

## FUTURE FUEL POVERTY PROGRAMMES

### **The National Insulation Association:**

The National Insulation Association (NIA) represents the majority of manufacturers and installers of the insulation measures which are provided through the Scottish Executive's Warm Deal and Central Heating Programme. The NIA was established by leading manufacturers of insulation products and processes and specialist installers to liaise with Government Departments, provide a technical service and consumer advisory bureau and promote durable products and vetted contractors to install them.

The Insulation Industry in Scotland fully supports the Government programmes and the contribution they have made to reducing fuel poverty in Scotland and helping the Government in meeting its carbon reduction targets. We appreciate the opportunity to feed in our views at this early stage and look forward to being further involved in the consultation process.

We would welcome to opportunity to have a meeting with officials to explore these issues in greater depth.

### **Technical Standards**

All members work to high industry technical standards, which are recognised by government. For cavity wall insulation mineral wool or expanded polystyrene bead is installed according to an Agrément Certificate: foam contractors are British Standard Registered Firms, installing to BS 5618 covering workmanship. Both the government sponsored British Board of Agrément and British Standards Institution carry out regular, sometimes unannounced, site visits to ensure that the standards are being maintained. Continuing approval by one of these bodies is a membership requirement. No permission is required - just a simple notification by the contractor into the local authority - provided work is done in accordance with these standards..

### **Professional Service, Customer Protection and Guarantees**

Members are also required to abide by the Association's Code of Professional Practice that demands sound ethical practice and good customer service.

<b>Question 1. Do you agree that we should go forward with this approach? If not, what do you suggest instead?</b>
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The Executive has done an admirable job in reducing both fuel poverty and the number of households without a heating system. However, the Scottish House Condition Survey highlights that there is still a large number of homes which do not have effective insulation. In terms of meeting both fuel poverty and carbon targets this has to be rectified as all of these households are at the moment wasting energy and money.

The concern in the draft consultation as written is that the majority of the focus is on heating systems whilst all the research highlights that it is a combination of heating and insulation that is required. Therefore, the Executive needs to be taking account of any household which does not have either heating **and/or insulation**.

In terms of expanding the eligibility criteria then we feel that this is both necessary and useful however, it is important that waiting times and the risk of overheating demand beyond the funding available are taken into account.

**Q2. What are your views on setting management targets as opposed to continuing with a purely demand-led approach? Have we got the balance right? What factors do you think would be most relevant in setting any targets? What proportions would you suggest?**

Whilst having no specific comment on targets it is essential that the Executive carefully bears in mind that targets can result in a disruption in work flow to installation companies. It takes time and funds to raise demand and it is vital that vulnerable householders are not prevented from getting help or refused assistance for arbitrary reasons.

**Q3. Do you agree with a fast track approach? What might be the advantages or disadvantages? What criteria would you suggest?**

If householders have to wait for heating measures this is no reason to delay the installation of insulation measures. Wherever possible we would favour the simplification of Scheme rules and think that this needs to be carefully borne in mind in setting up any such approach.

**Q4. Do you agree with the idea of an annual review? What do you suggest should be included in the review?**

As this already takes place to a certain level in ensuring that all fiscal and numerical targets are met we do not see the benefits of a fuller review. This could result in uncertainty for installers and householders which could have a detrimental effect on the Scheme.

**Q5. Do you agree that we should institute a cap on the maximum grant? At what level should the cap be set?**

If such a cap were instigated then all this could result in is the Central Heating costs rising and insulation measures not being installed. This would result in vulnerable householders having heating systems they could not afford to use. This would not be beneficial.

Therefore, it is important that a whole house approach is adopted and all cost-effective insulation measures are installed in all households treated. Any proposed Cap should work in such a way to ensure that this happens.

**Q6. Do you agree that the threshold for replacement systems should be increased and that the programme should repair those systems which can be repaired for less than that figure? What should the new threshold be? Should there be a figure at the bottom end of the repair costs which would mean the householder is expected to repair the system themselves.**

All costings need to be realistic and £200 seems to be very low.

