Warm Zones Fund: Programme Report

INTERIM REPORT (PUBLISHED SEPTEMBER 2017)
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This report is the first review of the £13 million Warm Zone Fund (WZF) element of the National Energy Action (NEA) Health and Innovation Programme (HIP). Warm Zones Community Interest Company (WZcic) worked with NEA to minimise administration costs and maximise the benefits to the beneficiaries. Rather than simply replicating existing schemes, the WZF was designed to fill some of the gaps in existing provision. For example, there was a strong focus on solid wall insulation, as installations had been reduced significantly under the Energy Company Obligation (ECO) following the changes to the Obligation in 2013, and the provision of heating to a wider group than were eligible under the Home Heating Cost Reduction Obligation element of ECO.

As the primary motivation of WZcic is to assist its parent company, NEA, to meet its fuel poverty objectives, the scheme was not designed to be measured on carbon savings or heating cost reductions, but on the measures required in any particular household to help them achieve more affordable warmth. This enabled flexibility and for all the required measures to be 100% funded. Eligibility was area based, in the lowest 25% of Lower Super Output Areas (LSOA) on the income definition, the same areas used in the Carbon Saving Communities Obligation element of ECO.

As a result, a scheme was designed which was more straightforward and cost-effective to administer, which met the needs of the low-income households assisted, and satisfied the terms of the agreement with NEA. The fact that this was a two year scheme meant potential partners could be engaged over a reasonable timescale and funding commitments from the WZF could be guaranteed for that period. This was more attractive to our partners than the shorter term and stop-start nature of ECO. The ability to commit funding over a realistic timescale, together with the flexible eligibility criteria, enabled the scheme to attract significant amounts of additional funding by aligning more fully with the partners’ programmes and policies.

The scheme has also provided WZcic with a tremendous amount of learning which has enabled the company to further enhance the services it provides to fuel poor and other vulnerable households. The importance of our income maximisation service was reinforced and the support we were able to provide through the WZF is forecast to boost annual household incomes by £6 million.

WZcic met and exceeded all the principal targets set for the scheme delivery. This could not have been achieved without the tremendous support from our partners. I would like to take this opportunity to thank all of our partners and the staff of WZcic, without whose help, support and hard work the programme would have not been such a resounding success.

William Gillis
Managing Director
Warm Zones cic

September 2017
Executive summary

Warm Zones Overview

Warm Zones community interest company (WZcic) is one of the leading not-for-profit energy efficiency scheme managers in Great Britain. The company was established in 2000 and began delivery in 2001 of a new, area based, proactive partnership approach to the delivery of energy efficiency and related services to low-income households. The company became a wholly-owned subsidiary of National Energy Action (NEA) in 2004 and since that time has assisted its parent to achieve its charitable objectives of addressing fuel poverty by delivering energy efficiency schemes targeted at low-income and other vulnerable households.

The company currently operates across England, Scotland and Wales from four Hub offices. In addition to addressing fuel poverty, the company’s delivery during the 16 years of operation has resulted in considerable additional social, economic and environmental gains for the communities and areas in which it has operated.

The Warm Zones Fund

The Warm Zones Fund (WZF) is a part of the Health and Innovation Programme (HIP) designed and managed by NEA. Warm Zones received a grant of £13 million, representing half of the overall programme budget.

The WZF was designed to be simple to administer and cost-effective to deliver, in order to maximise the number of low-income households that would benefit whilst still meeting the reporting and auditing requirements for the programme. It was also designed to fill a number of gaps in other energy efficiency schemes, most particularly the energy suppliers’ ECO scheme, by providing measures including solid wall, cavity wall and loft insulation in more properties and heating systems for a wider group than those eligible for the Home Heating Cost Reduction (HHCRO) element of ECO.

Delivery performance against targets

To 31 March 2017, across the overall WZF programme we delivered the following outputs against the principal KPI targets:

- **4,215 households** had heating or insulation measures installed against a target of 2,955; this will increase to 4,316 exceeding the target by 46%
- **7.3m of additional funding** was secured
- **70% of homes** assisted with measures were in the private sector, against a target of at least 65%
- To date, measures have been delivered in **492 off-gas network properties** (11.5% of all homes) against a total programme target of 228 properties (10% of WZF1 target)
- **2,700 households** received benefits and/or energy advice, increasing to 2,832 during 2017/18, against a target of 1,500; exceeding the target by 89%
- **£6 million** per annum forecast in confirmed additional welfare benefits income secured
- **47% of measures** were delivered to the most energy inefficient homes (in EPC Bands G and F) with almost all of these homes being improved to at least Band E, and many to Bands D and C, in line with the Government’s Fuel Poverty Strategy goals for England
Lessons for wider policy development

The key lessons for the development of policies and programmes to address fuel poverty from the operation of the WZF were:

• Reduced levels of administration enable management fees to be cut – allowing more households to be supported from available budgets

