

# **Green Deal Panel for Hard to Reach Audiences Report**

## **Annex B**

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## i. Notes on additional information from the Hills Review of Fuel Poverty (DECC)

### Additional information regarding Hills review, requested by the Green Deal Vulnerable Households Panel

Projected future number of households & Individuals<sup>1</sup> in fuel poverty on both the 10% and the LIHC indicators

	Low income high costs (households)	Low income high costs (individuals)	Current 10% indicator (households)
2016 (low)	2,636	7,810	3,090
2016 (central)	2,862	8,475	8,108
2016 (high)	2,982	8,850	9,165

Source: Online Annex to Getting the Measure of Fuel Poverty, figures 6.2a & 6.4)

Number of households in fuel poverty in 2016 by 10% & LIHC indicators (numbers in thousands)

	10% Indicator			LIHC Indicator		
	Central	Low	High	Central	Low	High
Total	8,108	3,090	9,165	2,862	2,636	2,982
Pensioner Couple	1,593	600	1,757	388	385	367

<sup>1</sup> Note – no analysis was undertaken of the number of individuals in fuel poverty under the current 10% indicator.

Pensioner Single	1,975	846	2,079	259	259	244
Couple with Children	1,055	307	1,319	720	616	791
Couple without Children	654	225	825	275	227	306
Single with Children	899	254	1,033	565	557	588
Single Without Children (under 60)	1,375	634	1,531	390	339	422
Other (multi-person)	558	223	620	265	253	265

Source: Analysis undertaken as part of the Hills Review

Number of households in fuel poverty & % fuel poor households by group in 2009 by 10% & LHC indicators (numbers in thousands)

	10% Indicator		LHC Indicator	
	Central	% fuel poor households in this group	Central	% fuel poor households in this group
Total	3,964	100%	2,695	100%
Pensioner Couple	733	18%	406	15%
Pensioner Single	1,184	30%	277	10%
Couple with Children	381	10%	661	25%
Couple without Children	281	7%	219	8%

## Children

Single with children	347	9%	555	21%
Single without Children (under 60)	763	19%	361	13%
Other (multi-person)	275	7%	215	8%

Source: Analysis undertaken as part of the Hills review

Under the LIHC measure, John Hills proposes that income should be measured, for fuel poverty purposes, after housing costs and equivalised to give a more accurate reflection of a household's disposable income. Hills argues that we should equivalise income to reflect that different households need different incomes to achieve the same standards of living. For example, a single person households with an income of £20,000 will be able to have a higher standard of living than a four person household with the same gross income.

Further to this, Hills reasons that if we equivalise incomes we should also adjust energy bills for household size and composition. This enables us to reflect that what is a "reasonable" cost for a 4 person household, for example, may not be reasonable for a single person household.

Consequently, we see a number of single person households are no longer found to be fuel poor under the LIHC measure and a greater number of multi-person households are found to be fuel poor, for example, families with children under 5.

Hills also argues that an 'after housing costs' measure of income should be used. Therefore, his proposed metric also captures fewer older people who are more likely to own their properties outright and therefore have lower housing costs.

## **ii. Core Cities Group Green Deal offer**

### **CORE CITIES AND THE GREEN DEAL: AN OFFER TO GOVERNMENT**

#### **1. The purpose of this paper**

- 1.1. England's Core Cities (Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield) are engaged in formal dialogue with Government regarding the Green Deal, through a working group created specifically for this purpose.
- 1.2. This paper summarises the discussion at the first working group meeting, with the aim of constructing a 'Core Cities Green Deal Offer' to Government, at the same time proposing solutions to some of the challenges in implementing Green Deal.
- 1.3. Maximising the impact of the Core Cities Green Deal Offer will require Government to prioritise some of its policies and resources in return, but the benefits of doing so are clear: with more than a quarter of the country's economy and almost one third of its populations in the Core Cities Local Enterprise Partnership (LEP) areas, if Green Deal is to work anywhere, it must work here.
- 1.4. As a way forward, in the short term we suggest continued engagement of officials in our working group, followed by a ministerial discussion with our political leadership at the right moment. We also suggest a longer term evaluation of the role of Core Cities in implementing Green Deal to 2020 and beyond.

#### **2. Core Cities Group**

- 2.1. Our cities are the main drivers of the country's economy outside London and the South East. Their LEP areas deliver over 25% of the national economy, more than London, and contain more than 16 million residents.
- 2.2. However, our cities are also home to much of England's deprivation with, as an average, 62% of each region's Job Seekers Allowance claimants residing in a Core Cities' urban area. People are drawn to these cities in the hope of accessing employment, housing or public services. Concentrations of deprivation remain high, even in areas of relative affluence, as people who are able to improve their life chances often move away, further concentrating deprivation.

2.3. The achievements of Core Cities are even more noteworthy given the centralised system of governance and public expenditure that has characterised England. Other European and international cities have far greater powers, local autonomy and ability to raise revenue than our cities. The impetus to devolve powers, localise spending and revenue raising, extending the capability to drive economic growth over wider economic footprints will enhance the ability of cities to drive faster economic growth.

2.4. A significant and welcome move toward greater local independence has taken place through the acceptance by Government (with cross-party support) of an amendment to the Localism Act proposed by Core Cities, and in the ‘City Deals’, the first wave of which have now been announced.

### 3. Why Core Cities? Our unique role in driving the low carbon economy

3.1. Recent independent forecasts for the Core Cities by Oxford Economics, demonstrated three different economic scenarios over the next two decades for their eight LEP areas. The baseline scenario assumes that there is little additional investment, but also that there are no markedly downward trends. It produces an additional £128 billion GVA and 417,000 jobs between 2012 and 2030. The best case scenario delivers profound transformative effects, contributing significantly to macroeconomic growth.

#### *Best case economic scenario*

Achieved on top of Baseline case	By 2022	By 2030
Additional economic output, GVA per annum	£29 billion	£61 billion
Additional jobs	747,000	1,300,000
Additional people brought out of economic inactivity	170,000	300,000
Net fiscal contribution to Exchequer	£20.5 billion	£43 billion

3.2. However Core Cities urban areas are also responsible for about 27% of England’s carbon emissions (DCLG estimates), but emissions within the Core City itself are lower than the national per capita average, due to high levels of urban density. Our cities therefore present a challenge, but also a major opportunity, not only to lower emissions,

but to link the process for achieving a low carbon economy to the creation of jobs and improved economic output.

- 3.3. The Core Cities LEP areas contain half the country's top research universities, with the combined 'research power' score of the Core Cities standing at 36,272, close to the total combined research power of Oxford (7,143.06), Cambridge (7,321.56), and London (24,242). These cities are natural innovation hubs, with large concentrations of business, enterprise and knowledge industries, which are critical to the development and exploitation of green technology.
- 3.4. A low carbon economy is fundamental to long term national economic success, and is something that will be delivered by cities. At Copenhagen UNCCC, cities of many countries were able to agree actions that their nations could not. Cities are the main source of emissions; combined with their economic role, this dictates that national policy for low carbon must have a city focus. The above factors demonstrate the critical role of Core Cities in particular, in making a national shift toward a low carbon economy, and to generating jobs and economic output from green technology.
- 3.5. As well as its immediate importance for job security and creation, the Green Deal has the potential to significantly decrease fuel poverty and increase overall disposable household income, to be reinvested into the local economy, sustaining and creating further employment. This is particularly important within Core City areas due to their scale.
- 3.6. Each city works to connect areas of deprivation to economic opportunity, to bring people out of dependency and reduce the burden on public services. The opportunities afforded by 'green growth' are significant in this respect. Core Cities already deliver many ground breaking carbon reduction initiatives, and are working as a group with London and the Clinton Foundation, piloting the RE:FIT programme for public building retrofit and other initiatives.
- 3.7. Green technology has enormous economic potential, yet the UK lags behind in its exploitation. Green technology is Denmark's best performing business sector, outperforming the economy as a whole. The fastest growing green industry globally is solar power, according to the Washington based Earth Policy Institute, and the world output of photovoltaic (PV) cells doubled between 2009 and 2010. The world's leading producer was China, manufacturing nearly half the world's solar cells, whereas UK production was relatively insignificant. Germany now has more than 17,000 megawatts of installed solar electricity, enough to power 3.4 million homes.



## 4. The Core Cities Green Deal Offer

4.1. Core Cities fully support the concept of the Green Deal and are actively developing innovative delivery models; for example utilising local authority prudential borrowing capabilities to kick-start the Green Deal at scale, in order to leverage private sector investment further down the line. However, given procurement timescales even the most advanced arrangements expect to achieve Green Deal delivery with a private sector partner in 2013/14 at the earliest.

4.2. Whilst Green Deal offers significant environmental and economic dividends, it is also a large, complex long term financing system with significant risks embedded within it, and several barriers to implementation. It relies on:

- an attractive and coherent financing offer;
- consistent quality of product, installation and operation;
- driving competitive pricing on the above;
- transparent and secure regulation;
- the relevant labour market skills to deliver; and
- market development and customer appetite, generated through engagement that stimulates demand, without which the scheme will fail.

4.3. Core Cities represent an opportunity to secure the success of Green Deal across more than one quarter of the country's economy and almost one third of its population, including very significant property numbers and vulnerable populations. Because of this, and in part due to the currently unknown quantities of Green Deal, it is important therefore that options other than partnering are available to our cities – at least in principle and in the early stages – including being direct providers where this is locally desirable.

4.4. The necessary skills within local and wider labour markets to implement Green deal do not currently match the long term ambitions of the programme. We are focused on developing more demand led and better functioning local skills delivery systems, and have made progress in some of our recent City Deals. Linked to our role as natural innovation hubs, we represent considerable additional value to providing the people, skills and systems necessary to deliver the full potential of Green Deal.

4.5. Core Cities are a coherent and structured authority group, with the necessary business and community links to secure this ambitious scheme. They have a track record of 17

years collaboration, and have worked specifically and in detail together on delivering climate change measures for more than six years. They have created a specialist Green Deal Working Group to take this offer forward.

## **5. The Offer**

- 5.1. Core Cities will work together and – with Government support - will deliver the following significant gains, helping to de-risk the Green Deal programme.
- 5.2. Bring the scale of their large economies, populations and business base to the table to make Green Deal a success. With more than a quarter of the country's economy and almost one third of its population, if Green Deal is to work anywhere, it must work here.
- 5.3. With our private sector partners, make new markets and embed competitiveness deep within them, ensuring the best deal for customers whilst maximising the economic and employment potential of Green Deal, particularly through local supply chains.
- 5.4. Develop the skills base, employment and innovation legacy through Green Deal, raising productivity within our city regions, supporting growth in new and existing industrial sectors, and link to plans for growth and rebalancing the economy.
- 5.5. Where appropriate, move toward self-sustaining finance models by creating city region revolving investment funds for Green Deal linked to the emergent City Deal consolidated investment funds like Earnback, and including renewable energy and other funds according to local need.
- 5.6. Safeguard consistency and transparency for the operation of this large, long term financing scheme within our cities, working together on monitoring and data sharing.
- 5.7. Use our community leadership role to manage transition to Green Deal, delivering behavioural change and take up of the new scheme.
- 5.8. Aggregate learning and best practice from 'Go Early' schemes, developing the collective leadership role of our authorities.

## **6. Delivering the Offer**

- 6.1. In order to secure the maximum benefits from this offer, Government will need to undertake to work directly with the Core Cities, recognising the importance of their leadership role in this scheme as large urban authorities. This is an emerging scheme, and support may need to be revisited and revised, but it is likely to including the following as a minimum.

