

**BENEFITS FROM THE HOME ENERGY EFFICIENCY SCHEME IN  
WALES**

**2001/02**



## A Report by the Welsh Assembly Government

### **Minister's Foreword**

The Welsh Assembly Government's Home Energy Efficiency Scheme (HEES) was introduced during November 2000, since then the scheme has proved enormously popular and we are well on target to achieve our Plan for Wales target of ensuring that 38,000 people benefit from the scheme by March 2004.

Every week hundreds of people gain practical benefits from HEES grants, bearing testament to our commitment to tackling fuel poverty, which HEES has been designed to address. This is further emphasised by the funding we are committing to the scheme, which has risen from an original budget of £6m to £9.6m during 2000-01, £11.1m during 2002-03, £13.4m during 2003-04 and £14.1m for 2004-05. Furthermore, HEES is the foundation upon which we are looking to develop our wider policies for tackling fuel poverty, maintaining our commitment to the UK Fuel Poverty Strategy and the recently published proposals for a Welsh Fuel Poverty Commitment.

However, HEES doesn't just tackle fuel poverty. It brings practical health benefits, by ensuring that vulnerable people, particularly the elderly, have warm and well insulated homes, making an impact on reducing health problems associated with winter illness; sustainability benefits, by ensuring that Welsh households are more energy efficient, thus burning less fuel; and economic benefits, using local heating and insulation installers and providing important links to industry training and New Deal initiatives.

This is the first report into the operation of the scheme and covers the period 2001-02. However, I intend that this report should be replicated for future years to show the practical benefits HEES brings to Wales.

The report shows that in 2000 we inherited a scheme largely based on the Warm Front scheme that operates in England but which has in a relatively short space in time started to evolve and change in response to our own priorities and needs. However, this is not the end, merely the beginning and I anticipate further evolution over the course of this and future years to ensure that the scheme constantly takes account of our own changing priorities.

The report also examines the complaints and criticisms of the scheme which have arisen during the last year and puts them into context. Such problems do occur in a scheme the size of HEES but I want to ensure that procedures are in place to deal with any problems quickly and effectively to ensure the minimum of distress to those affected and that lessons are learnt from mistakes to ensure that they are not repeated.

Review and evaluation is a critical aspect of policy implementation to ensure effectiveness and to provide confidence that objectives will be met. After 3 years of the scheme we have reached the

point where such an evaluation is needed. Accordingly it is my intention that during 2003 we will undertake a comprehensive review of the scheme to include issues of eligibility, assistance offered and quality of service delivered.

Edwina Hart AM

Minister for Finance Local

Government and Communities

## **BETTER HOMES FOR PEOPLE IN WALES – A NATIONAL HOUSING STRATEGY STATEMENT**

'Better Wales' set a target to help lift 30,000 of the poorest Welsh households out of fuel poverty by March 2003. Our vehicle for achieving this will be the new Home Energy Efficiency Scheme (HEES).

Around 220,000 households in Wales are estimated to live in properties with poor standards of heating and insulation, i.e. they are unable to afford to heat their homes at an acceptable level. This is not surprising given that 11 per cent of homes in Wales lack efficient heating systems and many homes lack adequate insulation. The very worst cases, containing households who have to spend an inordinate amount of their gross income on heating their homes to an acceptable standard are classed as 'fuel poor'. This situation often affects the most disadvantaged members of society, such as the elderly, benefit dependant families and the sick and disabled, with associated problems for health and general well-being.

The current budget will allow 38000 households to benefit by March 2004 ('Plan for Wales'), a major contribution towards our target of meeting the needs of all fuel poor households by 2010. These resources fund a range of insulation measures and, for the worst cases, the provision of central heating systems to a grant maximum of £2,700. In addition, for pensioners in areas acknowledged to suffer from a high fear of crime, the scheme also provides a range of basic home security measures.

The scheme focuses on the private rented sector where the need is greatest, with resources currently being split on a 70:30 private:public basis.

In all, the scheme aids the comfort, health and safety and cuts the fuel bills of the poorest and most vulnerable members of society. However, the new HEES is but one element of a comprehensive National Assembly strategy, working in partnership with a range of public and private initiatives (such as the Energy Efficiency Commitment) to meet our short and long term goals for tackling fuel poverty.

## **INTRODUCTION**

### **THE HOME ENERGY EFFICIENCY SCHEME**

The Home Energy Efficiency Scheme for Wales, launched in November 2000, provides a more comprehensive package of energy efficiency measures in each property than has previously been available under the original HEES scheme, launched in the early 1990s by the then Department of the Environment. Packages now include heating improvements in addition to insulation measures.

In recognition of the particular difficulties experienced by low-income householders aged 60 and over, an enhanced element of the scheme (***HEES Plus***) is now provided. This offers similar

insulation packages to HEES with the addition of central heating through gas or electric systems. In accordance with the Assembly's social inclusion activities lone parent households, chronically sick and disabled households are also allowed access to the enhanced scheme, with grants of a maximum of £1,500 available for HEES and up to a maximum of £2,700 for HEES plus.

Both HEES and HEES plus provide a number of predetermined packages of measures which depend on the construction type of the property and the heating and hot water arrangements.

