

# Department of Energy Climate Change Warm Front Scheme – six months ended 30 September 2012





# Introduction

## Overview

This report is made solely to the Department of Energy and Climate Change ('DECC' or 'the Department') in accordance with our agreement dated 3 July 2012. We designed and undertook certain agreed-upon-procedures to enable us to report to the Department on specific aspects of the management of the Warm Front Scheme by Carillion Energy Services ('CES', 'Carillion', or 'the Scheme Manager').

## Sources of information and measurement

We visited the offices of CES from Monday 25 June to Friday 6 July. The information contained in this report is based primarily on:

- walk-through tests
- reviews of source documentation for sample measures
- discussions with Rob Morgan, Warm Front Account Director, Erik Coates, Planning Director and their staff at CES.

## Scope of work and limitations

DECC engaged us to perform certain specific procedures documenting and testing the processes and controls designed and operated by the Scheme Manager. The procedures were performed solely to assist the Department in reviewing the performance of the Warm Front Scheme and the Scheme Manager. These are listed at Appendix 2.

Our engagement was undertaken in accordance with International Standards on Related Services 4400 applicable to agreed-upon procedures engagements. Our work was based primarily on information provided to us by the Scheme Manager and was carried out on the assumption that the information is reliable and, in all material respects, accurate and complete. We have not subjected the information to checking or verification procedures except to the extent expressly stated. This is normal practice when carrying out such limited scope procedures.

For the avoidance of doubt, we stress that the work that DECC engaged us to perform does not constitute an audit or a review made in accordance with International Standards on Auditing (UK and Ireland) or International Standards on Review Engagements (UK and Ireland) 2410, accordingly we do not express any assurance. Had we performed additional work or procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing (UK and Ireland) or International Standards on Review Engagements (UK and Ireland) 2410, other matters might have come to our attention that would have been reported to the Department.

## Confidentiality

Our report is prepared solely for the exclusive use and reliance of DECC and solely for the purpose described above. We recognise that DECC may publish this report on its website, which DECC agree to do in its entirety, without extracting any part thereof, with the exception of excluding commercially sensitive information. Responsibility for ensuring the integrity of the report published and for the controls over, and the security of, the website resides with the Department. The examination of the controls over the maintenance and integrity of the website is beyond the scope of our work in connection with the Warm Front Scheme. In particular, this report was not prepared to be relied upon by any party who was subject to the agreed upon procedures performed.

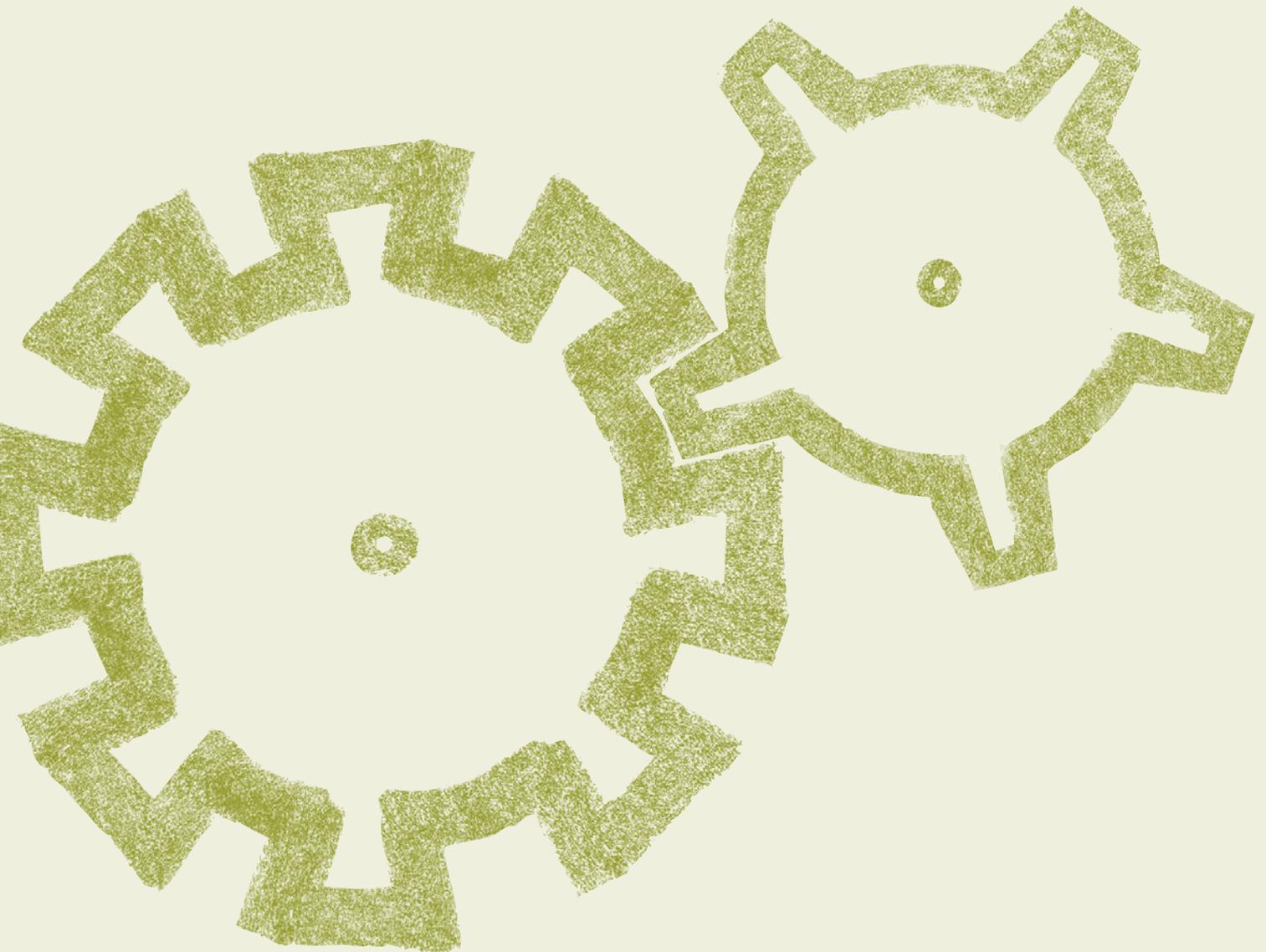
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# 1. Executive summary



## Introduction

Our review comprised a sample of 60 successful applications commencing at the application stage through to payment, in addition to interviews with officers to identify processes in place. The following issues were noted during our site visit:

### Sample testing key findings

There was one instance where a property received a SAP score above the eligible level and received a Warm Front grant. Carillion were not able to provide evidence why this occurred. We recommend that Carillion investigate this issue further.

A sample of 60 applications that were outstanding at the scheme year end were traced through the Warm Front 'journey' process. This review identified that:

- from the application to the survey date, 33% of applications were dealt with after more than 70 days\*
- 28% of surveyed jobs took in excess of 70 days to allocate on Ebid
- 17% of installations took longer than 70 days from the date of allocation.

See Section 2 and 3 for the results of our review.

### Eligibility

The change in the eligibility criteria has been reflected throughout the Warm Front 'journey'. The appropriate staff had all been informed of the change prior to the implementation on 12 September 2012. See Section 4 for the results of our review.

