



To: Executive Councillor for Finance and Resources:  
Councillor George Owers

Report by: Jas Lally 'Head of Refuse and Environment'

Relevant scrutiny  
committee: Strategy & 23/3/2015  
Resources  
Scrutiny  
Committee

Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge  
East Chesterton King's Hedges Market Newnham  
Petersfield Queen Edith's Romsey Trumpington  
West Chesterton

## **ACTION ON ENERGY PROGRESS UPDATE**

### **Not a Key Decision**

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#### **1. Executive summary**

- 1.1 Since being awarded Green Deal Communities funding in March 2014, the Action on Energy partnership have undertaken extensive engagement activity across Cambridgeshire and as a result have secured strong interest from local residents in insulation grants, including a particularly high response rate in Cambridge City.
- 1.2 However some elements of the project have been particularly challenging such as securing interest in the private rented sector.
- 1.3 The partnership with a procured Green Deal Provider, Climate Energy, has provided additional resources that would not normally be available which has allowed successful targeted street by street engagement to take place. However there have also been issues such as poor customer management, length of customer journey, and installation capacity that has required active contract management by Council Officers to reduce the impact on residents and reduce reputational risk to the Council.
- 1.4 Green Deal Communities funding has provided a very attractive offer to residents to install energy efficiency improvements and has provided the opportunity to develop support to the market through show homes, planning guidance, improved local resources and the opportunity to train local small and medium enterprises (SME's) This

activity is now resulting in additional interest in the funding and jobs being completed.

- 1.5 Funding was originally scheduled to end in March 2015, however it has been agreed by Amber Rudd, Parliamentary Under Secretary of State for energy and climate change that the time period for delivering the project should be extended until 30<sup>th</sup> September 2015. On this basis we are expected to deliver 400 sign-ups by households in Cambridgeshire by 31<sup>st</sup> March 2015, and a total of 1800 sign-ups by 30<sup>th</sup> September 2015. However while funding can be allocated up to 30<sup>th</sup> September 2015, any monies allocated at that point can be spent on installations up until 31<sup>st</sup> March 2016.
- 1.6 We have been provided a variation of the Memorandum of Understanding to reflect these changes and the detail of this document is being agreed with the Department for Energy and Climate Change, with advice from Cambridge City Council Legal Department. Once finalised this is required to be signed by an appropriate senior council officer with authority to act on behalf of the Council.

## **2. Recommendations**

The Executive Councillor is recommended:

**To note the progress and issues presented in the report.**

## **3. Background**

- 3.1 In January 2013 the Executive Councillor for Planning and Climate Change approved:
  - 1) the establishment of a partnership of the Cambridgeshire Districts to deliver the Green Deal work proposal, subject to detailed approval of a Memorandum of Understanding between the Authorities involved at Public Service Board;
  - 2) to conduct of a procurement exercise and award of contract(s) to one or more Green Deal commercial providers to be let on a County wide basis and in collaboration with Cambridgeshire Local Authorities.
- 3.2 The six Cambridgeshire Local Authorities created a single Cambridgeshire brand called 'Action on Energy' (AoE) and, in the summer of 2013, procured a partnership with Climate Energy to deliver Green Deal, ECO and self-financed energy efficiency

measures across the county. The partnership launched in early November 2013, with a contract in place for three years, and an option to extend for every additional year up to 2019.

