

Social Return on Investment of Warmer Homes Scotland 2020/21

A Report for Warmworks

 *Social Research*

 *Service Design & Innovation*

 *Strategy & Collaboration*

 *Evaluation Support*

 *Social Impact Measurement*

June 2021



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1: Introduction

This report describes the social impact of Warmworks' delivery of the Scottish Government's Warmer Homes Scotland scheme, using the Social Return on Investment methodology.

Warmworks

Warmworks Scotland is a partnership between Energy Saving Trust, Everwarm and Changeworks, established in 2015 to deliver the Scottish Government's national fuel poverty scheme, Warmer Homes Scotland (WHS). Since 2015, Warmworks has installed energy efficiency measures in over 22,000 households across Scotland.

Warmer Homes Scotland

The Warmer Homes Scotland (WHS) scheme is intended to help vulnerable people make their homes warmer and more comfortable by installing a range of energy efficiency measures.

Those eligible for support through the scheme include older people, people living with a disability or long-term health condition, low income households, unpaid carers and others in receipt of particular benefits.

In addition to improving the fabric of homes and buildings, the scheme is also aiming to influence householder behaviours, increasing their understanding and knowledge of how to effectively heat homes. The range of support provided by the scheme includes:

-
- Advice and signposting
-
- Insulation
-
- Draught-proofing
-
- Heating system upgrades
-
- Conversion to lower carbon heating systems
-

By reducing the demand for energy overall and introducing renewable heating measures to decarbonise people's heating supply, the scheme is also intended to contribute to the Scottish

Government's targets to reduce carbon emissions and tackle climate change.

Social Return on Investment (SROI)

Every day our actions and activities create and destroy value; they change the world around us. Although the value we create goes far beyond what can be captured in financial terms, this is, for the most part, the only type of value that is measured and accounted for. Social Return on Investment (SROI) is a framework for measuring and accounting for the full social, economic and environmental impact of activities, including the ones that have no direct monetary value.

The key principle of SROI is that it measures change in a way that is relevant to the people that are experiencing it. The main difference with other methods of social impact measurement is that it puts a monetary value on these impacts and calculates a ratio of return for those organisations that are contributing to create the change.

Social Value UK has developed and published the '[Guide to Social Return on Investment](http://socialvalueuk.org/what-is-sroi/the-sroi-guide)'¹ that is now widely accepted as the standard for SROI work. In conducting this SROI analysis, we have followed the principles of this guide.

These are:

-
- Involvement of Stakeholders
-
- A focus on understanding what changes
-
- Value the things that matter
-
- Only include things that are material
-
- Avoid over-claiming
-
- Transparency
-
- Verification of the result
-

¹ <http://socialvalueuk.org/what-is-sroi/the-sroi-guide>

This Social Return on Investment evaluation was prepared by Rick Rijdsijk of [Social Value Lab](#), a Social Value UK accredited SROI Practitioner.

2: Scope and Stakeholders

This Section defines the scope and boundaries of the study, describes the main stakeholders to Warmer Homes Scotland and determines the value of the resources used by Warmworks to deliver the scheme.

Scope of the Analysis

The purpose of this study is for Warmworks and its partners to better understand the wider social impact of Warmworks’ delivery of the Warmer Homes Scotland scheme on customers and others, and the value created for its stakeholders.

Warmworks will use the assessment to:

- demonstrate the social value created by the services to its stakeholders;
- provide evidence of the social impact to the Scottish Government and other existing and potential funders, investors and decision makers;
- get a better understanding of how to measure the wider social impact and be able to use this learning to apply these techniques to other programmes and activity; and
- inform the strategic development of the scheme.

This SROI analysis covers the full range of services offered through the Warmer Homes Scotland scheme nationwide. The period of analysis is 2020/21.

Materiality

Stemming from financial accounting, SROI only considers stakeholders and outcomes that are material to the stakeholder and to the scope of the project. Therefore we have only included those impacts that are relevant to Warmer Homes Scotland and significant in size in order to give a true and fair picture of the impact of the scheme.

Stakeholder Analysis

Stakeholders are the people and organisations that experience changes as a result of their involvement with WHS. These can be positive or negative, and intended or unintended.

The first step of the SROI process was to identify all material stakeholders:

Customers

The main beneficiaries are the customers who have received services through the WHS scheme.

For this evaluation we have surveyed the customers that have received WHS services in 2019/20 and applied the results to the 2020/21 cohort of customers. We have chosen this approach to capture the full impact of the WHS scheme on customers, which is only measurable some time after the intervention took place. This approach has given us solid impact data. It also allowed us to collect robust data on the emergence of some medium-term outcomes.

In total, for 2020/21 the scheme engaged with 2,903 customers. Within the larger customer group there are several categories of customers that can be identified, mainly based on the qualifying benefits they receive². These are:

- Older people (approximately 31% of customers)
- People living with a disability or long-term health condition (64% of customers)
- Low-income families (32% of customers)
- Unpaid carers (7% of customers)

As a result of restrictions in place due to the COVID-19 pandemic, the WHS scheme was paused for three months (Apr-Jun 2020), because non-essential work in people’s homes was not

² Separate analysis was done for the responses of each group to the customer survey. Since no statistically significant difference was found

between the results of each, customers have been reported as one overall group.

permitted under the Scottish Government guidance. Warmworks remained open to support customers remotely, and provide temporary heating for those who needed it. This means that the numbers reported represent only 9 months of the 2020/21 year.

Landlords

57 Warmer Homes Scotland customers in 2020/21 lived in private rented accommodation.

As well as the direct impact of the scheme on these customers, there is a secondary impact on the owners of the properties they live in, as they will also benefit from any installations/improvements made to homes.

Supply Chain

To deliver the scheme, Warmworks manages a network of sub-contractors who are responsible for the installation of improvements to customers homes.

In 2020/21 there were 22 sub-contractors included in this supply chain covering a range of areas, including installers, manufacturers and specialist contractors.

Local Workers

Supply chain contractors involved in the scheme will commonly utilise workers in the local area to deliver services.

In addition, the scheme offers employment and re-training opportunities for local workers.

Table 2.1 provides the details.

Public Purse

The final group of stakeholders are the public sector agencies for whom delivery of the scheme may contribute to their own strategic aims or targets.

This includes the National Health Service and the Scottish Government.

TABLE 2.1 MATERIAL STAKEHOLDERS

Stakeholder	Total no. of Stakeholders
Customers	2,903
Landlords	57
Supply Chain	22
Local workers (new jobs/apprenticeships)	64
Local Workers (training)	786

Stakeholder Engagement

To evidence the outcomes from the stakeholder’s perspective, we have undertaken a programme of consultation with a relevant sample of the stakeholders.

A Theory of Change workshop was held with Warmworks staff to identify the expected outcomes experienced by stakeholders. These outcomes were then refined through scoping interviews conducted with customers and representatives from the WHS supply chain.

Finally, separate online surveys were designed for customers and supply chain representatives.

Table 2.2 summarises the scope of the stakeholder engagement.

TABLE 2.2: STAKEHOLDER ENGAGEMENT

Stakeholder	Sample Total	Method
Customers	697	<ul style="list-style-type: none"> Scoping interviews with 9 customers Online survey completed by 697 (43% response rate)
Supply Chain	22	<ul style="list-style-type: none"> Scoping interviews with 3 representatives Online survey completed by 14 representatives (63% response rate)

