

## Review of the energy assistance package

Baker, Keith; Emmanuel, Rohinton; Phillipson, Mark

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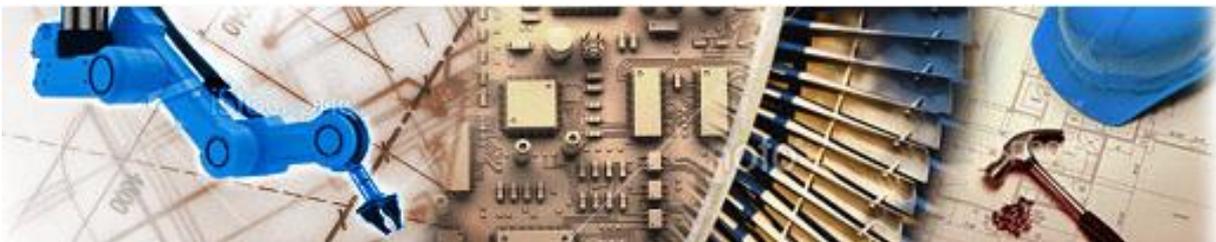
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# Review of the Energy Assistance Package

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Sustainable Urban Environments – Research Group

School of Engineering and Built Environment

Glasgow Caledonian University

September 2013



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## Executive Summary

This report summarises the findings of a review of the Scottish Government's Energy Assistance Package conducted by researchers from the Sustainable Urban Environments Research Group, Glasgow Caledonian University, in September and October 2012. It is based on the results of 18 semi-structured interviews, conducted under conditions of anonymity with 25 participants from 14 key stakeholder organisations, backed by a wider review of publicly available and confidential evidence identified by the researchers or supplied by those involved in managing and delivering EAP. The review had been carried out as the EAP contract was due to expire on 31 August 2013. Options for what would happen after 1 April 2013 were principally constrained by the design of ECO and Green Deal by the UK Government. However, this review considered what might be retained and what might be reformed to ensure the Scottish Government maximises the benefits to customers of any future Scottish schemes.

Whilst it was not within our remit to present recommendations on the future of EAP or any other schemes, all participants suggested some improvements where they had encountered issues with EAP. These suggestions are presented either where they are clearly indicative of the views of the majority, or where they offer a particularly specialist insight into a problem.

## Key Learning Points

- EAP is seen as very successful and demonstrates the value of retaining a national fuel poverty scheme that integrates with area-based initiatives and also supports wider social and economic development.
- EAP's successes have been hampered by the complexity of the design, management and administration, and a lack of flexibility in delivering measures to customers.
- Delivering EAP has been hardest for those working in rural areas and the islands, with the latter needing particular consideration in any future iteration of EAP.
- Stage 4 has suffered from some technical problems relating to the appropriateness of SAP and rdSAP, but these could be reduced through allowing greater flexibility in how they are used.
- Where customers are referred to delivery partners the outcome needs to be delivered timeously and reported back so that the impact of the service or measures provided can be monitored.
- Data management and information sharing in EAP could be improved to simplify information flows, improve effectiveness and cost-effectiveness, and enable frontline staff to have more and better access to information on existing and potential customers.
- Prioritising the use of locally-based subcontractors has been beneficial to delivering Stages 3 and 4 but more could be done to both increase the volume of work going to these businesses, particularly in rural areas and islands, and to improve the management of complaints relating to sub-contracted installations.
- Greater sensitivity is needed to address the needs of the most vulnerable as part of both marketing and enabling contractors and other frontline staff better to understand and respond to their needs.
- Every opportunity should be taken to improve the effectiveness and cost-effectiveness of future fuel poverty schemes by improving access to data and data sharing for the purposes of targeting support to the most vulnerable, including exploring any relevant provision in the Welfare Reform Act.
- Most importantly, the trusted status frontline organisations whose staff work face-to-face with the public should not be undervalued as they have clearly been fundamental to EAP's successes. However more could be done to enable them to operate more flexibly, efficiently, and effectively in responding to the needs of the most vulnerable and hard to reach.

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## 1. Introduction

This Review of the Scottish Government's Energy Assistance Package was commissioned by the Scottish Government, and conducted by researchers from the Sustainable Urban Environments Research Group, Glasgow Caledonian University, in September and October 2012.

The principal aims of this review were to:

- identify the ways in which EAP is regarded positively, or as successful, and the likely factors behind the success;
- identify which aspects of EAP might best be adjusted or not replicated, the factors behind the need for change, including barriers to take-up; and
- highlight any learning points for future scheme design.

The Review involved a series of semi-structured interviews with a selection of stakeholders and an examination of documentary evidence. The short timescale for the research did not allow to explore in full detail some of the emerging issues and subsequent research may be necessary.

## 2. Background

EAP came into force in 6 April 2009 following the passage of Home Energy Assistance Scheme (Scotland) Regulations 2009 (and subsequent amendments) and superseded the 'Home Energy Efficiency Scheme (Scotland) Regulations 2006.' It has been described as *"the best UK exemplar in terms of providing both a comprehensive approach ... and to linking the fourth level of assistance to the energy inefficiency of the home"*<sup>1</sup>. Together with the Home Insulation Scheme (HIS) / Universal Home Insulation Scheme (UHIS) and Boiler Scrappage (BS), EAP aimed to contribute to meeting the Scottish Government's carbon emissions reductions targets by increasing the take-up of domestic energy efficiency measures while helping to tackle fuel poverty.

The Energy Assistance Package was funded by the Scottish Government and delivered by the Energy Saving Trust (EST) through the Energy Saving Scotland Advice Centre (ESSAC) network in partnership with advice providers and energy companies (predominantly Scottish Gas). EST managed the EAP customer journey through the ESSACS. The Scottish Government's partners in delivering EAP were, in addition to EST, the Department of Work and Pensions, Citizens' Advice Direct, British and Scottish Gas, EDF, Eon, npower, SSE, and Scottish Power.

