Local Authority path to energy efficiency projects
October 2013
Energy efficiency measures can help lower energy bills for customers and keep them warm in winter. Energy suppliers have an obligation to install measures and for them to be delivered effectively in the scale required takes collaboration. Local Authorities are important partners for energy suppliers in delivering measures to consumers, helping them to cut their energy use and energy bills.

This paper has been designed as a tool to help Local Authorities interested in setting up domestic energy efficiency projects within their communities but have not yet built relationships with suppliers.
The ‘ideal Local Authority’

There is no standard blueprint for a Local Authority energy partner or a local energy efficiency project. However, energy suppliers are typically looking for the following three characteristics:

**Vision**
The commitment to develop ideas for projects which incorporate a range of energy efficiency measures;

**Development of projects**
The resources, commitment and data sources to develop ideas into viable projects, as well as the desire to work with others and balance the priorities of all;

**Delivery**
The ability to leverage key advantages of resources and customer trust to the benefit of programme delivery.

The three characteristics apply to all, regardless of type, size or location – as they should ensure Local Authorities can create projects that suit local characteristics and communities.

**5 Key Recommendations for a Local Authority**

1. Start early and be flexible
2. Know which parts of your project are essential and which are desirable
3. Discuss proposals with as many potential partners as possible
4. Identify ways of working with your chosen partner to understand each other’s priorities
5. Engage with local residents early and often

Green Deal and ECO

Key policies that you may like to consider when preparing an energy efficiency project are Green Deal and the Energy Company Obligation.

The Green Deal is a new financing mechanism that lets people pay for energy-efficiency improvements, like insulation, through savings on their energy bills. Repayments will be no more than what a typical household should save in energy costs.

The Energy Company Obligation operates alongside the Green Deal. Seven energy suppliers are required to deliver carbon and heating savings against specific targets. Under the rules of ECO, energy suppliers are obliged to help improve the energy efficiency of their domestic customers’ buildings in three distinct areas:

1. **Carbon Emissions Reduction Obligation**
   - Focused on solid wall insulation and hard to treat homes
   - All tenure types are eligible

2. **Carbon Saving Community Obligation**
   - Area-based schemes in Lower Super Output Areas
   - 15% to low income households in rural communities
   - Variety of measures

3. **Home Heating Cost Reduction Obligation**
   - Targets low income households
   - Only for owner occupiers and private rented properties
   - Wide range of measures, including boilers
What Local Authorities can expect

Creating a partnership with an obligated energy supplier can help Local Authorities with a number of objectives such as

- Energy efficiency under the Home Energy Conservation Act
- Improving the housing stock
- Helping the fuel poor
- Creating programmes that help communities with energy efficiency and other needs such as health.

An energy supplier can help Local Authorities — depending on the requirements and the energy supplier’s priorities. Suppliers could

- Help with the design of an energy efficiency programme
- Co-fund the installation of measures
- Develop educational and promotional material
- Offer advice and help based on delivery experience
- Add other energy services

Starting Early — Idea and pre-requisites

There are a number of pre-requisites which will help a Local Authority to develop, contract and work with partners to deliver an energy efficiency programme under the Energy Companies Obligation (ECO).

- Political will in order to maintain momentum and support the project;
- Staff with knowledge of energy efficiency and carbon reduction programmes;
- Ability to identify opportunities over and above energy efficiency to potentially design a wider programme
- Knowledge of existing housing stock and its needs; and
- Knowledge of the communities and their needs.

Project stages and timelines

A typical project goes through the following stages.

MILESTONE 1
Scoping and initial discussions

MILESTONE 2
First discussions with potential partners

MILESTONE 3
Contract signed

MILESTONE 4
Monthly reporting

MILESTONE 5
Evaluation

DELIVERY

Until completion

Exploring needs and designing option

The stages can never be clear-cut. There will be revisions based on discussions and lessons learned as well as feedback loops to improve planning and delivery.