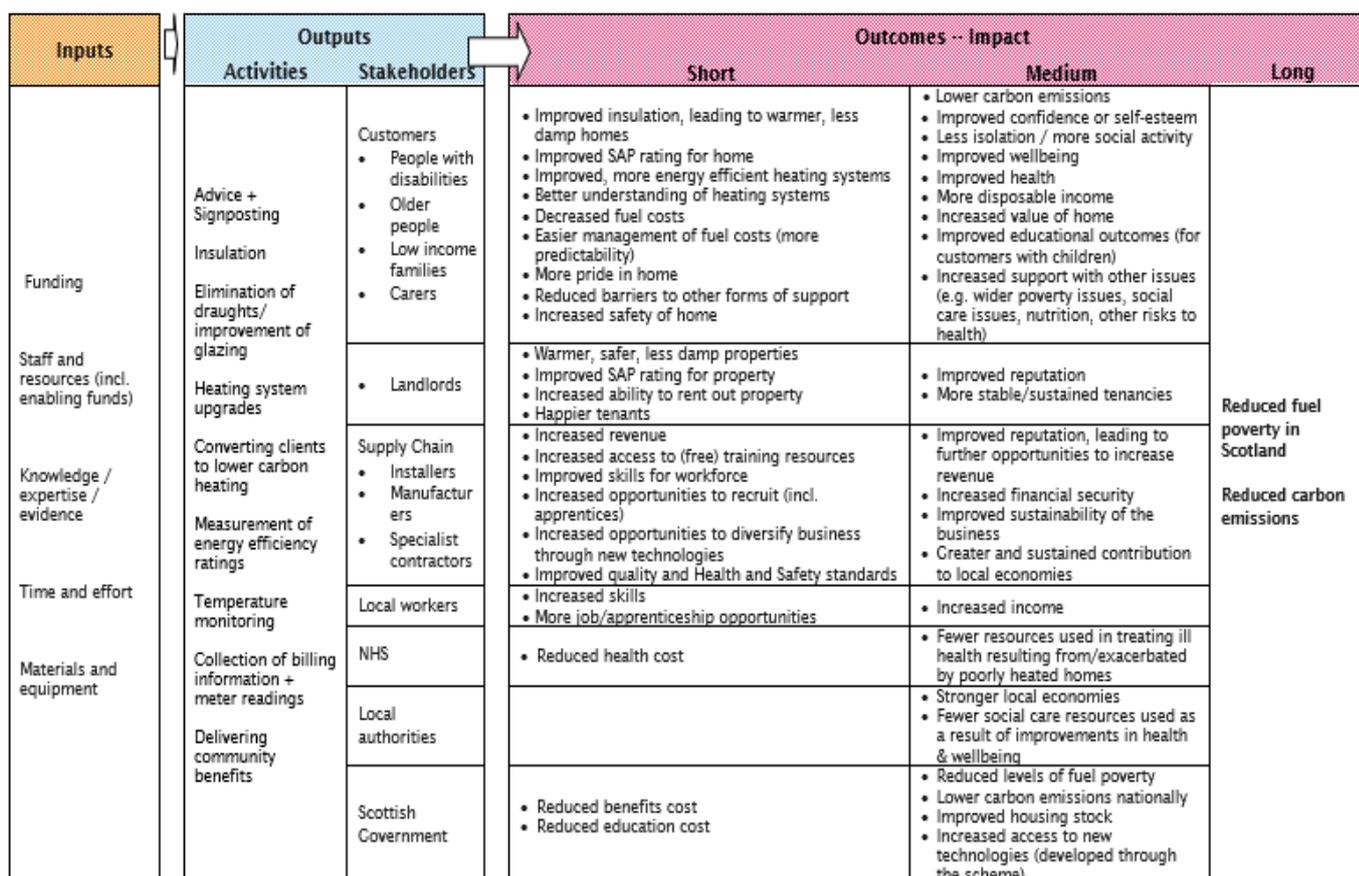
Input

Warmworks delivers the WHS scheme on behalf of the Scottish Government as part of a 7-year contract (until 2022). The total contract value of the WHS scheme in 2020/21(9 months) was £21,200,000, which is the total input for this SROI evaluation.

3: Theory of Change

This Section provides the Theory of Change developed for Warmer Homes Scotland and its context, which relates to addressing fuel poverty, improving energy efficiency and reducing carbon emissions.

WHS Theory of Change



Fuel Poverty

In Scotland, a household is defined as being in fuel poverty if their fuel costs exceed 10% of their net income and, after deducting this and accounting for childcare costs and any relevant benefits received, their remaining income is insufficient to maintain an acceptable standard of living. Where household fuel costs exceed 20% of net income, this is defined as extreme fuel poverty.

The most recent available statistics³ indicate that one in four households were living in fuel

poverty, and roughly one in ten experience extreme fuel poverty.

Fuel poverty disproportionately affects particular groups and these harder hit households provide the focus for Warmer Homes Scotland. These groups include: people living with disabilities (which often requires them to spend more time at home); people living on benefits and; low income families.

Improving energy efficiency

Part of what the scheme is trying to achieve is about improving the energy efficiency of

³ <https://www.gov.scot/publications/scottish-house-condition-survey-2018-key-findings/pages/6/>

Scotland's housing stock. Fabric upgrades to homes and buildings to increase their energy efficiency performance is a fundamental starting point of being able to lower fuel bills and emissions over the longer term.

In addition to improving the fabric of homes and buildings, the scheme is also aiming to influence householder behaviours, increasing their understanding and knowledge of how to effectively heat homes. A significant number of households lack awareness of the most efficient and/or cost-effective ways to heat their homes. Gaps in knowledge experienced by Warmworks clients include:

-
- How to use heating systems in a controlled way (e.g. using thermostats, programmable timers or smart technology).
-
- How to heat homes consistently – the importance of not just heating one room.
-
- Using the right type of heating system for the property they are in (e.g. not using gas heaters which can actually cause moisture).
-
- Knowledge of the inefficiency and high costs associated with certain technologies (e.g. fan heaters).
-
- Knowledge of new and renewable technologies.
-
- Understanding how factors other than heating systems affect warmth (e.g. it may be difficult to maintain heat in a poorly insulated home, regardless of the amount of fuel used).
-

An additional challenge for Warmworks is in trying to change engrained behaviour when it comes to energy use. Particularly among older generations it can be difficult to break old habits and adopt new attitudes when it comes to heating use.

Climate Change

Carbon dioxide emissions from homes are a contributing factor towards climate change. Continued use of high CO₂ producing technologies, fuel and greater energy use overall leads to an increased carbon footprint for households.

The Scottish Government has set ambitious targets to reduce carbon emissions and help tackle climate change. Part of this involves reducing the demand for energy overall and introducing renewable heating measures to decarbonise people's heating supply.

The consequences

The context described above can ultimately result in a range of negative effects:

-
- **Increased or inefficient household energy use**, as a result of either need or lack of awareness. This in turn may lead to **higher fuel bills**, increasing levels of **debt** and a **greater carbon footprint**.
-
- Reduced or inefficient household energy usage leading to **underheating of homes**. This may be as a result of poverty (preventing additional spend on fuel), fear (being afraid of running up higher fuel bills) or lack of awareness (e.g. not knowing how to evenly heat homes).
-
- People living in **cold, damp homes**. This can also have negative knock-on effects resulting in structural damage to buildings.
-

All of the above can have wider social and economic impacts on individuals, including:

- **Poorer physical health** or worsening of existing conditions resulting from inadequately heated homes
- Housing conditions contributing to shame, embarrassment or depression, ultimately having negative impacts on **confidence, social isolation or mental health**.
- Creating **barriers to educational attainment** (e.g. cold conditions making it more difficult for pupils/students to concentrate or complete work).
- **Reduced disposable income** and restrictions on wider household spending (with a knock-on effect for local economies).

4: Outcomes and Evidence

This Section describes the outcomes achieved by Warmer Homes Scotland stakeholders and discusses the indicators that evidence achieving these outcomes, the quantity and duration of the outcomes, and the financial proxies identified to value them.

Outcomes

From the stakeholder consultation a range of outcomes have been identified. The short-term outcomes, that are valued as part of this SROI evaluation, are summarised in Table 4.1.

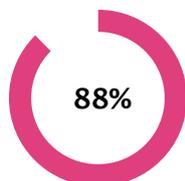
TABLE 4.1: OUTCOMES

Stakeholder	Short-term Outcomes
Customers	Improved insulation, leading to warmer, less damp homes
	Improved, more energy efficient heating systems
	Increased safety of home
	More pride in home
	Decreased fuel costs
	Better understanding of heating systems
	Reduced barriers to other forms of support
	Improved confidence or self-esteem
	Improved health or wellbeing
Landlords	Improved educational outcomes (for customers with children)
	Warmer, safer, less damp properties
	Increased ability to rent out property
Supply Chain	Happier tenants
	Increased revenue
	Increased access to training resources, leading to improved skills for workforce
	Increased opportunities to recruit (incl. apprentices)
	Improved quality and Health and Safety standards
Local Workers	Increased opportunities to diversify business through new technologies
	Increased skills
NHS	More job/apprenticeship opportunities
	Reduced health cost
Scottish Government	Reduced benefits cost
	Reduced education cost

Outcomes for Customers

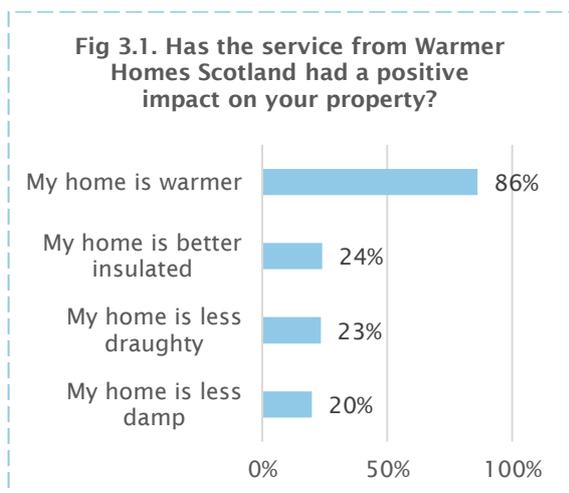
Short-term Outcomes

Improved insulation, leading to warmer, less damp homes



In addition to the requirements of the WHS contract, Warmworks provides in-depth advice and guidance to customers, supporting increased knowledge and confidence of the available insulation measures.

Most WHS customers (88%) reported that the service they received through the scheme had resulted in their homes being warmer and/or less damp in some way. Figure 3.1 shows the breakdown of responses for this survey question.



While most customers agreed that their home was warmer generally, fewer said that they were better insulated (24%), less draughty (23%) or less damp (20%). This may be due in part to the fact that not all customers will be dealing with these specific issues prior to receiving support from WHS.

"It has been a lifesaver in this cold weather. I can move round the home a little easier as I am not stiff with the cold and having hot water as you turn on the tap has been awesome."

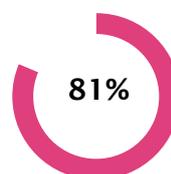
"It is a great system, my home is 100 times warmer."

"It changed our lives, for me and my three youngest children who still live at home. It was the single biggest change to improve our lives."

"Before the installation I had problems with mould in various places because of inadequate heating etc.; this is no longer a problem."

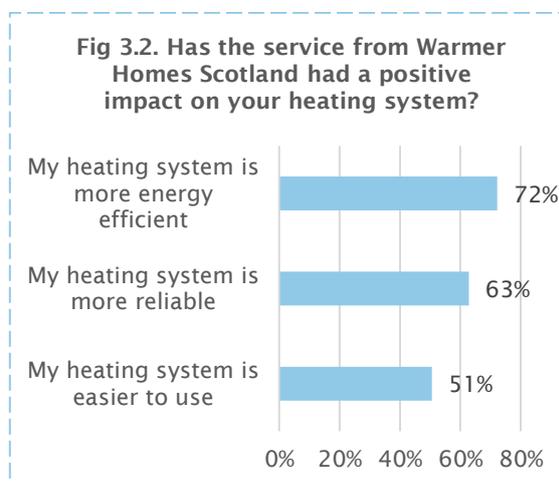
Where customers reported no positive impact, there was some evidence that this was due to other factors beyond the installations covered by the WHS scheme.