EAP consisted of 4 Stages:

- **Stage 1** offered free expert energy advice to anyone who phones the Energy Saving Scotland advice centre (ESSAC) network.
- **Stage 2** provided benefits and tax credit checks and information on low cost energy tariffs to those at risk of fuel poverty.
- **Stage 3** provided a package of standard insulation measures (cavity wall and loft insulation) to older households and those on one of a range of benefits.

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<sup>1</sup> Dr Brenda Boardman, Oxford University. Quoted in: Scottish Government, 2010. Home Energy Schemes 2009-10: Energy Assistance Package and Home Insulation Scheme: End Year Report

- **Stage 4** offered a package of enhanced energy efficiency measures to those who are most vulnerable to fuel poverty<sup>2</sup>.

EAP has now been superseded by the introduction of the Energy Company Obligation (ECO), the Green Deal (GD), and the Home Energy Efficiency Programmes for Scotland. The stages of EAP have evolved in the following ways:

- **Stage 1** – continues but evolved to reflect the introduction of ECO, the expiry of CERT, the introduction of the Green Deal, the introduction of the Home Energy Efficiency Programmes for Scotland and changes to other schemes.
- **Stage 2** – continues but taking account of changes to the benefits scheme and other welfare support.
- **Stage 3** – referrals to energy companies for CERT has ended with the end of the CERT scheme; this Stage has effectively been replaced by the Affordable Warmth Scheme, which is funded by energy companies.
- **Stage 4** – continues with revised eligibility criteria as the Energy Assistance Scheme.

**Table 1: Comparison of performance of home energy improvement programmes in FY 2010/11<sup>1</sup>**

	Boiler Scrappage	UHIS	HIS	EAP
Total Scottish Govt. Expenditure	£3,135,000.00	£9,648,000.00	£10,445,000.00	£37,105,000.00
Leveraged Expenditure	£15,328,000.00	£4,448,000.00	£735,000.00	£1,193,000.00
No. of households receiving physical measures	7,044	21,374	11,173	12,505
No. of households receiving physical measures as a fraction of fuel poor households in Scotland <sup>2</sup>	1.00%	3.02%	1.58%	1.77%
Lifetime CO <sub>2</sub> savings (projected) (tonnes)	9,900	458,600	122,600	602,400
Lifetime net gain in household income	£2,268,000.00	£105,476,000.00	£28,195,000.00	£141,130,000.00
Carbon reduction cost to Scottish Govt (£/tonne of CO <sub>2</sub> )	318	21	85	62
Carbon reduction cost – all expenditure (£/tonne of CO <sub>2</sub> )	1,872	31	91	64
Household income gearing SG expenditure (£ saved / £ spent)	0.7	11	3	4
Household income gearing – All expenditure (£ saved / £ spent)	0.1	7	3	4

Notes:

<sup>1</sup> Source: Based on the Home Energy Programmes Detailed Report 2009/12 available at the time of the research, which included data for 2011/12 but that data was not the final position. This report has been updated and subsumed in the Home Energy Programmes Detailed Report 2009/2013, available from the Energy Saving Trust website: [www.energysavingtrust.org.uk/scotland/Take-action/Home-Energy-Scotland/Home-Energy-Efficiency-Programmes-for-Scotland/Programme-statistics](http://www.energysavingtrust.org.uk/scotland/Take-action/Home-Energy-Scotland/Home-Energy-Efficiency-Programmes-for-Scotland/Programme-statistics)

<sup>2</sup> That is, the percentage of fuel poor households assisted if all recipients were fuel poor.

The effectiveness of similar programmes has been found to be heavily dependent on retaining the engagement of households from stage to stage<sup>3</sup>. Nevertheless, we found that the main problems stem from supply not being able to meet demand, particularly in rural areas, which is a reassuring outcome suggesting that EAP has been a successful scheme in terms of generating demand.

<sup>2</sup> Energy Assistance Package Scheme: <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/warmhomes/eap>

<sup>3</sup> Centre for Sustainable Energy and National Energy Action, 2005. 'Warm Zones Evaluation: Final Report'. Available at: <http://www.warmzones.co.uk/050301%20-%20Warm%20Zones%20Evaluation%20Final%20Report.pdf>

### 3. Methodology

The findings presented in this report are based primarily on the results of 18 semi-structured interviews, conducted with 25 participants from 14 key stakeholder organisations. These interviews were carried out between 21 September and 3 October 2012. Further evidence was drawn from a desk-based study of documents provided by the stakeholders, some of which were confidential or commercially sensitive as well as a wider literature review that builds on our previous research in this area<sup>4</sup>.

As part of the initial research and the development of the questions we held preparatory discussions with some stakeholders, namely the Scottish Government, the EST, Energy Action Scotland (EAS), and Consumer Focus Scotland (CFS). This was for the purpose of ensuring the scope of the interviews would be able to support a realistic, robust and justifiable assessment of EAP, particularly concerning areas where we felt our prior knowledge may have been weaker, and notes were kept on all such discussions.

Participants were selected to be as representative of the range of stakeholders involved with the different stages of EAP as possible within the limitations of the research and were contacted directly to request an interview. Interviews were conducted with key organisations involved with each stage of EAP, and every effort was made to ensure that the participants from ESSACs and other regional delivery bodies of urban and rural areas were well represented. Where at all possible, we also conducted interviews with anyone who was recommended by a participant, or identified themselves to us during the interview stage. One additional interview was requested specifically with regard to an issue raised by another participant, and a second was the result of the participant identifying themselves as having a useful perspective to contribute to the review. In all other cases, additional participants were staff from organisations already listed for interview. Although this led to the number of interviews and participants being extended beyond the original scope of the review, we still offer our apologies to anyone who feels they have been missed out.