• By providing 100% funding for measures more households on the very lowest incomes can be assisted as they are not required to make a financial contribution (under ECO most households have to contribute to the costs which means that those who have no savings/access to finance are excluded)

• Measures delivery when integrated with income maximisation services can be more effective in addressing fuel poverty

• The financial viability of local installers working on energy efficiency schemes depends on prompt payment terms, which was achieved through speedy administration processes

Warm Zone Fund delivery routes

Warm Zones managed a total of 106 individual projects across England, Scotland and Wales. A sample of the different types of projects delivered is described later in the report.
Warm Zones Community Interest Company (WZcic) is a leading not-for-profit company in Great Britain delivering integrated, area-based energy efficiency and affordable warmth partnerships, with an unrivalled 16 year track record of cost-effectively delivering programmes across the country.

WZcic’s principal strategic aim is to facilitate the efficient, integrated and appropriate delivery of practical measures to alleviate fuel poverty and improve domestic energy efficiency in defined areas. In this way the company assists its parent, National Energy Action (NEA), to meet its charitable aims and objectives of addressing fuel poverty.

Warm Zones was originally formed in 2000 and commenced delivery in 2001 of a new, not-for-profit, proactive, area-based partnership approach to the delivery of energy efficiency measures and addressing fuel poverty. Following the successful completion of the initial pilot phase, ownership of the company was transferred to NEA in 2004, with Warm Zones operating as a wholly-owned subsidiary of the charity, albeit with separate governance and staffing structures, with its delivery assisting NEA to deliver its charitable objectives. Warm Zones was registered as a Community Interest Company in 2008.

The company is currently structured into four operational Hubs across England, serviced by a small headquarters office based in Newcastle upon Tyne.

Over 16 years of operation, WZcic has established an excellent track record for the delivery - through a range of different partnerships - of integrated packages of measures and services targeted at alleviating fuel poverty. Appendix B provides an illustration of the current Warm Zones delivery model.

In round numbers, to date WZcic has delivered the following:

- Over 1 million home energy and fuel poverty assessments completed
- Over 450,000 heating and insulation measures installed in over 360,000 homes
- Over £46 million additional income secured through benefits entitlement checks and income maximisation support

This delivery has led to substantial economic, social and environmental gains, confirming the WZcic model as a particularly cost-effective and inclusive mechanism to tackle fuel poverty and improve domestic energy efficiency. Further details, including the aims and values of the company, are set out in Appendix B.
Background and aims of the WZF

The WZF was designed with the following high-level principles:

1. An emphasis on simplified, streamlined, efficient delivery over the lifetime of the scheme to ensure the maximum number of homes can benefit from the measures and services as soon as is practicable

2. Funding to be targeted at vulnerable and particularly low-income households

3. No overlap with ECO or other relevant energy efficiency schemes administered by Ofgem

4. To aim to lift all homes towards energy efficiency performance band C as far as is reasonably practicable given the funding available and suitability for relevant measures (in line with the Government’s Fuel Poverty Strategy target for England)

5. Fill some of the gaps left by ECO, particularly the provision of solid wall insulation, loft top-ups and heating, to a wider range of households

6. To provide reporting of delivery and outcomes against agreed KPIs and any external audits, as appropriate

7. To demonstrate quality and value for money

8. To ensure independently-endorsed evaluation methodology and dissemination of findings/sharing of lessons

2.2 Overview of the WZF

There were two elements of the WZF, referred to as WZF 1 and WZF 2. The total available funding for each was £10 million and £3 million respectively (all figures include VAT). Apart from the level of funding the only difference between the two funds was that WZF 2 was to be delivered in specified geographical areas.

The main characteristics of the WZF are summarised in Table 1 on page 8.
The principle Key Performance Indicator (KPI) for each of WZF1 and 2 was the number of homes with at least one substantial physical measure installed (2,280 and 675 respectively), with agreed milestones per quarter to monitor ongoing progress towards the target.

Other KPIs for the WZF included, where appropriate:

- Number of private sector and social homes assisted with at least one substantial physical measure, with a minimum 65% in private housing;

- Number of homes assisted with at least one substantial physical measure in Scotland and Wales (WZF1 only) of 10% and 5% respectively;

- At least 228 homes (10%) assisted with at least one substantial physical measure to be off the mains gas network (WZF1 only);

- A minimum of 7% of installed measures to have been technically monitored via a Quality Assurance (QA) check. 100% of all QA checks that highlight a failure, to be satisfactorily addressed within 28 working days;

- 1,500 households to receive benefits or energy advice.

