



Work Plan Study on Green Deal

**Report by the
Environmental Scrutiny Panel**

January 2012 - December 2012

Background

The Green Deal is the new government initiative that is designed to help business and home owners to employ more green technologies in their properties. The idea is simple; install new green technology into your property with no up front costs. You will pay back the costs through your energy bill over a period of time. This is unlike a conventional loan because if you move out of the property the bill stays with the property where the savings are occurring and not with the bill payer.

Chair's Commentary/Foreword

In July 2012 the Scrutiny Panel decided to undertake this study. Our decision was influenced by the imminent launch of the new Government scheme called Green Deal. And the panel felt that we needed to investigate aspects of Council involvement in the scheme and how residents of Preston could benefit from it.

During the study we discovered that some current energy efficiency schemes were still ongoing. And that Preston City Council had been extremely successful in bringing a lot of funding streams to the City amounting to millions of pounds worth of investment. Due to hard work from our officers the funding brought into Preston far exceeds investment that neighbouring authorities have managed to secure for their Towns and Cities. And in these times of austerity that is extremely commendable.

Visits to Sandown Court in Avenham and Seven Rivers in Fishwick where undertaken and proved to be very informative, showing us how external cladding is used to insulate properties. We also looked at packages that companies were offering regarding solar panels. And part of this study considered energy saving with regard to curbing fuel poverty particularly amongst vulnerable people including the elderly.

On behalf of the Environmental Scrutiny Panel, I would like to thank the officers involved for their assistance and all outside bodies that took part.

Councillor N Pomfret
Chair of the Environmental Scrutiny Panel



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Green Deal and the Energy Company Obligation (ECO)

1. Introduction

- 1.1 This topic was suggested to the Environmental Scrutiny Panel as a review which the Panel could undertake as a work plan study following a presentation by the Corporate Director Environment on Renewable Energy at the Panel meeting held on 19 January 2012. The study began on 28 February 2012.
- 1.2 The Panel's deliberations were conducted over the course of six meetings held in February, April, May, July, September and November 2012. Additionally, the Panel undertook two site visits as part of the study details below. This involved detailed information gathering, presentations and interviews held with the following key attendees.

Preston City Council Officers –

Eirian Molloy, Environmental Health Manager
Andrea Howe, Private Sector Housing – Support Team Leader
David Gough, Senior Surveyor
Diane Vaughton, Conservation Officer

External attendees –

Katherine Haworth, Consultant
Steven Cirell

In addition to the above the Panel received contributions from:

Mary McBride,
Community Gateway Association
Contour Housing
Place for People
Your Housing Group (Formerly Eavesbrook/Harvest)

Also the Environmental Scrutiny Panel conducted a site visit to Sandown Court to view the CESP scheme work in progress. Also the Panel visited the Seven Rivers Flats on Samuel Street to observe the work done under the same scheme.

2. Membership

2.1 The Panel was chaired by Councillor Nick Pomfret, the full membership being:-



Councillor Pomfret



Councillor Mrs Crompton



Councillor Mrs Brown



Councillor Crowe



Councillor Davies



Councillor Faruki



Councillor Moore



Councillor Y Patel



Councillor Seddon



Councillor Mrs Atkins



Councillor Mrs Smith

3. Deliberations

- 3.1 The Scrutiny Panel met on a number of occasions to gather information/evidence, interview witnesses and discuss findings.
- 3.2 A summary is given below of the information produced at each meeting. Full detailed minutes can be found by referring to the links included:-

19 January 2012

Mr Lovatt, Corporate Director Environment gave a presentation on Renewable Energy. By way of introduction he outlined both the local and national policy in respect of renewable energy and energy targets. The Lancashire Climate Change Strategy was outlined to the Panel including details of each of the four sectors of the strategy. Mr Lovatt outlined the Authority's desire and commitment to become a carbon neutral council and it was explained that the Authority was working towards achieving this target. In respect of energy efficiency Mr Lovatt reported that there were efforts to improve building performance and the use of new technology was being considered to drive this forward. Also there was an opportunity for the Authority to enhance its energy efficiency through the 'Green Deal' programme. He suggested that the Environmental Scrutiny Panel could look at the 'Green Deal' as its next Work Plan Study.