Where possible all interviews were conducted face to face. The short timescale for this research and the locations of some participants meant that we were only able to hold face to face interviews with 6 of the 14 participating organisations. Written records were kept of all interviews but no tape recording was feasible because of the lack of sufficient time for transcription. All participants were informed of the conditions of taking part in the interviews. A full list of participants and other contributors can be found at the end of this report.

### 4. Findings and Discussion

#### 4.1 Value of EAP

Boardman<sup>5</sup> identified the following as key to addressing fuel poverty: Importance of capital expenditure, Investment in demand reduction, Inability of the fuel poor to self-identify themselves for investment programmes, Income boosting by access to benefits. EAP addresses all of these, and participants were unanimously and strongly of the view that large numbers of Scottish households have received much needed benefits that they would not have received without EAP. For example, simply by putting customers through benefit checks has enabled them to access benefits they were otherwise either unaware of, or reluctant to receive due to a perceived social stigma against those claiming benefits (particularly amongst some hard-to-reach communities).

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<sup>4</sup> Ibid

<sup>5</sup> Boardman B. 2012. Fuel poverty synthesis: lessons learnt, actions needed. *Energy Policy*, **49**, pp. 143-148

Most participants felt their involvement with EAP was also valuable to their wider social responsibilities, for example enabling them to do more to support and educate people in ways that integrate with their existing services, making EAP a very attractive scheme to be involved with. Almost all participants saw tackling fuel poverty (and also providing an income stream for contractors in rural and island areas) as part of the wider context of supporting economic development and community empowerment. There was unanimous opposition to dropping support for EAP, or some future iteration of it.

## 4.2 Impact on fuel poverty

Several participants commented that EAP is a fuel poverty scheme that doesn't measure fuel poverty. It would seem sensible that future schemes should incorporate one or more metrics or indicators to assess their direct outcomes. For example:

- The number of households lifted out of fuel poverty (and extreme fuel poverty), and how far out they have been lifted.
- Total and average household savings on energy bills.
- All EAP customer outcomes (whether they result in EAP-funded installations, UHIS-funded installations, customers receiving new benefits, customers dropping out, etc).

Nevertheless, as shown in Table 1, EAP has reached more households than other schemes (except UHIS), had the highest lifetime carbon savings and led to the highest lifetime net gain in household income. Furthermore EAP has reached a high number of households with elderly members (for the period 2009/10 to 2011/12, around half of the total national households receiving installations had occupants over the age of 75 yrs). Although only raised directly by one participant, an issue for future consideration is how EAP could be improved to engage better with households composed of single parents and younger children<sup>6</sup>.

## 4.3 Relationship between EAP and area-based initiatives

EAP was praised particularly in relation to its successes in referring customers to area-based initiatives such as UHIS, with no participants expressing the view that they would prefer to see funding for EAP be completely transferred to such initiatives. One of the difficulties in assessing the interaction of EAP with area-based initiatives is the fact that, whilst EST is the only gateway to EAP, there are a number of channels for individuals to receive a service from an area-based initiative (e.g. door-knocking). This, taken together with the fact that the same household might receive service from different schemes in different years and in any order, means that it was not possible to give a complete picture of the interaction.

## 4.4 Drop-out rates

When an EAP customer is referred for physical measures (stages 3 and 4), their 'journey' can end in one of several ways: no measures installed; EAP-funded measures; measures signposted by EAP but funded from another source (e.g. UHIS); or measures funded from EAP and another source. Research conducted separately by the Scottish Government and Lochalsh and Skye Energy Advice Service points to three common themes for customers refusing measures (see Appendix 2):

- Hassle and confusion

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<sup>6</sup> See evidence from the Environmental Determinants of Public Health in Scotland (EDPHIS) project at: <http://www.edphis.org/>

- Costs
- Technical and / or customer preference issues

Some interview participants spoke about the value of repeated attempts to contact customers, especially those hardest to reach. Limiting the number of attempts to a maximum of 3 was seen by some as inadequate in this context. EST conducted an exercise on a sample of EAP Stage 2 customers referred for social tariffs that found higher contact rates than those reported by energy suppliers<sup>7</sup> (over 80% contact rates after 4<sup>th</sup> call back as opposed to approximately 47% successful contact reported by suppliers).

Evidence from participants was consistent on the added costs of drop-outs to all those involved in delivering EAP, but particularly to local contractors and frontline services. All delivery partners bear some marginal costs and inefficiencies for every customer journey that leads to nowhere, and these will be felt most by those delivering other support services under tight budgets (i.e. ESSACs, housing associations and local authorities). The problem is far more acute for local contractors needing reliable sources of income in the current economic climate, and especially for those based in or serving rural areas who bear additional fuel and time costs between customers. The Lochalsh and Skye evaluation<sup>8</sup> supports the claims made by some participants that EAP has made insufficient use of locally-based contractors, particularly in rural areas and the islands. Scottish Gas noted, however, that they followed the requisite OJEU procurement process which provided an equal opportunity to all companies to participate, including those based in rural or island locations. In the case of the latter, small businesses relying on EAP contracts are at a particular risk failing if projected numbers of contracts fail to come in, or if customers frequently drop out at short notice.

Drop-out rates for stages 3 and 4 are a particularly thorny issue as those most in need of support from EAP are, by their nature, also those most likely to drop-out. As such, more evidence is needed on what would constitute an 'acceptable' drop-out rate. There may be benefits in considering what and how penalties could be applied for poor performance in delivering EAP. It may also be advisable to consider stronger incentives and / or penalties to further encourage the use of local contractors. However, any such penalties would need to be sensitive to the different capacities of EAP partners, especially those of frontline organisations working with limited resources, and of the different socio-demographics of the regions they serve.

A final message here is that, regardless of customers' individual reasons for dropping out, both previous work and the evidence from participants support the view that drop-out rates can be minimised through reducing the number of steps a customer has to take from initial contact to final installation<sup>9</sup>. Any future scheme would benefit from improving the data collection on, and monitoring of, customer cancellation reasons to streamline and improve the customer journey with a view to reducing such cancellations.