- 3.3 The Action on Energy Project Board provides strategic management at project and work stream level. It comprises officers from each of the six participating local authorities and meets at least monthly, or more often as needed. Overall strategic oversight and senior management is provided by the Sponsors Board, consisting of senior managers from each of the six local authorities. The Project Board reports to the Sponsors Board on project progress and highlights any issues that require senior management attention.
- 3.4 In July 2013 the Department for Energy & Climate Change (DECC) announced the opportunity to bid for Green Deal Communities Funding. The aim of the fund was to support local authorities, in partnership with local community organisations and businesses, to encourage take up of the Green Deal and other energy efficiency improvements. The funding had to be delivered through street-by-street engagement with a requirement that the main target areas be ambitious, and to include hard to reach and hard to treat sectors.
- 3.5 The AoE Project Board, led by Cambridge City Council, subsequently bid for funding, and in March 2014 was awarded a total of £7,857,400. Funds were transferred to the City Council in May 2014. The allocation of funding was broken down into the following:
  - a) £5.6 Million for supporting the insulation of hard to treat properties (predominantly, pre-1940's, solid wall properties)
  - b) £2 Million for energy efficiency improvements to the private rental sector
  - c) £81,400 for subsidised green deal assessments to first target streets
  - d) £10,000 to support show homes in first target streets
  - e) £99,000 for installer training to support local SME's
- 3.6 The funding was awarded based on the commitment to deliver insulation measures to 1000 solid wall properties and 800 properties supported through the private rental sector scheme. The funding was made available to residents from May 2014 with all installations required to be completed by March 2015
- 3.7 Within Cambridge City we identified a number of target areas that represented properties that have been particularly challenging to treat to date. These were

- a) Petersfield Ward to target the private rented sector.
- b) Newnham Croft Conservation Area
- c) Steel-framed properties in Trumpington
- d) Following input from the Minister at the time, Greg Barker, it was agreed that we should identify some 'easier wins', namely already rendered solid wall properties outside of conservation areas. In order to do this officers conducted street surveys to identify a list of streets or areas where there were a high proportion of potentially suitable solid wall properties.

3.8 Cambridge City Council is the lead Authority responsible for the coordination and administration of the project. This includes implementing a funding pre-allocation process to ensure that spend is controlled and funding is only committed to eligible properties. Further staff time is spent on project planning and monitoring; daily liaison with our delivery partner; promotion of scheme; weekly reporting to DECC; and delivery of packages of work such as procurement for the delivery of virtual show homes, energy surgeries etc.

3.9 In addition, Cambridge City Council officers oversee project delivery specifically in Cambridge City, and this includes: refining data on key target areas and streets; working with Climate Energy on the rollout plan in Cambridge; promotional activity; supporting community participants across the City; facilitating planning, liaising with residents; and updating councillors and senior managers.

3.10 The funding covers two officer days a week per authority for local project delivery, with additional funding for Cambridge City Council as the lead authority of 1.5 FTE to provide the administration and co-ordination of the funding. However in practice additional resource in kind has been provided by all partners.

## 4. Delivery Progress

- 4.1 The following table (Table 1) provide figures on the progress of the scheme so far.

**Table 1 – Scheme progress to date\***

<b>Item</b>	<b>Cambridgeshire Total</b>	<b>Cambridge City Total</b>
Letters Dropped	29,165	14,000**
GD Assessments Completed	1,004	487
Quotations Sent	801	405
Quotations Accepted	207	93
Installations in Progress	35	19
Installations Completed	26	10
Funding Pre-Allocated	£4,035,541.64	£2,155,545.92
Funding Committed to Installation	£1,339,092.69	£640,262.31

\* Figures correct as of 12/02/15

\*\* Figures for street by street activity per district are estimated.

- 4.2 There has been a strong level of interest from residents in improving the energy efficiency of their properties based on the figures provided in Table 1. The interest generated is likely to be as a combination of a good financial offer from the funding, trust in local authority involvement, targeted messages and engagement through a number of different means coupled with wider concerns regarding energy prices and environmental issues.
- 4.3 Delivery involved focused street by street roll out supported by area based marketing and community engagement. For each area targeted, we developed a presence in that area through active voluntary groups, meetings with and presentations to key individuals and local groups, and attending or holding local events. Local drop-in sessions for residents in some of the target streets have worked very well, particularly areas such as Queen Edith ward (20 residents+) and Newnham ward (15 residents). We also delivered a locally-focussed marketing campaign including press, websites, social media, direct mailouts, posters, and leaflets. Local shops and other businesses were encouraged to display information on the scheme. Once an area had been 'warmed up', Climate Energy sent a council approved letter to all eligible properties in the target streets with each property followed up with approaches directly to the door by a canvasser. Home owners could call and request not to be contacted further if desired.

