

JUST TRANSITION
PARTNERSHIP



Evelyn Henderson-Child
Tom Lloyd Goodwin
Julian Boys
Naomi Mason

Toolkit

Let's go public:
Practical routes to transform
our buses, energy, and homes

About CLES

Founded in 1986, the Centre for Local Economies is an independent economics think tank and charity. We work collaboratively across the UK and Ireland to develop solutions that ensure economies are rooted in the places people call home.

At CLES, we partner as equals with all levels of government, local institutions and communities – challenging outdated methods and tackling local issues with practical, long-term solutions.

About Just Transition Partnership

The [Just Transition Partnership](#) advocates for action to meet climate change targets in ways which protect workers' livelihoods and make Scotland more equal and inclusive.

Founded in 2016 by Friends of the Earth Scotland and the Scottish Trade Union Congress, the alliance now also includes trade unions UNISON, Unite, Public and Commercial Services Union (PCS), University and Colleges Union and the Communication Workers Union (CWU); and WWF Scotland, the New Economics Foundation, Platform and Common Weal.

About this report

This toolkit draws on CLES's research for the Just Transition Partnership on practical pathways to expand public ownership of Scotland's buses, energy and home retrofit. The research combines academic and grey literature, policy and funding analysis, Scottish and international case studies, and extensive consultation with local government officers, trade unions, community organisations and sector experts. The toolkit is written principally for elected members and local authority officers exploring how public ownership can benefit their place and ensure public investment delivers public value.

It is designed to be read alongside the [accompanying policy paper](#), which sets out the fuller case for public ownership, explains why buses, energy and retrofit have been prioritised, analyses the national policy and regulatory barriers, and presents recommendations for the Scottish and UK governments.

October 2026

info@cles.org.uk | +44 (0) 161 832 7871

www.cles.org.uk | @CLEStinkdo

Registered charity no.1089503

Table of Contents

1.	Introduction to this toolkit.....	4
2.	The case for public ownership.....	4
3.	What makes public ownership work.....	5
4.	Financing public ownership.....	6
5.	Building public ownership of buses.....	7
	Why this matters for your place.....	7
	What councils need to navigate.....	8
	Tool: Public ownership of buses decision guide.....	10
6.	Building public ownership of energy.....	14
	Why this matters for your place.....	14
	What councils need to navigate.....	15
	Tool: Heat network public value and delivery pathway.....	17
	Tool: Electricity opportunity and public value assessment.....	21
7.	Building public capacity for retrofit.....	25
	Why this matters for your place.....	25
	What councils need to navigate.....	26
	Tool: Retrofit public delivery capacity assessment.....	28

1. Introduction to this toolkit

This toolkit is a practical starting point for local authorities and other public bodies exploring public ownership or direct public delivery of buses, energy and retrofit. It helps elected members and officers identify opportunities, assess the conditions needed for success and agree the next practical step. It supports early decisions and does not replace detailed feasibility work, legal advice or a full business case. It will also be useful to public bodies pursuing just transition objectives and partnerships formed under the Community Wealth Building (Scotland) Act 2026. The accompanying policy paper provides the fuller case for public ownership of these sectors, along with recommendations for policy makers.

The opening sections set out cross-cutting issues for those pursuing public ownership across all three sectors, including institutional capacity, governance, finance and public purpose. These provide useful context, but readers primarily interested in a particular service can move directly to the relevant section on buses, energy or retrofit.

Each sector section explains why public ownership matters, highlights existing examples and sets out the policy, funding and delivery options available to local authorities. The tools follow a common practical logic: define the local problem or opportunity; assess existing assets and capacity; test delivery models and finance; identify the public value they could create; and agree the next step. The order and content vary to reflect each sector.

The tools are comprehensive but need not be completed at once. Authorities can start with the questions most relevant to an immediate opportunity, note evidence or expertise gaps, and return as work develops. They are intended for discussion across relevant services, elected members, regional partners and external experts. Initial use may take time; later assessments should become quicker as knowledge and delivery experience grow.

Here, public ownership mainly means local or regional public enterprise and in-house delivery, sometimes with public partners. Future reforms may alter institutional responsibilities, but the core principle remains: strategic assets and services should be democratically governed for public benefit and return value to services and places, rather than distant shareholders.

2. The case for public ownership

Local authorities are on the front line of Scotland's just transition. Buses, energy and retrofit shape access to jobs and services, affordable warmth and the distribution of transition benefits. They are central to Scotland's decarbonisation. Yet public spending often sustains these systems without giving councils lasting assets, capability or control over value. The issue is therefore not only what is spent, but whether spending builds local capacity and value.

Public ownership can convert spending into lasting capacity by retaining value that would otherwise be extracted as private profit, supporting long-term planning, in-house expertise, good work and democratic accountability. It is not a cure-all: clear objectives, viable revenues, capable institutions, fair governance, and worker and resident voice remain essential. Where essential services already depend on public investment, the Community Wealth Building (Scotland) Act 2026 strengthens the case for testing direct or publicly owned delivery before outsourcing.

The policy environment has become more supportive in recent years. Local authorities can once again operate bus services, a statutory framework exists for heat networks and local heat and energy efficiency planning, and community wealth building is now embedded in legislation. Significant barriers remain, many of which require further Scottish and UK government action. A fuller case for public ownership and recommendations for policy makers are set out in the [accompanying policy paper](#). However, local authorities are already demonstrating how public ownership can support climate action and retain wealth locally. This toolkit is intended to help more places explore and develop those opportunities.

3. What makes public ownership work

Across buses, energy and retrofit, the research points to a number of recurring conditions.¹ They are useful checks before councils move into the sector-specific tools.

Start with a practical public purpose. The strongest projects respond to a clear local problem - such as unaffordable bus tenders, high energy costs, fuel poverty or a weak retrofit pipeline - and judge success over the life of the service or asset, not only its upfront cost.

Build from existing assets and capacity. Land, rooftops, depots, buildings, housing stock, maintenance teams and predictable public sector demand can reduce risk and provide a base from which to rebuild delivery capability.

Fund development as well as capital. Feasibility, legal and commercial work, project management, mobilisation and workforce development are often the missing pieces. Short-term grants should be used, where possible, to build capacity that lasts beyond one funding round.

Work at the right scale. Some opportunities sit naturally within one region; others need joint working. Bus networks cross boundaries, energy projects can benefit from shared expertise and anchor demand and retrofit pipelines can become more viable when demand is aggregated.

Recognise system constraints early. Direct award and licensing rules affect buses; grid charging, supply rules and UK regulation constrain energy; and stop-start funding affects retrofit. Separate these barriers from weaknesses in the local proposition and escalate them where national action is needed.

Phase delivery. Authorities do not need to municipalise whole systems at once. Pilots and lower risk entry points can build evidence, skills and confidence, provided they are designed as steps towards stronger public capability rather than isolated projects.

Build political commitment. Deregulation, privatisation and austerity have reduced local government capacity to shape essential services. Scottish authorities show that rebuilding it can deliver social, economic and environmental benefits, but this requires sustained political leadership and commitment.

¹ CLES. (2026). Policy paper: How we transform Scotland's buses, energy and retrofit. Link.