Mr Lovatt outlined the various means of energy generation and gave his opinion on the ones most suitable for the Council. Details of partnership working and future policy development were presented to the Panel. It was reported that there were a number of schemes available some with no up front costs. One of these was the 'Green Deal' programme which was worth considering.

Mr Lovatt then responded to the Members questions in relation to the

- code for sustainable homes (level 4),
- solar panels
- windturbines
- Green Deal.

28 February 2012

Mrs Eirian Molloy, Environmental Health Manager, presented a draft scoping document on the Work Plan Study in relation to the Implications of Green Deal and Energy Company Obligation. This was presented for consideration by the Panel.

It was suggested that as part of the study consideration be given to fuel poverty and deprivation particularly amongst vulnerable people including the elderly.

Eirian Molloy presented details of the current position in relation to Green Deal. It was reported that consultation had only recently ended and a final decision on the proposals was yet to be published. It was explained that it

was envisaged that the Green Deal would follow the current energy efficiency and insulation scheme for which funding was due to end in December 2012. The Panel were informed that the energy suppliers have been set targets by the Government to reduce carbon emissions through domestic properties and energy efficiency targets which has resulted in the utility companies spending millions of pounds providing cavity wall and loft insulation to households across the country and also variety of other energy efficiency measures.

Eirian reported that Preston City Council had been highly successful in bringing in a lot of funding streams to the City over the last 10 years for schemes such as these and the current insulation scheme which was due to end in December. As targets had to be met by December 2012, the Energy companies were working intensely to carry out work on properties in order to achieve them and to get the money spent. The Council was involved in promoting, marketing and undertaking survey work in respect of these schemes.

Officers then responded to Members questions/comments on

- Grants currently available from the Council.
- Expensive energy efficiency measures such as upgrading of double glazing.
- If empty properties were included in the scheme.
- Whether current scheme was open to all not just customers of specific suppliers.
- Application has to be made by residents/owners.
- Contract between property owner and funding company.
- Suggested contact with partners such as Age Concern and Care and Share to promote schemes particularly to the elderly.
- Engaging RSLs to sign up to energy efficiency schemes.
- Data on the demographics of the people signing up to these schemes.
- Data indicating links between fuel poverty and deprivation.
- Explanation on Code 3 and Code 4 including Article 4/conservation area planning permission and whether this was deterring people from making changes.

Eirian Molloy informed the Panel about the details of the Green Deal and the proposal of how it would operate. It is proposed that Utility companies would undertake energy efficiency measures on dwellings the cost of which would then be put on household bills. The pay back would be through the bill but there was a 'Golden Rule' that the bills should not be higher than what was being paid before the measures were installed as the efficiency savings would counter the cost of the installations.

26 April 2012

Andrea Howe, Support Team leader, Private Sector Housing, gave a presentation on energy efficiency in Preston. Andrea outlined details of the domestic household energy efficiency schemes delivered between 1998 - 2011 and then provided details of schemes from 2002 - 2012. The Panel were provided information on the Carbon Emission Reduction Targets (CERT) and were informed that the energy suppliers needed to meet government targets by December 2012. It was explained that as a result of CERTs energy supplier Scottish and Southern Energy were investing heavily in domestic properties in Preston providing 'whole house' measures to improve energy efficiency. Initially the funding from Scottish and Southern Energy was targeting Super Output Areas (SOAs) however it was pointed out that free loft insulation and cavity wall measures would be offered to all residents in Preston.

Andrea outlined details of the Community Energy Savings Programme (CESP) Scheme. This scheme targeted the poorest 10% Super Output Areas (SOAs). It was reported that out of 4500 SOAs in UK 15 were in Preston. CESP promotes a 'whole house' approach – a package of energy saving measures best suited to individual properties. Details of work and funding were presented to the Panel. Andrea also gave details of current CESP schemes in progress and schemes that were ready to start soon and to be completed before December 2012. It was explained that all CERT and CESP schemes end in December 2012 at which point it was envisaged the Green Deal and the Energy Company Obligation (ECO) will take over.

