

# Supply chain and government collaboration

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## Keywords

government policy, collaboration, partnerships, supply chain, stakeholders

## Abstract

The Energy Efficiency Partnership for Homes, in the UK, is a model of how governments and supply chain stakeholders can collaborate effectively on the design and implementation of energy efficiency policy initiatives in the household sector.

The Partnership is a voluntary network of more than 700 partners, representing 425 organisations that are the main players in the supply chain for energy efficiency products and related services. The government funds the facilitation of the Partnership. The UK energy efficiency industry is typically diverse and complex. Not only are there some 40 different government policy instruments for household energy efficiency, but the responsibility for these reside with at least 10 different government departments and agencies.

The collaborative work of the Partnership provides an effective route for the UK government to reduce its policy risk. Many countries face similar challenges, particularly those in Europe which, like the UK, are putting into place new laws, regulations and programmes to implement emerging EU directives.

A measure of the Partnership's influence is that some 330 partners are actively engaged in 17 different working groups. These groups collaborate on over 75 work streams, involving more than 100 meetings and events a year as well as 20 projects a year.

The existence of a permanent secretariat is a key to the success of the Partnership. This is made possible by funds from the government. Other keys to success are a business model that ensures transparency, equity and partner buy-in to spe-

cific action plans. Collectively this has built the necessary trust between partners to collaborate effectively.

## Introduction

The Energy Efficiency Partnership for Homes (the Partnership) is a voluntary network of more than 700 partners, representing 425 organisations that are the main players in the supply chain for energy efficiency products and related services in the household sector. The government funds the facilitation of the Partnership. The UK energy efficiency industry is typically diverse and complex. Not only are there some 40 different government policy instruments for household energy efficiency, but the responsibility for these reside with at least 10 different government departments and agencies.

Since 1999 the Partnership has brought together supply chain partners to coordinate their work in response to developments in UK government policy, regulations and funding schemes. The collaborative work of the Partnership provides an effective route for the UK government to reduce its policy risk. Many countries face similar challenges, particularly those in Europe which, like the UK, are putting into place new laws, regulations and funding schemes to implement emerging EU directives.

The publication of the government's Energy White Paper in 2003 gave impetus to an increasing demand on the supply chain players to deliver the government's policy and targets. A large number of policy changes, new regulations and schemes have followed. The challenge of introducing these changes is complicated, not only by the huge number of initiatives, but also by the fragmentation of responsibilities across government and by the diversity of the supply chains where small and medium-sized enterprises (SMEs) predominate.

## Strategic Overview

The demand on the supply chain for energy efficient products and services is driven primarily by the government's initiatives and commitments to meet carbon saving and fuel poverty targets and the funding made available through these initiatives. The market is also driven to some extent by emerging technologies.

## GOVERNMENT POLICIES

Typically energy efficiency is a component of several government policies that address other primary needs: climate change, energy and carbon saving, energy security, renewable energy, sustainable development, fuel poverty, building standards, product standards, local government, social housing and skills and training. In the last three years some 40 different policies have been published by different arms of government that impact directly on energy efficiency. Some recent new policies to emerge are: the Energy White Paper, Climate Change Programme Review, Fuel Poverty Strategy and Action Plan, Micro-generation Strategy, and the Local Government White Paper.

Much policy and new legislation is being driven by enactment of European Commission directives: Energy Performance of Buildings, Energy End-Use Efficiency and Energy Services, Eco-design for Energy-Using Products, Waste Electrical and Electrical Equipment and the Energy Efficiency Action Plan. These EU directives have resulted in the further UK legislation which includes: the Climate Change and Sustainable Energy Act, Housing Act, Building Regulations for England and Wales, Licensing Houses of Multiple Occupancy, Local Area Agreements, Energy Performance Certificates, and the Code for Sustainable Homes.

## FUNDING SCHEMES

Government plays a crucial role in encouraging the delivery of energy efficiency measures through funding schemes, either directly through government grants or indirectly through licence obligations on energy suppliers. The main funding routes include: the Energy Efficiency Commitment, Warm Front, Decent Homes Standard, Low Carbon Buildings Programme, Climate Change Communications Programme, Energy Saving Trust (EST) and the Market Transformation Programme (MTP).