4. Financing public ownership

Finance should follow a credible business model built around a clear public purpose. Start with the service or asset needed, how it will be delivered and how its costs will be met over time. Separate development costs, capital investment and ongoing revenue needs, then choose finance that fits the model's risks and scale. The main options are summarised below; the sector sections identify relevant funding and revenue streams.

Public Works Loan Board. Best suited to long-life service delivery assets such as fleets, depots and heat infrastructure. Borrowing must be affordable, prudent and linked clearly to service delivery rather than investment for yield.

Internal borrowing. Useful for feasibility, development and early mobilisation. It can be flexible for smaller early-stage costs but depends on reserves and financial resilience.

Grants. Useful for feasibility, pilots and part-funding capital, but usually competitive and time-limited. Where possible, use them to build capability that lasts beyond the funding round.

National Wealth Fund (UK government). Can lend directly to councils for larger investable infrastructure. Deal size (starting around £15 million) and additionality requirements can make smaller projects unsuitable for NWF finance.

Commercial finance and green bonds. Most relevant to larger, mature projects with reliable long-term revenues. Green bonds raise capital like conventional bonds, but proceeds must fund sustainability projects. They can attract patient investors and may offer a lower-cost alternative to private finance for publicly owned assets. Both require a strong business case and specialist advice and should be compared on whole-life value with public borrowing.

Scottish National Investment Bank. SNIB cannot currently lend directly to councils. Its most likely role is through commercially structured arm's length entities or wider mission-led investment.

Great British Energy. Expected to invest up to £1 billion in local energy projects across the UK, including support for the Scottish Government's Community and Renewable Energy Scheme (CARES). Public bodies may be able to access future funding waves.

Just Transition Fund (Scottish Government). JTF is a 10-year programme supporting the North East and Moray to move to a net zero economy, creating new jobs and opportunities as the area transitions away from carbon intensive industries. Includes funding for public sector projects.

Local government pension funds. Potential long-term investors in green and place-based infrastructure. Projects need to be investable, with credible revenues, appropriate risk-adjusted returns and a structure that fits the fund's investment strategy. Councils can help develop a pipeline of suitable opportunities, but investment decisions sit within pension fund governance and must serve scheme beneficiaries. Pension assets are not a substitute for council budgets or grant funding.

5. Building public ownership of buses

Why this matters for your place

Buses are essential social infrastructure. They connect people to work, education, healthcare, high streets and social life, and are especially important for people on lower incomes and those without access to a car. Reliable, comprehensive bus networks are also central to reducing car use and creating healthier, more sustainable places.

Four decades of deregulation have left a fragmented system in which private operators can prioritise commercially attractive routes while local authorities support socially necessary services. Ridership has fallen, routes have been withdrawn, fares have risen and public subsidy remains substantial. In the Scottish Borders and Highlands, steep tender increases have already pushed councils towards direct delivery because the market became unaffordable.

The Transport (Scotland) Act 2019 restored the power to run services directly but is not a simple route to public ownership. Councils still face a deregulated market, limited in-house expertise, licensing and direct award constraints, and uncertainty around funding and reimbursement. Franchising can restore public control over networks, but public ownership also requires delivery capacity. Where that capacity is built, councils can retain and reinvest value, cross-subsidise routes, plan around social need and strengthen Fair Work and accountability.

Lothian Buses

Lothian Buses is an arms-length commercial operator owned by the City of Edinburgh, Midlothian, East Lothian and West Lothian councils. It is the largest municipal bus company in the UK, with a staff of 2,500 and annual revenues of over £175m. Lothian Buses operates an extensive network, has maintained increasing levels of bus use relative to comparable Scottish cities and is recognised for service quality. Its public structure allows profits from well-used services to support less commercially attractive routes and wider transport investment. It also runs tourism buses via its subsidiary Edinburgh Bus Tours.

Lothian did not have to rebuild a municipal operator after decades of outsourcing. Councils starting now face the harder task of rebuilding depots, fleets, systems, expertise and workforce capacity within a deregulated market. Lothian nevertheless offers lessons in regional collaboration and the development of a multimodal transport network.

Highland and Scottish Borders: In-housed bus services

In the Highlands and Scottish Borders, in-house bus operation emerged in response to market withdrawal and steep tender price increases. The evidence suggests that direct operation has controlled costs, expanded services and increased passenger use in particular corridors. In Highland, in-house delivery is generating annual savings of over £1.7m against previous tender prices, while supporting growing passenger numbers. In the Borders, passenger numbers rose from around 2,000 to nearly 12,000 per month within a year of bringing services in-house.

These are pragmatic responses to market failure, not ideological experiments. They show that direct delivery can control costs and improve services where councils have operational expertise, a viable revenue model and the ability to reinvest savings in service growth.

What councils need to navigate

Policy and delivery conditions

Powers and routes. The Transport (Scotland) Act 2019 allows councils to run services directly, establish Bus Service Improvement Partnerships or pursue franchising. Direct operation now has a legal route, but it has not had dedicated development funding or support. Franchising may have an important role, particularly in larger urban regions with several private operators, because it can regulate routes, fares and service standards. But it does not create public ownership unless public operating capacity is built alongside it.

Regional scale. Travel patterns often cross regional boundaries, so Regional Transport Partnerships (RTPs) can be a useful scale for planning and, where powers allow, delivery. Their roles differ: some have operational powers, while others are mainly strategic. Places should test whether a local, joint authority or RTP-led model best fits the geography, and advocate for stronger and more consistent regional delivery powers.

Direct award rules. Uncertainty over when contracts can be awarded directly to a public operator makes it hard to design a pathway from pilot activity to a larger municipal or regional bus company. Direct awards may support only small-scale pilots unless rules and guidance make it clear how publicly owned operators can grow within a regulated network. Councils should seek specialist legal advice and record where direct award uncertainty is a barrier that requires national clarification.

Permits and licensing. Where councils operate under community bus permits, they may be prevented from holding a full Public Service Vehicle operator's licence and operating on the same footing as commercial companies. This can confine in-house provision to a not-for-profit model. Councils should identify whether their current transport activity relies on section 19 or 22 permits, what this means for expansion, and whether a full PSV operator model or separate public company would be required. Choose the operating model that best reflects the authority's objectives, the nature and scale of the services envisaged, and its longer-term ambitions for the local transport network.

Fare cap reimbursement. The proposed £2 fare cap could improve affordability and support modal shift, but it also changes the economics of public bus delivery. While reimbursement rules are unclear, councils and RTPs cannot know whether direct delivery, franchising or a municipal operator will be financially viable. Any public ownership appraisal should therefore test different reimbursement scenarios and treat unresolved fare policy as a national policy risk rather than a failure of the local model.

Funding and revenue

There is no dedicated national funding programme for direct local authority bus delivery. Councils may repurpose supported bus, home-to-school or community transport budgets where direct delivery offers better value. Capital is needed for fleets, depots, charging and systems; revenue for management, scheduling, legal work, licensing and mobilisation. Funding for other priorities such as bus infrastructure or decarbonisation funds should, where possible, build future public ownership and capacity. As well as fare revenue, public operators can expect to draw on other revenue streams, such as the Scottish Government's Network Support Grant and concessionary reimbursement.

