



Department for
Business, Energy
& Industrial Strategy

EVALUATION OF THE GREEN DEAL COMMUNITIES PRS FUNDING

Summary report



March 2017

Evaluation of the Green Deal Communities PRS funding

An evaluation was undertaken to understand the impact of providing additional funding to Local Authorities to target energy efficiency installations among private rented sector (PRS) properties within the Green Deal Communities project. The evaluation set out to answer two broad questions:

1. Did the PRS funding in each of the Local Authorities have a significant effect on: a) the number of GDAs carried out, or b) the uptake of energy efficiency measures in the private rental sector?
2. Which parts of the PRS incentive were perceived as helpful/not helpful by the stakeholders, and what were the contextual factors that were important?

From 2013 to 2015, the government offered Green Deal funding to help households make energy saving improvements and find the best way to pay for them. The Green Deal Communities project was setup in 2014 to support delivery under the Green Deal scheme. Grant funding of £85 million was provided to 23 lead Local Authorities, with a total of 98 Local Authorities participating through local delivery consortia.

Four Local Authorities¹ received an additional £2million to target and incentivise uptake of energy efficiency installations in the PRS sector. The PRS is the second largest housing sector in England and Wales representing approximately 4.3 million households². Although dwelling conditions and energy efficiency has improved over time across all tenures, the PRS still remains the worst performing segment³. The additional funding was provided to these Local Authorities to explore ways in which uptake of energy efficiency measures could be achieved in this notoriously hard to reach sector.

The aim of the evaluation, delivered by the Behavioural Insights Team and Ipsos MORI, was to learn what worked, and what didn't, among Local Authority incentives

¹ The Local Authorities were: Haringey; Cambridgeshire; Suffolk and Bristol

² English Housing Survey 2014-15 (PRS Report):

<https://www.gov.uk/government/statistics/english-housing-survey-2014-to-2015-private-rented-sector-report>

³ English Housing Survey 2014-15 (PRS Report):

<https://www.gov.uk/government/statistics/english-housing-survey-2014-to-2015-private-rented-sector-report>

to increase the uptake of energy efficiency measures. By testing and understanding the efficacy of specific interventions, it is possible to improve the design and implementation of future energy efficiency schemes. A mixed method approach was adopted for this evaluation, which included a quantitative and qualitative component.

Qualitative research with landlords, Local Authorities and delivery partners was carried out to answer question 2 - which parts of the PRS incentive were perceived as helpful/not helpful.

Key findings include:

- **A robust and streamlined delivery model is essential** to ensure landlords can make use of funding – landlord’s existing network of installers could often complete private installations more quickly and at a lower overall cost than the subsidised installations. Requirements for additional assessments as well as subsequent delays further complicated the subsidised offer.
- **The PRS incentive was not sufficiently engaging for tenants, who were not reported to be driving demand for installations** – Local Authorities reported that tenants were difficult to engage and were not actively requesting installations. The qualitative research showed that even with a subsidy, tenants in general were unwilling or unable to sign up to the scheme without their landlord’s permission, or were not sufficiently engaged with the issue of energy efficiency to take an interest. The landlord-tenant relationship was seen by Local Authorities to act as a barrier and further research is needed to understand how to unlock this relationship.
- **Landlords were also difficult to reach, although engaged landlords were best reached through existing networks** – use of existing landlord networks, newsletters or forums was key to reaching landlords who are otherwise difficult to reach through their tenants or estate agents.
- **Landlords were motivated to install energy efficiency measures to maintain their property and investment** – landlords who took part in the scheme reported being motivated by general property maintenance, this contributes to securing their financial investment, maintaining happy tenants and attracting future tenants.
- **Pay As You Save funding⁴ was not popular with many landlords** – the complicated setup of this funding model, the perceived unfairness of making tenants pay for property improvements, and availability of existing funds made PAYS funding unattractive.

⁴ Pay As You Save funding was offered through the Green Deal scheme. The loan was repaid through a charge added to the occupant’s energy bills, where the annual repayments shouldn’t be more than the savings that would be expected on the occupant’s energy bill.

- **Drivers and barriers were location specific** – areas with student populations were constrained by fixed periods when installations could happen, whereas high competition in areas like London meant landlords were not motivated to improve properties and Local Authorities stated that tenants were not confident to make additional requests.

A quantitative evaluation was undertaken to answer question 1 - what was the impact of the additional funding on assessments and installations in private rented properties. As a result of delivery partners entering receivership significant disruption was caused in three of the four PRS Local Authorities, and challenges with data collection and availability⁵, it was not possible to draw causal conclusions as to the impact of the funding on uptake of energy efficiency measures. The issues encountered are described in more detail below.