## TECHNOLOGY STANDARDS

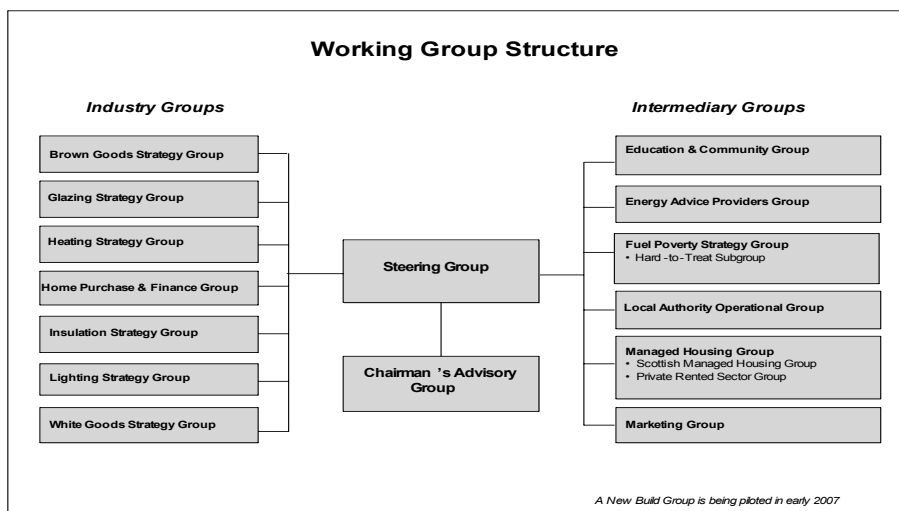
Raising the performance standards of products plays a key role in transforming the market for energy using products. The achievement of the UK's long-term carbon saving goals (20% reduction by 2020 and 60% reduction by 2050) necessitates the introduction of new technologies. Barriers to the commercialisation of these technologies need to be removed - performance standards need to be agreed and economies of scale developed. Important emerging technical developments include: LED lighting, micro-combined heat and power, advanced heating controls and smart meters.

## CONSUMER DEMAND

Consumer interest in saving energy has grown significantly and is set to continue. Climate change has reached a high level of public awareness in the last two years and energy prices have nearly doubled in this period. Energy Performance Certificates are being introduced from mid-2007 for all home sales and changes of tenancy. This demand has stimulated the need for product and installation advice, accreditation of advice, local area coordination of advice and services, energy saving education and community group action.

## Description of the Partnership

The Partnership is a voluntary organisation of supply chain players involved in the delivery of energy efficiency products and services throughout the UK to the household sector. The Partnership is made up of 425 member organisations (represented by over 700 individual partners). The members collaborate on joint work programmes which enable the delivery of the government's targets and goals for energy and carbon savings, energy security, and the eradication of fuel poverty. Some 330 partners are directly involved in 75 different streams of work which are coordinated through 17 working groups (i.e. standing committees). These encompass partners from the main vertical industry sectors and those from intermediary (or cross cutting) sectors. Representatives from four different central government departments participate in these groups, as well as representatives from the three devolved national governments (Wales, Scotland and Northern Ireland).



**STRUCTURE**

The structure of the Partnership is illustrated in the figure above.

Governance of the Partnership resides with an elected Steering Group and through delegated authorities to the Chairman’s Advisory Group. The Partnership is not a legally incorporated organisation in its own right and for this purpose is part of the Energy Saving Trust, which is a non-profit company funded by government and private sector. The Trust provides the Secretariat for facilitating the Partnership’s activities and provides the necessary legal entity for contracting purposes. A written constitution clarifies how the independence of the Partnership is maintained and the roles and responsibilities of all participants.

**COMMUNICATIONS**

Communication across the various sectors of the energy efficiency supply chain is an important part of the Partnership’s work. The Secretariat maintains a website ([www.eeph.org.uk](http://www.eeph.org.uk)) and publishes email news bulletins three times a month. An Annual Review of each year’s work is published. An Annual Conference is staged to bring together the full breadth of the membership once a year.