Officers then responded to Members' questions/comments on

- Privately rented properties – these were eligible under the schemes outlined however permission was required from the landlords. It was felt that most landlords would agree to sign up to these schemes as they were free.
- Concerns were raised in respect of residents in rural areas who were 'Property Rich' however did not have disposable income to spend on their properties and carry out these energy efficiency measures. It was explained that all properties were entitled to cavity wall and loft installation for free from Scottish and Southern Electric.
- It was suggested that properties in Preston including those in the rural areas could benefit from the Green Deal and this is the reason the Authority could take a position to promote the scheme.
- It was raised that cavity wall installation could not be carried out on some properties due to the brick work. It was explained that there were new products now available on the market which allowed cavity wall installation on properties, which could not be done previously.

- In respect of a query regarding guarantee of work carried out by the contractors under these schemes the Panel were informed that if damage is caused due to work undertaken then repair costs will be paid by them and all cavity wall installation was guaranteed for 25 years.
- Questions were raised in relation to time restriction for sale of property following the work being completed. It was explained that there were no time restrictions under these schemes.
- It was confirmed that all properties were treated the same regardless of whether they were privately owned or rented.
- The Panel were informed that Community Gateway Association (CGA) had also signed up to the scheme and their housing stock was also included and eligible under the CESP and CERT schemes.
- Concerns were raised in respect of promotion of these schemes and the lack of take up. The reasons why residents were not signing up to these schemes needed to be identified. It was suggested that the forms sent out should allow for people to respond as to why they were not signing up.
- It was suggested data regarding the number of properties already with these measures needed to be collated in order to give a clear picture of the number of dwellings with energy efficiency measures. This would also help promote schemes with a targeted approach.
- It was suggested that these schemes could be promoted through the PACT meetings.

David Gough, Building Control, Diane Vaughton, Conservation Officer and Bruce Johnston (UCLan Student), were in attendance to answer members' questions in respect of planning and energy efficiency measures relating to Planning and Conservation. David Gough provided an overview of building control involvement in measuring and ensuring energy efficiency levels were being achieved on developments in the City.

He explained that the service provided by building control was also offered by private companies however the one provided by the authority was efficient, professional and of high level. He outlined some of the differences in respect of Code 3 and Code 4 energy efficiency measures. He explained that these levels could be achieved in a variety of ways and there were a number of methods to reach targets set within the guidelines. There was no exact method to achieve Code 4. It was explained that a property could have solar panels along with some other energy efficiency measures but may not necessary meet Code 4 level due to some shortfall. The Panel was informed that there were also cost implications to achieving Code 4.

Diane Vaughton provided information on legislation regarding solar panels on properties including those in the conservation area. She informed the Panel that a number of these measures now came under permitted development due to which it was very difficult to control where these measures were being installed. She informed the Panel that Bruce Johnson a UCLan student had been working with the Council on a placement and he had produced a planning guidance document for residents. The advisory document would be available on the Preston City Council website in due course. Bruce gave details of the scope of the document and its objective which was advisory. The document could be updated in light of the Green Deal when the details of the scheme were published.

Officers then responded to members' questions comments on

- Solar panel and planning legislation in relation to solar panels.
- Concerns were raised in respect of maintenance of roofs following installation of solar panels. The Panel were informed that the installers/contractors carry out inspections and assessments of roofs before the panels were installed.
- Concerns were raised in relation to bogus builders selling solar panels to properties who would not benefit from them. It was suggested that if residents come across rogue salesman then they should be reported to Trading Standards.
- Detailed information and guidance documents were requested in respect of Code 3 and Code 4 as it was felt that this was key to differentiate between the two particularly for this Work Plan Study.

