

The Green Deal and Energy Company Obligation consultation.

Please use the table below as a template to respond to the consultation. It will help us to record and take account of your views.

Also, please provide evidence for your answers and comments where possible.

PERSONAL DETAILS
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CHAPTER 1: Assessment
<p>Q1: Do you feel the proposed requirements on Green Deal assessors set out in the main body and at Annex A of the Code of Practice are clear and robust enough to support the Green Deal assessment?</p> <p>No</p> <p>Please explain: It is very important that Green Deal Assessors have a clear and robust Code of Conduct because they are advising people in their homes. This puts them into a position of trust and influence. It is important that this Code is made available to the householder before the</p>

Green Deal Assessor visit, so they know what to expect. If a householder is unhappy with their visit, they must have an easy way to make a complaint.

The regulations and the Code of Practice need to be sufficient enough to discourage ‘bogus callers’. We saw from the Digital Switchover that such government-backed initiatives can be exploited to the detriment of vulnerable people in their homes¹. We want to be assured that the Green Deal processes will be robust and will avoid any exploitation because councils are being asked to encourage their residents and businesses to take up the Green Deal, and our reputation with our local people is at stake if things start to go wrong. Councils already have to manage calls from concerned residents about ‘free insulation’ initiatives taking place in their area, even when they operate their own ‘warm zones’ programme².

Although we have not been asked to comment on Annex B of the Code of Practice, we would like to make some suggestions because there are some key issues within this section. Annex B states that other goods and services may be sold at the same time as a Green Deal plan is offered. We are concerned that these have not been restricted to items relating to the Green Deal or environmental improvements (for example, water efficiency improvements), and as such leave the consumer open to pressure sales for other items in their homes. Where councils are Green Deal providers or have partnered with Green Deal providers, they can ensure this cross-selling in the home does not occur. However, if councils are being asked to encourage their residents to take up the Green Deal, we do not want to have our reputation damaged by over-zealous private enterprise taking advantage of the opportunity to sell unrelated products in the home.

We are concerned that in Section 2 of Annex B, the responsibility appears to be on the resident to find out if they are eligible for additional support, and that a Green Deal Assessor can continue to sell them a Green Deal package, even if resident is eligible for support.

Sections 9 & 11 in Annex B, which relate to the Occupancy Assessment, are weak. Where a householder’s actual energy consumption is likely to affect the length of time that the measures that would pay for themselves, a Green Deal Assessor *must* inform the consumer that they may not make the projected savings, rather than *should* inform. We are pleased to see that the phrase *must* is used in Section 16, but this needs to be consistent throughout the Code of Practice.

In relation to section 22 in the Code of Practice, we believe that the assessor must state, before any Green Deal work is agreed, that there may be additional costs if the installer finds issues that increase the cost of the work, and that this may need to be met by the householder in addition to the Green Deal (or within the GD where possible). This discussion should not be during installation, but before. Part of this may be met by section

¹ <http://www.safer-neighbourhoods.co.uk/your-neighbourhood/stratford-district/southam/news/the-digital-switchover-beware-of-bogus-callers>

² <http://www.yorkshireenergyservices.co.uk/index.php?module=news&limit=70&newsId=13>

26, but this is not clear.

We believe that in section 34, the Green Deal Provider *must* inform customers that behaviour change or change in energy prices may impact overall savings, rather than *should*.

Sections 3 & 4 in the Code only refer to historic and/or vulnerable buildings and building control requirements, not the need for planning permission, which, particularly for solid wall insulation, is likely to be relevant in many areas. Section 2 (c), which refers to consents, also does not mention planning consent. We recommend that having awareness of local planning regulations, and the ability to advise the householder or business on this issue, should be an important part of the Code of Practice for Green Deal Assessors

Q2: Can you think of any requirements that Green Deal assessors will need but that may not be covered by the suggested approach, combining National Occupational Standards (NOS) and Accreditation of Prior Experiential Learning (APEL)?

Your answer:

We would like to see more information about how the Occupancy Assessment will be carried out, and that this is integrated into the skills requirements and the Code of Practice. The handling of discussing personal information with people who may be on benefits, to determine if they should call the 'helpline' to find out if they are eligible for other support, should be given more emphasis.

Q3: In proposing to allow for the market to determine payment of assessors and cost of assessment, are there any further requirements we should be placing on assessors or providers in relation to (a) payment of assessors, (b) the cost of the assessment, or (c) declarations from the assessor?

Your answer:

We understand that some businesses may look to the opportunity to sell other products as a way to 'pay' for the home/business energy assessment. Householders and businesses should be informed in advance of any visit if additional services will be sold or promoted to them in the home, and they should be given the opportunity to 'opt out'. We also recommend that assessors should not be paid cash in the home. This is particularly important for councils who are being asked to use their 'trusted brand' to promote the Green Deal. This will be extremely difficult and may damage their reputation if Green Deal Assessors are allowed to sell other unrelated items in the home.

Q4: Do you agree with our proposed approach to third party assurance and enforcing compliance for those providing Green Deal assessments?

Individual member authorities will be responding based on their own experiences.

Please explain:

Q5: Should the current EPC validity period for property transactions be used for Green Deal purposes or is a shorter validity period more likely to meet the needs of the Green Deal process?

Your answer:

We believe that the validity period of the EPC is less important than robustness of the EPC assessment. We have had representation from councils that EPCs have been carried out incorrectly, and this will need to be improved if they are to be relied upon for the Green Deal.

We support the statement on page 56 about making the EPC data easy to access and, that local authorities should have access to this information. The consultation refers to EPCs being 'freely available', but we want to ensure that there will be no charge for councils to access this information, which will enable them to strategically address energy, energy efficiency and climate change in their local area. This should equally apply to anonymous information from the occupancy assessment, which will help councils in their fuel poverty work.

Q6: Do you think that this approach to identifying and assessing non-domestic buildings, based upon the requirements and tools for Energy Performance Certificates, will capture all non-domestic buildings and business sectors for which the Green Deal is relevant?

No

Please explain:

We recommend that for public buildings, Display Energy Certificates (DECs), which already have to be produced, are used for the Green Deal. DECs already take into account the energy consumption of the building according to its use, and provides an advisory report, including cost-effective improvements and advice on zero-cost (behavioural) savings. DECC may wish to consider extending the DEC process and methodology to more private buildings, encouraging them to display this information. Particularly relevant to non-domestic buildings are possible council-led plans for local district heating networks. It is important that any assessor has a working knowledge of local plans and is able to advise accordingly. It would not be advantageous to the non-domestic building if they install an individual technology, when other opportunities for heat generation are being made available locally.

