Peterborough Accelerated Net Zero (PANZ)

Go-to-Market Approach for Rural Heat Pumps

July 2025

Acronyms and abbreviations

B2B	Business-to-Business
B2C	Business-to-Consumer
BMI	Business Model Innovation
DPS	Dynamic Purchasing System
EPC	Energy Performance Certificate
GtM	Go-to-Market
LAEP	Local Area Energy Plan
OPEX	Operational Expenses
OSS	One-Stop Shop
PANZ	Peterborough Accelerated Net Zero
PCC	Peterborough City Council
QA	Quality Assurance
UKGBC	UK Green Building Council
WHA	Warm Homes Agency

Contents

Executive summary

Research context and report overview

The PANZ project aims to create a comprehensive platform that integrates technical, social, demographic, and economic data to develop effective Net Zero plans.

Energy Systems Catapult is supporting the project by helping to enable the large scale and rapid delivery of heat pumps across rural areas in Peterborough and other local authority areas.

To support this effort, Energy Systems Catapult has designed this Go-to-Market (GtM) report, which outlines a proposed pathway to accelerate heat pump deployment, focused on the implementation of a retrofit one-stop shop (OSS) in Peterborough.

The proposed actionable recommendations are based on key insights from the report's core focus areas, outlined to the right. These areas reflect key components of the Business Model Canvas - a tool used to design, map, and evaluate business model concepts.

Although developed with a focus on Peterborough, the report offers insights that are highly relevant to other local authorities seeking to establish retrofit OSSs. The sections on market landscape, value proposition, and customer segmentation provide transferable findings applicable across different local contexts. The report is especially valuable for local authorities considering an outsourced delivery model, as this assumption underpins the analysis in the final sections on partnership opportunities and viability considerations.

GtM focus areas

Market landscape: Provides an overview of the current retrofit OSS landscape, evaluating existing service offerings, identifying common features and gaps, and highlighting opportunities to enhance future OSS models based on insights from prior research.

Value proposition: Identifies the key barriers and benefits consumers associate with heat pumps and uses a value proposition canvas to illustrate how retrofit OSS services can deliver meaningful value to residents.

Customer segmentation: Identifies the key target customer segments for a future retrofit OSS, using qualitative and quantitative research insights to guide a targeted, evidence-based engagement strategy aligned with local needs and preferences.

Partnership opportunities: Explores potential delivery partners for a retrofit OSS in Peterborough, assessing how similar services have been procured elsewhere, and outlining the role Peterborough City Council (PCC) could play in supporting an outsourced delivery approach.

Viability considerations: Outlines the typical cost components and revenue streams of a retrofit OSS to support early financial planning and guide soft market testing.

The GtM plan in summary

The following summary distils the key findings and strategic insight from each report focus area, highlighting opportunities, challenges, and considerations for the development and delivery of a successful retrofit OSS:

Market landscape

- Core retrofit OSS services, such as guidance and education and early-stage retrofit support, are baseline expectations for new entrants.
- Differentiation is demonstrated through technology-specific surveys (e.g., heat pumps, solar PV) and green finance packages.
- A future retrofit OSS could enhance service offerings through more integrated financial support – particularly important for rural homes where retrofit costs may be higher – and by offering post-installation services.

Value proposition

- Most residents struggle to identify heat pump benefits, though a few note potential for improved energy efficiency and lower emissions.
- Adoption barriers are varied and span the full customer journey but include high upfront costs, limited awareness/knowledge and perceived lack of suitability.
- Retrofit OSS services support homeowners by simplifying the retrofit journey – offering tailored guidance, planning, and coordination to reduce upfront costs, minimise disruption, and ensure high-quality outcomes.

Customer segmentation

- Before offering an OSS in rural areas the successful use of heat pumps in rural properties must be demonstrated to stimulate engagement with the technology. This could be through supporting heat pump installations in community buildings and arranging ‘visit a heat pump’ events.
- Whilst engagement is being built in rural communities the OSS should first target urban and suburban owner-occupiers in the short-term. City Prosperity, Urban Cohesion, and Domestic Success Mosaic segments should be prioritised as they show highest interest and readiness to adopt.
- The OSS can then expand to rural areas once engagement with the technology is built and confidence in the OSS is established.

Partnership opportunities

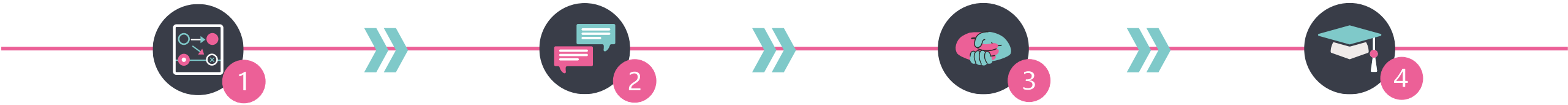
- Recent public tenders indicate a preference among local authorities for outsourced delivery models, aligning with PCC’s preferred approach.
- Providers such as Furbnow, Cotality, Energy Saving Trust, and Retrofit Works offer proven capabilities to deliver and manage retrofit OSS services.
- PCC can support an outsourced retrofit OSS by promoting it, coordinating stakeholders, and forming partnerships to enhance its offer.

Viability considerations

- The financial sustainability of a retrofit OSS depends on generating revenue through both B2C and B2B channels, while minimising variable costs.
- Market engagement is key to clarifying which revenue streams and costs sit with PCC versus its chosen delivery partner.

Bringing the retrofit OSS to market

To move from strategy to implementation, PCC will need to take a series of coordinated steps to bring the retrofit OSS to market that include setting out a clear vision, engaging the market, designing services, and building strategic partnerships. The recommended actions outlined below offer a practical pathway, grounded in the evidence and insights presented throughout this report.



Map the vision and prioritise early wins

Begin by clearly defining the OSS's mission and scope. Focus initial delivery on those segments most ready to engage.

Prioritise foundational services like education and guidance and early-stage retrofit support to build trust and demonstrate value quickly.

Why: A clear vision aligned with high-potential customer segments can create opportunities for early-stage revenue generation.

Engage the market to shape delivery

Conduct soft market testing with potential retrofit OSS providers alongside installers/contractors to understand capabilities and refine the vision.

Use this engagement to validate assumptions around cost allocations and revenue generation potential.

Why: Early engagement helps assess the OSS's appeal to potential delivery partners and ensures it is aligned with local needs.

Build strategic partnerships to enhance the offer

Beyond the core delivery partner, explore partnership opportunities with other strategic stakeholders (e.g., energy suppliers, asset optimisation providers, financial institutions) to expand the OSS offering, particularly around financial and post-installation support.

Why: Strategic partnerships can expand the OSS's reach, improve customer experience, and unlock new revenue opportunities.

Leverage PCC's credibility to build awareness

Draw on PCC's established credibility to promote the OSS, upskill local supply chains, and engage with national networks to support continuous improvement and shared learning.

Why: PCC's trusted presence can boost the OSS's credibility, build public confidence, and support uptake.

Bringing rural homes on the journey

Based on the insights presented in this report, Energy Systems Catapult recommends a **phased targeting strategy for OSS:**

1. **Short-term**: Focus on mainly owner-occupiers segments in (sub)urban areas, where interest and readiness are higher.
2. **Mid-term**: Expand to include tenants segments in the same areas, as they have the interest and might be ready to adopt by that stage.
3. **Long-term**: Target rural areas, which represent a more challenging market and may require proven outcomes to build trust and drive adoption.

The rationale behind this approach is that while the retrofit OSS builds confidence and momentum amongst residents in all geographies by serving urban and suburban segments, PCC can take proactive steps to overcome rural specific barriers and stimulate interest and confidence in heat pumps in rural communities – preparing them for the third phase of the strategy.

To support this, two key barriers in rural areas must be addressed:

Scepticism about performance in rural properties

This barrier is present in both Country Living and Rural Reality Mosaic segments.

To demonstrate that heat pumps can deliver warm, comfortable living conditions for rural residents. PCC can:

- Support install of heat pumps in community buildings (e.g., village halls) through grants and retrofit assessments.
- Co-ordinate and promote 'Visit a Heat Pump' events in the local area.
- Support installs in social housing or small numbers of private homes though funded trials and share performance data openly (e.g., via platforms such as Heat Pump Monitor).

High installation costs

This barrier exists in the Rural Reality segment.

PCC should seek partnerships to provide financial support or increase access to affordable financing
for rural households in particular.

Introduction

Introduction

The PANZ project aims to create a comprehensive platform that integrates technical, social, demographic, and economic data to develop effective Net Zero plans. These plans will include customised financial strategies, engagement activities, and training to encourage the adoption of Net Zero technologies.

Building on Peterborough's pioneering Local Area Energy Plan (LAEP), the project will further tailor energy plans to the specific needs of the community.

Energy Systems Catapult is supporting the project by developing a Go-to-Market (GtM) strategy to enable the large scale and rapid delivery of heat pumps across rural areas in Peterborough and other local authority areas. This strategy is focused on the implementation of a retrofit one-stop shop (OSS) in Peterborough. The image to the right highlights how other project partners are also contributing to this shared goal.

This GtM report summarises the key research activities that have shaped its direction and sets out a proposed pathway to accelerate heat pump deployment. It includes actionable recommendations for Peterborough City Council (PCC), informed by the evaluation of core business model components. Although developed with a focus on Peterborough, the report offers insights that are highly relevant to other local authorities seeking to establish retrofit OSSs.

Since this report was produced, the UK Government has published the Warm Homes Plan, announcing the establishment of a Warm Homes Agency (WHA) to coordinate the delivery of home upgrades[1]. Although the full scope of the WHA is not yet defined, it is expected to support place-based delivery through local partnerships and capacity-building in local government. The WHA is also expected to act as a national, digital-first source of impartial consumer advice. These emerging roles appear complementary to the locally anchored retrofit OSS model set out in this report, suggesting a future landscape where local retrofit provision could align with, and be supported by, a national advice and delivery "spine".

Research activities to support rural heat pump deployment

Lead partner

Summary of research around delivery mechanisms and gaps in relation to heat pump projects. — PECT

Exploration of delivery mechanisms and their use in addressing rural heat pump roll out. — PECT

Exploration of a GtM approach for the deployment of rural heat pumps. — Catapult Energy Systems

Creation of a business case for future project delivery. — Peterborough City Council

Evaluation of the PANZ system in the development of the proposed project. — PECT

Method

Establishing an evidence base for the GtM approach

Energy Systems Catapult carried out a series of research activities to support the development of the GtM approach. These can be categorised by the following research phases: business model proposition development; shortlisting and prioritisation, and refinement and testing. Each phase led to the creation of research outputs that directly informed and shaped this GtM strategy. A summary of the objectives and key activities for each research stage is outlined below.

1. Business model proposition development

Objective: To explore and assess business models and complementary funding mechanisms to enable heat pump deployment in rural Peterborough and other local authority areas.

Key activities:

- Desk-based review of business models to enable heat pump deployment.
- Qualitative assessment of key benefits, risks, and assumptions to test for each business model.
- Desk-based review of complementary funding mechanisms for business models.

2. Business model shortlisting and prioritisation

Objective: To conduct a holistic evaluation of business model propositions, considering consumer appeal, feasibility, and viability, to inform the prioritisation and refinement of models.

Key activities:

- Scoring business models to shortlist propositions for consumer testing.
- Creating consumer-oriented propositions from shortlisted business models.
- Testing shortlisted propositions with consumers through qualitative research: 32 in-depth interviews with homeowners, landlords, and tenants.

3. Business model refinement and testing

Objective: To refine the prioritised business models and validate key assumptions with stakeholders, in order to determine the most suitable business model for the GtM approach.

