



Green Deal Opportunities for Social Enterprise

Lessons from the experience of social enterprises in
Birmingham

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This report is on the evaluation of domestic energy assessment work undertaken in the spring of 2012 by social enterprises in Birmingham, led by Localise West Midlands and the Initiative for Social Entrepreneurs with the support of the Local Energy Assessment Fund.

The evaluation was undertaken, and the report written, by Chamberlain Forum Limited which is the non-profit neighbourhood think/do-tank based in Birmingham.



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Summary and Key Findings

This project looked at the practicalities and potential benefits of involving social enterprise in the delivery of Green Deal in Birmingham as ‘neighbourhood gateways’. The project was funded by the Local Energy Assessment Fund and successfully delivered against four target outcomes:

- 1) it demonstrated that neighbourhood based social enterprises and socially enterprising voluntary organisations can play an effective part in delivering Green Deal activities - specifically marketing the programme to householders
- 2) it led to 42 domestic energy assessments with approximately two-thirds of householders indicating they would be likely to undertake small and large scale works to improve domestic energy efficiency as a result
- 3) it improved the know-how of potential neighbourhood gateway organisations and shed new light on household motivation for taking part in Green Deal
- 4) it demonstrated some of the potential additional social and economic benefits of involving social enterprises and socially enterprising voluntary organisations in delivering the programme.

We found that:

- a wide range of social enterprises and enterprising voluntary organisations have the potential to act as ‘neighbourhood gateways’ for Green Deal in Birmingham – they do not, however, ‘all look alike’
- ‘neighbourhood gateways’ occupy a natural intermediary position between potential Green Deal providers on one hand and community groups on the other, in terms of size, legal structure, business model and motivation
- ‘neighbourhood gateways’ are able effectively to reach a wide range of households across the city (in terms of tenure, ACORN neighbourhood types and both CESP and non-CESP neighbourhoods), they are highly trusted by households and are typically already engaged in a range of ‘difficult’ conversations with householders around money, relationships, benefits, employment and housing etc.
- involvement in delivering Green Deal activities does not appear to skew the activities of potential ‘neighbourhood gateway’ bodies and that to a large extent it can be integrated effectively with their other work.

Moreover we found:

- assessments carried out following referrals made by ‘neighbourhood gateways’ led to a high level of householder motivation to take ‘green’ action and that about two-thirds of households were prepared to undertake small and large scale energy efficiency work on their properties as a result
- there was a variation in the ability of neighbourhood based organisations to translate referrals into completed assessments (to some extent, this reflects their position in relation to CESP areas: it is harder to translate referrals in poorer areas) which suggests that they would benefit from sharing good practice
- neighbourhood social enterprises have the potential to play a part in delivering each stage of Green Deal from marketing to retrofitting properties, but that to make a significant impact they need to work together either to provide a ‘joined-up’ service in given neighbourhoods or to give Green Deal providers a ‘joined-up’ approach to one aspect of delivering Green Deal, eg marketing
- there is significant potential in referral marketing – that is to say in householders promoting energy assessment and Green Deal to each other – arising from the involvement of ‘neighbourhood gateways’
- that ‘home comfort’ may be a more important motivator than previous studies have suggested and, in the context of a 25 year financial deal, immediate improvements in home comfort could form an important ‘selling point’ for Green Deal.

We suggest that:

- there is capacity amongst neighbourhood social enterprises and enterprising voluntary organisations in Birmingham to market Green Deal so that at least 60,000 households in the city take part and that, with some development work, this total could be higher over the course of the Green Deal programme
- involvement at this sort of scale would lead to the creation of the equivalent of 40 sustainable full time jobs in neighbourhood regeneration in the city which would not be created and sustained under other circumstances
- that if neighbourhood social enterprises and enterprising voluntary organisations acted in partnership, they could ensure the involvement of a significant proportion of the target market for Green Deal in Birmingham at a competitive price and make a surplus that could be re-invested in further work to benefit their communities
- that the benefits of ‘embedding’ skills and expertise in communities and the prospect of enabling significant householder-to-householder marketing of Green Deal are further sources of economic and social value added
- involving ‘neighbourhood gateways’ is a way of making the most of Green Deal in terms of local economic regeneration – that it could produce an additional £1.37 in local economic activity for every £1 of Green Deal investment compared with marketing undertaken directly by Green Deal providers

1. Involving Social Enterprise

1.1 Overview

Nine social enterprises were successfully involved in work during February-March 2012 to provide energy assessments to households in Birmingham and thereby test the feasibility of involving ‘non-environmental’ social enterprises in the Green Deal programme of domestic energy efficiency in the city from 2012 onwards.

Five organisations which had not been involved in Green Deal type activities acted as ‘neighbourhood gateways’ for the project, referring households to take part in the initiative from their bases in:

- Advice 2 All – Sparkbrook
- Bournbrook Community Safety Project – Selly Oak
- Castle vale Tenants and Residents Alliance – Castle Vale
- Fair Homes CIC – Sparkbrook and other locations in the city
- St Paul’s Crossover – Bordesley Green.

EnergyWise Coop, based in Kings Heath, then made some of the assessments of the properties referred.

Localise West Midlands and iSE coordinated the project; organised workshops for participants on Green Deal; and held two further workshops involving a further 6 social enterprises in the region aimed at enabling them to become more involved in delivering Green Deal. The project was completed by the end of March 2012 and this evaluation was prepared by Chamberlain Forum Limited.

The project demonstrated that a wide range of ‘non-environmental’ social enterprises have the potential to act as ‘neighbourhood gateways’ for Green Deal, involving households in different types of neighbourhood in the city. They have the potential to fill the gap that is likely to exist between the expertise of Green Deal providers, on one hand, and environmental groups, on the other, by marketing Green Deal and involving a large number of ordinary households in the programme.

1.2 Participating Organisations

Nine social enterprises were involved in the project:

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none">• Advice 2 All CIC• Bournbrook Community Safety Project• Castle Vale Tenants and Residents Alliance• Fair Homes Next Steps CIC• St Pauls Crossover | } as neighbourhood 'gateway' organisations – referring householders for energy assessment |
| <ul style="list-style-type: none">• EnergyWise Co-op | as a provider of energy assessments |
| <ul style="list-style-type: none">• Initiative for Social Entrepreneurs CIC (iSE)• Localise West Midlands (LWM) | as project managers and sources of expertise |
| <ul style="list-style-type: none">• Chamberlain Forum Limited | as evaluators of the work |

Representatives of six further social enterprises – Oscott Horticulture Services CIC, Solar Malvern, Coventry & Warwickshire CDA, Spark Community Alliance, Comm:Pact; and the Energy Saving Co-op – attended workshops on Green Deal business opportunities organised by iSE and LWM.

1.3 Project Timetable

The initial briefing session for participating groups took place on 21st February. The five neighbourhood 'gateway' organisations completed action plans by 28th February. Referrals were made to EnergyWise from late February through to early March and assessments were carried out during March 2012. The two Green Deal workshops were held on 22nd and 27th March and the final review meeting of participants took place on 28th March.