Q7: Are there alternatives to the simple approach to providing running cost savings in the non-domestic assessment that we should consider?

Your answer: We recommend that for public buildings, Display Energy Certificates (DECs), which already have to be produced, are used for the Green Deal. DECs already take into account the energy consumption of the building according to its use, and provides an advisory report, including cost-effective improvements and advice on zero-cost (behavioural) savings. DECC may wish to consider extending the DEC process and methodology to more private buildings, encouraging them to display this information. Particularly relevant to non-domestic buildings are possible council-led plans for local district heating networks. It is important that any assessor has a working knowledge of local plans and is able to advise accordingly. It would not be advantageous to the non-domestic building if they install an individual technology, when other opportunities for heat generation are being made available locally.

CHAPTER 2: Measures, products and systems

Q8: Which measures should be added to the list of qualifying measures in Annex 1 for non-domestic properties, and what evidence is there that these measures improve the energy performance of buildings?

Your answer:

Member councils will respond based on their own experiences

Q9: Will the existing Appendix Q process, which will allow new measures to be added to the Green Deal assessment tools, and to the list of qualifying improvements, support innovation in the market and how could the process be improved? In particular, what support could SMEs benefit from?

Your answer: Member councils will respond based on their own experiences

Q10: What innovative ways can the government use to encourage uptake of a package of measures and could our existing proposals support this.

Your answer:

It will be important to work with local authorities and local social housing providers who are most equipped to promote a package of measures or whole-house approach, as this will also be supported by a street-by-street roll out.

Whilst the Green Deal as currently crafted does not prohibit the street-by-street roll out of energy efficiency measures, we believe it could do more to enable councils to deliver the Green Deal in this manner. The street-by-street roll out has been expressed as an ambition by the Minister for Climate Change, and we are keen to explore ways to help the Minister deliver this ambition. We believe councils will be the key agents to coordinate a street-by-street roll out of energy efficiency and carbon reduction measures.

Concerning the uptake of a package of measures, councils have raised concerns about how to pay for solid wall insulation in the properties of those experiencing fuel poverty. Suggestions have been put to the LGA to allow greater flexibility in joining the Affordable Warmth target with the Carbon Target in the properties of those eligible for Affordable Warmth, to promote the 'whole house' approach.

Q11: Please provide views on the potential inclusion of hard-to-treat cavities (and potentially other measures of a similar type), and proposals for how properties might be accommodated in the ECO without excessive complication or perverse consequences.

Your answer:

We do not support the proposal that the Carbon Target element of the ECO should be used to exclusively support solid wall installations. We recommend that for the first ECO period (until 2015), the resources be used to support any fabric energy efficiency installation that costs more than the golden rule.

We share the concerns of industry³ and the Committee on Climate Change⁴ that that the transition between the current CERT and Community Energy Saving Programme (CESP) schemes and the new ECO are too sudden. The figures given in the Impact Assessment give an alarming picture that the Green Deal and ECO as currently designed will not deliver what is required to meet our Carbon Budgets or address our fuel poverty problem. The Green Deal will be an emerging product in a new and untested market, and should be given as much flexibility as possible to allow it to become established. Once the concept of the Green Deal has entered public consciousness, the businesses develop, and the costs come down, then the ECO can be restricted to support fewer more expensive technologies.

³ <http://www.guardian.co.uk/environment/2012/jan/13/green-deal-setback-lofts-lagged?newsfeed=true>

⁴ Committee on Climate Change, Letter to Chris Huhne: Proposals for the Green Deal / Energy Company Obligation, 20 December 2011

In addition to the argument that greater flexibility is needed to support an emerging market, there will still be cavities and lofts to be filled that may not be able to be supported by the Green Deal. As the most cost effective way to save carbon and money, the scheme should be designed to continue to enable these properties to be improved.

The Energy Companies, through competition, will seek to support only the installations where their additional contribution is at the lowest costs with the greatest carbon saving. This is likely to exclude any unreasonable technologies. In the short-term, this may include harder-to-treat cavities, and some simple cavities where the Green Deal is not yet mature enough to cover all the costs, but this will assist in bringing the Green Deal market mechanism to fruition, rather than stifling it from the start. In this way as well, there is more room for industry to innovate over the insulation technologies, making them more appealing to customers as well as cheaper to install.

Whilst the solid wall insulation industry will need support to enable consumers with solid-walled homes to take advantage of the Green Deal, the emphasis should be on supporting any reasonable carbon-reducing fabric improvement to the building, rather than specifying a technology for support. Our members have expressed concerns that other building fabrics may not be able to use the Green Deal because of this restriction, including some flats, stone-walled properties, etc. Many of our member councils expressed frustration with the Community Energy Saving Programme (CESP) because it was too technology specific and stopped many of their residents being able to benefit⁵.

We do not think arguing that the initial assessment may not be able to classify hard to treat cavity from normal cavity and solid wall is a strong enough one to exclude other building types from the carbon target element of the ECO.

We consider it important that, because the ECO is financed through everyone's energy bills, it should be made available fairly and transparently to Green Deal providers, Local Authorities and Social Housing Providers who can assist the energy companies in meeting their obligations at a low cost. Equally, the cost of the measures that the Energy Suppliers are funding should be available and transparent to ensure public value for money, and DECC should collect this information from the Energy Suppliers and/or other delivery agents of the Green Deal. This will also help DECC make sure that the ECO subsidy is supporting the

⁵ <http://www.decc.gov.uk/assets/decc/11/funding-support/3342-evaluation-of-the-community-energy-saving-programm.pdf>

⁶ <http://www.decc.gov.uk/assets/decc/11/funding-support/3342-evaluation-of-the-community-energy-saving-programm.pdf>

⁷ <http://www.decc.gov.uk/assets/decc/11/funding-support/3342-evaluation-of-the-community-energy-saving-programm.pdf>

right technologies.