Improved, more energy efficient heating systems



Warmworks controls all of the materials that can be installed under WHS through a centralised procurement process. This ensures better value for money and also ensure that only high quality, and highly efficient heating systems are installed in customers' homes.

More than four-fifths (81%) of customers agreed that their heating system had been improved by the scheme. It should be noted that not all customers require a new heating system through the scheme. A majority of customers reported that their system was more energy efficient (72%) and/or more reliable (63%). Around half of customers indicated that they found their heating system easier to use as a result of WHS.



In relation to the difference to their heating system, several themes were present in customers' comments. Some customers mentioned the improvement in the general efficiency of their heating, experienced through homes becoming warmer more quickly or staying warm for longer. Others commented on the replacement of older systems – for example, replacing outdated boilers with new, more effective technologies or the installation of more appropriately sized/positioned radiators. Customers also frequently noted the control that they now had over their heating system, through the use of new features such as thermostats or timers.

"I now have a thermostat in the flat and that has made a great difference as I feel more in control."

"The heating system is brilliant, no bother at all and very easy to adjust if needed."

"The radiators fitted are larger and heat the rooms up much quicker than the old ones, which is great."

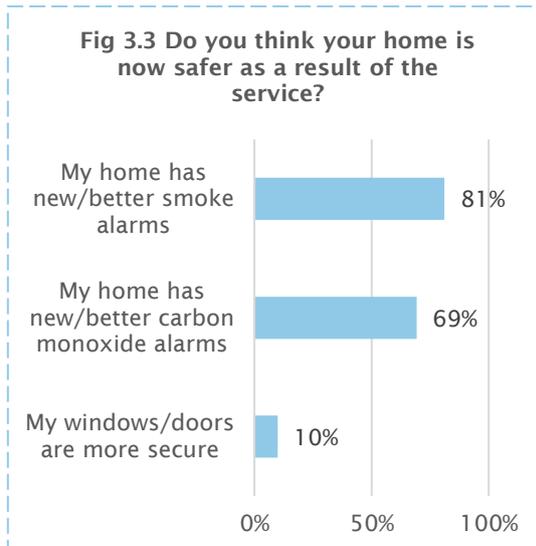
"There is no doubt the house is warmer. and I am now using less gas and electricity. It is a firstclass system and the condenser- boiler is proving it's worth."

Increased safety of home



Warmworks prioritises the safety and wellbeing of scheme customers, with a range of processes in place (such as on-site health and safety inspections) that go above and beyond the requirements of the WHS contract. In addition, smoke alarms and carbon monoxide detectors are installed as standard for all households.

Most customers (87%) reported feeling safer in their home as a result of WHS. Figure 3.3 provides a breakdown of responses to this question.



A number of customers commented further on this question, mostly speaking in general about their improved feeling of safety at home:

"I have peace of mind knowing my home has the most updated alarms."

"I feel safer with all these additional alarms."

"The alarms are great. they make us feel really safe."

Some customers also said that the replacement of old heating systems had given them peace of mind as they had been concerned about the safety of the boilers that had been in place.

"New heating systems means I have less fear of old 30+ year old boiler going on fire."

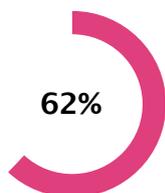
"My last boiler had water pouring out it so wasn't safe and it got condemned."

"I was worried about the old heating causing a fire."

A significant number of customers also commented that they had not been eligible for services to improve their windows or doors, offering some explanation for the relatively low percentage of customers reporting improved security in this regard. Energy efficient doors and secondary glazing (for single glazed windows) are measures installed in the scheme, however replacement

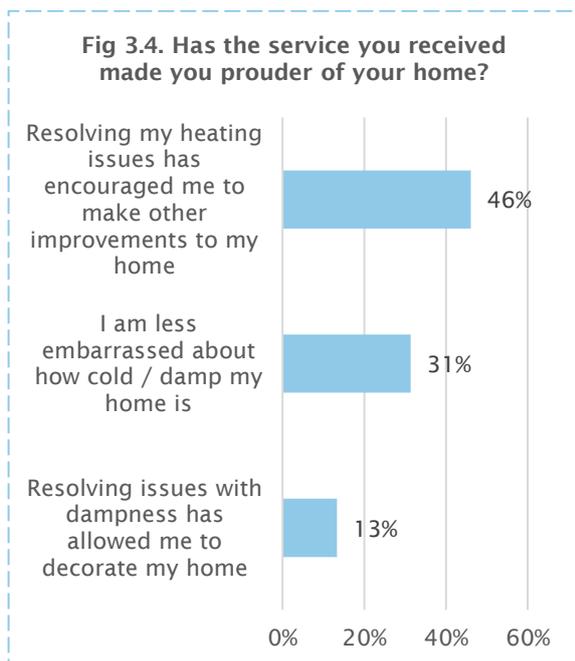
double glazing windows or doors are not.

More pride in home



As part of its dedicated customer care strategy, Warmworks works with local partners and its supply chain to provide additional assistance and financial support outside of the WHS contract to prepare customers for installations and minimise any disruption.

Almost two-thirds of customers (62%) reported feeling more pride in their home as a result of the service from WHS. Just under half (46%) said that work done through WHS had led to additional improvements being made to their home. Around a third (31%) agreed that they were less embarrassed by heating issues in their home.



"Made a big change, love my home now."

"Yes after the new heating I done my house up and was happy to have friends and family in the winter."

"I feel pleased I've achieved one of my many home goals."

In comments, a few customers also expressed increased feelings of pride as a result of ridding their homes of unpleasant odours or background noise caused by previous issues, or being the first in the neighbourhood to adopt new technologies.

"My home is now less noisy as before the boiler sounds were very distracting."

"The damp smell I had has reduced."

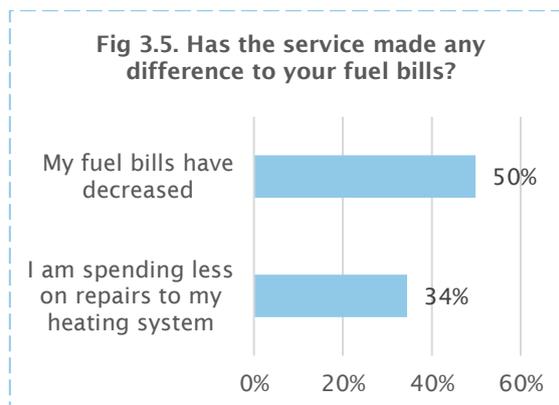
"Yes as we are the only cottage in our row that has the air source heating."

Decreased fuel costs



Warmworks works closely with Home Energy Scotland to ensure households can maximise the savings potential of the energy efficiency measures installed in their homes. This partnership involves referrals post-installation where required, providing additional help and advice.

Around two-thirds of customers (64%) agreed that the service from WHS had reduced their spend on heating, either by lowering their fuel bills or cutting down on maintenance costs (see Fig 3.5.).



"I'm not worried about the boiler breaking down and not having the money to fix it. It's great."

"My bills have almost halved on a monthly basis. I was over 240 a month I am now 156.00 in the winter plus I get the Warm Home Discount. I am tickled pink."

A number of customers commented that they were unsure about the impact of the WHS service on their fuel bills. For many of these customers the impact of COVID-19 made it difficult for them to assess the difference (e.g. lockdowns led to people being at home more than they typically would have been so comparison was difficult). For others, new heating systems had not been in place long enough for them to be able to make a judgement.

Around 7% of customers reported that their fuel bills had increased since the work carried out by WHS. It is worth noting, however, that this may not necessarily be a negative for all of these customers. As comments confirmed, some customers have heating systems where there were none previously or are using their heating more than they did because it actually works well now and are happy to accept this increased cost for a warmer home.

"[my fuel bills] have gone up. This is due to me having heating and hot water now. I didn't have any before."

"My bills have increased but only because before I had no boiler and now I have one. So gas usage has increased. But the benefits are immeasurable!"

"Costs more but it's worth it."

Better understanding of heating systems

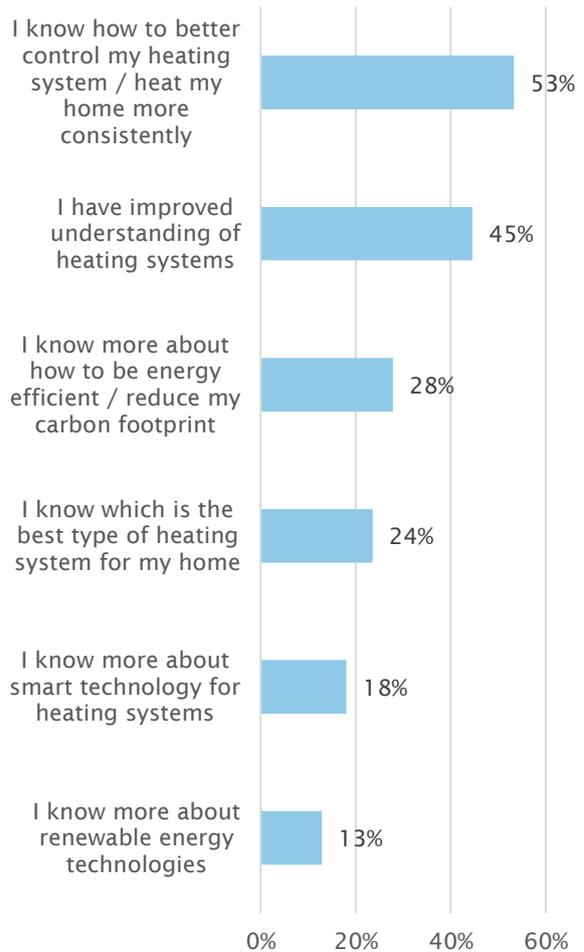


Warmworks provides advice to the customer in their home, as well as easy guides to understanding their new heating system. They also arrange home visits from qualified team members for customers who are having any difficulty in operating controls or getting their heating regime right.