31 May 2012

Eirian Molloy, provided an updated to the Panel on issues raised previously by members of the Panel. She presented statistical information on the current schemes running in Preston. The data presented highlighted the number of installations completed to date by Home Insulation Services (HIS), the Council's current partner. It was acknowledged that the data presented did not give a clear indication and measure the number of properties that have had work carried out through other providers as there was no requirement for this data to be notified to the Council. However, the Panel was informed that a Housing Stock Condition Survey which was carried out every 5-6 years was due to be undertaken soon, and may give a fuller picture across the City. The complex survey looked at various things including energy efficiency measures installed in properties. The independent survey would be carried out later in the year and snapshot of results would be available before the end of the current work plan study.

In respect of promoting these 'free' energy efficiency measures at PACT meetings, the Panel was informed that discussions had taken place with the Community Engagement Team and details of the scheme would be on future PACT meeting agendas. It was asked that if members thought of any other methods to promote the scheme to let officers know.

The Impact of Cold Homes on Health

Eirian Molloy gave a presentation on the health impact of living in cold homes. It was reported that evidence was there which concluded that a relationship between poor housing and health does exist. Poor housing is known to increase the risk of heart disease, stroke and respiratory illness. Mental health is also affected by poor housing conditions. Eirian highlighted how cold houses impacted on health and identified specific health problems developed due to this, including negative impact on children's education attainment and emotional well-being. Cold homes also reduced mobility and increased the risk of accidents due to reduced dexterity.

Cold homes also have impact on Excess Winter Deaths (EWS). It was reported that Britain, compared to parts of Europe, had much greater seasonal fluctuation in death rates, largely due to our lower proportion of energy efficient housing. The definition of fuel poverty was outlined to the Panel and the factors leading to this. It was reported that nationally only 60% of properties have loft and cavity wall insulation.

Officers then responded to Members' questions/comments on

- Concerns were raised in respect of properties that could not have cavity wall insulation work carried out due to the type of build. It was felt many of these properties housed people who were on low income and could not afford to have alternative measures put in.
- In respect of privately rented properties, the Panel was informed that there was a proposal to make it a requirement for landlords to meet minimum energy efficiency targets through the Green Deal.
- A repeat mail shot was suggested in order to target households who had not responded to the original promotion of the loft and cavity wall insulation scheme. The Panel was informed that any repeat mail shot could only be done if the funding provider requested it and allocated funding for it.
- Query was raised in respect of damp in homes, it was reported that this was not covered by the scheme.

Activity in the RSL Sector

Eirian Molloy provided a briefing note and an update in respect of energy efficiency measures and schemes Registered Social Landlords (RSLs) in Preston where involved in. The Panel were informed that the Community Gateway Association (CGA) had been introduced to the Lancashire Insulation Fund which many of the Lancashire Authorities had signed up to. All of the CGA properties were currently being surveyed outside the CESP areas to ensure that cavity wall and loft insulation had been installed. All work that is identified on these properties will be carried out free of charge to CGA.

It was also reported that CGA have properties in 14 of 15 CESP areas in Preston and were actively engaged with the schemes which were currently being progressed by PCC. Surveys were being carried out by the main contractor Regain Energy Systems on CGA properties in the Fishwick and Town Centre wards which were the first schemes to be given the go ahead by Scottish and Southern Energy (SSE) who were the funding provider. CGA were committed to the schemes and were willing to contribute towards the works required.

The panel was informed that Contour Housing had properties in two of the CESP areas – Fishwick and Town Centre wards. Contour Housing were keen to join the CESP schemes especially to install energy efficiency measures to their three tower blocks in the Town Centre ward – Lincoln House, Carlisle House and Richmond House which need new heating, external cladding and glazing. Regain Energy Systems had been given permission to carry out a feasibility study at these flats. A decision to join the CESP schemes will be made following the outcome of this study.

It was reported that Places for People were currently working with an insulation contractor to ensure that their properties in Preston are insulated to current standards. In respect of CESP schemes, Places for People were keen to join the schemes particularly in the Town Centre ward buildings including – Empire House, Molyneaux Court and Lychgate House and in Ribbleton – Ribble Heights. The level of funding had been established with SSE and Places for People were currently looking at procurement issues.

Your Housing Group (formerly Eavesbrook/Harvest) previously had work funded by SSE under the CERT scheme where most of their properties had cavity walls and loft insulated or topped up to current standards. Your Housing Group were also keen to join the CESP scheme and had identified their properties in the CESP areas. Discussions were on-going to progress the scheme further to allow work to be done on those properties.

