Delivering Energy Efficiency

David Connor, Regional Director, Warm Zones cic

NEA Conference: 23 September 2016
Aims

• To provide a very brief overview of Warm Zones

• To highlight how the distinctive Warm Zone approach can more effectively tackle fuel poverty & improve domestic energy efficiency
Warm Zones cic: Background

• Formed in 2001, initially to trial a new not-for-profit area based partnership approach to delivering energy efficiency measures and address fuel poverty

• Operates as a wholly owned subsidiary of NEA
  – WZ delivery assists NEA to deliver its charitable objectives
  – Delivery across GB

• Achieved Community Interest Company status in 2008
  – Continuing focus on the most vulnerable
  – Aims to offer a more integrated, inclusive service
  – Reinvests any surpluses to improve overall service & delivery
**Warm Zone delivery & impacts to date**

From all Warm Zones from individual project starts to 2016, rounded figures

<table>
<thead>
<tr>
<th>No. households assessed</th>
<th>&gt; 1 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. insulation &amp; heating measures installed</td>
<td>&gt;445,000 (in &gt;365,000 homes)</td>
</tr>
<tr>
<td>Value of confirmed secured claims p.a.</td>
<td>&gt;£46 million</td>
</tr>
</tbody>
</table>

+ delivery of energy efficiency advice, community events, employment & training of unemployed people, training for partners & front-line staff etc

+ a proven track record of quality and excellent customer service in all areas
Warm Zone delivery & impacts to date

From all Warm Zones from individual project starts to 2016, rounded figures

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No. households assessed</td>
<td>&gt; 1 million</td>
</tr>
<tr>
<td>No. insulation &amp; heating measures installed</td>
<td>&gt;445,000 (in &gt;365,000 homes)</td>
</tr>
<tr>
<td>Value of confirmed secured claims p.a.</td>
<td>&gt;£46 million</td>
</tr>
</tbody>
</table>

+ delivery of energy efficiency advice, community events, employment & training of unemployed people, training for partners & front-line staff etc

+ a proven track record of quality and excellent customer service in all areas

Impacts include:

Reduced fuel bills = **c£37 million** EACH YEAR
Income gains = **c£46 million** EACH YEAR
NPV savings to NHS = **c£390 million**

=> Huge economic, health and social gains
The ‘standard’ ECO-driven model

ECO funding at market rates

Client contributions

Other local funding if available

‘standard’ delivery organisation

Any margin as profit

Delivery of limited service / single hard measure only

Indicative only – England delivery
The ‘standard’ ECO-driven model

Comments:

This approach can be viable & seem cost-effective in the short-term, however:

• Many of the most vulnerable residents missing out
  • ‘cherry-picking’ clients - focus on lowest net cost / easier jobs only
• Potentially issues with quality and/or customer service
• Increasing demands for significant client contributions / loan arrangements
• Self-evidently an incoherent, inequitable and cost ineffective response to tackling fuel poverty in the medium to longer term
The Warm Zones model

ECO funding at market rates

A range of national / regional / local funding from the public, private and third sectors

Additional referral networks

Any margin re-invested to support additional delivery

Warm Zones

More inclusive delivery of a wider package of measures & services & onward referrals, including: heating & insulation measures; income maximisation advice and support; energy advice; signposting to other relevant services

Indicative only – England delivery
The Warm Zones model

Comments:

This distinctive approach offers a number of advantages:

- Ensures more of the most vulnerable residents can benefit
- Cost-effective using ECO at market rates & providing good leverage for other funding
- Prioritises quality and customer service
- Offers a more coherent, effective, equitable and cost efficient response to tackling fuel poverty

ECO funding at market rates

A range of national / regional / local funding from the public, private and third sectors

Additional referral networks

Any margin re-invested to support additional delivery

Warm Zones

More inclusive delivery of a wider package of measures & services & onward referrals, including: heating & insulation measures; income maximisation advice and support; energy advice; signposting to other relevant services

Indicative only – England delivery
Warm Zone case study 1

• Mr C living in genuine hardship
  – Arthritis & COPD
  – Low fixed income
  – Broken heating system
• Warm Zones delivered a package of assistance
  – Benefits gain of £6,500 p.a.
    + £1,000 back-payment
  – Then qualified for ECO but needed significant gap funding
  – WZ package of crisis funding meant the job did proceed
• Now a huge difference in Mr C’s health & wellbeing

Note: Like many others, this job would not have gone ahead otherwise as only Warm Zones had the wider range of funding & service provision required.
Warm Zone case study 2

• Ms C suffering in a cold home
  – Only had a few old electric storage heaters
  – Sleeping under a pile of blankets
  – Recently diagnosed with severe respiratory problems
  – Consultant had said “at all costs you need to live in a warm home”
  – Not eligible for mainstream grant funded schemes

• Warm Zones delivered a package of assistance
  – Worked with gas network operator to install a gas supply
  – WZ integrated multiple funding for new, free heating system
  – Benefits and energy advice to further boost disposable income
  – “This is the first winter I’ve not had to be admitted to hospital...I’m able to do so much more”

Note: Like many others, this job would not have gone ahead otherwise as only Warm Zones had the wider range of funding & service provision required.
Outlook for Warm Zones

• Over recent years the principal objective and approach of WZcic - *integrated, cost-effective, not-for-profit delivery focussed at those most in need* - has become even more distinctive, urgent and important.

• This represents a clear role for the company and one which, despite the current financial and operational challenges across the industry, it is still well placed to deliver in the coming months and years.
Website: www.warmzones.co.uk

davidc@warmzones.co.uk