Three-quarters of customers said that their experience with WHS had improved their understanding of heating systems in some way. The biggest differences were in customers' knowledge of how to control their heating system effectively

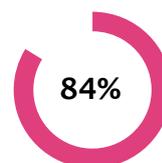
and their understanding of heating systems in general. Fewer, though still a significant number of customers, reported improved understanding of energy efficiency, smart technology and renewable energy (see Figure 3.6.).

Fig 3.6. Has the service improved your understanding of energy use or heating?



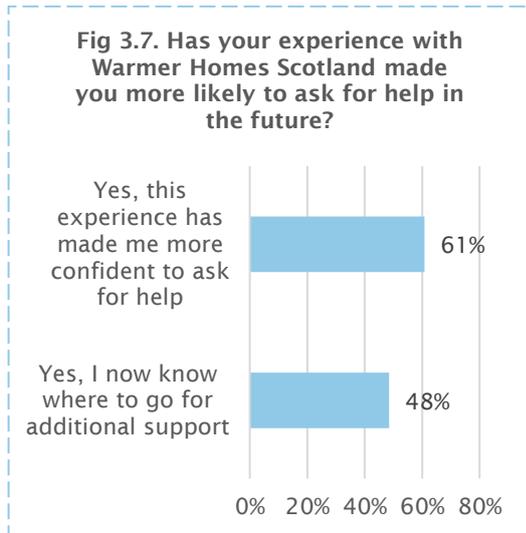
"At my age I have proved that it is never too late to learn!"

Reduced barriers to other forms of support



Warmworks prioritises getting it right first time, with a 98% inspection pass rate in this area building customer trust and have confidence in the service provided.

The majority of customers (84%) indicated that their experience with WHS had reduced barriers to other forms of support, either by making people feel more confident to ask for additional support or by letting them know where to access it.



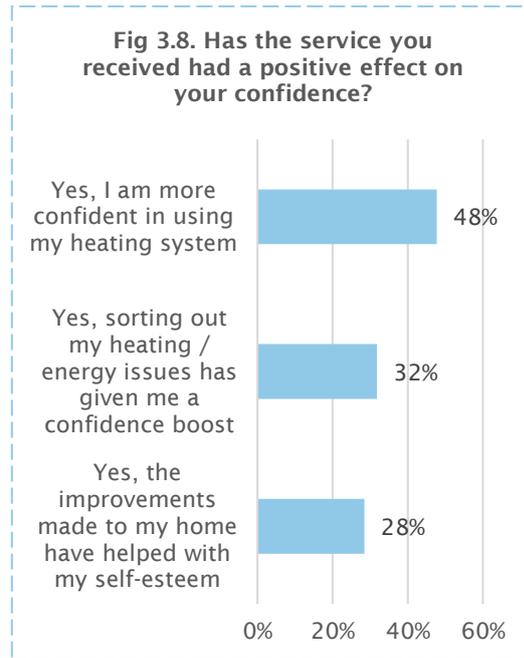
"I'm better informed."

"Always felt there was a stigma in asking for help but I won't hesitate in doing so the next time."

Improved confidence or self-esteem



Almost two-thirds of customers (63%) agreed that the service from WHS had provided a boost to their confidence or self-esteem. Almost half of customers improved their confidence in using their heating systems, while others experienced positive impacts as a result of sorting their issues or making improvements to their home (see Fig 3.8.).

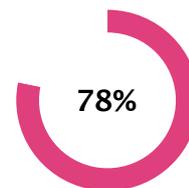


"I feel confident that my heating won't break down or be at risk of carbon monoxide leaking."

"Yes giving me more self belief that I can hold onto my independence and manage to continue to live in this property."

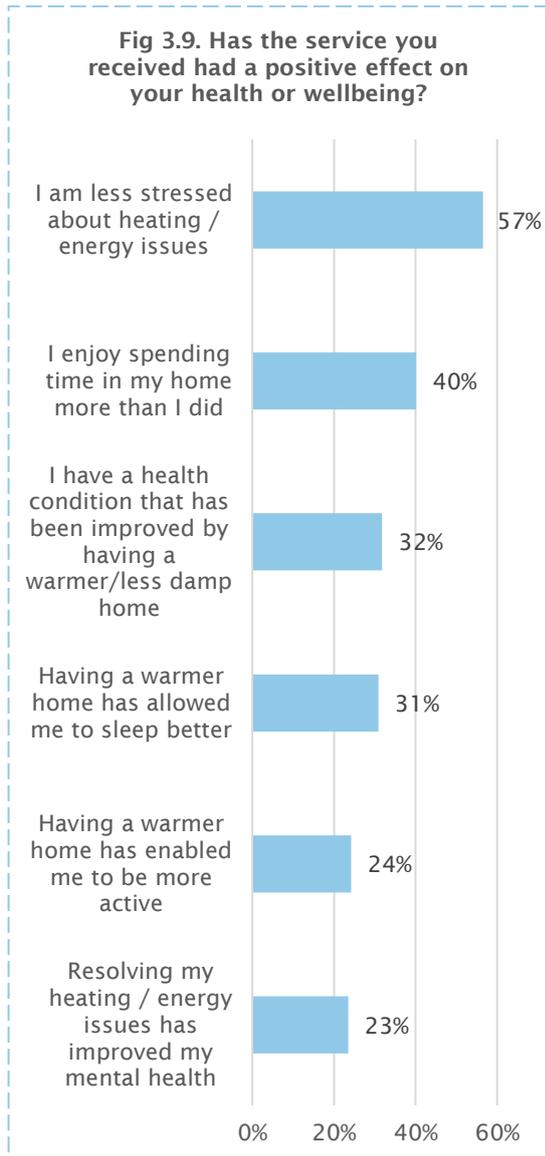
"I sat in the cold before, my confidence was low, but getting help from yourself, I have got a feeling of life can be good to people like me."

Improved health/wellbeing



Warmworks proactively identifies customers with health conditions and provides bespoke additional assistance in the process, working with healthcare professionals and other partners to support them through the customer journey.

More than three-quarters of customers reported that their health or wellbeing had improved as a result of the service they received from WHS. As demonstrated in Fig 3.9, customers experienced positive impacts across a range of areas, including mental health, levels of activity, living with long-term conditions and sleeping.



In comments, many customers elaborated on the ways that the service from WHS had improved their health or wellbeing. Customers mentioned feeling less stressed about heating costs or worrying less about unresolved issues. A number of customers also referenced specific conditions that a warmer home had helped to alleviate, including asthma, arthritis and depression.

"I have suffered with depression but now the heating is sorted it's one less thing for me to feel really low about, which is amazing."

"My asthma has improved substantially."

"I don't worry about my heating being on a lot in the cold weather I'm less stressed about the money it's costing me."

"I've been shielding so my heating has definitely made staying at home easier."

"I have arthritis and suffer from depression so the warmer environment is easier on my joints and the reduced pain eases my depression so yes, the heating has been a large part of that."

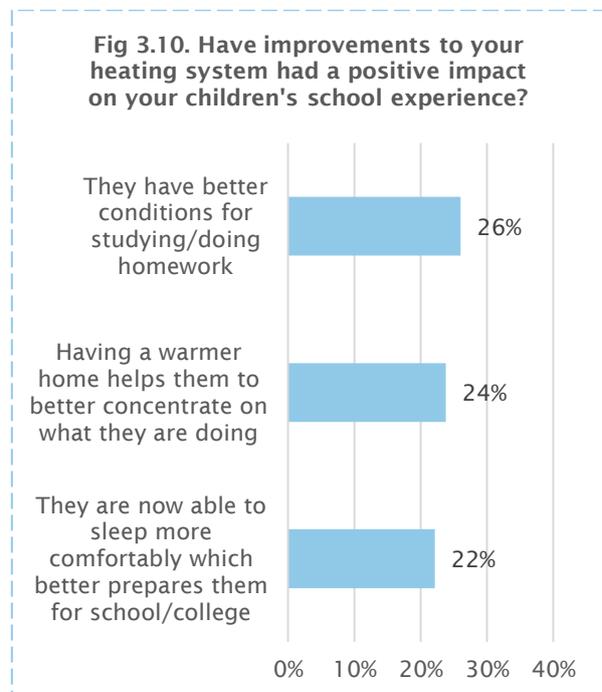
"Huge mental health benefit- I used to get home from work to a cold house and the cold and prospect of having to light a fire and wait ages for the house to warm up just seems to sap your energy and lower your mood and make everything else seem so much harder."

"It's strange telling you, I was depressed about heating. Truth is, it was really getting me down."

Improved educational outcomes (for customers with children)



Of those customers who had children living with them, more than half (59%) said that improving their heating system had led to at least one benefit for their school experience (see Fig 3.10 for a breakdown of responses to this question).



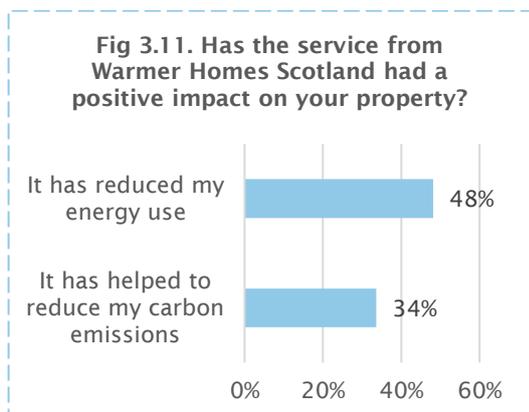
Medium-term Outcomes

Lower carbon emissions



Warmworks has provided additional training and guidance to its team to enable them to confidently recommend and promote low-carbon heating options in the right circumstances, and encourages customers to consider how to reduce their emissions as well as their fuel bills.