It is also important to understand *who* is paying for meeting the Energy Suppliers' obligations. As demonstrated under CESP the Energy Suppliers will seek to pass on the costs of meeting their obligation to third parties. According to the CESP evaluation report from DECC "the total financial contribution from the energy companies to schemes has been far lower than anticipated"⁶, with some reports saying that third party organisations have contributed as much as 70-80% of the overall cost – namely councils and social housing providers. In an attempt to reduce the impact on bill-payers, the cost of meeting this obligation has been passed to council-tax payers and tenants in social housing, whilst the overall control over what is delivered, to what standard, using what materials and where, remains with the Energy Suppliers, even though they contribute the minority of the costs.

CESP has shown that energy suppliers frequently seek a council financial contribution to their schemes where lower income houses are involved, particularly where they are in the private rented or owner-occupied sectors⁷. We appreciate that DECC does not want to load the cost of the ECO scheme onto energy bills, but this should not mean that costs are loaded onto council taxpayers' bills.

We understand that DECC is seeking to gain maximum contribution from Green Deal finance to keep the cost of ECO low, but we expect that councils will be asked to provide match funding. There needs to be very clear benefits for councils to justify this investment considering recent budget cuts and other competing priorities. In effect, the councils who are procuring the Green Deal are providing their own funding to reduce the risk to private sector finance and the energy companies for this government-led enterprise. Whilst their innovation is to be applauded, the risk for the success of the Green Deal should not be deliberately or knowingly loaded onto local public sector organisations because DECC cannot find the funds themselves.

Q12: We propose that the ECO Carbon Saving obligation should be achieved primarily by promoting and installing solid wall insulation. Should any other measures be supported, and how would these be defined?

Your answer:

We do not support the proposal that the Carbon Target element of the ECO should be used to exclusively support solid wall installations. We believe that the ECO Carbon Saving Obligation should support any carbon-reducing fabric improvement to the property that is not payable within the Golden Rule, for at least the first ECO period (until 2015).

The Energy Companies, through competition, will seek to support only the installations where their additional contribution is at the lowest costs with the greatest carbon saving. This is likely to exclude any unreasonable technologies. In the short-term, this may include

harder-to-treat cavities, and some simple cavities where the Green Deal is not yet mature enough to cover all the costs, but this will assist in bringing the Green Deal market mechanism to fruition, rather than stifling it from the start. In this way as well, there is more room for industry to innovate over the insulation technologies, making them more appealing to customers as well as cheaper to install.

We share the concerns of industry⁸ and the Committee on Climate Change⁹ that that the transition between the current CERT and Community Energy Saving Programme (CESP) schemes and the new ECO are too sudden. The figures given in the Impact Assessment give an alarming picture that the Green Deal and ECO as currently designed will not deliver what is required to meet our Carbon Budgets or address our fuel poverty problem. The Green Deal will be an emerging product in a new and untested market, and should be given as much flexibility as possible to allow it to become established. Once the concept of the Green Deal has entered public consciousness, the businesses develop, and the costs come down, then the ECO can be restricted to support fewer more expensive technologies.

In addition to the argument that greater flexibility is needed to support an emerging market, there will still be cavities and lofts to be filled that may not be able to be supported by the Green Deal. As the most cost effective way to save carbon and money, the scheme should be designed to continue to enable these properties to be improved.

We consider it important that, because the ECO is financed through everyone's energy bills, it should be made available fairly and transparently to Green Deal providers, Local Authorities and Social Housing Providers who can assist the energy companies in meeting their obligations at a low cost. Equally, the cost of the measures that the Energy Suppliers are funding should be available and transparent to ensure public value for money, and DECC should collect this information from the Energy Suppliers and/or other delivery agents of the Green Deal. This will also help DECC make sure that the ECO subsidy is supporting the right technologies.

It is also important to understand *who* is paying for meeting the Energy Suppliers' obligations. As demonstrated under CESP the Energy Suppliers will seek to pass on the costs of meeting their obligation to third parties. According to the CESP evaluation report from DECC "the total financial contribution from the energy companies to schemes has been far lower than anticipated"¹⁰, with some reports saying that third party organisations have

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¹⁰ <http://www.decc.gov.uk/assets/decc/11/funding-support/3342-evaluation-of-the-community-energy-saving-programm.pdf>

contributed as much as 70-80% of the overall cost – namely councils and social housing providers. In an attempt to reduce the impact on bill-payers, the cost of meeting this obligation has been passed to council-tax payers and tenants in social housing, whilst the overall control over what is delivered, to what standard, using what materials and where, remains with the Energy Suppliers, even though they contribute the minority of the costs.

CESP has shown that energy suppliers frequently seek a council financial contribution to their schemes where lower income houses are involved, particularly where they are in the private rented or owner-occupied sectors¹¹. We appreciate that DECC does not want to load the cost of the ECO scheme onto energy bills, but this should not mean that costs are loaded onto council taxpayers' bills.

We understand that DECC is seeking to gain maximum contribution from Green Deal finance to keep the cost of ECO low, but we expect that councils will be asked to provide match funding. There needs to be very clear benefits for councils to justify this investment considering recent budget cuts and other competing priorities. In effect, the councils who are procuring the Green Deal are providing their own funding to reduce the risk to private sector finance and the energy companies for this government-led enterprise. Whilst their innovation is to be applauded, the risk for the success of the Green Deal should not be deliberately or knowingly loaded onto local public sector organisations because DECC cannot find the funds themselves.

We are also concerned that the emphasis on solid-wall insulation has not adequately considered local planning issues, and we would welcome greater engagement from DECC on this issue. The planning system is an important local tool to enable local people to design and have control over the development of their local environment. Whilst we support the Government's efforts to promote the take up of solid wall insulation as an effective way to reduce carbon and reduce energy bills, and as a way to promote regeneration and improve the aesthetics of many homes, it is important that local people continue to retain the tools that the planning system gives them for designing and safeguarding the character of their local places.

The consultation does not seek to address the issue of planning, but it has been raised as an important issue in previous schemes, particularly CESP¹².

¹¹<http://www.decc.gov.uk/assets/decc/11/funding-support/3342-evaluation-of-the-community-energy-saving-programm.pdf>

¹²<http://www.decc.gov.uk/assets/decc/11/funding-support/3342-evaluation-of-the-community-energy-saving-programm.pdf>

Q13: For the ECO carbon saving obligation, we propose that any other carbon saving measures should only be eligible when delivered as part of a package with solid wall insulation. Do you have any suggestions for the criteria by which eligibility within packages should be restricted, explaining why you think any such restrictions should be included?