**Q7. Do you think that we should continue the Warm Deal in the light of (a) the availability of insulation measures through the Central Heating Programme and (b) the lower uptake in the last year? If so, do you agree that there is a case for reducing the level of spending on this strand of activity?**

The Scottish House Condition Survey highlights that there is easily enough eligible households requiring measures to more than meet any proposed targets. When insulation installers were able to generate such work demand was not an issue. Therefore, it is weaknesses in how the Scheme has been administered that has led to the shortfalls which this Scheme is currently experiencing.

We have produced a short paper which is attached as an annex which highlights some of the issues which have led to these problems. However, what is vitally important is that where installers generate work they are not guaranteed to receive this work back which means there is no incentive to do so. If there were then these numbers could be easily reached. **All marketing and lead generation responsibilities should be returned to installers so that they can ensure there is sufficient demand.**

This situation has been compounded by the fact that unrealistic divides were allocated between the private and the social sectors, this led to problems in work allocation and to installers looking elsewhere to ensure continuity of employment.

The grant maxima of £500 has also not been raised for a considerable time despite material cost rises being faced by installers, this should be raised to £750 with immediate effect. The issue of grant maxima is vital as at the moment it is the case that in some properties not all available measures can be installed to the detriment of the householder. It is essential that once these vulnerable householders are found and contacted then they receive all available measures.

If the above is overcome then the target of 15,000 will be easily reached and an important Scheme will bring a number of benefits to vulnerable customers. If the Executive reduces the funding for this Scheme due to administrative problems they have encountered then this would have a very negative outcome for vulnerable householders.

If any changes are considered these should focus on grant maxima – and then returning to those householders that could not have had all measures previously. And whether the eligibility criteria should be expanded.

**Q8. Should we change the eligibility criteria for the Warm Deal to more closely reflect the correlation to fuel poverty as shown in the Fuel Poverty in Scotland report?**

There are two main considerations which need to be taken into account here:

- a) The Warm Deal programme contributes towards carbon targets in addition to fuel poverty targets and this must be acknowledged as an additional benefit to the clear and expansive social benefits of the Scheme.
- b) At the moment there is a real anomaly in the Executives policy. Over 60s without central heating can receive heating **and** insulation measures. Over 60s with a heating system cannot receive insulation. This anomaly should be changed so all over 60s can receive insulation measures whether or not they have central heating at present.

Trying to restrict the criteria in any way will leave a large number of vulnerable households devoid of assistance in a time of rapidly rising fuel prices. Even if they are not officially fuel poor at the moment all such households will face a real risk of facing fuel poverty in the future and this needs to be taken into account.

The Scheme rules should be changed to allow repeat grants as there are many properties which have not received all available measures and these properties should be revisited so that their household can have the required measures installed. Installers are aware of such households and therefore this would prove a cost-effective method of ensuring these households receive all the measures required to adequately insulate their home.

**Q9. Should we change the eligibility criteria for the Warm Deal to include children in receipt of Disabled Living Allowance to reach those households with a disabled child? Would you suggest a different benefit than DLA to more closely target homes with a disabled child?**

This seems a very sensible expansion of the eligibility criteria in addition to removing the present anomaly in regard to those aged over 60.

**Q.10 Do you agree that we should run pilot projects on renewable technologies to help treat houses off the gas grid or that are expensive to heat? What technologies should these pilots utilise?**

There is still a great number of households requiring traditional insulation measures. It is vital that any proposed pilots are not at the expense of ensuring these vulnerable householders receive the measures they require to affordably heat their home.

**Q.11 Do you consider that we should continue to offer a benefits health check as an integral part of the programmes? Do you agree that we should offer benefits health checks to those who appear to be ineligible for the Warm Deal? Do you agree that benefits health checks should be done in person with assistance with form filling rather than by a telephone advisory service?**

A face-to-face interview is essential if this service is to be provided in any beneficial way. Initially installers could bid to deliver such advice but it was later decided that this would be delivered via a call centre. This is not in any way beneficial to vulnerable customers and this decision should be reversed. Partnership for Homes has explored this issue and provided evidence that face-to-face interviews are far more effective than any such call centre solution.

**Q.12 Do you think the benefits entitlement checks should be done by a separate contract with a suitably trained organisation?**

Adding another level in what can already be a complicated customer experience is not beneficial in any way.