## Customer satisfaction

The results from Carillion's monitoring showed that there was an improvement in the overall customer satisfaction rating from the previous report, which covered the 6 month period ended 31 March 2012. These results were replicated in the independent Llewellyn Smith survey. See Section 5 for further details.

### Installer network

Carillion will adopt the role of installer of last resort once all available installation avenues have been exhausted. There is a regular capacity review for installers to ensure that they have the available resources to complete install the measure. See Section 6 for the results further details.

### Exit plan

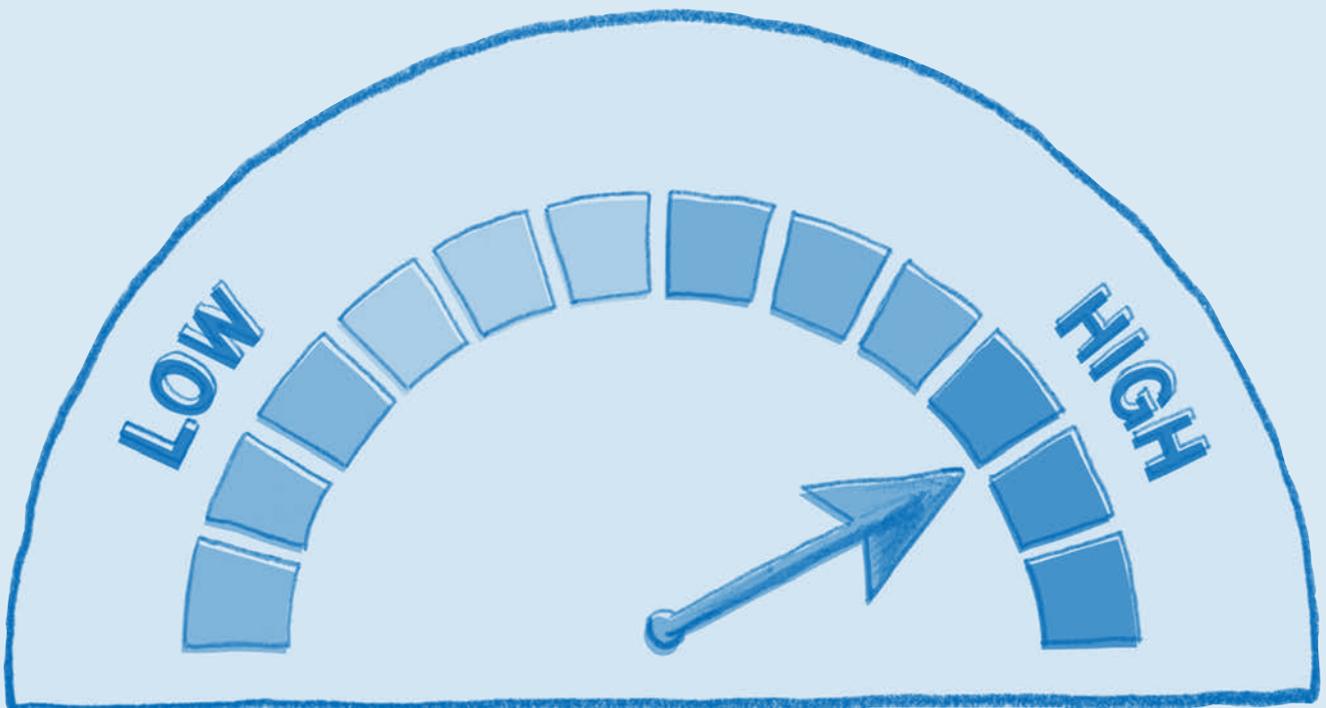
There has been no formal update on the exit plan from the previous Warm Front Scheme report. This was subject to negotiation between Carillion and DECC. See Section 7 for further information.

### Management response

With regard to the sample test key findings and the application where a property received a SAP score above the eligible level, it appears that the customer may have called the surveyor directly to say the boiler had now broken down and instruction was passed back to re-open the application for a re-survey.

\*Unless specified otherwise all references in this report refer to calendar days and therefore do not take into consideration weekends and bank holidays which typically are non-working days.

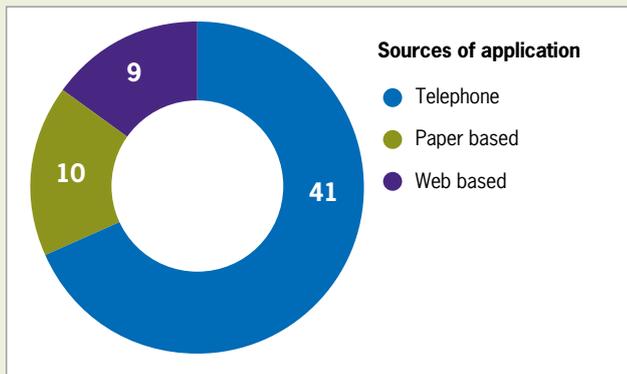
## 2. Summary findings from our testing



A sample of 60 successful applications was randomly selected using a list of all completed and paid measures from the period 1 April to 31 September 2012. A walkthrough of the process was performed for each sampled item, from application through to payment.

### Sources of referrals

#### Sources of application



The chart above shows that most referrals (68%) were the result of an application by telephone call, with the remainder being split between postal (17%) and web-based applications (15%).

At the technical survey stage, the surveyor is required to verify supporting documentation of the eligible benefit. In 59 cases, the award letter was evidenced. In the one remaining case, Carillion were unable to confirm whether the applicant was in receipt of eligible benefits, as no confirmation that the award letter had been viewed was captured on the EBS system.

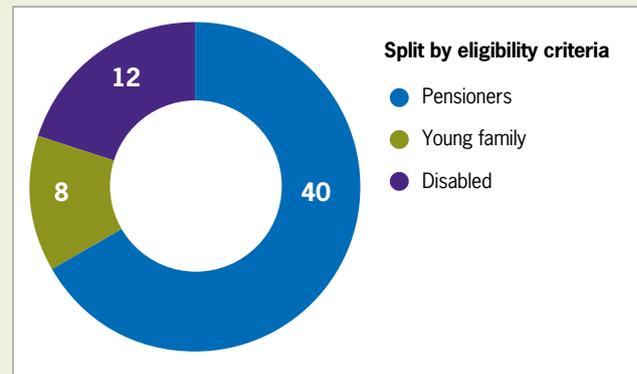
### Time taken to complete the survey

The length of time taken from application to survey completion for the 60 applications sampled, is set out below. This reveals that a significant proportion (32%) took longer than 70 calendar days.

### Eligibility criteria

To be eligible for the scheme, applicants are required to be in receipt of one of a number of qualifying benefits, eg income support, etc. The graph below shows the type of benefit that the 60 successful applicants received<sup>2</sup>. The majority of the qualifying applicants were in receipt of Pension Credit (67%).

#### Split by eligibility criteria



<sup>2</sup> This apportionment is based upon how Carillion have determined the primary benefit of each application, hence this does not cover any overlap between benefit criteria.

Number of days from application to survey completion	Number of applications
0 – 3	1
4 – 30	24
31 – 70	16
71 – 100	3
100 +	16

We note that there is no contractual requirement for surveys to be completed within 70 days from the date of application, however, this milestone for further analysis has been agreed with DECC. Surveys have to be completed within one year otherwise the applicant is required to reapply.