- 6.2. Ensure that essential Green Deal systems, processes and loan administration procedures are in place in a timely manner, in order to allow cities to deliver Green Deal loans.
- 6.3. Prioritise early investment of funds into Core Cities, including the earmarked £200 million, allowing us to play our full role in ensuring as full as possible early uptake of the scheme.
- 6.4. Ensure that the operation of the Green Deal finance company secures opportunities to deliver innovative financing models at scale in Core Cities, gaining clarity on State Aid issues.
- 6.5. Develop co-commissioning approaches to campaigning and promotion to ensure adequate understanding, buy in and take up of Green Deal opportunities.
- 6.6. Recognise – in policy and implementation - the strong role of Core Cities to drive market competition, competitive pricing and market making, acting as a ‘trusted broker’ between the market/supply chain and residents, understanding geographic differences.
- 6.7. Enable Core Cities to play the fullest role possible in developing the skills base required to deliver Green Deal, supporting their develop of more localised, demand led systems, and for government to clarify how SMEs fit with referral mechanisms, creating local supply chains in delivering Green Deal.
- 6.8. Ensure compatibility with - and make the most of links to - other initiatives including ECO and related community schemes in Core Cities, and Allowable Solutions, the funds from which should be kept locally for reinvestment.
- 6.9. Enable monitoring, data sharing (including of national and private sector data where required) to ensure transparency, consistency and high quality delivery.
- 6.10. Support Core Cities’ resource and capacity to ensure transition from a regime of grant giving to one of up-front investment that is refunded over time.
- 6.11. Work with Core Cities to create better energy and utility companies’ engagement, including the alignment of strategic infrastructure investment priorities and planning, using the Energy Bill to introduce legislation if required.

## **7. Making Green Deal a success**

- 7.1. We share some fundamental concerns, based on significant delivery experience of energy efficiency and renewable energy improvements, which we feel must be

addressed if Green Deal is to succeed. Our offer is to help Government achieve this, alongside a number of significant and unique opportunities that Core Cities can deliver.

*The operation of the Green Deal Finance Company (GDFC) and innovative financing*

7.2. It is clear from discussions with Green Deal Providers that innovative financing models are an essential prerequisite of the successful delivery of the Green Deal.

7.3. Two potential funding models have emerged at this stage that will assist with the provision of finance: GDFC; and models built on prudential borrowing. Both of these require the provision of finance by local government at some stage, at a time when the many calls upon reduced public sector finances are increasing.

7.4. We note that the GDFC is currently in a number of pivotal discussions on finance with DECC, and is the subject of discussions between DECC and the European Commission's Directorate General for Competition on State Aid. Core Cities are very supportive of the GDFC as one possible innovative financing model which will help to provide finance for Green Deal measures and which will provide other important advantages, such as pooling risk and providing administrative functions for finance provision (both of which will be attractive to many local authorities). However, Core Cities are also keen to ensure that the whole of Green Deal policy is not totally reliant on the GDFC, particularly when there are many unanswered questions, including:

- State Aid clearance;
- the availability of finance from the Green Investment Bank;
- the willingness of local authorities to route funding through this model; and
- avoiding 'free riding' whereby local authorities would invest finance into the GDFC without being able to control which areas benefit.

7.5. The second model that has also been identified at this stage is that of local authorities providing finance, through prudential borrowing, directly to Green Deal Providers, possibly through a local or regional aggregator. It should be noted that different authorities will be in a different position with regard to the willingness and ability to provide finance from this source for this purpose. However, it is important to the success of Green Deal that in securing State Aid clearances relating to GDFC, DECC are able to secure clearance for such local models, which will require significant flexibility within the context of State Aid. This will help to ensure that as local government responses to the Green Deal are developed on a local and regional basis, innovative financing options for

Green Deal can be developed to support them, rather than being made to fit a national template which will result in fewer and less innovative options.

## **8. Campaigning and promotional issues**

- 8.1. Core Cities want to both assist in developing the overall Green Deal market and in promoting best practice within it. We would like to see a well thought through communications strategy that sets a clear context for local initiative, developed through a co-commissioning approach with Government. Some priorities for consideration within this are as follows.
- 8.2. A clear customer facing central web site with help sections and local as well as national contacts, linked to brokerage system aiming to drive more ECO, ideally with controls in place to allow SME's and community energy initiatives access to ECO too (rather than purely driven on cost) and geographic controls if needed.
- 8.3. Clear, consistent and reliable print as well as web-based fact sheets, setting out 'at a glance', digestible information on what customers should expect as minimum standards. This should be produced nationally – or at least to national standards - but could also contain local nuance and branding. This should be available in different formats for different audiences as soon as possible to enable consistent responses to enquiries that are already starting to come in from the public. The purpose would be to establish a baseline confidence in the core processes and procedures of the initiative for customers, what they have to do and what they should expect in return. Early availability will help prevent certain sections of the market making confused or uncompetitive offers to customers. The priority audiences are householders, landlords and tenants, installers and potential installers. Further fact sheets may be required as Green Deal develops.
- 8.4. Continuation of DECC staff engagement at senior management events throughout the country, and with the Core Cities Green Deal Working Group.

## **9. Core Cities driving market competition**

- 9.1. Big city authorities have an essential role in helping markets and businesses to develop within their economic areas. This has been clearly recognised in the City Deals announced recently. Cities might also have a role in working with national Government to ensure that the market place operates in a fair and competitive way for the customer, particularly when public finances have been used to prime that market.
- 9.2. This becomes a significant issue where authorities and their partners might also become providers, because they will want to recover costs within their price structures for money already spent on marketing, engagement, surveying and planning activity, before putting

in place any eventual measures. Therefore a provider who had spent nothing up front on the development phase of Green Deal could offer the customer a better price, unless the development costs are somehow accounted for elsewhere, or another way is found to create a level playing field for providers when making their offers. Without this, the Green Deal becomes a less attractive prospect for the public sector, as any potential provider who is involved with this development activity runs the risk of becoming an unaffordable option when it comes to the delivery of measures.

9.3. There may be a way of factoring average costs per property, or for clusters of properties, into the offers of providers, or providing a local financing mechanism to ensure these are either offset or are repaid from overall incomes. Any such approach must be taken with householder consent.

9.4. Conversely, there is the potential for some providers to over-charge or to reduce quality which, once recognised (as it eventually would be) would undermine customer confidence in Green Deal. Therefore Government and big city authorities have a responsibility to generate high levels of awareness not only of the scheme itself but of potential pitfalls and how to avoid these. It is important that Government recognise the quality assurance function of our cities in this respect.

9.5. These are not simple issues to solve, but risk undermining confidence and participation unless achieved.

## **10. Ensuring compatibility with ECO and community schemes**

10.1. In considering how best to implement Green Deal, it is important to consider the role of ECO in community focused schemes. For example, how will ECO work in combination with Green Deal and can it be used to ensure that energy efficiency work does not cease before demand for the green deal can be built up?

10.2. Core Cities are very supportive of the introduction of the Community ECO, seeing this as essential to avoid the cliff-edge between CERT/loft and cavity and new ECO markets. Managed well, Community ECO in conjunction with Affordable Warmth and Low Carbon ECO, will send sufficient signals to the market to re-focus on solid wall insulation yet giving specialist loft and cavity installers time to re-skill employees whilst continuing to trade. There are however some risks that eligible community ECO areas will become a battleground for loft and cavity installers, each competing for remaining 'easy' insulation measures, and Core Cities are keen to see some requirements that community ECO is delivered in partnership with (or as a minimum with the consent of) the relevant local authority.

- 10.3. We are not certain of the logic of tenure-based exclusions from accessing Affordable Warmth ECO and would appreciate further discussion on this point.
- 10.4. Whilst we are generally supportive of the introduction of an ECO brokerage scheme, we think this will work more effectively in an established/mature market. Clearly we will not have such a situation for the first few years of Green Deal / ECO, and we believe local authorities and social housing providers are well placed to negotiate the level of ECO necessary to encourage 'first mover' households, particularly in the private sector to overcome the risks inherent in such a market in the first few years. Whilst the £200m incentives funding will certainly help, we would encourage Government and energy companies to allow community ECO to be sufficiently flexible to allow similar levels to CESP, until the market becomes more established and finds its own level.

## **11. Monitoring, data sharing and transparency**

- 11.1. The Green Deal is a private market mechanism, but there is clearly a role for local and central government to ensure effective optimum delivery. Monitoring can broadly be split into assessments, installations and ECO (in its' various forms) - and can be used to communicate and build trust in the Green Deal in addition to providing a useful business planning tool for Green Deal suppliers. It is important that DECC / OFGEM set out clear guidelines on what should be monitored, and this data should be shared and accessible to relevant parties - providing householders / consumers rights are protected.
- 11.2. It is not yet clear whether there is potential for public funded communications of the Green Deal policy or what forms these will take. However, monitoring the uptake of the Green Deal provides the market with a useful engagement and communication tool. It is also best DECC synchronise data monitored on the ECO/Green Deal with other data sets where possible, thus allowing mappers to use several data-sets together, for instance FIT/RHI monitoring to understand the delivery of sustainable energy systems or linking the data with energy consumption data, thereby monitoring the real impact of green deal packages on energy reduction.
- 11.3. We suggest that any Green Deal/ECO data is shared with Core Cities in a way which allows us to map GD along with our own mapping layers – for example with planning layers (e.g. showing homes in areas looking at solid wall cladding), conservation/listed building identification and solar resource layer (estimating solar generation potential of roof top space).
- 11.4. Previously energy consumption data has been accessible at Lower Super Output Area (LSOA), however DECC / OFGEM should consider the use of this data in energy profiling/heat mapping.

- 11.5. Would it be possible for example to map Green Deal statistics at a street level, thereby allowing reasonably accurate heat demand estimates for whole streets that district heat piping could in the future follow?
- 11.6. Could it also be possible to provide aggregated details that allow housing stocks to be normalised/mapped? That is, the quantity of Green Deal assessments and deals, corresponding house profile data (age, wall construction type, etc), with energy consumption broken down to different energy types.
- 11.7. The ECO is similar to the RO, FIT & RHI in that it is a subsidy paid by the large energy supply companies who in turn pass this cost on to the consumer. It is therefore vitally important that this is monitored to ensure:
- the level of subsidy is delivered in a cost effective manner, thereby providing subsidy support to as many households as possible;
  - the impact to household bills is monitored to understand additional costs and savings delivered;
  - the geographic distribution of ECO is monitored to ensure no areas miss out; and
  - the organisations accessing ECO to provide Green Deal are monitored to ensure accessibility to the Green Deal/ECO market for smaller firms (who may not be able to achieve the economies of scale initially, but over time can drive market competition and innovation).

## **12. Engaging with utilities**

- 12.1. Our desire to engage further with utilities falls broadly into two categories: securing continuity of energy company obligations; and improving the alignment of strategic planning and investment for infrastructure.

### *Energy Company Obligations*

- 12.2. Currently, oversight of the energy companies in delivering their CERT and CESP obligations has a light touch approach from DECC, and an overly bureaucratic relationship with OFGEM. The energy companies have all dealt with delivery in different ways which has helped generate some innovation and competition between them but there have also been problems with transparency and some utilities playing off local authorities against each other.



- 12.3. Moving over to a greater use of brokerage arrangements for ECO has some clear advantages for fairness, transparency, and a level playing field. However, there are a number of areas which require further immediate work.
- 12.4. Early clarity regarding the specific operation of ECO will be crucial for the transition from CERT/CESP to allow the energy companies to achieve some continuity in their funding. Otherwise, we have concerns that there will be delays in continuing initiatives that will damage confidence and the supply chains for the core measures.
- 12.5. Oversight by DECC and Ofgem needs to be sufficiently flexible to allow for this quick transition. CESP has been particularly difficult, and we would urge DECC to give some priority to ensuring this change can be achieved as easily and as quickly as possible. There is a strong view that ECO is going to be crucial to keeping momentum going.
- 12.6. The role of Ofgem is particularly key, and we are concerned that there are both sufficient organisational resources allocated to get the management of this process up and running quickly, but also that there is a strong steer from DECC for this to be simplified, with a greater degree of trust to strip out the duplication in processes that currently operate. We all have examples of situations where the bureaucratic processes have hampered sensible delivery of schemes.
- 12.7. There is a need to achieve a balance between the greater use of brokerage arrangements, and enabling individual 'energy company to local authority/housing provider' arrangements, in order to stimulate innovation in the long run and continuity in the short run.