1.4 Characteristics of the Neighbourhood ‘Gateways’

The five social enterprises involved in the project as neighbourhood gateways varied in terms of size and other key characteristics. As a group, however, they appear quite distinct from potential Green Deal providers, on one hand, and environmental or smaller resident groups, on the other. Their place in the spectrum of organisations that might be involved is illustrated in the diagrams below and further details about each of the organisations are given in the following sub-section.

Size – turnover in pounds



The organisations taking part in the project have annual turnovers ranging from tens of thousands to hundreds of thousands of pounds a year. They are much smaller than the sorts of organisations that are likely to act as Green Deal providers.

They tend, however, to be larger than most local ‘environmental’ and residents’ groups. This is because they provide services to residents, typically: advice and advocacy and various kinds of agency services. For example, Fair Homes is a lettings agency acting as an intermediary between landlords and tenants; Bournbrook Community Safety Project acts as an intermediary between police and residents.

KEY

The coloured bars above and in the diagrams in this section represent the typical position of:

- Green Deal provider organisations
- Neighbourhood Gateways
- Environmental and residents’ groups

Legal Structures – how neighbourhood gateway social enterprises are set up



The organisations that took part in the project were social enterprises (though not necessarily registered as Community Interest Companies), generally structured as Companies Limited by Guarantee – CLGs – ‘non-profit companies’. Some were charities with trading company subsidiaries.

By contrast:

- Green Deal providers will generally be Public Limited Companies.
- Environmental and residents groups often exist as unincorporated associations or as charities.

Business Model – *the way neighbourhood gateway social enterprises work*



The organisations that took part as neighbourhood gateways have business models based on earning part of their income in the form of fees and part of their income from grants. (The balance between these two varied by organisation so that some rely overwhelmingly on trading and some are almost completely dependent on grants). Green Deal provider organisations are commercially driven. Environmental and residents’ groups tend to be based either on grants or on donations (of time and money) on the part of their members and volunteers.

Locus of Control



The social enterprises that took part in this project are based locally within Birmingham but whereas some focus on a single neighbourhood, most make their services available across a wider area. None, however, operate across the whole city or have a ‘Head Office’ in Birmingham City Centre.

Motivation



Social enterprises have to a duty to maximise the value of what they do for the benefit of the community they serve (rather than simply shareholder value). Meeting that duty, however, can mean different things at different times. Most of the neighbourhood gateway social enterprises which took part in the project were motivated to so because the work ‘made sense’ in relation to serving their ‘client group’. Some also mentioned an environmental motivation and some were motivated by the prospect of bringing funded work into the business and/or earning a profit to re-invest in other socially beneficial work.

1.5 More about the Five Groups

St Pauls Crossover is a church-based organisation in Bordesley Green, in East Birmingham, which works through a charity and through a social enterprise and which also acts a neighbourhood hub – providing offices for a range of other groups and for a nursery, café, church and conference facilities.

The resource centre provides advice and support around employment, training and benefits to members of the local community. As well as people visiting the centre to use the resource centre, people come to use services provided by other tenants which include Aquarius (families and individuals affected by drugs, alcohol or gambling problems), HOOPs (older people) and a community nursery (families with young children). The organisation has been operating for more than 20 years and has built up a strong identity and relationships with local people.

Crossover had not directly been involved in energy efficiency in recent years and new nothing about Green Deal until taking part in this project. They do have experience and expertise in income maximisation (through benefits and employment advice and advocacy) which, given the client group, has an impact on fuel poverty. They have run projects including under Future Jobs Fund and as part of Community Payback through which householders had similar work carried out. HOOPs organises home visits for older people. Advisors at the centre (some of whom are ex-CAB and ex-Neighbourhood Office workers) tend to know about any schemes available to people on means-tested or sickness and disability benefits.

Crossover saw the project as ‘another thing we can do for our clients’. Their confidence arises from expertise and track record of dealing with the client group involved. The

centre has worked with trainees and volunteers delivering services before. They are potentially interested in delivering Green Deal as well as promoting it and think energy efficiency has the potential to be a major area of work in future: ‘We see the issues day in day out and are well-known in the area... these are hard times and everyone expects worse to come in. More people are looking for work and are on low incomes. We should be doing this kind of work because it’s another way we can make life better for local people.’

Crossover found the support provided by LWM and iSE informative and liked that there was a chance to ask questions. ‘It was useful to get things explained because that really helps us explain to clients. We appreciated meeting face to face. Having all the groups together worked well – we could check out we’d understood things by talking about them between ourselves’. The group felt they could have recruited many more people to take part in the project, but appreciated the opportunity to pilot it and to make sure they handled it in the right way in respect of clients. ‘We had time to sit down and explain things properly with people and to make sure we are doing the right thing. We were concerned beforehand that there might be a trust issue within the community. People are not really familiar with what an EPC is and a lot of people think ‘there must be a catch.’ Actually, trust hasn’t been a problem. Even

though a lot of residents have had bad experiences with utility companies over things like installing water meters... (which meant they paid more, not less)... I think that means

they trust us much more than they do private contractors. They know we are here to stay and that we will be honest unlike some purely commercial companies.'

Castle Vale Tenants and Residents' Alliance is a resident-led not-for-profit organisation that exists to provide help, information and support for residents of the most excluded communities in East Birmingham.

It provides a drop in advice centre at its base in Castle Vale dealing with: money and debt advice, benefits advice and appeals, housing and legal advice. The centre is also used for employment and training support, work clubs and as a collection point for North Birmingham Credit Union. CVTRA hosts East Birmingham Development Agency which offers support to voluntary and community groups in Castle Vale and, more widely, in the Hodge Hill and Shard End areas of North East Birmingham. CVTRA is a registered charity. It is funded from a variety of sources, including Birmingham City Council; Castle Vale Community Housing Association; Castle Vale Endowment Trust Fund; Barrow Cadbury Trust and the Big Lottery.

The organisation had not been involved in energy efficiency work directly until taking part in this project. CVTRA staff and volunteers, however, are used to providing money and debt advice. The organisation employs a specialist benefits advisor and debt worker and includes staff and volunteers who are familiar with the support available to residents for domestic energy efficiency measures. The debt and benefits advisors helped them to prioritise households to involve in the work – they targeted families who are in most need and would gain most from the project in terms of saving money on heating their homes.



Judy Tullett and Ray Goodwin of Castle Vale TRA

The organisation found the briefings provided by LWM and iSE during the project 'very useful' and the information they picked up helped them to turn general awareness of Green Deal and domestic energy efficiency into an understanding of some of the detail.

CVTRA identified their existing links with the community and the degree to which they are trusted and have an established track record of helping people as key factors giving them confidence in taking part in the project. Energy efficiency is identified by CVTRA as an increasingly important area of work in the future.

Fair Homes Next Steps is a Community Interest Company based on a Company Limited by Guarantee without Share Capital (a ‘non-profit company’).