Key activities:

- Refining business model propositions based on qualitative research insights.
- Engaging supply chain stakeholders to test business model assumptions.
- Testing refined business models through quantitative consumer research: online survey with a sample of 1,976 residents, including 709 from Peterborough.

Focusing the GtM approach

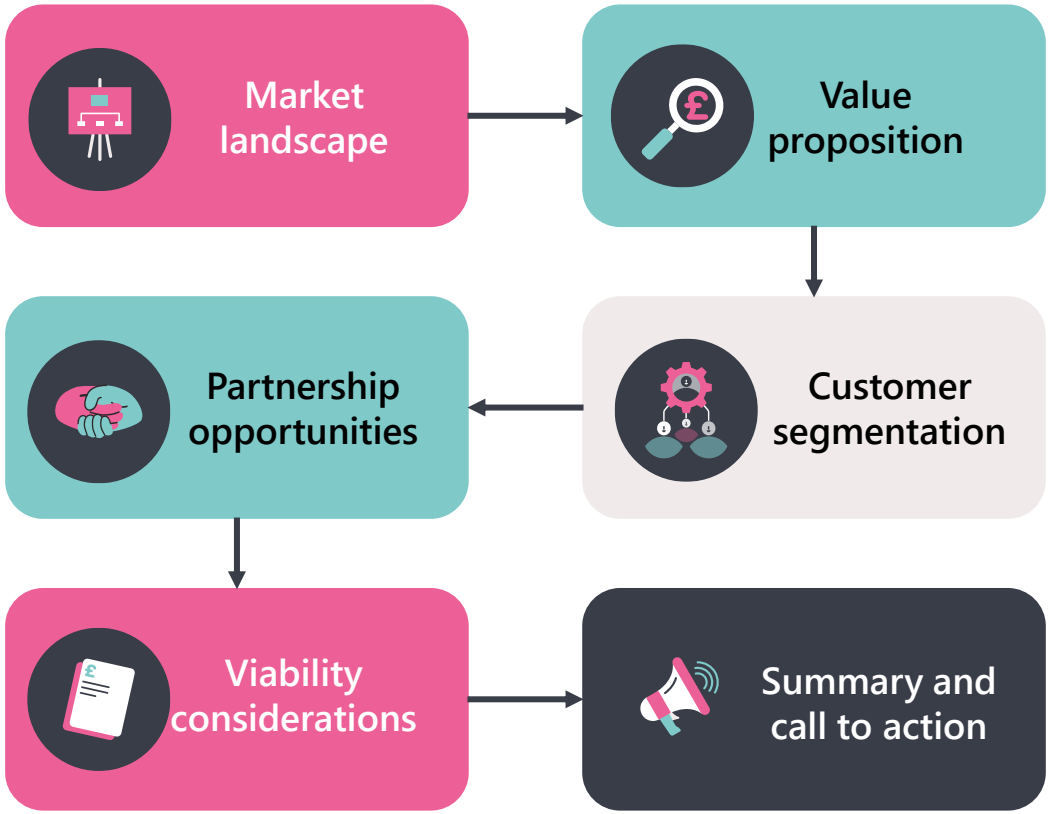
Findings from earlier research activities led to the selection of the **Retrofit One-Stop Shop** (OSS) business model as the central focus of the GtM approach for enabling rural heat pump deployment.

This decision was supported by several key research activities and findings:

- **Consumer research:** This highlighted key heat pump adoption barriers, such as difficulty finding trusted installers and limited knowledge on heat pumps to make informed purchasing decisions. The OSS model is well suited to address these challenges (see Section 5).
- **Strategic alignment:** The OSS could act as a promoter for other business models and funding mechanisms explored in earlier research activities (see Section 4).
- **Business model evaluation and testing with PCC:** The OSS model was voted by PCC as the most likely to gain internal buy-in due to its perceived strong public appeal and potential to be scaled up as benefits are demonstrated.

The remainder of this report is structured in accordance with the core focus areas illustrated to the right. These reflect key components of the business model canvas – a tool used to design and evaluate business model concepts.

GtM focus areas



Market landscape

Market landscape: overview

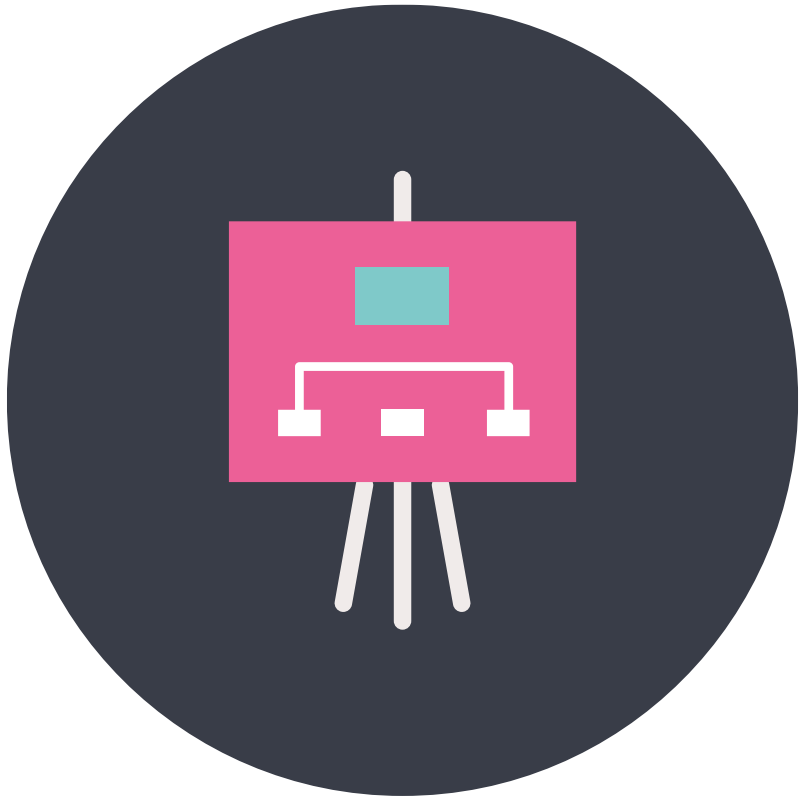
A retrofit OSS is an integrated service model designed to offer residential customers with a streamlined, end-to-end solution for home energy retrofits. It aims to simplify the customer journey, lower barriers to adoption, and ensure a high-quality retrofit experience.

Across England, there are numerous organisations that currently operate as retrofit OSS providers.

This section evaluates the range of services they offer to identify common features, examples of service differentiation, and notable service gaps.

The analysis addresses the following questions:

1. **What products and services are currently offered by retrofit OSS providers?**
2. **What are the defining features and characteristics of these offerings?**
3. **Where do gaps or unmet needs exist in the current landscape?**
4. **What opportunities are there to broaden or improve future OSS service offerings?**



Services offered by existing retrofit OSSs

To better understand the current retrofit OSS landscape and identify opportunities for new entrants, Energy Systems Catapult conducted a desk-based literature review to identify consumer-facing products and services offered by existing providers. This page broadly summarises services commonly available across providers, highlighting key features and indicative consumer pricing*. An overview of specific offerings from each retrofit OSS provider featured in the analysis is provided on the next page.

Guidance and education	Early-stage home assessment	Full home retrofit plan	Design and specifications	Project coordination
Involves the provision of guidance, via blogs, guides, or articles, on retrofit measures/ technologies and funding sources. This is often accompanied by case studies and customer testimonials to illustrate outcomes of real-life retrofit projects.	Involves the use of an online tool or in-person visit to provide a high-level assessment of a home's retrofit potential. Outputs typically include suggested retrofit measures, cost estimates, and projected energy savings.	Involves a detailed in-home survey, modelling, and tailored advice from a retrofit advisor to create a step-by-step retrofit plan. The resulting report offers greater detail than early-stage assessments.	Provides the technical documentation needed to guide retrofit works, including bespoke technical specifications that outline project materials, installation methods, and ongoing maintenance considerations.	A retrofit coordinator oversees project delivery, offering planning support, contractor/installer scheduling, quality assurance (QA), conflict resolution, and final handovers. Some also gather quotes from suppliers/installers on behalf of customers.
Free	Free to £350	£375 to £900	£1,600 to £2,000**	£2,500 to £3,000***

*Specific features and costs of each service vary by provider as well as, in some cases, property size.
**Price shown relates to specifications for a whole house plan. Some retrofit OSS' also charge on a 'per measure' basis.
***May also be quoted as a fixed percentage of the total project cost.

Services offered by existing retrofit OSSs

The table below outlines the specific service offerings provided by each of the 13 OSS providers featured in the market landscape analysis.

Service	OSS 1	OSS 2	OSS 3	OSS 4	OSS 5	OSS 6	OSS 7	OSS 8	OSS 9	OSS 10	OSS 11	OSS 12	OSS 13
Digital home assessment tool	✗	✗	✗	✗	✗	✓	✓	✗	✗	✗	✓	✓	✗
Early-stage home survey	✗	✓	✗	✓	✓	✗	✗	✓	✗	✓	✓	✗	✓
Heat pump survey*	✗	✓	✗	✓	✗	✗	✗	✗	✓	✗	✗	✗	✗
Full home retrofit plan	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓
Design and specifications	✓	✗	✓	✓	✓	✓	✓	✗	✓	✓	✗	✓	✗
Retrofit coordination**	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✗	✓	✓
QA and handover	✓	✓	✗	✓	✓	✓	✓	✗	✗	✗	✗	✓	✓
Monitoring and evaluation	-	✗	✗	✗	✗	✗	-	✗	✗	✗	✗	✗	✗
Technical guidance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financial guidance	✓	✓	✗	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓
Case studies/ customer testimonials	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Promoting local initiatives	✗	✗	✓	✓	✗	✓	✗	✓	✓	✗	✗	✗	✓

Key: ✓ Currently offers this service | - Service is currently in development | ✗ Does not offer this service

*Some organisations include heat pump suitability assessments (to varying degrees) within broader full home retrofit plans, rather than as standalone services. Only those offering a dedicated heat pump-specific survey are rated green in this assessment.
**While most organisations offer retrofit coordination, fewer provide day-to-day project management as part of this service.

Foundational service offerings

Across the current retrofit OSS landscape, a consistent set of core services has emerged, forming baseline expectations for future market entrants.

These offerings focus heavily on early-stage support, helping homeowners understand their retrofit needs and options before committing to major works*.

Guidance and education

All providers offer educational content, including blogs, case studies or guides, to help owners navigate retrofit decisions. These resources typically address both technical and financial considerations.

Early-stage retrofit support

Most OSSs offer early-stage support to help homeowners understand their property's energy performance and identify potential retrofit measures. This service is typically delivered through in-home assessments by retrofit advisors or via digital tools.

In some cases, these services are offered free of charge or at a heavily subsidised rate – often depending on the availability of grant funding.

*These offerings align with a 'facilitation'-style retrofit OSS business model - a term originally coined by the INNOVATE project[2].

Insights from research activities

During qualitative consumer research, participants responded positively to the idea of a retrofit OSS that signposted to funding information - a feature already embedded in most existing OSSs.

In quantitative consumer research, the statement "*I don't know enough about heat pumps to make informed decisions*" ranked as the third most agreed-with barrier, highlighting a persistent knowledge gap that these core services are well-positioned to address.

Key takeaway

Baseline service expectations for retrofit OSSs are already established.

Future market entrants should integrate these retrofit OSS services (i.e., financial and technical education and early-stage retrofit support) to meet consumer expectations and establish credibility.