#### *Strategic approaches to infrastructure*

- 12.8. Although not directly part of the Green Deal, rethinking our strategic approach to infrastructure in major urban areas could strongly support its implementation.
- 12.9. Core Cities are developing innovative approaches to the financing of infrastructure, realised within the City Deals through models like Tax Increment Financing to be rolled out in Newcastle, Sheffield and Nottingham, Earnback in Manchester, and other consolidated investment funds.
- 12.10. Aligning future economic growth with carbon reduction – the low carbon economy – is reliant on very strategic approaches not only to the way that these investment models operate, but on the ability of the city as a whole to integrate its infrastructure planning and investment, to increase density, and to put the right investment in the right place. For example, plans for housing need to be aligned with those for transport,

economic development, broadband, energy, water and other infrastructure, to maximise the returns on public and private sector investment.

- 12.11. Energy (and other resource) masterplanning should be led at the relevant geographies jointly by city partnerships including the private sector. However, the role of locally accountable, democratic leadership should be clearly recognised in this, securing the best outcomes for the interests of an area, its communities and economy for the long term.
- 12.12. There are specific policy changes, for example relating to energy production that will accelerate the shift to low carbon in cities. The devolved assemblies appear in a stronger position to create financial incentives through their cities than we are able to offer, and the energy company regulatory framework currently emphasises risk, rather than the innovation needed to create a step change.
- 12.13. The energy company regulatory framework is not flexible and could be reformed to incentivise District Network Operators to innovatively engage with public and private sector partners to establish new ways of working without over emphasis on risk. Additional financial incentives – such as those provided in the devolved regions – could increase investment in low carbon in Core Cities. Other initiatives, like prioritising Core Cities for the Energy Savers retrofits alongside Green Deal programme, could make both schemes more effective and radically cut carbon.
- 12.14. Low carbon infrastructure can be defined and limited by a series of planning issues which are particularly important in the case of Core Cities, including highways planning. It would be helpful if DECC could set out what support it – and indeed the rest of Whitehall – might provide in supporting cities to resolve relevant planning issues. The key issue is that local and national planning policy should seek to positively influence the development of low carbon solutions, with planning authorities having recourse to the necessary levers to incentivise low carbon outcomes. Currently this is not always the case, and the capacity is not always available to produce the best outcomes, for example by encouraging and working with each developer in detail on low carbon and renewable energy solutions. A further discussion is required to take forward these critical issues to avoid constantly missed opportunities in related policy areas, for example some Enterprise Zones.

### **iii. Warm Zone The area –based approach to energy efficiency services**

**The Area Based Approach to the delivery of energy efficiency services:**

#### **Note for the Green Deal Hard to Reach Households Group**

What is the concentrated area based approach?

Warm Zones cic is a not-for-profit social enterprise and, as a result, can offer impartial advice and identify the most appropriate solutions for the households assisted. This helps to reassure particularly vulnerable customers and ensures that third party caring agencies can recommend the company to their clients.

The Warm Zone, concentrated area based approach to the delivery of energy efficiency improvements involves the:

- systematic, doorstep assessment of all households in a defined geographical area to establish, where feasible, energy efficiency standards, income levels, fuel poverty status and eligibility for a range of grants and other assistance. This systematic doorstep approach, together with the endorsement of local trusted agencies helps to ensure maximum contact with and take up by hard to reach households;
- coordinated delivery of a range of energy efficiency improvements and other energy and related services to all households, particularly the low-income and other vulnerable fuel poor households;
- the provision of income maximisation services and integrated, effective support for social inclusion, health and wellbeing initiatives and Decent Homes and Housing Health and Safety Rating Scheme activities within fuel poverty activities;
- an integrated, whole house approach and the achievement of economies of scale by integrating different sources of funding and clustering the delivery of energy efficiency improvements;
- facilitation of and improvements to delivery through the development of locally-led community based partnerships.

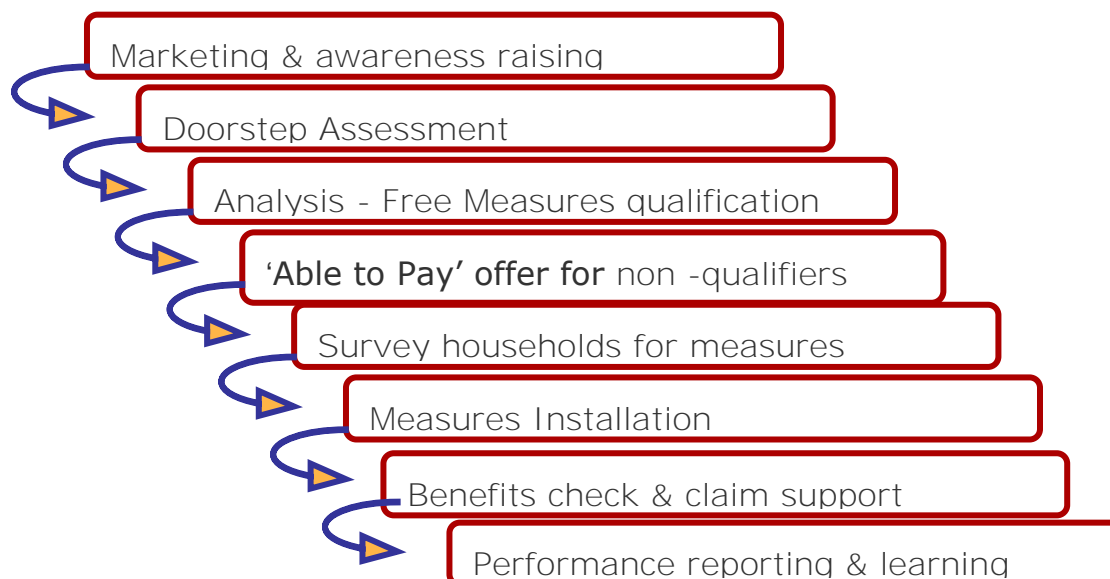
Development of successful area based schemes:

Local authority endorsement and active support are essential requirements to make the approach a success. Another key aspect of the approach is the engagement all the relevant

local groups and organisation during the development phase. This engagement is necessary to explain the services on offer and to secure the understanding and support of the local groups and organisations. This engagement will enable the agencies to promote the scheme and the services available and provide endorsement and reassurance to their client groups. Ideally, this involvement will extend to involving the local groups and organisations in the design of the local delivery structure and determining priorities.

The key to the success of the Warm Zones area based delivery, is that is an approach rather than a rigid model. While there are common features across all zones, the basic model is adapted to meet specific local circumstances, priorities and needs.

The Warm Zone Process:



The advantages of the area based approach

A successful area based approach to the delivery of energy efficiency improvements and related services will provide:

- the ability to target assistance on the areas of highest priority,
- the ability to reach the most difficult to engage households,
- encourages “word of mouth” recommendations to friends and neighbours from satisfied customers,
- economies of scale producing cost reductions, in delivering the energy efficiency improvements on a concentrated, local basis.

- a mechanism to engage local householders and to effectively deliver community energy efficiency improvement schemes,
- the ability to use energy efficiency schemes to more effectively meet a range of local policy priorities including addressing fuel poverty, reducing carbon emissions, improving health and providing local employment and other economic benefits,
- the ability to assist all the households in the area thus reducing the stigma associated with the provision of free measures,
- the ability to coordinate funding from a variety of sources to provide a seamless, one stop shop, whole house improvement service for local households.

#### Barriers to the successful delivery of the area based approach

- If eligibility for assistance is too narrowly defined and assistance can only be provided to a small minority of households in the area, it is difficult to deliver a concentrated energy efficiency scheme because:
  - local groups and organisations may be reluctant to engage if it is only possible to assist a small minority of their client groups,
  - Explaining complex eligibility rules can turn people off,
  - Delivering measures only to benefit claiming households can create stigma for those receiving the measures,
  - It is difficult to fund the comprehensive area based approach if only a small proportion of households in a given area can be assisted,
- It is difficult to fund the necessary activity to develop a comprehensive area based approach, particularly the community engagement activity, as it does not deliver any immediate carbon saving.
- Effective income maximisation work (as opposed to benefit health checks) which requires support for making claims, is expensive and challenging to fund as it does not produce any carbon savings or home heat cost reductions,
- Area based approaches can work in rural areas, however, the additional costs involved in delivering schemes in rural areas must be recognised,
- Some local authorities are not fully engaged and do not have the resources or interest to devote to supporting the zone

- Commercial companies “cherry picking” the most profitable households to treat, reduces the margins for not-for-profit organisations attempting to deliver comprehensive area based schemes and their ability to cross subsidise more expensive to treat households and properties

### **Other Issues:**

There are a number of additional issues which impact on the ability of area based schemes to identify and engage with hard to reach households. These include:

- The need to provide funding to assist the many vulnerable households identified by the assessment process but who do not meet the current scheme eligibility criteria either because they do not claim the benefits to which they are entitled or have incomes marginally above the cut off points,
- Area based schemes require a “safety net” of a national demand led scheme to meet the needs of those vulnerable households that live outside the areas covered or outside the current priority areas for the schemes.
- The market has not, to date, delivered comprehensive area based schemes as many of the social, health, economic and environmental benefits associated with such schemes do not provide a commercial return. Commercial delivery tends to “cherry pick” the most profitable measures and properties, often to the detriment of the whole house approach and the more disadvantaged, harder to reach and expensive to service households.

## **iv. Energy UK Lessons learned from CERT/ CESP**

### **Lessons learned from CERT and CESP**

#### **Briefing for the Green Deal Panel for Hard to Reach Households**

**21 June 2012**

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### **Introduction**

- i. This paper presents lessons learned from the Carbon Emissions Reduction Target (CERT) and the Community Energy Saving Programme (CESP), setting out positive features and challenges of the obligations.
- ii. The objective of this paper is to inform the Green Deal Panel for Hard to Reach Households.
- iii. Summary of key points
  - Clear and simple carbon target which is easy to translate into a wide range of measures based on clear, comparable and accurate information
  - Measures can be awarded a carbon score and therefore they can be easily assessed on a commercial and contractual basis
  - Clear, simple, and transparent long-term rules enable obligated parties to innovate in order to form strong relationships with a range of partners and deliver low-cost carbon savings
  - Suppliers use diverse supply chains to deliver their obligations
  - Mandated local partnering in overly confined local areas adds costs and reduces effectiveness by limiting the nature of local partnerships
  - A range of measures are required in order to drive long-term behaviour change
  - Regulatory certainty promotes long term planning and the cost effective achievement of goals

- Clarity for all obligated parties and stakeholders, as well as certainty of policy, helps promote strong partnerships and innovation.

## POLICY DEVELOPMENT

### Evidence based policies

- iv. Policy must be evidence based, to ensure that it can be delivered in an efficient and cost effective manner which helps consumers and builds up the supply chain.
  - CERT's simplicity and transparency of design, somewhat diluted through recent changes, has helped ensure cost effective delivery of the scheme and the development of diverse partnerships and a diverse supply chain.
  - CESP's limited evidence base on local partnerships and viability of deployment of multiple measures has resulted in challenges with the design and approval of projects.

### Encouraging customer engagement and take up of measures

- v. In order to support any obligation and encourage customer take up, all stakeholders must equally contribute to messaging and promotion, including the government, who benefits from a high level of trust. The policy must be designed with customer engagement and constant improvement of consumer behaviour in mind. The policy should, therefore, look beyond time constrained delivery by suppliers, in order to ensure long term carbon saving by consumers themselves.
  - While CERT delivers carbon savings, by its nature and the limitation of measures over time, it does not offer the chance of more sustained and comprehensive customer engagement.
  - CESP geographical and density requirements mean that obligated parties may elect to work with specific partners who can offer high levels of carbon saving; this is not necessarily conducive to customer engagement or engagement with the private rented sector.
  - Lack of government-led campaigns to educate consumers has a knock on effect on the promotion of measures by suppliers and their commercial partners.
  - Fiscal incentives on consumers have to be considered.



## Policy certainty and timelines

- vi. Obligated parties' experience is that the more certainty they have relating to their obligation, the easier it is to plan and deliver an obligation within time constraints and in a cost efficient manner.
- The delivery of any obligation in a cost effective manner which benefits the consumer requires early certainty and long term policies.
  - When designing or changing an obligation it is imperative to plan for customer engagement, introduction to 'difficult' measures through 'gateway measures' and for the development of a healthy supply chain. This cannot be achieved when an obligation experiences constant changes.
  - Obligations which do not have early certainty of policy and guidance are at constant risk of failure with regards to design, measures, partnerships and final delivery.