**WORKING GROUPS**

Most working groups are involved in providing evidence for informing the shape of emerging government policies, regulations and funding schemes. Conducting research and collating information, and its dissemination, are important aspects of the work undertaken, particularly by the ‘intermediary’ working groups. Typically some 20 projects a year are commissioned.

Cross sector working is facilitated by linking membership of working groups, progressing joint work through task groups, and staging seminars and workshops.

Close links are maintained with other government funded programmes, particularly those at the EST where some 50 common interest activities are logged and regularly reviewed.

**Measures of success and value**

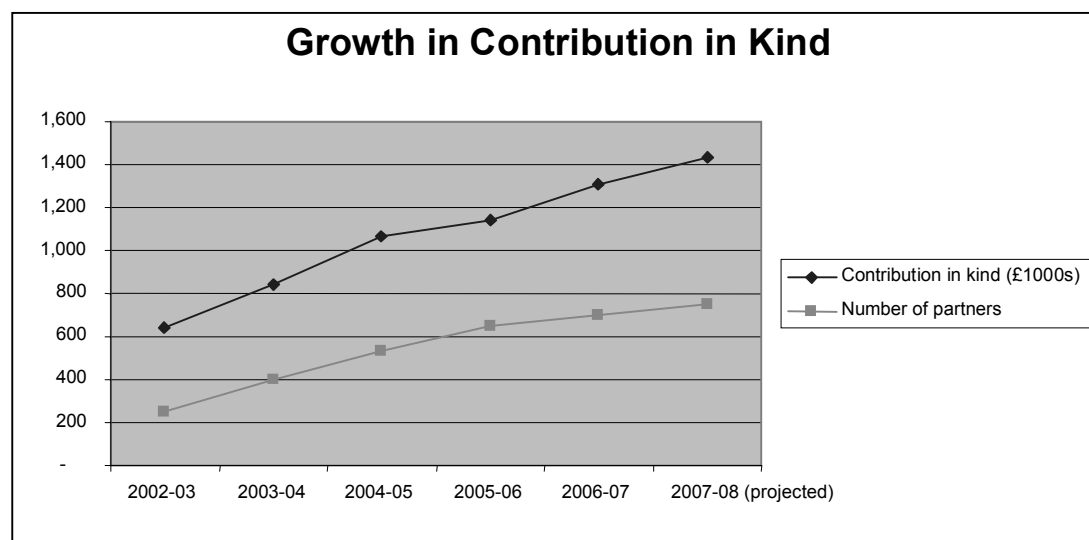
The aim of the Energy Efficiency Partnership for Homes is to contribute effectively to the government’s policy objectives for domestic energy efficiency, mitigation of carbon emissions and fuel poverty eradication. This reduces the government’s policy risk and improves cost effectiveness within the supply chain.

Over the last five years the membership of the Partnership has increased more than three-fold and outputs increased accordingly, albeit with declining funding in real terms from government. The high level of partner collaboration through the Partnership to some extent reflects the increased pace of the government’s development of new policies, regulations and funding schemes.

The Partnership provides value through its influence over the entire supply chain for energy efficiency products and services, but quantifying this in terms of carbon saving is difficult, if not impossible, to measure confidently. However, to ensure the Partnership creates value for its funders and partners it operates within a framework whereby each working group agrees a 3-year strategic plan, an annual work plan with specific objectives, and reports quarterly on progress. The growth in the Partnership is illustrated in the figure below.