Carillion confirmed that excessive time can be incurred from the application date, to contacting the customer to arrange the survey appointment. This delay is often due to the customer not being contactable, or delays at Carillion, when making a call to arrange the appointment for the survey.

We detailed the reasons below for the delay in surveying, for those in excess of 70 days.

Reason for delay	Total
Customer could not be contacted to arrange survey date	8
Customer requested survey date to be rearranged	2
Landlord permission delay	2
Specialist fuel surveyor required	1
Earliest convenient time	1
Difficulty contacting surveyor	1
Resurvey required, as original one not complete	1
Customer missed appointment	1
Repair required	1
Access issues	1

### SAP rating

One of the 60 applicants reviewed had a SAP rating greater than 55, making the property ineligible for the Warm Front Scheme funding. The survey for this application was completed on 4 January 2012, before the amendment to the eligibility criteria. This has been discussed with Carillion and the application was manually authorised, but no further information was available.

There were no instances of a negative SAP rating within this sample.

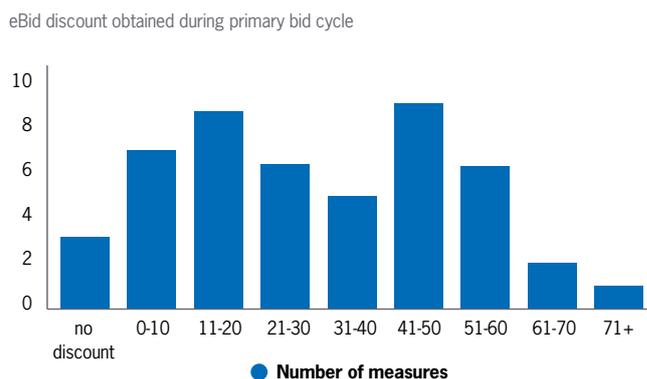
### Desktop audits

Of the 60 applications selected, seven did not have a desktop survey completed. Six of these seven applications did not require a desktop survey as the measure being installed was either loft or cavity wall insulation. The remaining instance related to a repair and a desktop survey was not necessary. This application was initially made during 2008 and the desktop audit process was not part of the application process at this time. This application was included in our sample testing as repair work had been requested for the measure during period under review.

### Ebid

51 applications were allocated through the Ebid process. The remaining nine from our sample were either insulation or non-standard heating measures and not applicable to the Ebid process. The use of Ebid provides installers with an opportunity to bid on the labour element of the installation.

The graph below shows the percentage of discount the Warm Front Scheme received for the labour element of each of the 48 measures allocated through the primary bid cycle in Ebid.



Three measures in our sample were won through the secondary bid cycle in Ebid, but received no discount. Of these, two measures were allocated with the winning bid above the normalised price. This was due to the installer informing Carillion that a repair was not required, and instead, a replacement boiler had been deemed necessary. The remaining measure won without a discount was at the normalised price.

### Time taken to complete installation

Overall, installations were completed on a timely basis. The table below provides an analysis of the time taken for the delivery of measures by installers (based on a seven day week).

Date range for installation completion	Number of measures
0 – 10	9
11 – 20	15
21 – 30	10
31 – 40	5
41 – 50	7
51 – 60	4
61 – 70	-
70 +	10

Our sample comprised 54 heating measures and six insulation measures. With regards to the insulation measures, all the installations were completed within the contractual timescale of 40 days.

Of the 54 heating measures, 10 were not installed within 70 days. Further investigation identified that:

- for three, delays were due to variations that were identified once out on site
- for two, delays were due to administration errors
- one was due to a delay in receiving a scaffolding quotation
- one was due to delays in receiving customer contributions
- one was due to a request from the customer
- a material shortage contributed to one instance
- for one, delay there were no notes on the system.

### Variations

A total of 29 variations were raised by the installers and approved by Carillion management. Details of the variations were recorded in EBS and an appropriate sign off made.

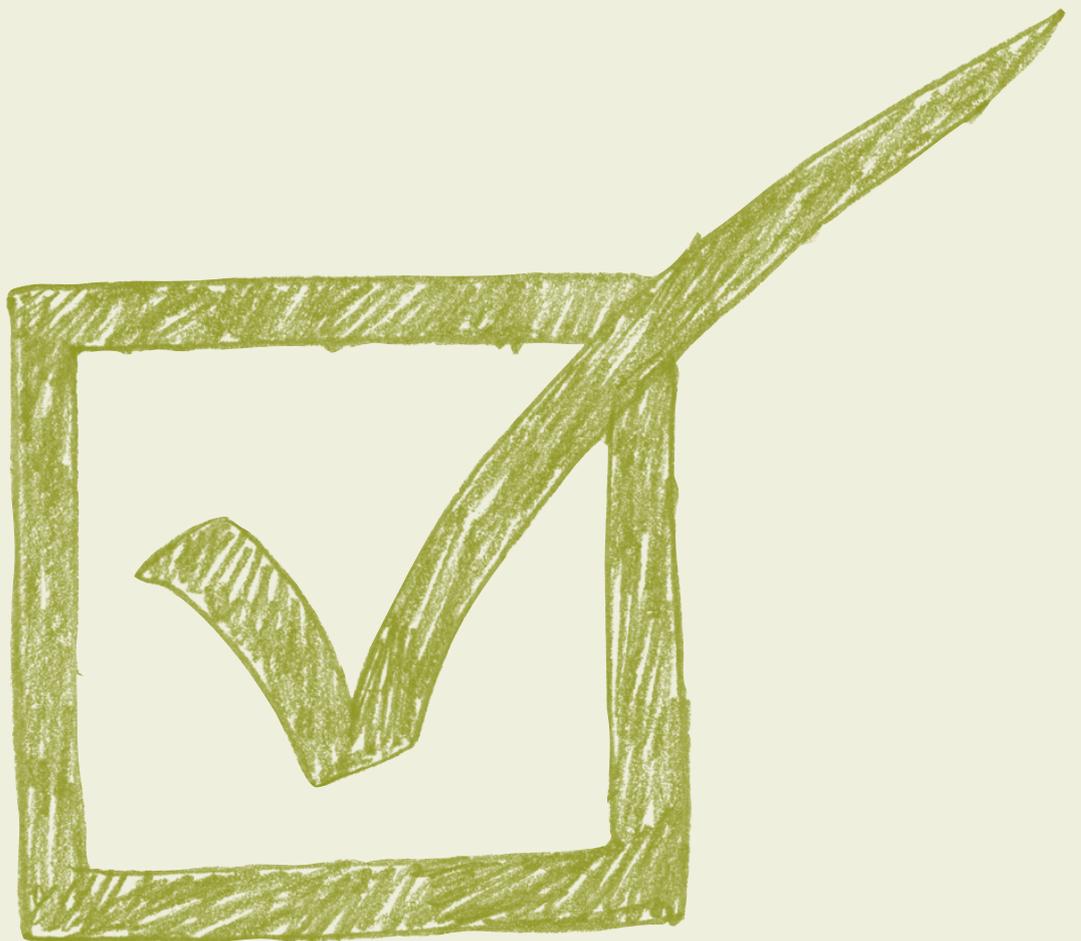
### Quality inspections

Quality inspections had been performed on 14 properties, after measure selection. Of these, 12 were satisfactorily passed without any issues. One measure was passed after a successful appeal. The measure was reinstated as a pass on further investigation as it was identified that the boiler had been installed in line with the manufacturer's instructions and therefore the inspector should not have recorded the installation as a fail. The remaining property failed the inspection and was at the appeal state at the time of our review.