## APPROVED QUALIFYING ACTIONS

### Introduction of new measures

- vii. Technological developments can move rapidly between the setting of an obligation's policy and its completion. Environmental obligations that support technological improvements over and above legal changes can encourage quicker development and innovation in electrical and other products – such as advances in solid wall materials. Therefore flexibility and the introduction of new measures can be a positive result of an obligation which will help wider industry develop and consumers benefit from the latest environmental products.
- viii. In order to take advantage of new technologies, a robust and rapid process of assessment is required, as well as an established consultation process. Constrained timelines and the absence of robust performance research can mean that the delivery of new measures may be abandoned or severely minimised. This results in neither suppliers nor customers benefiting from the roll-out and adoption of newer products and associated carbon savings.

### Range of measures: Competition, innovation, equitability

- ix. A wider range of measures available under any obligation will result in multiple benefits to both the market and consumers.

- x. A wide range of qualifying measures promotes:
- competition
  - innovation and research into new products
  - supply chain development
  - increased visibility of energy saving products
  - equitability of delivery

xi.

Impact on market development and customer engagement of the obligation, targets and sub groups.

- xii. To ensure that suppliers meet their carbon targets and avoid a substantial financial penalty, a culture of subsidising energy efficiency products has emerged. This can be seen in offering measures free of charge to certain target groups and heavily discounted to others. This may vary dependant on where suppliers are in terms of meeting their target and certainty about the value of activity in future obligation periods.
- xiii. Subsidising measures has resulted in a number of benefits for market development. However, the levels of the obligations, combined with increasing uncertainty and changes to qualifying measures, as well as the inclusion of the Priority and Super Priority Group quotas, has resulted in obligated parties resorting to offering some measures for free or heavily subsidised in order to have certainty of customer take up. This can be seen by the delivery of professionally installed loft insulation and cavity wall insulation.
- xiv. Introducing different levels to an obligation, like the Priority and Super Priority Groups in CERT, means that trying to find representatives of those groups becomes ever more time consuming, complex and expensive. Furthermore, the historical availability of “free” measures in some cases for Priority Group members means that members of the Super Priority Group may have no incentive to identify themselves as such. Over time, the pool of available households under those sub-targets shrinks, not just in terms of numbers, but also in terms of householders who are prepared to take up the measures. Additionally, due to the need to meet those sub-targets, representatives of the Priority and Super Priority Groups receive measures for free in many cases, a fact

that does not necessarily promote the value of the measure, nor does it in all cases allow for behavioural change in terms of lower levels of energy consumption.

- xv. Free or heavily subsidised measures effectively create a false market for providers and consumers. Providers and associates – such as insulation installation companies – become heavily reliant on subsidies as well as the obligated supplier being a ‘guaranteed customer’, which within a free-market environment is very unorthodox. This may result in the associated industry having little or no incentive or time to develop the market and innovate in terms of product offering, marketing and engagement. Consumers come to expect energy efficiency measures for free or at heavily discounted prices. This may mean that they do not value the need or effects of the measure and do not make associated changes, such as in their behaviour, in order to fully benefit from the potential cost savings.

#### Joint measures with other industries

- xvi. With environmental measures being so important to the government, multiple industries are now obligated to deliver energy or other savings. Being able to cooperate and deliver jointly can facilitate innovative partnerships which should be encouraged by regulation.

#### Lessons learned from specific measures

##### Loft Insulation

- Loft insulation is a cost effective measure but loft top ups do not offer enough carbon saving
- Customers may not want to lose loft space
- Quality of loft insulation has been a concern

##### Cavity Wall Insulation

- The Cavity Insulation Guarantee Agency (CIGA) has helped establish and build trust in cavity wall insulation
- Flexibility of administration is needed, to deal with non standard properties

##### Solid Wall Insulation

<i>xvii. Pros</i>	<i>xviii. Cons</i>
xix. Developing the market	xx. Solid wall is more expensive and costs are often unknown. This makes it challenging to forecast and plan
xxi. Encouraging innovation	xxii. There are not enough trained installers
xxiii. Promoting competition	xxiv. Quality assurance processes are not available
xxv. Improving consumer knowledge	xxvi. Robust guidance is not available
xxvii. Can improve aesthetics of houses and communities	xxviii. Scale of opportunity is unknown
xxix.	xxx. Installation is a complicated and disruptive building project

## PRIORITY GROUPS AND TARGETING

### Priority and Super Priority Groups

2. Government introduced the Priority Group and Super Priority Group to ensure social fairness in the obligations and to use the obligations to help it reach their fuel poverty targets.
- 3.
4. This has resulted in specific targeting of sub-sets of eligible customers for the Priority Group and Super Priority Group which can be expensive, time consuming and places significant risk on suppliers. This may mean that bills for all customers, including those being targeted

under the Priority Group and Super Priority Group, may rise as a consequence. Therefore those customers who have not benefited from CERT or CESP measures may be more at risk of becoming fuel poor.

## Targeting

- xxxi. While suppliers understand the reasoning behind introducing the Priority Group into CERT, there are questions surrounding the requirement for an additional Super Priority Group.
- xxxii. Having subgroups which need to be targeted also means that these groups need to be identified in a concise, fair and cost effective manner. However, the more complicated the structure, the more difficult it is to identify members of a particular group. Self identification is not widespread, especially when the benefits of insulation and other energy efficiency measures are not being widely marketed or supported by trusted agents such as the government and local authorities. Additionally, a complicated structure of groups and sub-targets becomes extremely complicated for customers who may not be able to easily identify the measures they are entitled to.
- xxxiii. The easily accessible properties and the easily recognisable beneficiaries of the scheme were targeted early on in CERT and previous programmes. Suppliers are now in a phase of increasingly difficult targeting and harder to treat properties which increase the cost and risk of the scheme.
- xxxiv. With the introduction of specific customer groups to target under CERT, marketing to customers became even more complicated as certain offerings are available only to a small number of households and will be dependent on many elements out of the suppliers' control, such as their property-ownership, suitability of the measure on the property and their willingness to have the measure installed. Moreover, finding and targeting those households requires meticulous and expensive searching.

## DELIVERY

### Developing strong partnerships

- xxxv. The delivery of an obligation in a timely and cost effective manner relies on the development of strong partnerships between the obligated party and stakeholders, commercial entities and consumers. Without those it is not possible to build relationships and deploy measures via a wide variety of outlets to ensure maximum take up.
  - CERT encouraged positive stakeholder relationships – see appendices for details

- Long term certainty has meant commercial agreements could be innovative and cooperation could be encouraged with a range of partners, such as local authorities
- CESP does not encourage strong or innovative partnerships; it rather compels cooperation with specific partners. This means that quality can be impacted since meeting the target becomes a priority, rather than finding the most appropriate partner

### Robust assurance processes

xxxvi. It is important to have robust assurance processes in place for each measure to lessen the burden of technical monitoring and detailed information required at the approval stage of each project. It may also mean that trust in the measures is fostered and consumers are confident of the value and quality of the measure they are receiving.

xxxvii. Robust assurance processes offer confidence in terms of:

- Quality
- Training
- Health and Safety
- Guarantees to customers
- Quick approvals of schemes
- Building trust
- Environmental impact of activity

### Efficient delivery

xxxviii. Efficient delivery of the obligations is necessary, to ensure that consumers can reap the maximum benefit of measures in a cost effective manner.

xxxix. By allowing industry to deliver carbon saving measures the delivery will be efficient - as has been demonstrated in CERT. It has been possible to deliver in a cost effective and timely manner because there have been the incentives on suppliers, and the opportunities to do so. It is unlikely that this would have been achieved via a 'fund' or 'pool/auction' structure.

- xl. However, cost effectiveness and timely delivery are constantly being challenged due to a variety of changes to the obligations such as the rapid and radical reduction of measures, the specific delivery areas of CESP, the inclusion of measures which lack robust assurance processes (like solid wall insulation) etc.

#### Supply chain

- xli. Strong supply chains can help the delivery of the obligations by allowing obligated parties and other stakeholders to invest and cooperate. They can also give early certainty of delivery due to the fact that by having a strong supply chain one is able to calculate and plan for delivery needs and times.
- xlii. Based on the experience of obligated parties with CERT and CESP, the importance of a strong supply chain cannot be overstated. The speed, geographic coverage and the administrative needs of the scheme mean that each part of the supply chain is central to the success of the scheme. With CERT, obligated parties have been in a position to build strong relationships and partnerships, allowing for innovation and availability of measures for timely deployment.
- xliii. However, it has also been the case that unforeseen changes to CERT and CESP create complications for the supply chain with great impact on trust. Companies such as insulation installers may invest in training and staff which they will then have to let go due to a change or uncertainty in policy. This is not conducive to maintaining trust in the market or a build up of capacity, necessary for any future schemes.
- xliv.

#### Indicative examples of CERT and CESP projects

##### 1. BRITISH GAS

##### Sony (CERT)

###### QUICK FACTS

A CERT scheme enabling a partner to raise the energy efficiency bar within their sector and taking the key policy drivers to product development strategy.

- Commercial partnership, supporting Sony as a household brand with the development and promotion of energy efficient products
- Started as a single scheme to incentivise the inclusion of the IDTV function within the TV, negating the need for a separate high consuming box. This led to many more developments in product design, including the following;
  - Reducing consumption against the improving industry average
  - Minimising standby consumption, and rolling out light sensor technology to a wider proportion of the range
  - Improving the proliferation of integrated video recording throughout their range, and more recently HD receivers, again reducing the need for additional appliances
  - Increased promotion and roll out of LED TVs
- The scheme has given the opportunity to reduce energy consumption in households that can't take advantage of insulation measures, or have already benefited from insulation in this or previous schemes.

## Toryglen (CESP)

### QUICK FACTS

A local CESP scheme encompassing both social housing tenants and leaseholder properties, encouraging and signing up all private properties so they could access the CESP funding.

- A £17million scheme to refurbish over 1000 homes in Toryglen, which are a mixture of houses, tenement blocks and high rise flats
- The scheme is run in partnership with Scottish Gas and Thistle Housing Association.
- Properties are receiving



- solid wall insulation
  - new heating which includes 800 new gas boilers and a further 200 properties will benefit from air source heating
  - new roofs
  - new double glazing
  - loft top ups
  - painting
  - new balconies
  - individual home energy advice visits from Energy Experts to ensure that tenants and owners receive the maximum benefit from the works that have been undertaken
- To complement the energy saving initiatives there will also be a PV array worth over £3m
  - This scheme represents over four hundred thousand tonnes of CO2, and is scheduled to be completed in the summer of 2012
  - The scheme includes social housing tenants and leaseholder properties, encouraging and signing up all private properties so they can access the CESP funding.

## 2. EDF ENERGY

Ice Energy (CERT)

### QUICK FACTS

1,300 heat pumps predominately for private homeowners in close partnership with Ice Energy.

- Working in partnership with Ice Energy, EDF Energy has delivered 1,300 heat pump units
- Units have been predominantly delivered to private homeowners, where Ice Energy guide customers through the installation process and access grant funding from EDF Energy to increase accessibility of the product
- Some work has been completed with Housing Associations, where Ice Energy offers a full range of product engagement sessions from the asset managers to the response staff as well as tenants
- Without the CERT programme funding support these installations would largely have not been feasible.

## Lemnis (CERT)

### QUICK FACTS

LED light bulbs were delivered to selected customers. The trial saved approximately 4,200 tonnes of carbon, helping innovation development and customer engagement.