## BENEFITS FROM THE HOME ENERGY EFFICIENCY SCHEME (HEES)

<b>Home Energy Efficiency Scheme in Wales – 2001/02</b>	
<b>Summary of Applications and Spend</b>	
Applications	19,477
No of eligible households processed within the year	11,021
Target properties	14,000
Eligible applicants receiving HEES Measures	2,533
Eligible applicants receiving HEES Plus Measures	8,488
Total number of measures for which claims received	23,465
Total allocated spend (invoices paid) on measures (excluding direct Assembly payments for leasing and boiler equipment)	£5,120,969

This report sets out the results for 2001-02 of the home

energy scheme to improve home energy efficiency funded by the Welsh Assembly Government. It provides a grant of up to £2,700 to make homes warmer, more energy efficient and more secure, focussing on households with the greatest health risks – people with children under 16 and people who are disabled or chronically sick. The EAGA Partnership Ltd manages the scheme on behalf of the Welsh Assembly Government.

### Table 1 Scheme Outputs

Table 1 shows the overall outputs for 2001/02. During the year many enquiries were received under the new HEES Wales Scheme. Households identified as eligible were 11,021, although due to the growing demand for the scheme, a high proportion of applications were received later in the year and ultimately fell into the new financial year 2002/03. The difference between the target and the number of confirmed eligible households is likewise largely due to applications received towards the end of the year which were confirmed as eligible after March 31<sup>st</sup>. Of those eligible, the breakdown between HEES and HEES Plus is shown. Works carried out under the scheme is logged when invoices are received from installing contractors; this is also shown above. Finally, the total amount of allocated spend on measures is shown. This report expands further on these summary figures.

## Analysis of Enquiries

**Table 2 - Referrals Received**

<b>Month Referral Received</b>	<b>Total per Month</b>	<b>Cumulative</b>	<b>Monthly Target</b>	<b>End of Year Target</b>
April 2001	<b>1,861</b>	<b>1,861</b>	<b>1517</b>	<b>18200</b>
May 2001	<b>1,832</b>	<b>3693</b>	<b>3034</b>	<b>18200</b>
June 2001	<b>1,415</b>	<b>5108</b>	<b>4551</b>	<b>18200</b>
July 2001	<b>1,295</b>	<b>6403</b>	<b>6068</b>	<b>18200</b>
August 2001	<b>1,277</b>	<b>7680</b>	<b>7585</b>	<b>18200</b>
September 2001	<b>1,422</b>	<b>9102</b>	<b>9102</b>	<b>18200</b>
October 2001	<b>1,748</b>	<b>10,850</b>	<b>10619</b>	<b>18200</b>
November 2001	<b>2,071</b>	<b>12,921</b>	<b>12136</b>	<b>18200</b>
December 2001	<b>411</b>	<b>13,332</b>	<b>13653</b>	<b>18200</b>
January 2002	<b>1,575</b>	<b>14,907</b>	<b>15170</b>	<b>18200</b>
February 2002	<b>2,250</b>	<b>17,157</b>	<b>16687</b>	<b>18200</b>
March 2002	<b>2,320</b>	<b>19,477</b>	<b>18200</b>	<b>18200</b>

Table 2 shows that during the HEES year from April 2001 to March 2002, 19,477 referrals were generated, of which 81% qualified for assistance. The bulk of the enquiries were in the latter half of the year. Many of the applications received towards the end of 2000/01 were processed in the subsequent financial year and are not therefore included in Table 1. Likewise many eligible applicants assessed as eligible during 2001/02 received measures after April 2002, and hence fall outside the scope of this report.

**Detailed Analysis of HEES Wales Data**

**Table 3 - Grant Type/ Priority Group HEES**

<b>Priority Group</b>	<b>No of Households</b>
Council Tax Benefit	99
Housing Benefit	86
Income Based Job Seekers Allowance	84
Income Support	1085
Working Families Tax Credit	1179
<b>Total</b>	<b>2533</b>

Table 3 shows that of the total of 11,021 households eligible, 2,533 fell under the HEES criteria. This data should be read in conjunction with the following data relation to HEES Plus eligible households.



Working Families Tax Credit remains the main qualifying benefit for Welsh HEES accounting for 47% of households claimed during 2000-02..

**Table 4 - Grant Type/Priority Group HEES PLUS**

<b>Priority Group</b>	<b>No of Households</b>
Attendance Allowance	1408
Council Tax Benefit	528
Disability Living Allowance	3509
Disabled Persons Tax Credit	24
Housing Benefit	375
Income Based Job Seekers Allowance	14
Income Support	2623
War Disablement Pension	7

<b>Total</b>
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<b>8488</b>
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Table 4 shows that of the total of 11,021 households eligible, 8,488 fell under the HEES Plus criteria. This data should be read in conjunction with the previous table relating to HEES eligible households.

Disability Living Allowance remains the main qualifying benefit for Welsh HEES + accounting for 41% of households claimed during 2001-02.

67% of households assisted were HEES+ clients.

