issues could significantly enhance the effectiveness of area-based schemes:
 1. There are delays to the updating of the Home Energy Efficiency Database (HEED), which makes it difficult to access information about the housing stock and previous installations which have taken place.
 2. Data protection issues inhibit the exchange of household level information between Energy Savings Trust (EST) / ESSAC and community-based organisations involved in delivery.

6.5 Concerns about effectiveness of insulation measures

- Householders can have concerns about cavity wall insulation. The teams involved in delivering the Highland and Western Isles HIS (Home Insulation Scheme) schemes both report a significant level of wariness amongst householders about cavity wall insulation, which is believed to have arisen from historic reports of damp problems caused by earlier use of foam-based cavity wall insulation.

¹¹ Energy Saving Scotland Advice Centres cover all parts of Scotland from regional bases.

6.6 Commentary

Many of the concerns identified here – including, for example, those around complexities of the funding system, and the engagement of landlords and of all parties concerned in communal properties – are issues common to the promotion of energy efficiency more generally, and are not specific to area-based schemes. The questions about installation of communal measures and ways to engage landlords were identified in the Scottish Government’s consultation on an energy efficiency strategy, *Conserve and Save*¹².

Other issues, such as data transfer, are specific to the delivery of area-based projects by community groups, and there are already indications that some projects are working on ways to address these issues.

¹² Available at <http://www.scotland.gov.uk/Publications/2009/10/16124856/0> . A finalised strategy is expected in the spring of 2010.

7. Discussion: Delivering Area-based Energy Efficiency Projects

The research raises a number of issues in relation to the future delivery of area-based energy efficiency initiatives:

- the scale and depth of area-based projects
- the importance of considering fuel poverty in the selection of areas
- data collection and monitoring issues

7.1 The Scale and Depth of Area-Based Projects

Ultimately, area-based projects are important because they offer the potential to help deliver significant progress towards agreed fuel poverty and climate change policy aims, in ways which help address barriers currently faced by consumers. However, to achieve that, projects will need to:

- a) cover a sufficient number of households
- b) achieve sufficiently high take-up rates of the measures offered
- c) incorporate a sufficiently wide range of measures

The findings from this review would suggest that the current area-based activity in Scotland needs to expand both in scale and depth to achieve these aims.

The scale of most area-based schemes is very small. The introduction of HIS represents a welcome step-change in the scale of area-based activity in Scotland, but the first phase of the scheme only targeted a fraction (less than 5%) of the total number of households in Scotland.

Taking the next phase (2010-11) of HIS and the new Universal Home Insulation Scheme (UHS) into account, the proportion of all Scottish households targeted will increase to around 12%, but this must be seen in the context of the target to have all homes insulated with cavity wall and loft insulation, where practicable, by 2015.

Although area-based schemes increase the take-up rates for insulation measures, take-up rates remain low. The monitoring data is incomplete but it is likely that, excluding HIS, the schemes reviewed have resulted in less than 2,000 insulation measures being installed. Final figures for the take-up of measures under HIS are likely to be of the order of 10% of all households targeted.

Among the case study projects, that at Hadyard Hill, although small, achieved high rates of take-up (63% of the households engaged). This appears to be largely down to the fact that basic insulation measures were offered free of charge to all households – other projects run by the Energy Agency on a similar basis have also had high rates of take-up. This suggests that the new Universal HIS scheme may be able to achieve higher levels of take-up than typical area-based schemes.

However, even in the Hadyard Hill scheme, the limited scope of the measures offered means that the carbon savings generated by the scheme are also relatively limited. WWF Scotland and the Energy Agency found that average emissions reductions for recipients in the Fintry, Girvan and Hadyard Hill schemes were around 19%. This reinforces the need for area-based schemes to go beyond conventional measures and to provide mechanisms which improve access to insulation measures for hard-to-treat properties, alongside low carbon and renewable energy installations. The current Energy Saving Scotland Home Loan scheme may offer a model to support this approach, which, in turn, highlights the need for advisors to be aware of the full range of wide support which might be appropriate for individual consumers.

A further issue to be considered in relation to the climate change targets is the particular challenges associated with Scotland's remote rural and island areas. Evidence from the Western Isles HIS, and also from the islands of Islay and Bute, suggests that insulation was prohibitively expensive prior to the HIS scheme. This would indicate that if the target of having all lofts and cavity walls insulated by 2015 is to be achieved, an area-based scheme (or other support) will be necessary in all remote and island areas.

7.2 The Importance of Considering Fuel Poverty in the Selection of Areas

The range of case studies shows that current area-based activities are underway in areas representative of all types of housing, location and income across Scotland. It is less clear, however, how far fuel poverty issues have influenced either the targeting of locations in the first place, or the operation of the schemes themselves.