Service differentiation and market gaps

While foundational services are broadly consistent across providers, differentiation tends to emerge through innovative ways of delivering foundational offerings or through additional value-add services at later stages of the retrofit journey, such as detailed assessments and post-installation support.

Heat pump-specific surveys are becoming a key area of differentiation.

These services can include detailed room-by-room heat loss analysis, tailored system design recommendations, planning support, and customer–installer matching.

In some cases, heat pump assessments are bundled with full home retrofit assessments at a discounted rate. In others, the cost of the assessment is refunded if installation does not go ahead.

Several OSSs use their platform to actively promote other local initiatives.

As well as highlighting real-world retrofit success stories and case studies, some OSSs showcase wider community initiatives that are aligned with Net Zero goals.

Examples identified during the market assessment included community-funded solar schemes, energy aggregation initiatives, and local green finance products.

While most providers offer project handovers and QA, other post-installation support services remain rare.

A limited number of OSSs are beginning to explore post-installation services that can help ensure and demonstrate the long-term value of retrofit measures.

Examples include the use of smart meter and indoor air quality data to monitor performance and return on investment.

Key takeaways

As heat pump-specific surveys become more common, there is growing potential for retrofit OSSs to integrate these services. Offering additional features such as package bundling and supplier match-making could increase uptake.

An OSS platform that promotes local initiatives has the potential to increase consumer appeal, increase cost-effectiveness for customers, boost community engagement with local climate goals, and retain local economic value.

The growing interest in post-installation services indicates a current market gap; one that future retrofit OSSs could tap into when developing their offer.

Enhancing service offerings

The market landscape assessment indicates two service areas where there may be opportunities to strengthen and expand OSS offerings through more innovative approaches.

Financial support

While all OSS providers offer some form of financial guidance, the depth and approach vary. Signposting to grants and finance options is common, but more 'hands on' support, such as eligibility checks or partnerships with credit unions and green finance providers, is less widespread.

This variation suggests an opportunity to develop a more integrated financial support offering that combines these elements and the value they provide to residents.

Post-installation services

While some retrofit OSSs are beginning to design propositions for post-installation services, there is currently no consistent approach across the market.

Current activity points towards growing interest in monitoring and evaluation to demonstrate retrofit project outcomes.

However, there could also be opportunity to develop post-installation optimisation service offerings, particularly for technologies like heat pumps and solar PV, to help users maximise energy savings or revenue generation.

Insights from research activities

During quantitative consumer research, "*access to financial support or grants*" was the second highest perceived benefit of the retrofit OSS.

During qualitative research, some participants felt that the retrofit OSS did not address financial barriers and that it was not clear that savings would be made through the OSS, suggesting that a future retrofit OSS would need to offer strong financial support packages.

Desk-based research suggests there are a growing number of energy suppliers that are offering smart electricity tariffs, which could help heat pump users optimise energy use and reduce costs post installation.

Key takeaway

Enhanced service offerings could maximise customer value while offering new partnership opportunities for the retrofit OSS.

There may be potential to strengthen OSS service offerings through more integrated financial support and post-installation services, which could also present business-to-business (B2B) revenue channels.

Value proposition

Value proposition: overview

Building on the market landscape assessment, this section explores the value that retrofit OSS services provide to consumers.

Understanding this value is key to shaping an effective business model as it ensures that the OSS vision aligns with customer needs and priorities.

Drawing on insights from earlier research, this section addresses two key questions:

1. **What barriers do consumers face when considering heat pumps?**
2. **What benefits do consumers associate with heat pumps?**

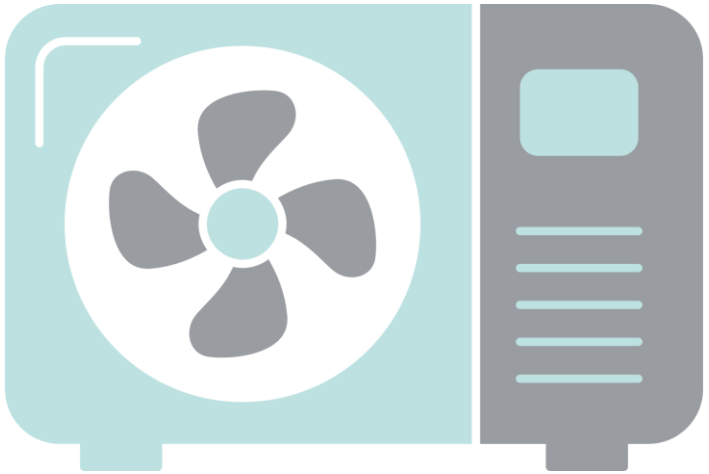
Using a value proposition canvas, it then maps how different retrofit OSS service offerings can help customers realise these benefits and alleviate their pain points.

The canvas can also be used as an initial tool to understand which services are most likely to resonate with local residents, thereby guiding the OSS's overarching mission and scope.

For a new OSS, prioritising services based on local relevance, impact, and available resources is critical. By identifying the most desirable and context-appropriate offerings, PCC can focus its efforts where they will deliver the greatest value and engagement.

Customer perceived barriers to heat pumps

Based on both qualitative and quantitative research findings, we have identified key barriers to heat pump adoption. **They are multi-layered, spanning across different stages of the consumer journey – before, during, and after adoption – ,** and can be grouped into five key categories:



Situational Barriers

- Competing home improvement priorities
- Environmental attitudes
- Economic uncertainty and financial situation
- Existing, effective, and familiar heating systems
- Limited time or interest to explore alternatives

Information Barriers

- Limited knowledge and understanding of heat pumps
- Uncertainty about suitability and trusted installers
- Lack of visibility in regular boiler replacement conversations
- Perception of heat pumps as niche or unfamiliar technology
- Misinformation leading to low perceived value

Financial Barriers

- High upfront costs (commonly perceived as £5k - £10k)
- Uncertainty around available grants and eligibility
- Lack of clarity on payback periods and long-term savings

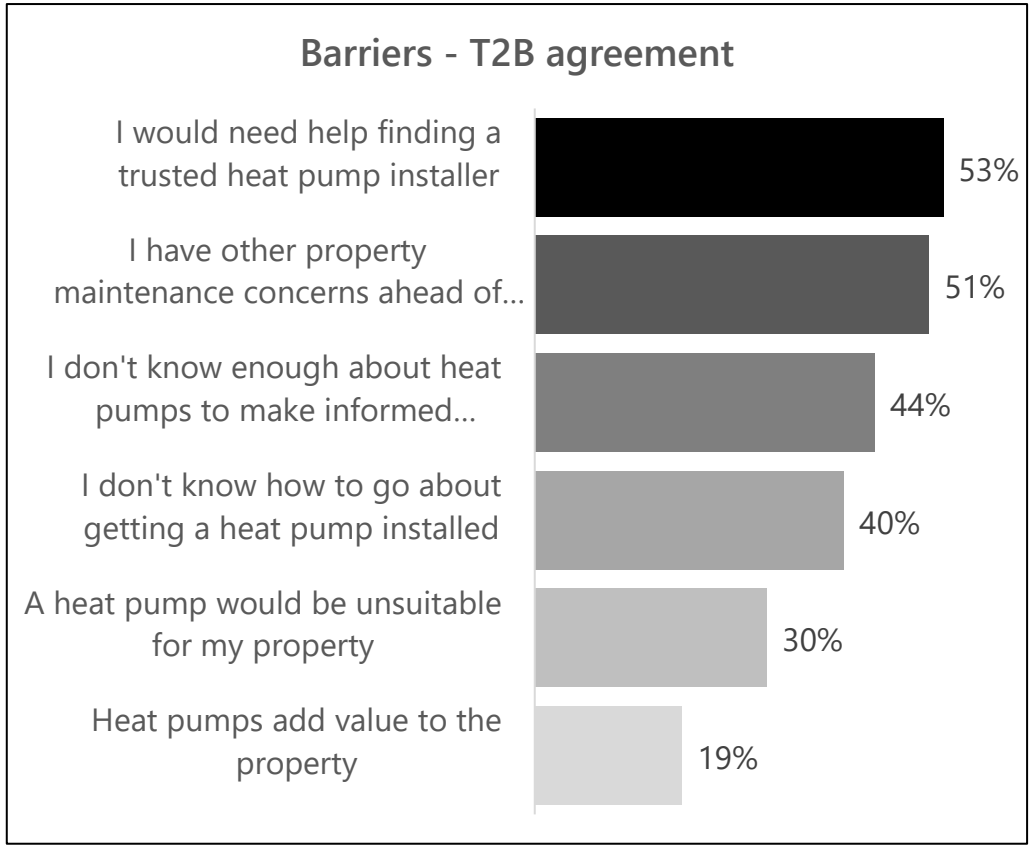
Effectiveness Concerns

- Doubts about energy efficiency and performance
- Doubts around temperature consistency and heating speed
- Desire for real-life evidence and testimonials

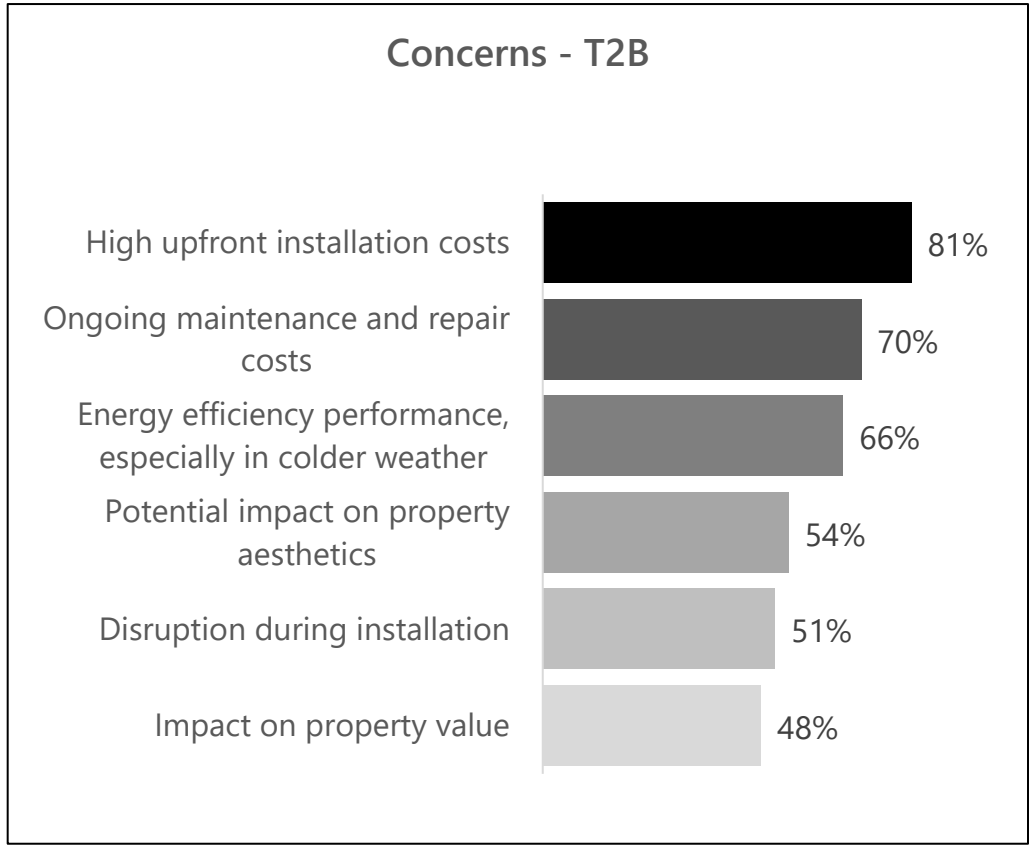
Aesthetic and Practical Barriers

- Concerns about installation disruption
- Visual and noise impact
- Perception of units as bulky or unattractive
- Limited space and fear of garden disruption

Customer perceived barriers to heat pumps



Online survey: Question 25r4-r9. How strongly do you agree or disagree with the following statements? (only agreeing responses) Base: homeowners only



Online survey: Question 27r1-r6. How concerned are you about each of the following when thinking about installing a heat pump in your home? Base: homeowners only

T2B: Top 2 Boxes (on a 5-points scale)

Customer perceived benefits of heat pumps

Media coverage has increased general awareness of heat pumps, but the narrative often feels inconclusive or negative. Many people remain unfamiliar with the technology and how it works, and word-of-mouth has reinforced associations with high costs and uncertain benefits.