### Payments

All supplier claim forms were completed as expected and were matched to purchase orders for payment. All payments to installers were traced to BACS payment runs.

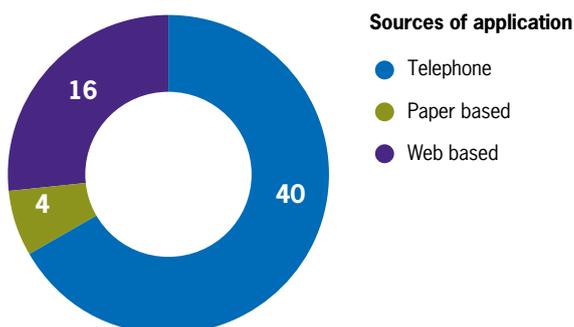
# 3. Year end work in progress



An additional sample of 60 applications was selected from a list of all open applications as at 31 March 2012. A walkthrough of the process was performed for each item, from application to payment.

### Sources of referrals

The chart below shows that most referrals (67%) were the result of an application by telephone call, with the majority of the remainder being web-based applications (27%) and the remaining four, via postal applications (6%).



### Eligibility criteria

To be eligible for the scheme, applicants are required to be in receipt of a qualifying benefit. The table shows the type of benefit that the 60 applicants received, at the time of the technical survey:

Benefit type	Number of applicants
Pension credit	48
Income support	4
Child tax credit	2
Disability premium & income support	2
Income related employment and support	2
Child tax credit & working tax credit	1
Child tax credit, severe disability element, disabled child premium & income support	1

At the technical survey stage, the surveyor is required to verify supporting documentation of the eligible benefit. In all 60 cases, the award letter was evidenced.

### Time taken to complete survey

The length of time taken from application to survey completion for the 60 applications sampled, is set out below. The table shows that a significant proportion (33%) took longer than 70 calendar days, of which six (10%) took in excess of 200 days.

Number of days from application to survey completion	Number of applications
0 – 3	2
4 – 30	21
31 – 70	17
71 – 100	6
100 +	14

We note that there is no contractual requirement for surveys to be completed within 70 days from the date of application. A cut-off period of 70 days for further analysis has been made following instructions from DECC. All applications have to be completed within one year otherwise the applicant is required to reapply.

Carillion confirmed that excessive time is incurred from the application date, to contacting the customer to arrange the survey appointment. This delay is often due to the customer not being contactable, or delays at Carillion when making a call to arrange the appointment for the survey.

We present the reasons below for the delay in surveying, for those applications in excess of 70 days.

Reason for delay	Total
No reason found	6
Customer could not be contacted to arrange survey date	5
Landlord permission delay	3
Difficulty finding proof of tenure	1
Earliest convenient time	1
Landlord requested a specific date for all flats	1
Re-survey required	1
Difficulty finding proof of benefits	1
Difficulty booking an available surveyor	1

One delay was recorded as 529 days. Carillion confirmed that in this instance although an initial survey was undertaken within a month of the application date, due to difficulties in agreeing an installation date with the customer, a new application was submitted and a subsequent survey took place thereby reflecting the 529 days between initial application and survey.

### SAP rating

From the sample testing performed, it was found that 59 applications had a SAP rating lower than 55, which is required for a property to be eligible under the scheme criteria at the time of technical survey.

There was one instance of a negative SAP rating. This was an error code in the SAP rating box as the 9ilite survey was incomplete, due to the surveyor not recording the dimensions of the loft.

### Ebid

56 applications were allocated through the Ebid process, of which two were won during the secondary bid cycle. Of the four measures manually allocated, two were allocated as only one installer, can complete warm air boiler replacements. One was allocated as there were no bidders on the first two bidding rounds. The remaining measure was manually allocated as the property was in a communal block and therefore required the same installer for the whole block.

### Time taken to allocate

The table below shows the length of time taken to submit the job to Ebid, after successful completion of the technical survey.

Date range for allocation	Number of measures
0 – 10	7
11 – 20	22
21 – 30	4
31 – 40	2
41 – 50	6
51 – 60	1
61 – 70	1
70 +	17

Of the 60 applications, 17 were allocated in excess of 70 days. Further investigation has revealed that:

- for six, delays were due to a re-survey being required
- for five, were delayed due to difficulty obtaining landlord permission
- one was delayed due to a request from the landlord to have all of his flats' allocated the same date
- an asbestos investigation delayed one measure
- for the remaining four, delays there were no notes on the system to explain the delay.

### Time taken to complete installation

The table below provides an analysis of the length of time taken to complete the installation.

Date range for installation completion	Number of measures
0 – 10	2
11 – 20	11
21 – 30	10
31 – 40	5
41 – 50	12
51 – 60	7
61 – 70	3
70 +	10

The sample selected solely consisted of heating measures, which are required to be installed within 70 days from allocation, based on the terms of the contract. The table indicates that 10 measures were not delivered within the specified time. Further investigation has revealed that:

- for three, delays were attributable to the fitting of gas supplies by independent gas suppliers
- for two, delays were due to job reallocations, due to the closure of Eagaheat
- one was due to a resurvey that was required
- one was due to a delay in receiving customer contributions
- for one other, the delay was due to a request from the landlord to have all installations of his properties to occur on the same date
- for the remaining two, delays there were no notes on the system to explain the delay.

### Payment

For all measures sampled, the labour invoice had been paid after the measure had been installed. 59 invoices had been paid within 21 days of the invoice received from the supplier. In the remaining instance, the invoice had been paid after 26 days. For all measures sampled, the supplier invoice had been paid after the measure had been installed. The average length of payment was 32 calendar days.

# 4. Eligibility



The eligibility criteria was amended during September 2012. The purpose of this section is to understand how the process and controls have been updated to reflect the updated eligibility criteria.

### Eligibility criteria update

The eligibility criteria was updated on 12 September 2012 to include the following benefits:

- Pension Credit - the Guaranteed Credit or Savings Credit element
- the support or work element of income-related Employment and Support Allowance
- Child Tax Credit - where income is £15,860 or less
- Working Tax Credit, whereby income must be £15,860 or less and one of the following must apply:
  - responsible for a child under 16 who ordinarily lives with you (or under 20 if they're in education or training).
  - in receipt of disabled worker or severe disability element of Working Tax Credit.
  - 60 or over.
- Income Support or income-based Jobseeker's Allowance - and one of the following must also be present:
  - responsible for a child under 16 who ordinarily lives with you (or under 20 if they are in education or training)
  - receive the disability or severe disability element of Child Tax Credit
  - receive Disabled Child Premium
  - receive the severe or enhanced element of Disability Premium
  - receive the higher or enhanced premium of Pensioner Premium.

In addition, the eligible SAP score was raised from 55 to 63, for the property to qualify for assistance through the Warm Front Scheme.

### Training

The Warm Front Operations Manager confirmed that training had been provided to the Contact Centre team, Technical Surveyors and the Operational department prior to the change in the eligibility criteria. This helped ensure that applications would not be rejected based on their expanded criterion.