It was set up by two solicitors who were working with a number of homeless people, a significant proportion of whom also had mental health issues, with the aim of enabling people to rent homes who would otherwise be excluded from the marketplace. The social enterprise works as a ‘social lettings agency’. It lets housing on behalf of private landlords and works with landlords to bring redundant properties into the rented market. Unlike a private lettings agency, profits from its operations are re-invested into its work in the interests of making good quality housing available to people who would otherwise be in severe housing need. As a social enterprise, Fair Homes operates as a business and derives funding from private landlords in exchange for agency and management services.

Fair Homes was not involved in domestic energy efficiency work before taking part in this project – although some staff had some practical know-how gained from experience of property development. The organisation was unaware of Green Deal. Much of the organisation’s work, however, involves income maximisation. They have offices around the city which, as well as acting as

bases for their operations, provide tenants and potential tenants with advice on benefits and managing debt. Fair Homes became involved in the project as a result of information from iSE. Although their initial reaction was not to get involved, they saw a link between energy efficiency work and their existing work providing money advice. Support provided by LWM and iSE during the project was professional and the extensive and detailed knowledge of staff involved was appreciated. Fair Homes selected clients to refer for energy assessments in order to include properties of different sizes.

The organisation’s experience of domestic property, acting as intermediaries between tenants and landlords and their established work helping tenants maximise their incomes meant that Fair Homes was ‘fairly confident’ that they could deliver the work expected. Domestic energy efficiency is identified by Fair Homes as an important area of work in future for environmental and economic reasons. Fuel costs take up a large and increasing proportion of their clients’ incomes – particularly those with prepayment meters; and, ‘We’re running out of fuel!’

Advice 2 All is a not-for-profit legal advice centre based in Sparkbrook in inner South East Birmingham.

Set up in 2009, as a community interest company, the organisation offers affordable and free advice and advocacy including representation at benefit appeals, debt and consumer advice, family and immigration

advice and helping people to get access to public services. Services are made available to a wide cross section of residents and translation services are available for people from Pakistani, Indian and Somali

communities. The centre also provides advice for local community groups and runs a small business hub which helps local people to set up their own businesses. The organisation works with vulnerable adults on low incomes and endeavours to reduce the costs of its services to clients by securing funding from government and other funding agencies. Partners and funders include Birmingham City Council, UnLtd, iSE, the local Sparkbrook Neighbourhood Forum and CDF Grassroots Grants.

Advice2All had no experience of domestic energy efficiency before taking part in this project. They were, however, familiar with helping clients negotiate with utility companies and spend a lot of time helping maximise local household incomes and so had some knowledge of Warm Front and the work of local energy efficiency campaigners. The organisation knew very little about Green Deal before being contacted by iSE about the project. They were attracted to the project because it relates to issues their clients face. This, and the fact that Advice2All know their clients well and have good relationships with them, gave them confidence that they would be able to take part effectively in the project. In particular, Access2All is able to help clients who face a language barrier to access services. The organisation found the support provided by LWM and iSE during the project 'very useful' and were interested in the

regional context – that the West Midlands faces particular problems in respect of fuel poverty.

Advice2All found the work time consuming but straightforward. They targeted clients with whom they had had most dealings and people who were not eligible for help from Warm Front due to restrictions on eligibility. The organisation believes that energy efficiency is likely to be an important issue in future given high and increasing fuel bills.



Advice 2 All's base in Sparkbrook

Environmental factors are also important though – although the organisation is not an 'environmental' group, it runs workshops for residents on tackling environmental problems.

Bournbrook Community Safety Project is a long-standing community project run by parent charity, the Selly Oak Area Caretaker Society.

Bournbrook Community Safety Project was set up in 1989 as part of Urban Renewal of the Bournbrook area of the city.

Bournbrook is a densely populated neighbourhood – part of Selly Oak - between the main A38 Bristol Road and A441 Pershore Road about 3 miles south of Birmingham City Centre and close to the campus of Birmingham University in Edgbaston.

The area has a very large proportion of private rented housing. Much of which is rented to students at the University. About three in four homes in the neighbourhood is a student accommodation.

Bournbrook Community Safety Project has good links with both the remaining non-student community and the University. It has organised highly successful anti-burglary and other community safety work in the neighbourhood and is widely known and respected. The organisation is based at premises on Dartmouth Road in the heart of Bournbrook.

BCSP has been involved in energy efficiency work in the past and has experience of home visits etc through its work on securing homes against burglary and helping older residents look after their property. The organisation did not anticipate any problems in delivering the work as part of the programme. It focused on low income households and those with hard to heat properties. Reflecting the nature of its area, some of its referrals were in the private rented sector.



Terraced housing in Bournbrook houses many students at Birmingham University



BCSP office base in Selly Oak

2. Improving Home Energy Efficiency

2.1 Overview

The five neighbourhood gateway social enterprises made a total of 46 referrals of properties for energy assessment during the period of the project. These referrals were spread across the city in a number of neighbourhoods and covering 13 of Birmingham's 40 postcode areas. Referrals covered a wide range of neighbourhood types including a fair cross section of better off and less well-off areas. The largest concentrations of referrals were in areas of terraced housing occupied to a large extent by student households and in areas of terraced housing occupied to a large extent by Asian families. These concentrations reflected the location of participant organisations. Across the project, referrals were made in low income areas which are eligible for the government's Community Energy Saving Programme (CESP) in approximate proportion to the incidence of those areas in Birmingham as a whole. This masks a wide variation between the participating organisations, however. One organisation made no referrals in CESP areas and another participant made referrals exclusively in low income CESP-eligible areas.

The 46 referrals made for energy assessment led to 31 EPC assessments during the evaluated plan period (although 42 assessments were made against a target of 40, none of these were made after the evaluation). The delivery period for assessments was, however, extremely limited – just 4 weeks in March 2012 – and it coincided with a peak in demand for assessments due to the effect of other LEAF funded projects running concurrently. Issues to do with training and certification of assessors affected the EnergyWise Co-operative which, it was planned, would have carried out the majority of the assessments. If these issues to do with time and capacity had not applied, it is fair to expect that more than 40 EPC assessments would have been completed as a result of the referrals made by the five participating organisations (and, in fact 42 were eventually carried out).

In the case of the remaining seven referrals (representing 15%, about 1 in 7, of the total referrals made), consent was withdrawn by the householder before an assessment had been made. In three of these cases, no reason was given by the householder. Reasons given in relation to the other four included: sale of the property; major works being undertaken on the property; the wrong address being provided on the referral form; and, in one case, suspicion on the part of the householder that energy assessments are being offered by unscrupulous operators as a cover for fraudulent activities.

The rate of withdrawals of consent varied widely between the five participating organisations. At least part of this variation appears to be due to the varying extent to which referrals were made in low income CESP areas. In CESP areas, the consent withdrawal rate was 29% (about 3 in ten); the rate was just 4% (1 in 25) in non-CESP areas.

2.2 Distribution of Referrals by Postcode

Referrals were made in 13 postcode areas (out of a total of 40 in Birmingham):

B9	Bordesley Green
B11	Sparkhill/Tyseley
B12	Balsall Heath/Sparkbrook/Highgate
B13	Moseley/Billesley
B14	Kings Heath/Yardley Wood/Brandwood/Druids Heath/Warstock
B15	Edgbaston
B16	Edgbaston/Ladywood
B19	Lozells/Newtown/Birchfield
B29	Selly Oak/Bournbrook/Selly Park/Weoley Castle
B30	Bournville/Cotteridge/Stirchley
B34	Shard End/Buckland End
B35	Castle Vale
B36	Castle Bromwich/Smiths Wood/Bromford

reflecting the base locations of referring organisations in a belt running SE-NW across the city to the south and east of the city centre.