Outcomes of the Partnership’s activities:

- Government policy risk reduced through effective engagement with the main stakeholders
- Government targets more likely to be met for carbon savings, energy savings, and fuel poverty eradication
- Supply chain stakeholders cost effectively informed about emerging policy, regulations and schemes
- Cost effectiveness of delivering energy efficiency and fuel poverty measures increased
- Product standards set with stakeholders
- Full compliance with building regulations and product standards promoted
- Appropriate data and evidence promoted to inform policy and scheme design



EU policy drivers	UK policy instruments	Partnership work
Energy Performance in Buildings Directive (EPBD)	Revision of Part L of Building Regulations Code for Sustainable Homes Housing Act 2004	Staged building regulations consultation workshops Advised on new building regulation standards Facilitated development of training for the mandatory introduction of condensing boilers Investigated the level of compliance with building regulations Set up a stakeholder working group for new homes Staged EPC stakeholder seminars Commissioned studies into implications of EPCs (Energy Performance Certificates) in the owner-occupier, social housing, and private rented sectors Informed the development of standards for EPC home inspectors
Energy End-Use Efficiency and Energy Services	Energy Efficiency Commitment (EEC1, EEC2 and EEC3) Supplier Obligation post-2011	Staged stakeholder consultation workshops and seminars Submitted consultation responses from working groups Facilitated set up of EEC schemes in the insulation, lighting, white goods and brown goods industries Advised on technical performance standards for schemes participating in EEC
Energy Efficiency Action Plan	Energy Review Micro-generation strategy Fuel Poverty schemes in the four UK countries	Staged stakeholder consultation workshops and seminars Submitted consultation responses from stakeholder working groups Collated information on initiatives across the UK Researched the impact of rising fuel prices Collated information on new technologies

- Gaps in the provision of energy efficient products and services identified and solutions promoted
- Pre-commercialisation studies undertaken and investors introduced

### Examples

The Partnership plays a key role in the energy efficiency policy debate and enabling the implementation of policies, regulations and schemes. The schedule below summarises the Partnership's influence in relation to EU and UK policy drivers.

The work of the Partnership through its working groups not only assists government develop and implement policy but crucially also leads to the development of related commercial opportunities.

The following summarises the focus of work the 'industry' working groups:

- Insulation – promoting insulation products to householders and accessing subsidies
- Lighting – phasing out of inefficient lighting products and accessing subsidies
- Windows – expanding an energy efficiency rating scheme and accessing subsidies
- Heating – promoting the introduction of new technologies
- White Goods – encouraging consumer awareness of energy efficient products and accessing subsidies
- Brown Goods – expanding an energy efficiency labelling scheme and accessing subsidies

- Home purchase and finance – promoting new home purchase finance products

The focus of the 'intermediary' working groups:

- Advice providers – promoting higher quality standards and a code of practice
- Communities – encouraging energy efficiency community projects
- Education – encouraging energy efficiency content in education courses
- Local authorities – promoting higher priorities for energy efficiency in local government
- Rented housing – raising awareness of private sector landlords
- Fuel poverty – disseminating information about initiatives across all four UK countries
- Marketing – promoting effective supply chain links with government funded marketing campaigns

### Conclusions

The Partnership provides a model for successful collaboration between supply chain players and government policy makers. Supply chain stakeholders can be effectively engaged with the government in the design and delivery of energy efficiency schemes in the household sector and thereby reduce policy risk. The model enables supply chain stakeholders to be better informed of policy developments and able to respond to opportunities more cost effectively.

The success of the Partnership's business model is predicated on:

- A way of working, and system of governance, that balances the interest of all partners
- A culture of openness and transparency
- An approach which proactively addresses emerging issues and opportunities for collaboration
- Working group focus on achieving specific outcomes
- Dissemination of up-to-date information on government policy and industry initiatives

A permanent secretariat enables the Partnership to function effectively by:

- Guiding the strategic development of the Partnership
- Facilitating the development and delivery of collaborative action plans
- Staging working group meetings, workshops and seminars
- Linking cross sector issues and opportunities
- Commissioning and managing project work
- Issuing regular email news bulletins
- Maintaining an up-to-date website

#### **CRITICAL SUCCESS FACTORS**

In conclusion, the experience of the Partnership's operation over the last 7 years points toward three critical success factors: facilitation by a permanent secretariat, on-going funding of core functions and commitment of the partners.

#### **References**

Details about the work of the Partnership is available on its website: [www.eeph.org.uk](http://www.eeph.org.uk)