### Internal documentation

The change in the eligibility criteria has been communicated to the Warm Front teams. The Operational department has been provided with a check sheet by the Key Account Manager outlining the changes. The Legal department was also involved in this review to ensure that Carillion's interpretation of the revised eligibility criteria is in line with the amendments to legislation. The updated documentation is available to all staff to enable consistent application of the revised criteria.

### Referral generation

When customers apply for the Warm Front Scheme, one method of application is via telephone. Carillion has updated their script to inform applicants of the change to qualifying benefits. When receiving a call, the call centre staff use Optim as a tool to process the application and ensure the applicant has the appropriate qualifying benefits. The updated Optim script has been reconciled to the list of benefits to confirm the changes to eligibility requirements.

Carillion call centre staff are required to repeat the information discussed with the applicant to ensure that the details of the application recorded are accurate. Applicants are informed that they are required to provide supporting evidence to the surveyor when they attend their property to complete the survey.

Postal application forms received have also been updated to reflect the new eligibility criteria.

### Survey update

Following a successful application, a survey is required of the property. This is completed on 9ilite, an electronic programme, by the surveyor. The purpose of the survey is to determine:

- if the customer is in receipt of a qualifying benefit
- if the property is eligible for scheme funding
- who owns the property
- the most appropriate measures to install.

The survey is completed electronically. Where a benefit is selected and does not form part of the eligibility criteria, the survey cannot progress to the next stage, the application will be closed and no further progress is made. This is an automated control within the electronic system and cannot be overridden by a surveyor.

The surveyor is also required to assess the property's SAP rating, to ensure that it is within the qualifying threshold. The method for calculation is unchanged.

The eligible SAP rating score has increased from 55 to 63. The SAP score is based on the date the survey is completed, rather than the application date, as no formal assessment can be made during the application stage.

9ilite has been updated to reflect the updated changes in the eligibility criteria for both qualifying benefits and the revised SAP rating. There have been no changes to the system's control framework.

Where a survey identifies that an application does not meet the eligibility criteria outlined within the legislation, the surveyor will inform the applicant of the reasons for the application failing. The customer will also receive a letter confirming why their application has been unsuccessful.

### EBS update

EBS is used by Carillion to store all the details of applicants' Warm Front 'journey'. Upon survey completion, the results are uploaded to EBS and the application is put 'on hold' for five days to allow the customer a 'cooling off' period. This provides the Operations department with an opportunity to perform a desktop audit (which is only performed on heating measures).

A purchase order is raised in EBS for the measure, which is uploaded onto Ebid, to enable installers to bid for the measure (labour only). There have been no changes to the system's control framework, with the exception of updating EBS with the revised eligibility criteria.



# 5. Customer satisfaction

Carillion is required to perform customer satisfaction surveys on a monthly basis and report the results to DECC within the Monthly Balanced Scorecard.

**Customer satisfaction monitoring**

Each month, details of all completed measures are sent to the Customer Satisfaction Team, who then send out a paper questionnaire requesting customers to rate their experience of their Warm Front ‘journey’. This is divided into three main sections:

- Customer communication – initial contact with the Warm Front Scheme
- Technical survey – their response to the technical survey
- Installer performance – their experience of the installation process.

The Customer Satisfaction Team input survey results into an internet based survey application. This allows the team to tabulate results from the survey into an electronic format and provides a filtering system to enable Carillion to obtain meaningful analysis.

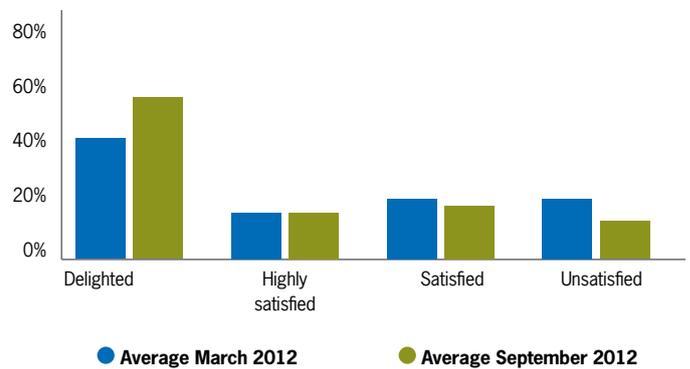
**Customer satisfaction monitoring results**

The results were obtained for the period between April and September 2012 and compared to the previous six months. Customers are required to rate their experience from 1 – 10, and Carillion use the following categorisation to rank between ‘unsatisfied’ and ‘delighted’. The table below shows the classification used for each category:

Customer rating	Customer survey classification
1 – 6	Unsatisfied
7-8	Satisfied
9	Highly satisfied
10	Delighted

The chart below shows the overall satisfaction results, based on all survey responses received in the period, and indicates an improvement in the number of ‘delighted’ and ‘highly satisfied’ customers:

Warm Front Scheme overall customer satisfaction score



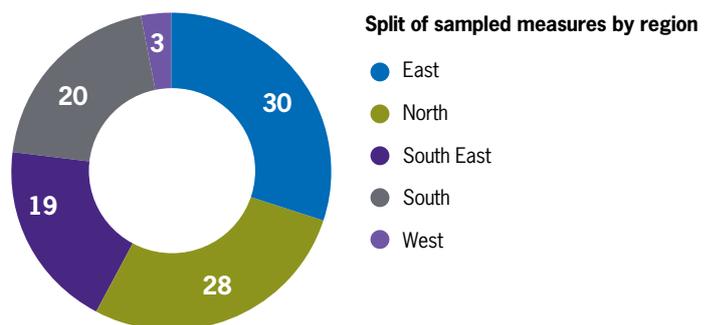
The overall customer satisfaction results are used when compiling the vendor rating assessment. This assessment is applied when considering the maximum number of installations an installer can be awarded in one week. If an installer has a low vendor rating, then their potential capacity will be capped.

**Survey results**

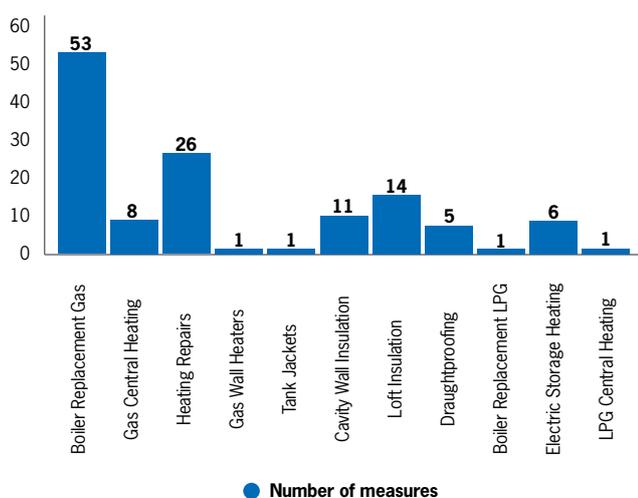
A random sample of 100 customers was selected from Carillion’s database, to complete an independent customer satisfaction survey. The survey questionnaire was designed to capture the customer experience of their Warm Front ‘journey’, from initial contact to installation of relevant measures. This survey was performed by Llewellyn Smith, an independent firm of specialist assessors. The surveys were conducted either through home visits (54%) or telephone calls (46%).

**Sample coverage**

The sampled measures were chosen to be reflective of the geographical spread as well as measure type.