2.3 Distribution of Referrals by ACORN Type

ACORN (A Classification of Residential Neighbourhoods) is a widely used geo-demographic segmentation of UK neighbourhoods into 5 categories and 56 types. The 46 properties referred as part of the project were distributed across the 5 ACORN categories:

- 5 (11%) referrals were in 'Wealthy Achiever' areas
- 12 (26%) referrals were in areas of 'Urban Prosperity'
- 6 (13%) referrals were in 'Comfortably Off' neighbourhoods
- 12 (26%) referrals were in areas of 'Moderate Means'
- 11 (24%) referrals were in 'Hard Pressed' neighbourhoods.

Map showing locations of properties referred by organisation:



KEY

Castle Vale TRA

St Pauls Crossover

Advice 2 All

Fair Homes

Bournbrook CSP

Of the 21 ACORN types covered the most common were:

ACORN type	description	no. of referrals
23	student terraces	10
37	crowded Asian terraces	7
38	low income Asian families	4
51	council terraces	3
25	white collar singles	2
30	established home owning workers	2
47	low rise terraced estates	2
48	low incomes, high unemployment, single parents	2

2.4 Distribution of Referrals by CESP Status

CESP is the Community Energy Saving Programme administered by OfGem, which forms part of DECC's Home Energy Saving Programme. It requires gas and electricity suppliers and electricity generators to deliver energy saving measures to domestic consumers in specific low income neighbourhoods. In England, CESP areas are defined as those Lower Super Output Areas which are amongst the 10% most deprived in relation to the Income component of the Index of Multiple Deprivation (IMD), 2010.

Of the 46 referrals made as part of this project, 21 were in CESP areas and 25 were in non-CESP areas. The table shows the comparison between the proportion of referrals in CESP areas and the proportion of areas in Birmingham that are eligible for CESP.

Table comparing referrals in CESP areas and proportion of Birmingham that is eligible for CESP:

	Referrals in this project	In Birmingham as a whole
CESP areas	46%	41%
Non-CESP areas	54%	59%

The distribution of referrals by CESP/non-CESP areas was approximately equal to the distribution of CESP/non-CESP areas across Birmingham as a whole. There were, however, variations in the distribution across CESP areas between the five referring organisations.

Table showing proportion of referrals in CESP areas by referring organisation:

	In CESP areas %	In non-CESP areas %	
Bournbrook CSP	0	100	
Castle Vale TRA	75	25	
Advice 2 All	100	0	
St Paul's Crossover	80	20	
Fair Homes	33	67	
<i>TOTAL</i>	<i>46</i>	<i>54</i>	

The match between the pattern of households referred and the incidence of CESP areas across Birmingham as a whole was not planned or intended. Neither was the wide spread of coverage across postcodes and ACORN neighbourhood types. They reflect the potential of third sector organisations acting in concert to reach a cross section of city neighbourhoods and households.

2.5 Translation of Referrals into Energy Assessments

Of the 46 referrals made by the five referring organisations: 31 resulted in assessments leading to Energy Performance Certification during the period of the project; and 15 did not. This compares with a target of 40 EPCs for the project as a whole.

Of the 15 referrals that did not result in Energy Performance Certification, however, it is reckoned that 8 could have led to EPCs if time had been available. The time available to carry out assessments was very limited (effectively to four weeks in March 2012). The lack of time was exacerbated by the effect of other LEAF funded projects which created a peak in demand for trained assessors in February and March 2012. In addition, EnergyWise – who were expected to carry out the majority of the assessments arising from this project – experienced difficulties in recruiting and training staff during the period and the project managers had to use alternative assessors. Some of the property types referred as part of the project (houses in multiple occupation and private landlord properties) created additional difficulties. Without this combination of factors, it is estimated that 39 referrals would have led to EPCs.

The remaining seven referrals would not have led to EPCs even if sufficient time and assessment capacity had been available. In three cases the householders withdrew their consent without giving a reason. The reasons given in the remainder of cases were:

- 'It may be a scam'
- 'House now sold'
- 'Property undergoing major works'

Wrong address provided.

Tables showing referrals made by each organisation and the number of assessments and consents withdrawn and those figures expressed as percentages:

	Referrals made	EPC assessments	Not assessed due to lack of time	Consent withdrawn
Bournbrook CSP	17	15	1	1
Castle Vale TRA	12	8	3	1
Advice 2 All	6	3	1	2
St Paul's Crossover	5	3	0	2
Fair Homes	6	2	3	1
TOTAL	46	31	8	7

	Referrals made	EPC assessments %	Not assessed due to lack of time %	Consent withdrawn %
Bournbrook CSP	17	88	6	6
Castle Vale TRA	12	67	25	8
Advice 2 All	6	50	17	33
St Paul's Crossover	5	60	0	40
Fair Homes	6	33	50	17
TOTAL	46	67	18	15

The most likely reason for the relatively high proportion of referrals made by Fair Homes that were not assessed due to lack of time is the range of property types referred by Fair Homes (all private landlord and including some HMOs).

An explanation of the variation in the proportion of 'consents withdrawn' between the referring organisations is the concentration of referrals in poorer areas. As the table below shows, 'consents withdrawn' were disproportionately located in low income CESP areas.

Table showing the proportion of referrals leading to assessments or consent withdrawn in CESP and non-CESP areas:

	Referrals made	EPC assessments %	Not assessed due to lack of time %	Consent withdrawn %
CESP areas	21	52	19	29
Non-CESP areas	25	80	16	4
TOTAL	46	67	18	15

Organisations which made referrals in non-CESP areas had low rates of consents withdrawn and those which referred in CESP areas (with the exception of Castle Vale TRA) tended to have high rates of consents withdrawn.

Table showing the proportion of referrals in CESP areas and consents withdrawn by organisation:

	Referrals made	In CESP areas %	In non-CESP areas %	Consent withdrawn %
Bournbrook CSP	17	0	100	6%
Castle Vale TRA	12	75	25	8%
Advice 2 All	6	100	0	33%
St Paul's Crossover	5	80	20	40%
Fair Homes	6	33	67	17%
<i>TOTAL</i>	<i>46</i>	<i>46</i>	<i>54</i>	<i>15%</i>

Table showing the expected consent withdrawal rate given the pattern of referral in CESP areas against the actual rate:

	Referrals made	Expected rate of consent withdrawn %	Actual rate of consent withdrawn %	Variance
Bournbrook CSP	17	4	6	+2
Castle Vale TRA	12	33	8	-25
Advice 2 All	6	29	33	+4
St Paul's Crossover	5	24	40	+16
Fair Homes	6	12	17	+5
<i>TOTAL</i>	<i>46</i>	<i>15</i>	<i>15</i>	<i>0</i>

3. Building Know-How

3.1 Overview

The third main intended outcome of the project was the transfer of knowledge about potential involvement in Green Deal to a wider cross-section of social enterprises able to act as neighbourhood gateways for the programme in future. Two underlying factors addressed by the work were:

- Whether non-environmental organisations can indeed effectively promote involvement in home energy efficiency
- What the effect of being involved was on those organisations which were involved.