#### **4.5 Use of SAP and rdSAP**

Limitations of SAP and rdSAP have been well documented elsewhere, most pertinently their suitability to Scotland – for example one stakeholder questioned the appropriateness of the climate data used by SAP for assessing homes in the highlands and islands. SAP is used predominantly for assessing the energy

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<sup>7</sup> Energy suppliers have a policy of attempting to make contact three times for social tariff referrals.

<sup>8</sup> Lochalsh and Skye Energy Advice Service, 2012. Delivery of the Energy Assistance Package in Lochalsh and Skye

<sup>9</sup> Centre for Sustainable Energy and National Energy Action, 2005. 'Warm Zones Evaluation: Final Report'. Available at: <http://www.warmzones.co.uk/050301%20-%20Warm%20Zones%20Evaluation%20Final%20Report.pdf>

efficiency and carbon performance<sup>10</sup> of new homes, but rdSAP has been established to produce assessments for existing dwellings and is used in the criteria for eligibility for Stage 4 so is relevant to this review.

Although rdSAP is designed for quick and inexpensive assessments of existing buildings using default assumptions, 'hard to treat' homes are by their nature non-standard and so the adequacy of these assessments is questionable. Furthermore, rdSAP will assume that a property is fully heated to typical levels experienced in the wider building stock but, in the case of households in fuel poverty, heating behaviour can be very different. The interpretation of an rdSAP assessment should be informed by the fact that the energy saving predicted from a refurbishment may well instead be used to achieve comfort improvements for the occupant and so the dwelling could continue to consume the same (or more) energy. However, rdSAP gives no quantification of how significant those comfort improvements could be, and so doesn't make a useful measurement in this context of improving fuel poverty<sup>11</sup>. From a fuel poverty improvement position, rdSAP may not identify the optimum intervention as it simply does not assess this.

Nevertheless, financial benefits and carbon savings as a result of the Stage 4 interventions have been evaluated on the basis of rdSAP assessments. The resulting carbon savings from these interventions may therefore be considerably lower than what would have been achieved by the same interventions in houses where fuel poverty was not an issue. Herein lies the main conflict between improving energy efficiency and reducing fuel poverty on the one hand, and reducing carbon emissions on the other. Improving energy efficiency risks increasing carbon emissions as a result of the 'rebound effect', while providing new heating systems or replacing ones that were too costly or ineffective to run will invariably lead to greater carbon emissions. Those referred for social tariffs may also be switching to energy generated from cheaper and higher carbon sources.

Nevertheless as SAP and rdSAP are currently the only tools available we also had to consider if they could be used better. At present homes need a rdSAP rating of below 55 to qualify for Stage 4, although in practice the EST and ESSACs allow a margin of error of +4 for referrals to Scottish Gas. Some participants suggested that the eligibility criteria could be changed from the current threshold-based system to an improvement-based one. So, for example, rather than a home needing a rdSAP rating of less than 55 to qualify, under the alternative system the measures funded would need to raise the rating by a minimum number of points – 10 was suggested as a possible number.

From a technical point of view, and with the caveat of needing to avoid funding installations for those with a greater ability to pay, this suggestion seems very sensible, and there are already precedents elsewhere, for example the use of LEED sustainability certification in the United States<sup>12</sup> and this is also the approach taken in the ECO Home Heating Cost Reduction Obligation.

## 4.6 Simplification

The need for greater simplification of EAP was raised in various ways, most notably the following:

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<sup>10</sup> BRE, 2013. The Government's Standard Assessment Procedure for Energy Rating of Dwellings: 2012 edition. Building Research Establishment: Watford

<sup>11</sup> Kelly S, Pollitt M, Crawford-Brown D. 2011. Building performance evaluation and certification in the UK: a critical review of SAP? Cambridge Working Paper in Economics 1238. University of Cambridge Electricity Policy Research Group

<sup>12</sup> Emmanuel R, Baker K. 2012. *Carbon Management in the Built Environment*. Routledge

- Complexity of contracts between partners.
- Complexity of contract with customer (and of explaining it to them).
- Complexity of who 'owns' what part of EAP (from the customers' perspective)
- Complexity of information management in EAP.
- Confusion in messages / guidance given to customers.
- Confusion created by customers having to deal with different staff / contractors (see Appendix 2)
- Confusion created by the availability of different fuel poverty and energy efficiency schemes, particularly amongst the most vulnerable.
- Many participants felt that the availability of information about EAP in general and between partners could be improved (see Section 4.8 Information Management).

In addition, many participants felt that removing the customer contribution from Stage 4 would both simplify the process and better target resources at those most in need. The reason being that the customer contribution is an unnecessary added complication, and that schemes targeting fuel poverty (as opposed to energy efficiency) should focus on fully funding installations for those most in need (see also Appendix 3).

## **4.7 Trust**

The importance of building trust both between EAP partners and with the public, particularly the most vulnerable, was a clear and consistent theme throughout all the interviews.

### ***Engaging with customers***

- Reaching the most vulnerable requires at least as much emphasis on building personal trust between frontline staff and customers (and specifically those staff working face to face with the public). Such staff currently include those based at local authorities, Citizens Advice centres and ESSACs, however many participants supported widening this engagement to include social workers and carers to help identify those who could benefit most. Furthermore, some participants were keen to stress the added benefits of ESSACs being able to employ Community Liaison Officers. It is clear that the trusted relationships built between frontline staff and customers have fundamentally underpinned EAP's successes, particularly with regard to hand holding the most vulnerable and hard to reach households from day one right through to successful installations.
- Engagement with customers (i.e. advertisements, leaflets, door-to-door promotion, etc) has been effective and future schemes could benefit from further allocation of resources to those organisations working most closely with customers (see Section 4.9 Marketing).