More than half of customers (54%) reported that the service from WHS had helped to lower their carbon emissions (measured as those customers who either indicated directly that this was the case and/or said that they had reduced their energy usage – see Fig 3.11.).



Increased value of home



Just under a quarter of customers (24%) said that the improvements made to their home through WHS had increased its value. A few customers commented that, although they hoped/expected that their home had increased in value, without a formal valuation they could not be sure about this

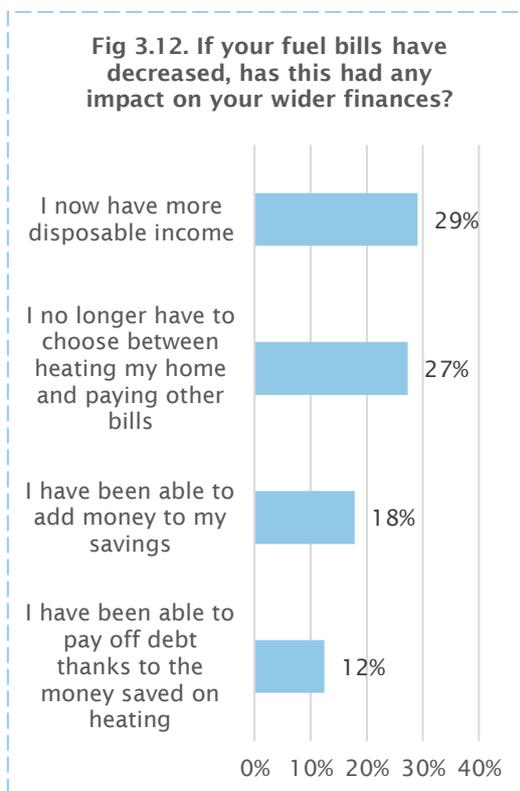
and so were unable to answer positively to this question – so the impact for this outcome may be greater than the results of the survey indicate.

More disposable income / Improved wider finances



Going beyond the requirements of the WHS contract, Warmworks partners with a range of local and national partners to support customers to reduce fuel costs and increase household income, including free support with switching energy tariff.

Of the customers for whom the service from WHS had led to a reduction in heating costs, three-fifths indicated a wider positive effect on their finances. As demonstrated in Fig 3.12., customers reported having more disposable income, a positive effect on household budgeting and being able to save money or pay down debt.



"I can now give my children pocket money which I never could afford to do before."

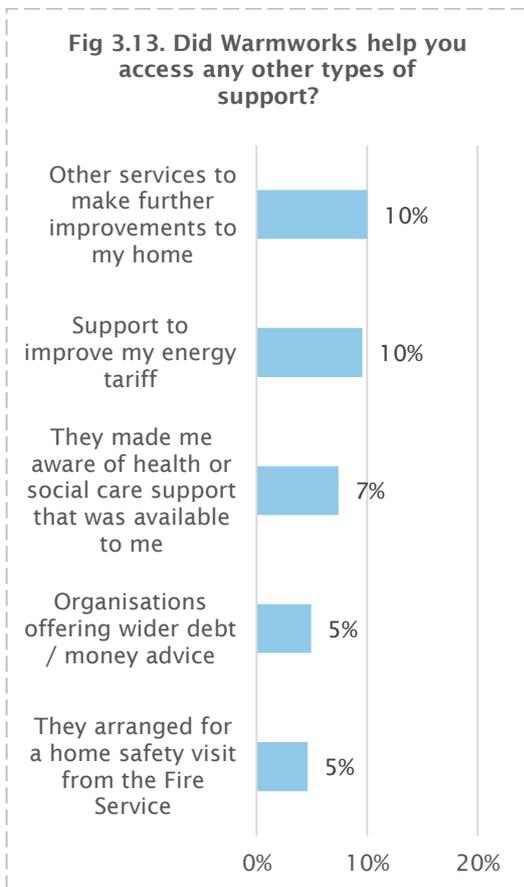
"We are pensioners, every penny counts."

Increased support with other issues



Warmworks delivers a person-centred service approach, allowing staff to identify where additional support may be beneficial, and signpost to other specialist organisations.

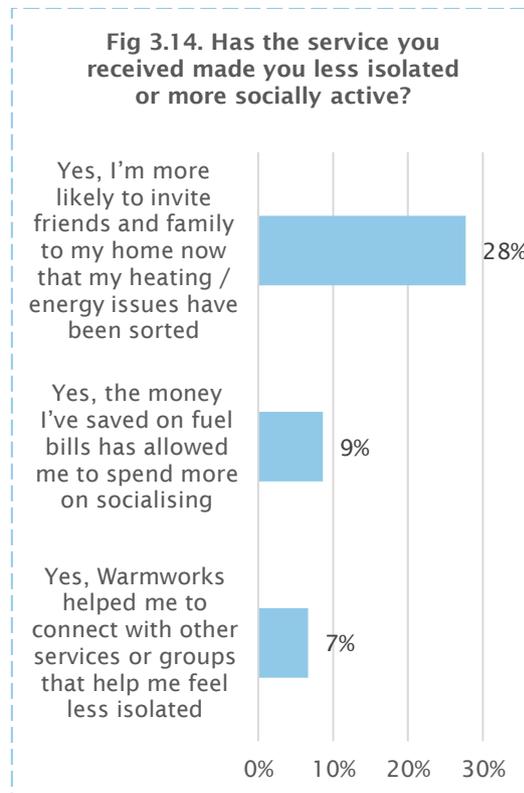
Just over a quarter of customers (27%) said that WHS had connected them with organisations offering help with other issues. This included helping customers to access support to further improve their home or energy tariff, health/social care services, debt/money advice and the Fire Service (see Fig 3.13.).



Less isolation / more social activity



A third of customers reported an improvement in their social isolation or activity as a result of the service from WHS. For most of these customers, this was because they were now more likely to invite visitors to their home (see Fig 3.14.)



"My house was cold before I got your heating. Better now to have friends round and not worry that they are cold."

"Warmer home to have visitors in, happy days."

It is worth noting that the vast majority of comments provided for this question made reference to COVID-19 and customers' inability to have guests over or socialise during lockdown. Given that seemingly a significant number of

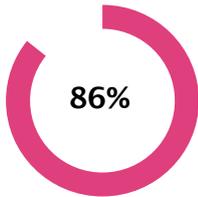
customers felt unable to answer this question, it is possible that if surveyed under different circumstances the results may demonstrate a greater impact for this outcome.

Two respondents provided additional comments for this question:

Outcomes for the Supply Chain

Short-term Outcomes

Increased revenue



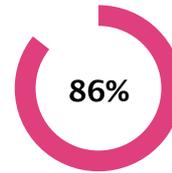
Warmworks has a dedicated team that works with the supply chain to ensure a fair allocation of work to local businesses, with the opportunity for performance related growth.

Most supply chain respondents (86%) reported that involvement in WHS had a positive impact on their business' revenue. The majority of respondents said that revenue had increased directly as a result of being part of the scheme, while more than a third (36%) noted an indirect benefit in helping them to secure other work or contracts (see Fig 3.15.).

"We have been involved in every variation of the scheme since its inception, over 20 years ago. So if we weren't involved we would experience a reduction in the revenue that we have become used to during this period."

"Our revenue was about the same level prior to this scheme. Working on the scheme is very demanding for our resources however, so we have had to decline many other contracts over the years, resulting in similar revenue to before."

Increased access to training resources, leading to improved skills for workforce



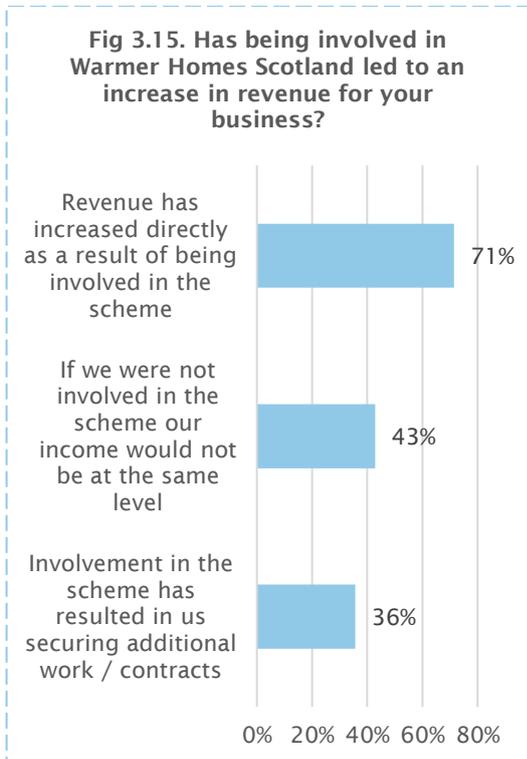
Over the past six years, Warmworks has gone beyond the requirements of the WHS contract in supporting over 2,500 training opportunities across the supply chain.

Most supply chain respondents (86%) agreed that involvement in the scheme had led to better training and/or upskilling of their workforce in some way.

Half of supply chain businesses said that they have upskilled staff to meet their WHS delivery needs. A significant number of respondents also said that through WHS they had: developed skills across their workforce (including training in new technologies); improved the training experience for apprentices; become more aware of training opportunities and; been supported to access training (see Fig 3.16. for a breakdown).