### **Table 5 - Tenure/Property Type HEES and HEES PLUS**

Tenure	No of Households	Cost of Measures (Invoices Paid)
Owner Occupied	7177	£3,586,016.20
Private Rented	535	£144,431.56
Rented From Housing Association	252	£54,860.77
Rented From Local Authority	3057	£1,335,660.92
Total	11021	£5,120,969.45



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**Table 6 - Measures by Tenure/Property Type HEES and HEES PLUS**

Property Tenure		
Owner Occupied	No. installed	Cost of Measures (Invoices paid)
Insulation	6117	£ 1,195,406.00
Draughtproofing	2332	£ 195,986.65
Central Heating	1631	£ 1,669,406.66
Foam Insulated Hot Water Tank	5	£ 1468.85
Loft Insulation	3164	£ 499572.87
Security Measures	866	£ 68230.07

Private Rented	No of Invoices	Cost of Measures (Invoices paid)
Insulation	361	£80,190.83
Draughtproofing	207	£20,190.39
Central Heating	28	£38,269.32

Security Measures	67	£5,781.02
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Rented From Housing Association	No of Invoices	Cost of Measures (Invoices paid)
Insulation	144	£34,000
Draughtproofing	104	£10,224.92
Central Heating	8	£9,062.59
Security Measures	22	£1,573.12

Rented From Local Authority	No of Invoices	Cost of Measures (Invoices paid)
Insulation	2206	£ 452867.91
Draughtproofing	1439	£ 128460.06
Central Heating	410	£ 573878.48
Loft Insulation	679	£ 106071.03
Security Measures	336	£ 30328.68

Table 6 shows the number measures invoiced during 2001/02, relating to the different measures installed, broken down further by tenure type. Loft Insulation remained the dominant measure for Owner Occupied properties. Cavity Wall Insulation was the dominant measure for Private Rented, Housing Association and properties Rented from Local Authorities.

### **Analysis of HEES Wales Data shown by Local Authority Area**

Annex b details work carried out in each Local Authority Area

### **SAP Information**

SAP (Standard Assessment Procedure) is the Government standard for assessing the energy rating of dwellings on a scale of 0 to 120. The higher the rating, the more energy efficient the property is.

New properties are required to comply with Part L of the Building Regulations which typically, before the recent amendments, produced SAP ratings of 80+.

Whilst the revised average HEES Wales (2001-02) SAP rating of 60.6 remains below this nominal figure for new dwellings, it does show that there has been a significant increase in the average rating for the existing housing stock treated with measures under HEES Wales.

**Table 7 – SAP improvements**

<b>HEES Wales 2001/02 - SAP Data</b>			
<b>SAP Details</b>	<b>Before</b>	<b>After</b>	<b>Comments</b>
Average SAP Rating	42.9	60.6	This shows an average increase of 17.7
% Properties below average SAP:	36%	10%	These figures show that only 10% of properties had a SAP below 60.6 after the completion of works
% Properties above average SAP:	64%	90%	

## **THE RESULTS**

### **End of year spend**

**Expenditure:** The first full year of operation for the scheme was not without its challenges with £7.9m spent of the total budget for 2001-02 of £9.675m .

As with any new programme in which there is a lag between committing funds and actually paying invoices there will be an element of carry over or commitment into the next year. In subsequent years this will in spend terms be less of an issue as the carry over into the next year will be balanced to a greater or lesser extent by spend against previous year commitments.

During 2001-02 HEES Wales made a significant start to the Welsh Assembly Government's objective of eliminating fuel poverty. In doing so, HEES Wales had a major impact on the lives and well-being of many households throughout Wales.

Table 8 illustrates the Wales wide impact that the Welsh Assembly Government's funding had on a large number of vulnerable households. Whilst the scheme is essentially demand led The Assembly has set EAGA Partnership geographical targets to ensure proportionate assistance across the whole of Wales as follows:

**Table 8****Overview of HEES Wales activity for 2001-02****Number of measures split by region**

<b>Region</b>	<b>South</b>	<b>Mid</b>	<b>North</b>	<b>Total</b>
Heating	1405	219	773	2397
Insulation	9154	1485	2566	13205
Security	1466	80	316	1862
Draughtproofing	3765	756	1480	6001
<b>Total</b>	<b>15790</b>	<b>2540</b>	<b>5135</b>	<b>23465</b>

These figures show the number of measures carried out and claimed by installers, split by three regions, used to allocate work to appointed installers. Regions are defined as follows:

North - Isle of Anglesey

Conwy

Denbighshire

Flintshire

Gwynedd

Wrexham

Mid - Ceredigion



Carmarthenshire

Pembrokeshire

Powys

South - Bridgend

Blaenau Gwent

Caerphilly

Cardiff

Merthyr Tydfil

Monmouthshire

Neath Port Talbot

Newport

Rhondda Cynon Taf

Swansea

Torfaen

Vale of Glamorgan

***Need to include defn of areas***

## **Complaints Procedure**

The delivery of a large scale, wide ranging scheme (particularly a new one which has generated increasing levels of demand) will inevitably result in some complaints. The Welsh Assembly Government and Eaga Partnership, who is the scheme manager are keen to ensure that customers are able to raise their concerns and if necessary complain, if they feel the scheme is not delivering the level of customer care they feel they should receive. Eaga records the complaint and will take

appropriate and timely action dependent on the nature of the complaint.

The delivery of a large scale, wide ranging scheme such as HEES Wales will inevitably result in a degree of dissatisfaction that will result in customer contacts. Eaga Partnership, who are the scheme managers are keen to ensure that their customers are able to raise their concerns and if necessary complain, if they feel the scheme is not delivering the level of customer care they feel they should receive. Eaga record the complaint and will take appropriate and timely action dependent on the nature of the complaint. The following table provides an insight into the nature of the 177 complaints experienced within the scheme during 2001-02.