The programme timescales were challenging, with the programme to be delivered in two years from the designated start dates (for WZF1 - 1st April 2015 and for WZ2 - 1st July 2015).
Delivery performance against targets

Summary of delivery

Figure 1 summarises the overall delivery against targets throughout the programme:

Figure 1: WZF delivery against target by quarter

Key deliverables against targets

Table 2 below summarises the delivery against the key targets:

Table 2: Overall WZF delivery against KPI targets

<table>
<thead>
<tr>
<th>KPI</th>
<th>Target</th>
<th>Actual to 31.03.17</th>
<th>Expected final outturn at end of programme</th>
<th>Increased % outturn against target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of homes with a substantive measure installed</td>
<td>2,955</td>
<td>4,215</td>
<td>4,316</td>
<td>46%</td>
</tr>
<tr>
<td>Number of physical measures installed</td>
<td>3,560</td>
<td>4,372</td>
<td>4,477</td>
<td>26%</td>
</tr>
<tr>
<td>Number of private homes with a substantive measure installed</td>
<td>1,920</td>
<td>2,951</td>
<td>3,024</td>
<td>58%</td>
</tr>
<tr>
<td>Number of social homes with a substantive measure installed</td>
<td>1,035</td>
<td>1,264</td>
<td>1,291</td>
<td>25%</td>
</tr>
<tr>
<td>Number of homes in Scotland with a substantive measure installed</td>
<td>228</td>
<td>167</td>
<td>191</td>
<td>-16%*</td>
</tr>
<tr>
<td>Number of homes in Wales with a substantive measure installed</td>
<td>114</td>
<td>149</td>
<td>207</td>
<td>82%</td>
</tr>
<tr>
<td>Number of off-gas homes with a substantive measure installed</td>
<td>228</td>
<td>496</td>
<td>532</td>
<td>133%</td>
</tr>
<tr>
<td>Percentage of installed measures with a QA check competed</td>
<td>7%</td>
<td>25%</td>
<td>25%</td>
<td>18%</td>
</tr>
<tr>
<td>Percentage of any QA fails resolved within 28 days</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>Number of homes receiving benefits and/or energy advice</td>
<td>1,500</td>
<td>2,700</td>
<td>2,832</td>
<td>89%</td>
</tr>
</tbody>
</table>

* See explanation overleaf
WZcic met and exceeded all the overall KPIs, with the headline KPI of substantive physical measures delivered to 4,215 homes against a target of 2,955. Additionally, 70% of homes receiving physical measures were in the private sector (against a target of at least 65%) and 492 homes were off-gas (against a target of 228). The only exceptions were in two sub-targets, namely the number of physical measures delivered in Scotland (under WZF1 only) and the number of advice measures delivered (under WZF2 only).

In Scotland the percentage of properties receiving a major measure was 8.4% (less than the 10% target). The 10% target assumed a mix of SWI, heating and insulation measures. However, in practice, given the greater availability of capital funding for many heating and low-cost insulation measures in Scotland, the WZF resources were used to meet the main source of market funding shortfall, namely more expensive SWI measures. Whilst the actual spend of core funding in Scotland represented 8.8%, a further 82p for every £1 of core funding was secured in gap funding against an average leverage across the whole WZF of 56p to the £1, this more than compensated for the subsequent underspend.

Benefit entitlement checks were offered to all households, however, the take up in WZF2 schemes was unusually low. Despite this the total number of households receiving an advice measure (a benefit entitlement check and/or energy advice) across the whole scheme greatly exceeded the overall target of 1,500 households by 89%.

Of particular note was the significant amount of additional welfare benefits income that was secured and confirmed through the income maximisation service and benefits entitlement checks. At 31 March 2017, £5.3m was confirmed, however this has increased to date across the WZF programme to £6.017 million in additional annual income secured and confirmed by Warm Zones’ benefits advisors.

Quality and customer satisfaction

In terms of Quality Assurance (QA), the WZF programme had KPI targets for a minimum of 7% of installed measures to be technically monitored and 100% of all QA checks that highlighted a failure to be satisfactorily addressed within 28 working days. In order to ensure quality was maintained over the 106 projects across the country, WZcic completed QA checks on approximately 25% of all measures installed, with 100% of all QA checks that highlighted a failure satisfactorily addressed within 28 working days. The overall QA check pass rate was 97.1%. All of the identified failures were classified as ‘minor’, including aesthetic issues or minor differences against the agreed specification for the works. All QA failures were promptly and satisfactorily resolved within the target 28 day period, and usually within a few days. A substantial number of customer satisfaction checks were carried out which demonstrated consistently high levels of customer satisfaction throughout, as summarised below:

**Q: How satisfied were you with the quality of work undertaken by the installer?**

<table>
<thead>
<tr>
<th>Answer</th>
<th>Count</th>
<th>Approx. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very satisfied</td>
<td>958</td>
<td>92.3%</td>
</tr>
<tr>
<td>Quite satisfied</td>
<td>61</td>
<td>5.9%</td>
</tr>
<tr>
<td>Neither satisfied or dissatisfied</td>
<td>8</td>
<td>0.8%</td>
</tr>
<tr>
<td>Not very satisfied</td>
<td>10</td>
<td>1%</td>
</tr>
<tr>
<td>Not at all satisfied</td>
<td>1</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,038</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Q: How would you rate the quality of energy advice given?**