Your answer:

To further support our statements in responses to questions 11 and 12, we believe that the ECO carbon saving obligation should only be applied to the fabric improvement where it is in excess of the Green Deal that this should relate to any type of fabric improvement, and not to other measures within the property.

Q14: We propose that *any measure* should be allowed under the Affordable Warmth obligation, provided it allows eligible households to heat homes more affordably. If you disagree, or feel there are risks to this approach, please explain and set out any restrictions you believe should be put in place.

Your answer:

We agree that any measure should be allowed under the Affordable Warmth obligation, as long as it reduces the heating bill of the householder. However, safeguards will need to be put in place to ensure that the Affordable Warmth Target does not become simply a boiler repair service. Given the narrow definition of eligibility under the Affordable Warmth Obligation, we expect that energy suppliers will want to achieve a significant improvement in these homes, rather than risk making small improvements in several homes.

We are disappointed that there is not a specific question about the household eligibility for the Affordable Warmth obligation, and that listed questions only relate to the eligible measures. We continue to argue that social housing should be eligible for the affordable warmth obligation.

We understand DECC's concerns that householders in the Private and Privately Rented sectors are putting up with colder homes, and that they are more difficult to find than householders in the socially rented sector, where their social landlords have been acting on their behalf to secure funding to improve their homes. We agree that it is very important to address energy efficiency in private owner-occupied and privately rented homes.

However, we continue to argue that the Affordable Warmth Target should be available to all tenures because:

- It will be more difficult for councils to politically support the Green Deal if their own residents in their own social homes are actively discriminated against.
- Experience of meeting the Super Priority Group under CERT has already demonstrated how difficult and costly it is to find these householders in all tenures. The December 2012 Ofgem update on CERT stated that only 2.6Mt (lifetime) CO₂ has been achieved of a 16.2Mt (lifetime) CO₂ target for the Super Priority Group – only 16% of the target, which has a deadline of December 2012¹³. We have had representation from councils that energy suppliers are desperately trying to work with them to identify householders who qualify for the Super Priority Group. By restricting eligibility based on tenure, DECC will be increasing the costs of meeting this obligation, and it will be much harder to attract third-party match-funding for this tenure-type. This in turn will place higher costs on all consumers.
- DECC should not be seeking to simply replace once unsteady policy intervention with another. The LGA, and other organisations that were under the Local Government Group banner, have in the past made representation articulating concerns about the Warm Front programme¹⁴, ¹⁵, and we are very concerned that DECC considers it appropriate to replace this state-funded intervention with one that is placed on energy bills.
- This is the only fuel poverty programme on offer that councils can get involved in, and the proposal is to restrict the groups that councils are most aware would benefit. This is frustrating for councils seeking to address fuel poverty.
- The argument that DECC have articulated to us is that the Green Deal will work for the majority who only require cavity and loft insulation in the social housing sector. This should equally apply in the private sector. As such, DECC is assuming that social housing providers and councils will themselves find the resources from somewhere to help those who cannot qualify for the Green Deal in social housing, as the energy suppliers are doing for the private sector. Otherwise this target appears to be primarily a boiler repair and replacement target. If this is the case, we urge DECC to be more transparent about its intentions.

¹³

http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/CU/Documents1/223%20CERT%20Q14%20update%20December%202011_WEB.pdf

¹⁴ <http://www.lacors.gov.uk/lacors/PressReleaseDetails.aspx?id=21061>

¹⁵ LGA, Kyoto to Kettering, 2010

The Decent Homes funding cited by DECC is for councils to achieve a minimum standard for homes for a range of issues. It was never designed to assist in fuel poverty.

Continued investment in the maintenance of the existing housing stock is essential in providing a much needed boost in housing conditions for council tenants as well as supporting people into jobs in their local area, strengthening the local economy. Research estimates the cost of bringing social housing up to a decent standard is approximately £6bn (DCLG 2011). We welcome support for this area through continuation of the decent homes programme; however the significant reduction in funding for the programme (£2bn) will impact on councils' ability to invest in their stock and will deplete their asset base. This may have a knock-on effect on their ability to invest in the Green Deal. Councils have also agreed to take on additional finance debt from Government as part of the Housing Finance Settlement.

We understand that DECC is concerned that social housing landlords will use the Affordable Warmth funding to fix their residents' boilers. We have not seen evidence to support this, but we would support disallowing any landlord from using the resources to 'repair' their tenants' boilers. All other measures would then be allowed in all tenures.

We continue to urge DECC and DCLG to give greater support to councils in the deliver of their responsibilities under the Housing Health and Safety Rating System (HHSRS), and to address issues around retaliatory evictions. As set out in our Offer on Climate Change¹⁶, additional guidance would have given councils more confidence to take action against landlords refusing to give their tenants suitable heating, and more importantly would have given the courts more confidence when cases are taken to appeal. We believe that this course of action would have been significantly lower cost than using the Energy Company Obligation to incentivise private landlords to provide a working boiler for their tenants.

Q15: Do you have any suggestions for whether and how we should score, boiler repairs under the Affordable Warmth obligation, such that where repairs are more cost-effective than replacement systems, without significant impact on efficiency, these can be promoted?

Your answer:

We have had representation from councils that the EPC and RdSAP are not sensitive enough to be used for the Green Deal or the ECO. As such, if the EPC and RdSAP are not able to score boiler repairs, then it is not fit for this purpose, and a different type of assessment should be carried out for householders who have been identified as being eligible for the

¹⁶ <http://www.lga.gov.uk/lga/core/page.do?pageId=14130080>

affordable warmth target. This should be based far more on the occupancy assessment, which we believe will be focused on actual energy consumption, rather than fabric improvements.

We understand that DECC is concerned that social housing landlords will use the Affordable Warmth funding to fix their residents' boilers. We have not seen evidence to support this, but we would support disallowing any landlord from using the resources to 'repair' their tenants' boilers. All other measures for the Affordable Warmth Target should then be allowed in all tenures.

The argument that DECC have articulated to us is that the Green Deal will work for the majority who only require cavity and loft insulation in the social housing sector. This should equally apply in the private sector. As such, DECC is assuming that social housing providers and councils will themselves find the resources from somewhere to help those who cannot qualify for the Green Deal in social housing, as the energy suppliers are doing for the private sector. Otherwise this target appears to be primarily a boiler repair and replacement target. If this is the case, we urge DECC to be more transparent about its intentions.