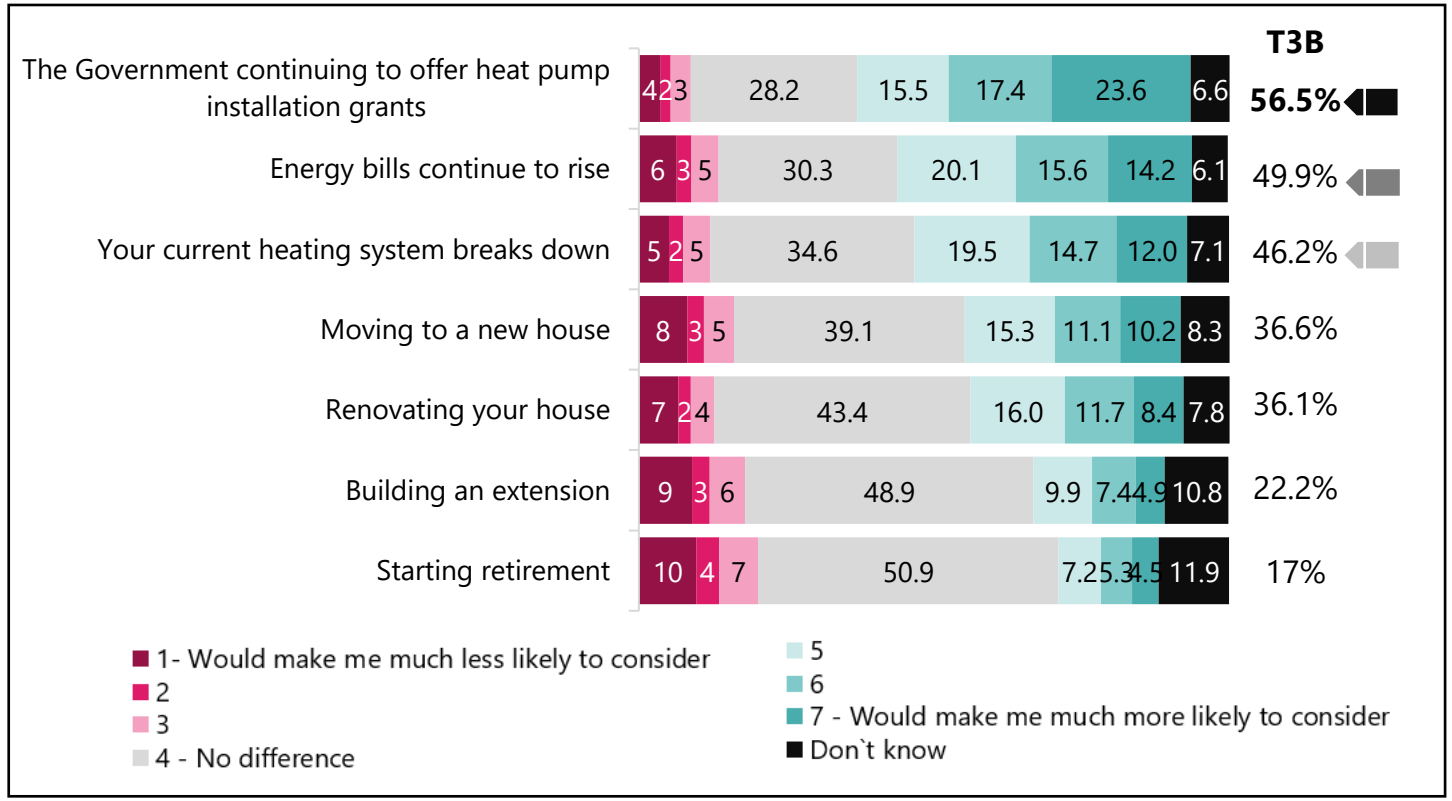
Due to this limited knowledge, **residents struggle to confidently identify positive aspects of heat pumps.**

In the qualitative interviews, when the concept of heat pumps was introduced, participants responded with further questions rather than enthusiasm. Only a few spontaneously highlighted **potential benefits**, such as:

- Energy efficiency
- Low carbon emissions
- Improved safety (no gas involved)
- Consistent indoor temperature

Additionally, the quantitative survey found that only one in every five participants (19%) believes that heat pumps add value to a property.

This led us to explore potential external drivers of heat pump adoption. Government incentives emerged as the strongest motivator, followed by rising energy bills. Overall, **financial support and cost pressures appear to be more effective drivers of adoption** than situational or lifestyle-related factors.

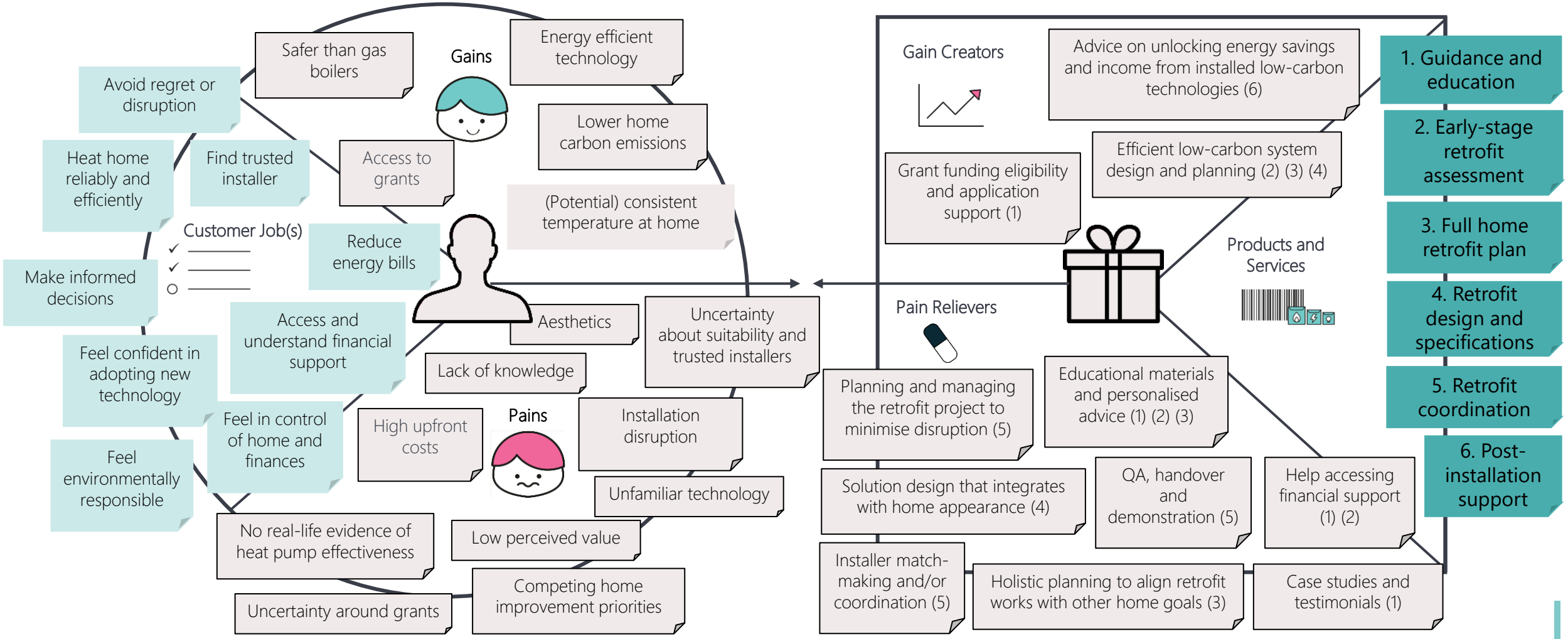


Online survey: Question Q30. How much impact would the following events have on your decision to install a heat pump in your home? Base: those without a heat pump

T3B: Top 3 Boxes (on a 7-points scale)

What value can a local retrofit OSS provide?

Using insights from Pages 23-24 and the market landscape assessment, this page presents a value proposition canvas for a future retrofit OSS in Peterborough. It illustrates how each product and service could address key customer pain points around heat pumps and deliver meaningful benefits. The numbered items listed under 'Pain Relievers' and 'Gain Creators' correspond directly to the specific 'Products and Services' provided by the retrofit OSS.



Customer segmentation

Customer segmentation: overview

With the value proposition established, we can now define how it aligns with the key customer segments we consider most relevant to target.

This section explores the data from the qualitative and quantitative research with customers deployed in this project to provide a clear foundation for a targeted engagement strategy.

It ensures that our approach is evidence-based, audience-specific, and aligned with the needs and expectations of the people most likely to adopt heat pumps – both now and in the future.

The analysis addresses the following key questions:

1. **Which groups and segments should be prioritised in the short-term and mid-term vs. the longer-term?**
2. **What characteristics define each one of our selected customer segments?**
3. **How can messaging and positioning be tailored for each target segment?**
4. **How much involvement would our target segments want PCC to have in the OSS?**

Who are our customers?

The research found that **rural homeowners are less likely** than their suburban and urban counterparts to adopt a heat pump or use the retrofit OSS service in the next few years.

Likelihood - T2B agreement	Rural	Suburban	Urban
Likely to install in 2 years	4% ▼	4%	8%
Likely to take up the OSS service in 2 years	21%▼	26%	32%
Likely to install with the OSS service in 5 years	23%▼	30%	39%

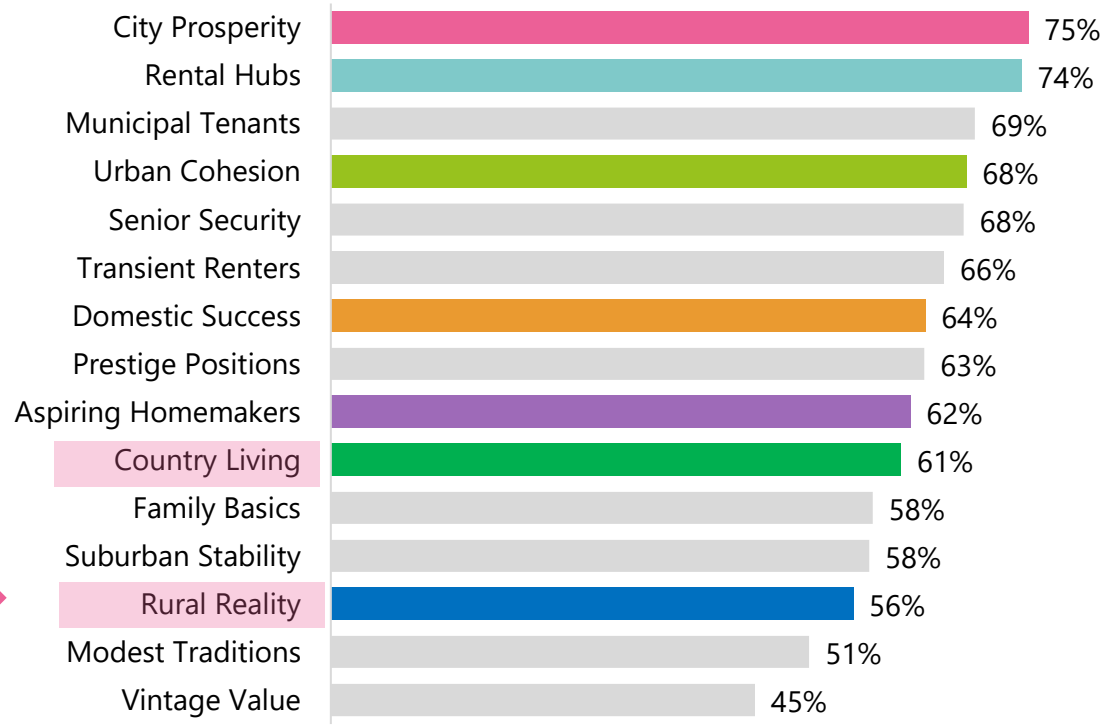
Moreover, rural participants are **less concerned** about the impacts of climate change.