Split of measure type sampled



## Overview

The significant majority, 89%, of the customers surveyed, were either satisfied or very satisfied with their overall experience of their Warm Front ‘journey’; this compares to 86% in the preceding six month period. This positive response was also reflected in the proportion of people (September 2012: 92%, March 2012: 89%) who recommend the Scheme to a friend or relative. In both periods sampled, 88% of those surveyed felt that it was now easier to keep their home warmer.

There was a notable increase in positive responses, when asked how the scheme could be improved. 71% (March 2012: 57%) of customers surveyed either did not suggest any improvements or did not feel any improvements were required. Where improvements were not felt to be necessary, there were often positive comments made such as, “made a complete difference to our lifestyle” and “everybody has been fantastic”.

For the remaining 29%, where improvements were suggested, the majority related (13%) to communication problems (March 2012: 15%). The comments identified failures in the way Carillion dealt with the application, such as, the “call centre and communication need improving”.

## Making customer contact

Over 89% (March 2012: 80%) of those sampled were happy with their initial contact with the Warm Front Scheme. This level of satisfaction was reflected across the board in terms of how clear the communication was, how helpful the advisor was, and how clearly the next steps were identified.

## Technical survey

Of the 100 customers surveyed 96, (March 2012: 93) were satisfied or very satisfied with their pre-installation survey overall, completed by Carillion’s technical surveyor.

## The installer

92% (March 2012: 93%) of customers surveyed were totally satisfied with the work carried out. These levels of satisfaction were mirrored in the rating of the surveyors in terms of courtesy, time keeping, and explanations of next steps, in which all three categories scored greater than 95% satisfied or very satisfied scores.

The majority of the customers surveyed were satisfied with the quality of workmanship. 86% were satisfied with the explanations provided on how to get the best out of the installation.

94% of customers surveyed were shown the installer’s ID badge when they arrived, an improvement on the previous period 90%.

## Call centre

The call centre service relocated from Gateshead to the Carillion offices at Regent Centre in Newcastle. This transfer occurred in July 2012.

Inbound calls relate to customers who are either completing an application or raising a query to the Warm Front Scheme. Outbound calls are applicants who have completed either an online application or postal application and require a survey to be booked.

### **Process for prioritising between new and existing applications**

Calls to the call centre are prompted by an automated service providing different routes for either new or existing applications.

New applicants receive priority, as it is believed that the existing applicants are prepared to wait longer in the queue.

New applicants are expected to clarify their benefits and key details required to progress the application through the Warm Front 'journey'. During the initial application call, the call centre staff will try and arrange a survey date.

### **Process for prioritising between inbound and outbound calls**

The volume of calls is monitored throughout the day to direct focus between inbound and outbound calls. Mornings are generally focused on inbound calls, with outbound calls being made in the afternoon.

When the eligibility criterion expanded, there was a conscious effort to focus on outbound calls, as the change in criteria increased the volume of applicants and created a backlog.

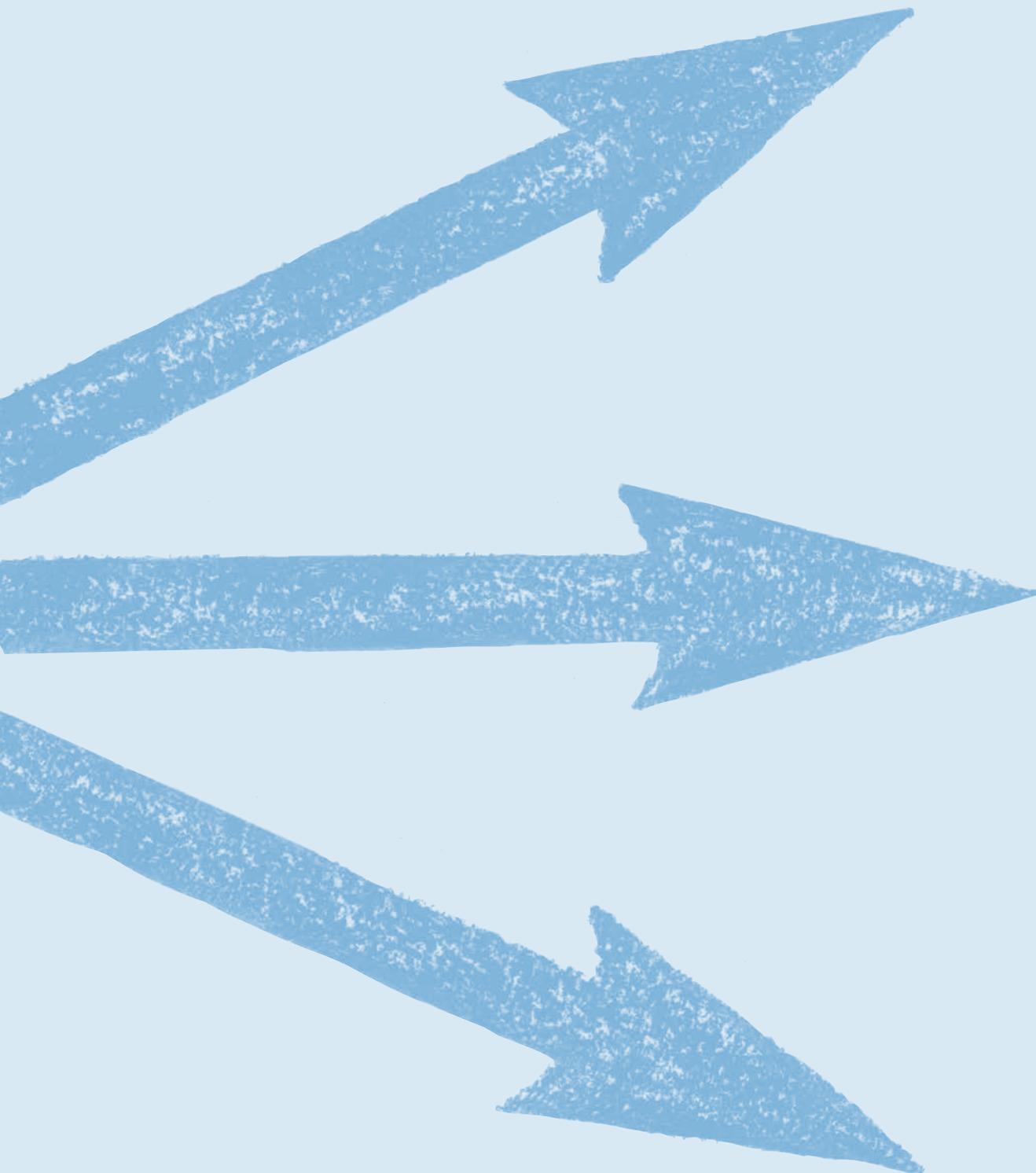
### **Call centre performance metrics**

The performance of the call centre is monitored. Reports are submitted to Team Leaders on an hourly basis, which identifies call handling per call operative.

The key metrics made in the report are:

- number of calls
- number of calls answered under 45 seconds
- percentage of new referrals
- wait time
- number of calls answered
- average call time
- actual call versus forecast volumes.

# 6. Management of installer network



### **Bidding process**

Carillion uses an online system, Ebid, to allocate the measures to installers. The installer who is the lowest bidder on the labour cost is selected. Where there is no bid in the primary cycle, the measure is available for bidding through a secondary cycle. Where there is still no bid from an installer, Carillion will try and allocate the measure.

