

Green Deal Maximising Energy Efficiency in Buildings Forum

Notes from meeting held 29 November 2012 at the EEPB

Attendance

1	Chair (ACE)	Andrew Warren - Chair	AW	
2	British Property Federation	Ian Fletcher	IF	
3	Confederation of British Industries	Stephen Mayne	SM	
5	Centre for Sustainable Energy	Ian Preston	IP	apologies from Phillip Morris
6	DCLG	Hannah-Jane McNamara	HJM	
7	DECC	Charles Philips	CP	
8	DECC	Chris Nicholls	CN	
9	DECC	David Thomas	DT	
10	DECC	Peter Farrand	PF	
11	Existing Homes Alliance	John Doggart	JD	
12	Forum for the Future	Will Dawson	WD	
13	Fuel Poverty Advisory Group	William Gillis	WG	
14	Heat and Hotwater Industry Council	Roger Webb	RW	apologies from Neil Schofield
15	Homes & Communities Agency	Michael Clegg	YF	apologies from Yasmin Fearon
16	Local Government Association	Abigail Burrridge	AB	
17	National Housing Federation	Martin Wheatley	MW	
18	National Organisation of Residents Ass. (NORA)	Lorraine Barter	LB	
19	Residential Landlords Association	Dave Princep	DP	
20	RIBA	Lynne Sullivan	LS	
21	RICS	Georgie Hibberd	GH	apologies from Peter Bolton King
22	EEPB	Mark Brown	MB	
23	EEPB (notes)	Teresa Couceiro	TC	

Apologies

1	ARLA / NAEA	Ian Potter		
2	CIBSE	Jacqueline Fox		
3	Energy UK	Lawrence Slade		
4	Local Authority Building Control	Paul Overall		
5	National Landlords Association	David Cox		
6	Scottish Government	Ann McKenzie		also from Joanne Wright & Suzanne LeMiere
7	Welsh Assembly Government	Marcus Hill		

didn't attend

1	BCO	Angus McIntosh		
2	Leasehold Advisory Service (LEASE)	Nicholas Kissen		

Summary Notes	
	<p>Welcome and apologies</p> <p>The Chair welcomed everyone to the meeting and explained that the other three Fora had come to an end but this Forum has been invited by the Minister to continue until the end of this financial year. Therefore, at the moment, there are still two more meetings scheduled.</p> <p>Abigail Burrige informed the meeting that this would be her last attendance as she has been moved to another area of work.</p> <p>The Welsh Assembly and the Scottish Government have sent their apologies.</p>
1.	<p>Review of notes and actions from the previous meeting</p> <p>Notes and actions from the meeting on 3rd October 2012 were accepted with the following points requiring further clarification:</p> <ul style="list-style-type: none"> • ECO brokerage and the Local Authorities – Action: AB to send a note to the Secretariat to be included in the final version of the notes. • Green Deal’s ORB function - Action: LS to send a note to the Secretariat to be included in the final version of the notes. <p>The Chair reminded the meeting that only the minutes of the meetings are public documents; all the other documents are not.</p>
2.	<p>Green Deal Impact Assessment</p> <ul style="list-style-type: none"> • AW wrote to the Minister in his capacity of Chair of this Forum, prompted by a press release from DECC announcing the number of homes expected to take up the Green Deal. AW also met the Minister to discuss his overall concern about the previous aspirations for the Green Deal 2020 horizon being substantially reduced - from £7bn/year to £1bn/year during the next 10 years. He said that this reduction in the Green Deal forecast has been reiterated by the Secretary of State in other opportunities (CBI Breakfast, the official launch of the Green Investment Bank), and that companies have long been using the previous forecasts for their commercial plans including raising funds and there is a consequent risk of creating a self-fulfilling prophecy: the Green Deal reduced to a niche operation instead of the massive market change expected. AW is concerned that these new lower figures are mainly based on the Economic Impact Assessment. He stressed that it is the role of the Maximisation Forum to bring attention to these concerns. • CN explained that the purpose of the assessment was not to estimate the size of the market or to make a market forecast but to analyse the potential impact of a new policy. The Impact Assessment takes a cautious approach and, using the results of the survey of households, prepared a projection of the number of households who are likely to take-up the Green Deal. It does not factor in specific initiatives, such as the cash back incentive or Core Cities, or the possibility of the market for whole house retrofits developing beyond its current small size. It also excludes many other existing measures, such as double glazing, which could be partly funded by the Green Deal. It is more difficult to make assumptions for the non-residential sector because there are additional factors - like the high proportion of rented space - but it is expected that the non-domestic sector will accelerate after a few years of the Green Deal due to forthcoming energy efficiency regulations in the rental sector. • AW clarified that the concern is that a number of recent key public statements seem to be constrained by caution and whether the previous aspirations can be achieved; this is creating a negative dynamic as reducing the expectations in turn reduces the chances of success. AW reiterated the concern that what was a legitimate exercise the government has to undertake before issuing policy is causing unnecessary concern: the Impact Assessment is altering the perception of the Green Deal. These concerns come in particular from companies with substantial commercial investments who are alarmed by the prospect of raising substantial funds. • MW noted that in the social housing sector they are influenced not so much by government statement but by the analysis they do of the policy and whether it contains a proposition that is suitable for them.