<table>
<thead>
<tr>
<th>Answer</th>
<th>Count</th>
<th>Approx. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>724</td>
<td>94.5%</td>
</tr>
<tr>
<td>Good</td>
<td>38</td>
<td>5%</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>4</td>
<td>0.5%</td>
</tr>
<tr>
<td>Poor</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>767</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Q: Overall, how would you rate the Warm Zones Fund scheme?**

<table>
<thead>
<tr>
<th>Answer</th>
<th>Count</th>
<th>Approx. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>785</td>
<td>95.4%</td>
</tr>
<tr>
<td>Good</td>
<td>34</td>
<td>4.1%</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>4</td>
<td>0.5%</td>
</tr>
<tr>
<td>Poor</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>823</td>
<td>100%</td>
</tr>
</tbody>
</table>
The following installers were used to deliver work under the WZF:

Aubrey Cornfoot
Central Installations
DHR
Dodd Group
Dyson
Energy With Limited
ePlan Energy
Extract NE
Firefly
Hamiltons
HCS
Heat
HeatPac
Highly Efficient Heating
Hodgson
Holdcroft
JB Energysavers
Keepmoat
Keir
Pro Gas
Saving Energy
Solarwall
Sure
Warmer Homes
Wates
Westville
Willmott Dixon
Other aspects of WZF delivery

Targeting

Although the eligibility for the WZF was area-based (with all eligible homes in the 25% most deprived LSOAs by income), working with the partner organisations, WZcic was able to effectively target the scheme on the properties with the lowest energy ratings. As a result 47% of the properties improved were in the most energy inefficient homes within these low income areas (EPC bands F or G).

Energy efficiency rating impact

The main aim of the Government's Fuel Poverty Strategy for England is to raise as many properties occupied by fuel poor households to EPC Band C by 2030 as is practicable (with interim milestones of Band E by 2020 and Band D by 2025) and one of the aims of the WZF was to increase understanding of achieving significant SAP increases through cost-effective delivery of traditional energy efficiency measures.

The outcomes from the overall WZF delivery can be summarised as follows for the most energy inefficient properties:

- **96%** of G-rated properties were improved to at least Bands D or E at an average capital and install cost of £2,292.17 per property and 0.6% to Band C at an average capital and install cost of £1,801.62 per property.

- **97%** of F-rated properties were improved to at least Bands D or E at an average capital and install cost of £2,413.63 per property and 44% to Band C or above at an average capital and install cost of £2,366.75 per property.

- Considering the next band of energy efficiency, the E-rated properties: **over 80%** were improved to at least D-rated with over 42% improved to Band C or above at an average capital and install cost of £2,356.72 per property.

The principal measures producing the greatest increases in EPC ratings were modern efficient heating systems and, to a lesser extent, External Solid Wall Insulation for solid wall properties.

Note: Further details on the outputs and their impacts will be available following the completion of the full HIP social impact evaluation report by NEA in autumn 2017.

Summary of outputs and outcome

WZcic mobilised both WZF 1 and 2 programmes within extremely short timescales and was able to meet the first quarter targets for both elements of the programme. Subsequently all over-arching quarterly targets were met or exceeded. The overall target number of properties assisted for WZF1 will be exceeded by 1,124 properties (3,404 against a target of 2,280) or 49%. For WZF 2 the overall target will be exceeded by 237 properties (912 against a target of 675) or 35%.

WZcic managed to secure around £7.3 million of additional funding from partners to increase the programme outputs. Delivery utilising the remainder of this partner funding will continue throughout 2017/18, ensuring that the programme can assist even more low-income and vulnerable fuel poor households.
It is therefore evident from the above analyses that the WZF programme was a major success:

- It greatly exceeded its headline KPI targets of homes with substantive physical measures delivered: 4,316 forecast against a target of 2,955 (46% greater than targeted with further households to benefit from match funding from partners in 2017/18).

- 70% of homes receiving physical measures were in the private sector (against a target of at least 65%) and 492 homes were off-gas (against a target of 228).

- Advice services provided to 2,700 households increasing to 2,832 households during 2017/18, against a target of 1,500 (exceeding the target by 89%).

- To the end of March 2017 the programme has secured and confirmed £5.3 million in additional verified annual welfare benefits income for some of the most vulnerable residents. This figure is forecast to increase to over £6 million for 2017/2018.

- Delivery was effectively targeted within the areas of lowest incomes, with 47% of all homes in the designated low income eligible areas receiving measures, being in the most energy inefficient (F and G rated) homes.

- Almost all these F or G-rated homes were then improved to at least Band E, in line with the Government’s Fuel Poverty Strategy interim 2020 milestone, with over 27% improved to Band C, the target level for 2030. Similarly, over 80% of E-rated properties were improved to at least D-rated with over 42% improved to Band C or above.

- 18.9% of all measures fitted were SWI (837) which accounted for 45.3% of the funding.