Potential funding sources

Internal funding sources	Capital grant funding	Revenue funding
Budgets for: Supported bus services Home-to-school transport Community transport	Bus Infrastructure Fund Decarbonisation funding	Network Support Grant Concessionary reimbursement

The options for local authorities

Public ownership can be phased. In places facing market withdrawal or unaffordable tenders, an authority may begin with a small set of supported or home-to-school services and build systems, fleet and workforce from there. Elsewhere, joint-authority or regional models, or franchising combined with a public operator, may be more appropriate.

In practice, the route to public ownership might look like:

- pilot public delivery through in-housing or a publicly owned arm's length company for supported, home-to-school, withdrawn, reduced or unaffordable socially necessary routes. Use the pilot to learn and build capacity. Acquisition of existing private operators may be a suitable route to building delivery capacity, including fleet, infrastructure and expertise;
- develop joint authority or RTP-led models where routes, depots, passengers and labour markets cross boundaries. This may look like a new joint public company or RTP operation, depending on local powers and capacity;
- use franchising or other regulatory routes to bring the network back under public control, while building public capacity and ownership within a single local authority, a partnership, or through the RTP.

Any public bus model needs political leadership, investment in expertise, regional collaboration and long-term planning. National barriers should be identified as priorities for national action. Authorities should also recognise what ownership alone cannot solve, including congestion, infrastructure constraints and wider labour pressures.



Tool: Public ownership of buses decision guide

This tool helps elected members, officers, RTPs and partners decide whether and how to develop public bus delivery. Use it iteratively: begin with available evidence, identify gaps and agree next steps. Testing a realistic pilot alongside a more ambitious option can build knowledge and capacity. Scottish Borders Council can advise via LBSTransport@scotborders.gov.uk.

Who you should consult

- Transport, finance, legal and procurement officers;
- Elected member champions and relevant portfolio leads;
- RTP representatives and neighbouring authorities where routes cross boundaries;
- People with direct bus industry, scheduling, depot, maintenance or licensing experience;
- External advisers or peer authorities where in-house expertise is limited;
- Trade unions representing bus workers.

Stage 1: Is there a case for intervention?

Service pressures

- Have routes been withdrawn, reduced or become unreliable?
- Are services failing to connect rail, hospitals, schools or major employment locations?
- Are there significant gaps in coverage, particularly in rural or high deprivation areas?
- Do timetables meet the needs of people working evenings, nights or shifts?
- Have reductions in bus services increased demand for alternative authority funded transport such as school, social care or community transport?
- Are home-to-school and/or supported services at risk?

Market pressures for procured transport services

- Have tender prices increased above inflation or beyond available budgets?
- Are commercial operators withdrawing from contracts, declining to bid, or unwilling to provide socially necessary services without substantial public subsidy?
- Is the council exposed to contractor failure or emergency service provision?
- Is the local authority paying increasing subsidy levels without corresponding improvements in service quality or coverage?
- Are local operators experiencing recruitment and retention difficulties that threaten service continuity?
- Are increasing contract costs diverting resources from other transport priorities?
- Would collaboration with neighbouring authorities create economies of scale and a more resilient operating model?

Public value considerations

- Could public ownership improve frequencies, affordability or service integration?
- Could public bus ownership better support decarbonisation objectives?
- Could public ownership turn subsidy into wider local value through good jobs, training and reinvestment in transport services and communities?

Decision point: If there is a case for intervention, write up your objectives and continue to Stage 2.



Stage 2: What possible delivery models should we test?

Based on your objectives, identify several possible pathways to test before choosing a preferred model. This may include both a pilot or proof-of-concept option and a more ambitious expansion option. You can return to this stage after completing Stage 3 if the first option proves too costly, risky or underdeveloped.

1. In-house delivery (this may integrate supported services, home-to-school transport and other transport where appropriate).
2. Municipal bus company or arm's length publicly owned operator.
3. Joint local authority or Regional Transport Partnership-led delivery through direct delivery or an arm's length model.

Considerations:

- Does the proposed model address our objectives and case for intervention?
- Could the model allow us to build capacity before progressing to another model?
- Do travel patterns extend beyond one local authority area?
- Does the Regional Transport Partnership have the power to deliver transport services?
- Would collaboration with neighbouring authorities improve viability?
- Does the model support wider policy objectives, including community wealth building and Fair Work? ([Fair Work considerations](#) include: payment of the Real Living Wage, worker voice and secure hours).
- Could franchising alongside this delivery model create a level playing field for a public operator in the short term and support expanded public ownership over time?

You are unlikely to be able to move straight to a comprehensive municipal or regional publicly owned bus network; therefore, keep your long-term ambitions in mind but be prepared to start with pilot activity. That will allow you to build confidence, capacity and public trust, and grow over time.

Decision point: Select two or three pathways to test in Stage 3. At least one should be a realistic near-term pilot or proof of concept, unless you already have the capacity and mandate for a fuller model.

Stage 3: What would we need to deliver it successfully?

For each potential model, identify the assets and capacity already available, what is missing and how the gaps could be addressed:

Operations and assets

- Fleet availability;
- Depot requirements;
- Operator licensing requirements;
- Insurance policies;
- Maintenance provision;
- Operational systems and scheduling.

Workforce and expertise

- Transport management expertise;
- Driver pool, recruitment and retention, and potential impact on other operators;
- Financial and legal capability;
- Political and organisational understanding of public ownership models.



Data needed for decision making

- Ticket machine data and fare type data;
- Passenger numbers by route, journey, time of day and boarding point;
- Revenue, concessionary reimbursement and Network Support Grant assumptions;
- Reliability, punctuality and cancellations;
- School transport, supported service and community transport usage;
- Demand patterns, unmet need and passenger feedback;
- Route-level cost and income information, including contract management costs.

Governance

- Clear objectives and accountability arrangements;
- Capacity to manage risk and performance;
- Ability to retain any surplus and reinvest in transport services.

Financial and cost modelling

- Repurposed existing spend on supported bus, home-to-school and community transport contracts where in-house delivery can release resources for service improvement or fill gaps;
- Council capital investment, borrowing or transport asset budgets to purchase fleet and equipment to build durable public capacity;
- National or UK capital grants where available, especially for zero-emission vehicles and sustainable transport measures;
- [Cost model](#), including retained fare income, concessionary reimbursement, Network Support Grant and any surpluses for reinvestment in bus services and wider transport outcomes.

Decision point: If there are capacity, data or costing gaps, make a plan to address them, then rerun Stage 3 for the same option or test another pathway from Stage 2.

Stage 4: Does public ownership deliver greater long-term public value?

Do not compare current and public delivery costs in isolation. A better system may cost more because it provides more routes, frequency, reliability or accessibility. Assess service quality, public value and financial implications together.

Financial costs

Consider:

- Contract price versus in-house operating costs (for currently contracted services);
- Contract management and procurement costs (for currently contracted services);
- Costs of fleet, staff, maintenance and compliance (as estimated in costing model);
- Exposure to future tender inflation.

Revenue and reinvestment

Consider:

- Income from fares, Network Support Grant, concessionary fare reimbursement, etc. (as estimated in costing model);
- Retention of surpluses;
- Ability to cross-subsidise socially necessary routes;
- Ability to reinvest retained value and surpluses into service improvements.