- Lemnis LED light bulbs were delivered to selected customers via a CERT demonstration trial. The LED bulb type was trialled as the bulb is not scored under CERT because the technology is new, innovative and unproven
- Used EDF Energy Technical field services staff to distribute 3,000 bulbs to EDF Energy customers
- Fuel poor customers also benefitted and EDF Energy worked with London Warm Zone surveyors, who delivered 2,000 bulbs to fuel poor and vulnerable customers throughout London. 90% of customers participating in the trial liked the bulb
- The 5,000 trial bulbs will save approximately 4,200 tonnes of carbon

## London Warm Zone (CERT)

### QUICK FACTS

An area based scheme which has delivered measures such as cavity wall and loft insulation, along with benefits entitlement checks, building strong relationships with 24 London boroughs and other local stakeholders

- Under the CERT programme<sup>2</sup> the scheme has delivered c.350k t/Co2
- Measures used:
  - Cavity wall & loft insulation
  - Benefits entitlement checks – income maximisation to date has raised in excess of £1m
- Partnerships built:
  - 24 London boroughs
  - LGA
  - London Mayor
  - West London Housing Partnership
  - East London Renewal Partnership
  - DECC

### Illustration

- The London Warm Zone (LWZ) operates on a street by street basis, working closely with the local community
- Offering cavity wall and loft insulation as well as benefits entitlement checks, the LWZ provides an end to end process and guides applicants through the process, reducing potential cancellations

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<sup>2</sup> Carbon only under the CERT scheme not since scheme conception

- LWZ use local knowledge to support customers in these areas.
- Since 2001 the LWZ has delivered:
  - 200,000 Assessments across 24 London Boroughs
  - £30m invested through EDF Energy, local authority and Warm Front the UK Governments national energy efficiency scheme
  - 50,000 homes have benefited from an improvement in their energy efficiency
  - £8m cumulatively is being claimed in welfare benefits

#### Brighton and Hove Warm Homes (CERT)

##### QUICK FACTS

Completed area based scheme with a financial contribution of c£450k, using the council's local knowledge and delivering in a targeted way

- Since the beginning of 2008, scheme finished end of 2010
- Financial contribution: c£450k
- Measures used:
  - Cavity wall and loft insulation
  - Benefits entitlement checks
- EDF Energy has worked closely with the council and shared experiences from the LWZ as well as providing support with marketing materials and scheme management

#### Illustration

- Using the local knowledge of the council, EDF Energy was able to support a targeted area based scheme
- Targeted marketing material was used and EDF Energy offered support in developing this

- EDF Energy representatives sat on the steering group of the scheme to provide support and experience to the council

### 3. E.ON

#### Dudley (CESP)

##### QUICK FACTS

A CESP scheme which has innovated with a robust waste take-back scheme due to the partnerships it established

- A CESP scheme in Brierley Hill Dudley which ran from October 2010 until March 2011
- 206 houses were fitted with external solid wall insulation
- Measures used:
  - Solid Wall Insulation
  - Loft Insulation
  - Boiler replacements
  - Heating Controls
  - Fuel Switching
  - Energy Efficient Glazing
- Partnerships included
  - Dudley City Council
  - Kingspan Insulation Ltd (KIL)
  - Wetherby Building Systems (WBS)
  - ENTEC UK

- Via the partnership a robust waste take-back scheme for phenolic board off-cuts (site waste generated during external wall installation) was developed and implemented. This minimised costs and environmental impacts by recycling 100% of this waste stream rather than sending it to landfill.

## Challenge 100 (CERT/CESP)

### QUICK FACTS

CERT and CESP measures installed to improve the fuel poverty rating of 100 families in 100 homes in 100 days

- Measures were installed in rural areas of County Durham, Luton, Manchester, Birmingham and South Staffordshire
- Measures include:
  - Solid Wall Insulation
  - Cavity Wall Insulation
  - Loft Insulation
  - Ground Source Heat Pumps
  - Energy Monitors
  - Energy Efficiency Advice
- Partnerships include
  - Durham County Council
  - Birmingham City Council
  - Manchester City Council

- South Staffordshire Council
  - Luton Borough Council
  - Local community groups
  - Energy Saving Trust
- Using local community groups to engage the community played a key role in ensuring people took up measures, particularly in urban areas
  - The support of community partners in reassuring householders about such projects is crucial. By working with LAs, Challenge 100 was able to gain credibility which encouraged householders to be open to the initiative
  - The fact that CESP is driven by carbon savings has meant that it was not always possible to offer the best solutions for some vulnerable householders. For example, the team came across boilers which were not operational or posed safety risks. However it was not possible to fund their replacement under CESP since they were not G-rated.

#### 4. NPOWER

##### DIY loft insulation (CERT)

###### QUICK FACTS

A CERT DIY loft insulation partnership with Build Centre and Rockwool which increases the uptake of energy efficiency measures / expands the insulation market by offering consumers a more convenient way to purchase loft insulation.

- Launched in July 2009 the scheme has delivered insulation to over 70,000 customers saving over 1.3m tonnes of lifetime carbon

- Online ordering system and free delivery makes it easier for homeowners to insulate their loft. Insulation price also includes a safety kit and an instructions guide to aid successful installation and provide customer assurances. Insulation price has been kept consistent and simple at £3 a roll in the 2010/2011 season to help the customer and advice centres evaluate the offer
- Offers free delivery nationwide thereby extending CERT funding to areas of the country traditionally missed by CERT/EEC funding
- Captures address level delivery data
- Customers respond to the npower brand, Rockwool produce installation guides, Build Centre branded vans offer free delivery

#### Flintshire scheme (CESP)

##### QUICK FACTS

A CESP partnership with Flintshire County Council's Housing Improvement Programme and Energising the Area housing renewal scheme to deliver £600,000 worth of energy efficiency measures to homes in Higher Shotton.

- Co-operation with Flintshire County Council's Housing Improvement Programme and Energising the Area housing renewal scheme with an aim to deliver £600,000 worth of energy efficiency measures to homes in Higher Shotton
- Measures include:
  - new boiler installations
  - fuel switching
  - improving access to gas central heating



- significantly reducing carbon emissions in affected properties
- introducing micro generation projects where suitable
- In order to improve targeting, data held by Flintshire County Council for both council and private dwellings was assessed to determine which properties are in need of an energy upgrade, including detailed information on how many are eligible for fuel switching and replacement boilers
- Contributions were also made from local housing organisations in Flintshire, whilst private homeowners were offered interest-free loans to ensure that improvements were available to everyone living in the area
- Completion is expected in September 2011, with total savings for residents likely to reach £130,000 each year.

## 5. SSE

### Home/Shop Mode televisions (CERT)

#### QUICK FACTS

Encouraging and incentivising the production of televisions capable of operating in two modes. CERT funding has helped to encourage energy efficient changes in the electronics market, which count for a significant proportion of household electricity use.

- Part of the Integrated Digital Televisions CERT scheme.
- Traditionally televisions were produced with only one default level of brightness which was designed to be bright enough to allow the unit to be viewed clearly in a well lit shop.

- The measure was implemented to encourage and incentivise television manufacturers to produce and sell televisions which incorporate software capable of operating the unit in two modes; one designed for viewing in a shop where a high level of brightness is required and the other (the factory default setting) designed for home viewing where the television brightness should be less.
- The scheme succeeded in encouraging manufacturers to produce and market televisions with the Home/Shop feature. Manufacturers are encouraged to invest in producing televisions with low energy home mode as well as just implementing the feature.

### Northumberland Warm Zone (CERT)

#### QUICK FACTS

Local scheme which has developed key partnerships and delivered almost 14,000 insulation measures over a three year period.

- The aim is to reduce fuel poverty in domestic homes within a specific area in a cost effective manner while promoting energy efficiency and carbon reduction
- Partnership working is the key to the success of an area-based programme and Warm Zones, as managing agent, ensure that the balance is maintained between all partners involved
- Northumberland Warm Zone has a partnership with the following organisations (shown here with individual requirements)
  - Northumberland County Council, Homes for Northumberland, Wansbeck HA - Meet Decent Homes Standards, collect housing data, carbon reductions
  - Care Trust/Fire Service - Identify and assist vulnerable households
  - SSE - Deliver cost effective carbon reductions

- Installers - Sustained levels of work, new business opportunities
- A combination of funding from CERT, topped up with funding from the Local Authority resulted in high levels of installed measures free of charge or at affordable prices.
- Over a three year period (2008-11), almost 14,000 insulation measures have been installed across Northumberland. In addition, 540 successful Benefit Entitlement Checks were carried out over the same period, providing additional benefits totalling £921,366.

## 6. SCOTTISH POWER

Area based schemes (CERT/CESP)

### QUICK FACTS

Area based schemes require more time and coordination; however they are a key vehicle to delivering energy efficiency measures to specific areas.

- A variety of area based schemes including Newcastle, Gateshead, North Tyneside, North Staffordshire, Kirklees, Manchester Warm Homes and Lanarkshire Community Partnership
- A variety of partners including Councils, Social Housing Providers, National Grid, Primary Health Trust, Police, Fire Brigade, Pension Service, Citizens Advice Bureau and other third parties
- Measures installed within the schemes have included insulation measures, face-to-face energy advice, benefits advice, fire safety checks and security checks. A hardship fund has also provided heating to vulnerable households.
- Achievements:
  - Around 80% of homes in the area receive a simple energy assessment

- Around 50% of homes have benefited from at least one energy efficiency improvement measure
- Schemes offer something for every household in the area, with measures free for pensioners and those in receipt of benefit or specifically targeted groups such as families with young children or over 60's and heavily subsidised measures for the remaining households.
- All of the area based initiatives have created local jobs and Kirklees Warm Zone created over 100 jobs
- The total economic impact is estimated that for every £1m invested brings £10m to the area from a combination of direct funding, job creation, and householder fuel savings and benefits uptake

## **v. LGA Why councils are critical to the Green Deal**

### **Local Government Association: Why Councils are Critical to the Green Deal**

**First issued 2010, revised June 2012**

#### **Working with local communities**

1. Every householder and business in the country has a local council so everyone would have equal access to the Green Deal. Not everyone has access to or uses large retail and energy companies, e.g. rural off the grid and/or off the gas network communities, island residents, and ethnic minority groups. They all have a local council.
2. They are trusted by local people to be acting in the interests of local people, and not for profit. Research has shown that people expect their councils to be able to help them improve the energy efficiency of their homes and businesses. People are familiar with property-related issues being within the remit of their local council.
3. Councils can work with local community leaders to generate interest and take-up in the scheme. They can also use the green deal to stimulate the local economy through the generation of local green jobs, the involvement of local social enterprises, the third sector and 'Big Society'. Birmingham's 'Energy Savers' is an example of this approach.
4. Councils are close to communities and are in contact with residents through varied outlets of information.

#### **Housing**

5. Targeting the Green Deal to the properties in greatest need requires a detailed knowledge of the housing stock and its condition. Local councils have this information and many have experience of existing energy efficiency schemes and partnerships.

#### **Reaching the most vulnerable**

6. Experience from previous private-sector energy efficiency and climate change interventions have led to the involvement of local councils to enhance the success of these programmes. The evaluation of CESP (DECC 2011) reported that the involvement of local councils added credibility to partnerships, increased match funding and increased the wider community benefits.

7. Councils are best placed to assess sensitive information on the householder, such as benefits entitlement, that may mean they are able to access to additional support to bring down their fuel bills or increase their income.

### **Area-based approaches**

8. Several reports support an 'area-based approach' to energy efficiency, particularly for areas that require solid wall insulation. These properties may need planning permission, the costs of installation are high and there is a high hassle-cost. Fitting these properties in a street-by-street basis brings down the cost, making it more affordable, and reduces the transactional costs compared with tackling each property separately.

### **Partnerships**

9. Councils are best placed to link up this environmental initiative with others, such as district heating and heat from waste through anaerobic digestion. Councils can couple the deal with other environmental incentives to encourage their residents.
10. Councils have partnerships with health and can link the Green Deal to local strategies on fuel poverty and health inequalities. They also have existing partnerships in place with the NHS and experience of joint working, for example on reducing excess winter deaths.

### **Fairness**

11. To ensure the Green Deal is delivered equitably, efficiently and that the costs are transparent. CERT has demonstrated that costs for the delivery of energy efficiency improvements vary greatly across the country, and are particularly high in rural areas and dense cities such as London. As such, these areas do not currently receive the same level of service.
12. Given the length of the deal, councils can reduce the risk for residents, should a supporting business cease to trade, e.g. Northern Rock and Woolworths.
13. They are already taking the initiative. Birmingham, Newcastle, West Sussex, Manchester, London, Kirklees – to name some.
14. Councils can also act as a counterbalance to the risks inherent in commercial activity, for example in mis-selling to vulnerable consumers.