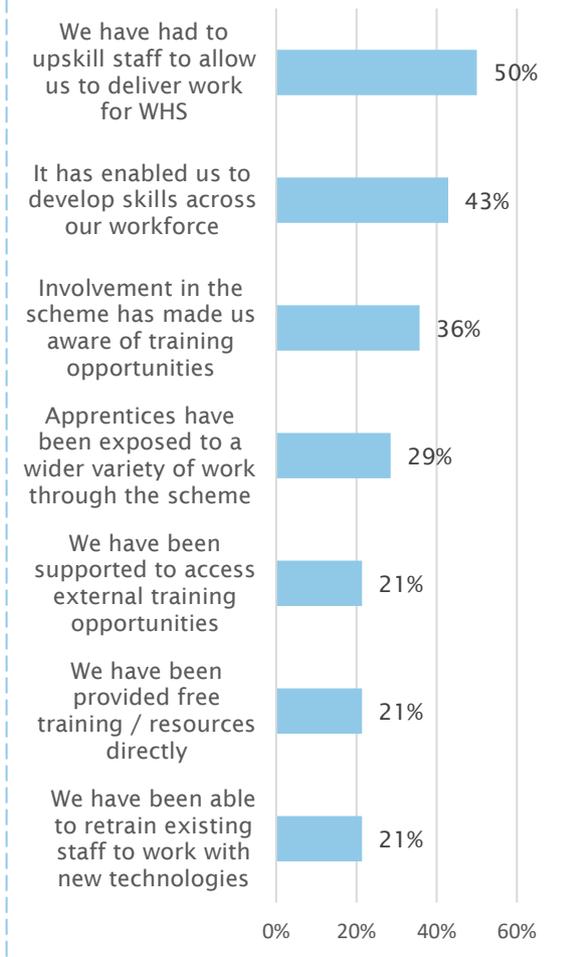
A few respondents provided examples of the types of training they had been able to access as a result of their involvement in WHS. These included training in:

- Renewables
- External wall insulation systems
- Health & Safety



- Working at heights
- Office Management

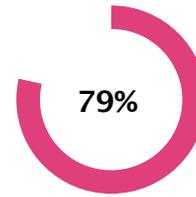
Fig 3.16. Has being involved with WHS had any impact on training or skills for your business?



One respondent provided further comment on skills and training:

“As a business we have always put a high level of importance on the training and development of our employees. Being involved in WHS has not increased the training that we offer but it has enabled us to train more colleagues, including a number of branch apprentices that have worked on and been developed through the life of the scheme.”

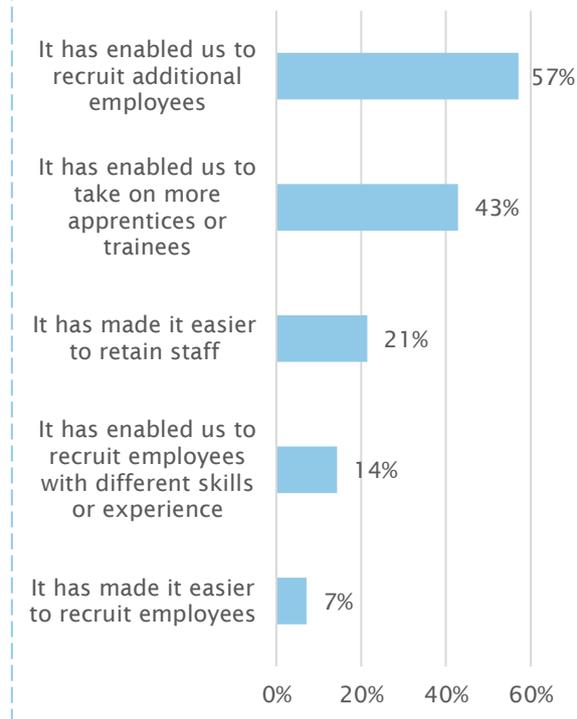
Increased opportunities to recruit (incl. apprentices)



Over the past six years Warmworks and its supply chain have supported over 150 apprentices and graduates on the Warmer Homes Scotland scheme.

More than three-quarters of supply chain respondents (79%) said that involvement in WHS had a positive impact on their business’ recruitment. This was either as a result of the scheme enabling businesses to take on more employees, better retain staff or by making the recruitment process easier (see Fig 3.17.).

Fig 3.17. Has being involved in Warmer Homes Scotland affected your workforce or recruitment?

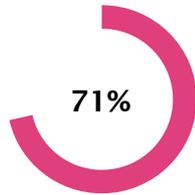


There were some additional comments from respondents on the impact of the scheme on recruitment:

“We had more employees on the previous scheme.”

"We employ over 20 colleagues that are directly involved in the scheme. Without the scheme we would not be able to offer employment to these colleagues."

Improved quality and Health and Safety standards

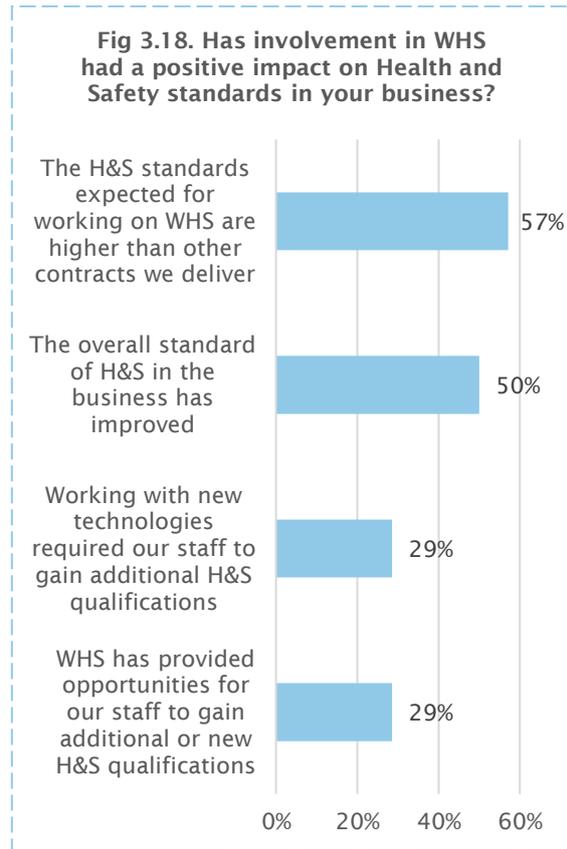


Warmworks has industry leading health and safety standards in place. The team completes independent inspections on 100% of installations completed by the supply chain, with a 98% pass rate.

WHS has led to an improvement in health and safety standards in the majority (71%) of respondents' businesses. More than half (57%) agreed that the health and safety standards expected to work on WHS were higher than in other parts of the industry. A significant number of respondents also agreed that health and safety standards had generally improved and/or that they had been provided to gain new health and safety qualifications as a result of the scheme (see Fig 3.18.).

One respondent provided additional comments:

"As a business we have always been aware of the importance of having high health and safety standards. Working on the scheme has however required us to adapt and introduce new risk assessments due to the nature of the service delivery of the contract."

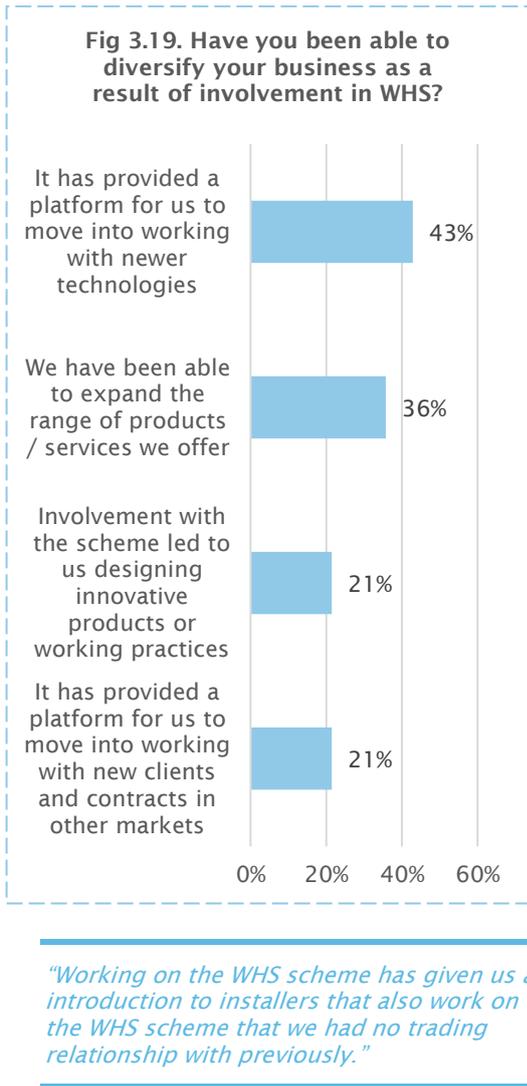


Increased opportunities to diversify business through new technologies

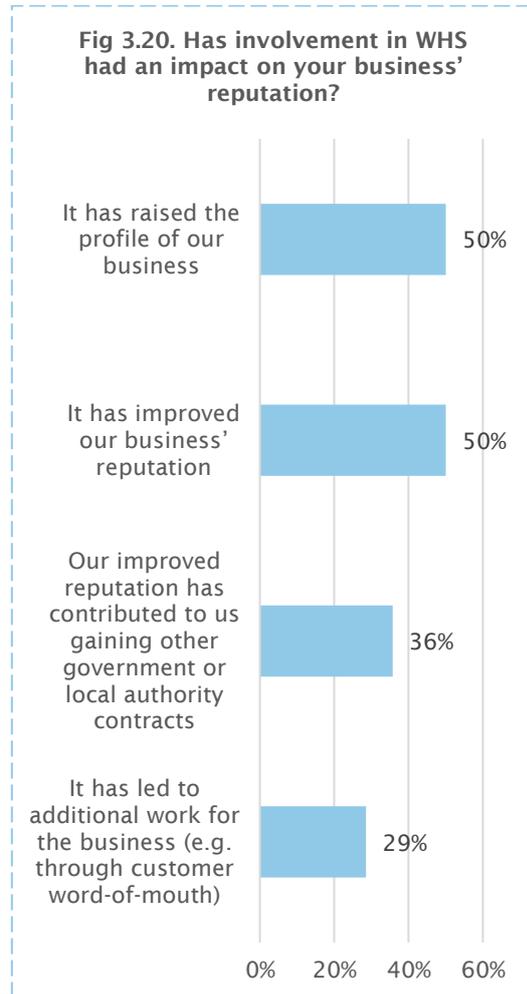


Warmworks works closely with supply chain partners to identify new technologies, provides training and other business support to help the supply chain to grow and diversify. Over the past six years, Warmworks has supported more than ten businesses to gain MCS accreditation for renewable installations.