We would like to raise a note of caution that the Affordable Warmth Target does not become a form of boiler repair insurance.

Q16: We are proposing that any heating measures should be allowed under the Affordable Warmth obligation, including for households off the gas grid, and extra incentives should not be put in place for air or ground source heat pumps. Do you have any evidence to bring to bear on the performance of heat pumps to improve the ability of vulnerable households to heat their homes affordably?

Your answer:

According to a recent report by the Office of Fair Trading, "4 million households in the UK are not connected to the mains gas grid and therefore use other fuel sources for their heating¹⁷".

It is extremely important that homes that are off the gas grid are given every opportunity to reduce the heating bills associated with keeping their property at a healthy temperature. It will not be equitable if homes off the gas grid are discriminated against, as they already have to deal with higher energy costs, and a more restricted market to purchase their fuel.

It should also be noted that social homes can be off the gas grid, and disallowing social

¹⁷ http://www.offt.gov.uk/shared_offt/market-studies/off-grid/OFT1380.pdf

housing tenants from accessing the Affordable Warmth target restricts their landlords from assisting them in this form of heating improvement. LGA staff were recently interviewed by the Office of Fair Trading interested in social homes off the gas grid.

We would like to highlight that there district heating systems may also be a solution for some properties off the gas grid, where there is sufficient density.

Q17: To what extent can existing product lists, such as the list of Microgeneration Certification Scheme compliant products be used as the starting point for the Green Deal Products list?

Your answer: Member councils will answer based on their individual experiences.

Q18: Do you agree that allowing enhanced product performance to be recognised in the Green Deal financing mechanism is useful? Do you have any specific views on how this approach could be implemented?

Your answer: Member councils will answer based on their individual experiences.

CHAPTER 3: Green Deal provider and plan

Q19: Are surety bonds the most effective, efficient way to ensure customers are protected in the event a Green Deal provider becomes insolvent or has their licence revoked? What should be the minimum requirements of a Green Deal surety bond be and how much should Green Deal providers be required to insure?

Member councils will answer based on their individual experiences.

Please explain:

Q20: Does our proposed approach to authorisation and oversight of Green Deal providers ensure the necessary standards of consumer protection and proportionate redress without creating barriers to entry into the market?

Member councils will answer based on their individual experiences.

Comments:

Q21: How much weight should be given to the argument for placing financial responsibility for late payment with the payee?

Your answer: Member councils will answer based on their individual experiences.

Q22: What are your views on the government's proposal of requiring Green Deal providers to offer insurance-backed warranties for the entire repayment period? Please provide evidence to support your views.

Your answer: Member councils will answer based on their individual experiences.

Q23: What are your views on the government's proposals regarding changes to the Consumer Credit Act for Green Deal Plans?

Your answer: Member councils will answer based on their individual experiences.

Q24: What are your views on the Government's proposals regarding consumer protections for those Agreements which do not fall within the scope of the CCA?

Your answer: Member councils will answer based on their individual experiences.

CHAPTER 4: The Golden rule

Q25: Is it necessary to afford consumers additional protections and extra comfort where they take out green deal plans in excess of £10,000? If so, is the proposed protection of reducing the saving estimate appropriate and is the 5% figure the correct adjustment?

Member councils will answer based on their individual experiences.

Please explain:

Q26: Do you agree with the approach to the Year One charge that can be used in a Green Deal Plan?

Disagree

Please explain:

We assume the purpose of this proposal is to ensure that in the first year of the Green Deal, the customer's energy bills are not higher than they were before the installation. We assume that this is to mitigate the fact that the savings that theoretically could be achieved by the householder as anticipated by the fabric assessment are not guaranteed. We agree that the golden rule should be based on current energy prices and not theoretic future energy prices.

This back-loading of costs if the golden rule is not being met to ensure that in year one the 'golden rule' works would in effect cost future householders more,. To that end, we believe that it would create confusion and would raise expectations. It would not be advantageous to the scheme for the customer to then have a much higher, and unexpected, bill for the second year of the Green Deal.

Q27: What would be the benefits of allowing Green Deal providers to vary the interest relating to a Green Deal plan in line with the most appropriate component of the fuel and light index?

Your answer:

We think that this will simply confuse customers.

Q28: Do you agree with the proposed approach to how the Green Deal charge can vary in subsequent years of a Green Deal Plan?

Disagree

Please explain:

We do not agree with having a variable charge for the Green Deal, as we believe this will confuse customers, and could load costs onto future occupants.

Q29: Is £150 or 5% of the total Green Deal package (whichever is the least amount) an appropriate limit on the amount of cash incentives which can be offered by Green Deal providers?

Your answer:

Member councils will respond based on their own experiences

Q30 : Do you agree our proposed approach to the Golden Rule principle strikes the right

balance between ensuring the necessary consumer protection mechanisms are in place whilst not unduly stifling ambition and investment in the Green Deal?

Agree

Please explain:

We agree with the concept of the golden rule as it is important to protect future occupants from excessively high costs, and to protect householders and businesses in the rental market. However, in the short term, the golden rule is likely to need support from the ECO to enable the market to develop. This is why we believe the Carbon Target of ECO should be available for all fabric improvements in the short term.

CHAPTER 5: Delivering equitable support and tackling fuel poverty through the Green Deal and ECO

Q31: Do you agree that eligibility for Affordable Warmth measures should be restricted to households who are in receipt of the benefits and tax credits similar to the CERT Super Priority Group and who are in private housing tenures?

Disagree

Please explain:

We agree that there is a need to improve the energy efficiency of homes in the private owner-occupier and the privately rented sector. However, we caution government against simply replacing existing schemes such as Warm Front.

It is very difficult to identify householders who would be eligible for support under the Affordable Warmth target with such stringent eligibility criteria. Energy Suppliers have said to councils that they are struggling to achieve their existing obligation with regards to the super priority group¹⁸. What the Government appears to be doing with this initiative is making delivering against this obligation very costly, so fewer will be able to be supported, instead of having more relaxed criteria that more can benefit from at a lower cost.

The Affordable Warmth target is the only source of funding now for councils looking to make improvements on the fuel poverty agenda. However, the use of benefits as a proxy will always mean that many people end up missing out on more because they do not claim what they are entitled to.