### ***Engaging with contractors***

- Almost all participants, including Scottish Gas, ESSACs and local authorities, felt that prioritising the use of local contractors to deliver installations was beneficial to Stage 4.
- A more difficult set of problems relates to building trust between local subcontractors at Stage 4 and the EAP 'brand' itself, particularly in rural areas and the islands. The cancellation rate, and the ability of customers to cancel at any time, means that taking Stage 4 contracts is a much greater risk for local contractors in those areas than in urban areas and the central belt – where customers are far more numerous and concentrated and contractors are more numerous and

profitable (see Section 4.4). Further evidence on this is given in the review conducted by Lochalsh and Skye Energy Advice Service<sup>13</sup>

### ***Engaging with partners***

- There have been some issues with building trust between the key EAP partners, and some occasions where trust seems to have broken down, particularly in relation to Stage 4, are a matter of public record<sup>14</sup>.
- Many participants involved with frontline services reported huge satisfaction with the trust and partnerships they had been able to build locally and these have clearly contributed to many of EAPs successes. Similar findings were reported for the Welsh experience of delivering CESP<sup>15</sup>. The Welsh approach was also praised by participants in this review.

## **4.8 Information Management**

Information within EAP falls into two broad categories:

### 1. Customer information

- Personal data, e.g. qualifying criteria and benefits.
- Technical information about the dwelling, needed to ensure the most appropriate measures are installed.
- Logistical information required to manage the customer journey, e.g. survey dates.
- Feedback, including from the customer such as survey returns, complaints or letters of thanks and from Scottish Gas or other inspectors.

### 2. Delivery information

- Commercially confidential information, e.g. contracts and supplier payments.
- Sensitive information about supplier performance.
- Information on services and assistance available and the criteria (required by ESSAC staff to advise customers).
- Performance information for each Stage.

Whilst conducting some form of spot check exercise on the availability of these data was beyond the scope of this review, the participants were almost unanimously of the view that the completeness, and availability (and timeliness of availability) of some of this information could be improved throughout EAP. We understand that there were very significant delays in publishing performance information for EAP which was primarily due to difficulties with information management around Stage 4 at Scottish Gas (which are now resolved). The extended period for which no performance information was available for any of the Stages was a source of much frustration to stakeholders.

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<sup>13</sup> Lochalsh and Skye Energy Advice Service, 2012. Delivery of the Energy Assistance Package in Lochalsh and Skye.

<sup>14</sup> Letter from Alex Neil MSP, then Cabinet Secretary for Infrastructure and Capital Investment, to the Convener of the Infrastructure and Capital Investment Committee, dated 3 June 2011.

<sup>15</sup> DECC, 2011. Evaluation of the Community Energy Saving Programme. Available at: <http://www.decc.gov.uk/assets/decc/11/funding-support/3342-evaluation-of-the-community-energy-saving-programm.pdf>

Many participants raised issues with data management and customer information sharing outside local partnerships, with particularly substantial concerns raised over the difficulties encountered by frontline services in accessing information of sufficient quality, and within a sufficient turnaround time, to be fit for their purposes. At least 12 of the stakeholder organisations raised criticisms relating to information / data flows and management in the design and delivery of EAP, which meant that some information that could be used to evaluate EAP (e.g. data on fuel poverty alleviation, customer feedback, customer journeys completed after referrals away from EAP) was not collected, not collected sufficiently, or not made available to them within an appropriate timescale.

Finally, one participant suggested that better sharing of customer information could enable EAP to offer an 'emergency service' for vulnerable and hard to reach households needing support at short notice.

### ***Sharing information***

One of the concerns raised by some of those interviewed is over the efficiency with which feedback and evaluation information from inspections and customer satisfaction surveys can be passed back to ESSACs and other frontline organisations. In light of the nature of these data we found no reason to disagree with the view, expressed by the majority of participants, that this process would be more efficient and effective if both inspection reports and customer feedback were routed directly to frontline services, with inspectors reporting on as frequent a basis as possible.

### ***Barriers to improving information sharing***

From discussions with the relevant government bodies, it is clear that there are no barriers to revising the structure of EAP to allow the direct inward flow of information from ESSACs and other non-governmental frontline organisations such as Citizens Advice. As regards the outward flow of information, we had to understand what information can be passed from governmental bodies to external organisations involved in tackling fuel poverty and we found no barriers here either. Indeed, some participants felt that EST had a status of 'trusted partner' with the Scottish Government, which provided an example of an arrangement that could be extended to other bodies including potentially the Citizens Advice network, particularly in view of their trusted status with customers (see Section 4.7 Trust).

It is important to understand that the range of information held by staff delivering EAP (collected either directly for EAP or through their other activities) is necessarily much wider than that accessed for similar energy efficiency schemes. For example, EAP involves collecting customer information about qualifying benefits and, explicitly or implicitly, information about disability or other vulnerability. Handled appropriately, Stage 3 or Stage 4 installers could use this information to make any special provision for the individual customer needs (e.g. rescheduling installations at short notice for customers with dementia) during installation.

One participant who raised this issue also raised the question of whether the new data sharing opportunities granted to local authorities and public bodies under the Welfare Reform Act 2012 could be used to improve the efficiency and effectiveness of data sharing. This appears to provide a new legal gateway which could be explored for future schemes.

Furthermore, representatives of ESSACs and local authorities noted that they were responsible for delivering area-based schemes that received some of their referrals centrally, as a result of EAP activity. They considered that there might be more integration of the referral mechanisms and data sharing between national and local schemes. There was particular frustration at the delays in servicing referrals from Stage 3 and in the difficulty in finding out what had happened to these customers. Interaction between the Universal Home Insulation Scheme, Stage 3 and Stage 4, which all offered insulation measures, had sometimes been problematic and ESSACs and local authorities wanted to ensure these difficulties were not repeated in future schemes.

## 4.9 Marketing

EAP has made use of a wide range of successful marketing methods to develop the Home Energy Scotland (HES) brand nationally<sup>16</sup>, and this has worked effectively with local campaigns for area-based initiatives led by ESSACs, local authorities and community groups. Two frequently cited examples of this were the HES summer campaign (2012) to encourage customers to take up EAP when demand is at a seasonal low, and being responsive to different customer perceptions by providing both the national 0800 number and face-to-face contact at a local level.