Timelines are only indicative and will depend on the size of the project. However, one should not lose sight of the fact that the ECO ends in March 2015 and so early delivery is advisable.
A Planning

This is the stage where a Local Authority explores the needs of its area and residents and designs a set of options to approach a number of organisations to scope potential common projects. Things to consider are:

1 **Support from senior elected officials**
   Critical to ensure that teams work together and resources are made available.

2 **Strong project management function**
   The design and development of an ECO project requires strong project management and coordination.

3 **An inclusive project team**
   During the development phase it is imperative to create a project team which includes staff from housing, environmental teams, social policy, health policy, planning, procurement and communications. Team members will be able to contribute to the projected timelines, identify how to overcome barriers and recognise additional opportunities.

4 **Understanding of ECO rules**
   The project team should be aware of what is eligible and required as set out in the ECO guidance under ECO as well as the measures which will be most attractive to potential partners.

5 **Data availability**
   There are a number of data types to consider and organise:
   - Housing stock details and measures required;
   - Residents’ needs benefits data;
   - Local supply chain capacity
   - Council plans and budgets, ideally the five year plan and its deliverables, any critical review periods and how they could impact on the project;
   - What would the Planning Department require as well their projected timelines;
   - Understanding existing procurement rules and associated timelines; and
   - Any existing contracts which may have to be taken into account when designing a retrofit programme.

6 **Deliverables and priorities**
   There should be clear prioritisation of what is essential and what is desirable in this project. This will introduce flexibility into the planning process which may help with later negotiations.

7 **Alternative funds**
   It is important for the Local Authority to research sources of alternative funds as early as possible. This will help in designing a wider programme – especially if funds can be found for additional work such as health deliverables or benefit checks.

**MILESTONE 1**

**Scoping and initial discussions**

An initial project document should be developed to serve as the basis for discussions with potential partners. Feedback will determine any potential revisions.
Timelines
Due to the ECO timelines it is important to exhibit agility and propose achievable timelines within the timeframe. For example, long planning permission processes would be considered a disadvantage.

Size and location of the project
Even though there is no perfect size or location, these two characteristics will have to be considered. For example, if the size of the project is small how can its proposed timeline or carbon savings make it more attractive?

B Pitching
During this stage the Local Authority contacts the seven obligated suppliers and any other potential partners (like Green Deal Providers).

Flexibility
Potential partners will look to align their priorities with the Local Authority’s priorities. Knowing what is, and is not, negotiable from initial planning will be useful.

Delivering at scale
Ability to deliver at scale or offer a supply chain might help make a project more interesting.

Speaking with a number and variety of potential partners
It is important to have an initial discussion with many potential partners. This will help with revising the scoping document and will mean that the Local Authority can compare plans and ways of working.

MILESTONE 2
Identify primary partner
When a partner is chosen the development and delivery must incorporate them. At this stage there will be further development of the project, in order to finalise the details.
C Development

The Local Authority and its partners will develop the project further.

**Reviewing/re-evaluating**
Information on the area and resident needs, timelines and deliverables will be critical and will be reviewed and re-evaluated.

**Further understanding of ECO rules**
Even though the project team will have familiarised itself with the ECO guidance it is important to revisit this to understand the partner's systems for ECO delivery.

**Partners’ learning**
The Local Authority should share with partners its priorities and preferences. New ideas may emerge about a better way to work together or new elements for the project.

**De-politicising the project**
Even though political buy-in is critical in attracting and securing resources for the development of an energy efficiency project, it is critical that its actual delivery is de-politicised. This will allow for messaging which can apply to all residents.

**Developing trust**
It is critical that all partners understand each other’s priorities and processes so that the resulting contract will be robust and of mutual benefit.

**MILESTONE 3**

**Contract signed**
When all partners are comfortable the contract should be signed. This will guide the delivery and the relationship going forward.

**Communications with residents**
Prior to the start of delivery the partnership should start telling residents about the project to encourage early engagement. Lessons can be learned from frequently asked questions and residents’ concerns.
**Delivery**

The delivery stage is where thorough prior preparation should pay dividends. However, any project, irrespective of how carefully it has been prepared, will have to evolve once customers become involved. This is why flexibility is key; so the project can serve consumers better and continue delivering according to the partners’ combined priorities.