Climate change - T2B worried	Rural	Suburban	Urban
Worried about impact of climate change	59%▼	63%	68%▲

Significantly higher ▲
Significantly lower ▼

T2B: Top 2 Boxes (on a 5-points scale)

Concern about climate change (T2B - Agreement)



Consumer classification based on Experian's Mosaic Segmentation

Q20. How worried or unworried are you about the impact of climate change? Base: all participants
Q28. How likely or unlikely are you to install a heat pump in your home within the next 2 years? Base: homeowners only
Q35. Assuming this service were available now, how likely or unlikely would you be to take up this service in the next 2 years (either The Quick One or The Tailored One)? Base: all participants

Who are our customers?

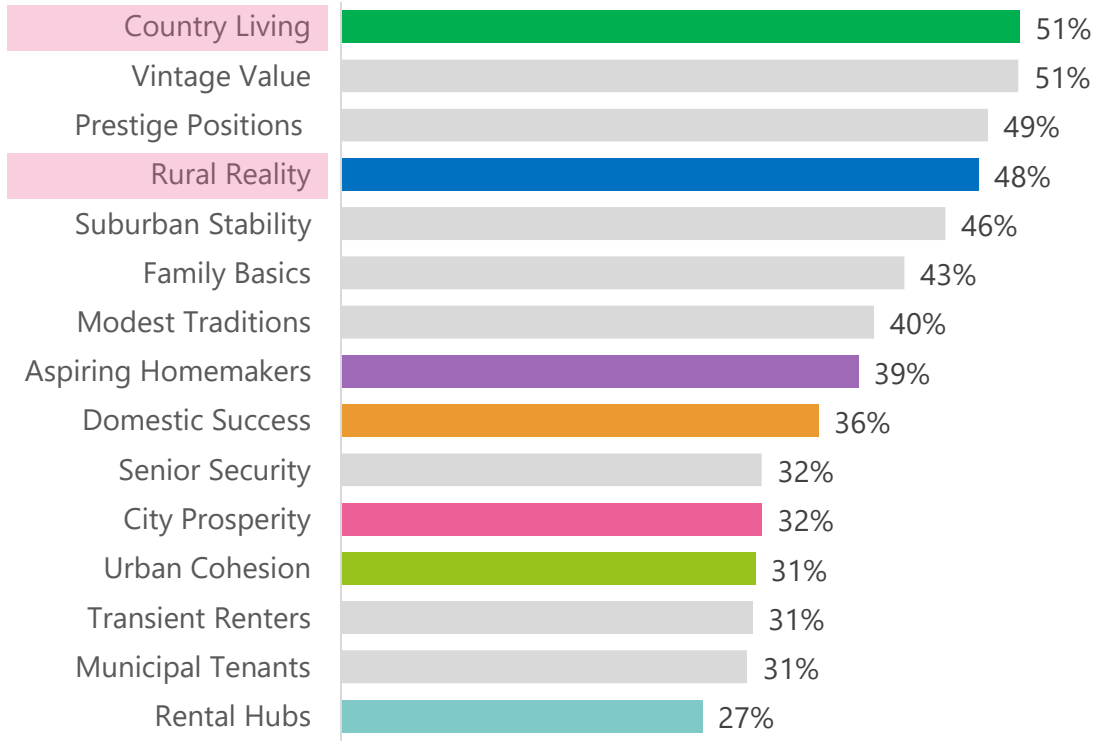
And while they appear to be slightly more knowledgeable about heat pumps, they are also amongst the **least interested in learning more** about them. Very few believe that installing a heat pump adds value to their property.

Barriers to heat pump adoption - T2B agreement	Rural	Suburban	Urban
A heat pump would be unsuitable for my property	30	27	**40 ▲**
I don't know enough about heat pumps to make informed decisions	**37 ▼**	**49 ▲**	41
I don't know how to go about getting a heat pump installed	**33 ▼**	**44 ▲**	37
I would need help finding a trusted heat pump installer	**49 ▼**	**55 ▲**	51
I have other property maintenance concerns ahead of my heating system	49	49	**56 ▲**
Heat pumps add value to the property	**17 ▼**	**18 ▼**	24

Significantly higher ▲
Significantly lower ▼

T2B: Top 2 Boxes (on a 5-points scale)
B2B: Bottom 2 Boxes (on a 5-points scale)

Interest in learning about heat pumps (B2B - Disagreement)



Consumer classification based on Experian's Mosaic Segmentation

Q25r4-r9. How strongly do you agree or disagree with the following statements? Base: homeowners only
Q21r3. How much do you agree or disagree with the following statements about energy use and heating? I am interested in learning about new technology and products that could reduce my energy bills. Base: all participants

(Sub)urban segments as a first step

For rural homeowners then, the issue appears to be both the lack of knowledge (even when higher than in urban and suburban groups, it still represents a barrier) and the lack of interest in heat pumps.

In addition, they express greater **concern about high upfront installation costs and the energy efficiency performance** of the systems. Over half are also worried about other costs, as well as the potential impact on their property's aesthetics and value.

Concerns about heat pumps - T2B	Rural	Suburban	Urban
High upfront installation costs	**84 ▲**	82	77
Ongoing maintenance and repair costs	69	71	69
Potential impact on property aesthetics	56	57	**46 ▼**
Energy efficiency performance, especially in colder weather	**73 ▲**	66	58
Disruption during installation	51	50	53
Impact on property value	50	52	**40 ▼**

However, even when faced with critical situations, their stance remained unchanged. They consistently appeared as the **least influenced group**, with the highest proportion of participants stating that such events would make 'no difference' to their decision.

Influence of events on decision to install a heat pump - "No difference"	Rural	Suburban	Urban
Moving to a new house	42	43	**32 ▼**
Energy bills continue to rise	**39 ▲**	30	27
The Government continuing to offer heat pump installation grants	**33 ▲**	28	28
Starting retirement	**57 ▲**	52	47
Renovating your house	**49 ▲**	46	37
Building an extension	**55 ▲**	50	45
Your current heating system breaks down	38	33	36

Significantly higher ▲
Significantly lower ▼

T2B: Top 2 Boxes (on a 5-points scale)
B2B: Bottom 2 Boxes (on a 5-points scale)

As a result, our recommended **short- to mid-term strategy for the OSS launch is to target urban and suburban homes.** This focus will help **demonstrate the effectiveness of the service and overcome the identified barriers**. It will also generate positive word-of-mouth, build customer confidence, increase interest, and establish heat pumps as a viable heating solution for local homes and communities.

Success in these areas can help **build the momentum** needed to **expand** into more challenging markets, such as rural homes, in the longer term.

Q27r1-r6. How concerned are you about each of the following when thinking about installing a heat pump in your home? Base: homeowners only
Q30r1-r7. How much impact would the following events have on your decision to install a heat pump in your home? Base: Those without a heat pump

Owner-occupiers and private tenants

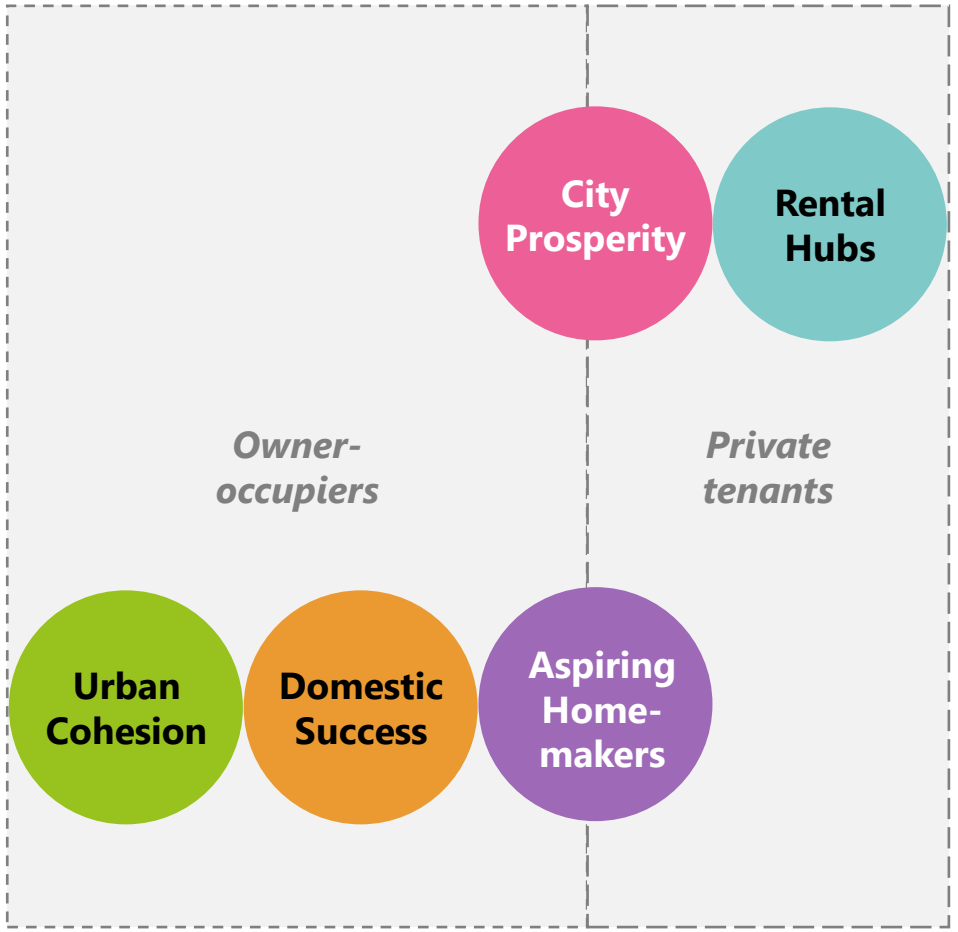
Having established that the focus of the OSS will be on (sub)urban homes, in the short term the next step is to further define and segment the target groups within this category.

In the initial research with residential consumers, we tested the One Stop Shop proposition with both homeowners and landlords. From this, we identified **owner-occupiers as a key target group**, as landlords showed more reservations about the offering and all other heat pump propositions.

We then conducted a quantitative survey to test our top three propositions with residential consumers. After linking the survey results to Experian's Mosaic segmentation, we were able to identify **five key consumer segments** where the OSS proposition is likely to have the greatest impact in driving heat pump adoption, both in the short and mid term.

Although this finding aligns with insights from the first phase of research, the survey analysis highlighted an unexpected opportunity: **tenants' segments** also showed interest in the proposition, suggesting potential amongst renters who may buy a home within the foreseeable future.