Table 9 provides an insight into the nature of the 177 complaints experienced within the scheme during 2001-02:

**Table 9 Complaints analysis**

<b>Overview of customer contacts</b>		
<b>Method of contact:</b>	Phone	46 (26%)
	Letter	88 (50%)
	Fax	7 (4%)
	e-mail	36 (20%)
<b>Total</b>		<b>177 (100%)</b>
<b>Initial classification:</b>	Complaint	78 (44%)
	Cancellation	11 (6%)
	Query	88 (50%)
<b>Total</b>		<b>177 (100%)</b>
<b>Directed at:</b>	Scheme	14 (8%)
	Welsh Assembly Government	4 (2%)
	Eaga Partnership Ltd	99 (56%)

	Installer	60 (34%)
	<b>Total</b>	<b>177 (100%)</b>
<b>Issues raised related to</b>	Waiting time	46%
	Eligibility	19%
	Measures provided	11%
	Quality	9%
	Disruption, mess, etc.	5%
	Other	10%
	<b>Total</b>	<b>100%</b>
<b>Issues raised related to</b>	Cavity wall insulation	35%
	Loft insulation	4%
	Draught proofing	2%
	Hot water tank jacket	1%
	Low energy lamps	1%
	Security	1%
	Heating repair	9%
	Heating system	47%
	<b>Total</b>	<b>100%</b>
<b>Note:</b> Multiple contacts from an applicant relating to the same issue have been logged as one contact.		

The Welsh Assembly Government and Eaga have monitored the levels and nature of the customer contacts. Several significant trends have been identified within the contact rates that relate specifically to heating measures. The trends appear to support the anecdotal evidence that in many

instances the main, if not sole reason for people applying to participate in the scheme is to address their distressed and possibly urgent need for heating. As such, higher levels of dissatisfaction are evident in this aspect of the scheme.

The Welsh Assembly Government and Eaga Partnership work closely to minimise the number, level and nature of customer contacts. As an example, if a reoccurring issue for contact is identified, Eaga will discuss the issue with the Welsh Assembly Government and a resolution will be sought that can be delivered within the scope of the scheme.

Linked to the issue of customer satisfaction the Assembly carried out a customer care survey (details at appendix A)

## **Training and Skill Programme**

The Welsh Assembly Government is particularly keen to maximise the employment and training fringe benefits that HEES Wales funding provides. As such, regular contact between the Welsh Assembly, HEES scheme managers, installers, training providers and employment services are an integral and important element of the scheme. Close co-operation between all interested parties within Wales has resulted in many notable successes, including New Deal placements, development of training infrastructure and facilities within Wales, providing retraining for staff who have been unfortunate to suffer redundancy.

The Welsh Assembly Government continues to support and encourage innovation in this secondary, yet important element of the HEES Wales scheme.

## **New Deal**

Jobcentre Plus welcomes the support of the Welsh Assembly Government through the Home Energy Efficiency Scheme in Wales. The commitment to recruit New Deal candidates where possible from additional jobs created by HEES was innovative and very welcome. The Welsh Assembly Government and importantly the Scheme Manager in Wales (EAGA Partnership) have worked with Jobcentre Plus, for example by allowing New Deal Presentations to HEES Contractors and a number of mail shots giving contractors a dedicated recruitment contact. This has resulted in a limited number of New Deal employment successes with the Scheme Manager and their registered approved contractors.

However, one factor, which limited New Deal Outcomes, is the type of jobs generally created by the Scheme. Many approved contractors need to recruit candidates with previous gas installation and maintenance experience and usually with approved industry qualifications. We are aware that Gas installation and maintenance is potentially a significant future skill shortage area. However, to be

eligible for New Deal participants will usually have been registered unemployed for at least 6 Months – clearly this limits new deal opportunities to those aspects of the scheme that require less qualifications, e.g. insulation. Other factors such as the need for driving licenses has been a factor in limiting response to vacancies from potential New Deal applicants.

Understanding these issues, Jobcentre Plus has worked with ELWa and the Gas and Water Industry National Training Organisation (GWINTO) over the past year to support over 90 candidates in three locations in South, South West and North Wales to train as gas installation and maintenance fitters. On completion of training, these New Deal and Work Based Learning for Adults eligible clients will be qualified to enter employment in this Industry. A number of HEES approved contractors have supported this initiative by providing work placements.

## **Social Housing**

At the outset of HEES Wales the Welsh Assembly Government gave a commitment to provide local authorities and housing associations with access to the scheme. The scheme that predated HEES Wales had approximately 90% of its funding utilised within the social housing sector. However, it was decided that the main focus for HEES Wales would be in the private sector and the social sector funding would be limited to 30% of the fund available, which amounted to £2.679m. This situation required an innovative approach that would allow all social housing providers to have an equal opportunity to access the new level of funding available to them.

At the start of 2001-02, all social housing providers were invited to bid for HEES Wales funding on the basis of matched funding. This meant that they would need to match, pound for pound, any funding they wished to secure through the bidding process. Whilst social landlords were already to varying degrees funding energy efficiency improvements to their stock as part of planned maintenance programmes this approach provided an added incentive to commit funds.

The bidding process was an overwhelming success with Eaga receiving twenty-seven bids totalling £3.307m offering matched funding totalling more than £3,588m, bringing the overall fund for addressing the social sector to £6,895m. All bidders received an allocation of funding, scaled down to match the available funds.

From early meetings with successful bidders it was evident that innovation would need to go right through the process to accommodate the diverse requirements and implementation plans of the various organisations. Eaga agreed and implemented twenty-seven organisation specific schemes that culminated in excess of 80% of the allocated funds being utilised. This approach resulted in a focused, integrated and cost-effective approach being adopted to eradicate fuel poverty and improve housing stock condition within the social housing sector.