However, there is a growing body of academic research on energy efficiency that shows information-led campaigns are only really effective in combination with other measures - e.g. using personalised support and providing households with smart meters. Although this may not translate directly to fuel poverty the two problems share many common barriers, and so the message here is the more levers the better<sup>17</sup>.

### **Methods**

- Methods need to be specifically tailored to engage with the most vulnerable and hard to reach members of society. Successful methods that need to be retained include one to one advice - particularly face to face, engaging with housing and energy officers at local authorities, housing associations and citizens advice services, and the employment of Community Liaison Officers by ESSACs. Some participants recommended that any future schemes could build on these successful initiatives by engaging with social workers, carers, and others working most closely with the most vulnerable to help target those most in need.
- Whilst many participants raised questions over the effectiveness of the nationally-led TV, radio and newspaper awareness-raising campaigns, this was more over cost-effectiveness under a limited budget than the (limited) effectiveness of these methods in reaching particularly vulnerable groups (for example, non-English speakers, some disabled groups, and the 'information poor'). However, there was some strong evidence for the value of centralised marketing if used selectively, particularly the success of the summer advertising drive to encourage households to take up EAP before the onset of winter when demand for installations reaches an annual high point.

### **Appropriateness**

- There is a need to explain EAP to customers, particularly those from vulnerable households with lower literacy rates. A case in point is the 'Stay warm and save money' guide to EAP Stage 4. Those participants working directly with such households felt that this 10-page, text-heavy leaflet would be particularly difficult for these households to understand without being talked through it by an advisor. Key criticisms concerned the style of language used, the use of a word-heavy flow-chart, and also the title with some participants expressing the view that their customers would not understand that they had already been taken through stages 1 to 3. The clear message here was that the stages of EAP should be invisible to the customer (see Section 4.6 Simplification).
- Many participants suggested that the content and style of the language used in marketing materials, and particularly the Stage 4 customer guide, could be simplified to focus purely on the

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<sup>16</sup> Evaluation data supplied by the Scottish Government.

<sup>17</sup> Baker KJ, Emmanuel R, Phillipson M. 2012. Support for RPP2 - Housing Futures. Report for ClimateXChange. Available at: <http://www.scotland.gov.uk/Resource/0038/00389071.pdf>

key messages - i.e. the benefits of contacting an advice centre for support and the basic information they will need to provide to obtain an installation as quickly and easily as possible.

### **Public image**

- Households in most need of EAP do not – and do not need to – understand exactly how their installations have been funded. While EAP has addressed this by providing a one-stop shop service through the Home Energy Scotland Hotline, and through successful national marketing campaigns<sup>18</sup> - some participants commented that they would like to see further unification of the EAP 'brand', and with other programmes.
- There was some concern among participants over the use of non-EAP branding in EAP marketing, for example on envelopes used for mail outs. The evidence is conflicting and suggests that the Scottish Gas logo is useful for reaching some customers, particularly amongst more elderly households who still think of the company as 'the Gas Board' and remember the famous 'Tell Sid' campaign. Others, particularly younger and immigrant households and those in debt to energy companies, may be deterred by the use of the logo, and potentially concerned that any contact from energy companies is aimed at selling them new products or reclaiming debt. However, this was far from a universal opinion and any changes need consideration in light of both public perceptions and the value of using what (at least to some) remains a trusted brand. Usefully, the interview with Scottish Gas revealed that they understand this conflict and are in the process of conducting pilot projects (under other schemes) to understand how to address this apparent conflict and how to use (or not use) their logo to engage with customers.
- Many participants strongly advocated the benefits of both having a free phone number to call for advice, and the local phone numbers used by ESSACs to contact potential customers – particularly now many phones display the phone number to allow users to filter out calls from 'commercial' numbers. This more flexible approach appears to offer the greatest benefit and flexibility for reaching fuel poor households and has clearly been instrumental in EAPs successes.

### **4.10 Management of Stage 4**

Some participants, particularly the Scottish Government, felt strongly that there was a danger in this review focusing excessively on Stage 4 of EAP, as many of the challenges encountered with delivering it were already understood and being addressed. However this was merely a reflection of the fact that previously more attention has been focused on remedying the more visible (to customers) issues with installing measures under Stage 4. The problem of the significant amount of resources partners have had to devote to responding to complaints about Stage 4 has clearly hampered their operational capacities. However, we are also aware of the significant steps taken by Scottish Gas managers to resolve these, and Scottish Gas' KPIs show clear performance improvements in the six months prior to this review. A further issue here is when and how managers should determine that a customer has 'left' the system, and how this could be better accounted for and used to identify (and potentially penalise) poor performance.

### **Use of Contractors**

- Many participants raised the issue of the use of locally-based contractors; Scottish Gas use a mix of local, regional, in-house and external contractors, and aims to use locally-based firms. However, some participants questioned whether the use of contractors is sufficiently in favour of

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<sup>18</sup> Home Energy Scotland - Strategic Marketing Campaign 2011/12. Supplied by the Scottish Government

local and external firms. In addition, a key barrier to the greater use of local contractors is their scarcity in rural areas, but particularly the islands. Some participants felt that the Scottish Government is not sufficiently aware of the extra resources needed to operate in these areas, and also the additional impacts of households dropping out - particularly to small businesses in remote areas (see Section 4.7 Trust).

- A more significant change, suggested or supported by many participants, is moving the management of Stage 4 contracts to a more local level. Many participants felt that the relatively minor additional resources this would involve would be more than repaid in improvements in both the effectiveness and cost effectiveness of EAP, for example through being able to work more closely with local installers to remedy problems on a more routine basis (i.e. before customers submit formal complaints) and reduce the administrative costs to central government. However, as some recognise, doing so could lead to regional variations in contracts (which could have positive and / or negative implications).
- For these reasons, many participants recognised the trade-offs between using local contractors and more centralised installers – indeed several frontline staff were keen to praise Scottish Gas as an installer itself. The problems that have arisen do appear to be much more related to subcontracted installations, where Scottish Gas serves as an intermediary, with the suggestion being that this could be further improved if ESSACs managed contracts directly.