12 July 2012

Katherine Howarth of KH Environmental Design Limited attended the Panel meeting to give a presentation on the Green Deal.

Katherine provided the Panel with the background to the Green Deal initiative which was to reduce energy loss. The Panel were informed that on 18th October 2011 The Energy Bill received Royal Assent and became the Energy Act 2011. It is the Energy Act which has provided for the Green Deal. It was explained that the Climate Change Act 2008 set Carbon Emission Reduction Targets (CERTS) to reduce Carbon Emissions by 34% by 2020 and 80% by 2050. It was reported that domestic properties were responsible for 23% of the UK's Green House Gas emissions and the cost of the average household energy bill was currently £1,124.00 which could rise by 33% by 2030. It was the Coalition Government's objective to drive forward home energy efficiency improvements and in business and public Sector buildings.

Katherine informed the Panel that there were four main objectives of the Green Deal for the housing market:

- Provision of accredited advice and recommendations to improve the energy efficiency of UK homes.
- Energy efficiency modifications to be made at no upfront cost to the homeowner.
- Reassurance that all improvements will be of the highest standards.
- The allowance for repayment for improvement to be made via the energy bills of the property with the added opportunity of changing supplier at any given time.

Details of how Green Deal would work were outlined and the 'Golden Rule' was explained to the Panel:

- Initially, a property will be assessed by a 'Green Deal Assessor' to show the property's energy efficiency and recommend measures, resulting in a Green Deal assessment and energy performance certificate (EPC).
- Following the assessment the customer was then at liberty to contact a 'Green Deal Provider' for a quotation for the finance and installation for one or more of the recommended energy saving measures.
- The provider and the customer agree a 'Green Deal Plan'. The plan sets out the agreed amount of finance required and the terms for repayment.
- The customer therefore will be paying for the energy efficiency improvements by instalments, through a charge on their energy bill. PAY AS YOU SAVE.

The 'Golden Rule' for the Green Deal is that any charge must be less than the expected savings from the Energy Efficiency Improvements to the property. The repayments should not be higher than the normal energy bills, reducing the risk of default on the repayments. The costs must include all costs including those of labour, materials and finance.

The Panel were then informed about the financial arrangement for the scheme and details of the key players involved were provided. Katherine presented an overview of the certification framework and the Green Deal timetable. The Code of Practice and the possible role of the local authorities were outlined. It was suggested that local authorities may wish to consider three broad approaches:

1. Provide – the Green Deal directly to their local residents and businesses, co-ordinating finance and delivery;
2. Partner – work in Partnership with commercial Green Deal providers and community partners to deliver and facilitate delivery; or
3. Promote – by acting as advocates for the Green Deal locally.

The local authority involvement may include helping residents and businesses to realise the benefits of the Green Deal, work with local community Leaders to generate interest and take-up of the Green Deal also engage local people and bring communities together to improve cost effectiveness.

Further details on the Energy Company Obligation (ECO) were provided to the Panel and details of the Government subsidy for the Green Deal. The public and local community views on the Green Deal were presented and the preparation for the scheme was outlined.

Katherine then responded to Member's questions/comments on:

- Loan element of the proposed Green Deal. Members were informed that the loan was on the property, not on an individual.
- Concerns were raised in respect of feeder tariffs for solar panels and the different rates depending on the energy efficiency of the property.
- It was queried if there would be much interest in the scheme as the level of work to be undertaken in order to achieve the required level to save was quite high and it would mean that a number of properties would not be able to achieve this due to costs.
- It was confirmed that all those involved in delivering the Green Deal would be accredited personnel.
- It was suggested if owner/occupiers sign up to the Green Deal it may make the property unsellable or less rentable due to the Green Deal loan repayments outstanding on the property.
- Also landlords would be wary of tenants signing up to the Green Deal scheme without the landlord's prior permission.
- It was queried whether the loan period would be extended if the property is left empty for a certain length of time. In response the Panel were informed that this was unclear.
- Concerns were raised that the Green Deal scheme was another form of income stream for providers through interest charges.
- It was suggested that the Green Deal scheme loan would be better and more attractive if it was set up like the student loan which was tied in to an inflationary rate rather than a fixed rate.
- It was suggested that the take up of the scheme may not be very high as many people may be sceptical about the benefits and the notion of 'something for nothing'.