### **Capacity review**

Carillion will perform a rank and capacity review of each installer to ensure that the installer is not bidding for measures in excess of their capacity. Outstanding measures are reviewed to prevent installers creating a backlog of measures.

In October 2012 the average days to install was 14 days, which suggests that there is spare capacity among installers; heating installations are required to be installed within 70 days of allocating the measure to the selected installer.

The number of jobs that are allocated outside of Ebid is small, as installers are prepared to bid for multiple jobs to maintain productivity among their staff.

### **Measure allocation**

Where there has been no bid on a measure, Carillion will try and allocate the measure to an installer by using their knowledge and understanding of installers' capacity.

The relationship between installers and Carillion is managed by Carillion. Contract Managers have responsibility to ascertain if an installer has the spare capacity to perform the job.

### **Contractor of last resort**

Carillion is expected to fulfil their role as the installer of last resort. Prior to a restructuring at Carillion, the installer of last resort was Carillion Heating Services, however, this entity is now in administration.

Where installers refuse to accept the measure, Carillion will make a bid at a level above the normalised price. This will then be subcontracted out to a third party. The allocation of the measure will only go to an installer who is not an authorised installer within the Warm Front Scheme.

This approach was recently agreed between DECC and Carillion, and it is anticipated that it will be used on rare occasions. As at 7 December 2012, the 'last resort' approach had not been required.

# 7. Exit planning



### Latest report

At the time of our site visit there had been no update to the Exit Plan document which was previously reviewed. The document was dated 17 July 2012. It has been confirmed by the Warm Front Account Director that a financial model has not been developed.

### Scheme closure

Carillion is considering making a variation to the contract with existing installers, requesting them to install a heating measure within 40 days rather than the KPI target of 70 days. There is likely to be a reduction in the level of discount that is achieved through Ebid, as installers will have to complete the job within a reduced timeframe.

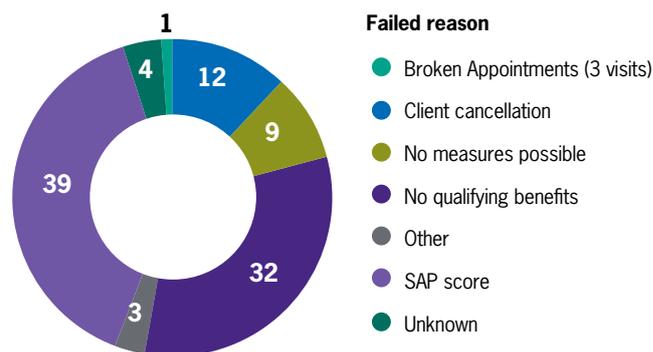
The impact of scheme closure was discussed with the Warm Front Account Director. Carillion is not planning to ring-fence any dedicated resource to help with the scheme shutdown. It will be treated as business as usual and Carillion employees will need to allocate their time appropriately. It was apparent that the Carillion Warm Front team is also developing their business case for the Green Deal and ECO.

It was anticipated that the scheme would start to be wound down during September and all measures would have to be installed by the scheme closure date. The impact of the widening of the eligibility criteria has led to an increase in demand and ultimately the scheme is unlikely to deliver all measures on time. It is understood that Carillion is considering renegotiating the fee for the close out period, as the level of work is not in line with the original profile that the contract was originally accepted upon.

When the scheme is closed, it is understood that Carillion is required to submit all data to DECC. DECC is to advise CES the method of data transfer.

### Dropout rates

Details of failed applications were obtained from Carillion for the period 1 April to 30 September 2012. Some applications failed at the application stage. A significant proportion of referrals failed due to the property not qualifying as the SAP score was too high (39%) or the applicant was unable to provide evidence of eligible benefits (32%).



### Surveyors

Surveyor numbers have seen some attrition during the last six months, reducing to 62 surveyors, from 65 at 31 March 2012. There are no plans to recruit any full time surveyors. The Warm Front Account Director stated that it would take between 3-4 weeks to recruit a surveyor, and then a further 3-4 weeks to train them, which would mean the backlog of referrals would only be addressed from the middle of January 2013.

The current level of surveyors are unable to complete the number of outstanding surveys prior to scheme closure. Following the change in eligibility criteria, in October 2012 5,800 qualifying referrals were received. During August 2012, the scheme received approximately 2,700 qualifying referrals. Carillion stated that since the change on 12 September, they have been receiving a consistent 1,300 qualifying referrals per week. Of these, Carillion has surveyor capacity to do approximately 3,600 surveys per month, meaning a backlog is developing.

## Ebid

Work on Ebid allocation has been discussed within Section 2 of the report. Our sample testing showed that in 48 of the 51 heating measures which went onto Ebid, a discount was obtained under the normalised price.

There were nine measures manually allocated and the reasons for this are outlined below:

Reason	Number of instances
Remedial work	4
No bids	1
Insulation measure	2
Specialist required	1
Measure initially allocated in 2008 pre E-bid	1

## Installer coverage

A breakdown of installers via regions was obtained from Carillion. This showed there were 57 different installers working throughout Great Britain. The table below shows the number of installers by region:

Region	Number of installers
East	29
West	28
North	16
South	27

## Rank and capacity

The rank and capacity system restricts the number of heating measures that an installer can bid on in a given week. Current levels of WIP are monitored on a regular basis to ensure that the installer has the ability to complete the job in a timely manner. There have been several instances where the installers available capacity has been reduced for a short period to allow them to complete the outstanding jobs.

The available capacity can also be reduced based on the customer satisfaction rating, over a rolling three month period. There have been no instances where there have been any significant shortfalls in performance which could lead to an installer's available capacity being significantly reduced.

## Work in progress

The WIP balance (excluding equipment) at the end of March was £3,390,453 and fell to £2,282,614 at the end September. The reduction in WIP is a reflection of a lower demand for the scheme over the intervening period allowing CES to complete more measures than during the period.



# Appendices

# Appendix 1

## Customer satisfaction survey results

### Llewellyn Smith survey results

A summary of the responses to the survey questions performed by Llewellyn Smith are set out in this Appendix.

#### Making customer contact

On a scale of 1 to 5, where 1 is totally dissatisfied and 5 is totally satisfied, please rate your satisfaction with the application process in terms of the following:

	Totally dissatisfied				Totally satisfied	
	1	2	3	4	5	Abstained
How clear was the initial contact information?	3%	2%	7%	12%	74%	2%
How easy was it to contact someone?	6%	4%	4%	9%	77%	0%
How helpful was the advisor who dealt with you?	5%	3%	4%	10%	78%	0%
How clearly were the next steps in the process explained to you?	3%	3%	4%	10%	78%	2%

If you contacted the Warm Front Customer Service Centre during the process, what was the reason for your call?

Reason for call	Percentage
Did not call	74%
Change details on application	3%
Find out when work will be carried out	16%
Find out when assessor will visit the property	7%

On a scale of 1 to 5, where 1 is not at all and 5 is very, how helpful was the advisor you spoke to at the Customer Service Centre?

	Not at all helpful				Very helpful	
	1	2	3	4	5	Abstained
Percentage	8%	5%	1%	3%	9%	74%

By what means was a response to your query provided?

