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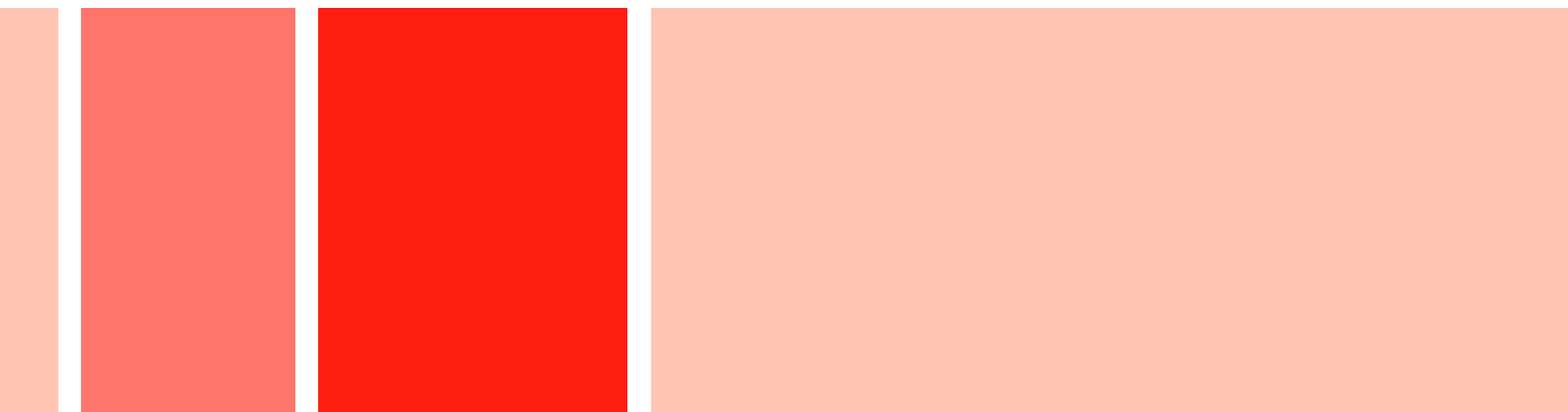
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Evaluation of the Nest energy efficiency scheme - Executive Summary



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Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

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Executive Summary

- i. Nest is the Welsh Government's demand led scheme designed to tackle fuel poverty in Wales. The scheme offers a package of free home energy improvement measures to households who are in receipt of a means tested benefit and who live in a very energy inefficient home, with a SAP rating of F or G. Nest also provides advice on saving energy, money management, fuel tariffs, benefit entitlement checks and referral to alternative schemes to all householders in Wales.

- ii. An independent evaluation of the scheme was commissioned in 2014 to assess whether or not it had met its objectives and to assess the extent to which the scheme had reached households most in need, resulted in energy savings for householders and provided value for money. Evidence for the evaluation was gathered through qualitative interviews with those involved in managing, delivering and benefiting from the scheme and from two large scale quantitative surveys of those benefiting from Nest and third party advice and household improvement packages. The qualitative research was conducted from June-October 2014 and the quantitative research conducted in September 2014.

Management of the scheme and customer experience

- iii. The management and governance of the scheme were generally praised by all those involved and recognised as strengths of the scheme. Both qualitative interviews with beneficiaries and scheme monitoring data indicate a low level of complaints and high levels of customer satisfaction. Interviews with beneficiaries and third parties highlighted some concerns that the application process is not consistently accessible for certain groups (such as those with sight and hearing difficulties or mental health problems). It was also suggested that marketing and particularly the targeting of socially excluded groups could be improved.

Did the scheme reach the most vulnerable households?

- iv. The survey results suggest that the households who have received Nest home improvements were very much in need of support and could not have accessed support elsewhere. Whilst the evidence suggests that the scheme has been successful in reaching older people and those with limiting illnesses, scheme monitoring data contradicts perceptions that the targeting of rural houses has improved over the course of the scheme.
- v. The quantitative data further indicate that many of those who were ineligible for household improvements were forced to make similar choices about heating to those who were deemed eligible. Whilst the scheme has reached some households in need, there is a risk that others equally in need, have been unable to access the support they need as they failed to meet all of the qualifying criteria.
- vi. Given numerous suggestions for changes to the eligibility criteria, the implications of each potential amendment were considered. Whilst widening of each criteria would be desirable, in the context of limited funding, each would have different implications in terms of value for money, including the number of measures able to be implemented and number of households able to be supported.

Did the scheme realise benefits for the householder?

- vii. Just over half of those surveyed who received advice from Nest reported being better able to heat their home whilst this was considerably higher (at 89 per cent) for those who received an installation. The most meaningful and widely stated impacts of the scheme have been increased confidence in, and reduced concern about, heating homes as a result of both measures and advice received by households. For some households this extended to health improvements. Whilst some reported benefiting from energy savings, new systems and increased efficiency have enabled others to use heating and hot water where they could not before.

Did the scheme achieve value for money for Welsh Government?

- viii. Based on scheme monitoring data, we can calculate the overall saving accruing to beneficiary households over the period of the scheme to date as totalling £7.48m. Given an overall investment of £58,023,822, this equates to a benefit to cost ratio of 1.29, meaning that the Welsh economy achieves a return of £1.29 back for each £1 spent. Alternatively, this could be seen as having a 7.75 year payback period, or an annual rate of return of 12.9 per cent. Additional economic benefits have been leveraged through signposting to third parties for benefits checks and other schemes and contracting of delivery arrangements to agencies in Wales.

Key Findings

Nest has:

- **been funded to a value of approximately £58m** between April 2011 and September 2014;
- **provided advice and support to over 61,000 households** to help them heat their homes more affordably;
- **referred or signposted over 20,000 households** to third parties for a variety of purposes e.g. money and debt advice, to assess eligibility for Winter Homes Discount or Green Deal;
- **provided over 15,000 households with a package of free home energy improvement measures**, increasing the SAP rating of 94% of properties to a rating of E or above (from F/G);
- **leveraged an additional £4.2m of ECO funding** into Wales;
- **successfully targeted those in fuel poverty** (consistently over 80% of those enquiring who provided data for monitoring purposes were recorded as being in fuel poverty);
- **provided good customer service** (a survey of beneficiaries who had received an installation indicated 93% were satisfied with the overall experience of the process);
- **led to a variety of outcomes through advice provision** (59 per cent of those surveyed who had received advice stated that they acted on it, including installing new heating controls, insulation and upgrading their boiler as well as changing their behaviour in order to heat their home more efficiently and reduce their bills);
- **increased confidence in and reduced concern about heating homes** (89% of those who received an installation reported being better able to heat their home);
- **supported 46 SMEs, creating a total of 83 apprenticeships, trainees and**

jobs over the length of the scheme;

- **accrued annual energy savings of £7.48m in total** over the course of the scheme.

Areas for improvement:

- the application process is not consistently accessible for certain groups, such as those with sight and hearing difficulties, disabilities or mental health problems;
- while the scheme has reached some households in need, there is a risk that others equally in need have been unable to access the support they need as they do not meet all of the qualifying criteria;
- while there is widespread support and praise for the aim of the scheme to offer a 'whole house approach', the majority of households have received only a single measure;
- advice provision alone has been less effective than improvements in achieving outcomes relating to fuel poverty;
- the marketing and targeting of the scheme to socially excluded groups could be improved.