

Cabinet Committee on Climate Change and the Environment
Meeting to be held on 12th July 2011

Electoral Division affected: All

Lancashire Insulation Fund: A Project Update

Contact for further information:
Debbie King, (01772) 534195, Environment Directorate,
Debbie.king@lancashire.gov.uk

Executive Summary

The Lancashire Insulation Fund seeks to maximise for the residents of the county Lancashire's share of funding from the Government's Carbon Emissions Reduction Target (CERT) initiative. Securing a partnership with a CERT provider to invest their funding in the county secures a consistent level of investment enabling a single price for the installation of standard energy measures (loft and cavity wall insulation) to be negotiated.

This provides a consistent baseline 'offer' for residents across Lancashire, which, supported by the local authorities and the Energy Saving Trust can be marketed more effectively to increase take up.

This report outlines the progress made in developing the Lancashire Insulation Fund in regard to the selection of preferred installers, the standardisation of price for measures and the development of a marketing campaign.

Recommendation

The Cabinet Committee on Climate Change and the Environment is requested to note and comment on the report.

Background and Advice

The Carbon Emissions Reduction Target (CERT) requires all domestic energy suppliers with a customer base in excess of 50,000 to make savings in the amount of carbon dioxide emitted by householders. Suppliers meet this target by promoting the uptake of low carbon energy solutions to household energy consumers, mainly in the form of subsidised loft and cavity wall insulation for the 'able to pay sector' (insulation can be free for disadvantaged households). Despite this, take up of subsidised insulation can be low as schemes are often viewed with a degree of scepticism by residents. Where a council provides its backing to a scheme, take up can often double or treble.

The Lancashire Insulation Fund seeks to maximise Lancashire's share of CERT funding in the remaining 18 months of the programme (the CERT scheme is to be

abolished in December 2012 to be replaced by the Government's 'pay as you save' Green Deal scheme). Securing an agreement with a CERT provider to invest their funding in Lancashire (the source for the Lancashire Insulation Fund) secures a consistent level of CERT investment for the county for the remainder of the scheme. In return the company will get the benefit of widespread promotion of their scheme by the local authorities in Lancashire which in turn increases the likelihood that the energy company will achieve its tough CERT targets. Failure to reach their targets results in large fines from OFGEM, the energy regulator.

Significant progress has been made in developing the Lancashire Insulation Fund since the report presented at the last Cabinet Committee meeting in March. The selection process has now been completed and plans are underway to develop a marketing campaign.

The Selection Process

Interested contractors were asked to submit expressions of interest and complete a Pre Qualifying Questionnaire (PQQ). Eleven responses were received in total, all of which were assessed based on a pre-agreed scoring matrix by a group of officers from the Lancashire Home Energy Group (a group of local authority housing and Energy Saving Trust officers, hosted by the County Council). Following this process three potential contractors were invited to interview.

The interview panel comprised officers from Blackburn, Blackpool, Burnley, Preston and Wyre, all of whom have a wealth of experience in dealing with insulation and energy companies and who could effectively represent the wider Energy Group.

Given the potential size of the initiative, countywide geography and risk management the panel recommended that the interests of the county would be best served if two, as opposed to a single, contractor be appointed. This view was supported and agreed by the full Home Energy Group at their meeting in May.

The two installers selected are Lancashire based companies - Home Insulation Services (HIS) based in Preston and Cre8 based in Chorley and both have experience of working with local authorities within and outside of Lancashire. Each installer will work in pre-agreed districts so that they will not be competing for work.

While supportive of the Lancashire Insulation Fund, Chorley, South Ribble, West Lancs and Lancaster have all already got agreements with installers in place and as a result HIS and Cre8 will not actively promote or target these districts at this time, although there is flexibility within the arrangements for this to change as necessary.

Standardising Prices

At the outset the key aim of the Lancashire Insulation Fund was to secure a single price and service for the installation of standard measures (loft and cavity wall insulation) across Lancashire. As two installers have been selected it has been important to ensure that both companies offer the same price for measures so that all Lancashire residents receive the same offer.

Following further meetings with both installers this has been achieved and a competitive price of £99 for cavity wall & £129 for virgin loft insulation has been confirmed and fixed until the end of CERT in December 2012 by both installers.