The projects funded by the Climate Challenge Fund emerge from the activities of community-based organisations – and are clearly linked to the aim of reducing climate change emissions so there is no specific targeting of such schemes on areas with high levels of fuel poverty.

With the national HIS scheme, although fuel poverty was one of the criteria used in the selection of the HIS areas in 2009/10, it is not clear how this criteria was reflected in the decision-making process. In addition, because the process relied on bids made by local authorities, many areas with high numbers of fuel-poor households may not have not been considered in the first place.¹³

At present, the Index of Multiple Deprivation is being used a proxy measure for fuel poverty. If area-based schemes are to effectively contribute to the target of eliminating fuel poverty in Scotland by 2016, better proxy measures for fuel poverty will be needed so that schemes can be more closely targeted on areas with a high incidence of fuel poverty. Further research is urgently needed to develop such measures below local authority level, which are likely to need to take into consideration issues such as climatic conditions, prevalence of hard-to-treat houses, and access to the gas grid, alongside levels of income deprivation.

In terms of how the schemes operate at the point of delivery, although many of the projects have fuel poverty reduction as an aim, limited evidence has been found of successful targeting or prioritisation of fuel poor households. In some cases this is down to the lack of reliable data on the spatial distribution of fuel poverty at the very local level which, in turn, emphasises the importance of visiting every household.

¹³ The Scottish Government has recently update information on rates of fuel poverty at local authority level, available at <http://www.scotland.gov.uk/Publications/2010/05/SHCSLA0508>. Data below that level is not available

By increasing the take-up of insulation measures, and particularly by referring households to the EAP, area-based schemes can play a significant role in addressing fuel poverty in the areas they serve. The potential benefits to householders from the EAP are much more significant than those available through any of the case study projects – EAP, for example, has the potential to fund insulation measures in hard or expensive to treat houses, and to pay for new, more efficient heating systems. It is critical, therefore, that those delivering advice through area-based schemes have the necessary training to identify households which may be eligible for assistance, and to refer them to the EAP wherever appropriate.

More widely, a number of the stakeholders who contributed to this research suggested that there are a very large number of households who are fuel poor, but are not eligible for the EAP. This may be particularly true in off-gas areas and areas with high numbers of inefficient and hard-to-treat homes, where fuel costs (and also carbon emissions) will be higher than average as a result. One of the major potential benefits of providing free measures through area-based schemes is that many more fuel poor households will be able to benefit from insulation measures than would otherwise be the case. There may also be a cost saving because there will be less need, at least initially, to gather and process detailed data on household income before proceeding with installation work.

7.3 Data collection and monitoring issues

Our research confirmed the findings of previous reports, which suggested that the way area-based schemes record and monitor their activities is quite varied. The absence of consistent approaches to data collection and monitoring makes drawing conclusions about the effectiveness of different approaches difficult; only three of the projects gathered sufficiently detailed output data to be able to calculate outcomes such as carbon emissions savings and fuel bill savings.

The research highlighted a number of areas, including the transfer of data about individual households, which clearly have implications for privacy and data protection and, more widely, issues about the quality of data currently available. Consumer Focus Scotland believes it is possible to define some basic monitoring indicators which would make it easier to compare the benefits of different schemes. A carbon calculator for a very wide range of measures has recently been published for use in the monitoring of Community Energy Saving Programme (CESP) which may also be helpful¹⁴.

In addition, a consistent approach is needed for defining the costs of area-based schemes. In some schemes it is difficult to isolate the costs of the energy efficiency work from the other activities carried out by the delivery organisation. In others, it is unclear whether the costs include CERT funding.

The table below presents a suggested monitoring framework for area-based schemes, listing the data which, if collected, would allow effective monitoring of progress and allow comparisons to be made between different schemes.

¹⁴ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=18&refer=Sustainability/Environment/EnergyEff/cesp>