- Quality and customer satisfaction levels were consistently high throughout the programme, with a 97.1% quality assurance pass rate (and no ‘major’ failures identified) and 99.5% of customers questioned rating the WZF scheme ‘excellent’ or ‘good’ (the other 0.5% rated it as ‘satisfactory’ and none rated it as ‘poor’).
Lessons for wider policy development

Introduction

The successful delivery of the WZF programme, with its demanding targets and deadlines, naturally generated a great deal of positive learning internally for Warm Zones in terms of processes, procedures, communications, partnership arrangements, programme management and a number of other aspects. As such, this learning has already helped to further improve the overall efficiency and effectiveness of the company which has paid and will continue to pay dividends, enabling it to further improve the services offered to low income households. There are also a number of lessons learned that can apply to external policies and the development of other fuel poverty and energy efficiency programmes. These are summarised in this section.

Principal lessons learned

We have been able to compare grant eligibility criteria and the administrative processes of the WZF programme with the more prescriptive and administratively intensive approaches in the ECO scheme.

The simplified, streamlined administration processes for WZF offers many advantages including:

- **Greater certainty for partners.** Without the risk of significant in-year changes to administration and compliance requirements there was greater stability for the partners, who also valued the single point of reporting. The certainty of a two year programme with guaranteed resources made it possible for WZcic to offer specified support over a meaningful timescale to potential partners. This encouraged buy-in and, in a number of cases, additional financial commitments.

- **Reduced administration and delivery costs.** The stable and consistent operating environment over the two years offered savings in scheme operational costs whilst still allowing for robust reporting which met the standards required. Simplified eligibility criteria helped clarify to our ultimate beneficiaries whether they were eligible or not from the outset (unlike the need to provide evidence of welfare benefits / income for schemes such as ECO HHCRO). Whilst using simplified documentation, improved levels of technical standards could still be guaranteed and WZcic was still able to provide a robust and auditable paper trail for the scheme. This saved costs and ensured a faster response time for the partners and householders.

- **Improved customer experience.** The grant-based approach of the WZF - i.e. not driven by calculated or deemed carbon or notional fuel bill saving scores - helped to ensure from the outset that the cost of the measures could, for the vast majority of cases, be fully-funded. This ensured that our vulnerable, low-income clients did not have to make any significant financial contributions. This was the original aim of the HHCRO element of ECO but one that has been eroded, with many HHCRO clients being asked to make what are quite often significant contributions.

- **There was greater scope than under ECO regulations to build more integrated and locally-responsive programmes** better aligned with the requirements of local partners such as local authorities, social housing providers and the health sector. The flexible WZF eligibility criteria enabled WZcic to align scheme objectives with the policy priorities of potential partners which further encouraged buy-in and financial contributions.
• **A continuing focus on heating measures is required** to cost-effectively help more homes reach EPC Band C ratings, consistent with the aims of the government’s fuel poverty strategy, including on-gas as well as off-gas heating measures. The WZF has demonstrated that there is very clearly a significant demand for heating improvements (that is not being met by ECO) that the WZF was better able to deliver, only restricted by the limited scale of the WZF programme.

More efficient heating measures offer significant improvement in SAP ratings and hence greater opportunity for more homes, particularly the most energy inefficient homes (E, F & G rated), to be improved to EPC band C levels, consistent with the aims of the Government’s Fuel Poverty Strategy.

**Measures delivery integrated with welfare benefits advice** and other relevant signposted services is required to address fuel poverty for many lower-income households. Offering assistance in claiming welfare benefits has resulted in annual increased incomes of at least £5.3 million (which is forecast to increase to more than £6m) with the majority of benefits allowing older residents to stay put in their homes and avoid an increasing burden on the NHS and social care costs. Many energy efficiency schemes are now delivered without offering additional support services and many clients are missing out on other available assistance as a result of uncoordinated approaches. This results in sub-optimal economic and social outcomes.

**Prompt payments to installer partners** significantly reduced cash flow risks and helped support more local installation businesses, ultimately resulting in better customer service and more stable local delivery partnerships. It is important that installers, particularly smaller, more local companies, can be paid reasonably promptly after the work is installed to assist with their cash flow and financial viability. The WZF allowed for this with standard 30 day payment terms for installer partners. WZcic was able to do this as the WZF payments could be drawn down relatively quickly from NEA, which also reduced risk for WZcic.

**Examples of Warm Zone Fund schemes**

WZcic delivered a total of 106 projects utilising the WZF 1 and 2 funding. As illustrative examples, the following are outlines of just a small number of them:

**WZF delivery in Wales**

Delivery of the WZF targets in Wales was designed in partnership with the Welsh Government, who provided match funding. A scheme was designed to deliver modern efficient heating systems to vulnerable low-income, private-sector households in the most deprived areas of Wales.