Risks of public delivery

Consider whether the authority has the risk appetite and capability to manage a semi-commercial operation, including fares, reimbursement and service performance.

- Operational, commercial, staffing, legal, financial, governance and political risks.
- Ability to recruit, retain and manage drivers, maintenance staff and transport managers.
- Risk that service challenges become politically directed by the council.

Risks of the status quo

- Rising tender costs and weak market capacity.
- Service withdrawal, reduced access and declining passenger confidence.
- Emergency procurement or short-term patching when contracts fail.
- Public subsidy continuing to leave the local system without building local capability.
- Lost opportunities for modal shift, Fair Work, community wealth building and reinvestment.

Public value

Which option contributes more strongly to:

- Accessibility and social inclusion;
- Reduced transport poverty;
- Climate and modal shift objectives;
- Local employment and skills;
- Fair Work;
- Community wealth building;
- Democratic accountability;
- Retention of wealth within the local economy;
- Health and wellbeing.

Strategic opportunities from public transport capability

Consider how stronger public transport capability could expand the council's or region's options:

- Could retained planning and delivery expertise help the council respond to future transport needs?
- What new options would become available for network planning, service integration, fares, timetabling, or cross subsidy?
- How could public delivery create collaboration opportunities across the public sector?
- What further services or partnerships could be developed as capability grows?

Decision point: Progress if public ownership offers stronger long-term public value and delivery risks can be managed. Redesign where gaps can be addressed, or pause and set a review point where conditions remain unresolved.

Output

Prepare a short statement covering the case for intervention, assets and capacity available, options tested, funding and capability gaps, expected public value and the recommended next step. Identify who will take each action and when progress will be reviewed.

6. Building public ownership of energy

Why this matters for your place

Scotland hosts 39 per cent of the UK's wind capacity, yet the benefits are unevenly shared.² Communities in places such as the Highlands live alongside substantial renewable infrastructure while facing high fuel poverty and having little control over where the value goes.³ Dependence on fossil fuels and concentrated ownership leave households and public services exposed to high energy costs. Public ownership offers councils a practical way to retain more of that value and put it to work locally.

Councils face constraints on grid access, charging, supply and pricing within an energy system designed around national private operators. A practical starting point is the assets and demand that they already control. Moving into retail supply brings additional regulatory demands and exposure to wholesale market risk.

For electricity, the lowest risk starting point is own-use generation on publicly owned land and buildings, where avoided electricity costs can create savings for reinvestment and help rebuild technical capability. Larger generation, Power Purchase Agreements, shared ownership and repowering can extend public ownership but need legal, grid and financial expertise.

Heat networks offer a different opportunity because heat is devolved. Evolving policy creates scope to shape delivery, but demand uncertainty and a lack of established models remain challenges. Where credible anchor demand exists, councils should compare networks with other options. Public or non-profit models should embed affordability, fuel poverty reduction and reinvestment from the outset.

South Lanarkshire Council's solar programme

South Lanarkshire was able to develop a council-led solar programme because it had retained an in-house building services team. Rather than outsourcing the work, the council upskilled its own electricians and used council roofers to install solar photovoltaic panels (PV) across schools and leisure facilities. The programme now generates 1.5 million kilowatt-hours (kWh) each year, and has been financed through a recycling fund that reinvests utility savings into new projects. Over time, this has reduced energy costs through on-site generation while keeping work, skills and knowledge within the public sector.

For other councils, the lesson is to start with the assets and teams already under public control. A recurring pipeline of own-use projects can justify upskilling staff, support apprenticeships and retain technical knowledge, while a recycling fund can turn savings from one installation into capital for the next.

² Scottish Government. (2023). Update on Scotland's renewables and wind power potential. [Link](#).

³ CLES. (2026). Blown away: following the money in Scotland's onshore wind sector. [Link](#).

Aberdeen Heat and Power⁴

Aberdeen Heat and Power was established by Aberdeen City Council as a not-for-profit company. Its governance and tariff policy are explicitly connected to fuel poverty reduction, and the network has expanded to 5,000 homes and public buildings. Its most recent expansion is projected to save 107,000 tonnes of carbon over 40 years and its location has been selected due to high levels of fuel poverty in the area.

For councils considering heat networks, the lesson is less about copying the technology than about governance: affordability and reinvestment need to be built into tariffs and operating rules from the start. The model also reflects its local context - many early customers were moving from expensive electric storage heating - so comparable schemes need to test affordability against realistic local counterfactuals.

Orkney Islands Council wind farms

Orkney Islands Council is developing three wind farms. It is an instructive example of how councils can generate revenue for their budgets while tackling the climate emergency. The developments are predicted to generate £5.5m in annual profits, which will go to public services on the islands. A case study from Platform can be found [here](#).

What councils need to navigate

Policy and delivery conditions

Electricity markets. Councils can own generation, but supply, licensing and network regulation are built around national private suppliers. Own-use projects are simpler than private wire or grid-connected models, though councils in Orkney and North Ayrshire are developing projects to resell electricity to the grid.⁵

Pricing and heat network viability. High electricity costs can make electrified heat difficult to finance without pushing tariffs beyond what households or public anchors should pay. Affordability and transparent public value safeguards must therefore be part of the business model, not added later.

Repowering. Existing wind assets coming up for repowering create an opportunity for councils and communities to seek equity stakes or stronger benefit sharing, particularly on public land where development conditions can be set. Without deliberate action, the current ownership pattern is likely to be reproduced.

In-house capacity. Estates, maintenance, electrical and building services teams can install, manage and maintain assets for own-use generation. A stable pipeline of work can also support training and apprenticeships.

⁴ Aberdeen Heat and Power uses a range of heat sources, including waste incineration. This is a non-renewable source of energy and generation contributes to climate change. With a ban on landfill coming into force in 2028, local authorities are looking for solutions to dealing with waste; this should include a focus on reducing waste.

⁵ Local Energy Scotland (n.d.). Private wire supply. [Link](#); Platform (2023). Orkney Community Wind Farm. [Link](#); North Ayrshire Council. (n.d.) North Ayrshire's solar PV farm is a first for Scotland. [Link](#).

Funding and revenue

Energy projects need development funding, capital and a reliable source of savings or revenue. For own-use generation, the first test is usually a comparison of potential electricity savings with potential income from selling electricity to the grid; capital budgets, prudential borrowing, grants and recycling funds can then be combined around that business model.

Heat networks need separate provision for feasibility, development, construction and long-term operation. Funding and borrowing do not solve an unaffordable tariff, so business cases must test anchor commitment, building readiness costs, maintenance, customer protection and the counterfactual cost of heat. If public anchors or council tenants do provide necessary anchor demand for heat networks, they must not be penalised for doing so by subsidising private consumers. The Scottish Government's Heat Network Support Unit provides development funding, while the Heat Network Fund provides capital grants.

For larger generation projects or public and community equity stakes, the National Wealth Fund may offer co-investment or technical support. Great British Energy is developing investment products that may also provide finance for local authorities. Large-scale generation needs a viable revenue model, potentially using Power Purchase Agreements or Contracts for Difference.⁶

The options for local authorities

Councils cannot easily recreate the vertically integrated municipal utilities found in parts of Europe, but they can use assets, demand and partnerships already under public control to build ownership incrementally.