## **Eaga - Wales**

When Eaga Partnership were tendering for the scheme managers role they emphasised a strong desire to base their operations in Wales, if successful, seeing this as an opportunity to demonstrate a long-term commitment to the scheme and Wales. When appointed, Eaga immediately set up a temporary office in Wales initially with two members of staff. By January 2001 Eaga moved into a new premises in Morganstown and by the end of March 2002 had 20 staff based in Wales, as well as employing a significant number of contract surveyors. Having become established in their new role, Eaga pressed ahead increasing the breadth and depth of the activities it undertook within Wales, whilst still utilising the economies of scale that its Newcastle head offices could deliver for the scheme. Eaga have given the Assembly Government a commitment to further increase the number of employees it has in Wales during 2002-03.

## **Scheme Amendments**

Since February 2001, there have been over 60 scheme amendments made. The most significant changes in that time have been:

- the introduction of converting coal central heating systems to gas
- leasing of central heating systems introduced
- increase thickness of loft insulation from 200mm to 250mm
- partial grants for all measures introduced
- introduction of 10 year battery smoke alarms to HEES

## **Locks for Pensioners**

The locks for pensioners scheme is part of the Assembly's New Home Energy Efficiency Scheme (HEES) and is open to those pensioners who qualify for the HEES Plus (the provision of central heating) element of HEES.

The scheme provides those over 60's households in receipt of qualifying benefits with a range of home security measures such as window/door locks, chains, deadbolts, spy holes etc. With the average cost of each installation around £100 including materials and labour.

Funding for the scheme was initially set at £750,000 over the two years 2000-01 and 2001-02, with £500,000 coming from the Home Office Crime Reduction Budget and match funding of £250,000 from the Assembly's HEES budget. In accordance with Home Office criteria funding was originally targeted at high crime areas. The Home Office funding ceased during the summer of 2001 and while the scheme enjoyed limited success, the Assembly Government felt there was merit in continuing its operation in Wales. To this end we have continued to fund the Locks for Pensioners Initiative from

the funding available to HEES and further opened up eligibility to ensure that all those aged 60 and over, if HEES eligible, are able to benefit from this element of the scheme, particularly important for a sector of society that if not actually subject to high levels of crime is acknowledged to be one that clearly feels vulnerable to the threat.

In Wales, the scheme is administered as part of HEES by Eaga Partnership Ltd. Eaga has sub-contracted installation works in Wales to a number of installation companies who operate across Wales and provide total geographical coverage.

## **HEES /EEC Interaction**

It is widely recognised that the integration of HEES Wales with the many other energy efficiency initiatives would maximise benefits to Welsh householders. HEES Wales and the energy suppliers Energy Efficiency Commitment (EEC) are the two initiatives with the greatest sources of funding and therefore provide the greatest opportunities for delivering integration benefits.

Energy suppliers have an energy saving target set by DEFRA and overseen by Ofgem, the energy sectors regulator. The obligation requires all large energy suppliers to generate energy savings by offering a range of free/discounted energy conservation measures. The structure of EEC encourages measures such as cavity wall insulation, loft insulation, hot water tank jackets (particularly in homes heated by electric and solid fuel) and low energy lamps. There is also a clear incentive to focus on low income households in the social housing sector.

The differing criteria of HEES Wales and EEC nevertheless still enable integration to occur, with HEES Wales funding being focused toward those measure that are less attractive for EEC, such as heating, draught-proofing, loft top-ups, etc. This joint, yet selective approach should enable the effective use of all sources of funding available to be applied to deliver maximum benefits to households in Wales.

Putting Wales First: A Partnership for the People of Wales, the First Partnership Agreement of the National Assembly for Wales, published on 6 October 2000, stated as one of its priorities that 'we will move to integrate the Home Energy Efficiency Scheme with other grant regimes so as to ensure better targeting of available resources'. Since then the Assembly Government has actively, sought to integrate HEES funding and activity with the work of energy suppliers through EESOP and now EEC. There is still work needed to ensure this works as effectively as possible but to date we have received funding from British Gas to establish an emergency fund which has been used to fund works, which would otherwise be outside of the scope of HEES and which has subsequently lead to the take up of HEES grant. We also actively work with suppliers and social housing providers, to promote the usage of EEC funding to fund insulation works in conjunction with HEES funding for heating, thus allowing Assembly funding to go further.

## **Working with Partners**

During 2001, Eaga Partnership Ltd worked closely with Conwy CBC, Heatcare insulation, P H Jones (Central Heating) and the Parciau Close and Pentre Newydd housing complex wardens, to improve heating and insulation for the two complex's residents. Working in partnership and with residents Eaga surveyors ascertained HEES details, with HEES paying for central heating works, EEC monies paying for the insulation works (where non HEES eligible) and Conwy paying for the non-eligible tenants. The scheme has proved a successful partnership scheme for social housing projects under HEES.

Eaga has also worked very well in partnership with the RNIB who have been able to identify clients in need through their telephone service and refer them directly to HEES. Utilisation of the password scheme or contact details for a neighbour has allowed the client to be assured that the person calling is from Eaga and not a bogus caller. In some areas Eaga have put RNIB in contact with the surveyor enabling the client to be told who will be calling.