- 4.4 We found that the street-by-street approach worked well in a limited number of areas, where there was a high concentration of the same types of properties and/or where installations were already going on. For example, 28 Green Deal Assessments have been undertaken on Coleridge Road in Cambridge, a street of rendered properties, many of which would benefit from improvement, and not in a conservation area. Eighteen Green Deal Assessments were undertaken in response to the initial canvassing, leading to nine installations. Once the installations were underway and the show home completed, the area was re-canvassed, and a further 7 Green Deal Assessments booked in late December 14 and January 2015.
- 4.5 Targeting properties that were already rendered and outside of conservation areas led to higher levels of uptake than in the more challenging areas originally listed in the bid, for example conservation areas and rental properties.
- 4.6 Use of the local authority logo appears to be an important factor in gaining the trust of residents. Climate Energy has suggested that there would be a much lower uptake in the absence of the logo and local authority support.
- 4.7 The offer of a subsidised Green Deal Assessments has worked well. The concept of the Green Deal Assessment would appear to be of interest given the high uptake, and the price (£29) did not seem to be prohibitive for many customers. If the assessment was not subsidised, the higher cost would probably have reduced the uptake significantly and led to far fewer measures being installed.
- 4.8 While we believe we have a good offer for the private rented sector, securing uptake has been challenging. The requirement for privately rented properties to be at least an 'E rating' in their Energy Performance Certificate from 2018 is not a strong motivator to improve properties as there is no sense of urgency as the date is too far in the future to be a concern.
- 4.9 Adverts in local papers directed at landlords and estate agents, and a letter sent to every estate agent in the area detailing the scheme and its benefits delivered few leads, suggesting that a more targeted and personal approach should be used in future.
- 4.10 A total of 38 landlords have attended Energy Surgeries, with more surgeries planned for spring 2015. Surgeries have been most successful when held in association with an existing, active landlord forum. Energy Surgeries provide landlords with the opportunity to

book pre-allocated appointments to discuss their property portfolio. Climate Energy representatives research properties in advance and produce tailored advice packs for each property, based on the current Energy Performance Certificate. Landlords appreciated the opportunity to discuss the potential to improve specific properties, rather than discussing the grant in general terms.

## **5. Partnership work with Climate Energy**

- 5.1 We have experienced a number of issues with our procured Provider, Climate Energy, which has affected the quality of the delivery of the scheme. These issues are in a number of areas, including quality of customer management, length of the customer journey and installation capacity.
- 5.2 In the early stages of the process, we found there was a significant delay between having an assessment carried out, and receiving a quote. This was in large part due the need to arrange a second technical visit to the property. To shorten the process, Climate Energy trained its assessors on how to carry out the technical survey at the time of the assessment. This mean that an indicative quote could be produced at the time of the assessment. A detailed quote could be produced quickly thereafter, and a subsequent visit to the property was not required.
- 5.3 The quality of the quotation in terms of providing fully details of the proposals and customer support was not up to standard in the early months of the scheme. These have since improved, however we continue to experience complaints due to customer expectations not being effectively managed.
- 5.4 We found that despite assurances from Climate Energy that installation capacity was not an issue, they failed to meet our expectations. A decision by our Provider to change to fully outsourced installation teams to address the capacity issue further impacted on delivery.
- 5.5 The issues we have experienced have required active involvement from Local Authority Officers to manage the situation to reduce the impact on residents and reduce reputational risks to the Councils. We have entered into detailed contract management discussions with Climate Energy in order to address these issues with improvements implemented as a result. The Action on Energy Project Board is implementing the contract management discussions, regularly seeking advice from and reporting to the Sponsors Board.