A survey of householders was conducted to look into the effectiveness of the dealings between neighbourhood gateways and householders and an evaluation workshop was held at the end of the project to focus on the effect of involvement on the participant organisations.

The survey found that neighbourhood gateways organisations *are* an effective way of reaching residents who might otherwise not be interested in Green Deal. In particular, they were able to reach beyond householders who are motivated by an environmental argument to reach a disproportionate number of residents motivated by home comfort. This is a key group of householders for Green Deal given the complexity of explaining and calculating payback over 25 years.

Evaluation showed a positive effect of involvement on the organisations that took part as neighbourhood gateways, in that they felt better informed and motivated to play a part in Green Deal. Some were also interested, as a result of their involvement, in looking into the potential of being part of the delivery of Green Deal works as well as marketing the programme. Three of the participant organisations joined, and attended a meeting of, the Birmingham Social Enterprise Energy Network following completion of the project. There was no evidence that involvement in the project changed the culture, organisation or ways of working of those involved. This suggests that involvement in Green Deal should not present deep-seated difficulties for non-environmental social enterprises. Participants felt, however, that promoting Green Deal (as opposed to energy assessments) could present them with problems depending on the sales tactics adopted by a given Green Deal provider.

3.2 Effect on Households

Surveys of householders confirmed that neighbourhood gateways organisations are an effective way of reaching residents who might otherwise not be interested in Green Deal. Householders were happy with their energy assessment, found the process useful and felt motivated to undertake further action including home energy efficiency improvements. Nine out of ten householders said they would recommend involvement to their friends and neighbours and the same proportion said they would trust recommendations made by friends and neighbours. Third sector organisations were more highly trusted as sources of advice than energy supply companies or private contractors.

Having the referral made by a known and trusted local organisation gave residents greater confidence:



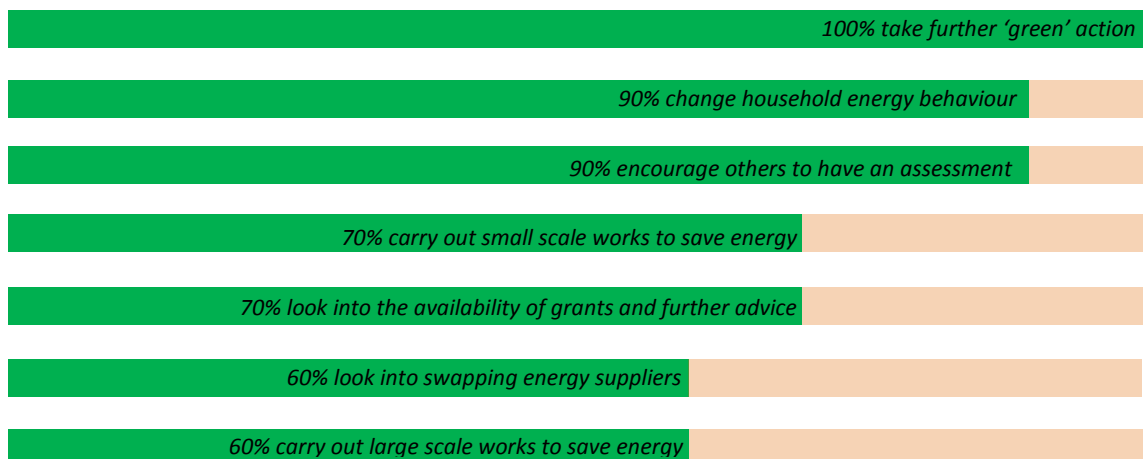
All the residents we surveyed were satisfied with the way their energy assessment was done:



Residents found their energy assessment useful:



All the residents we surveyed said that having the energy assessment done made it more likely they would take further 'green' action. Nine out of ten have changed their household energy behaviour and would encourage others to have an energy assessment as a result:



‘Local charities and social enterprises’ were the most trusted sources of information about making homes warmer and reducing fuel bills. ‘Friends and neighbours’ and community groups were also highly trusted – ahead of ‘the Council’ and ‘professionals like teachers or health visitors’. On the whole people don’t trust private contractors and are sceptical about what energy supply companies say or what they read on the internet:

Who do you trust to give you advice and information about making your home warmer and reducing your fuel bills:



3.3 What Sort of Householders Did the Project Reach?

As part of the referral process, householders were asked why they were interested in having an energy assessment completed. They were asked to prioritise between five possible motives:

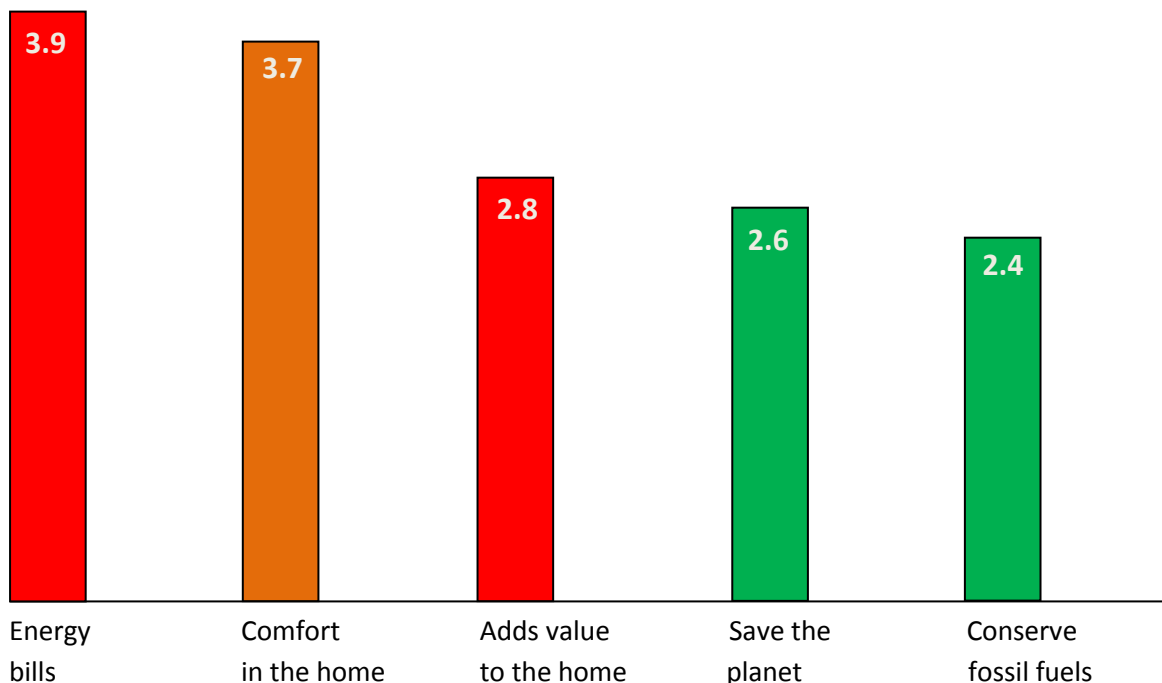
- To reduce energy bills
- To add value to the property
- To increase home comfort
- To help save the planet
- To conserve valuable fossil fuels.