How the selected Mosaic segments fit within the owner-occupiers and private tenants categories:



Key consumer Mosaic segments

When considering the appeal of the retrofit OSS and likelihood to adopt the service identified in the quantitative survey, we are able to identify which segments may have the strongest potential interest in the proposition:

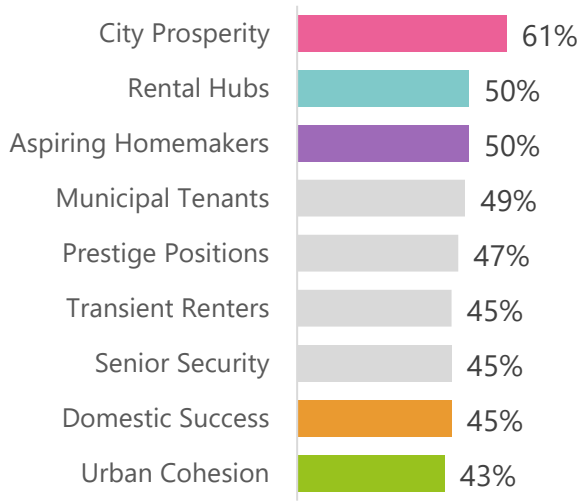
Q31. Based on what you've seen and read, to what extent do you find the One Stop Shop appealing? Base: all participants.
Q35. Assuming this service were available now, how likely or unlikely would you be to take up this service in the next 2 years (either The Quick One or The Tailored One)? Base: all participants.
Q37. And if this service was available to you, how likely would you be to install a heat pump in the next 5 years? Base: all participants.

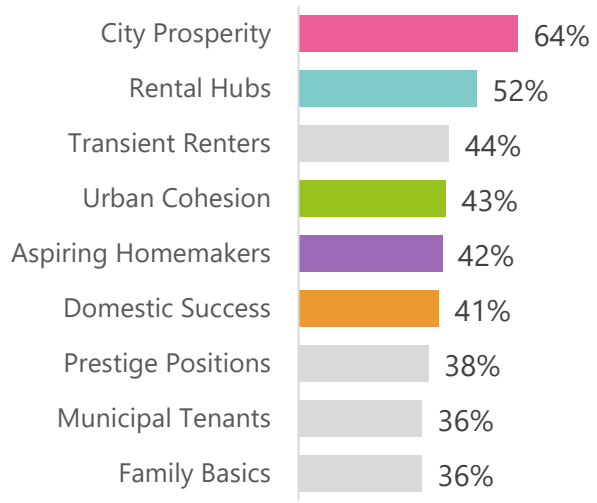
Key consumer Mosaic segments

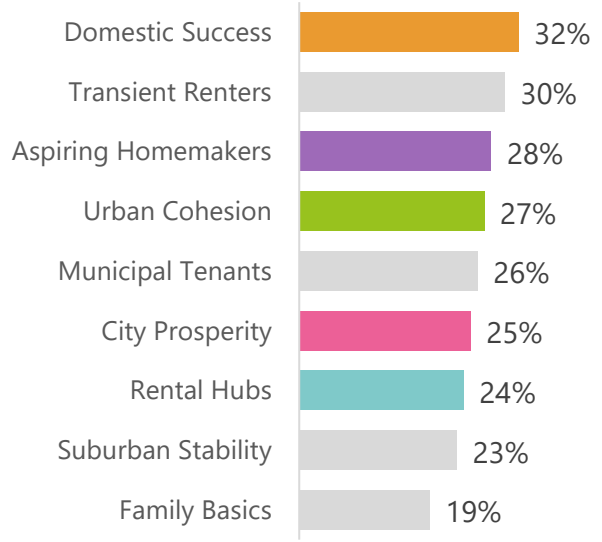
City Prosperity, Rental Hubs and **Aspiring Homemakers** find the proposition easy to understand. The **first two** also believe the benefits are credible, however, only about a quarter of them find it relevant or effective in helping overcome barriers to installing a heat pump.

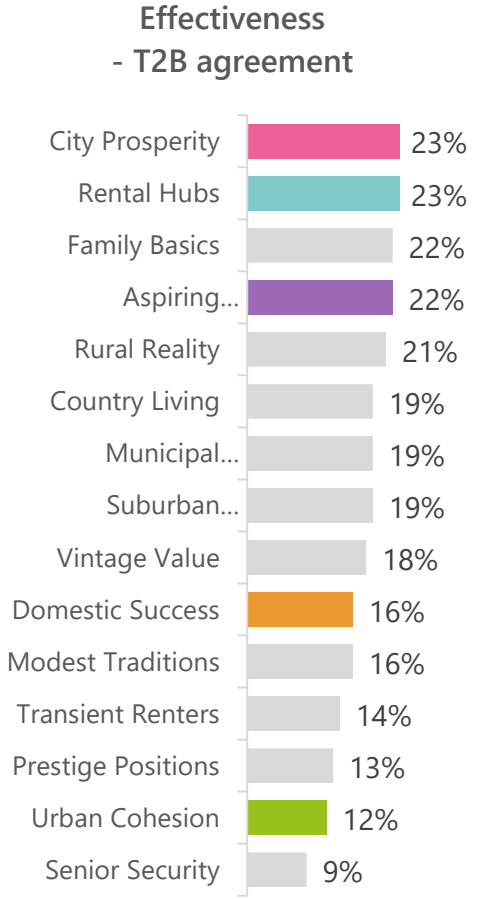
In contrast, **Domestic Success, Urban Cohesion** and **Aspiring Homemakers** find the proposition more relevant, though fewer believe it offers credible benefits. Additionally, the **first two** groups are somewhat less convinced that it is easy to understand and that it effectively helps them overcome barriers to heat pump installation.

T2B: Top 2 Boxes (on a 5-points scale)
B2B: Bottom 2 Boxes (on a 5-points scale)









Q32r1. To what extent do you agree or disagree with the following statements about One Stop Shop? The service is relevant to me. Base: all participants.
Q32r2. To what extent do you agree or disagree with the following statements about One Stop Shop? The service is easy to understand. Base: all participants.
Q32r3. To what extent do you agree or disagree with the following statements about One Stop Shop? The benefits described are believable. Base: all participants.
Q34. If this service were available, how effective do you think it would be in helping you overcome the barriers to installing a heat pump, such as cost, technical understanding, or access to skilled installers? Base: all participants.

Mosaic segments to target: short-term

City Prosperity, Urban Cohesion and **Domestic Success** are three segments that show the strongest interest in the retrofit OSS.
With these groups ready to take up the service within the next two years, and City Prosperity also showing strong mid-term interest, they represent the perfect immediate target groups for this proposition.

High-status city dwellers living in central or well-connected areas, pursuing high-reward careers. This segment includes wealthy homeowners and ambitious, career-driven young professionals renting premium properties. Their lifestyles are luxurious, cosmopolitan, and convenience-focused, often featuring high-tech homes and a deep connection to vibrant urban life.

City Prosperity

Represents **0.13%** of Peterborough

Represents **7.7%** of Peterborough

Urban Cohesion

Established residents living in diverse, settled urban and suburban neighbourhoods with a strong sense of community. This segment includes older homeowners in inner suburbs with good access to amenities, large families in traditional terraces, and thriving households with stable incomes. They value familiarity, local identity, and long-term stability in well-connected, community-oriented areas.

Affluent and well-qualified families and individuals living in good-quality housing, often in suburban or city-edge locations. This group includes thriving families balancing careers and raising children, older singles with successful professional backgrounds, and busy couples in modern or traditional homes. They value stability, quality of life, and strong neighbourhood environments.

Domestic Success

Represents **4.9%** of Peterborough

Mosaic segments to target: mid-term

In the mid-term, we can expand our target segments to include another mixed group, **Aspiring Homemakers**, and a group of private tenants, **Rental Hubs.** The career-focused renters from Rental Hubs, and the young Aspiring Homemakers are likely planning to buy or improve their first home in the mid to long term -making it important to begin engaging them early.

Represents **4.4%** of Peterborough

Rental Hubs

Educated and career-focused young people, typically in their 20s and 30s, renting in urban areas. This group includes professional singles and couples in commutable locations, city-loving renters in vibrant central flats, and students in high-density accommodation near universities. They are highly connected online, mobile in pursuit of income opportunities, and often live in cosmopolitan neighbourhoods with a mix of affordability, access to nightlife, and proximity to work or study.

Young singles, couples, and families settling into affordable homes—either newly purchased or rented—in suburban neighbourhoods. Many are first-time buyers with high mortgages, choosing modest or new-build properties in areas that offer good value. These households are focused on establishing stability, often in family-friendly communities popular with their peers.

Aspiring Home-makers

Represents **17.7%** of Peterborough

Given that quantitative research found no significant statistical differences between the national and Peterborough samples, the retrofit OSS could have the flexibility to extend service offerings beyond Peterborough. This adaptability is particularly relevant in the context of potential local authority boundary changes, where a broader regional approach may be advantageous.

How can we connect with them?

When it comes to which benefits resonate most, both **access to financial support and reduced hassle** rank as the top two across all participants and within our key segments. However, there are notable differences: while **Rental Hubs** and **Urban Cohesion** place greater value on financial support, **City Prosperity**, **Aspiring Homemakers** and **Domestic Success** find 'less hassle' equally or more compelling.

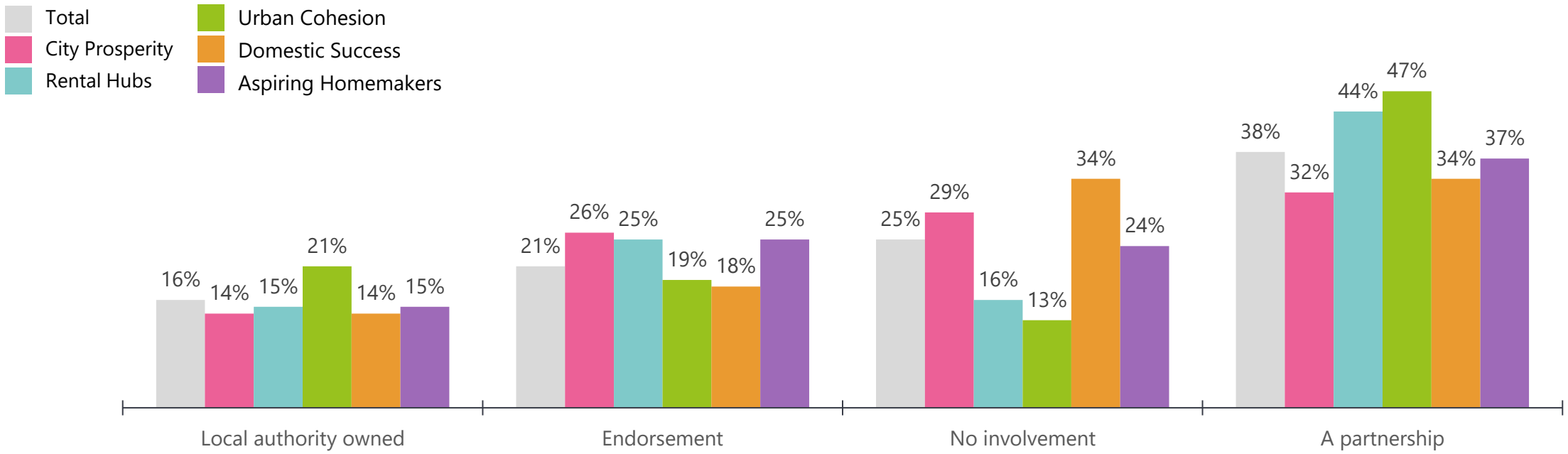
Most groups place above-average importance on **clear pricing and cost certainty,** and both **City Prosperity** and **Aspiring Homemakers** value more **expert advice.** Additionally, **Urban Cohesion** stands out for placing higher value on confidence in quality and compliance with regulations compared to other segments.