Eaga isare building closer links with Care and Repair (C&R) agencies to provide a positive two way referral process. Eaga hasve received referrals from C&R and have adopted a co-ordinated approach to hold surveys and installations of HEES work to coincide with C&R funded work, e.g. repairs to guttering and pointing therefore allowing cavity wall insulation under HEES to be installed. Eaga hasve also referred clients back to C&R where they are unable to help but C&R can.

Eaga isare also working with C&R in Powys, where clients are identified who will benefit from C&R's oil pilot scheme.

## **Alternative Measures for HEES – Rural Fuels Study**

It is estimated that there are approximately 41,000 households in Wales that are eligible and capable of benefiting from HEES plus. Of these, an estimated 6,000 properties do not have access to the mains gas network. Additionally, many properties have solid walls and consequently are not suitable for the fitting of cavity wall insulation. There is little that HEES plus can currently do for these 'difficult to heat' properties in terms of alleviating fuel poverty since only minimal insulation and relatively expensive to run heating systems can be offered.

The Welsh Assembly Government has been concerned that electric heating is an inadequate heating method for some households in locations with no mains gas supply, particularly where cavity wall insulation is not an option. Current assistance under the HEES is often insufficient to lift such households out of fuel poverty. Arising out of these concerns the Assembly commissioned a report into possible alternatives that might be implemented under the HEES, the desire being to offer the same benefits to all properties, regardless of whether they are connected to the gas network or not.



It has been concluded that there are merits in piloting of systems based on oil, wood pellet and ground source heat pumps. If successful it would be the Assembly Government's intention to introduce these as alternatives to electricity for households without mains gas under the HEES.

## **HEES Customer Care Visits**

Against the backdrop of 60 complaints/queries received by the Assembly Government, directly from the public, via MPs or AMs, during 2001-02 and in the absence of having a contract in place to review the work of Eaga Partnership Ltd in administering the HEES scheme (the detail of which is still being planned, see review of scheme below). Welsh Assembly Government officials undertook to visit a 1% representative sample of the 2,800 central heating installations undertaken during 2001-02. These were chosen by the Assembly Government at random and represented all geographical parts of Wales, property types, clients groups and the range of different installers contracted to Eaga Partnership Ltd to undertake physical works under the scheme. A full report on the outcome of the visits, which were undertaken during the summer of 2002, is attached at annex a.

## **Review of Scheme**

To gauge the effectiveness of the scheme in meeting its objectives to date, and to provide a basis for improving its design and/or implementation we intend to commission a review of the scheme during 2003. Whilst details are yet to be finalised it will include, amongst other things, assessments of:

- Whether the eligibility criteria (currently based on receipt of a range of income and disability benefits) are appropriate for targeting the households in need of assistance
- The extent of the fuel cost savings/increased comfort being experienced by recipient households
- the appropriateness of current delivery methods and the scope for further integration with any other programmes

In advance of the review a number of changes are already under consideration for implementation in early 2003 :

- Technical improvements including amendments dealing with installation of pipe work and location of radiators
- The inclusion of a benefits health check to assist clients in making sure they are receiving all the benefits to which they are entitled
- A customer feedback questionnaire for return directly to the Welsh Assembly Government

- The extension of the rural fuel pilot to include solid fuel

**Annex a**

## **HEES CUSTOMER CARE VISITS – REPORT**

### **Introduction**

Against the backdrop of 60 complaints/queries received by the Welsh Assembly Government, directly from the public, via MPs or AMs, during 2001-02 and in the absence of having a contract in place to review the work of Eaga Partnership Ltd in administering the HEES scheme (the detail of which is still being planned, with a view to letting the contract during 2002-03). Welsh Assembly Government officials undertook to visit individually a representative sample of central heating installations (1% - 27 households), chosen at random and representing all parts of Wales, to assess client perception on a range of issues:

- the ease with which they progressed through Eaga's system from initial application to final installation;
- the level of contact and helpfulness of Eaga staff at all levels – from call centre to personnel in the field;
- their views on the installation of their central heating system and the work of the installation firm that completed the job;
- a physical inspection of the system (undertaken by a technical monitoring officer); and
- clients overall views on the process and any benefits that they had noticed since the installation of their system.

### **Clients perceptions of Eaga's processes; customer care contact; and the installation process**

Proving the popularity of the scheme (over 19,400 people applied during 2001-02), very few of the

clients had heard about HEES via direct marketing, with half of clients having been referred to the scheme by their doctor, social services, RNID or some other community organisation, while a third of clients were informed of the scheme by family or friends.

Following initial contact all recipients expressed their contentment with the way that their applications were handled by Eaga and with the level of communication from Eaga concerning potential delays (more common during early 2001 as the provision of heating under the scheme only commenced in February 2001) and problems. Clients also confirmed that once their application was in a position to proceed, appointments made by Eaga in respect of surveyors' inspection of properties and installer teams were also made promptly and kept by the visitor. However, the time between initial application, surveyor visit and installer visit does appear to vary quite dramatically, from a few weeks between each stage to 12 weeks. With one client reporting a waiting time of six months between surveyor and installer visits. In part some of the delays are attributable to the heating element of HEES only commencing during February of 2001 and therefore still being in its infancy, with Eaga having to deal with a backlog of people registering an interest in heating stretching back into 2000. On average the entire process seems to have taken around 8 to 16 weeks for the whole process. Eaga work towards a service delivery agreement target of 120 days in respect of heating installations.