Householders were asked to score these motives between ‘1’ (for a very important factor) and ‘5’ (for an unimportant factor). The results were aggregated and averaged and subtracted from 5 to give a score out of 5 (shown in the chart on the next page).

The survey suggested that householders involved by neighbourhood gateway social enterprises tended to be more motivated by home comfort and less by the level of energy bills than the population at large. They were not, in general, motivated by environmental concerns. Neighbourhood gateways provide ways to reach beyond the relatively small but committed group of residents who are convinced by the environmental argument behind energy efficiency. They also appear to be able to tap in to residents motivated by home comfort levels. This group represents a

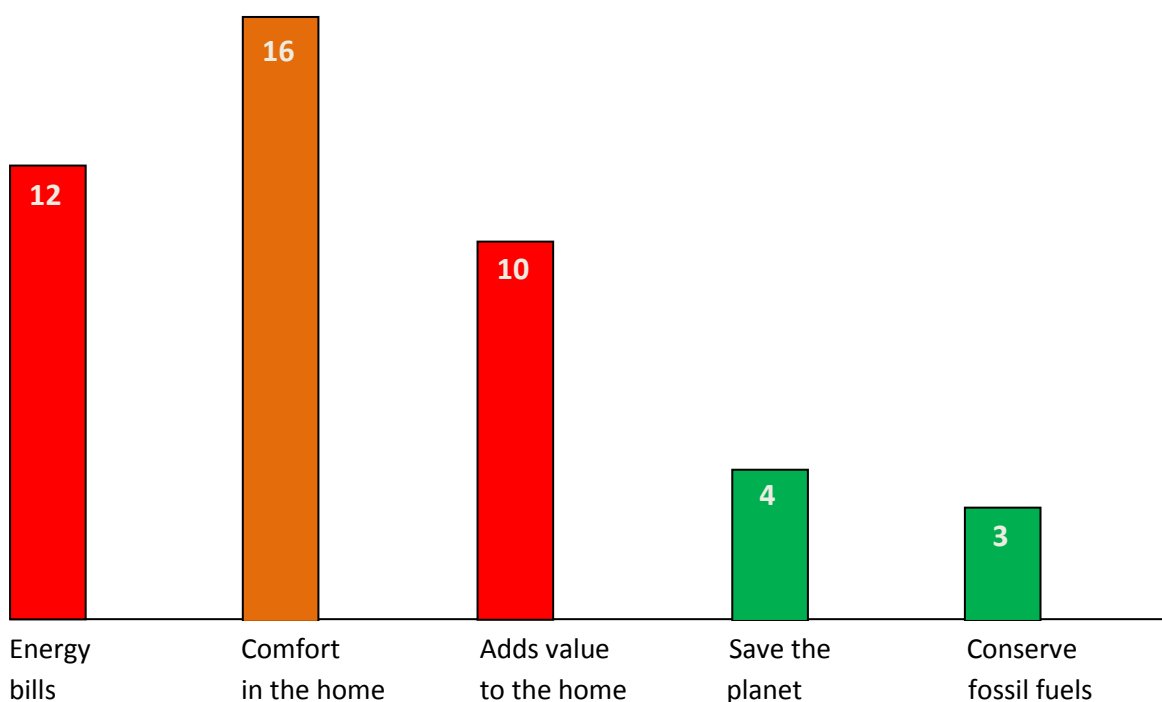
key market for Green Deal given the complexity of explaining and calculating the payback of investment in energy efficiency over a 25 year period.

Chart showing the *average importance* of factors motivating householders to have an energy assessment:



Although 'energy bills' was, on average the most important factor, 'home comfort' was given as the most important factor by the largest number of householders, as the chart below shows.

Chart showing the *most important* factor motivating householders to have an energy assessment

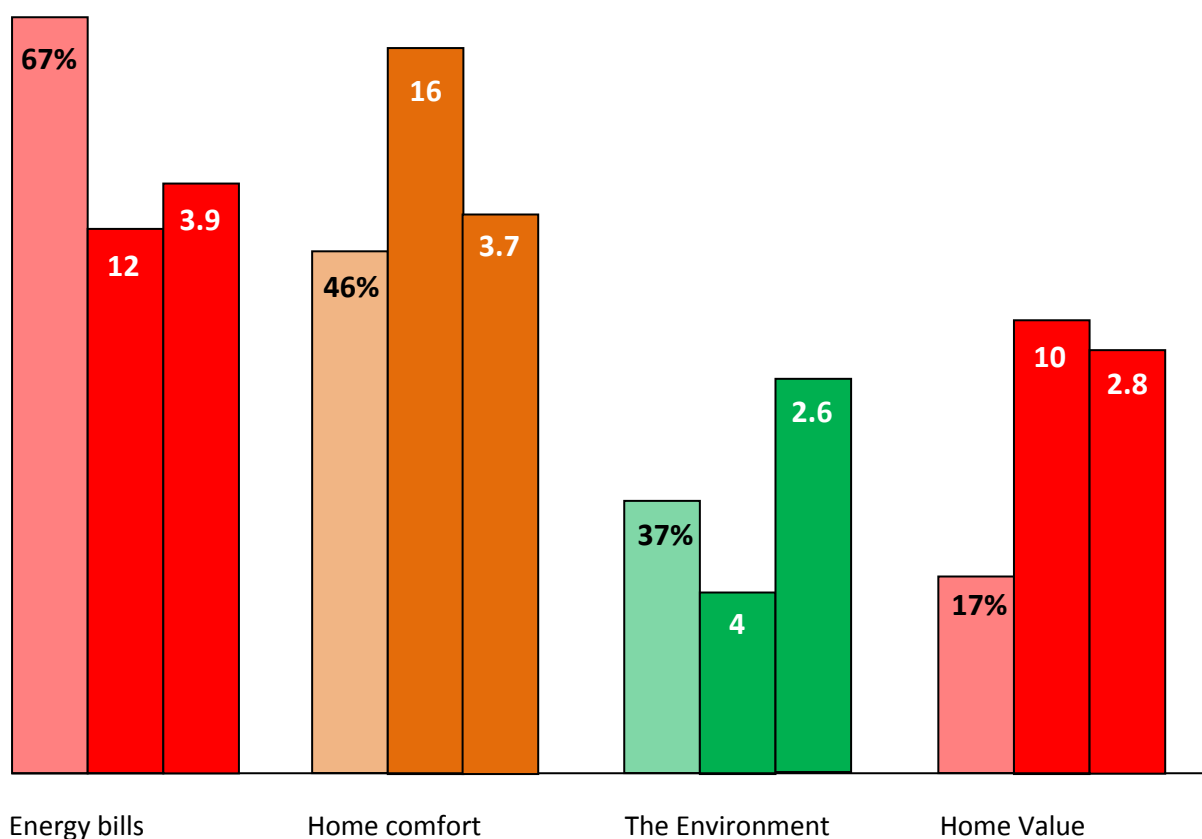


The results of the survey of householders contrast with those from the NOP survey conducted for DECC in 2011.