## **Experience**

15. Councils have many years of experience in what works on similar schemes.

## **Economic benefits**

16. Councils can use their economic development role to support the development of supply chains, and link to local skills and training partnerships.

## **vii. Energy Action Scotland Evidence**

### **Engaging Hard to Reach Households in the Green Deal and the Energy Company Obligation**

**- Paper by Energy Action Scotland -**

#### **1. Introduction**

Energy Action Scotland (EAS) is the Scottish charity with the remit of ending fuel poverty. EAS has been working with this remit since its inception in 1983 and has campaigned on the issue of fuel poverty and delivered many practical and research projects to tackle the problems of cold, damp homes. EAS sits on the Scottish Fuel Poverty Forum. It is a member of the All-Party Parliamentary Fuel Poverty and Energy Efficiency Group at Westminster.

#### **2. Background**

EAS is keen to ensure that people in or at risk of fuel poverty benefit from the Green Deal (GD) and Energy Company Obligation (ECO). These new initiatives are of course intended to be GB-wide and their parameters are being set by the UK Government.

For Scotland, two of the three main causal factors of fuel poverty - energy market regulation and pricing, as well as income/benefits – are matters reserved to Westminster. The third factor – energy efficiency – is devolved to the Scottish Government. However, GB energy efficiency schemes such as CERT play an important role in Scotland and, of course, Scottish customers pay the associated levies placed on customer fuel bills. The Scottish Government has striven to ensure there is at least an equitable share of CERT spend in Scotland and will be seeking such under ECO.

#### **3. Barriers leading to ‘hard to reach’ and examples of solutions**

- very rural/remote areas (including the islands)
- ‘sticky’ customers (ie non-switchers loyal to traditional supplier)
- low income and/or in debt
- lack of trust/failure to take up offers so far
- disengaged from mainstream: individuals and communities (rural and urban)
- flatted properties especially if multi-tenure (eg. time-consuming co-ordination = Golden Rule impact)



- vulnerable (eg. need support to understand, help with form-filling, loft clearance etc)
- language and/or culture

3.1 Under CERT and its predecessors, very rural and remote areas of Scotland have struggled to access measures and services. Usually, the price of goods and services in remote areas is higher due to transportation costs or having to bring in manpower. One such area is the Western Isles, which has some of the highest levels of fuel poverty in the UK. Only one of the Big Six is active in this area. Despite these factors, the area has not been eligible under CESP due to lower population density. There have been similar concerns going forward with GD/ECO and so the recent announcement on the Carbon Saving Community Obligation: Rural and Low Income Areas under ECO is welcome. It is important that this element is retained going forward.

3.2 Flatted properties which include owner-occupiers and/or private renters and where, for technical reasons, all parties must agree to works can pose significant problems. In order to gain joint agreement, obtain the necessary permissions and to schedule works, often a single co-ordinator can be most effective. This was the approach taken by the Aberdeen Affordable Warmth Scheme. The approach was successful but time-consuming and therefore expensive. Because of the higher cost, there are fears that this type of service – along with other enabling services – may well adversely affect if not exceed the Golden Rule under GD.

3.3 Many people lead chaotic lives and require support or are on the bread-line or have health problems, including mental health problems, or learning difficulties. Others may simply be frail or lack the confidence to deal with sometimes complex decision-making and paperwork. This can result in them missing out on services which do not appear to them to be important compared with their primary concern with ‘coping’ and ‘keeping their head above water’ or else the task is simply too daunting. Face-to-face advice from an existing support service provider – such as a social worker or a health visitor or a charity support service – can make a real difference. In some cases, sign-posting the householder to a source of help might be sufficient. However, in other cases, it might be more effective for the intermediary to act on the client’s behalf to make the initial contact. In either case, it is essential that the intermediary is aware of specifically who to make the referral to.

An example of how to achieve this is where EAS has given very short ‘energy-awareness in the home’ training to health professionals. This aimed to inform them of signs of fuel poverty to look out for and gave them the details of sources of help for their clients. Similar awareness courses have also been delivered to Money Advice Scotland advisors and to Macmillan Cancer Support Welfare Advisors. Similarly, EAS and Consumer Focus Scotland have worked together to deliver Energy Best Deal in Scotland. Often the success of this method stems from the fact that

the intermediary has built a level of trust with the client; it is therefore important to both parties that the experience of taking that advice is positive and fruitful otherwise that trust can be lost.

3.4 It will be important to establish how the key intermediaries identified receive updates on developments in their respective fields. For example, do social workers have an intranet of sources of help for clients and, if so, how can GD/ECO information be added to it?

Alternatively, could an online GD/ECO toolkit for advisors be made available? For example, EAS has developed an online Fuel Poverty Toolkit to support frontline advisors from various fields; Consumer Focus has an 'Ask the Advisor' service for advice agencies. Work has also been carried out, funded by Eaga Charitable Trust, on how to support parish and community councils in engaging with GD.

3.5 Using existing networks will also be important. For example, Care & Repair services, projects run under the Climate Challenge Fund, SCVO (Scottish Council for Voluntary Organisations), GAIN (Glasgow Advice and Information Network), Highland Affordable Warmth Partners Group, The Poverty Alliance, etc. There are of course existing energy advice services including Lochalsh & Skye Energy Advice Service and the one-stop-shop West Lothian Advice Shop.

3.6 Integration/dove-tailing with existing Scottish programmes will be essential. The Scottish Government currently funds the Energy Assistance Package, the Universal Home Insulation Scheme and the Boiler Scrappage Scheme under the Home Energy Scotland banner. It also runs climate change schemes.

3.7 Many of the hard to reach have 'disengaged' from wider society. This can apply to communities as well as to individuals. As with benefits take-up, pride can be a factor or a belief that 'I won't get anything so it's not worth asking'. For energy efficiency measures, area-based approaches – such as Warm Zones or the Universal Home Insulation Scheme (UHIS) – can be effective. The fact that everyone is being approached can remove the feeling of stigma. The so-called domino effect of an area being assisted – seeing others in your street having something done - can lead to greater momentum in take-up. In Scotland, the fact of a local authority backing or managing a UHIS scheme appears also to have had a positive effect.

3.8 The fuel utility companies hold Priority Services Registers and information on customers who get Warm Home Discount support. Could these means be used to highlight to these groups of customers that further assistance may be available under ECO?

3.9 Language can be a barrier, such as where the householder does not have English as a first language. There are a number of examples where this barrier has been tackled such as by Aberdeen City Council's project to highlight the benefits of energy efficiency to the local Polish

community. NEA has experience of working with different ethnic communities in London where understanding the cultural dynamics of that group have been essential.

#### **4. Summary of possible solutions:**

- local aspect ie. feel some connection to it/local momentum
- local authority endorsement eg. Universal Home Insulation Scheme (UHIS)
- integration with Scottish Government programmes
- face-to-face advice and enabling measures (NB possible impact on Golden Rule)
- use of trusted intermediaries:
  - various sorts thereof eg. money/debt advisors (eg. Money Advice Scotland), CABx, social workers, welfare rights officers, various health professionals, carers, home helps, Care & Repair, community councils, etc ie people who interface at an appropriate time of need and/or who are going into people's homes
  - Energy Best Deal (/Plus) Scotland
  - communication channels eg. EAS members, SCVO (Scottish Council for Voluntary Organisations), GAIN (Glasgow Advice and Information Network), Highland Affordable Warmth Partners Group, The Poverty Alliance, Climate Challenge Fund, existing energy advice services, etc
- For ECO, use by fuel utilities of Priority Services Register and Warm Home Discount information

#### **5. Key messages**

The key messages likely, in EAS's view, to stimulate action either on the part of hard to reach householders or on the part of intermediaries who deal with them are:

- help you to save money on your home fuel bill
- help you to have a warmer home
- help to get rid of damp or mould in your home.

It would also help to say the above along with 'at no cost to you' – however, that statement would have to be categorically true otherwise the householder may be turned off for good.

**July 2012**

**Contact:**

**Elizabeth Gore**

**PR Manager/Deputy Director**

**Energy Action Scotland**

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**[www.eas.org.uk](http://www.eas.org.uk)**



## **Green Deal, Social Landlords and 'Hard to Reach' Consumers**

*Paper by National Housing Federation for DECC Hard to Reach Households Panel*

### Introduction

This note has been produced to set out for the Panel the Federation's view that:

- a. The **challenge** of engaging with some potential Green Deal customers applies to social housing residents, as well as other tenures, despite the better knowledge and communication channels available to social landlords
- b. social landlords may be able to assist with **solutions** in enabling 'hard to reach' households to benefit from the Green Deal, residents of other tenures as well as their own.

We understand the term 'hard to reach' to refer to groups of consumers:

- i. who might benefit from improved energy efficiency but whom providers find it hard to identify and make contact with; and/or
- ii. with whom there are barriers to engagement (for example language, lack of access to the internet, ill-health or frailty)

### Social housing: part of the challenge

Social housing landlords, or providers working with them, may find it less difficult to identify and make contact with social housing residents who could benefit from improved energy efficiency. Landlords have an ongoing relationship with residents, well-established channels of communication, and staff working in their housing stock and in contact with residents. Especially in specialist and supported housing, they are likely to have good knowledge of residents' particular needs, and there will be support staff in regular contact with residents.

However, this does not mean social landlords always find it easy to find and communicate with residents with particular needs. Especially in 'general needs' housing (the majority of most landlords' stock which is not physically designed for any particular group nor with a high level of personal support for residents), landlords respect residents' privacy and may not know about ill-health, for example, unless a resident tells them, or they become aware of a problem which leads them to make contact.

### **Registered office address**

National Housing Federation, Lion Court, 25  
Procter Street, London WC1V 6NY

Moreover, being able to identify people and having established communication channels does not mean engagement is always going to be easy. Many social landlords' resident populations will include disproportionate numbers of people with whom it may be difficult to engage, including frail older people, people in poor physical or mental health, with limited command of English, or in a variety of unusually challenging circumstances. A far higher proportion of social housing residents than people in other tenures have very low incomes, which creates a further challenge for the Green Deal that they are likely to be very wary about taking on fixed financial commitments or what appears to them to be 'debt', which creates particular challenges in explaining concepts like the Golden Rule and the Green Deal charge.

We suggest it is important, therefore, for the Panel, not to assume there are no 'hard to reach' challenges in the social housing sector.

### Social Housing: Offering Solutions

We also suggest that the social housing sector may be part of the answer to how to promote access to the Green Deal by 'hard to reach' consumers in other sectors. The experience and competence which social housing landlords have in communicating with and securing engagement from a resident population which includes significant numbers of households which are 'hard to reach', in a variety of ways, means they may well be in a good position to assist in identifying and working with similar households in other tenures.

Social housing landlords are also likely to find it less difficult than commercial providers to persuade 'hard to reach' households that they are not 'on the make' and have the customer's best interests at heart. In the places where they operate, they will generally have good name recognition beyond their own resident population, and a reputation for honesty, reliability and competence. We therefore suggest they could be very suitable partners for councils and others in organisation programmes of outreach and engagement with 'hard to reach' households.

### Next Steps

The Federation would welcome staying in touch with the Panel's work, we would be willing to attend a meeting to discuss these issues further, and look forward to further discussion with DECC and others on these issues as the Panel's work moves forward into implementation.

# National Landlords Association

## The Green Deal and ECO in the Private Rented Sector



### Introduction

1. The National Landlords Association (NLA) exists to protect and promote the interests of private residential landlords. With more than 20,000 individual landlords from across the United Kingdom and over 120 local authority associates, we strive to raise standards in the private rented sector and seek a fair legislative and regulatory environment while ensuring that landlords are aware of their statutory rights and responsibilities.
2. The NLA is a supporter of the Green Deal. We have been involved in several of DECC's stakeholder panels to ensure the scheme will be effective in the private rented sector, including the Maximising Energy Efficiency in Buildings Forum, the Consents and Retaliatory Evictions Working Group and presently the Hard to Reach Households Panel, chaired by Laura Sandys MP. The NLA hold several hundred landlord meetings every year; many in partnership with local authorities. The Green Deal is a regular component and with the assistance of DECC officials, who have spoken at several meetings, we are encouraging landlords to take out the Green Deal when it is launched.