PCC should focus messaging on these important benefits to target the segments effectively.

Q33. What do you think would be the main benefits of the One Stop Shop? Base: all participants

How can we connect with them?

Finally, most of these segments show a clear preference for the retrofit OSS to be **partnered with Peterborough City Council (PCC).** However, it is important to note that within the **City Prosperity** and **Domestic Success** segments, (nearly) as many participants expressed a preference for no involvement from the council at all.



Q38. What role should your local authority have in offering this service to residents like you? Base: all participants

Bringing rural homes on the journey

Based on the insights presented in this report, Energy Systems Catapult recommends a **phased targeting strategy for OSS:**

1. **Short-term**: Focus on mainly owner-occupiers segments in (sub)urban areas, where interest and readiness are higher.
2. **Mid-term**: Expand to include tenants segments in the same areas, as they have the interest and might be ready to adopt by that stage.
3. **Long-term**: Target rural areas, which represent a more challenging market and may require proven outcomes to build trust and drive adoption.

The rationale behind this approach is that while the retrofit OSS builds confidence and momentum amongst residents in all geographies by serving urban and suburban segments, PCC can take proactive steps to overcome rural specific barriers and stimulate interest and confidence in heat pumps in rural communities – preparing them for the third phase of the strategy.

To support this, two key barriers in rural areas must be addressed:

Scepticism about performance in rural properties

This barrier is present in both Country Living and Rural Realty Mosaic segments.

To demonstrate that heat pumps can deliver warm, comfortable living conditions for rural residents. PCC can:

- Support install of heat pumps in community buildings (e.g., village halls) through grants and retrofit assessments.
- Co-ordinate and promote 'Visit a Heat Pump' events in the local area.
- Support installs in social housing or small numbers of private homes though funded trials and share performance data openly (e.g., via platforms such as Heat Pump Monitor).

High installation costs

This barrier exists in the Rural Reality segment.

PCC should seek partnerships to provide financial support or increase access to affordable financing for rural households in particular.

Partnership opportunities

Partnership opportunities: overview

As well as understanding the value of the retrofit OSS for its key target customers, it is also critical to consider how it will be delivered in practice. As broadly summarised to the right, there are several delivery model options available to local authorities looking to establish a retrofit OSS.

During a business model evaluation workshop, PCC indicated a strong preference for an outsourced delivery model.

PCC also identified several areas where further information would be needed before piloting a retrofit OSS. These areas have shaped the focus of this section, which explores the following questions:

1. **Which organisations could deliver and manage a retrofit OSS in Peterborough on behalf of PCC?**
2. **How have these providers supported other councils in the past?**
3. **How are other local authorities procuring the services of retrofit OSS providers?**
4. **What role could PCC play in supporting an outsourced retrofit OSS delivery model?**

Retrofit OSS Delivery Models

In-house

Local authority directly manages and delivers the retrofit OSS using internal staff and resources.

Outsourced

Local authority procures an external organisation to deliver all or most OSS services.

PCC Preferred Approach

Hybrid

A mix of in-house and outsourced delivery, where the local authority retains strategic oversight but partners with external providers for specific services.

Retrofit OSS service providers

There are numerous organisations that could support PCC with the design, delivery, and management of a future retrofit OSS.

This page and the following provide an overview of these organisations, with a focus on those offering residential OSS propositions tailored to local authorities. It is important to note that other retrofit organisations, such as those targeting social housing or nationally funded retrofit schemes, may also offer relevant services and capabilities to support or manage a future OSS, even if not explicitly marketed as such.

Cotality (Ecofurb)[3]

Cotality offers a flexible retrofit OSS service designed to help local authorities scale up home energy improvements efficiently, compliantly, and with public trust.

Cotality manage the full retrofit lifecycle from initial assessment through to installation, ensuring that projects meet quality and compliance standards.

Retrofit services can be white-labelled or delivered via the Ecofurb service (an existing OSS).

Solutions are tailored to local authorities needs, allowing for the selection of individual service components if desired.

In 2022, Hammersmith & Fulham Council collaborated with Parity Projects (Cotality) to offer 100 complimentary Ecofurb home retrofit plans to local homeowners and landlords[4].

After receiving their plan, residents could independently connect with Ecofurb to access impartial advice and obtain quotes from certified installers.

Furbnow[5]

Furbnow partners with local authorities to provide a comprehensive OSS solution for home energy improvements.

Furbnow delivers a fully managed retrofit service, from initial assessment and paid home surveys to personalised energy planning, contractor/installer management, and quality-assured installation.

Acting as a single point of contact, Furbnow removes the need for homeowners to find and coordinate installers.

In 2024, Furbnow partnered with Surrey County Council to launch the 'Home Energy Improvement OSS', providing eligible households with subsidised energy assessments that recommend home efficiency upgrades and an optimal installation sequence[6].

Furbnow also managed the design and installation of energy efficiency improvements.

In 2025, Gloucestershire's six district and borough councils partnered with Furbnow to launch a new residential retrofit OSS service, providing tailored advice and end-to-end support from planning retrofit works to coordinating trusted installers[7].

Furbnow delivers the OSS, offering personalised retrofit plans, contractor coordination, and ongoing support to residents.

The Gloucestershire councils promote the service locally and help residents access it.

Retrofit OSS service providers

Energy Saving Trust[8]

Energy Saving Trust supports local authorities in planning and delivering retrofit OSSs, offering end-to-end expertise from strategy and service design to implementation and evaluation.

Support includes awareness building, digital and in-person energy and retrofit advice, in-home assessments, grant and loan management, installation support, and supply chain management.

Energy Saving Trust also help measure energy and carbon savings, and advise on governance, branding, and risk management.

Building on its successful delivery of Home Energy Scotland, Nest, and Energy Advice London, Energy Saving Trust is expanding its support for local authorities by launching additional retrofit OSS' across the UK.

One example is 'Home Energy Advice North East', commissioned by the North East Combined Authority and delivered by Energy Saving Trust.

Since spring 2024, residents in the region have benefited from a free energy advice service, offering tailored guidance on home energy improvements to help reduce emissions and lower energy bills[9].

Energy Saving Trust is also developing a retrofit OSS in West Yorkshire to support residents in improving home energy efficiency and reducing energy bills (see next page for details)[10].

Retrofit Works[11]

Retrofit Works can partner with local authorities to co-design and implement local retrofit OSS services and schemes.

Retrofit Works simplifies the retrofit process by guiding homeowners through each stage.

It begins with a detailed energy assessment, followed by a personalised retrofit plan.

Retrofit Works then manage the implementation by connecting residents with trusted installers and overseeing the work to ensure quality.

Full support is provided from start to finish, helping households improve energy efficiency with confidence.

'Your Home Better' is a not-for-profit, residential retrofit OSS launched in partnership between Retrofit Works and the Greater Manchester Combined Authority (GMCA).

The service supports homeowners in Greater Manchester to improve energy efficiency, reduce carbon emissions, and lower energy bills[12].

Retrofit Works delivers the service, providing whole-house assessments, tailored retrofit plans, and access to a network of trusted local contractors.

GMCA commissioned the initiative as part of its wider decarbonisation strategy, targeting homeowners willing to invest in retrofit with the right support[13].

Procuring retrofit OSS service providers

There is growing evidence of local and combined authorities adopting outsourced delivery models to establish retrofit OSSs.

The tables on this page and the next provide insights into how other local authorities have delivered (or are planning to deliver) domestic retrofit OSSs, including procurement methods, contract value and duration, and, where noted, funding sources.

Recent tenders (contract awarded)[14-15]

Contracting authority	Description/ scope	Awardee	Procedure	Value	Funding Source	Term
West Yorkshire Combined Authority	Sought a provider to establish and manage 'Home Energy West Yorkshire', a trusted OSS, offering impartial retrofit and energy efficiency advice to all residents and landlords across all tenure types.	Energy Saving Trust	Open competition	£20m (excl. VAT)	Not specified	5-15 years
Surrey County Council	Sought an experienced provider to deliver a streamlined, end-to-end domestic retrofit OSS for homeowners and landlords, acting as managing agent with responsibilities for customer engagement, works coordination, quality assurance, and supply chain development.	Furbnow	Not specified	£177,000	Local Energy Advice Demonstrator	7 months

A key challenge faced by local authorities for public procurement is selecting the most suitable route to market for a given project.

The Local Authority Domestic Retrofit Handbook includes a procurement decision tree, developed by Local Partnerships and Energy Systems Catapult, to help local authorities identify the most appropriate route(s) to market for procuring products and services.

Procuring retrofit OSS service providers

Upcoming and active tenders[16-19]

Contracting authority	Description/ scope	Procedure	Value	Funding Source	Contract term
Herefordshire Council	Seeking a provider to deliver a PAS 2035-compliant, fabric-first retrofit programme through an OSS for 'Able to Pay' households.	Open competition	Not specified	Not specified	1 year, 6 months
North East Combined Authority	Seeking a provider to deliver a regional retrofit OSS, offering multi-channel advice, supporting the 'Able to Pay' market, strengthening the local supply chain, and addressing fuel poverty in the private rented sector.	Below threshold (by reference to dynamic market)	£2,476,273 (incl. VAT)	Not specified	1 year, 6 months
Solihull Metropolitan Borough	Seeking a provider to deliver resident engagement and retrofit assessments in Chelmsley Wood, with potential support for the West Midlands Combined Authority-led 'Building Retrofit Pilot'.	Below threshold (Open competition)	£210,000 (incl. VAT)	Net Zero Accelerator Programme	2 years, 6 months
Barnsley Metropolitan Borough Council*	A dynamic purchasing system to support the delivery of domestic retrofit programmes by enabling the installation of energy efficiency measures aimed at reducing carbon emissions and tackling fuel poverty.	DPS	Not specified	Not specified	Not specified

*This is a joint procurement led by Barnsley Metropolitan Borough Council in collaboration with Rotherham Metropolitan Borough Council, Doncaster Council, Sheffield City Council, and the South Yorkshire Mayoral Combined Authority.

PCC's role in supporting retrofit OSS implementation

Even if delivery and management of a future retrofit OSS are outsourced, PCC could still play a pivotal role in ensuring its success and ongoing development through advocacy, stakeholder coordination, and other strategic partnerships.

PCC can act as a powerful advocate and partner that residents trust.

Local authorities are a familiar and trustworthy presence for residents, which gives them a unique strength to support the uptake of home retrofit[20].

PCC could use established communication channels to raise awareness of retrofit benefits and to promote the OSS.

This type of engagement could help build trust and credibility in retrofit schemes, even if delivered by a third-party – as indicated by qualitative research which found that many homeowners see PCC endorsement as important in establishing credibility.

PCC can use collaboration to grow a skilled retrofit supply chain.

Collaborating with regional organisations like the Greater South East Energy Hub and Action on Energy Cambridgeshire could allow PCC to access technical expertise, unlock additional resources and support consistent retrofit standards.

These organisations convene key stakeholders such as local authorities, community groups, and delivery partners to coordinate funding, share best practices for retrofit, and build regional skills and capacity.

Engagement with national retrofit networks like the National Retrofit Hub and the UK Green Building Council (UKGBC) also enable shared learning and continuous improvement.

PCC could enhance retrofit OSS service offerings through other strategic partnerships.