Table comparing findings from NOP survey for DECC (2011) of important factors in saving energy with findings from survey of participants in this project:

Type of response	NOP/DECC survey		Participants in this project	
	unprompted 'important factor'	prompted	prompted 'average importance of factor'	Prompted 'most important factor'
Lower energy bills	20%	67%	3.9	12
Home comfort	14%	46%	3.7	16
the Environment	7%	24%	2.6	4
Home value	-	17%	2.8	10

Chart comparing the prompted NOP/DECC findings (column 1) with the findings from this project in terms of most important driver (column 2) and their average importance (column 3)



3.4 Effects on Neighbourhood Gateway Organisations

The five neighbourhood gateway organisations all successfully completed the project. Each either met or exceeded their target for referrals, to time and according to the action plan they drew up. All of the organisations identified the following factors that enabled to carry out the work without great difficulty:

- Local knowledge
- Trust and existing relationships with householders
- Experience in conducting ‘difficult conversations’
- Bases in the area

In addition, some of the gateways identified further factors:

- Their role as ‘community hub’ organisations
- Experience in dealing with housing issues and landlord and tenant brokerage
- Experience in dealing with money and debt issues
- Links to other third sector and public sector initiatives and programmes
- Links with and experience of dealing with ‘hard to reach’ communities.

All of the participating organisations saw Green Deal as an important potential opportunity and were more likely to be more active and confident in promoting and enabling domestic energy efficiency as a result of taking part in the project. None found that the project skewed the mainstream work of their organisation or involved them in making organisational changes. Some, however, anticipated that they would need to work out their organisational position in relation to ‘selling’ the Green Deal to residents. The participants saw the benefit in working together as a network or consortium.

4. Strengthening the Local Economy

4.1 Green Deal

The Green Deal is the government's financing scheme to enable households and businesses to install packages of energy saving technologies, e.g. insulation, at no upfront cost. It will make properties more fuel-efficient straight away with repayments made over 25 years through surcharges on energy bills.

In Birmingham, the Green Deal could result in £1.3bn of green retrofit work for 200,000 homes and commercial buildings by 2026. Birmingham Energy Savers – the non-profit organisation set up by Birmingham City Council to coordinate delivery of Green Deal in the city – will be matched with a Delivery Partner during 2012. Following a tendering process, in which 90 organisations expressed an initial interest in acting as Delivery Partner, four bidders have now been invited to enter the next stage of the procurement and to develop detailed proposals:

- Carillion Energy Services
- E.ON Energy Solutions Limited & Amey Community Limited (consortium)
- RWE npower Plc & Enterprise Management Services Ltd (consortium)
- SSE Energy Solutions & Mark Group Limited (consortium)

The outcome of the next round of proposals involving each of these four potential partners is expected in the late summer of 2012.

As well as the Birmingham Energy Savers-led scheme, other contractors are free to promote and offer Green Deal to householders and they are likely to include energy supply companies and supermarkets.

4.2 Defining Social Enterprise Role in Green Deal

This project looked into the potential role of social enterprise and socially enterprising voluntary organisations in delivering Green Deal. In particular, it focused on the role these groups might play in marketing Domestic Green Deal. That is, getting households engaged

in the idea that they could invest in domestic energy efficiency and pay for the costs of doing so over a 25 year period through their fuel bills.

Some of the organisations involved, however, were also interested in playing a role in other parts of the Green Deal:

Stages 1 – 4 in the Domestic Green Deal from marketing to retrofitting:



Social enterprises and voluntary organisations could play a part at each stage of the process.

The experience of this project suggests that neighbourhood based third sector organisations can play a useful part in marketing Green Deal. There are also third sector organisations with the ability and experience to play a part in assessment and, to some extent, in retrofitting. Most third sector organisations, however, would probably be less able to take on the ‘sales’ role.

Given the scale of Green Deal in Birmingham, individual social enterprises are unlikely to be capable of entering into contracts, credibly, to deliver any aspect of the programme. The potential, for social enterprises and socially enterprising voluntary organisations, is to cooperate around delivering stages of the Green Deal process.

Two different (and not mutually exclusive) strategies are available to third sector organisations:

- Horizontal co-operation – that is, cooperation with other neighbourhood organisations so as to be able to offer part of Green Deal across a wide area – the city or part of city
- Vertical co-operation – that is, working with other third sector organisations that could deliver assessments, sales and retrofitting in order to offer Green Deal providers a ‘complete package’ within certain neighbourhoods.

4.3 The Economics of Involvement in Green Deal

As well as helping to define the potential role for social enterprises in Green Deal, the project aimed to spell out how that might work in terms of economics.

The average cost of a successful referral achieved through the project was £143. This figure is, however, higher than the average cost would be of referrals arising from an on-going programme. We estimated that, in terms of paid time spent actually securing referrals (ie excluding fixed set-up costs of attending training etc), the cost per successful referral during the project varied between £40 and £300 according to organisation. Organisations themselves estimated that the marginal cost of securing a further successful referral would be between £50 and £200. A cost of £80/successful referral was acceptable to most, although one of the participants thought that £200/ successful referral was more realistic.

Given a further 5 days funding and time to carry out the project, participant organisations said they could have generated an average of a further 30 successful referrals each. All thought that a total of 100 successful referrals each per year was achievable and that this target could be met repeatedly within the likely term of the Green Deal.

If 50 similar neighbourhood social enterprises and socially enterprising groups were to successfully form a consortium and sell their services marketing Green Deal, they might expect to generate 5000 successful referrals per year. Which over 12 years would amount to 60,000 households successfully assessed for Green Deal. The total cost of achieving this would be of the order of five million pounds. Assuming prices below, this would lead to a total and average surplus:

Price per successful referral	Total surplus over 12 years to groups	Surplus per group per year	Total revenue per group per year
£80	-	-	£8,000
£100	£1.2m	£2,000	£10,000
£150	£4.2m	£7,000	£15,000
£200	£7.2m	£12,000	£20,000