	<ul style="list-style-type: none"> • WD asked if the Impact Assessment was normally used for Ministerial Statements and what has changed in the methodology? • CP said that the initial assessment of £7bn wasn't based on the Impact Assessment but on the size of the potential market available, it was hypothetical and CN explained that the initial assessment has evolved because of the evolution of the policy.
3.	<p>Update on the Fuel Poverty Strategy</p> <p>DT explained that the Government is reviewing its definition of fuel poverty and currently consulting on a new definition which pays more attention to the quality of the home and not just the amount of fuel used which makes energy efficiency more important. DT asked the Forum members for feedback on how they see the role of the Fuel Poverty Strategy, what they think should be done and what should be the priorities. DT informed the meeting that next year there will be a more detailed paper and discussion on this. Action: All to send feedback to DT on the role of the Fuel Poverty Strategy.</p> <ul style="list-style-type: none"> • AW said that in England alone there are 4m households in fuel poverty and looking at the Impact Assessment, the figures suggest that only one quarter of a million will be removed from fuel poverty by 2022. Is the Strategy dealing with the rest and can we use the Green Deal for it? • DP noted that all the other schemes were targeted to the occupant but due to the transitory nature of many tenancies in the private sector (20 months on average) it is difficult for landlords to reach agreements with the tenants and asked if the Strategy could try to identify the type of property that would be most appropriate for energy saving measures and target the properties instead of the occupants. • HM asked what else can be done to tackle energy efficiency in buildings in the light of the new Home Energy Conservation Act guidance. AB said that the LGA is looking at a more fundamental review of how to tackle fuel poverty. The argument at the LGA is that locally led initiatives will produce a greater uptake and are more efficient; they are having a meeting with Ministers today on what or how the LGA and DECC can work together. LGA is also looking at the links and triggers between housing and health. • IP asked if DECC could provide evidence about the level of payments/debt people are willing to take on (i.e. £5/week) so, from that figure we could work backwards. WG reported a CESP scheme with a 0% interest loan from a local Credit Union for four years and a maximum of £1,000 in which people was effectively paying £5/week. • MW said that the NHF is very keen on tackling fuel poverty. He said that at times DECC takes the position that there is no fuel poverty in social housing but whatever the measures, there are still several thousands in it in the social housing sector. MW asked whether changes in Housing Benefits concentrate low income people in poor houses and reported that members of the NHF have found different responses on the link between fuel poverty and health. MW urged DECC to issue a government policy on fuel poverty to join-up policy at local level. MW also stressed his view that ECO is a regressive policy mechanism and drives more people into fuel poverty. • WG said that relying on market mechanisms to address fuel poverty raises other issues. He was concerned that the Green Deal Finance Company would require an individual credit check of the household and many households would be disenfranchised due to that requirement. • DT clarified that the GDFC is working on how to assess the credit check which will be different to the credit checks needed for a mortgage, for example. In particular, the Golden Rule was an important protection which it would make sense to take into account.
4.	<p>Update on ECO</p> <p>The In-Use factors consultation called last September has affected the formulation of the ECO and the modified version has been approved by the Commons and the Lords. ECO begins on 1st January 2013 and any compliance achieved from 1st October 2012 will be included in the count against the targets. Ofgem has published an Open Letter with interim rules in</p>

order to give the companies certainty. Full guidance will be published after the Guidance Consultation (which ends on 25th January 2013).