Table 1: Suggested Monitoring and Evaluation Indicators for Area-Based Projects

Category	Data needed	Comments	
Costs	Administration costs	Including office space, administrative staff, data, equipment (isolated for the area-based energy work if part of a wider project)	
	Marketing costs	Advertising, mailings, events etc	
	Assessor costs	Salaries, training costs and overheads associated with assessor team	
	Delivery costs	Including any funding for enabling measures, transportation/storage etc	
	Costs of measures	Any direct contributions to the costs of measures	
	CERT/EAP contribution	If possible, data on the level of funding attracted from CERT and EAP toward the cost of measures	
Outputs	No. of households contacted via direct mail	As an indication of the total number of households targeted by the scheme	
	No. of households completed	'Completion' needs to be clearly defined in each case, e.g. for HIS it is defined as households which have either completed a Home Energy Check form (HEC), chosen not to complete one, or have been visited three times without being available. Data on the breakdown of each of these sub-categories should also be recorded	
	No. of households successfully engaged	Again, 'successful engagement' needs to be clearly defined, e.g. was a HEC completed or a more detailed assessment?	
	No. of referrals for CERT-funded insulation measures	For each referral, both the type of measure (virgin loft, loft top-up, cavity wall, draught proofing) and the type of property (no. of bedrooms and whether the property is a flat, terrace, end-terrace, semi-detached bungalow, detached bungalow, semi-detached house or detached house)	
	No. of EAP referrals	For each of the different stages of EAP	
	Any other referrals	For example, for locally available grants, loans, support or advice	
	No. of requests for Energy Saving Scotland loan applications		
	No. of measures installed	For each installation, the type of measure, the type of property and the funding source (including EAP)	
	No. of households provided with home energy advice		
Outcomes	Fuel bill savings	Both annual savings and total savings over the lifetime of the measures	These can be calculated from the output data using the calculators provided for the CERT and CESP schemes
	CO2 emissions savings	Both annual savings and total savings over the lifetime of the measures	

7.4 What might an ‘ideal’ area-based scheme look like?

It is possible to synthesise the good practice identified in case study projects, and to show how different stages of delivery relate to ensure the consumer journey is as smooth as possible. The table below shows how such an idealised scheme might operate. The final column shows the points at which monitoring data could be collected.

Ideally, after a successful area-based scheme has been completed:

- as far as practical, everyone in the area should have been made aware of the availability of services, through local media, active community groups or public agencies
- no-one should have been unable to access the services because of limits on time of delivery, or because of administrative barriers (multiple ownership, etc)
- data should exist to enable future work, if necessary, to be targeted at households which did not take part
- sufficient data should exist to show what the baseline position was (in terms of installed measures, and ability of houses to accept them), and what progress, against that background, the scheme had made
- there should be a list of area-specific recommendations to inform future work in that, or in similar areas

Table 2: Outline of an Idealised Area-Based Project

Consumer Journey	Service Delivery	Monitoring
	<p>Early engagement with housing associations and other social housing providers to ensure maximum take-up in this sector.</p> <p>Engagement with other local service providers (including third sector) to identify opportunities for collaboration and complementary funding.</p>	<p>Baseline data collected.</p> <p>Research into local housing stock carried out to allow early identification of issues, e.g. flats, tenure issues, hard-to-treat properties, need for enabling measures.</p>
<p>Becomes aware that energy efficiency work is going to take place in the area; if the consumer responds at this point, they should be able to book an advisor appointment.</p>	<p>Widespread awareness raising work through:</p> <ul style="list-style-type: none"> • Local press / radio • Schools • Community groups and network organisations • Local authority departments • Events <p>If there are large numbers of private rented properties, targeted marketing work with landlords carried out.</p> <p>Ideally, marketing includes local case studies from earlier work / testimonials, and endorsed by local authority and other locally recognised organisations and people.</p> <p>Services on offer are, at least, sufficiently more attractive than those otherwise available on the open market to guarantee wide take-up, and ideally basic measures should be free to all householders.</p>	<p>Media coverage generated</p>
<p>Receives specific contact letter, personally addressed and giving:</p> <ul style="list-style-type: none"> • time window when visit will take place • contact number to call to change if not convenient 	<p>Targeting needs to be planned sufficiently to provide appropriate times for advisors to call, and to be flexible about re-arranging, ensure all households are visited (and re-visited multiple times if no response).</p>	<p>Number of households contacted</p>

Consumer Journey	Service Delivery	Monitoring
<p>Receives visit from advisor, who is able to:</p> <ul style="list-style-type: none"> • complete assessment form • answer general energy questions • offer advice on heating controls & behaviours • (at least) check for eligibility / practicality of basic measures, including physical inspection of loft and cavities • identify any likely barriers and any requirements for enabling measures • check eligibility for any relevant in-depth support (Energy Assistance Package (EAP) etc.) • signpost information and support available for micro-renewables <p>The advisor should also be able arrange a specific time, convenient to the householder, for a full survey within the next few days.</p>	<p>Direct relationship established with installer to provide certainty of supply and prices (if not free) and to enable booking of surveys on the doorstep. Advisors need to be trained to be able to deliver these services, to understand what referral pathways might be appropriate for consumers in different circumstances and to be sufficiently independent to refer to the most appropriate pathway.</p> <p>Where resources allow, the initial assessment and full survey should be combined in a single visit by a qualified surveyor in order to reduce the number of stages for the householder.</p>	<p>Number (and proportion of total) of eligible homes completing entry level forms, where this stage is included, and provided with advice. Number of each type of referral – measures, EAP, others. Number of requests for Energy Saving Scotland loan applications.</p>