Half of supply chain respondents agreed that they had been able to diversify their business as a result of involvement with WHS. This was achieved through: opening up business to new technologies (43%); allowing them to expand their product/service offer (36%); encouraging innovation (21%) and; providing a platform to new markets (21%).



to being involved in the scheme. See Fig 3.20 for a breakdown of responses to this question.



One respondent elaborated on the positive reputational impact of the scheme on their business:

Medium-term Outcomes

Improved reputation, leading to further opportunities to increase revenue

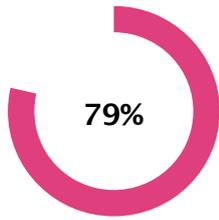


Through Warmworks' business development activity outside of WHS, the supply chain has been given the opportunity to deliver other contracts and build relationships with new clients.

The majority of supply chain respondents (79%) indicated that there had been a reputational benefit

"Successfully delivering such a challenging contract over so many years has given our business more credibility. Being involved in the scheme has made our business visible to a different audience. We are also hugely proud to be involved in a scheme that is providing such a positive impact to people's lives."

Increased financial security



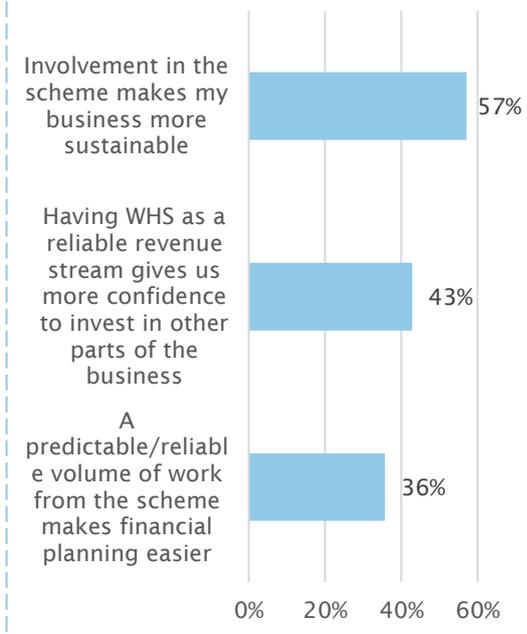
Either through enabling greater investment in other parts of the business or by easing financial planning, the majority of respondents (79%) said that WHS had increased their business' financial security.

Some respondents provided additional comments on financial security/sustainability:

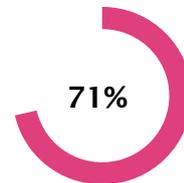
"as a small contractor on the scheme [...] work is not always reliable (its not possible), and there is a good bit of uncertainty about what work might be coming through the pipeline. It does cause peaks and troughs in both revenue and schedules, but it has always been worth the challenge."

"Best scheme we have ever worked on and Warmworks are the best payers we have experienced in 11 years of business."

Fig 3.21. Has involvement in the scheme made a difference to the financial security of your business?

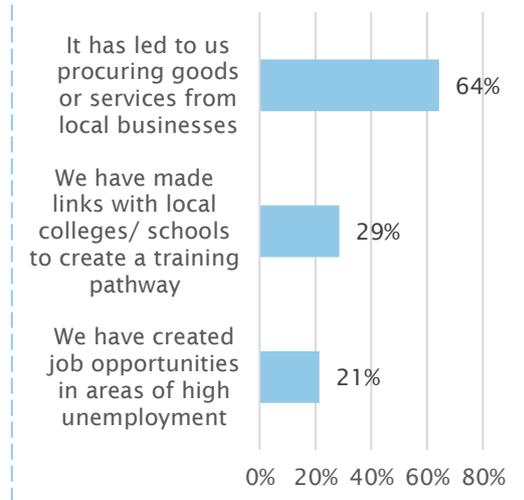


Greater and sustained contribution to local economies



Nearly three-quarters of supply chain respondents reported a positive impact on local communities as a result of their involvement with the scheme. Respondents indicated that, as well as contributing to local businesses (64%), some have been able to create opportunities for training (29%) and employment (21%).

Fig 3.22. Has your involvement with WHS had any knock-on effects for the local economies in which you work?



Improved sustainability of the business



"It has allowed to grow a stock of lower-priced inventory to enable lower bills for

many of our customers. Many who have come through Warmworks on low incomes and can't afford service and maintenance costs. It also enables us to pay higher wages for our engineers and keep prices low for our customers."

"We procure our materials for Warmworks jobs from local merchants."

"The service requirements of the business has required us to utilise local companies to help deliver certain elements of the scheme. We have been able to create over 20 roles in an area of high unemployment and we have been introduced to [a local further education college] who we worked on a joint initiative to give some young people work placements."

Outcomes for Landlords

Where WHS customers are living in private-rented accommodation, there is additional value created for the owners of these properties. Though not possible to consult directly with landlords, several potential impacts were identified through the research.

The most obvious of these is the improvements that the scheme aims to make to the properties themselves. As a result of the installations carried out through the scheme, many landlords will benefit from **warmer, safer, less damp properties**.

In turn, this may make properties more attractive to potential tenants, resulting in an **increased ability to rent out properties** and/or making for **happier tenants**.

Over the longer term, the improvements made to properties may have **reputational benefits** for the landlords who own them and contribute to **more stable or sustained tenancies**.

Outcomes for Local Workers

As evidenced above, most contractors in the supply chain make use of local trades or services when delivering work for WHS. In addition, the scheme has allowed businesses to take on more staff or apprentices to fulfill WHS contracts.

These conditions can contribute to further outcomes for workers in the local areas where WHS is being delivered. Workers may be able to benefit from **increased skills**, learned either through working alongside WHS contractors or from starting a new role as a result of the **increased job/apprenticeship opportunities** created by the scheme. In the longer

term an increase in skills or employment gained also has the potential to lead to **increased income** for these local workers.

Outcomes for the NHS

Customers report a positive impact of the WHS programme on their health, which leads to reduced access of health services by customers. This leads to **reduced health cost**.

It should be noted that the identified cost savings for the public purse are not always 'cashable savings' but, as a result of displacement effects, should be seen as an opportunity for resource reallocation.

Outcomes for the Government

The WHS scheme has created employment and apprenticeships. These are taken up by local people, which leads to **reduced benefits cost** for the public purse.

Customers with children report a positive impact of WHS's work on the education of their children. This leads to **reduced education cost** for the government.

Outcome Indicators

An outcome indicator is a measure to enable impact and change to be validated. In other words, an outcome indicator shows how we would know if an outcome has been achieved.

For each outcome we have identified appropriate outcome indicators. The Impact Map (Appendix A) shows the outcome indicators for the identified outcomes.

Quantity

For the customers and the supply chain we have analysed the consultation responses and calculated the number of times a certain outcome was reported by the stakeholder. This gave us overall percentages of occurrence of the outcome, which we then multiplied by the total number of stakeholders and rounded the result to the nearest one digit.

The outcomes for the Government and NHS are directly derived from the outcomes achieved by the customers.

We have not been able to consult with landlords, therefore we have valued these conservatively.

Warmworks collects detailed data on employment created by WHS and training provided to employees, which we have used for the local employees.

The quantities are shown in the Impact Map (Appendix A).

Duration

Some outcomes have the potential to last a long time, potentially for the rest of stakeholder's life, while others will only last for the duration of the intervention.

For the duration of the outcomes in this SROI evaluation we have made general assumptions based on our stakeholder consultation and the experience of the Warmworks staff.

For physical improvements the outcomes have been considered for a maximum of five years. There is ample evidence that the economic lifespan of insulation and heating systems is at least this timespan.

For other more intangible outcomes, where applicable, we have taken a maximum of three

years to avoid over-claiming. It will be considerably more difficult to credibly link the outcomes with training and development activities beyond three years.

The Impact Map (Appendix A) shows the details on duration of outcomes.

Financial Proxies

SROI analysis uses financial proxies to establish a monetary value of intangible outcomes. A financial proxy is an approximation of the value that can be attached to the outcome. When applicable, price is used as a measure of value when there is an associated market. For intangible outcomes there are no markets, and we have used financial proxies to determine the value.

There are several techniques, developed in economic cost-benefit analysis, to determine financial proxies for intangible outcomes. For this forecast we have used:

-
- **Revealed preference** - a price-based technique that looks at people's behaviour in related markets and takes the value from the price of related market-traded goods.
-
- **Wellbeing Valuation** - a relative new technique that looks at determinants of people's wellbeing (e.g. life satisfaction or quality of life), whereby income is one of the determinants.
-
- **Cost saving** - a direct cost-saving for the stakeholder. For public spending this is in most cases not a 'cashable saving' and should be considered a resource re-allocation.
-
- **Increased income** - an increase of income for the stakeholder.
-

The description and source of the proxies can be found in the Impact Map (Appendix A).

5: Impact

This section examines the impact of the Warmer Homes Scotland scheme with reference to the other factors that influence it.

It is important to establish the impact of the service in order to ensure credibility and to avoid over-claiming. The impact of the service will be determined by considering attribution, deadweight and drop off.