The Chair thanked Katherine Howarth for attending the Panel meeting and for her presentation.

16 August 2012

The Panel undertook a site visit of Sandown Court, Avenham Lane, Preston. During the site visit the Panel observed the work that had been carried out by Regain Energy on behalf of Scottish Southern Energy under the CESP scheme. Members were highly impressed with the work that had been completed so far and were looking forward to the completion of the remaining of the proposed work. Members were also provided information about work that had started on properties in the Fishwick area in particular the seven rivers flats. Members suggested that a site visit be undertaken to view the work there when it was complete.

27 September 2012

Eirian Molloy gave an update on the cavity wall and loft installation work carried out to date. She reported that the latest figures confirmed that Preston had the highest number of cavity wall and loft installations completed in Lancashire. The figures presented did not include installations carried out privately. Eirian confirmed that any work undertaken through schemes the council was involved in such as CERT and CESP would all be covered by time limited guarantee against defects.

In respect of the CERT and CESP schemes which were due to finish at the end of December it was reported that these schemes were going to continue into Spring 2013 as the energy companies had not met their targets set by Government. The time extension was to allow the work scheduled under these schemes to be completed albeit later than originally anticipated. An update on the Energy Company Obligation (ECO) was also detailed by Eirian. It was reported that funding was still available under this scheme and a meeting with the energy companies was due to take place at the end of October to ascertain which company will offer the best deal for people in Lancashire.

In respect of the draft Work Plan Study on the Green Deal Mr Philips informed the Panel that the study was not yet complete as there were still a number of areas that required further clarification and guidance. He suggested that an expert in the field of energy efficiency Mr Steve Cirell be invited to a future meeting and be asked to give advice on the possible role of the Authority on Green Deal. It was acknowledged that there was no deadline for the Authority to take a stance on Green Deal. It was suggested that further investigation on the options available be undertaken and a site visit to the Seven Rivers flats in the Fishwick Ward where work had commenced under the CESP scheme be undertaken.

8 November 2012

The Environmental Scrutiny Panel undertook a site visit to Severn Rivers Flats, Samuel Street, Preston. Upon arrival the Panel Members received an overview of the scheme at from Mr J Smith, Project Manager, at Samuel Street. He highlighted the work carried out to date and outlined details of work to be done. Mr Smith informed the Panel about the additional work the contractor had undertaken and planned to do over and above the CESP scheme. Additional work such as new security gates and re-tarmacing of the car parks had been agreed by the contractor. It was envisaged that the work at Samuel Street, Severn Rivers Flats would be completed in early December 2012.

Anti-social behaviour and problems with the management company was highlighted to the Panel by residents present. The Anti-Social behaviour problems were acknowledged by the scheme officers and the Panel were informed that a multi-agency meeting had been held and further discussions were on-going to deal with issues at the site. It was reported that there would be two flats converted into bases for the local PCSOs. It was also suggested that there would be improved CCTV coverage at the site. The Panel Members received a guided tour of a flat where the work was almost complete and they were also shown the Bio-mass boiler plant and how it operated.

The Chair thanked officers and the contractor for the site visit and members were very impressed with the scheme and the work completed to date.

Following this, the Environmental Scrutiny Panel undertook a site visit to West View Leisure Centre. John Bradley, Facilities Manager, gave an overview on the Combined Heat and Power Unit (CHP). The Panel was informed that the unit had been installed in 1998 and had since generated 8,890,602 kwh of electricity, 5049 tonnes of CO2 saving and 962,994 kwh of heat had been generated. It was reported that on average 635,043 kwh of electricity had been generated per annum; and at today's prices these equated to a saving of around £52,560. The Panel were also shown the Voltage Optimisation unit and given details of the savings made to date. Also, the new boiler plant and hot water generation units were shown to the Panel and it was reported that the approximate cash saving based on today's figures were £13,766 following the installation of these.