As highlighted in the market landscape, there may be opportunities to enhance the retrofit OSS offer with services such as post-installation support and integrated financial packages.

Where these fall outside a third-party provider's core offer, PCC may need to take the lead in forming partnerships with other strategic actors, such as energy suppliers, asset optimisation providers, or financial institutions.

These collaborations could help deliver a more seamless, end-to-end customer experience and increase the overall value and uptake of retrofit services.

Key takeaways

PCC's trusted position could help build confidence in retrofit services and increase engagement.

PCC could play a central role in shaping a high-quality and collaborative retrofit supply chain.

PCC could coordinate partnerships that extend beyond a third-party provider's core services to enhance the overall OSS offer.

Viability considerations

Viability considerations: overview

Financial models to help assess the viability of a future retrofit OSS can be more accurately developed following market engagement, which will clarify the capabilities of potential delivery partners and help PCC understand its role and associated cost responsibilities.

However, as a starting point, this section outlines typical cost components and revenue streams associated with a retrofit OSS, which can serve as a tool to facilitate soft market testing discussions.

This, in turn, will help PCC:

- **Identify likely cost allocations – both for the council and prospective delivery partners; and**
- **Refine assumptions around revenue generation potential.**

The section also signposts to financial model templates, cost and revenue assumptions, and lessons learned from previous retrofit OSS initiatives to help PCC inform the development of a robust financial model.

Cost structures and revenue streams

The following tables, informed by literature presented throughout this section, provide an outline of the typical capital costs, operational expenses, and revenue streams associated with establishing and managing a retrofit OSS. Indicative figures are excluded as these financial elements are highly context-specific and vary depending on a range of factors*.

Capital costs

Capital costs refer to the initial, one-time investments required to establish the retrofit OSS. These costs are incurred before the OSS begins regular operations and are essential for building the foundation of the service.

Capital cost type	Description
Market research and business planning	Designing services and understanding customer needs and market conditions.
IT infrastructure	Development of digital systems to enable customer engagement, service delivery, and data analysis, including whole house retrofit planning tools and associated software licensing.
Customer access set up	Establishing the necessary infrastructure to enable customer access to OSS services, including the setup of an online platform, a physical shop, or a combination of both.
Staff recruitment and training	Hiring and preparing the team to deliver retrofit services effectively.
Supply chain development	Working with suppliers and contractors to agree parameters and ensure capacity is in place to meet retrofit demand. May also include workforce training.
Legal and contracting arrangements	Establishing legal frameworks and agreements with partners and suppliers.
Branding and marketing setup	Creating the OSS identity and launching initial outreach efforts.

*See Page 52 for an overview of useful resources that could help inform financial assumptions for a future retrofit OSS.

Cost structures and revenue streams

Operational expenses (OPEX)

Operational costs are the ongoing expenses required to run a retrofit OSS. These include both fixed costs, which remain stable regardless of activity levels, and variable costs, which fluctuate depending on service demand and the scale of retrofit projects.

Fixed OPEX	Description
Admin and management	Overseeing OSS operations and managing internal processes and governance.
Communication and marketing	Ongoing outreach to promote retrofit services, engage households, and maintain visibility with local stakeholders.
Product development	Continuously enhancing and refining retrofit service offerings based on customer feedback, market innovation, and policy developments.
Staff upskilling	Upskilling advisors, coordinators, and technical staff to align with evolving retrofit standards and practices.
IT maintenance	Maintaining digital tools used for customer engagement, early-stage home assessments, educational content, and post-installation support.

Variable OPEX*	Description
Customer support	Supporting customers through the retrofit process; costs vary with duration of customer journey.
Early-stage home assessment	Conducting in-person assessments to evaluate retrofit potential; costs vary based on the time and resources required per customer.
Full home retrofit plan	Developing tailored retrofit plans; costs vary with property size.
Design and specifications	Producing bespoke technical documentation for retrofit works; costs vary with project scale and the number of detailed surveys required (e.g., for heat pumps or solar PV).
Project coordination	Managing delivery and quality assurance; costs vary with project complexity and scale.

*Some of these costs may not be applicable, as they will depend on the specific services offered by a future retrofit OSS in Peterborough.

Cost structures and revenue streams

Revenue

A retrofit OSS can generate revenue through both consumer-facing and business-facing channels. Business-to-consumer (B2C) income is generated from direct services offered to residents. In contrast, B2B revenue is generated through services provided to other organisations. Both channels can provide a stable foundation for a financially sustainable retrofit OSS.

B2C Revenue*	Description
Early-stage home assessments	From in-person assessments to evaluate retrofit potential.
Whole house plan fee	Fee for producing a tailored, property-specific retrofit roadmap, often following an in-home survey.
Retrofit coordination	Fee for retrofit coordination for homeowners, including installer/contractor liaison, scheduling, quality assurance, and conflict resolution.
Design and specification services	From the creation of bespoke technical documentation for retrofit works tailored to property and project needs.
Post-installation support	From ongoing services to help households monitor performance and/or optimise energy use.
Custom surveys	From modular design services for specific retrofit measures (e.g., for heat pumps, solar PV, insulation).

B2B Revenue*	Description
Referral or membership fees	Fees received from strategic partners (e.g., installers, energy suppliers, financial institutions).
Public grants	Local or national funding to support OSS operations, reduce costs for households, or pilot new services.
Software licensing	From licensing of digital tools (e.g. retrofit planning platforms) to other retrofit OSS'.
OSS setup advisory	Providing tools, training, or consultancy to others looking to establishing retrofit OSS models.

*Some of these revenue streams may not be applicable, as they will depend on the specific services offered by a future retrofit OSS in Peterborough.

Developing a robust financial model

This page signposts to resources that can support PCC in defining and quantifying the financial assumptions necessary for developing a robust financial model for a future retrofit OSS.

Retrofit OSS financial model templates are available.

As part of the 'Local Area Retrofit Accelerator' guidance, the UKGBC produced a financial template that enables local authorities to model the start-up phase and first five years of operating a retrofit OSS[21].

This model could offer PCC a practical starting point for building a tailored financial model.

It can be used for scenario planning, identifying funding gaps, and informing decisions on service design and long-term sustainability.

The model includes default figures for major cost and revenue assumptions. However, these assumptions should be adjusted to reflect local conditions to ensure accurate projections.

Reference business cases can be used to inform financial assumptions.

In 2021, People Powered Retrofit published a detailed business plan for a retrofit OSS in Greater Manchester, outlining financial assumptions related to service design, staffing, income sources, operating costs, and projected cash flow, along with sensitivity testing and growth scenarios[22].

While tailored to Greater Manchester, the business case provides a useful reference for PCC as it begins shaping its own financial model, providing indicative figures on cost structures and revenue potential.

Any figures taken from this document should be refined to reflect inflation, local conditions, delivery models, and partner capabilities to ensure realistic financial projections.

Practical lessons can be learned from other retrofit OSS'.

The 'INNOVATE' project consortium published a step-by-step guide for local authorities on how to set up a retrofit OSS[1].

The guide includes case studies highlighting key lessons learned, particularly around financial viability and planning.

PCC should consider these lessons when developing its own financial model. Key takeaways include:

- Financial returns may take 2–3 years to materialise;
- Conversion rates and customer journey duration can significantly impact costs;
- Reducing variable costs (e.g., through online tools and advice) can improve financial sustainability of the OSS.

Summary and call to action

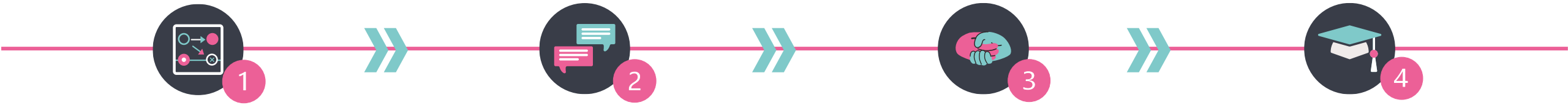
The GtM plan in summary

The following summary distils the key findings and strategic insight from each report focus area, highlighting opportunities, challenges, and considerations for the development and delivery of a successful retrofit OSS:

Market landscape	• Core retrofit OSS services, such as guidance and education and early-stage retrofit support, are baseline expectations for new entrants. • Differentiation is demonstrated through technology-specific surveys (e.g., heat pumps, solar PV) and green finance packages. • A future retrofit OSS could enhance service offerings through more integrated financial support – particularly important for rural homes where retrofit costs may be higher – and by offering post-installation services.
Value proposition	• Most residents struggle to identify heat pump benefits, though a few note potential for improved energy efficiency and lower emissions. • Adoption barriers are varied and span the full customer journey but include high upfront costs, limited awareness/knowledge and perceived lack of suitability. • Retrofit OSS services support homeowners by simplifying the retrofit journey – offering tailored guidance, planning, and coordination to reduce upfront costs, minimise disruption, and ensure high-quality outcomes.
Customer segmentation	• Before offering an OSS in rural areas the successful use of heat pumps in rural properties must be demonstrated to stimulate engagement with the technology. This could be through supporting heat pump installations in community buildings and arranging 'visit a heat pump' events. • Whilst engagement is being built in rural communities the OSS should first target urban and suburban owner-occupiers in the short-term. City Prosperity, Urban Cohesion, and Domestic Success Mosaic segments should be prioritised as they show highest interest and readiness to adopt. • The OSS can then expand to rural areas once engagement with the technology is built and confidence in the OSS is established.
Partnership opportunities	• Recent public tenders indicate a preference among local authorities for outsourced delivery models, aligning with PCC's preferred approach. • Providers such as Furbnow, Cotality, Energy Saving Trust, and Retrofit Works offer proven capabilities to deliver and manage retrofit OSS services. • PCC can support an outsourced retrofit OSS by promoting it, coordinating stakeholders, and forming partnerships to enhance its offer.
Viability considerations	• The financial sustainability of a retrofit OSS depends on generating revenue through both B2C and B2B channels, while minimising variable costs. • Market engagement is key to clarifying which revenue streams and costs sit with PCC versus its chosen delivery partner.

Bringing the retrofit OSS to market

To move from strategy to implementation, PCC will need to take a series of coordinated steps to bring the retrofit OSS to market that include setting out a clear vision, engaging the market, designing services, and building strategic partnerships. The recommended actions outlined below offer a practical pathway, grounded in the evidence and insights presented throughout this report.



Map the vision and prioritise early wins

Begin by clearly defining the OSS's mission and scope. Focus initial delivery on those segments most ready to engage.

Prioritise foundational services like education and guidance and early-stage retrofit support to build trust and demonstrate value quickly.

Why: A clear vision aligned with high-potential customer segments can create opportunities for early-stage revenue generation.

Engage the market to shape delivery

Conduct soft market testing with potential retrofit OSS providers alongside installers/contractors to understand capabilities and refine the vision.

Use this engagement to validate assumptions around cost allocations and revenue generation potential.

Why: Early engagement helps assess the OSS's appeal to potential delivery partners and ensures it is aligned with local needs.

Build strategic partnerships to enhance the offer

Beyond the core delivery partner, explore partnership opportunities with other strategic stakeholders (e.g., energy suppliers, asset optimisation providers, financial institutions) to expand the OSS offering, particularly around financial and post-installation support.

Why: Strategic partnerships can expand the OSS's reach, improve customer experience, and unlock new revenue opportunities.

Leverage PCC's credibility to build awareness

Draw on PCC's established credibility to promote the OSS, upskill local supply chains, and engage with national networks to support continuous improvement and shared learning.

Why: PCC's trusted presence can boost the OSS's credibility, build public confidence, and support uptake.

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