The scheme rules and application form were produced jointly by the Welsh Government and WZcic. All 22 local authorities were invited to bid for funding. Five local authorities (Cardiff, Ceredigion, Denbighshire, Gwynedd and Rhondda Cynon Taf’/RCT) were selected. In addition to the matched funding from the Welsh Government, RCT provided an additional £100,000 for the scheme in its area.

The areas to benefit from measures within the local authority areas were were Splott in Cardiff, Cardigan in Ceredigion, Ryle in Denbighshire, Cadnant in Gwynedd and Tylorstown in RCT.

WZcic worked closely with the local authorities to promote their projects and managed the delivery of the measures.

A total of 382 households benefited across these 5 areas, the majority receiving a new gas central heating scheme or gas boiler and a number received loft insulation where required.
Solihull Community Housing

WZcic worked with Solihull Community Housing (SCH) over two phases of a project to install external wall insulation measures in 101 homes, part-funded by the WZF. The provision of the WZF grant made it possible for Solihull to utilise more of its own internal capital funding and approve works that would not otherwise have gone ahead.

WZcic worked closely with SCH and the approved EWI installer, providing substantial project management throughout.

This has now provided the basis for an ongoing partnership between WZcic and Solihull Community Housing that will help benefit many more of Solihull’s tenants.

Thurrock heating programme

The Thurrock Council area was one of only seven Local Authority areas that were eligible for the WZF2 element of the programme. WZcic and Thurrock Council identified that there was substantial demand and need for heating improvements for vulnerable households in poor health. However, it was clear that the prevailing ECO scheme was either excluding many of these vulnerable homes or not providing adequate grant funding for the necessary works to proceed without the need for an unduly large (and not practicable) contribution from the residents. WZcic worked with the Council to design, promote and deliver a targeted scheme offering heating improvements, with all works delivered in line with ECO quality standards (as per the overall WZF programme). In total across a series of project phases, substantive heating improvements were delivered to 297 homes. Feedback from the residents was very positive and the project was regarded as a major success, helping residents enjoy the many benefits from a new or improved heating system.

North East private landlord pilot

In addition to other WZF projects in the North East of England delivering hundreds of insulation and heating measures, WZcic piloted a project with private sector landlords in target areas across the region, with the aim of securing a significant contribution from landlords towards the cost of the works (and to ensure no contribution from the tenants).

As expected from Warm Zones’ wider experience of dealing with the often ‘hard to engage’ private sector landlords, this project took longer to establish and deliver than many others. However, by engaging with landlords both directly, and via Local Authority partners, WZcic was able to deliver heating improvements in 38 homes for low income, vulnerable tenants, exceeding the pilot target of 30 homes. The learning from this project is already being used to help inform and enhance future engagement with the private rented sector.
Orkney

As part of WZcic’s target to deliver measures in Scotland, the company met with the Scottish Executive and agreed to deliver as much support as practicable to off-gas, rural properties, especially in the Highlands and Islands.

To help deliver on this commitment, WZcic engaged with Orkney Islands Council and their approved managing agent, Firefly Energi, to help design and deliver a programme to best meet the often unique and challenging needs of residents across the Orkney Islands.

Orkney has some of the highest levels of fuel poverty in Great Britain, caused by a combination of not having mains gas, lower than average incomes, and higher than usual fuel and other living costs due to the remote and often inaccessible nature of the islands and the generally colder, windier weather experienced for much of the year.

In addition the costs of delivering measures is significantly higher than mainland GB due to the additional costs of transporting materials to and within the archipelago of islands and then providing the necessary installation and support services.

The WZF grant, together with capital funding from Orkney Islands Council, helped ensure that more residents could benefit who otherwise would have missed out (or been faced with a significant capital contribution themselves which would not have been viable).

WZcic worked closely with Firefly Energi throughout the programme, with an initial 38 measures (predominantly solid wall insulation) delivered in the first phase of the project. The feedback from the residents and all the project parties has been very positive and this is now providing the basis for a continuation of this new partnership, with plans currently being developed to support delivery through to 2018 and beyond.

Hull insulation & heating programme

WZcic worked with Hull City Council and other local partners to design, manage, promote and deliver a targeted programme offering a range of heating, cavity wall, loft and solid wall insulation (together with a package of benefits and energy advice) to private homes in the most deprived areas of the city. Once again the aim was to address shortfalls in the current energy efficiency market where mainstream funding programmes were unable to provide any or adequate grant funding for these works.

Over a few project phases from 2015 to 2017 a mix of heating and insulation measures (with advice) was provided to 416 private sector residents.
Appendix A: Case Studies

Mr & Mrs C, Northern England

Mr & Mrs C are an elderly couple who were struggling on a low fixed income and with an old, inefficient and unreliable heating system. Mr C’s health was failing fast, with an advanced cancer diagnosis, COPD and high blood pressure, and his wife, an ex-nurse who herself has serious health issues such as arthritis and cataracts, was struggling to cope. Although they had some aids in the house such as a stair lift to assist, she was struggling to dress and bathe her husband and provide him with the best overall quality of life.