Members were impressed by the equipment installed and pleased to hear about the savings being made. The Chair, on behalf of the panel, thanked the officers for showing members round and for the information provided during the site visit.

28 November 2012

Mr Steven Cirell, was in attendance to give an oral presentation on Green Deal. He informed the Panel that he was a solicitor by trade and had an extensive local government background. He was currently an advisor and a consultant on Green Deal. Mr Cirell had also been involved in advising Preston City Council on the Wind Energy Project. The Panel were told that it was a very important time at the moment in relation to Green Deal which had been directly introduced as a result of the Climate Change Act 2008. There was a legal requirement to make an 80% reduction in carbon emissions. Although the targets were very high these were being driven by policy and financial incentives to help achieve these targets. It was reported that 40% of emissions came from buildings and the main problem was the age of majority of these properties.

Mr Cirell outlined the concept and mechanism of the Green Deal Scheme. He then informed the Panel that the Authority could take up one of the following roles:

- Assessors – to calculate and ascertain what work is required and necessary.
- Provider – to provide the finance for the scheme and may also carry out the work.
- Promoter – to raise awareness of the scheme by providing information to the public via the Council's websites and other publications.

He also suggested that there were other options and roles available to the Authority such as:

- Ostrich – Literally do nothing by sticking your heads in the sand.
- Cheerleaders – Stand on the side and cheer it on and if it does not work keep quiet.

- Consortium – Work with other providers covering all areas including promoting, assessing, financing and delivering the Green Deal. However, it was acknowledged that this would be resource intensive and there would be a lot of work required to put a consortium together.

The Authority is likely to want to ensure residents were not “ripped off” and may wish to assume a role to oversee the scheme in the Preston area. Due to cost implications Mr Cirell acknowledged that the Authority may not be in a position to be the provider but he stressed that involvement was important. It was stated that the Council could not and should not stand back and not do anything. He advised that whichever position the Authority took on Green Deal a development of a policy on the scheme would be advantageous. Consultation with providers, contractors and those involved would be prudent and would enable the Authority to understand the scheme better.

Mr Cirell was clear that he did not know whether the scheme would succeed or not but he was sure that as carbon emissions targets had to be met, if it fails it would be re-modelled and changed accordingly. A lot of investment had been committed and providers were taking a risk on the numbers of people/properties who will sign up to the Green Deal.

Mr Cirell then responded to Members’ concerns and queries in respect of;

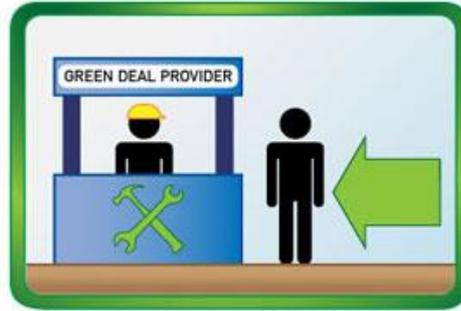
- The number of energy companies signed up to Green Deal. Mr Cirell reported that out of 22 signed up to the scheme none were energy companies.
- In respect of the pay-off period the Panel was informed that typically these would be 25 years.
- It was reported that difficult properties on which cavity wall installation and other similar work cannot be undertaken due to the type of build these properties would be covered by the Energy Company Obligation (ECO).

It was reported that the housing stock condition survey of properties in the city had been completed and the results of the survey would be provided to the Panel in due course. The Panel was informed that the survey did not look at every property but was done by sample, checking all types of properties in all areas.

It was confirmed that all work under Green Deal would have to be completed at a set standard and the providers were responsible for ensuring that this specification is met. The providers were certified and regulated through the national scheme.

How the Green Deal will work

① Approach an installer with Green Deal Provider status



② A Green Deal assessor will then survey your home



③ A report on your home's performance and potential improvements is issued.



④ The expected energy savings **must** outweigh the cost of any improvements for the loan to be given

⑤ Once the work is complete, you should see the difference in your energy bills.