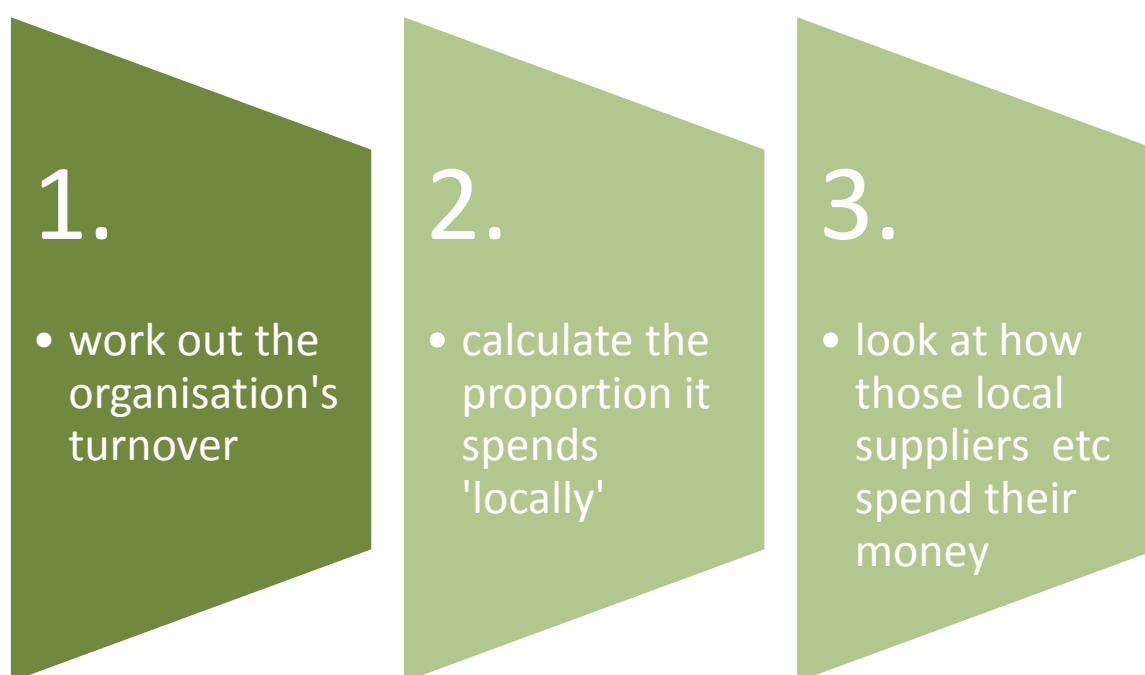
4.4 Wider Social & Economic Benefit

The wider social and economic value added of using neighbourhood based social enterprises and socially enterprising voluntary groups to deliver Green Deal is likely to be threefold:

- 1) recirculation of money in the local economy – contracting with local neighbourhood based organisations means that a higher proportion of the money involved in Green Deal is re-spent in the local economy.
- 2) development of embedded expertise – using neighbourhood based organisations means that the skills of local people are developed and that these organisations are able to form expertise that is ‘embedded’ in the city rather than bought in from outside.
- 3) potential of referral marketing – local social enterprises are more likely to be able to unlock the potential for householder-householder marketing of Green Deal, that is people promoting participation in the programme to their friends and neighbours.

Recirculation and Marginal LM3

The New Economics Foundation measure of the extent to which money recirculates around a local economy is called LM3 (Local Multiplier 3). It is usually calculated with respect to a given organisation, like this:



In this way, LM3 gives a measure of the extent to which an organisation re-circulates money in a locality (which might be defined, for example, as being within a 30 mile radius).

Usually LM3 is calculated by organisation. So, organisations will have varying LM3 ratings, for example:

- Locally owned private businesses will usually have a higher LM3 than chain shops and large businesses which are based outside the area (because locally-owned businesses keep their profits in the area)
- Businesses and organisations which employ a lot of land and labour relative to raw materials will tend to have a higher LM3 than those which depend heavily on raw materials (because land is local and labour usually lives locally, whereas raw materials can come from a long way away)
- Businesses and organisations which employ many, relatively low –paid or part-time staff are more likely to have a higher LM3 than those which employ relatively high paid and highly mobile staff (because, low-paid and part-time staff are less likely to commute than high paid specialist staff)
- Organisations which deliberately source and favour local suppliers will tend to have a higher LM3 than those which base their purchasing decisions on price alone (even if that means a high turnover of suppliers including many from further away).

Selecting organisations with a high LM3 score is a way of ensuring that the benefits of investing locally recirculate more fully than would be the case purchasing from organisations with a low LM3.

In the case of neighbourhood based social enterprises and socially enterprising voluntary organisations, the marginal LM3 score, ie the way in which an additional £1 is likely to recirculate in the local economy, is likely to be high:

£1 invested in a neighbourhood organisation is likely to be spent:

- 95% on wages and volunteer expenses
- 5% on office costs (paper, postage, electricity etc)

Only a small proportion of wages and volunteer expenses are likely to go in tax and National Insurance and the remainder is likely to be spent in shops locally and on local services, so that the split might be:

- 15% in tax and NI
- 85% spent on local shops and on local services

The marginal LM3 of £1 spent via such organisations is likely, on these assumptions, to be:

$$\text{LM3 a} = 1 + 0.95 + (0.95 \times 0.85) = 2.76$$

That is, each £1 spent in this way generates £2.76 worth of local activity.

An alternative to using neighbourhood organisations to market Green Deal might be to: employ a mixture of local labour at the national minimum wage (people employed to go door to door to identify potential leads); employ a small amount of higher value labour based outside the locality to manage the process; and to print materials to advertise the Green Deal. The split might be:

- 40% spent on local labour
- 30% spent on labour outside the area
- 20% spent on marketing costs – printing etc
- 10% spent on office costs outside the area.

Assuming that 85% of the money spent on local labour is retained in the area and that 25% of marketing costs are spent on local firms (printing etc), the marginal LM3 score would be:

$$\text{LM3 b} = 1 + (0.4 \times 0.85) + (0.1 \times 0.5) = 1.39$$

That is, each £1 spent in this way generates £1.39 worth of local activity.

If we assume that 50 groups are able to combine, as in the previous section, to generate successful referrals to 60,000 households over a 12 year period and that they are paid £100 per successful referral, then their total income over the 12 year period would be:

$$\text{Total income} = 60,000 \text{ households} \times \text{£}100/\text{per household} = \text{£}6,000,000.$$

Taking the values of LM3 a and b as calculated above would mean a difference over the 12 year period in the amount of local economic activity of:

$$\text{Difference of} = \text{£}6\text{m} \times (2.76 - 1.39) = \text{£}8.2\text{m}$$

That is, using neighbourhood based groups – on the basis of a £6m programme - would lead to an additional £8.2m worth of local economic activity.

Job Creation and Embedded Expertise

An additional £8.2m of local economic activity over 12 years equates (on the basis of the assumptions above) to an additional 36 fte jobs at £16k/year for the duration of Green Deal.

Using neighbourhood based groups would embed technical expertise within communities in the city, such that these jobs should be sustained beyond Green Deal and enable

neighbourhood groups to take on and sustain the employment of further staff. In other words, this level of business from Green Deal over this period of time should give neighbourhood social enterprises the ability to develop other business opportunities so that they are able to create further employment opportunities and that the jobs created through Green Deal should be sustained after the programme has ended.

Referral Marketing

The final, and less tangible, source of additional value added arising from using neighbourhood social enterprises to deliver this part of Green Deal is the opportunities this would create for referral marketing by householders. This would have the effect of lowering the unit cost to neighbourhood bodies of successful referrals and increasing the surplus they are able to make. If we assume a quite modest degree of referral marketing (ie that just 10% of successful referrals are made in this way), then this would increase the annual surplus per neighbourhood body from £10,000 to £11,000 and the number of jobs created and sustained from 36fte posts to 40 fte posts.