Using the WZF, WZcic was able to provide a new gas combination boiler with suitable controls, which increased the energy efficiency rating of the property from the lowest rated G to D-rated. There were no other grants available to carry out all this work free of charge and so the WZF made the critical difference, allowing the couple to enjoy a warmer home to help alleviate some of their health concerns. Furthermore, the Warm Zones’ Benefits Advisor worked with the couple to help them secure Attendance Allowance worth an extra £8,559 p.a. with a one-off back-payment of £1,810. This additional income has given them much greater peace of mind, freeing them from the worries of fuel and other bills at what was a very difficult time. Sadly Mr C has recently passed away, but his wife remains very grateful for the assistance that they received that helped to boost her husband’s quality of life in his final months and now allows her to continue to live in a warmer, healthier home.

It says much for Mrs C’s generosity of spirit that despite her recent bereavement that she took the trouble to write to her local Warm Zone office, to say “My sincere thanks to you all for all your good work and thoughtfulness” and commenting that “My new central heating system is simply wonderful”. When recently talking to Warm Zones staff she said she is aware that there are even more deserving people than her, evidenced by the many busy food banks in her area to which she donates through her church.

Mrs G, South East England

Mrs G is an elderly lady living on her own who was finding it increasingly difficult to continue to live comfortably and safely in her home. She is insulin-dependent and suffers from shortness of breath, hypertension and high cholesterol, all exacerbated by increasing mobility problems following a recent fall and broken hip. Her daughter has to visit very regularly to supervise her bathing, dressing and other basic tasks, worried that she may fall again, as well as being required to take her mother’s blood sugar levels and properly administer her insulin. The fact that Mrs G was struggling to adequately heat her G-rated, very energy inefficient home, only increased her worries and impacted on her health.

Warm Zones was able to both replace the old gas boiler with a new, modern one which increased her home energy efficiency rating from G to D and allowed Mrs G to properly heat her home, and help secure additional benefits income in recognition of her acute health issues, resulting in additional income of over £3,300 p.a.

This package of assistance means that for the first time in many years Mrs G can not only afford to properly heat her home but has also secured some of the additional support she needs to better manage her health issues. That is already having a positive impact on her overall health and wellbeing.

Mr M, London

Mr M is very frail, having suffered a stroke, for which he has extensive medication. He has arthritis and vertigo and he feels the cold. His old gas boiler proved to be an unreliable, expensive and ineffective means of heating his home and contributed to an F rating for his property. This was exacerbating his health concerns and contributing to his many hospital admissions and other health sector support.

As Mr M spoke little English, Warm Zones liaised with his daughter to install a modern, high-efficiency gas boiler and to help him secure Attendance Allowance in recognition of his many health issues. That improved his home energy efficiency rating to almost a C-rating and boosted his low fixed income by over £8,000 p.a.

This combination of a new gas boiler and the significant income gains secured by Warm Zones has had a transformative effect for Mr M and his daughter, who is now able to afford to both properly heat his home and get the extra support he needs to better manage his health problems. This should mean that Mr M will be able to continue to live in his home and help reduce his hospital admissions and the need for other local health or social care support.
Mr & Mrs W, Northumberland

Mr & Mrs W are a couple suffering from a range of health problems that have a serious impact on their quality of life and their ability to look after each other, all being exacerbated by a boiler that was not working and not allowing them to heat their home.

Both Mr & Mrs W have arthritis – severely so for Mrs W – and asthma and bladder issues. Mr W also has high cholesterol and balance/dizziness problems. Mr W was also recovering from a recent operation to try and treat his balance problems. Their lack of mobility and loss of function in their hands meant that they had been struggling to carry out basic tasks at home and their concerns about their mobility, bladder and balance problems were making them increasingly housebound and hence even more reliant on their heating system.

Warm Zones were able to get the boiler repaired and working efficiently again using the WZF, ensuring that the couple could at least provide themselves with a warm home – the minimum they needed to try and alleviate their health problems. However, it was clear that they were also struggling on a low income and were not getting the care they both needed.

Warm Zones also carried out a benefits entitlement check with the couple. Initially they were reluctant as they assumed that they would not be entitled to anything, even though they had a low fixed income based on a small private pension. However, it was quickly identified that they were entitled to significant additional benefits and the Warm Zones benefits advisor helped them complete the forms and submit their applications. Mr & Mrs W were then each awarded higher rate Attendance Allowance which in turn meant that they qualified for Pensions Credits and Council tax benefits. These gains totalled £13,370 in additional income per annum.

This combination of a new gas boiler and the significant income gains secured by Warm Zones has had a transformative effect for Mr & Mrs W, who are now able to afford to both heat their home and get the extra support they need to better manage their health problems. This should mean that the couple should be able to continue to live in their home and help reduce their need for other local health or social care support.