### The Green Deal

3. At present, more energy efficient properties do not produce higher rental yields. This means that a landlord cannot recoup the costs of the works through rent and although tenants benefit from warmer properties and lower utility bills, they rarely enquire about energy efficiency. This is known as the 'Split Incentive' and we believe the Green Deal will be the most successful scheme to date as its unique finance mechanism overcomes this problem.

### Energy Company Obligation (ECO)

4. The plethora of previous schemes has resulted in confusion over eligibility in the private rented sector and therefore we are pleased they are being replaced by a single Energy Company Obligation.
5. We hope the Carbon Saving Target will be well received. However, in order to achieve high levels of early-uptake in the private rented sector, we would suggest that anything not covered by a Green Deal Plan (i.e. whatever recommended measures break the Golden Rule) should be eligible for ECO Carbon Saving initially. Eligibility can be narrowed later if deemed necessary.

### ECO Affordable Warmth Obligation

6. The NLA have grave reservations about the Affordable Warmth Obligation. We believe it is the recreation of policies that have failed to achieve results in the private rented sector and DECC's own evidence supports this view. We believe ECO Affordable Warmth will not result in a reduction in the number of tenants in fuel poverty as take-up is likely to be very poor for the following reasons:
  - a. **Incorrect Targeting of Funding:** Landlords are responsible for improving and maintaining the fabric of the building. Therefore, directing funding streams towards tenants is not going to achieve the desired results – the funding is being directed towards the wrong half of the landlord-tenant relationship.



- b. **Eligibility Criteria:** Many tenants do not want their landlords to know they are on benefits. Numerous NLA members, as well as the big energy companies, have informed us that when approaching private tenants through CERT and CESP, there has been significant reluctance to become involved. This, combined with the fact the eligibility criteria is so restrictive, will make identifying Affordable Warmth eligible households very difficult. Even if a landlord knows the tenant is on the Local Housing Allowance, this is not an eligible benefit. Therefore, to determine eligibility, the landlord would need to examine all aspects of the tenant's employment, family, financial and health circumstances. Such questions could be classed as harassment and it is deeply concerning this is being expected.
- c. **Installation of Measures:** it has been stated that DECC envisage Green Deal improvements will be undertaken during void periods between tenancies. We agree this is the most logical time. However, to benefit from the Affordable Warmth Obligation (like CERT before) a qualifying tenant needs to be in situ. Therefore, landlords would have to undertake the initial renovation, let the property and then undertake a second renovation with ECO Affordable Warmth subsidies while the tenants are living in the property. This is neither sensible nor practical.

#### **Possible Consequences of ECO Affordable Warmth**

- 7. If a landlord is prevented from taking up Affordable Warmth funding when undertaking improvement works, the landlord may choose to take out a Green Deal package instead – irrespective of whether they plan to let the property to a household eligible for Affordable Warmth funding. Therefore, when the eligible household moves into the property, they will have missed out on the subsidy and will be repaying a Green Deal loan – effectively being penalised due to the failings of the scheme.

#### **Solutions**

- 8. **Up-front Funding:** We strongly urge the Government to direct Affordable Warmth funding at the owners of property. Therefore, we recommend that landlords should be eligible for ECO Affordable Warmth when conducting renovations if they sign a legal undertaking that the first set of tenants must be eligible household(s) taken from their local authority's Housing Waiting List. This will remove the necessity to undertake two renovations, target the funding at the people responsible for improving the property and provide a financial incentive for landlords to take low-income households.
- 9. **Widen Eligibility Criteria:** Evidence from Warm Front demonstrates that when eligibility is narrowly construed, take-up declines dramatically. Therefore, in order to achieve the best possible take-up of ECO Affordable Warmth, we believe eligibility needs to be drastically widened. As this subsidy relates solely to improving the houses in which people live, we would argue that initially, the trigger for eligibility should be those in receipt of the Local Housing Allowance. Eligibility can be narrowed later if deemed necessary.

#### **Private Rented Sector Regulations**

- 10. To ensure as much early uptake in the private rented sector as possible, we would urge the Government to draft, consult and lay the secondary legislation that will govern the compulsion elements of the Energy Act due in 2016 and the minimum standards from 2018 before the Green Deal comes into force. This will provide landlords with the legislative certainty they need to act early.

# **National Landlords Association**

## **The Green Deal**

**David Cox**  
**NLA Policy Officer**

# Overview

- **What is the Green Deal?**
- **How will it work?**
- **What is the catch?**
- **Why is the Green Deal important to landlords?**
- **What is currently available?**

# What is the Green Deal?

- **One of the keynote parts of the Coalition Agreement**
  - **Improve the energy efficiency of the UK Housing Stock**
  - **To meet EU target of 20% CO<sub>2</sub> reduction by 2020**
- **The Green Deal will overcome the 'Split Incentive':**
  - **The landlord pays for the improvements**
  - **The tenant benefits from reduced fuel bills**
- **The Green Deal will require **NO** up-front cost to landlords for the improvements**
- **The Green Deal will be rolled-out in late 2012**

# How will the Green Deal work?

- **Landlord approaches a Green Deal Provider who will:**
  - **Assess the property**
  - **Decide on the necessary improvements (with landlord)**
  - **Organise for improvements to be completed**
  - **Pays for the energy efficiency upgrades**
- **What will be included:**
  - **Loft insulation**
  - **Cavity wall insulation**
  - **Floor insulation**
  - **Solid wall insulation**
  - **Draught proofing**
  - **Water-pipe lagging**
- **What may be included:**
  - **New Boilers**
  - **Double Glazing**
  - **Solar panels, etc.**

## How will the Green Deal work (Cont.)?

- The improvement costs are then repaid by whoever pays the utility bills
- **GOLDEN RULE:** The cost of the new utility bills + the loan repayment must be lower than if nothing had been done
- Additional grant subsidy may also be available through the Energy Company Obligation (ECO):
  - For Solid Wall properties or those with Hard-to-Treat cavities
  - Tenants on certain benefits will also get subsidies
- **NOTE:** At present some of the details are not yet finalised
  - The NLA sit on several Ministerial of the groups which are constructing the secondary legislation

# Golden Rule Explained

**Before**

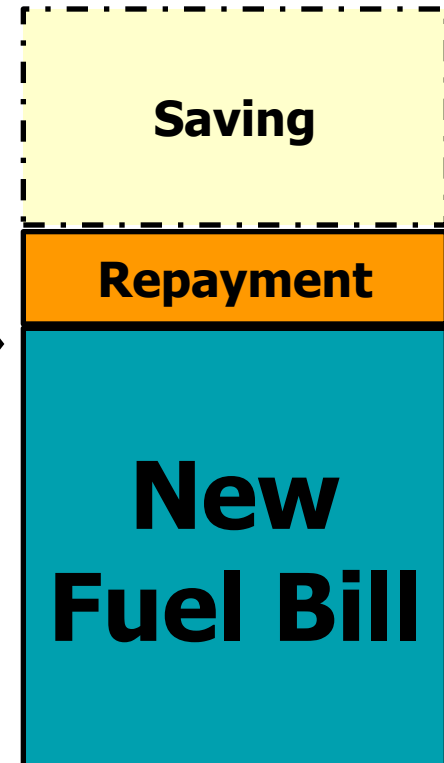


**Green Deal  
Improvement**



A light blue arrow pointing from the 'Before' bar to the 'After' bar, containing the text 'Green Deal Improvement'.

**After**



## What is the catch?

- **None.** The Green Deal is available for landlords
  - You are encouraged to use it for all your properties
- **From 2016**
  - Tenants will be able to demand Green Deal improvements
  - Landlords will not be able to unreasonably refuse
- **From 2018**
  - Ban on letting any property with an EPC rating of 'F' or 'G'



# Why is this important to landlords?

- **Limited work required by the landlord**
  - **FREE** to landlords
  - **Very little paperwork involved**
- **It will probably reduce voids**
  - **Warm Tenant = Happy Tenant = Stays in properties longer**
- **Maintains the fabric of your property**
  - **Reduce problems with damp, mould and condensation**
  - **Stops pipes freezing in the winter**
- **Note: New-look EPC states Green Deal savings**

# New Look EPC

## Energy Performance Certificate (EPC)



17 Any Street, District, Any Town, B5 5XX

**Dwelling type:** Detached house  
**Date of assessment:** 15 August 2011  
**Date of certificate:** 12 December 2011

**Reference number:** 0000-0000-0000-0000-0000  
**Type of assessment:** RdSAP, existing dwelling  
**Total floor area:** 165 m<sup>2</sup>

Use this document to:

- Compare current ratings of properties to see which properties are more energy efficient
- Find out how you can save energy and money by installing improvement measures

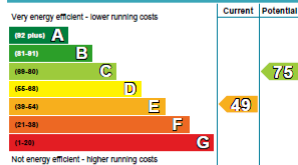
Estimated energy costs of dwelling for 3 years	£5,367
Over 3 years you could save	£2,763

### Estimated energy costs of this home

	Current costs	Potential costs	Potential future savings
Lighting	£375 over 3 years	£207 over 3 years	<p>You could save <b>£2,763</b> over 3 years</p>
Heating	£4,443 over 3 years	£2,087 over 3 years	
Hot water	£549 over 3 years	£330 over 3 years	
<b>Totals</b>	<b>£5,367</b>	<b>£2,604</b>	

These figures show how much the average household would spend in this property for heating, lighting and hot water. This excludes energy use for running appliances like TVs, computers and cookers, and any electricity generated by microgeneration.

### Energy Efficiency Rating



The graph shows the current energy efficiency of your home.

The higher the rating the lower your fuel bills are likely to be.

The potential rating shows the effect of undertaking the recommendations on page 3.

The average energy efficiency rating for a dwelling in England and Wales is band D (rating 60).

### Top actions you can take to save money and make your home more efficient

Recommended measures	Indicative cost	Typical savings over 3 years	Available with Green Deal
1 Increase loft insulation to 270 mm	£100 - £350	£141	✓
2 Cavity wall insulation	£500 - £1,500	£537	✓
3 Draughtproofing	£80 - £120	£78	✓

See page 3 for a full list of recommendations for this property.

When the Green Deal launches, it may allow you to make your home warmer and cheaper to run at no up-front cost. To find out more, contact the Green Deal Advice Service on 0800 XXX XXX or visit [www.greendealadvice.org](http://www.greendealadvice.org).

17 Any Street, District, Any Town, B5 5XX  
12 December 2011 RRN: 0000-0000-0000-0000-0000

## Energy Performance Certificate

### Recommendations

The measures below will improve the energy performance of your dwelling. The performance ratings after improvements listed below are cumulative; that is, they assume the improvements have been installed in the order that they appear in the table. Further information about the recommended measures and other simple actions you could take today to save money is available at [\[link to remote advice centre\]](#). Before installing measures, you should make sure you have secured the appropriate permissions, where necessary. Such permissions might include permission from your landlord (if you are a tenant) or approval under Building Regulations for certain types of work.

Measures with a green tick (✓) are likely to be fully financed through the Green Deal, when the scheme launches, since the cost of the measures should be covered by the energy they save. Additional support may be available for homes where solid wall insulation is recommended. If you want to take up measures with an orange tick (⚠) be aware you may need to contribute some payment up-front.

Recommended measures	Indicative cost	Typical savings per year	Rating after improvement	Green Deal finance
Increase loft insulation to 270 mm	£100 - £350	£47	E 51	✓
Cavity wall insulation	£500 - £1,500	£170	D 59	✓
Draughtproofing	£80 - £120	£26	D 60	✓
Low energy lighting for all fixed outlets	£50	£43	D 61	✓
Replace boiler with new condensing boiler	£2,200 - £3,000	£339	C 74	✓
Replace single glazed windows with low-E double glazing	£3,300 - £6,500	£41	C 75	⚠

### Alternative measures

There are alternative measures below which you could also consider for your home.

- External insulation with cavity wall insulation
- Biomass boiler (Exempted Appliance if in Smoke Control Area)
- Air or ground source heat pump
- Air or ground source heat pump with underfloor heating
- Micro CHP

### Choosing the right package

Visit [www.epcadviser.direct.gov.uk](http://www.epcadviser.direct.gov.uk), our online tool which uses information from this EPC to show you how to save money on your fuel bills. You can use this tool to personalise your Green Deal package.