#### ***Contractors and the most vulnerable***

- One key learning point with Stage 4, acknowledged by almost all participants, was a more general need to be more sensitive and flexible with regard to the needs and abilities of particularly vulnerable customers (e.g. customers with physical or mental health issues). There is a clear need to do more to help some contractors understand the needs of such particularly vulnerable customers (see Sections 4.7 and 4.8).
- A final question here, raised by one participant, is how much control customers would like to have over their installations. Whilst supporting the most vulnerable requires a more personal approach, there is also a need to consider both personal empowerment (see Section 4.1 Value of EAP) and how (some) customer involvement can improve performance and customer satisfaction.

#### **4.11 Inspection and Customer Feedback**

Completing the final stage of the customer journey through EAP is inspection and evaluation. At present, independent inspections and customer feedback are managed by Scottish Gas, and Bierce Technical Services is contracted by the Scottish Government to conduct independent follow up inspections on a sample basis. Many participants were clear that more could be done to improve monitoring performance and quality control, and some felt that ESSACs could have a larger role to play here due to both their relationship of trust with customers and more technical knowledge (compared to other local agents such as Citizens Advice), and in some cases are based more locally to contractors.

One issue that arose here is the potential perception of bias where inspectors are being managed by the company managing the contractors<sup>19</sup>. Another example of this, cited by the Scottish Government, was the measuring of customer satisfaction by Scottish Gas for stage 4 which might better be measured by

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<sup>19</sup> In addition, Bierce Technical Services is appointed under contract to the Scottish Government to undertake inspection of a representative sample of installations and report back on a monthly basis. They also provide ad hoc audit services.

independent body. A further example relates to the wider problems encountered with building efficient feedback mechanisms between customers and service providers (see Section 4.8 Information Management), however there appear to be common learning points and potential solutions.

## 5. Learning points

- EAP is seen as very successful and demonstrates the value of retaining a national fuel poverty scheme that integrates with area-based initiatives and also supports wider social and economic development.
- EAP's successes have been hampered by the complexity of the design, management and administration, and a lack of flexibility in delivering measures to customers.
- Delivering EAP has been hardest for those working in rural areas and the islands, with the latter needing particular consideration in any future iteration of EAP.
- Stage 4 has suffered from some technical problems relating to the appropriateness of SAP and rdSAP, but these could be reduced through allowing greater flexibility in how they are used.
- Where customers are referred to delivery partners the outcome needs to be delivered timeously and reported back so that the impact of the service or measures provided can be monitored.
- Data management and information sharing in EAP could be improved to simplify information flows, improve effectiveness and cost-effectiveness, and enable frontline staff to have more and better access to information on existing and potential customers.
- Prioritising the use of locally-based subcontractors has been beneficial to delivering Stages 3 and 4 but more could be done to both increase the volume of work going to these businesses, particularly in rural areas and islands, and to improve the management of complaints relating to sub-contracted installations.
- Greater sensitivity is needed to address the needs of the most vulnerable as part of both marketing and enabling contractors and other frontline staff better to understand and respond to their needs.
- Every opportunity should be taken to improve the effectiveness and cost-effectiveness of future fuel poverty schemes by improving access to data and data sharing for the purposes of targeting support to the most vulnerable, including exploring any relevant provision in the Welfare Reform Act.
- Most importantly, the trusted status frontline organisations whose staff work face-to-face with the public should not be undervalued as they have clearly been fundamental to EAP's successes. However more could be done to enable them to operate more flexibly, efficiently, and effectively in responding to the needs of the most vulnerable and hard to reach.

## Author Contact Details

**Dr Keith Baker**

Tel. 0788 412 5540

Email: [keith.baker@gcu.ac.uk](mailto:keith.baker@gcu.ac.uk)

**Dr Rohinton Emmanuel**

Tel. 0141 331 3217

Email: [rohinton.emmanuel@gcu.ac.uk](mailto:rohinton.emmanuel@gcu.ac.uk)

**Dr Mark Phillipson**

Tel. 0141 331 3546

Email: [mark.phillipson@gcu.ac.uk](mailto:mark.phillipson@gcu.ac.uk)

# Appendices

## Appendix 1 – Details of measures installed and households receiving installations from Stage 4 in 2010/11

Description	Proportion
<b>Older households assisted – range over all local authorities</b>	
Over 75 yrs. <sup>1</sup>	33.3% - 63.7%
Over 60 yrs <sup>2</sup>	13.9% - 36.7%
<b>Households with no central heating – range over all local authorities</b>	
No CH	2.3% - 10.6% <sup>2</sup>
<b>Intervention by fuel type – national average</b>	
Gas	61.6%
Electric	9.0%
Oil	10.5%
LPG	2.5%
Other	0.8%
<b>Insulation only measures – national average</b>	
Insulation only	15.5%
<b>Reach of Stages 1 to 4 – range over all local authorities</b>	
Number of households assisted as a % of all Scottish Households <sup>4</sup>	4.0% - 18.1% <sup>3</sup>
Number of households assisted as a % of all households in fuel poverty <sup>4</sup>	14.2% - 35.9%

Notes:

<sup>1</sup> Lowest coverage in Inverclyde; highest in Aberdeen City (range indicates the variation between local authorities).

<sup>2</sup> Lowest coverage in Edinburgh; highest in North Lanarkshire (range indicates the variation between local authorities).

<sup>3</sup> Lowest coverage in Strathclyde and Central ESSAC; highest in the Highlands and Islands ESSAC.

<sup>4</sup> Note that this is the percentage of fuel poor households assisted *if all recipients were fuel poor*.