A practical route to public ownership might look like:

- Develop own-use generation on council buildings and land and build in-house installation and maintenance capacity.
- Use anchor demand to identify heat network opportunities and develop feasibility work based on affordability, fuel poverty reduction and long-term public value. Consider the different ownership models available – not just full ownership – that protect public value.
- Explore public, community or shared ownership stakes in new and repowered schemes.
- Support community energy through land, rooftops, officer time and development support.
- Work with neighbouring councils, NHS bodies, universities and housing associations to aggregate demand, share expertise and strengthen local democratic ownership.

Public energy ownership should not be treated simply as an income generation strategy. Its purpose should also be to reduce and stabilise costs, tackle fuel poverty, retain value, build skills and strengthen democratic control. Where grid charging, local supply rules or Ofgem regulation are the binding constraint, councils should identify that explicitly as a priority for national action.

⁶ Local Energy Scotland. (n.d.) An introduction to Power Purchase Agreements. [Link](#); Local Energy Scotland. (n.d.) Contracts for Difference. [Link](#).



Tool: Heat network public value and delivery pathway

Purpose: Use this tool to assess whether a heat network is the right local solution, how it can protect affordability and public value, and which ownership and delivery model fits. Begin with available information, identify gaps and return as the project develops. The tool brings ownership questions into Local Heat and Energy Efficiency Strategy (LHEES) development; it complements technical feasibility work, legal advice, modelling and business case development.

Users: Elected members and officers working across energy, sustainability, housing, estates, finance, legal, procurement, planning, economic development and community wealth building who need to decide whether and how to take a heat network opportunity forward.

1. Is there a heat network opportunity, and how does it compare to other options?

Test whether there is a credible heat network opportunity and whether it is likely to meet local objectives better than non-network alternatives. If it does, carry the preferred opportunity and its key assumptions into the affordability test in Stage 2.

Ask:

- **Public purpose:** What problem are you solving: decarbonisation, fuel poverty, estate costs, regeneration or resilience?
- **Demand and anchors:** Where is heat demand dense and predictable, based on LHEES, zoning and housing data? Which public buildings, social housing, hospitals or commercial users could connect, afford the costs and commit to the scheme?
- **Alternatives:** How does a network compare with fabric-first retrofit, building-level heat pumps, communal systems or continued electric heating with reduced demand? Which option offers greater public value per pound?
- **Phasing:** Does the first phase provide a viable base for expansion, or depend on future connections that are not yet committed?

Output: A heat opportunity note recording the strategic objectives, priority clusters, anchor commitment, proposed phasing and reasons for preferring a heat network to alternative options.

2. Can the scheme cover full costs and protect affordability?

Treat affordability as a fundamental condition of proceeding. Compare heat network costs with realistic counterfactuals, distinguish development, capital and operating costs, and test the long-term revenue model and potential funding sources. Carry the resulting affordability conditions and risk allocation into the ownership and governance appraisal in Stage 3.

Assessment area	Key considerations
Counterfactuals and tariffs	How do whole-life costs compare against gas, direct electric, or building heat pumps? What will households, public anchors, and commercial users pay under proposed tariffs?
Fuel poverty and cross-subsidy	How does the scheme reduce fuel poverty risk? How can the scheme prevent low-income users from subsidising the wider network, or public anchors subsidising private developers or commercial users?
Building readiness	What retrofit, wet heating, ventilation, or metering works are required before connection, and who finances them?



Funding and viability	Have all capital costs (heat source, pipes and connections), development costs (legal advice, project management and commercial work) and operating costs (fuel, bad debt, billing, replacement and maintenance) been included? Which costs can grants cover, what gaps remain and has the revenue model been tested?
-----------------------	---

Output: A cost and affordability assessment covering realistic counterfactuals, fuel poverty safeguards, building readiness costs, funding sources and gaps, the high-level revenue model and any affordability conditions that must be met before proceeding.

3. Which ownership, governance and delivery model best protects public value?

The Scottish Futures Trust report assesses heat network delivery models against ten dimensions, including ease of deployment, potential for private sector investment and support for skills and capacity. Four models score particularly highly and are summarised below; other approaches, including community-led models, are also being explored in Scotland. Use the questions that follow to test which model best retains ownership, control and value for public benefit, then take its proposed safeguards into the public value assessment in Stage 4.

Regional Energy Services Company	Local Authority-Led Joint Venture
Several local authorities work with a private partner to establish a regional body to fund, build and operate a pipeline of schemes across their boundaries.	A local authority selects a private partner through procurement to co-own a joint venture, for example with equal shares or a public minority stake, delivering an initial scheme and a longer-term local pipeline.
Local Authority-Led Delivery with Scottish Government Stake	Centrally Led Delivery
A local authority-led model backed by direct central government equity/capital stake or co-ownership, offering additional financial resilience and alignment with national policy.	A national or central body assumes primary responsibility for development, funding, and delivery, working with local authorities as key stakeholders and anchor load providers.

Ask:

- Who owns the network assets, heat source and internal equipment?
- Who operates the network and who is responsible for maintenance, lifecycle replacement and performance?
- Who bills customers, handles complaints, manages vulnerable customer support and meets heat supplier obligations?
- Who takes construction risk, demand risk, operating cost risk and long-term asset risk?
- Who sets tariffs, standing charges, customer standards and reinvestment rules?
- What in-house legal, financial, commercial, procurement, technical, energy, housing and customer service capacity is available?
- What specialist support or external operator role would be needed, and how would council capability be retained and developed?
- Which assets, rights and capabilities must remain public even if operation is contracted?
- Where does any surplus accrue?
- Does public funding build durable public capacity and value?



Output: An ownership, governance and delivery appraisal identifying the preferred model, the public value safeguards it requires, the allocation of key risks and the capability to retain, build, share or procure.

4. Can the preferred model create, evidence and protect public value?

Test the public value case against the preferred ownership and delivery model from Stage 3. Identify the outcomes the scheme is expected to deliver, the evidence needed to assess them and the design conditions required to protect them. Carry any gaps into action planning in Stage 5.

Consider:

- **Affordability and distribution:** impacts by income, tenure and customer type;
- **Value retention:** local/public retention of spending, surplus and asset value;
- **Employment quality:** pay, security, worker voice, apprenticeships and progression;
- **Local economy:** local procurement, SMEs, social enterprises and supply chains;
- **Public capability:** expertise, data and systems retained by the authority;
- **Democratic accountability:** transparency, resident influence and redress;
- **Long-term resilience:** lifecycle provision, adaptability and operator failure protection;
- **Health and environmental outcomes:** comfort, damp, health, emissions and avoided public costs.

Ask: Which public value outcomes are already secured by the proposed ownership, governance, tariff and operating arrangements? Which remain vulnerable to value extraction, unaffordable tariffs, weak accountability, poor employment standards, loss of public capability or operator failure?

Output: A public value evidence table recording each intended outcome, its indicator and evidence source, the design or governance condition needed to secure it, and whether it is secured, at risk or unsupported. Carry unresolved gaps into Stage 5.