**Q.13 Should we offer to remove asbestos when it needs to be disturbed for the installation of central heating and/or insulation, if the added cost of asbestos removal will mean that fewer people will benefit from the programme?**

The very high costs of such a process would lead to far less homes receiving the cost effective measures they require and therefore we strongly reject this proposal and request that cost/benefit analysis is undertaken and published.

**Q.14 How effectively do you think the programmes are delivered currently? How do you think the programmes should be delivered in future?**

The present set-up of having two ring-fenced programmes is essential ongoing. However, there are a number of small changes to the administration that should be made and we have included a short paper in the annex which highlights some of the issues to date which need to be overcome.

**Q.15 We would welcome views on how to establish a more up to date and accurate picture of the levels of central heating and insulation in order to ensure that future programmes are appropriately targeted.**

There are a number of issues with this. It is vital that wherever a householder is assisted then all available measures are installed. This not happened to date and therefore a number of households may be stated as being helped but have not received all the measures they require to affordably heat their household.

Greater collaboration and account taken of HECA forms would help in gaining a more accurate picture on a national level.

## APPENDIX 1

**Scottish Fuel Poverty Programmes**  
**- The National Insulation Association Perspective -**

The National Insulation Association (NIA) represents the majority of manufacturers and installers of the insulation measures which are provided through the Scottish Executive's Warm Deal and Central Heating Programme. The NIA was established by leading manufacturers of insulation products and processes and specialist installers, to liaise with Government Departments provide a technical service and consumer advisory bureau and promote durable products and vetted contractors to install them.

The Insulation Industry in Scotland fully supports the Government programmes and the contribution they have made to reducing fuel poverty in Scotland and helping the Government in meeting its carbon reduction targets.

Dealing with customers day-to-day our members see the real improvement insulation makes to the quality of householder's lives. We would reiterate that we feel it is imperative that insulation measures remain a mainstay of the programmes as these provide cost-effective and proven methods of lowering householders fuel bills and so helping to reduce fuel poverty and lowering CO2 usage in domestic properties, making a telling contribution to the Government's demanding targets in this area. Insulation is a proven technology in meeting all of these targets in a very cost-effective manner, especially at a time of rising fuel prices.

There is still a real need for insulation measures to be installed in many Scottish households. The Scottish Executive must reiterate its strong support for the Warm Deal programme which, acting as a separate and independent scheme to the Central Heating Programme. Scotland, as part of the fourth largest economy in the world, should not have vulnerable householders dying in Winter because they cannot afford to heat their home.

Some figures below taken from the Scottish House Condition Survey highlight this need:

**Loft Insulation**

Level of loft insulation	000s	% of all dwellings with loft
None	136	8
25mm	61	4
50mm	173	10
75mm	160	10
100mm	585	35

## Wall Insulation

Age of dwelling				Total		
Pre-1975			Post-1975			
Type of insulation added to walls	000s	% of all pre 1975 dwellings	000s	% of all post 1975 dwellings	000s	% of all dwellings
Cavity fill	263	16	31	6	294	13
External/internal	66	4	4	1	71	3

It is clear that many of the households currently suffering from fuel poverty do so as they do not have adequate insulation. In a time of rising fuel costs, a trend that looks set to continue, it is essential that a situation where heat is lost through the roof and walls does not continue.

In addition the present anomaly of those most vulnerable to the cold, the over 60s being able to access free insulation measures if they do not have a heating system, but those with a heating system are forced to waste their limited resource, by not being able to have insulation measures installed. This anomaly between the Central Heating Programme and Warm Deal must be rectified.

## Annex 1

### Comment on Scheme Administration

To ensure that these programmes run smoothly from a householder perspective it is important that the administration is carried out in such a way that there is no unnecessary complication that could lead to a poor householder experience.

With the knowledge and experience gained from working on the earlier phases of the Scheme we do feel that there are lessons to be learned and would like to highlight some general points below which we would request should be considered when designing the next phases of the Scheme.

#### *Whole House Approach*

It is vital that all available measures are installed in a household where appropriate. There is a lost opportunity when the costs are incurred of finding a householder and then for administrative reasons they do not receive all available measures. As this has happened in the past there is also a case for allowing those households which have only received one measure to be revisited and other measures installed where appropriate.

This provides the greatest benefits to a householder and is vital if these Schemes are to make the maximum impact on fuel poverty. In addition this will prove to be the greatest long-term cost-effective solution to Scotland Plc by minimising wasted costs.

As part of ensuring that this happens then the most cost-effective approach is the whole house one and this needs to be taken account of rather than a cap or the like set at an arbitrary level. A rigid grant cap per household would not allow this and it is important that flexibility is allowed.

#### *Smooth Transition*

Time after time the insulation industry has faced disruption from the transition of one phase of a Government scheme to the next. This results in lost workload which is disruptive when trying to run a business. Installers have had to lose trained staff due to transition and then been requested to ramp up in the short term to compensate, often with tight timelines placed on them.

Ensuring a smooth and trouble free transition is essential if we are to minimise costs whilst maximising the quality of installation and customer experience.

#### *Timelines*

There has been great focus placed on installers upon ever constricting timelines for installation. However, this is not always beneficial to the customer who may wish to set a date which is actually suitable for them. There is also the case that installers

often have to struggle with customers who do not meet their appointments and the resulting rearrangements etc.

Installers are under great pressure to cap their costs and one of the ways in which the industry is able to do this is by visiting two geographically close customers on one day. This minimises travel time (which can sometimes be quite large for rural customers) and staff costs. However, due to timelines and the like this is sometimes impossible which imposes greater costs on installers which will have to be recouped for a business to remain a tenable entity.

The above should be taken into account to establish a more sensible and pragmatic approach to ensure that households are treated in a timely manner. Our members believe in Partnering and therefore want to work in Partnership on issues with managing agents rather than having large numbers of stipulations placed on them with no account taken of their expertise.

### *Payment*

Due to the small profit margins enjoyed by installation companies and high operational costs cash flow is a constant problem. When payment is delayed for more than 30 days for whatever reason then this can have quite a devastating effect on a company.

Indeed this has been recognised by the Prime Minister who has said in the Commons that all small companies should be paid within 30 days. There are a number of reasons for such delays but they all have the same negative effects. Therefore we feel that there should be at the minimum a reporting process whereby it was publicly made known the percentage of payments which fell out with the 30 day period and the reasons for this.

This is part of a more general point in that sometimes Scheme Administration can seem overly complicated and restrictive, which can be difficult to manage for a small company whose focus is on the customer and in ensuring the best possible customer experience. Whilst understanding the legal and technical obligations which are placed upon a Government programme we would hope that these can be made as simple as possible so that installers are not working in a difficult environment. The energy suppliers have managed to overcome some of these administrative issues in regard to their own schemes with timely payments and simple procedures and we would hope that this could be replicated wherever possible in terms of the Government led programmes. However, we do appreciate that there is a lot of added value provided to customers in the Government grant Schemes. Therefore this does make some aspects (but not all) of their administration more complicated and we do not believe all aspects of these could or should be replicated as this would lead to a poorer customer experience.

We would like to highlight that previously our members took responsibility for much of the administration of schemes (finding the client, completing the survey, installing the measures, exercising quality control and then billing the managing agent) and many installers have up to 20 years experience to share. Therefore there is a lot of expertise within this industry in all such matters that we are happy to put at the

Executive and any Scheme Managers disposal. We also feel that the least number of companies a customer has to deal with in accessing a Scheme the better their experience and thought should be put to how this can be better achieved than at present.

### *Self- Generation*

There is sometimes the situation whereby installers invest monies in gaining the capacity to make referrals to the Scheme but that for administrative reasons these have not always been going back to these same contractors. This means that the costs incurred by one contractor are leading to benefits for another. All this does is discourage companies from investing in such capacity.

Therefore there should be a stipulation under the Scheme that self-referrals should always return to the same contractor. Our members have a wealth of experience in gaining referrals and know there are a large number of householders requiring this type of help and that those working on the ground are ideally placed to locate them.

*The Insulation Industry wishes to contribute fully in supporting and delivering the Executive's Schemes - at all levels of the Association, and from manufacturers and above all the installers.*

### **National Insulation Association**