**Directgov**  
Public services all in one place

Green Deal package	Typical annual savings
Loft insulation	<b>Total savings of £587</b>
Cavity wall insulation	
Draughtproofing	
Condensing boiler	
Electricity/gas/other fuel savings	£0 / £587 / £0

You could finance this package of measures under the Green Deal. It could save you £587 a year in energy costs, based on typical energy use. Some or all of this saving would be recouped through the charge on your bill.

# Why is this important to landlords (cont.)?

- **Most landlords say they can self-regulate**
  - **No more legislation governing the PRS is necessary**
- **The Green Deal is the Government's way of allowing landlords to prove this**
  - **DECC want the Green Deal to be predominantly voluntary**
  - **The Green Deal is **NO COST** and **LIMITED PAPERWORK** for landlords**
- **KEY - If landlords do not take up the Green Deal they have failed to demonstrate they can self-regulate**
  - **More regulation of landlords is bound to follow**

## What is currently available?

- **Landlords Energy Savings Allowance (LESA)**
  - **£1,500 per property per year**
  - **Offset against income tax**
  - **Available until April 2015**
- **'Warm Front' Scheme**
  - **Energy efficiency grants for tenants on certain benefits**
  - **Only available until April 2013**
- **Take advantage of energy savings measures now**
  - **Some money is left from existing schemes**
  - **Contact Energy Savings Trust Helpline: 0300 123 1234**

# National Landlords Association

22 - 26 Albert Embankment  
London SE1 7TJ

Tel: 0207 840 8900

Email: [info@landlords.org.uk](mailto:info@landlords.org.uk)

Web: [www.landlords.org.uk](http://www.landlords.org.uk)

# The needs of vulnerable customers

**Sally Hancox MBE**  
**Director, Gentoo Green**



# Confusion



# Mobility Issues





# Language Barriers



# Mental Health Issues



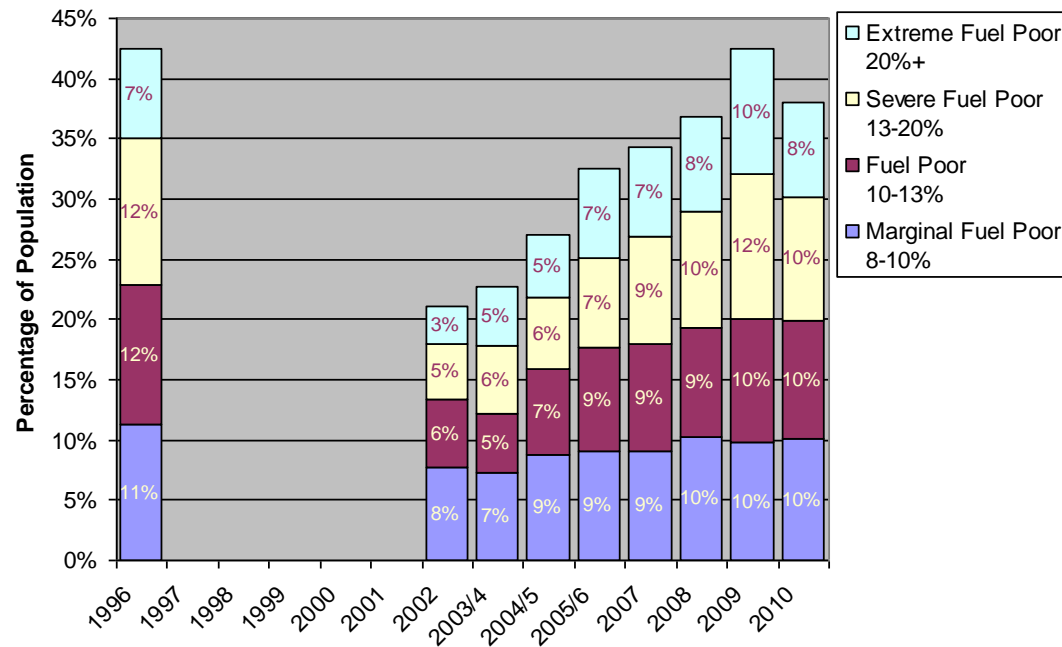
# Domestic Abuse



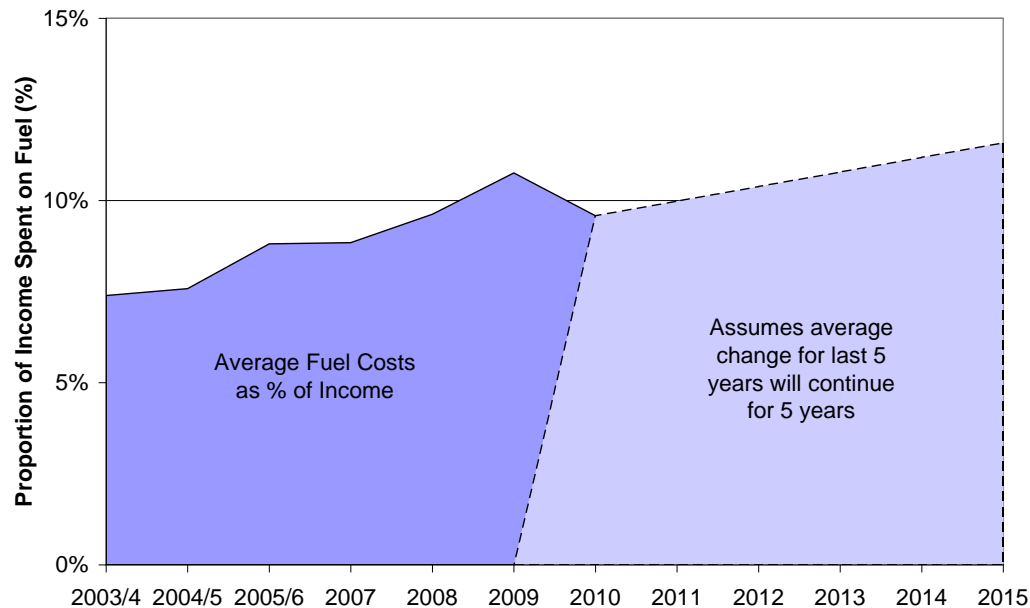
Hard to reach households

Keith Willcock  
Scottish Government

# Scottish Households in Fuel Poverty 1996-2010



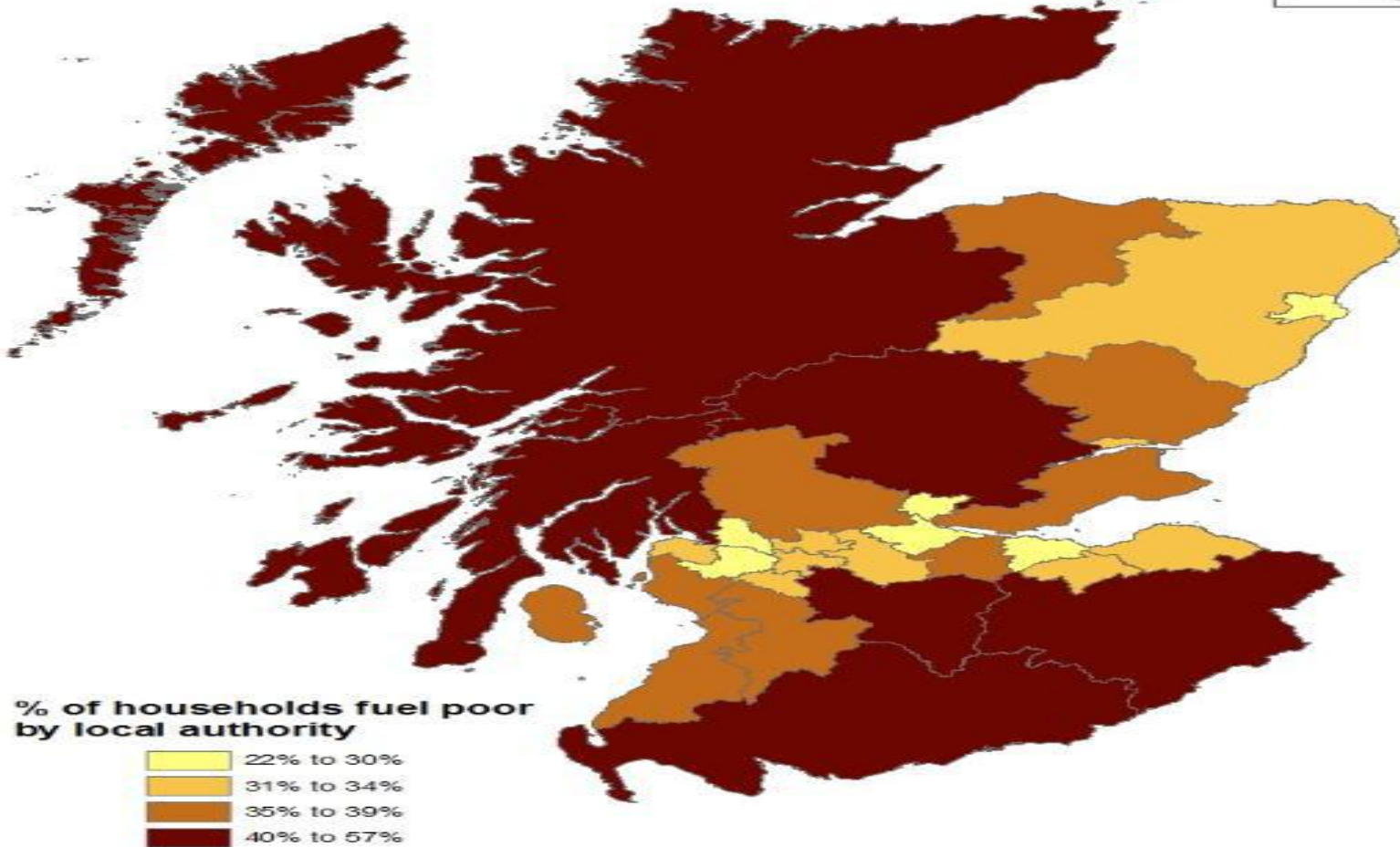
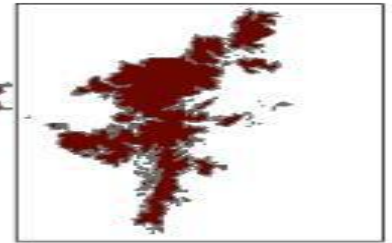
# Projection of average fuel spend per income to 2015





# Percentage of households in fuel poverty by local authority (September 2011 estimates)

(Scottish Government SHCS)



Based on Ordnance Survey material with the permission of Ordnance Survey. Scottish Parliamentary Corporate Body 10039291.

# Forum review of Fuel Poverty

- Area-based
- LAs play a central role in delivery
- One stop shop for advice
- An offer is available for all households
- Ensuring assistance is in place for fuel-poor households outside of programme areas
- Ensuring that fuel poverty measures tie-in closely with other anti-poverty measures
- Ensuring that delivery model facilitates the effective draw down of ECO



# A national retrofit programme

- A plan to upgrade Scotland's housing stock, tackle fuel poverty and cut carbon
- An area-based approach to cover all of Scotland in 10 years
- Delivery role for local councils, building on Universal Home Insulation Scheme and making the most of Green Deal and ECO

## Thoughts for NRP design

- Differences between EAP eligibility and that for ECO AW
- Older households who live in energy inefficient homes. All households which are eligible for EAP but not ECO do NOT claim pension credit and their homes have a SAP rating of 54 or less - do we continue to provide assistance under a "son of EAP scheme"
- Solid wall insulation - how to create schemes
- "CESP" projects - still more to do
- Benefit and tariff checks
- Energy advocacy
- Enabling measures

# What should the NRP £65m fund?

- What has worked well
- And not so well
- What measure should be funded in full or part
- What enabling measures should be funded
- What we shouldn't fund

# Energy Company Obligation - targets 1/10/12 to 31/3/15

- No annual targets
- Monthly reporting from OFGEM to DECC - seeking guarantees about Scottish reporting
- Additionality rules still to be determined
- 15% of CSC reserved for rural AW groups
- "Soft" boundaries - up to 25% in adjacent area

## Contact details

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