- 5.6 These issues need to be put into context as our research has found similar issues with other companies in the market. The lack of policy stability has had major impacts on the insulation market which is running at significantly lower capacity than it used to. Installers appear to be unmotivated to enter into a market that is so vulnerable to change. Many installers that are operating, like Climate Energy, have had to significantly change their business model adapting to a shift away from ECO funding and towards the funding such as Green Deal Communities.
- 5.7 While we have experienced issues with the quality of delivery, the contracted partnership allows us to work with the Provider to work through solutions to the benefit of all parties; as a result we have already seen considerable improvements in the front end services provided and we are working closely with our partner to address the current capacity shortfall.
- 5.8 We have found that delivery of the project through a procured private sector partner has enabled us greater control of the roll-out process, access to relevant data to track uptake and pre-allocation of funding, and management tools to address any problems that arise.
- 5.9 We have found that the procured partnership offers many benefits, with considerable investment by Climate Energy in terms of funding promotional material, developing the website, staff committed to the rollout and engagement. Climate Energy's investment has helped to develop the strong interest in the scheme, and they have played a role in delivering other objectives as part of this project.

## **6. Additional activity**

- 6.1 We have completed one show home to date, with other show homes in Cambridgeshire near completion. Early indications suggest that show homes will be very useful in promoting the scheme. The show home in Cambridge City has already been used for a wide variety of marketing purposes, for example it featured on the front cover of Cambridge Matters; the owners have participated in a Personal Stories event on energy efficiency run by a local community group; and photos of the house have been used in the letters distributed to households in the area. Furthermore there has been further interest on the street since the solid wall insulation installation in the show home
- 6.2 Cambridge Carbon Footprint arranged for 17 low-energy Cambridge Homes to be open to the public over 14th & 21st September 2014. These included 3 homes applying to Green Deal Communities, a



Housing Association tenant with a winter's experience of external wall insulation and a private landlord showing a house in multiple occupation (HMO) with extensive new internal solid wall insulation. These events were part funded by Green Deal Communities funding and supported by Council Officers. Householders showed 189 visitors (on a total of 406 visits) how they save energy. A further five practical follow-up events in October & November helped 139 attendees turn open-day inspiration into their own home energy improvements.

- 6.3 Consultation with the Cambridge City Council Planning Team has led to production of a guidance document on external wall insulation and better understanding of external wall insulation within the planning team. Planning applications for external wall insulation is now referred to dedicated officers
- 6.4 Part of the allocation of the funding included budget to spend on developing multimedia resources to assist with promotion of the scheme and to improve the quality of information around solid wall insulation. So far, the following resources have been completed and are available on the Action on Energy website:
- a) Revised solid wall insulation webpage
  - b) Downloadable fact sheets for home owners, private landlords and tenants
  - c) Schools 'Home Insulation' science project plan and exercises
  - d) Community engagement Powerpoint presentation
  - e) Community engagement Prezi presentation

Filming is also currently being undertaken to provide real life experiences of the process. These comprise

- a) A filmed case study
- b) Six 'talking heads' customer testimonials.

- 6.5 The principle objective of the Green Deal Communities installer training programme is to increase local capacity to delivery solid wall insulation installations in Cambridgeshire. The aim is for local companies to benefit from the development and subsequent growth of the market for solid wall installation in Cambridgeshire.
- 6.6 Our commitment was to deliver two Green Deal Installer accreditation courses (PAS 2030) to local businesses operating in Cambridgeshire, 6 solid wall insulation courses and 2 off-gas heating system courses to support whole house improvements such a biomass boilers and heat pumps. Training courses are being delivered in partnership with SmartLIFE.