5. What steps should be taken to strengthen the case and model?

Use the findings from Stages 1–4 to decide whether the scheme can proceed with public value safeguards in place or whether its affordability, ownership, governance, capacity or policy conditions must first be strengthened. For each gap, identify the required action, responsible organisation and review point.

Possible conclusions:

Redesign around affordability	Strong technical case, but tariffs, standing charges, subsidies, or user protections are not yet acceptable.
Pursue an alternative heat option	Non-network solutions (e.g. fabric first retrofit, heat pumps) deliver greater public value per pound.
Build capacity first	High potential, but council lacks internal legal, financial, commercial, or technical leadership resources.
Redesign ownership and governance	The technical opportunity may be viable, but the proposed model does not retain sufficient control, accountability or value for public benefit. Revisit ownership and governance design and define design principles.
Prepare and highlight policy priorities	Delivery hinges on national funding, heat policy, electricity pricing reform, or regulatory changes.



Do not proceed in current form	Severe, unresolved risks around demand, affordability, building readiness, or public value.
---------------------------------------	---

Output: A heat network action plan setting out the chosen pathway, actions to address each gap, responsible organisations and review points.

Summary output

At the end of the pathway, prepare a short heat network public value and delivery note covering:

- the heat problem the scheme is intended to solve;
- the alternatives considered and why a heat network is, or is not, the right option;
- identified demand, committed demand and the conditions for anchor connection;
- whole-life costs, expected revenue, subsidy requirements and affordability protections;
- building readiness issues and any preparatory retrofit or internal works required;
- the preferred ownership, governance and operating model;
- the public value outcomes sought and the evidence that will be used to test them;
- the recommended next steps: proceed with safeguards; redesign affordability, ownership or governance; build capacity; pursue an alternative heat option; escalate policy dependencies; or do not proceed in the current form.



Tool: Electricity opportunity and public value assessment

This tool is designed to help authorities move from a broad interest in public energy ownership to a manageable first set of opportunities. It does not require every question to be answered at the outset. Authorities can begin with their own estate and electricity demand, identify promising sites, and add technical, legal and commercial detail as projects develop. Experience from initial projects can then support a wider pipeline or more ambitious partnership and ownership models.

When using the tool, bear in mind the distinction between projects that are primarily:

- Building-level own-use projects, such as solar PV, storage or small-scale generation on council buildings, depots, schools, leisure centres, car parks or land where the council controls both the asset and the electricity demand.
- Larger generation or shared ownership projects, such as wind, ground-mounted solar, repowering, anchor partnerships or community/public ownership stakes, where electricity may be exported to the grid or sold through more complex offtake arrangements.

Own-use projects are usually assessed around avoided costs, self-consumption, building-level demand and estate management, while larger projects require earlier consideration of grid connection, finance, legal structure, offtake, risk and specialist advice.

1. Identify council-controlled opportunities and project type

Start with assets and electricity demand the council already controls, and distinguish between building-level own-use projects and larger grid-connected or shared ownership opportunities.

Ask:

- Which council buildings have high and predictable electricity demand?
- Which roofs, land, car parks, depots or other public estate assets may be suitable for solar PV or other own-use generation such as small-scale wind or solar canopies?
- Where are electricity costs highest across the council estate?
- Which sites have strong daytime electricity use, such as schools, leisure centres, offices, depots, care facilities or other public buildings?
- How does electricity use at each site vary across the day, week and year?
- Is there sufficient summer baseload to use most of the electricity generated on site?
- Are there sites where future demand is likely to increase because of EV charging, fleet electrification or other decarbonisation measures?
- Are there opportunities where the council owns the asset, controls the demand and can move relatively quickly?

Output: A short list of potential own-use electricity projects, prioritised by electricity demand, asset suitability, likely level of self-consumption, ease of delivery and likely public value.

2. Assess economic benefits

Assess whether the project creates clear economic benefits for the council and place.

Ask:

- How much generated electricity could be used directly on site?



- How much electricity would be generated beyond on-site demand, and could a different system size reduce this surplus?
- Could surplus electricity be stored or used to meet future demand before export is considered?
- Would battery storage, EV charging, heat electrification or other future demand increase the amount of electricity used locally before export is considered?
- Could the project reduce the council's exposure to energy price volatility and reduce long-term pressure on council energy budgets?
- For building-level projects, are avoided electricity costs likely to exceed export income, and how would unavoidable exports affect payback?
- Could a recycling fund be established so savings help finance the next wave of projects?

Output: A short economic assessment covering avoided costs, surplus generation, payback and the potential to reinvest savings.

3. Assess delivery capacity, advice needs and ownership options

Consider whether the council can develop, own and manage the project in a way that builds long-term public capability.

Ask:

- Does the council have estates, maintenance, energy or building services teams that could help manage or maintain the assets?
- Could existing staff and apprentices be trained to install, maintain or manage solar, storage or other generation assets over time?
- Is the project small enough to be developed through existing estates, energy or building services capacity, or does it require a dedicated project team?
- For larger generation projects, what specialist advice is needed, and how will advisers build council capability? Should the council own the asset directly, use an arm's length public body or work through a public or community partnership?
- Does the model allow the council to retain savings and make long-term investments?
- Could the project support local jobs, apprenticeships, skills or supply chains?
- Are governance arrangements in place, or could they be developed, to manage risk, performance, maintenance and reinvestment?
- What development funding, capital and ongoing revenue will the project need, and which grants, loans or savings could meet these costs?
- For larger generation projects, have the council's powers, investment purpose, borrowing route, tax implications, accounting treatment and generation/supply distinction been tested early?

Output: A delivery readiness judgement:

- Ready to develop;
- Opportunity, but capacity gaps need to be addressed;
- Or not ready without external support or partnership.

4. Build from council estate to wider public, anchor and community approaches

Consider whether the opportunity could grow beyond the council estate. Projects spanning anchor institutions, private wire arrangements, Power Purchase Agreements and shared generation may need specialist legal, commercial and technical advice.



Ask:

- Are there nearby public bodies, housing associations, colleges, universities, NHS sites or community organisations with suitable assets or electricity demand?
- Could partners aggregate demand, share procurement or coordinate investment into a shared programme of generation and/or storage?
- Who owns the land, buildings and electrical infrastructure involved, and who would buy the electricity over the long term?
- What happens if an anchor tenant, occupier or partner changes during the life of the agreement?
- Are there opportunities for public or community ownership stakes in larger renewable energy projects or repowering schemes?
- Could the council support community energy through land, rooftops, officer time, development support or partnership working?
- Are power purchase, private wire or shared energy arrangements possible where rules allow, and would network, distribution, maintenance and legal costs still make them worthwhile? Could anchor collaboration strengthen local supply chains, skills provision, community wealth building or local democratic ownership?
- Would working with neighbouring councils or other public bodies create greater scale, resilience or capacity?
- Is the most practical role for the council to develop its own estate first, support partners to do the same, or coordinate a more complex shared ownership or offtake model?

Output: A short partnership pathway, identifying whether the opportunity is best developed as:

- a single site council project;
- a council estate pipeline;
- a joint anchor project;
- a community or municipal partnership;
- or a public/community stake in a larger generation or repowering project.

