

Retrofit ROI Heatmap Blending Retail and Institutional Finance

Discovery project case study

Organisation lead

Bankers without
Boundaries

Project partners

Skenario Labs
Eunomia Research
& Consulting Ltd

GHFA funding

£99,241

Theme

Tool development

What problem was your project trying to solve?

The key barrier that the project aims to address is the financial barrier to retrofit: the lack of funding to make the upfront investment required to retrofit at scale. To overcome this financial barrier, we are developing a data platform which will map the scale of potential energy savings from carrying out retrofit. These savings will then be compared to the cost of the retrofit to identify appropriate finance options.

What solution did you develop and who is this for?

Our data platform was developed for two key use cases: Local Authorities and retail mortgage providers.

For Local Authorities, our Service will show potential energy bill reductions against intervention costs to enable selection and design of effective Net Zero Neighborhood (NZN) demonstrators. We hope to develop a better understanding of the proportion of the built environment that can self-fund retrofit through retail finance and can identify areas where additional subsidies or alternative funding models are needed.

For retail mortgage providers, our Service will help identify which homes in a portfolio are most suitable for retail finance for retrofit. For example, homes where the cost of retrofit could be recovered through returns from energy savings. This could support mortgage providers to create targeted marketing campaigns for their green mortgage products.

Project partners



Our Discovery phase project found that there was substantial interest from both Local Authorities and retail mortgage providers for a tool that could analyse potential returns from decarbonisation and energy efficiency measures. Such a tool was seen as a critical enabler of retrofit at scale by both user groups.

Rufus Grantham

Partner / Co-Founder, Living Places [formerly of BwB]

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What were the key things you learned during Discovery?

- 1. Local Authorities are a substantial potential market for the proposed service, rather than just a stakeholder:** Through our Discovery phase, we found that the Service provides access to valuable data in an accessible and integrated way. Currently, Local Authorities' approaches rely on pulling together open data, authority-held data, and licensed data to provide insights on decarbonisation opportunities, but this is a time-consuming process. By providing a holistic service, we believe we save Local Authorities 60% compared to existing workflows – primarily due to time cost savings.
- 2. Retail providers see that the tool could be more powerful as a risk analysis tool due to the relatively low demand for green mortgages at present:** While the Service was considered useful and added value to retail providers, all of them cited insufficient demand from end consumers as a barrier to upgrading the tool. However, some identified that it could have a significant relevance to them as a risk analysis tool.
- 3. Incorporating stakeholder feedback to allow for iterative product development played a pivotal role in the evolution of our solution during the Discovery phase:** Stakeholder feedback allowed us to refine our green finance platform continually. This iterative approach allowed us to tailor our solution to suit target audiences; for example, we added functionality to the platform, which enables Local Authorities to select multiple areas and view how they compare. This iterative approach highlighted the importance of developing a user-centric design for our platform. Based on our two rounds of feedback, we learned that both Local Authorities and retail providers value being able to interact with the tool, for example, by adding pre-existing data to the tool. This feedback has been taken on board for the future development of their respective tools.
- 4. Financial considerations were often at the top of consumer priorities:** We had initially assumed that environmental concerns were the primary driver for consumers. However, this was challenged by feedback received from banks and Local Authorities. Interviews with leaders in retail lending teams showed that an overwhelming majority of customers are financially pragmatic and are unlikely to make an environmentally focused decision unless it shows a reasonable financial return.

How will you take the concept forward?

During our Discovery phase, we successfully designed and tested a Service for both retail loan providers and Local Authorities. The consortium now has a clear blueprint of how the Service can be developed through future work. For example, we have decided to develop two separate tools, one for Local Authorities and one for retail providers. These tools will now be more specific to each use case. We can build upon these two distinct tools, based on new partnerships. On the Local Authority side, we had a very positive response from multiple authorities who have now engaged in a user group to help develop the tool. This group includes many that have developed Net Zero Neighbourhood projects in the last year. Of the four retail providers interviewed, three have shown significant interest in being engaged in the next phase. These partnerships will be critical to test the Service as part of its future development.

The Green Home Finance Accelerator (GHFA), funded by the Department for Energy Security and Net Zero's (DESNZ) Net Zero Innovation Portfolio (NZIP), promotes finance propositions that encourage domestic energy efficiency, low carbon heating, and micro-generation retrofit in owner-occupied and private rented sectors. PwC is supporting DESNZ to administer the grants and manage the programme, they are not responsible for the design, development or viability of any financial products, services or projects directly. Carbon Trust is supporting PwC by leading dissemination of project insights and learning. This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, The Department for Energy Security and Net Zero, PricewaterhouseCoopers LLP, the Carbon Trust and the Project Partners do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

Project info



Case study
developed by:

