

Green Deal Maximising Energy Efficiency in Buildings Forum

notes from meeting held 17 July 2012 at the BPF

Attendance

1	Association for the Conservation of Energy (chair)	Andrew Warren	AW	
2	ARLA / NAEA	Ian Potter	IP	
3	British Property Federation	Ian Fletcher	IF	
4	CIBSE	Jacquelyn Fox	JF	
5	Existing Homes Alliance/SuperHomes	John Doggart	JD	
6	Forum for the Future	Will Dawson	WD	
7	Heat and Hotwater Industry Council	Neil Schofield	NS	
8	Homes and Communities Agency	Yasmin Fearon	YF	apologies from Michael Clegg
9	Leasehold Advisory Service	Thomas Frith	TF	apologies from Nicholas Kissen
10	Local Authority Building Control	Paul Everall	PE	from 12:00
11	LGA	Hilary Tanner	HT	apologies from Abigail Burrige
12	National Housing Federation	Martin Wheatley	MW	
13	National Landlords Association	David Cox	DC	
14	National Organisation of Residents' Associations	Lorraine Barter	LB	
15	Residential Landlords Association	Dave Princep	DP	
16	DECC	David Thomas	DT	apologies from Emma Bulmer
17	DECC	Peter Thompson	PT	
18	DECC	Nicola O'Connor	NOC	
19	DECC	Peter Farrand	PF	
20	EEPB	Mark Brown	MB	
21	EEPB (notes)	Mathias Hessler	MH	

Apologies

1	CBI	Stephen Mayne	
2	BCO	Angus McIntosh	
3	Centre for Sustainable Energy	Phillip Morris	
4	DCLG	Peter Matthew	
5	DCLG	Steve Kelly	moved to different post within DCLG so no longer attending
6	Fuel Poverty Advisory Group	William Gillis	
7	RIBA	Lynne Sullivan	
8	Scottish Government	Joanne Wright	also from Katie Chan, Ann McKenzie

no response received

1	British Property Federation	Tom Younespour	
2	RICS	Peter Bolton King	replacing David Dalby
3	Scottish Government	Suzanne LeMiere	

Chairman's Summary and Actions

Chairman's Summary	
	<p>Welcome, Apologies and Setting of the Agenda AW welcomed the group and thanked the BPF for providing the venue and catering.</p>
1	<p>Notes and Actions from the Previous Meeting Notes and actions of the 1 May meeting were accepted. <u>Update on actions</u></p> <ul style="list-style-type: none"> • The two papers provided by Scottish Government on the SME loan scheme and the boiler scrappage schemes were deemed very interesting. • The timetable for GD implementation is contained within the consultation response. The question was raised whether there would be a launch event. DT was unsure but confirmed that there would be moments of marking, e.g. around 28 January 2013 at which date the GD finance instrument came into force. • On tariff reform: MH contacted Lynne Sullivan, who advised that Richard Baines of Black Country Housing Association had written a discussion paper on this. Action remains pending on EEPB/NS, to call a meeting of the owner-occupier taskgroup (TG2), including experts • EEDO – session on non-residential buildings seems not to have happened yet – EEPB to find out from EEDO official whether this has been abandoned or when it's going to take place • On the status of the consequential improvements proposals, PE reported that Bob Ledsome had said in a recent meeting that the consultation responses were still under active consideration, and that a summary of responses was to be published September. • A meeting between DECC, NHF and the LGA on equal distribution of the £200 million fund took place, and another meeting will be held tomorrow. <p>DT provided the following update on the design of the £200m Green Deal launch incentive scheme:</p> <ul style="list-style-type: none"> ○ The cash payment will be calculated in line with state aid considerations. Installation of energy-saving measures will be rewarded by a yet to be determined amount of pence per kWh annual saving, capped at 50% max of the measure's installed cost. ○ All measures eligible for GD can attract the cash-back. ○ As with the RHI, there is conditionality, whereby cash-back e.g. for windows or boilers is only available if loft and cavity insulation is also done. These in turn also attract a cash-back, encouraging packages of measures. Beyond this, there will however not be a bonus accumulator to encourage whole-house approaches. ○ Provision will be made for individuals to pay all or part of the incentive to charity or community organisations. If paid to a charity, the funds would be eligible for gift aid; which organisations are eligible to receive the funds besides charities is still being considered. ○ The scheme will start in January, and there will probably be an announcement. The point was raised that if communicated too early, works could be put on hold while waiting for the incentive. DT would appreciate thoughts on how and when best to communicate Action ALL. ○ The best rates will be offered at the beginning of the scheme, with the first tranche paid out during the remainder of this FY estimated to be £30-40million. ○ The scheme will mimic the GD process as much as possible. In rented accommodation, the party paying for the improvements (either landlord or tenant) will also receive the money. ○ Distribution across tenancy types will be monitored, and if disproportionality emerges in the first tranche, this will be addressed. ○ Using the £200m fund to pay for assessments could be very useful, but DT said that there were a number of issues with offering free assessments. The £200m is provided by Treasury as capital, and the market needs to decide how best to use. Incentives on measures itself will encourage doing the assessment. ○ No cash-back is given if a measure is already free for the householder under ECO Affordable Warmth. If e.g. a SWI installation is discounted through the ECO carbon element, the

	<p>remaining cost can still attract the incentive, e.g. if total cost is £15k, discounted to £5k for the householder, a cash-back up to £2,499 can still be offered. SWI saves a lot of kWh per year, and thus works out as a prominent measure for the cash-back incentive.</p> <ul style="list-style-type: none"> ○ Street-by-street approaches, which make a lot of sense for SWI, are not encouraged through this, but through guidance provided to LAs (all LAs, not just those few intending to become GD provider), and GD providers are also expected to market to whole streets. ○ People receiving cash-back are asked for two things: 1) to have scientific equipment put into their homes to monitor effectiveness, and 2) to take part in an open homes programme; DECC is also working with large cities on encouraging exemplar homes programmes.
2	<p>SMEs - NOC</p> <p>The series of 11 roadshows across Great Britain is now nearly over. They were intended for all interested GD participants, but particularly with SME contractors in mind, providing information on the opportunities and how to enter the market.</p> <ul style="list-style-type: none"> ● By the end of the series, DECC will have directly communicated with 1,600 individuals; 3,000 had shown an interest in registering, and a second round of events is being considered, focussed on practical delivery. ● Attendees are from all sectors and roles: assessors, installers, manufacturers, lawyers, as well as people offering technical monitoring, evaluation services, or marketing. ● Political commitment to GD was shown by Greg Barker's video message, plus a local councillor speaking. ● Various delivery models, including SME-led consortia and subcontractor models (GD providers working with SMEs) were presented. ● The networking part of the events has proven successful, with questions asked generally constructive, practical, and a good indicator of companies' engagement and interest. ● Feedback is collected, including a section for remaining questions, which will form an FAQ page on the DECC website. These are now being typed up and collated. Many questions centre on financial and other practicalities. ● Overall feedback rating is very good at 1.8 on a scale of 1 to 5. ● A set of communication materials is now being produced by DECC which will be much more easy to understand than the consultation and associated documents. ● NS mentioned that lessons learned from condensing boiler roll-out could be useful, where 70k individuals were successfully trained by industry. ● PE added that training facilities exist within many companies, and LABC may also be able to help, as they run technical seminars for planners and architects when building regs change. ● DECC would welcome thoughts on messages and how to disseminate – Action ALL.
3	<p>GD finance update – Peter Thompson</p> <p>This agenda item was triggered by the open letter from the GD Finance Company to the DPM, informing him that member companies were stopping work pending some clarifications. Peter Thompson from the DECC Green Deal finance team gave the following update:</p> <ul style="list-style-type: none"> ● GD finance will be provided by third parties. GD providers are responsible for arranging it, but are not considering becoming finance providers themselves. ● Electricity bills have very low default rates across society when compared with other payment collections, therefore the GD charge can be an attractive long-term product for institutional investors. ● There will be an introductory period during which this instrument will need to establish a track record. In this period, the interest rate will be higher, and DECC are considering short-term intervention during this period. ● The GD Finance Company which is a private body has requested funds from the UK Green Investment Bank (UK GI "UK Green Investments"). At the core of the letter written to the DPM is the argument that it does not make sense for the company to continue preparing arrangements until funding is secured.

	<ul style="list-style-type: none"> • The GD Finance Company is not the only entity able to provide GD finance, and DECC is also talking to alternative potential providers. Until an announcement is made by UK GI, no decision is made by DECC. • Studies have shown that an interest rate of 7.5% or above will make it very difficult to fulfil Golden Rule. PT argued that this needs to be seen the other way around, i.e. if a GD plan for £10k over 25 years does not work out at the interest rate offered, then that plan could not be offered. Many Green Deals would be far shorter than 25 years and lower than £10k. • The GD IA modelled 6.5%, 7.5% and 9.5%. Investment grade bonds receive returns in the area of 3.5-4.5%, but with administration, risk mitigation, and the need for loss-absorbing capital, it is unlikely that a market based solution could come under 6%. • In the introductory period with no public assistance, due to a lack of track record, a wholly market-based solution could produce rate of 9%-10%. DECC would prefer to keep this within the ranges modelled in the IA. • GD providers may also offer lower rates than the finance available on the market, and LAs may also obtain cheaper finance. • There is a significant difference between retail vs wholesale models (e.g. social landlords or councils doing area schemes). The wholesale model avoids some of the risks of the retail model, while low-income households are more at risk of default. • PT confirmed that paying upfront or part-paying for a GD package is also possible. • The Occupancy Assessment will identify householders who will not save as much as the EPC predicts, and this will be factored into the GD (finance) plan.
4	<p>Hard to reach households panel – Peter Farrand</p> <p>MEEB is one of 4 fora set up for GD initially, but none covered fuel poverty specifically. This Forum has sought to cover this issue by requiring each TG to incorporate it within its remit. Low-income households will be of less interest to standard GD providers, however some GD providers are particularly interested in tackling FP via GD and ECO.</p> <ul style="list-style-type: none"> • Three MP-led panels were recently established by request of the minister: SMEs (chaired by former housing minister Nick Raynsford), hard-to-reach households, and one specifically for women (which operates slightly differently as members attend as individuals rather than representing an organisation). These panels are not tasked with reviewing the policy, but exploring how to ensure the respective groups benefit from the policy. • The Hard-to-reach Panel developed recommendations on how to optimise communication and engagement routes to reach the poorest and most deprived households. • The work included identifying the most important groups and organisations working with the target group to use as messengers, e.g. Citizens' Advice, Which?, Consumer Focus. • Internal discussion among panel members was complemented by external input. • The panel's complement was decided by Laura Sandys MP, and includes CAB, Warm Zones, Which?, Energy UK, the LGA, Stroud District Council, CSE, the National Association of Estate Agents, Consumer Focus, NLA, London School of Economics, Age UK and others. • While ensuring that everybody can benefit from the GD offer, the panel also recognised the need to protect certain people from being mis-sold a GD plan. • Gentoo's contributions were very useful, sharing learning from the pay-as-you-save trials, including experience with dealing with people requiring sensitivity, support, or hand-holding. • Learnings from CERT/CESP include: forming partnerships, taking street-by-street approaches to achieve greater local resonance and to break down scepticism; endorsement by trusted sources is vital for success. • The next meeting will be in September – MEEB forum members are invited to submit issues Action ALL; Energy Action Scotland and Scottish Government will also contribute. • After the September meeting, a short report will be produced, outlining ways of raising demand among this sector. The group could then possibly reconvene during GD implementation to check on progress.

	<ul style="list-style-type: none"> • Many PRS properties will be hard to reach. There is inherent scepticism by landlords, caused by previous initiatives; both landlords and tenants need to be engaged, across geographical areas urban/rural communities, and income strands, including high-earners who are typically not interested in their fuel bills. • The hard-to-reach sector requires a high level of engagement and support, including extra checks, providing assurance, after care and behaviour change. Organisations performing this outreach function will typically not make a profit, thus this role needs to be funded. LAs cannot be expected to perform this under the current budgetary pressures. • The consultation on ECO brokerage during this summer was also mentioned. Brokerage will be a voluntary scheme, at least initially, and debate is ongoing on ensuring that low income, hard-to-treat households benefit fairly. • DP said that he was previously involved with giving grants to specific deprived areas, and that home improvement agencies (such as Care & Repair) and foundations were important in the sector, and they seemed not to be represented on the panel. Action DP to discuss this with PF.
5	<p>TG1: Commercial Properties – Ian Fletcher</p> <p>The group hasn't met since the last forum meeting, but the chair met with minister. Assurance has been given by DECC that the non-domestic GD will launch at the same time as the residential GD. Four papers requested by the minister have been submitted (all available on Huddle), and some questions from the consultation on non-domestic properties have been clarified.</p> <p>The original list of eligible measures was very much geared towards residential, but now 15 new measures, predominantly relevant for the non-residential sector, are added into PAS 2030. Improving commercial premises, particularly smaller shops, has been identified as an underdeveloped area with great potential. Mary Porta's review of the high street also recommends retrofitting during void stage to help bring empty spaces back into use.</p> <p>The taskgroup should link up with the EEPB SME group – Action IF and MH to arrange. It was suggested that dissemination of reports and guidance should occur through chambers of trades/commerce.</p>
6	<p>TG2: Owner occupier – Neil Schofield</p> <p>The group hasn't met since the last forum. A meeting on tariffs and switching is still to be held. The group was originally set up to look at triggers and nudges, e.g. stamp duty rebate, council tax banding. Action (see above) MH and NS to convene meeting and invite specialists.</p>
7	<p>TG3: Private Rented Housing – Dave Princep</p> <p>The group met on 31st May however Emma Bulmer was called away to a ministerial meeting on short notice. The group is urgently requesting to bring forward issues relating to the PRS regulation, as landlords will require clarity on what is required of them.</p> <p>It is also imperative for the sector that all general information about the GD makes it clear that it applies to landlords as well. There is a strong belief among landlords that financial support (CERT/CESP) was not eligible for them.</p> <p>The group is very sceptical as to the success of the ECO affordable warmth in the PRS, but welcomes the new community element.</p> <p>HT mentioned that the LGA were developing tools for councils, including briefing for councillors. There is a specific PRS green deal website (www.prsgreendeal.co.uk) which needs updating, Action MH and BPF to liaise on updating the website.</p>
8	<p>TG4: Social Housing – Martin Wheatley</p> <p>The group met on 11 June, with Steve Ives and Rachael Cooper. Overall the group was positive about the extension of the ECO (carbon saving target) to hard-to-fill cavities, and the changes to the brokerage mechanism approach.</p> <p>A rethink on the Affordable Warmth Obligation had however not happened, and consents also remained a big concern, as very small groups of people could block large-scale delivery of GD in social housing. There is also an issue with tenants buying retail GD without consent of their landlord.</p>

	<p>Further clarification was required on the cash-back in landlord-tenant situations, on HECA and the role of the council.</p> <p>Low-income residents could be generally resistant to a charge and/or to improvements which are perceived to increase the rent.</p>
9	<p>AOBs</p> <p>On extending the life of the MEEB forum, delegates around the table agreed that the group is useful and fulfils a unique function with its cross-over of sectors and inter-disciplinary quality, should continue and be responsive as GD moves towards launch and later its evaluation.</p> <p>In summary, some of the comments and suggestions made were:</p> <ul style="list-style-type: none"> • The forum helps interchange with the PRS and owner-occupier sectors which are fragmented. • Delegates find particularly useful to keep in touch with DECC's thinking, e.g. on triggers and nudges, and the ability to feed comments back directly to officials. The need to encourage take-up will not stop in January. • Monitoring success and evaluating the GD will become important and the group could help coordinate this. • Particularly in the SH sector, energy efficiency is often combined with energy sourcing and use, including solar PV, RHI, behaviour, buildings in use, operation of equipment, collective purchasing etc. The forum could explore this broader agenda rather than (or in addition to) DECC engaging with the sectors in a segmented fashion. <p>PE raised the issue of SWI causing damp and indoor air quality issues if done badly. There was a lack of skills of operatives to do jobs on a large scale. Specific training for SWI installers has been put in place by DECC, which however may take longer to implement than expected.</p> <p>LABC will also submit a statement to DECC in support of consequential improvements, following consultation among their membership. AW added that several putative GD providers have stated that the implementation of consequential improvements proposals formed a strong component of their business cases for considering engagement in the process.</p>
10	<p>Close</p> <p>Next meeting:</p> <ul style="list-style-type: none"> • Wednesday 3rd October, to be held at Gordon Fisher House, 14-15 Great James Street, London WC1N 3DP

Item	Actions from 17 th July Maximisation forum meeting	
1	<p><u>Actions from the last meeting</u></p> <ul style="list-style-type: none"> • EEPB/NS to call owner-occupier TG meeting to discuss tariff reform / switching, inviting relevant stakeholders and experts. • EEPB to enquiry about the session on non-residential buildings <p>ALL to provide suggestions to DECC (via EEPB) on how and when best to communicate the £200m incentive fund</p>	
2	<p>ALL forum members are invited to provide suggestions to DECC (via EEPB) on dissemination of guides and training materials for SMEs</p>	
4	<p>ALL forum members are invited to submit issues for the next Hard-to-reach Households Panel meeting in September</p> <p>DP to discuss with PF the lack of representation of foundations and home improvement agencies at the Panel.</p>	
5	<p>IF and MH to arrange linking up the commercial property taskgroup with the EEPB SME group</p>	
7	<p>MH and BPF to liaise on updating the www.prsgreendeal.co.uk website</p>	