**Partners’ communications**

Communication between partners should be frequent and meaningful. Different teams may discuss items, however there should be regular contact at a high level to check on progress and remove any barriers. It is especially important for partners to be aware of any potential delays to mitigate consequences and help design a remedial strategy.

**MILESTONE 4**

**Monthly reporting**

Monthly reporting of installations is a legislative requirement and any measure not notified in time cannot be accepted. Accurate and timely reporting is therefore critical.

**Communications with residents**

Communication with residents takes a lot longer than usually expected. This is because people require time to understand information, evaluate it and make a decision. This will have to be factored into delivery timelines, resources planning and the style of communications. Services to consider include:

- Generic communications;
- Communications tailored to different messages and households;
- Support helpline and support home visits;
- Community champions; and
- Open evenings at homes with installed measures.

**Re-evaluation**

Constant re-evaluation will be required to improve programme delivery so projects serve local residents better, while keeping sight of agreed objectives.

**Flexibility and responsiveness**

Due to the short timelines and the very strict ECO rules it is important to exhibit flexibility and responsiveness to any circumstances that might stop delivery or affect compliance.

**MILESTONE 5**

**Evaluation**

Following the completion of the project there should be a thorough evaluation of the results – over and above the standard evaluation points during delivery. Lessons learned can be valuable for future collaborative projects, as well as a means of reporting back to local residents to encourage further interest in energy efficiency.
Conclusion

The journey we have set out above is only intended as a guide. It is designed to help Local Authorities better understand the key milestones of delivering a successful ECO project in partnership and the critical path involved in reaching each milestone. Individual Local Authorities experiences with energy efficiency projects may differ to a greater or lesser degree from the critical path set out above.

Ultimately, energy efficiency projects can benefit the local community and help the Local Authority deliver a number of achievements in terms of carbon reduction and energy costs. Additional positive effects, such as health improvement and the possibility of local jobs, should also be considered.

Next Steps

Energy suppliers and Green Deal providers are keen to work with local partners and build strong long term relationships. We would encourage Local Authorities to discuss their ideas and potential plans with various suppliers and Green Deal providers, to gauge the interest and activity on offer in the local area.

More information

Department of Energy & Climate Change

Ofgem
https://www.ofgem.gov.uk/

Green Deal Oversight & Registration Body
http://gdorb.decc.gov.uk/

Energy UK
http://www.energy-uk.org.uk/
Contact details

**British Gas**
Steve Gapik
Head of Commercial ECO
Contact for installers
E Divyesh.Lad@britishgas.co.uk
T 07769 548 234
Contact for Social Housing Providers
E Chris.Ronketti@britishgas.co.uk
T 07789 573 191
www.britishgas.co.uk

**RWE npower**
Claire Harrold
Head of Business Development
E Claire.harrold@npower.com
T 07586 966226
www.npower.com

**EDF Energy**
Nigel French
Senior Manager of Low Carbon Commercial Development
E Nigel.French@edfenergy.com
T Green Hub (ECO Team)
0800 096 8634
www.edfenergy.com

**SSE**
Craig Thompson
ECO Development Manager
E eco@sse.com
T 01738 512 754

**Scottish Power**
Heather Watts
Business Development Manager
E ecoenquiries@scottishpower.com
T 01213 547 666 and 07753 623 427
www.scottishpower.co.uk

**E.ON Energy**
Dr. Jon Kirby
ECO Carbon Savings Manager
T 07872 032562
JE on.Kirby@eonenergy.com
Lisa Sims
ECO Business Development Manager
T 07736 617946
E Lisa.Sims@eonenergy.com
ECO funding and project team
E ECO@eonenergy.com

**First Utility**
Jon Owens
Regulatory Programme Analyst
E eco@first-utility.com
www.first-utility.com
Please feel free to contract Energy UK and we will do our best to answer any questions you may have.

**Energy UK**  
Charles House  
5–11 Regent Street  
London  
SW1Y 4LR  
Phone: 020 7930 9390  
e-mail: info@energy-uk.org.uk