Although the government is seeking to introduce a localist agenda, we continue to have a centralist concept about who are those in greatest need. Local authorities understand their local areas, and know the places where those in greatest need live, and should be given more flexibility to refer and

¹⁸ Reference

help those who will genuinely benefit from this intervention.

Councils have been very valuable in identifying householders eligible for support under the CERT super priority group. By preventing a council's own residents from being eligible for this support, government is putting local government in a difficult position when it comes to engaging their local residents.

We do not support the Government's plans to exclude social housing tenants from being eligible for the Affordable Warmth Target. A householder in a socially rented home should have just as much entitlement to support as someone who owns their own home. The Decent Homes standard referenced by Government is very low, and the programme was never designed as an energy efficiency or fuel poverty abatement programme. The amount of Decent Homes funding has been cut. Councils have also taken on the burden of debt as part of the finance review [more information from housing team].

Restricting social housing tenants sends out the wrong messages to local government and social housing providers about the importance of their role in the Green Deal.

Q32: We propose seeking a voluntary agreement with ECO obligated companies as to how they commit to following up referrals. Do you have any suggestions as to what this commitment should consist of?

Your answer:

A more transparent approach to how energy companies follow up referrals, and the amount of work they then undertake once they have received a referral, is welcomed. As part of this commitment, Energy Suppliers should provide information on the amount of work they undertook as a result of the referral, and where this work was undertaken. We want to avoid councils spending resources on finding householders eligible for support under the Affordable Warmth Target, for them not to be supported. We also think it is important that councils can have information on the number of householders who have been supported in their area, so they can compare this to their referrals, etc. The provision of this information should be mandatory and not part of a voluntary agreement

Q33: Do you have any evidence or views to put forward on whether the benefits of ECO as a whole, or of the carbon saving obligation within it, are or are not likely to be distributed equitably to all income groups? If so do you think regulatory intervention is necessary to ensure a more equitable pattern of delivery and, in particular, do you have any comments on the likely effectiveness of setting a 'distributional safeguard' as a means of achieving this?

Your answer:

We believe that energy suppliers will seek to deliver their ECO at the lowest cost for the greatest carbon emissions, which is likely to be either:

- 1) where an organisation can provide additional funding for their group; or
- 2) where the individual householder can contribute the majority of the funding themselves.

The experience of the CESP demonstrates that energy suppliers will seek to deliver their obligation where they can obtain the most carbon reduction at the lowest cost. Based on representation made to us from councils, and the 2011 DECC CESP Evaluation report, the behaviour of the energy suppliers in delivering CESP included:

- Working with agencies that could provide match funding. These were primarily social housing providers.
- Asking councils to contribute more financially if the scheme did not achieve the maximum carbon uplift.
- Asking councils to contribute more financially where councils were attempting to include private and private rented sector properties, because these householders were considered a higher risk.
- Loading additional costs, such as repair work, onto the partnering council.

Given the availability of current council and social housing finance, it will be extremely difficult for most councils to provide meaningful match funding for the ECO. Also, the experience of CESP will make many more cautious because of the significant fluctuations in match funding requirements.

Given that the Energy Suppliers will seek to achieve their obligation at minimum cost to themselves, through maximising efficiency and getting third parties to pay as much as possible, a distributional safeguard to ensure that householders who are unable to contribute as much to a Green Deal do benefit from the scheme is welcome. We hope that, as well as requiring the Energy Supplier to distribute their resources in such a way as to *not* discriminate against lower income groups, this safeguard will mean that councils are *not* expected to use their own tight budgets to enable their local residents to benefit.

The consultation proposes that the Priority Group that was used under CERT is used as a 'distributional safeguard' in the new ECO. As such, similar issues will arise as under CERT, namely that householders who do not claim the benefits they are entitled to will miss out on this additional support. We appreciate that such national schemes will rely on proxies to determine eligibility and 'need', but we continue to argue that councils are best placed to determine who requires support, as well as the type, location and level of need for support needed in their local area.

Whilst we have not had representation on the proportion of the Carbon ECO Target that should be subjected to a distributional safeguard, councils have raised concerns about how to pay for solid wall insulation in the properties of those experiencing fuel poverty. Suggestions have been put to the LGA to allow greater flexibility in joining the Affordable Warmth target with the Carbon Target in the properties of those eligible for Affordable Warmth, to promote the 'whole house' approach.

It is difficult for us to propose a figure for how much of the Carbon Target should be directed

towards lower income groups, but the figure needs to be significant enough for DECC to be able to demonstrate that their policy is being delivered equitably. We recommend enshrining flexibility into the setting of the both the Affordable Warmth and Carbon Target ECO, and any 'distributional safeguards' within them. In this way, a proper review can take place in 2015 to see how the ECO has been distributed, and a more informed decision can be taken.

If the Carbon Target element of the ECO can be given greater flexibility to pay for any fabric improvements that cannot be met by the Golden Rule, then this lends itself to assisting more lower-income householders.

CHAPTER 6: Consent, disclosure and acknowledgement

Q34: Do you think the framework for consent for the Green Deal charge and measures provides effective protection for the parties involved.

No

Your answer:

We do not think that the framework for consent adequately addresses flats and Homes of Multiple Occupancy.

Q35: What is the best way to draw the future bill payer's attention to the acknowledgement wording?

Your answer: Member councils will respond based on their own experiences

Q36: What will property professions need to do to assist with the effective discharge of the disclosure and acknowledgement obligations? If property professionals assume a duty to discharge these obligations on behalf of property owners, should they face the same consequences as the owners, where they fail to do so?

Your answer: Member councils will respond based on their own experiences

Q37: Are there any other situations in which disclosure and acknowledgment should be required which might fall outside the proposed framework?

Your answer: Member councils will respond based on their own experiences

Q38: Do you think 30 days after receiving the first electricity bill is an appropriate time limit within which someone can dispute disclosure of the Green Deal?

Your answer: Member councils will respond based on their own experiences

Q39: Do you agree with the Government's approach to allowing Green Deal providers to require early repayment in certain circumstances?

Your answer: Member councils will respond based on their own experiences

CONSENT CALL FOR EVIDENCE

How significant do you think consent barriers might be for uptake of the Green Deal in the domestic property sector?

Your answer: Member councils will respond based on their own experiences

How significant do you think consent barriers might be for uptake of the Green Deal in the non-domestic property sector?