Evaluation methodology

An evaluation was undertaken to assess the impact of the additional funding for PRS properties and to understand take up of energy efficiency measures in the PRS sector. By testing and understanding the efficacy of this specific intervention, the aim was to learn how to improve the design and implementation of future energy efficiency schemes.

The evaluation questions are set out below, with the evaluation methods summarised for each question.

Evaluation question 2

How were stakeholders (e.g. landlords, tenants, letting agents) affected by the additional GDC PRS funding? What other potential interventions could have helped, beyond those implemented by the Local Authorities? Specifically, which parts of the PRS incentive were perceived as helpful/not helpful by the stakeholders, and what were the contextual factors that were important?

This question was answered through the use of qualitative interviews with landlords, Local Authorities and delivery partners. In total 44 interviews were conducted between July 2015 and February 2016. Interviews included 25 landlords, 13 LA staff members and 4 delivery partners. Two additional interviews were conducted with external stakeholders.

⁵ The initial evaluation specification relied on multiple datasets to provide robustness checks and back up analysis approaches. One dataset containing weekly delivery data placed significant burden on the Local Authorities so collection was stopped mid-way through the project, preventing additional analysis. The quantitative analysis also had to rely on interim data, not the final data, due to an extension of the programme deadline.

The completed interviews provide a valuable insight into landlord motivations and the role that the PRS funding played in motivating additional assessments and installations. A summary of these findings is presented above and the full findings are published alongside this document.

In applying the findings to the PRS market, the following limitations should be considered:

- Non-participating landlords were not interviewed⁶ therefore views of landlords who were unaware or not interested in the programme were not captured.
- Conclusions regarding tenants are derived predominantly from Landlord and Local Authority staff experiences as no tenants were interviewed⁷.
- Little comparative evidence was collected – with only one interview achieved with a Local Authority who did not receive additional PRS funding, there is limited evidence to assess whether the findings here relate to the PRS funding or general PRS engagement activities. Caution should be taken when attributing these findings exclusively to the PRS funding.
- LAs varied their delivery model over time. The interviews conducted present evidence from a snap-shot in time, namely July 2015 to February 2016.

Evaluation question 1

Did the PRS funding in each of the Local Authorities (Haringey, Cambridgeshire, Suffolk and Bristol) have a significant effect on: a) the number of GDAs carried out, or b) the uptake of energy efficiency measures in the private rental sector? And what, if any, was the magnitude of this effect?

This quantitative work stream compared the uptake of energy efficiency measures in the four PRS LAs with similar households in the other GDC LAs. Households were matched on key criteria (such as EPC score, property types and local demographics) to minimise the differences between them and specifically capture the impact of the additional PRS funding.

As a result of difficulties experienced during the delivery phase, and the flow on impact for data collection and availability, this analysis was not able to draw causal conclusions as to the impact of the PRS funding on assessments and installations. The key difficulty was the delivery partner failures experienced by 3 of the 4 PRS local authorities. In contrast, only 2 of the other 19 LAs experienced delivery partner failure. Due to these delivery partner failures the PRS LAs are known to differ from the other LAs in ways that cannot be controlled for within the quantitative analysis

⁶ contact details were only available for those landlords who had completed a property assessment

⁷ no contact details were available for tenants and snowballing recruitment methods were not successful

(for example, homes in the PRS LAs were likely to have faced long delays and had a poorer quality customer experience), this is known as a systematic bias.

One potential impact of the systematic bias is that the affected PRS Local Authorities would have struggled to deliver energy efficiency installations across all tenures.

Table 1 confirms that, at the interim reporting stage, the PRS Local Authorities were achieving much lower rates of conversion from assessment to installation (across all housing tenures) than the other GDC Local Authorities. While this alone is not confirmation of the presence of a systematic bias, it does support it.

Table 1: Comparison of uptake of measures between PRS LAs and Non-PRS LAs (all tenures), as at April 2016

Types of LA	Number of properties that had GDAs	Properties installing at least one measure	Conversion rate from assessment to installation
PRS LAs	7,699	2,568	33.4%
Non-PRS LAs	15,536	8,935	57.5%
All GDC LAs	23,235	11,503	49.5%

The data in table 1 is taken from April 2016, this was the original GDC end-date, however, due to delivery challenges across the programme this deadline was extended to September 2016. Final delivery statistics are to be published in March 2017, however, anecdotal evidence from Local Authorities suggests the same differences can be expected.

The inability to draw causal and generalizable conclusions in relation to the quantitative research question, resulting from the systematic bias and challenges with data collection and availability, mean that the quantitative analysis has not been published. Full delivery statistics from all GDC Local Authorities are available at gov.uk.