Attribution

Attribution is the assessment of the contribution of others to achieving the outcomes. In many cases, change is not caused by one single activity or intervention, but comes as a result of more than one service and/or person working together.

Customers were asked who else had helped them with the changes they had described. The attribution is calculated on the basis of the answers of respondents on the relevant questions in the survey, which led to an attribution of 9%. We have used the same attribution for landlords.

The outcomes of the supply chain are fully attributable to the WHS programme, but to be conservative, we have applied an attribution of 5%.

The outcomes for the NHS and Government are directly derived from the relevant customer and supply chain outcomes and therefore we have used the corresponding attribution from customers and the supply chain.

Deadweight

Deadweight is a measure to assess what part of the outcomes would have happened anyway, even if the activity or intervention had not taken place. For this report we have defined the deadweight as what would have happened if WHS would not have existed.

For customers the deadweight is calculated on the basis of the answers of respondents on the relevant questions in the survey, which came to a deadweight of 6%. For landlords we have used the same deadweight.

For the supply chain and local workers we have estimated a deadweight of 10%, to reflect that

without WHS the businesses may have grown somewhat organically.

The outcomes for the NHS and Government are directly derived from the relevant customer and supply chain outcomes and therefore we have used the corresponding deadweight from customers and the supply chain.

Table 5.1 shows the attribution and deadweight percentages used.

TABLE 5.1: ATTRIBUTION AND DEADWEIGHT

Stakeholder	Attribution	Deadweight
Customers	9%	6%
Landlords	9%	6%
Supply chain	5%	10%
Local workers	5%	10%
NHS	9%	6%
Government	5/9%	6/10%

Drop Off

For outcomes that last longer than one year, it is likely that the effect of the outcome will decline over time. The outcome will be influenced by other factors and it will be less attributable to the activity. This is calculated by deducting a straight percentage from the outcome each year.

For outcomes lasting longer than one year we have assumed a drop off percentage of 33%.

Materiality of Impact

In our analysis of attribution and deadweight we have found no outcomes where attribution and deadweight or a combination of these two has led to an impact that is not relevant or significant and therefore not material.

Impact

The impact of the WHS scheme is calculated by the quantity of the outcomes multiplied by the value of the financial proxy, minus attribution and deadweight (see Impact map, Appendix A).

6: Social Return on Investment

In this Section we calculate the overall Social Return on Investment produced by Warmer Homes Scotland and apply a sensitivity analysis.

SROI Ratio

The Social Return value is expressed as a ratio of return and is the resultant of the value of the impact divided by the value of the investment. However, the value of the impact is corrected to the Present Value (PV) to reflect the present-day value of benefits projected into the future.

$$\text{SROI} = \frac{\text{Total Present Value}}{\text{Total Input}}$$

Discounting is applied to those values that have been projected for longer than 1 year. The interest rate used to discount the value of future benefits in this case is 3.5%⁴.

In our calculations⁵ of the impacts, we have established the total of all impacts of the programme at £64,499,261. This represents the total value created by WHS.

The Total Present Value for the programme, at a discount rate of 3.5%, is £60,627,455. This represents the total value created by WHS whereby the earning capacity of the amounts in the future is discounted.

The Net Present Value, the Total Present Value minus the total of all investments (£21,200,000), is £37,427,455. This amount represents the total extra value created by WHS.

This gives an SROI ratio of £60,627,455/£21,200,000= **£2.86: £1**. This means for every pound of investment in WHS £2.86 of social value is created.

Sensitivity Analysis

The results presented in this SROI evaluation are based on assumptions and variables according to available evidence.

We have undertaken a sensitivity analysis on the WHS SROI analysis to test these assumptions and variables given that there are areas of the base case that could be derived from imperfect evidence.

Table 6.1 shows which areas we selected as those with the most potential to affect the results.

TABLE 6.1: SENSITIVITY ANALYSIS

Item	Base Case	New Case	SROI
Attribution	5-9%	25% attribution for all outcomes	£2.35:£1
Deadweight	6-10%	25% deadweight for all outcomes	£2.29:£1
Outcomes customers	Impact Map	Only 75% of outcomes achieved	£2.30:£1
Outcomes public purse	Impact Map	Only 75% of outcomes achieved	£2.76:£1

The sensitivity analysis shows that if the already conservative values used in the evaluation are reduced even further, the SROI index does not fall below £2.29:£1. This value would be achieved in the unlikely situation that 25% of the outcomes we identified would have happened even without the WHS scheme. Even in this worst-case scenario the ratio of return to return is not less than £2.29 for every £1 invested.

⁴ This is based on the UK Government Green Book recommended discount rate for public funds.

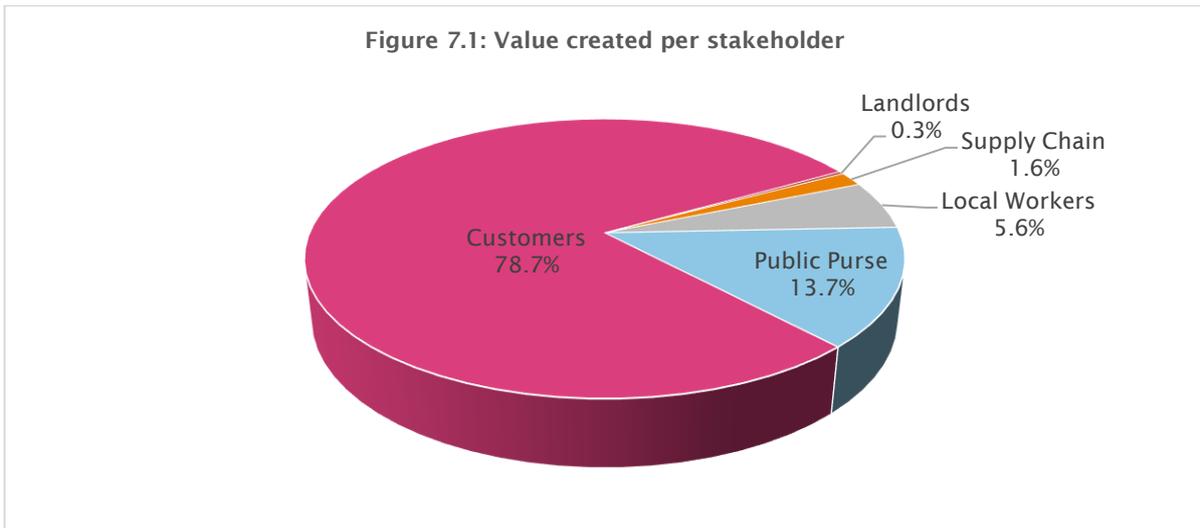
⁵ All amounts are rounded to Pound Sterling.

7: Analysis and Conclusions

This section presents an analysis of the social value created by the programme and outlines our conclusions from the study.

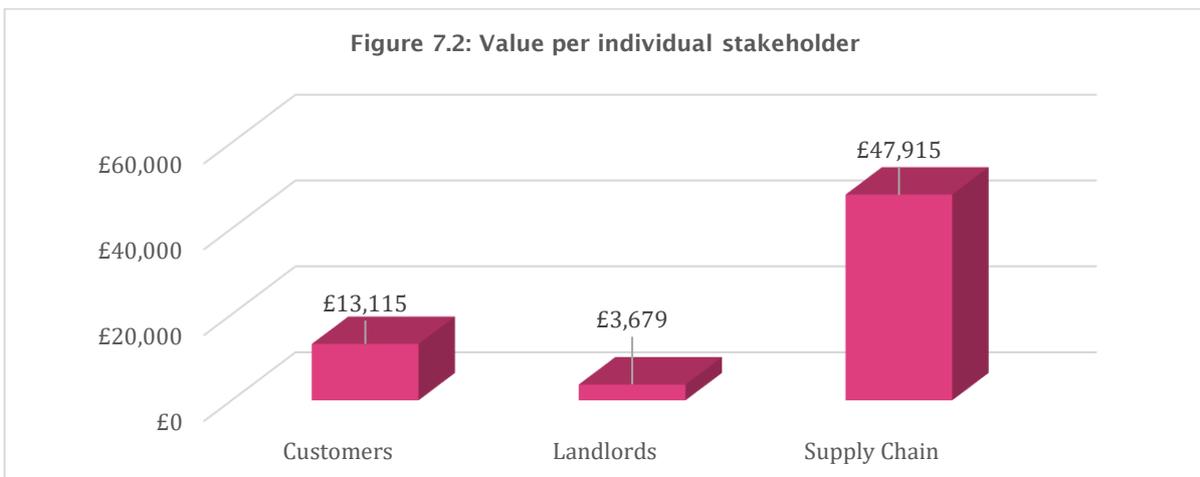
Social Value Created

Figure 7.1 shows the value created for each stakeholder group. As expected, most value is created for the customers (78.7%), followed by the public purse (13.7%), local workers (5.6%), the supply chain (1.6%) and the landlords (0.3%).



Value per stakeholder

When looking at the value per individual stakeholder most value is created for each of the supply chain organisations (£46,253), followed by an individual customer (£13,387) and the landlord (£3,745)



Value for the public purse

The WHS scheme also creates a considerable value for the public purse of almost £8.8m. If looking at

the public purse alone, the ratio of return is £0.39 for every £1 invested in WHS.

Conclusions

This SROI evaluation has shown that the Warmer Homes Scotland programme is creating a considerable social value of £2.86 for every pound of investment (with a sensitivity range between £2.29 and £2.76).

Four-fifths of the value (79%) is created for the customers, and the remaining for the public purse (14%), local workers (5%), supply chain organisations (2%) and landlords (0.3%).

When looking at the value created per individual stakeholder, the greatest value is created for supply chain organisations, followed by customers.

The direct return for the government of its investment in WHS is around £0.40 for every £1 invested.

It is likely that the COVID-19 pandemic has had a negative influence on the social impact of the WHS programme.

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