5. Decide the next step

Use the answers above to decide the most practical next step: progress, redesign or pause while specific conditions are addressed.

Progress to feasibility if:

- for own-use projects, there is strong site demand, suitable council-owned assets and a high expected level of self-consumption;
- for larger generation or shared ownership, there is a strategic purpose, credible route to grid connection or offtake, and early legal, technical and commercial advice;
- savings can be captured and reinvested;
- delivery capacity exists or can be developed, including through a dedicated project team, specialist external advisers or in partnership with other anchors;
- the project supports decarbonisation, skills, public value or community wealth building;
- the ownership model allows value to be retained for public benefit.

Redesign if the opportunity is promising but relies mainly on low value export income, has weak self-consumption, or needs stronger capacity, governance, specialist advice or partner commitments.



Pause if the project lacks a clear public purpose, cannot protect public value, or would expose the council to legal, commercial or delivery risks it cannot yet manage.

Output: A recommendation to progress, redesign or pause, with the main issues to resolve before detailed feasibility or business case development.

Summary output

At the end of the pathway, prepare a short note covering:

- priority council and/or anchor sites or assets;
- potential generation and electricity demand across council and anchor partner sites;
- likely economic benefits, including avoided costs and reinvestment potential;
- delivery capacity and ownership options;
- potential anchor, public or community partners;
- wider public value, including decarbonisation, local skills, community wealth building and democratic ownership;
- recommended next step: progress, redesign or pause.

Electricity projects should not only be assessed as isolated energy saving schemes. They can be a practical route for councils to reduce costs, build internal capability, retain value locally and create the foundations for wider public, anchor and community ownership of the energy transition.

7. Building public capacity for retrofit

Why this matters for your place

Retrofit is central to cutting emissions, but for councils it is equally about warmer homes, lower bills, better health, safer buildings and good local jobs. The aim is to move from project-by-project delivery towards a standing public capability that can learn, improve quality and retain skills between funding rounds. Fragmented, short-term delivery can weaken quality, resident trust and the ability to improve whole buildings rather than install isolated measures.

Publicly led retrofit can turn recurring housing improvement into durable local capacity. Councils can link retrofit to repairs and maintenance, retain diagnosis and quality assurance, build direct labour where the pipeline supports it, and use apprenticeships and procurement to strengthen local skills. But public delivery must also protect residents: affordability, participation, clear communication and aftercare are essential, especially in mixed-tenure blocks.

City Building (Glasgow) LLP

Formed in 2006 from Glasgow City Council's internal building department and later restructured as a joint venture with Wheatley Housing Group, City Building delivers repairs, maintenance, manufacturing, construction, and refurbishment services for Glasgow City Council, Wheatley Housing Group, and other public, private, and third sector clients. The organisation employs a large staff, provides training and development opportunities, is an accredited apprenticeship provider, and is one of the largest supported employment facilities for people with disabilities in the UK. Partnerships between anchor institutions create predictable demand for maintenance and construction, allowing the organisation to support high-quality employment and significant training programmes.

Nottingham City Homes

Led by Nottingham City Homes – the arm's length management organisation responsible for Nottingham City Council's social housing stock – the Sneinton Energiesprong pilot was the first UK attempt to adapt the Dutch whole-house retrofit model to occupied social housing. The initial ten-home pilot delivered retrofits for around £69,000 per home, with works completed in about 15 days per property while residents remained in their homes.⁷ As well as reduced energy costs and improved home comfort (which were contractual requirements), the project also unlocked wider socioeconomic impacts: Melius Homes established a local manufacturing base; an innovative approach to procurement evaluated whole-life cost and included tenants in decision making; and social value was estimated at up to £4,500 per home per year.⁸

⁷ Energy Hub. 2020. Deep Retrofit Energy Model (DREeM) and Energiesprong. [Link](#).

⁸ Housing Design Awards. n.d. Nottingham Energiesprong Phases 1 and 2. [Link](#).

What councils need to navigate

Policy and delivery conditions

Undefined retrofit standards. The main constraint is not a lack of retrofit need but uncertainty over standards and funding. Without multi-year certainty, councils and social landlords struggle to justify permanent teams, apprenticeships and specialist systems. Until standards such as the Social Housing Net Zero Standard are in place, mapping the pipeline remains difficult.

Short-term funding reinforces contractor-led delivery. Competitive and time-limited grants make it difficult for councils and housing providers to attract, retain and develop skilled workers, build resident liaison capacity, or plan work over the life of a building. This can push authorities back towards contractor-led delivery, even where direct employment or public enterprise models would build stronger long-term value, improved job security and consistent quality standards. Councils should therefore distinguish the long-term pipeline of need from the smaller portion currently funded, and use confirmed programmes to build reusable capacity wherever possible.

Appraisal methods should consider lifecycle public value, not only upfront cost or measures installed: building performance, health, avoided maintenance, resident wellbeing, local skills and carbon savings all matter to the choice of delivery model. If programmes are fragmented, rushed or designed around short-term outputs, they can undermine trust, miss opportunities to improve whole buildings and leave councils having to revisit the same homes later.

Funding and affordability

Retrofit needs development funding, capital investment and a sustainable way to support long-term delivery capacity. Income from work for other bodies or demonstrable energy savings may contribute to that capacity. Capital pays for insulation, clean heating and building work; revenue and development funding support diagnostics, resident engagement, project management, tenant support, quality assurance and the staff needed to deliver them. Councils can start with existing housing repair, maintenance and public building improvement budgets to establish capacity and a stable pipeline before expanding into complex mixed-tenure schemes.

For individual properties, combine capital funding with long-term finance where needed to keep contributions affordable and spread costs over time. For area-based or mixed-tenure programmes, Home Energy Efficiency Programmes for Scotland (HEEPS) Area Based Schemes funding can be combined with owner contributions and funding from social landlords insulating their homes at the same time.

To protect low-income owners in mixed-tenure schemes, councils should embed whole-life business cases, hardship protections, and longer repayment periods. The Home Energy Scotland Grant and Loan Scheme offers homeowners in Scotland a grant, interest-free loan or a combination of both to support the installation of clean heating systems and energy efficiency measures. For lower-income households and fuel-poor residents, schemes like Warmer Homes Scotland cover full installation costs for heating and insulation.

The options for local authorities

Public retrofit capacity can be built in stages from the assets, recurring work, staff capability and resident relationships councils already have.

A practical route to public ownership might look like:

- Build a direct labour or public enterprise model gradually from existing housing, repairs, maintenance, building services or construction teams.
- Use council housing and public buildings as the first pipeline, then expand towards other social housing, mixed-tenure blocks and wider area-based programmes.
- Build partnerships with colleges, trade unions, housing associations and local suppliers to develop shared delivery capability and a larger pipeline of work across places.

The appropriate model may be direct labour, a public enterprise, shared capacity or a publicly led hybrid. In each case, resident protection and long-term building performance should remain non-negotiable.



Tool: Retrofit public delivery capacity assessment

How to use this tool: Begin with the council's existing pipeline, people and systems. Work through the stages to identify immediate actions, opportunities to collaborate with anchors or neighbouring authorities, and barriers requiring Scottish or UK government action. You do not need to resolve every question at once; return as evidence and delivery experience grow.