That's not to say it will necessarily be the *lowest* price on offer as other CERT providers cannot be prevented from operating in the County and may offer cheaper promotional deals at certain times of the year, for a very short period. The Lancashire scheme installers have, however, been selected based on best price fixed over the next 18 months and best quality and customer care.

The Energy Saving Trust Advice Centre (ESTAC) freephone number will be the point of contact for all Lancashire residents and the ESTAC will refer the query to the relevant installer who will make contact and arrange for a home visit for surveys to be completed.

Both installers can provide weekly information on the number of referrals, survey visits and installations to ensure the scheme is monitored effectively.

Marketing

Marketing of the scheme will begin over the summer to encourage people to take up measures before the winter months. Campaigns will be predominantly led by the installers themselves, who have allocated marketing budgets to the Lancashire Insulation Fund, but co-ordinated and monitored by the Home Energy Group and the ESTAC.

The Installers are currently developing promotional leaflets for different target groups for approval by the relevant local authorities they will be working with. All material will bear the logo of the County Council and the relevant local authority being targeted as it is widely recognised that local authorities are trusted and endorsement will boost take up. As highlighted above, the only contact number used on all material will be the ESTAC freephone number to avoid confusion. The cost of printing and mailouts will be borne by the installers.

There is also likely to be opportunities to include letters and leaflets in planned mailouts such as Housing Benefit, Council Tax and flu jab in certain districts and this will be maximised where possible. Both installers have access to promotional trailers and are willing to attend a number of events across the county where high levels of referrals are likely to be generated. The Lancashire Home Energy Group will assist with this by putting together a 'calendar of events' and likely dates of existing mailouts so that the installers can plan promotions and link with other marketing campaigns.

Additionally the County Council and District Councils will work with the installers to help target areas by using the national Homes Energy Efficiency Database (HEED) which collects datasets on energy efficiency and microgeneration installations, the aerial thermal survey images which identifies poorly insulated properties and their own knowledge of the housing stock.

In addition to using the County Council logo on promotional material, the County Council can offer support through other marketing methods such as providing information on the web site, through Vision, press releases and promotion via our services to help promote the scheme as appropriate. All these options are currently being pursued with Corporate Communications.

Consultations

N/A.

Implications:

This item has the following implications, as indicated:

Financial

There are no financial implications.

Risk management

CERT funding is not ring-fenced by geographical area and many local authorities nationwide already have partnership arrangements in place. By not developing a similar scheme Lancashire risks losing out on available CERT funding which will simply be spent elsewhere in the country. That said, Lancashire's partnership is one of the largest in the UK.

The main risks associated with the project came in the selection of a preferred installer(s) to work with that is reputable and has a good track record of customer care. The chosen installers have a good track record of working in Lancashire already.

Although no local authority funds are involved, this risk has been mitigated by following a transparent selection process recommended by LCC's Procurement Officers with clear selection criteria outlined and PQQs required.

The PQQ scoring and assessment put a significant weighting behind the installer's capacity to manage customer complaints satisfactorily so that any problem is resolved promptly and to everyone's satisfaction. Additionally, the agreement between the local authorities/ESTAC and the insulation installers will be closely monitored and, ultimately, the local authorities/ESTAC can withdraw from the agreement at any time if problems become persistent.

There is a risk that on a small number of time-limited occasions, the Lancashire scheme will not necessarily be the *lowest* price on offer. Other CERT providers cannot be prevented from operating in the County and may offer cheaper promotional deals at certain times of the year, for a very short period. The Lancashire scheme installers have, however, been selected based on best price fixed over the next 18 months and best quality and customer care. And the Lancashire scheme will be marketed on the basis that quality and customer care standards are high.

Any representations made to the Cabinet Committee prior to the issue being considered in accordance with the Public Notice of Forward Plans

Name: Organisation: Comments:

N/A.

**Local Government (Access to Information) Act 1985
List of Background Papers**

Paper	Date	Contact/Directorate/Tel
Report to Cabinet Committee on Climate Change and the Environment Lancashire Insulation Fund	15 March 2011	Debbie King, Environment Directorate, 01772 534195

Reason for inclusion in Part II, if appropriate

N/A.