Your answer: Member councils will respond based on their own experiences

Is there any relevant evidence from past or current retrofit schemes, or improvement/maintenance works suggesting that consent may be a problem under the Green Deal?

Your answer: Member councils will respond based on their own experiences

Are you able to propose any practical solutions to potential consent barriers, particularly drawing on voluntary and non-regulatory mechanisms?

Your answer: Member councils will respond based on their own experiences

Chapter 7: Installation

Q40: Are there any government backed and accredited scheme standards which operate at present (in addition to the Microgeneration Certification Scheme and Gas Safe), that could be considered as meeting the new Green Deal standard already?

Your answer: Member councils will respond based on their own experiences

Q41: It is not yet clear what the accreditation requirements for GD/ECO will be and how they will impact on incumbent firms in the market. Further work is being carried out to understand and quantify the nature of the impact of these, particularly for those firms that are micro-businesses. We welcome views from incumbent CERT installers on what the potential implications of changes to accreditation would be.

Your answer: Member councils will respond based on their own experiences

Chapter 8: Payment collection

Q42: Do you agree with our proposed debt thresholds? If not, please suggest alternative thresholds with appropriate supporting evidence.

Please explain: Member councils will respond based on their own experiences

Q43: Do you believe that electricity suppliers as well as Green Deal providers should have the right to prevent customers from taking out a Green Deal finance arrangement if these thresholds are exceeded? Please give reasons for your answer

Please explain: Member councils will respond based on their own experiences

Q44: Do you think additional infrastructure is required to facilitate payment remittance?

Your answer: Member councils will respond based on their own experiences

Q45: Do you agree with the proposed 72 hour period for the transfer of payments? If not, please suggest an alternative with appropriate supporting evidence.

Please explain: Member councils will respond based on their own experiences

Q46: During this 72 hour period, should the electricity supplier maintain an account balance at least equal to the total value of Green Deal payments being held?

Your answer: Member councils will respond based on their own experiences

Q47: Do you have an alternative suggestion for reducing the burden on smaller suppliers that would not lead to a potential reduction in the number of electricity suppliers available to Green Deal customers?

Your answer: Member councils will respond based on their own experiences

Q48: Do you agree with the proposed threshold for the smaller supplier opt in? If not, please suggest an alternative threshold with appropriate supporting evidence.

Member councils will respond based on their own experiences
Please explain:

Q49: Do you agree with the proposed level of the annual administration fee? If not, please give reasons for your answer and, if relevant, provide additional evidence of likely cost impacts.

Member councils will respond based on their own experiences
Please explain:

Q50: Do you agree with retaining the existing £200 arrears limit (including Green Deal repayment arrears) for prepayment customers with a Green Deal plan? If not, please suggest an alternative limit with appropriate supporting evidence.

Member councils will respond based on their own experiences
Please explain:

Chapter 9: Delivering Green Deal and ECO

Q51: Do you agree that stipulating strict regulatory quotas for partnering with specific types/numbers of third party delivery agents might be unduly burdensome, and the development of a brokerage model may be a more effective means of achieving the desired outcome?

More information required

Please explain:

We consider it important that, because the ECO is financed through everyone's energy bills, it should be made available fairly and transparently to Green Deal providers, Local Authorities and Social Housing Providers who can assist the energy companies in meeting their obligations at a low cost. Equally, the cost of the measures that the Energy Suppliers are funding should be available and transparent to ensure public value for money, and DECC should collect this information from the Energy Suppliers and/or other delivery agents of the Green Deal. This will also help DECC make sure that the ECO subsidy is supporting the right technologies.

There is definitely a need for transparency around cost of the obligation and how it is recouped from people bills. It is also important that a variety green deal providers can play within this market. If there isn't a mechanism to make the energy company obligation more available to a wider range of green deal providers, the likelihood is that a few large companies will dominate market place.

It is also important to understand *who* is paying for meeting the Energy Suppliers' obligations. As demonstrated under CESP the Energy Suppliers will seek to pass on the costs of meeting their obligation to third parties. According to the CESP evaluation report from DECC "the total financial contribution from the energy companies to schemes has been far lower than anticipated"¹⁹, with some reports saying that third party organisations have contributed as much as 70-80% of the overall cost – namely councils and social housing providers. In an attempt to reduce the impact on bill-payers, the cost of meeting this obligation has been passed to council-tax payers and tenants in social housing, whilst the overall control over what is delivered, to what standard, using what materials and where, remains with the Energy Suppliers, even though they contribute the minority of the costs. We hope that a Brokerage Scheme would overcome these difficulties.

If the Brokerage Scheme is designed to aid access to ECO by other Green Deal providers, social housing providers and councils at a fair and transparent 'price', then the LGA will support this scheme. Given that the first tranche of the ECO is only until 2015, it is important that any Brokerage Scheme does not load costs through complication onto bills or

¹⁹ <http://www.decc.gov.uk/assets/decc/11/funding-support/3342-evaluation-of-the-community-energy-saving-programm.pdf>

Green Deal providers. We look forward to hearing further details.

Q52: Do you agree that it is desirable that energy suppliers should have to fulfil some or all of the (carbon) obligation by spending money promoting measures through those organisations who are able to provide the most cost effective delivery options?

More information required

Please explain:

Q53: Do you agree that we should seek a firm commitment from the ECO suppliers that they will use brokerage for a defined and significant percentage (e.g. 50%) of their obligation? If so, what level do you consider this should be?

Agree

Please explain:

We agree that in order to make any brokerage scheme work, it will be necessary to have a firm commitment from the ECO suppliers, preferably with regulations to give the commitment further weight. We do not believe that a purely voluntary approach will be sufficient, given our experience with our own attempts to establish a brokerage scheme for CERT.

In 2009, the LGA began establishing a brokerage scheme to enable CERT funding to be accessed by smaller councils and organisations. The majority of CERT funding had gone to larger councils, or management organisations, and many rural areas and smaller councils were not benefitting, although they were contributing on their energy bills.

Although the Energy Companies were engaged in the setting up of the brokerage scheme – called the ‘Carbon Reduction One Stop Shop or CROSS – they declined to support it at the crucial moment, for the project to be launched, even with social housing providers accounting for over 50,000 homes were registered to use the scheme. Attached in Appendix 1 is an example of correspondence relating to the LGA CROSS scheme.

We agree that a minimum contribution should be defined, and that it should be significant enough to give economies of scale to the brokerage scheme to make it viable.