Source:

Based on the Home Energy Programmes Detailed Report 2009/12 available at the time of the research, which included data for 2011/12 but that data was not the final position. This report has been updated and subsumed in the Home Energy Programmes Detailed Report 2009/2013, available from the Energy Saving Trust website:

[www.energysavingtrust.org.uk/scotland/Take-action/Home-Energy-Scotland/Home-Energy-Efficiency-Programmes-for-Scotland/Programme-statistics](http://www.energysavingtrust.org.uk/scotland/Take-action/Home-Energy-Scotland/Home-Energy-Efficiency-Programmes-for-Scotland/Programme-statistics)

## Appendix 2 – Reasons for customers refusing measures at Stages 3 and 4

There are many reasons for customers dropping out from Stages 3 and 4. This Appendix summarises the reasons that the customer might cancel the work (“refuse measures”) but customers can also drop out because the supplier cancels. This might arise because, for example, the customer is found not to be eligible, the property is not suitable for the measures or the customer does not do what they need to do.

### Reasons for customers refusing measures at Stage 3

Reasons
<b>Cost</b>
Costs of extra / mandatory work (incl. Scaffolding costs)
Better off with another supplier / DIY
Client cancellation due to cost
Unable to take a day off
Extra metering costs
Not on qualifying benefits
<b>Hassle</b>
Aesthetics
Messiness / disruption of work
Timescale issues
Contractor related hassle
<b>Process-related</b>
Expected more savings
Lack of interest / indecision
Refused access / survey
Client cancellation
Request for info only
Abusive customer
Mis-advice at point of sale
No permission from landlord
Unsure of product benefits
<b>Technical reasons</b>
Interested in heating, not insulation or specific technologies only
Material choice
Inadequate ventilation
Do not want cavity
<b>Other</b>

Source: Stage 3 Customers Refusing Measures Reasons List, supplied by the Scottish Government.

### Reasons for customers refusing measures at Stage 4

The review conducted by Lochalsh and Skye Energy Advice Service<sup>20</sup>: found that the three main causes of customers dropping out at Stage 4 were:

- **Hassle and confusion resulting from the numerous visits to do surveys and installs.** This was the most frequently given reason for withdrawing. Particularly where both heating and insulation measures were recommended, the number of phone calls and visits was a source of such

<sup>20</sup> Lochalsh and Skye Energy Advice Service, 2012. Delivery of the Energy Assistance Package in Lochalsh and Skye.

confusion and inconvenience that people considered it 'not worth the hassle'. Other examples of this include contractors not arriving on time, and rescheduling visits at short notice.

- **Not wanting the measures being offered.** This reason was given particularly by people who had a Rayburn or similar that they were using with a back boiler and wanted to keep it. No further heating measures were then offered.
- **Work being done required too much money to be spent up front.** Some people were told they would have to pay a contribution towards the measures being recommended, but in some cases didn't have the money so were unable to proceed. One case involved a house where there is practically no heating at all other than an open fire. The recommendation was for storage heaters to be installed but the householder was told they would have to pay for rewiring their house before they could be fitted. Given that the person was unemployed he could not afford to do this, so no heaters were fitted.<sup>21</sup>

### **Reasons for customers refusing measures at Stages 3 and 4: number of contacts**

The review also found that the number of contacts involved in delivering an installation can cause customers hassle and confusion. A worst case scenario for an oil customer receiving both a stage 3 and 4 installation might involve:

- Energy Saving Scotland Advice Centre – completion of Home Energy Check
- Scottish Gas – initial survey and entitlement check
- Insulation surveyor
- Loft insulation fitter
- Cavity wall insulation fitter
- Heating engineer – technical survey
- Heating engineer – installation
- Oil tank – laying foundation
- Oil tank – delivery and connection
- Scottish Gas inspector

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<sup>21</sup> Lochalsh and Skye Energy Advice Service, 2012. Delivery of the Energy Assistance Package in Lochalsh and Skye

## Participants

The authors are grateful to the following for giving their time to be interviewed for this review:

Amie Fulton, Policy Manager, COSLA  
Andrew Faulk, Policy Manager, Consumer Focus Scotland  
Andrew Mott, Home Energy Programmes Team Leader, Scottish Government  
Archie Stoddart, former Home Energy Programmes Team Leader, Scottish Government  
Barbara Atterson, Development Manager, Energy Action Scotland  
Bill Brown, Principal Officer (Area Development), Housing Investment Division, Glasgow City Council  
Bob Baillie, ESSAC South West  
Chris Morris, Centre Manager, ESSAC South East  
Elsie Matheson, EAP Policy Officer, Scottish Government  
Gary Clark, Housing Energy Advice Officer, West Dunbartonshire Council  
Jacqueline Brown, Department for Work and Pensions National Partnership Team  
Keith Wilcock, Fuel Poverty Team, Scottish Government  
Laura McGadie, Head of Mass Energy Efficiency Delivery, Energy Saving Trust  
Lesley Avinou, Head of the Energy Assistance Programme, Scottish Gas  
Lynn Anderson, Interim Service Manager, Citizens Advice Direct  
Moirra Scobbie, Energy Advice Service Officer, Lochalsh and Skye Housing Association  
Moses Jenkins, Senior Technical Officer, Historic Scotland  
Norman Kerr, Vice Chair, Scottish Fuel Poverty Forum  
Peter Rickard, Centre Manager, ESSAC Highlands and Islands  
Rachel Gwyon, Head of Housing, Sustainability and Innovative Finance Division, Scottish Government  
Ruth Sutherland, Operations Manager, ESSAC South West  
Ronald Mould, Energy Officer (Housing), Renfrewshire Council  
Scott Cameron, National Retrofit Programme Manager, Scottish Government  
Stephen Brayne, Contracts Relationship Manager, Scottish Gas  
Stephen Vallely, Team Leader, Citizens Advice Direct

## Contributors

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