A weakly funded pipeline should not be seen as evidence of weak retrofit need or as a case against public delivery. This tool is intended to help councils identify the form of public capacity that is proportionate now, the barriers preventing further development, and the issues that need to be escalated through regional or national action. A useful outcome may therefore be a focussed pilot, a shared delivery arrangement or a plan to build particular capabilities, rather than an immediate commitment to deliver the full pipeline in-house.

1. What is the scale of the long-term retrofit pipeline?

Separate underlying retrofit need from work that is funded, technically ready and deliverable. Map council housing, mixed-tenure blocks, public buildings and anchor partner assets to get a view of the entire potential pipeline, before considering funding and delivery in later steps.

Ask:

- What is the scale of retrofit need across council housing, mixed-tenure blocks and public buildings, taking account of legislation, social policy and regeneration priorities?
- Which elements of the pipeline will be influenced by yet-to-be-defined national standards?
- How much of this work will be recurring (like ongoing maintenance), rather than one-off?
- Can retrofit be linked to existing repairs, maintenance, planned capital works or housing improvement programmes?
- Can buildings be grouped by archetype so surveys, specifications and learning can be reused?
- Are there anchor partners, such as housing associations, NHS bodies, colleges or universities, with buildings that could form part of a shared pipeline?
- Which of these retrofit needs are already being addressed by existing or upcoming confirmed projects?

Output: A short description of the potential retrofit pipeline, including priority building types, neighbourhoods or programmes.

2. How could the pipeline be funded and made affordable?

Test whether funding covers the whole delivery system, not only installation. Identify which costs are capital, which require revenue, and which are covered by an identified funding stream.

Ask:

- Which aspects of this pipeline can be covered with grant funding?
- Could repairs, housing improvement, estate, climate or anchor partner budgets be pooled or coordinated?
- Could grant support be combined with council investment, borrowing, anchor contributions or reinvested savings?



- What contribution, if any, could be asked of private owners in mixed-tenure blocks, and what protections are needed for low-income households?
- Could a retrofit service be extended to private individuals to generate income and support place-wide decarbonisation?
- Are there unfunded development, staffing or affordability requirements?
- Apart from capital works, does funding cover fair pay for workers, stock surveys, option appraisal, legal and procurement advice, resident casework and programme management?
- If work for private owners or other bodies is being considered as a revenue source, what charging powers, debt recovery, warranty, liability and reputational risks would need to be managed?

Output: A funding and affordability plan covering development funding, upfront capital, revenue, household contributions, protections, income or savings, and gaps requiring action.

3. Which public delivery model fits each part of the work?

Avoid a binary choice between in-house and outsourced delivery. For each work package, decide whether the council should make, buy, partner or develop capacity over time. Public leadership may mean retaining diagnosis, specification, resident relationships, quality assurance, data, service contracts and aftercare even where specialist installation is contracted.

Ask:

- What can repairs, maintenance or building services teams already deliver?
- Where is an expanded specialist unit, shared service, council-owned company or anchor collaboration more appropriate?
- Where are external specialists needed, and how will public control over standards and accountability be retained?
- Could another public provider, direct labour organisation or housing association supply capacity across boundaries, even if shared implementation is not yet possible?
- Which existing or potential delivery networks, such as joint housing association procurement bodies or framework operators, could help?
- Which local firms, social enterprises or suppliers could complement in-house delivery?
- How will external advisers or contractors work alongside council staff so that knowledge, data and delivery learning are retained publicly?

Output: A make/buy/partner/develop judgement for each activity, including the capacity to retain publicly and the support required from suppliers, anchors or neighbouring authorities.

4. What workforce, technical and quality capacity is needed?

Assess the staff, skills and systems needed to deliver safely and whether publicly delivered retrofit could support a stable workforce, apprenticeships and skills development pathways.

Ask:

- What roles are needed across surveying, design coordination, resident liaison, project management, specialist trades, supervision, quality assurance and aftercare?
- What skills already exist within repairs, maintenance, building services, housing, estates and project management teams?
- Which of these roles require additional staff or specialist support?



- Is there enough recurring work to support permanent posts or expand existing roles?
- Could the pipeline support apprenticeships, supported employment or progression routes for existing staff?
- Which colleges, trade unions, employability teams, housing associations or anchor partners could help develop the workforce?
- Are the required retrofit skills available in the local labour market?
- How will defects, warranties, monitoring and learning from pilots be managed?
- What contingency is needed for latent defects, enabling works and programme delays when buildings are opened up?
- How do these workforce, apprenticeship and progression opportunities compare with those offered by outsourced delivery?

Output: A workforce and skills assessment, identifying existing capacity, key gaps and possible partners for training, apprenticeships and progression.

5. How will residents be involved and protected?

Resident engagement should be treated as delivery infrastructure, not an optional add-on. In mixed-tenure schemes, affordability and anti-displacement protections are critical: if they are not credible, the programme should not proceed in its proposed form.

Ask:

- How will tenants, homeowners, private renters and landlords influence scheme design before key decisions are fixed?
- What is the maximum household contribution, over what repayment period, and with what grants, deferrals or hardship protections?
- How will the council test whether costs, charges or disruption could create hardship or displacement risks?
- Who provides trusted advice from first contact to finance, works, aftercare and redress?
- Could costs, consent requirements or disruption trigger sale, landlord eviction, displacement or non-participation, especially in mixed-tenure blocks?
- How will the council check whether works have improved comfort, affordability, health, safety and building performance over time?

Output: Resident participation, affordability and protection principles, including clear routes for complaints, warranties, monitoring and post-delivery support.

6. What public value would the model create?

Set out the additional value of a publicly led approach in practical, measurable terms.

- Better homes: bills, comfort, damp, health, repair demand and building performance.
- Better work: permanent jobs, apprenticeships, progression, pay, conditions and local skills retention.
- Better public capability: retained expertise, reusable processes, stronger accountability, reduced dependency and reinvested savings.
- Local wealth retention: internal labour, spend with local firms and social enterprises, local supply chain development and savings reinvested in further retrofit.
- Equity: distribution of benefits by income, tenure and neighbourhood; household contributions; hardship support; evidence that costs are not deepening inequality.
- Better carbon and energy outcomes: modelled and measured energy use, emissions and comfort.



Output: A short public value statement with a small number of objectives, baselines and indicators.

7. Which capacity pathway should be pursued?

Choose a practical pathway based on funded demand, current capability, affordability and unresolved dependencies.

- Build now where funded demand and existing capability are strong.
- Pilot where need is clear but systems, skills or delivery arrangements still need development.⁹
- Use a publicly led hybrid or shared model where external or cross-authority capacity is needed, while retaining public control of specification, resident relationships and quality assurance.
- Prepare and advocate - or pause - where funding, standards, affordability, consent or quality risks remain unresolved.

Summary output

A concise action plan setting out the chosen pathway, immediate actions and who will lead them, partners to involve, evidence still needed, funding and policy gaps, and the review point or trigger for moving to the next stage.

⁹ Pilots must be designed to allow for a decision to continue to be made mid-way through the pilot, to support continuity and worker retention.