ECO brokerage

- The ECO brokerage is going to be voluntary at the beginning with the possibility of making bilateral agreements. The operating system has been commissioned from a government procurement supplier with experience in e-auctions. The first auction will be in December.
- The issue of whether local authorities can participate in the brokerage process was raised.
- DECC will consult in the new year on whether brokerage should be mandatory and what percentage. By then there will be some learning from initial brokerage activity and bilateral contracts.

ECO costs

The cost of ECO is not a direct levy on consumers. Some energy companies are concerned about the costs of ECO being higher than the expected £1.3 billion. ECO is a carbon saving target, not an expenditure target. DECC thinks it is possible that it may cost more or less depending on the evolution of energy prices, Green Deal uptake, Green Deal finance, cost of insulation (which could go down), and other factors.

- A report published by Energy UK estimates the cost of ECO at £2.4bn.
- CN explained that the difference between the NERA/DECC estimate of £1.3bn and Energy UK's of £2.4bn is due to differences in the risks assessment (higher than what DECC thinks) and NERA's factual inaccuracies in the figures used together with misuse of the Consumer Survey (calibration).
- CP confirmed that DECC stands by the £1.3bn figure as a mid-point estimate.
- The experience of government changes in Feed-in-Tariffs undermines the confidence of companies.
- CP clarified that the ECO Brokerage will be split by type of Obligation.
- IP urged DECC to make known in the media that it is still supporting the cost figure of £1.3bn.
- AB queried whether Councils have to use GD Assessors and installers to access ECO.
- MW reported that David Orr, CEO of the National Housing Federation, has written to Greg Barker about social housing providers having access to ECO brokerage. Housing Associations may be shifting towards Green Deal type schemes but not the Green Deal finance mechanism and would not want to become a Green Deal Provider in order to access ECO brokerage.

Preceding schemes

- WG suggested caution in extrapolating from other schemes - although CESP is closer to ECO than others. If the price of carbon goes up to £40-60/tonne the burden for companies and consumers alike will be unsustainable. WG added that the in-built cost in the ECO delivery system requiring a full Green Deal Assessment - including the occupancy assessment - is like using a hammer to crack a nut.
- CN reported that DECC has received evidence from energy suppliers that costs vary and in some cases are lower than what DECC expected.

5. **Consumer Engagement - discussion**

PF said that DECC had obtained an exemption from the embargo on marketing expenditure and has contracted a communications agency to plan how to disseminate the Green Deal. The total budget is of £2.9m for work over the launch in January and until the end of April 2013. Quick Guides to the Green Deal have been published and a second version will be live next week. PF stressed that the Government and partners need to work together. The key role for Government is to build understanding and trust. This plan aims to ensure that the Green Deal is visible and position it in the home improvement sector focusing on those who are already considering measures which could allow the Green Deal to be included. It is critical, especially after the launch, to compile case studies showing that more people "like them" are doing it. PF requested ideas and how to source case studies.

Around 28th January it is likely that there will be events in different parts of Britain;