Type of response	Percentage
Phone call	15%
Letter	10%
Email	0%
No query – no response required	75%

On a scale of 1 to 5, where 1 is totally dissatisfied and 5 is totally satisfied, please rate your satisfaction with the response you were given.

	Totally dissatisfied				Totally satisfied	
	1	2	3	4	5	No response
Percentage	7%	4%	1%	5%	8%	75%

During your Warm Front journey you received a number of letters from us. On a scale of 1 to 5, where 1 is very poor and 5 is very good, please rate the correspondence received from Warm Front?

Percentage	Very poor				Very good
	1	2	3	4	5
	0%	1%	10%	22%	67%

### Technical survey

This section is about the Surveyor who originally visited your home to assess the work to be carried out. Did the surveyor complete the following?

	Yes	No	Not sure	N/a
Explain the survey process	98%	1%	1%	0%
Check the loft	69%	11%	20%	0%
Assess the existing heating system	99%	1%	0%	0%
Explain all of the recommendations clearly	97%	2%	1%	0%
Ask you to sign the computer screen after explaining the recommendations	71%	10%	19%	0%
Complete and electronic floor plan of your property	61%	8%	31%	0%
Print copies of the relevant paperwork and explain what they mean	86%	6%	8%	0%

On a scale of 1 to 5, where 1 is totally dissatisfied and 5 is totally satisfied, how would you rate the Surveyor on the following?

	Totally dissatisfied				Totally satisfied	
	1	2	3	4	5	No response
Courtesy	1%	0%	3%	10%	86%	0%
Time keeping	1%	0%	3%	9%	86%	1%
Explanation of what he is doing and what will happen next	1%	0%	3%	11%	85%	0%

Overall, on a scale of scale of 1 to 5, where 1 is very dissatisfied and 5 is very satisfied, how satisfied were you with the pre-installation survey?

Level of satisfaction	Totally dissatisfied				Totally satisfied	
	1	2	3	4	5	
	1%	0%	3%	10%	86%	

### The installer

How would you rate the installer?

how would you rate the installer	Totally dissatisfied				Totally satisfied	
	1	2	3	4	5	n/a
Work carried out	3%	3%	2%	13%	79%	0%
Installer's explanation of the work	1%	4%	8%	9%	78%	0%
Overall quality of workmanship	3%	3%	3%	12%	79%	0%
Explanation on how to get the best of the installation	1%	4%	8%	12%	74%	1%

If you chose a password before installation, did the installer use it?

	Yes	No	Not sure	N/a
If you chose a password before installation did the installer use it?	7%	7%	0%	86%

Did the installer show his ID badge when he/she arrived?

	Yes	No	Not sure	N/a
Did the installer show his ID badge when he/she arrived?	94%	0%	6%	0%

How would you rate the installer who carried out the installation?

	Totally dissatisfied				Totally satisfied	
	1	2	3	4	5	No response
Courtesy	1%	1%	3%	10%	85%	0%
Time keeping	1%	1%	1%	11%	86%	0%
Tidiness	3%	1%	5%	8%	81%	2%

Overall how satisfied were you with the work carried out by the installer?

	Totally dissatisfied				Totally satisfied	
	1	2	3	4	5	Abstained
Overall how satisfied were you with the work carried out by the installer	3%	2%	5%	14%	74%	2%

Have you got any comments on the installation?

	%
No comment	43%
Good installation	27%
Installation issue	11%
Communication	11%
Timeliness	2%
Tidiness	6%

## Overall

How much do you agree that it is now easier to keep your home warm during winter?

	Strongly disagree				Strongly agree	
	1	2	3	4	5	Abstained
How much do you agree that it is now easier to keep your home warm during winter	4%	2%	6%	12%	76%	0%

How likely are you based on your experience to recommend the Warm Front Scheme to a close friend/relative?

	Strongly disagree			Strongly agree	
	1	2	3	4	5
Would you recommend the Warm Front Scheme to a close friend or relative?	5%	2%	1%	10%	82%

If you could improve one thing about your Warm Front experience what would it be?

Improvement type	%
None needed	26%
None given	45%
Communication	13%
Timeliness	4%
Installer issue	4%
Surveyor	1%
Boiler	1%
Products offered	3%
Inspection	3%

How satisfied were you overall with the Warm Front Scheme based on your overall experience of the whole process?

	Very dissatisfied			Very satisfied		
	1	2	3	4	5	Abstained
	2%	5%	4%	15%	74%	0%

# Appendix 2

## Completed work programme

Proposed Work	Findings
<b>A Overview</b>	
1. Walkthrough a sample of 60 applications received in the period 1 April to 30 September 2012.	Section 2
2. Walkthrough a sample of 60 applications received before 31 March 2012 but not surveyed until post 1 April 2012.	Section 3
3. Discuss with management and summarise trends identified, if any	Section 2 and 3
4. If any instances of negative SAP ratings or invalid SAP scores are identified, discuss with management and obtain detailed explanation for each one.	Section 2 and 3
<b>B Eligibility</b>	
1. Update our understanding of the changes to processes and controls arising from the change to scheme eligibility rules.	Section 4
Specifically:	
– document any revisions made to the processes for referral generation and creation	
– identify any controls added or deleted or any changes to existing controls	
<b>C Customer Satisfaction</b>	
1. Agree with DECC questions for inclusion in the customer satisfaction survey to be performed by Llewellyn Smith	Section 5 and Appendix 1
2. Summarise results from 100 customer satisfaction surveys performed by Llewellyn Smith	Section 5 and Appendix 1
3. Perform an analytical review on customer satisfaction data captured by Survey Monkey over the 6 month period ended 30 September 2012	Section 5
4. Review the performance of the call centre with management, specifically:	Section 5
– understand the metrics they use to assess performance	
– document the process for prioritising calls; those from new and existing customers	
– document the process for prioritising the call centre's resources spent in terms of both inbound and outbound calls.	
<b>D Installer Network</b>	
1. Enquire of management how CES is now able to fulfil its contractual role as installer of last resort	Section 6
<b>E Exit Plan</b>	
1. Obtain from management their latest exit plan and discuss with management to identify the key sensitivities therein.	Section 7
2. If a financial model has been prepared, modelling costs and timings for activities from present day to the scheme end date, carry out sensitivity analysis thereon.	Section 7
3. Dropout rates:	Section 7
Obtain from management the analysis of 9ilite surveys that have been done and the reasons for customers dropping out.	
Discuss the results with management and document their explanations for any trends identified.	
4. Enquire of management how many surveyors are employed by CES and whether any additional surveyors are engaged on a sub-contracted basis.	Section 7
5. Compare surveyor numbers with current application rates and survey volumes and compare these with historical ratios under the Warm Front Scheme.	Section 7
6. Interaction between the Ebid process and installer	Section 7
– for our sample of 60, quantify the savings achieved against the normalized price as a result of the Ebid process	
– obtain an update from management on installer numbers and coverage	
7. Identify any instances in our sample of 60 where manual allocations of work took place. Enquire of management for the reasons and document the response.	Section 7
8. Enquire of management as to whether there have been any instances in the period of installers being denied access to the Ebid portal under the rank and capacity system.	Section 7
9. Document and discuss current level of work in progress with management. Compare this with historical levels under the Warm Front Scheme.	Section 7

# Notes





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