- 6.7 In addition a series of practical advice sessions are to be identified and delivered based on our experiences of delivering the Green Deal Communities funding. These sessions will provide a legacy to the funding and cover items such as solid wall insulation in conservation areas.
- 6.8 We have delivered a range of promotional activities with local firms, including an industry event, marketing materials and direct mail outs to businesses using business databases held by the Local Authorities and our provider partner. However when marketing solid wall insulation training to general builders and plasterers who may be interested in diversifying their building service offer, it was quickly apparent that they weren't experiencing demand from customers asking them for solid wall insulation installations. A further push to improve uptake of solid wall insulation training was made using a telemarketing service, which has yielded a full solid wall insulation course for January and a further list of attendees for February and March. Budget re-allocation was agreed to run a small advertising campaign in the local papers which will be run at the end of January.
- 6.9 Promotional activities yielded much greater interest in off-gas system training with a waiting list for training growing quickly. The training covered installation for solar thermal, biomass boilers and heat pumps. As part of a budget re-allocation we have agreement to hold further off-gas heating system courses.
- 6.10 So far the training has provided:
- a) One fully booked solid wall insulation course for 10 people held in January 2015, with a further 2 planned.
  - b) 12 businesses have acquired their PAS2030 accreditation to date, with places for a further 8.
  - c) One off gas system course (heat pumps) has been delivered to 10 people.

## **7. Possible Extension**

- 7.1 In December 2014 we were offered the opportunity to apply for an extension to the funding until the end of September 2015 with a requirement that residents be signed up to installation works by that date. This offer was made based on our progress to date and the revised delivery we have provided. The Minister, Amber Rudd, "recognises that there can be challenges with achieving household energy efficiency retrofit at scale and that Local Authorities need time to build and deliver effective programmes." We have applied for the extension and await formal confirmation.

## **8. Implications**

### **(a) Financial Implications**

There are no unfunded financial commitments included in this report. DECC have approved further staff spending using Green Deal Communities Funding to cover the potential six month extension to the current staff allocation to allow the funding to be allocated up to September 2015, and for installations to continue up to the end of December 2015. There is also a need to deliver management and additional staff support in kind for the extension period as per current arrangements.

Capital funds to support installations are subject to a clause in our Memorandum of Understanding with DECC requiring the return of unspent funds at the end of the project. This end date will be extended to account for uncommitted funding at September 30th 2015. This represents a sales cut off for the Green Deal Communities scheme.

### **(b) Staffing Implications** (if not covered in Consultations Section)

An extension to the funding will also include an extension of the administration budget to assist local authorities to deliver the scheme which will result in an extension to those staff directly funded as part of this funding. There is also a need to deliver management and additional staff support in kind for the extension period as per current arrangements.

### **(c) Equality and Poverty Implications**

Green Deal Communities funding is open to all residents subject to their properties being eligible for funding. ECO funding provides a grant funding stream for vulnerable residents, the elderly and those in receipt of benefits. While ECO may not currently be available, it may become available after April 2015 and we will be in a strong position to direct ECO funding to local residents.

This report does not introduce or alter the Equality Impacts Assessment submitted as part of the original committee report in January 2013. For reference the original Equalities Impact Assessment is attached as appendix A

**(d) Environmental Implications**

This project has a +H climate change rating as it will assist residents to reduce energy consumption.

**(e) Procurement**

A procurement process has already been undertaken with a contract secured. No further procurement activity is required.

**(f) Consultation and communication**

No further consultation is required under this scheme. Extensive communications through marketing and promotion of the funding will continue to identify and target eligible properties throughout the duration of the funding.

**(g) Community Safety**

A risk assessment was carried out for this scheme as part of the original Committee Report in January 2013 with all risks qualitatively assessed and mitigated.

There is a potential risk to residents with individuals visiting properties. However, we believe this risk is low as we will ensure through the procurement process that the chosen provider will have experience of dealing with this process. Residents will have the option to opt out of the scheme at any time.

The chosen Green Deal Provider will make known the identity of their assessors, contractors and installers to Cambridge City Council. Residents will be able to contact the Customer Service Centre to confirm the identity of any person visiting their property as part of this scheme. All representatives will carry photographic ID.

## **9. Background papers**

These background papers were used in the preparation of this report:

- a) 'Green Deal in Cambridge' Environment Scrutiny Committee Report  
15<sup>th</sup> January 2013
- b) Cambridgeshire Green Deal Communities Bid
- c) Cambridgeshire Green Deal Communities Interim Evaluation Report

## **10. Appendices**

- a) Appendix A – Equalities Impact Assessment as submitted to Environment Scrutiny Committee, 15<sup>th</sup> January 2013

## **11. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

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