	<p>communications for the launch phase include not only national media but also the supply chain. There will also be some press and digital advertising.</p> <p>DECC is also looking at how it can best reach those who are considering home improvement, and is looking at various options including search engine optimisation and PR. DT noted that the marketing would be focussed on those most likely to take action, not a blanket campaign, and that the exemption had been given on this basis.</p> <p>PF said that DECC is also looking for opportunities to work with partners such as those in this Forum to help reach audiences and would very much welcome input and support on how best to do that; and was also keen to receive relevant case studies to help provide the media with deeper and longer stories.</p> <ul style="list-style-type: none"> • AW said that this was felt to be necessary and asked how will DECC measure that it works. PF said that there will be tracking studies on the awareness and understanding of the Green Deal as well as direct measuring of traffic in the energy saving advice service, and the new website www.gov.uk/greendeal. • JD said that he has a network of 150 households and is prepared to talk to them. AW noted that home improvements are not a political issue but a lifestyle one. DECC is interested in case studies across the whole range of homes (PRS and SH) and in all the geographic areas and wants to include the technical information not only the consumer aspect. • It was suggested that DECC could talk to Gentoo whose evaluation showed they had been successful in winning the argument with the residents. They have many case studies and good films showing the works and the families who had them done. • Action: All send relevant case studies to PF, particularly new ones; and consider whether they have channels to communicate with their members/communities which could be useful for communicating the Green Deal, and if so to discuss options with PF. • AW reiterated that the Q1 period is going to be critical and welcomed the fact that the government has made an exemption for a communication budget to promote the Green Deal. He noted the Forum had consistently asked for this.
6.	<p>Update from DECC</p> <ul style="list-style-type: none"> • DECC sent a tender out for an open homes network to be used as exemplars. • DECC has received a number of applications for the Local Authorities Pioneer Places Competition (which includes money for Fuel Poverty driven through Local Authorities). • There is a new website www.gov.uk/greendeal - with the search function to find assessors. DECC would welcome feedback on it. Action: All to take a look and send any feedback to EEPB to compile this feedback. • Energy Saving Advice Service - The service is improving and mystery shoppers are welcome. Action: All to send feedback to PF. • Energy Efficiency Strategy – The Energy Efficiency Strategy was published by EEDO. http://www.decc.gov.uk/assets/decc/11/tackling-climate-change/saving-energy-co2/6928-the--energy-efficiency-strategy-statistical-strat.pdf • Energy Bill – The electricity market reform bill received its First Reading that day in parliament. • DT said that, following the suggestion from the Forum, cash back payments will be conditional on having loft and cavity wall insulation installed if recommended by the EPC.
7.	<p>TG1: Commercial Properties</p> <p>From 2016 landlords in the private rented sector will not be able to unreasonably refuse a residential tenant a Green Deal and from 2018 it will not be possible to rent either domestic nor non-domestic buildings if they do not meet a minimum energy efficiency standard, likely to be set at E. The next step was to start to develop the secondary legislation; DECC was concerned that landlords do not face upfront costs.</p> <ul style="list-style-type: none"> • AB asked for the LGA and local authorities to be involved as this is important due to capacity issues and DT reassured her that they will be included.

8.	<p>TG2: Owner Occupiers (last meeting 24 Oct)</p> <p>The TG2 is looking at whether or not it could go ahead with consequential improvements in a more local way.</p> <ul style="list-style-type: none"> • The LABC paper, approved by the TG2, considers what legislative changes are needed and how to make them and it has been shared with the CLG and DECC. A letter of thanks has been received from the CLG Minister. • Following the Secretary of State's speech on September 23, TG2 reconfirmed the Forum's 2011 paper considering how Council Tax could be used to stimulate the Green Deal.
9.	<p>TG3: Private Rented Housing (group to meet next on 6 Dec)</p> <p>The PRS Group is meeting next week. This group is looking at how to move things forward on regulation of F& G properties and enforcement issues (HMO, legislation and individually rating the bill payer).</p> <p>The group had a meeting with the HM Treasury to discuss whether LESA could be extended (both in time scale and scope). The Treasury was non-committal but did not dismiss the options. A further meeting will take place after the autumn statement.</p>
10.	<p>TG4: Social Housing (group to meet next in January 2013)</p> <p>This group hasn't met since last June as there are no new issues needing a meeting. The next meeting is being scheduled for January when it will discuss the announcement of a new approach to demand reduction in SH. The NHF had a conference early in November which was very well attended with a variety of sections from the social housing sector and new people. There was a lot of interest in energy efficiency but the main concern was being able to collect the rents.</p>
11.	<p>AOBs</p> <p>The next meeting will be held after the whole Green Deal is up and running and the Chair asked the members to be aware that their involvement will not end in two months. He emphasised that the reason people have given so much time is that they believe Green Deal is not going to be just a minor exercise but a genuine change of landscape and the next few months are crucial.</p>
12.	<p>Close</p> <p>Dates of next meeting:</p> <p>31 January 2013 (Thursday)</p> <p>21 March 2013 (Thursday)</p>

Item	Actions from 29 th November Maximisation forum meeting	Owner
1	Send a note to the Secretariat to be included in the final version of the notes with reference to the ECO Brokerage and the local authorities.	done
1	Send a note to the Secretariat to be included in the final version of the notes about the Green Deal ORB function of monitoring effectiveness of the measures and her query about the best methodology to measure building performance.	done
3	Send feedback to DT on the role of the Fuel Poverty Strategy.	none received
5	Send relevant case studies to PF, particularly new ones; and consider whether they have channels to communicate with their members/communities which could usefully be used for communicating the Green Deal, and if so to discuss options with PF.	none received
6	Send feedback on the new website www.uk.gov/greendeal to the Secretariat. The Secretariat to compile this feedback.	no feedback received
6	Send feedback on the Energy Saving Advice Service to PF.	done