All clients expressed their praise for the way in which Eaga's surveyors conducted themselves during their visit to assess client and property eligibility. They commented on the friendliness and helpfulness of the surveyor and the way in which they explained the way in which the scheme operates, what clients could expect and general energy efficiency advice. With only one exception, clients were also extremely complimentary about the way in which installation teams conducted themselves, particularly in respect of the way teams cleared away any mess made. The one exception related to an installation team who, during the course of their work, managed to burn part of the client's door and carpet and also failed to clear up any debris from the installation. The client was reluctant to complain herself and following our intervention on their behalf, Eaga have pursued the installer to compensate the client for the damage caused. The heating systems inspected during the visits represented the work of 10 installers (53% of the 19 heating installers, Eaga currently have contracted to work on HEES in Wales).

Following physical completion of clients heating systems, with a few notable exceptions all clients were content that the information provided to them by Eaga was clear enough to enable the efficient use of their system, with clients confirming that they were confident in the use of their heating controls. The few exceptions related to several very elderly householders, who expressed a natural reticence in using any new technology. Though these individuals had relatives who took care of their requirements for them.

### **Physical inspection of system**

Half of the installations needed some form of further minor work done to them. In the majority of cases the problem seemed to involve a lack of bonding to radiators situated in the bathroom, while

other issues also involved incorrectly siting thermostats; boiler pressures; loose wall flue plates; and sticking radiator valves. Only the lack of bonding is serious enough to warrant the system failing inspection and in all cases Eaga's own post inspection visit would pick up the problems and ensure that these were rectified. In two cases the client also reported that the system broke down soon after installation, though in each case the client contacted the installer who came and rectified the problem promptly.

In addition to the heating work it also appeared that several clients had not received CFLs (low energy light bulbs from Eaga – each HEES recipient is entitled to two) and several clients who would appear to have been eligible for security equipment under the scheme, had not been assessed for/received this measure. Eaga will check the situation further in respect of these particular clients.

Seven of the clients visited also reported that no post installation inspection of their heating system took place. Eaga subcontract to British Gas to undertake this work, which comprises a safety inspection to ensure that the work has been completed to a satisfactory standard. Some of these cases could be explained by time lapse and client confusion – in some cases the installation took place almost one year previously and during the whole process individuals from a variety of companies visit applicants homes at various stages of the process. We understand that Eaga are looking to eventually sever the link with British Gas and commence post completion inspections of 100% of heating installations using their own fully trained staff.

## **Overall views and benefits**

All recipients maintained that their properties were now considerably warmer and more comfortable following the installation of their new heating. With only one exception the view of all recipients was that they were extremely pleased with the central heating system provided under the HEES scheme. In the case of the one client who expressed dissatisfaction, their dissatisfaction related not to the heating system that was provided, but to the obtrusive pipework that accompanied the system and the fact that they maintain they were unaware that work would be completed to this standard when they first applied to the scheme. Realising that this is an issue for some clients, pipework is not concealed or routed under floors due to the added cost this would place upon the scheme, Eaga are in the process of compiling literature with photographs of recent installations, which illustrate the standard of completion that clients can expect. This will ensure that clients are kept fully informed as to what they can expect from the scheme before they commit to any work on their property.

Quantifiable benefits for householders arising out of the installation of central heating were difficult to ascertain for two main reasons. The client had only had their system installed during the recent warmer months and could therefore not provide any detail of likely savings on heating bills that would arise with operating their system during the colder winter months; or, due to the nature of some of the clients they could not accurately ascribe detail to their previous and existing fuel bills.

However, in several instances clients, whose heating had been installed prior to the winter of 2001,

were able to state categorically that running their new system had resulted in a decrease in their utility bills. These clients, who had previously used a variety of different fuels to heat their homes, stated that their:

- "... water heating bills had halved";
- ".... fuel bills had reduced by a third";
- "..... Utility bills had decreased by approximately £100 p.a.";
- "..... bills had reduced by two thirds from having previously used coal"; and
- "..... heating bills had reduced by at least 15%".

## Conclusion

While only a relatively small sample of visits, they were chosen at random and demonstrate that overall there are high levels of satisfaction with the HEES scheme in Wales. They place a context on the 60 complaints that were received about the scheme during 2001-02. Which in themselves related to a wide range of issues, some of which were beyond Eaga's control – for instance the delays during 2001 as Eaga looked to bring the provision of heating into the scheme in the most effective and efficient manner, while also having to deal with a considerable backlog of applicants who had previously expressed an interest in this element of the scheme, or delays the result of a third party, such as the need to arrange gas connections to properties before a heating installation could take place. However, given the volume of applicants Eaga had to deal with, it is also inevitable that mistakes and errors are going to take place, though we are confident that Eaga have in place the necessary systems to keep these to a minimum and to ensure that when these do occur then they are dealt with in a effective manner to minimise concern to the householder concerned.