Q54: Do you have any further comments on the detailed design of a brokerage, or any alternative mechanism that ensures the most cost effective delivery?

Your answer:

We believe that local authorities should be able to operate within the brokerage scheme in their own right, and that it should not be excluded to registered Green Deal Providers. This will enable locally appropriate schemes to be developed, and will force Green Deal finance to be competitive.

We believe that operating within the Brokerage Scheme should mean requiring minimum levels of information on the types of measures being installed, where they are installed, and how much they cost.

Chapter 10: Consumer protection

Q55: Do you agree the Energy Ombudsman should have a role in helping customers secure redress in the Green Deal? If yes, what further powers will the Energy Ombudsman need to investigate compliance by Green Deal Providers and householders? If no, please explain why not.

Member councils will respond based on their own experiences

Please explain:

Chapter 11: Setting the ECO and target metrics

Q56: Do you agree that targets of 0.52 million tonnes of CO₂ per year saved, and £3.4 billion reduction in notional lifetime costs of heating by March 2015 represents the correct balance between ensuring high levels of delivery and minimising costs that could potentially be passed through to consumers?

Please explain:

Based on the Impact Assessment, it appears that the combination of the Green Deal and the ECO will not be sufficient to meet our fuel poverty or carbon reduction targets. As such, either greater investment will be required, or DECC will need to find other policy tools to meet their objectives. The Green Deal should be regarded as one tool in the box. If the Green Deal is not able to meet the country's carbon reduction and fuel poverty objectives,

we are happy to continue working with DECC to assist in the design of other policy interventions.

Q57: Do you agree with the estimated costing of this scale of ECO at £1.3bn p.a. as set out in the Impact Assessment? Do you have additional evidence on the costs and benefits of the proposed targets for consideration in further analysis?

Member councils will respond based on their own experiences

Your answer:

Q58: The division of the overall ECO between energy companies could be based on share of customer accounts, or sales volume. Do you have a preference as to which metric should be preferred, taking into account possible impacts on distributional equity? Please provide evidence for your views.

Your answer: Member councils will respond based on their own experiences

Q59: We propose that savings calculated through the SAP-based Green Deal Assessment methodology be used as the basis for ECO targets and scoring. Can you envisage any undesirable or inadvertent effects, that this approach might result in? If so, please provide details and evidence

Your answer: Member councils will respond based on their own experiences

Q60: Should targets and scores for the Carbon Obligation and/or the Affordable Warmth Obligation be expressed on the basis of the annualised savings of measures or the lifetime savings?

YOUR ANSWER: Member councils will respond based on their own experiences

Chapter 12: Green Deal monitoring and evaluation and ECO administration

Q61: Is there other information the Government should collect in order to enable effective monitoring, evaluation and reporting on the performance of the Green Deal and ECO?

Your answer:

Considering the national and local government-backed emphasis on this initiative, it is important that monitoring does take place and that energy suppliers are more transparent about how the costs of obtained.

We emphasise the importance of understanding where geographically the installations are taking place, and that this information is made available to councils at no cost, so that they can understand how the Green Deal is operating in their local area.

In addition to the information proposed, we urge DECC to also collect information on the proportion of the improvement work that is paid for by (a) the householder under Green Deal Finance; (b) ECO; (c) third party funding – i.e. a local authority. According to the CESP evaluation report from DECC “the total financial contribution from the energy companies to schemes has been far lower than anticipated”²⁰, with some reports saying that third party organisations have contributed as much as 70-80% of the overall cost – namely councils and social housing providers. The information proposed here will help DECC understand whether Green Deal finance is operating as anticipated and is providing most of the funding; whether the ECO is providing the majority of the funding, loading costs onto energy consumers bills; or whether the costs of the scheme are being met by other organisations or other public funding sources.

We are awaiting more details on the new statutory guidance under the Home Energy Conservation Act, and the conclusions of the Committee on Climate Change in their analysis of local action on climate change, but if councils are expected to monitor increased energy efficiency, or reductions in CO2 emissions, or fuel poverty indicators, then they must have access to this information. Councils routinely have access to highly sensitive information, and we continue to be uncertain as to why government feels they are more qualified to handle information on energy efficiency than local government. Alternatively, if this information is simply be given to central government, then local authorities do not need to take on an additional burden of reporting on the improved energy efficiency or going to

²⁰ <http://www.decc.gov.uk/assets/decc/11/funding-support/3342-evaluation-of-the-community-energy-saving-programm.pdf>

take up their local area. However, to keep councils engaged on this agenda, which is repeatedly given as a priority for DECC, this information should be available to councils to enable them to put together strategic CO2 reduction plans for the local area. The emphasis on good local data was a key theme of the DCLG and DECC-backed Local Carbon Framework Pilots reports²¹, ²²

Q62: Should DECC be responsible for administering the ECO, with technical functions outsourced to the private sector, or should Ofgem administer the scheme? Please provide evidence to support your views

Your answer:

To ensure value for money, we propose that DECC should be responsible for administering the energy company obligation and the green deal, and that technical functions should be outsourced. Our experience with Ofgem under CESP was that, because their purpose was solely with regards to energy companies, they would not engage with local authorities – often contributing as much as 80% of the cost of a scheme. A greater degree of flexibility, given the range of parties who may be involved in this product, is required.

General comments

Q63: In addition to the specific questions asked throughout this consultation document, do you have any other comments on any aspect of our proposals?

We urge DECC to begin drafting the forthcoming regulations for the Private Rented Sector minimum energy efficiency standards as soon as possible. This is to give local authorities certainty about their new powers and responsibilities, and to allow them to appropriately advise private landlords operating in their area.

Whilst the Green Deal as currently crafted does not prohibit the street-by-street roll out of energy efficiency measures, we believe it could do more to enable councils to deliver the Green Deal in this manner. The street-by-street roll out has been expressed as an ambition by the Minister for Climate Change, and we are keen to explore ways to help the Minister deliver this ambition. We believe councils will be the key agents to coordinate a street-by-street roll out of energy efficiency and carbon reduction measures.

²¹ http://www.local.gov.uk/web/10161/topic-climate-change/-/journal_content/56/10161/3225665/ARTICLE-TEMPLATE

²² <http://www.energysavingtrust.org.uk/england/Professional-resources/Developing-a-strategy/Local-Carbon-Framework-pilots>