Consumer Journey	Service Delivery	Monitoring
<p>Receives visit from surveyor; surveyor is able to book time for installation visit, if appropriate, while at the house, and to answer questions on both easy and harder measures, micro-renewables and related incentives (eg Feed-In Tariffs (FITs)) and likely costs and benefits for the specific household. Survey should be available to inform EAP or any other available scheme.</p>	<p>Full survey takes place, to professional standards, so that information is available to target future work if necessary. Data management and data protection issues are addressed to smooth data transfer process. Fund for enabling measures is in place and arrangements for its use agreed with the installer. A mechanism should exist to allow basic measures, whether or not duplicating EAP, to be delivered without further administration (e.g. everyone gets loft and cavity insulation, EAP referral for stages 1,2,4 after or in parallel to that).</p>	<p>Number (and proportion of total) eligible homes completing standard surveys. This should be an outcome which triggers at least a nominal payment. Survey data should be added to Homes Energy Efficiency Database (HEED), and should include information on measures already in place.</p>
<p>Receives installation visit (after enabling works carried out if necessary).</p>	<p>Information on the progress of installations is passed back to the delivery organisation at regular intervals.</p>	<p>Number (and proportion of total) eligible homes with each of loft, cavity, other insulation measures installed. EAP indicators for more intensive / social support.</p>
<p>Follow-up phone call / offer of visit after three months to check satisfaction, and to offer further energy advice.</p>	<p>Focus group work to evaluate scheme. Plan future round to address next level of measures (programme for whole house packages planned out, timetabled, resourced).</p>	<p>Report published, including costs of scheme (admin, marketing, assessment, delivery, measures, CERT/ EAP contributions), and both outputs and outcomes, e.g. fuel bill savings, number of households in fuel poverty assisted, money released for local spending, annualised tonnes of CO2 reduced and cost per tonne of carbon saved.</p>

8. Conclusions and Next Steps

This research shows that there is a great deal of experience of different approaches to area-based energy efficiency work in Scotland, reflecting different housing types and locations, and different community circumstances. Based on these findings, Consumer Focus Scotland believes that area-based approaches to energy efficiency have a significant role to play, alongside other activities, in delivering both fuel poverty and climate change policy aims. It has been possible to identify success factors and common principles which underpin them, and an evaluation framework which we believe will help improve the quality of information gathered without distorting local delivery. However, the range of experience from the case studies also shows the importance of retaining local flexibility at project level – locally based organisations are best placed to understand the approaches which will be most appropriate for their communities.

The research also highlights outstanding issues which affect the delivery of area-based projects. Some of these, like problems engaging landlords, or dealing with blocks of flats, are long standing concerns. Others are specific to area-based projects.

Consumer Focus Scotland is a member of the Scottish Fuel Poverty Forum, which oversees the Home Insulation Scheme as well as the Energy Assistance Package. Consumer Focus Scotland is also a member of the steering group for the Universal Home Insulation Scheme. We will use these groups to work with stakeholders to ensure that the lessons from the projects reviewed here inform and improve future approaches. Specifically, in response to the general concerns and challenges identified, Consumer Focus Scotland recommends that:

- the UK and Scottish Governments should clarify and simplify funding arrangements for energy efficiency programmes, and ensure that CERT or successor programmes operate in ways which are consistent with the delivery of area-based projects, and allow a wider range of measures to be offered within different areas
- the Scottish Government takes forward work to address long-standing challenges around the delivery of energy efficiency measures in communal flats, and to the private rented sector, in ways which maintain consumers' access to affordable housing

In response to the specific issues around area-based programmes, Consumer Focus Scotland recommends that:

- the Scottish Government refines the existing suite of energy efficiency programmes to ensure that linked solutions are in place to meet the needs of all consumers, and that the important role of area-based projects within that context is clearly explained
- the Scottish Government agrees a consistent monitoring framework, to be applied to all area-based projects receiving public funding, to ensure that information is available to promote learning and improvement over time
- the Energy Savings Trust and the Scottish Government explore opportunities to address capacity building and data management concerns to better enable community organisations to deliver successful area-based projects

Energising Communities

Learning from Area-Based Energy
Efficiency Projects in Scotland

Written by Andrew Faulk

Copyright: Consumer Focus Scotland

Published: June 2010

If you require this publication in Braille, large
print or on audio CD please contact us.

Consumer Focus Scotland
Royal Exchange House
100 Queen Street
Glasgow G1 3DN

t 0141 226 5261

f 0141 221 9695

e mail@consumerfocus-scotland.org.uk

www.consumerfocus-scotland.org.uk

ISBN 978-1-907237-09-6

This report is published on recycled paper.