**Annex b**

## Analysis of HEES Wales Data shown by Local Authority Area

<b>ANGLESEY, Isle of</b>	No of Claims received from contractors	Measure Cost Inc VAT
Insulation	250	£61,844.63
Draughtproofing	165	£20,419.50
Central Heating	95	£104,067.58
Security Measures	63	£11,073.16
<b>Total</b>	<b>573</b>	<b>£197,404.87</b>

<b>Blaenau Gwent</b>	No of Claims	Measure Cost Inc VAT
Insulation	315	£59,550.74
Draughtproofing	132	£12,228.87
Central Heating	33	£45,561.60
Security Measures	77	£6,804.22
Total	561	£124,145.43
<b>Bridgend</b>	No of Claims	Measure Cost Inc VAT
Insulation	789	£173,957.08
Draughtproofing	340	£30,947.52
Central Heating	160	£227,360.78
Security Measures	114	£9,490.33
Total	1403	£441,755.72
<b>Caerphilly</b>	No of Claims	Measure Cost Inc VAT
Insulation	1045	£217,071.98
Draughtproofing	392	£37,022.35
Central Heating	97	£94535.49
Security Measures	114	£10,168.94
Total	1648	£358,798.76
<b>Cardiff</b>	No of Claims	Measure Cost Inc VAT
Insulation	814	£180,858.31
Draughtproofing	326	£30,920.91

Central Heating	307	£351381.56
Security Measures	176	£15,552.65
Total	1623	£578,713.43
<b>Carmarthenshire</b>	No of Claims	Measure Cost Inc VAT
Insulation	317	£74202.18
Draughtproofing	93	£8,498.71
Central Heating	32	£42,367.09
Security Measures	39	£3,265.22
Total	481	£127,608.98
<b>Ceredigion</b>	No of Claims	Measure Cost Inc VAT
Insulation	240	£67,686
Draughtproofing	89	£11,837.47
Central Heating	20	£27,817.27
Security Measures	4	£430.43
Total	353	£107,771.17
<b>Conwy</b>	No of Claims	Measure Cost Inc VAT
Insulation	552	£114,151.97
Draughtproofing	285	£24,638.00
Central Heating	181	£24,638
Security Measures	54	£10,571.26
Total	1072	£377,592.82
<b>Denbighshire</b>	No of Claims	Measure Cost Inc VAT
Insulation	460	£96966.71
Draughtproofing	225	£36,905.55
Central Heating	94	£102537.64
Security Measures	63	£5,215.25
Total	842	£241,625.15

<b>Flintshire</b>	No of Claims	Measure Cost Inc VAT
Insulation	706	£137253.99
Draughtproofing	326	£27,916.75
Central Heating	121	£136516.19
Security Measures	63	£27,859.19
Total	1186	£329,546.12

<b>Gwynedd</b>	No of Claims	Measure Cost Inc VAT
Insulation	349	£85113.09
Draughtproofing	265	£32,350.35
Central Heating	64	£85250.66
Security Measures	51	£7,986.76
Total	730	£210,700.86

<b>Merthyr Tydfil</b>	No of Claims	Measure Cost Inc VAT
Insulation	1056	£232637.17
Draughtproofing	257	£24,655.90
Central Heating	87	£109162.38
Security Measures	28	£2338.36
Total	1428	£368,793.81

<b>Monmouthshire</b>	No of Claims	Measure Cost Inc VAT
Insulation	299	£80009.55
Draughtproofing	95	£9,378.23
Central Heating	45	£54585.87
Security Measures	0	0
Total	439	£143,973.65

<b>Neath Port Talbot</b>	No of Claims	Measure Cost Inc VAT
Insulation	492	£103992.15



Draughtproofing	156	£11,231.00
Central Heating	65	£69349.17
Security Measures	75	£5,977.00
Total	788	£190,549.32

<b>Newport</b>	No of Claims	Measure Cost Inc VAT
Insulation	607	£127315.37
Draughtproofing	253	£24,829.34
Central Heating	92	£114693.97
Security Measures	191	£17,864.98
Total	1143	£284,703.66

<b>Pembrokeshire</b>	No of Claims	Measure Cost Inc VAT
Insulation	290	£70387.37
Draughtproofing	131	£12,531.56
Central Heating	147	£242392.87
Security Measures	28	£2,876.25
Total	596	£328,188.05

<b>Powys</b>	No of Claims	Measure Cost Inc VAT
Insulation	638	£125,302.30
Draughtproofing	443	£46,364.56
Central Heating	20	£16,430.90
Security Measures	9	£967.79
Total	1110	£189,065.66

<b>Rhondda Cynon Taff</b>	No of Claims	Measure Cost Inc VAT
Insulation	1557	£296,578.64
Draughtproofing	790	£68,887.98
Central Heating	330	£396,603.34
Security Measures	399	£30,707.55

Total	3076	£792,777.51
<b>Swansea</b>	No of Claims	Measure Cost Inc VAT
Insulation	1226	£261,004.39
Draughtproofing	555	£48,576.31
Central Heating	78	£95,196.18
Security Measures	186	£16,979.41
Total	2045	£421,756.29
<b>The Vale Of Glamorgan</b>	No of Claims	Measure Cost Inc VAT
Insulation	586	£127,442.04
Draughtproofing	336	£30,805.41
Central Heating	70	90,390.79
Security Measures	106	£8,945.42
Total	1098	£257,583.66
<b>Torfaen</b>	No of Claims	Measure Cost Inc VAT
Insulation	338	£75643.13
Draughtproofing	133	£13,195.40
Central Heating	37	£48191.48
Security Measures	0	0
Total	508	£137,030.01
<b>Wrexham</b>	No of Claims	Measure Cost Inc VAT
Insulation	375	£71996.19
Draughtproofing	214	£18,035.45
Central Heating	228	£296,174.39
Security Measures	24	£1,821.74

Total	846	£388,027.77
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These tables identify the number of individual claims received by appointed contractors for works carried out. The measure costs attributed to the amounts claimed are also shown. (It should be noted that these figures will not directly correlate with previous figures on pages 3 and 8, as they relate to claims made, as opposed to invoices paid).