Mr & Mrs M, Stoke

Mr & Mrs M both have chronic health problems which greatly impact on their quality of life. Mr M has heart problems, arthritis in his spine and suffers from breathlessness and fatigue. Mrs M suffers from osteoporosis and asthma. They had an old gas boiler that was unreliable and expensive to run. They were struggling to properly heat their home which was exacerbating their health problems.

Using the WZF, Warm Zones was able to install a new, high efficiency gas boiler with controls suitable to Mr & Mrs M’s needs. This lifted their property into EPC Band C, in line with the wider aims of the Government’s Fuel Poverty Strategy.

Warm Zones also carried out a benefits entitlement check with the couple. Initially they were reluctant as they assumed that they would not be entitled to anything, even though they had a low fixed income based on a small private pension. However, it was quickly identified that they were entitled to significant additional benefits and the Warm Zones benefits advisor helped them complete the forms and submit their applications. Mr & Mrs M were then each awarded higher rate Attendance Allowance which in turn meant that they qualified for Pensions Credits and Council tax benefits. These gains totalled £13,370 in additional income per annum.

This combination of a new gas boiler and the significant income gains secured by Warm Zones has had a transformative effect for Mr & Mrs M, who are now able to afford to both heat their home and get the extra support they need to better manage their health problems. This should mean that the couple should be able to continue to live in their home and help reduce their need for other local health or social care support.
Appendix B: Additional Information

Background information on Warm Zones cic

WZcic strategic aim and values

WZcic’s principal strategic aim is to facilitate the efficient, integrated and appropriate delivery of practical measures to alleviate fuel poverty and improve domestic energy efficiency in defined areas.

Warm Zone company values are:

- Integrity, quality and excellence in all our operations
- Delivery with a commitment to service and building effective, long-term partnerships
- Accountability to ourselves and our partners
- Respect towards our colleagues, partners and clients
- Continual improvement across the entire organisation.

Warm Zones cic structure

The Company is currently structured into 4 operational Hubs across England, serviced by a small headquarters office based in Newcastle upon Tyne, as illustrated below.

Warm Zones can provide nationwide delivery across GB

HQ office in Newcastle Upon Tyne

4 Regional offices:

- Northern
- Hull & Humber
- Midlands
- London & SE
Warm Zones delivery model

WZcic effectively acts as a not for profit managing agent, working in partnership with a range of players (in the private, social and third sectors) to design, manage and deliver various affordable warmth programmes, with a particular focus on those in fuel poverty and other vulnerable households.

This approach helps to integrate a wider range of funding and cost-effectively deliver an integrated package of measures and assistance, targeted at those most in need. This approach is illustrated in the diagram below.

Greater investment secured
Improved energy efficiency
Tackling fuel poverty
Increased disposable incomes
Boosting the local economy
Supporting local jobs
Reducing health inequalities

Maximising local economic, social, health & environmental gains
The WZcic delivery model offers a range of advantages for partners such as Local Authorities, Housing Companies, Energy Suppliers, DNOs, Contractors etc, including:

- Increased external investment and leverage of funding
- Improved engagement with vulnerable households and communities
- Bespoke project management service to meet partner requirements
- Cost-effective and added valued delivery of supplier obligations
- An integrated and inclusive approach to more effectively tackle fuel poverty
- A direct and cost-effective means of improving both the quality of local housing stock and the quality of lives of residents / tenants
- Responsive and comprehensive reporting of delivery and outcomes
- Opportunities to deliver CSR gains by more effectively tackling fuel poverty
- Providing a more distinctive offering and competitive edge for bids for Local Authority and Housing Association projects

Warm Zone delivery & impacts to date

The total headline delivery to date and associated impacts can be summarised as follows:

<table>
<thead>
<tr>
<th>Warm Zone delivery &amp; impacts to date</th>
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<tr>
<td></td>
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<tr>
<td><strong>No. households assessed</strong></td>
<td>&gt; 1 million</td>
</tr>
<tr>
<td><strong>No. insulation &amp; heating</strong></td>
<td>&gt; 450,000</td>
</tr>
<tr>
<td>measurements installed</td>
<td>(in &gt; 360,000 homes)</td>
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<tr>
<td><strong>Value of confirmed secured</strong></td>
<td>&gt; £46 million</td>
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<td>claims p.a.</td>
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From all Warm Zones from individual project starts to March 2017, rounded figures

- Delivery of energy efficiency advice, community events, employment and 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 over lifetime of measurements

= Huge economic, health and social gains

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**Economic health-related savings**

Using the Government’s HIDEEM model, the total delivery to date by Warm Zones on energy efficiency measures has resulted in a net present value saving of over £390 million over the lifetime of the measures installed – a substantial economic health impact.

Similarly, using the measure of Quality Adjusted Life Year (QALY) added, Warm Zones’ delivery has resulted in a very significant additional number of QALYs and at a cost effective rate of under £11,000 per QUALY delivered against the NICE guidance for cost-effectiveness of < £20,000/QALY.
working together for warm homes

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Action for Warm Homes

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