⑥ Green Deal finance will stay with the property until paid off.

If you move house, the new owners will take on the payments.

4. Findings and Conclusions

1. Energy companies had to meet Government targets to reduce carbon emissions by 31 December 2012.
2. Scottish and Southern Energy had committed to fund schemes to reduce carbon emissions in Super Output Areas (SOAs) of the city.
3. A number of schemes and grants were available for energy efficiency improvements from a variety of providers. However, Preston City Council were only working with Scottish and Southern Energy and their contactors.
4. The Green Deal would replace all schemes currently in operation.
5. The proposals for Green Deal were not very clear.
6. The Authority can assume one of a number of roles in the Green Deal including; provider, partner, financier, or promoter.
7. Due to the cost implication it was unlikely that the Authority would be in a position to be a provider or financier of the Green Deal Scheme.
8. The options for the Authority was limited and due to lack of clarity and guidance the Authority were not in a position to promote the scheme either.
9. Concerns in respect of the loan element of the Green Deal and the proposed interest rate were raised by the Panel members.
10. It may be more difficult to sell properties that have Green Deal loans attached to them unless these are reflected in the sale price.
11. Concerns were raised and difficulty was acknowledged in respect of raising awareness of funding and energy efficiency schemes available, this was evident from the take up from residents, which was relatively low.
12. The Green Deal had a 'Golden Rule' that energy bills would not be higher than previously prior to work being carried out as the efficiency savings would reduce the charges.
13. The Green Deal would a continuation and follow up to the work done under other schemes such as CESP.
14. The Authority were actively working to reduce its own Carbon emissions through varies means including the use of a Combined Heat and Power Unit (CHP) at the Leisure Centre.

15. Important to ensure the residents of Preston did not lose out from Green Deal providers.
16. A policy on Green Deal would be advantageous to the Authority.
17. The pay-off period for the Green Deal scheme was around 25 years.

5. Recommendations to Cabinet

Members note the continuing uncertainty around Green Deal since its launch by the Government in 2011, and in particular that few local authorities have successfully launched it as a concept in their area. There is a genuine concern that the proposed interest rate which will be attached to a Green Deal product will be significantly higher than other products, and will therefore limit uptake to a minority of households. Vulnerable households, many of whom are on low incomes, are unlikely to be attracted or benefit from it in any way. For these reasons, and also because of the significant capital investment required of an authority to establish itself as a Green Deal provider, Members make the following recommendations:

- Given the potential level of risk and liability inherent in becoming a Green Deal provider that PCC should not seek to establish itself as a provider at the present time.
- Should an opportunity arise to partner an organisation or join a consortium of similar sized local authorities in becoming a Green Deal provider at little or no risk to the Council, this option will also be considered and the outcome reported to members.
- Officers will continue to monitor the development of Green Deal, and in particular those local authorities which have been designated as Green Deal early implementers, to determine whether the above recommendation should be reviewed. Should this be the case, further reports will be submitted to Members/ Cabinet as and when required.
- Following regular review there maybe an opportunity for the Authority to take up one of the following roles:
 - Assessors – to calculate and ascertain what work is required and necessary.
 - Provider – to provide the finance for the scheme and may also carry out the work.
 - Promoter – to raise awareness of the scheme by providing information to the public via the Council's websites and other publications.
 - Consortium – Work with other providers covering all areas including promoting, assessing, financing and delivering the Green Deal.

There would be varying resource implications to all of the roles above and these would require detailed assessment.

- Given the Council's long and successful track record in attracting inward investment to facilitate a range of energy efficiency improvements in the City's housing stock, that Officers continue to identify suitable opportunities or fully funded projects using ECO (Energy Company Obligation funding, which replaces the CERT/CESP funding regime which ended in December 2012).

- In addition, ad-hoc bid funding for time limited or pilot energy efficiency projects from sources other than ECO should also be sought and bids supported by Members.

Corporate Management Team Response

Corporate Management Team notes the recommendations in the report and makes the following comments:-

- i) CMT acknowledges the risks and liability involved in becoming a Green Deal provider and in view of the current pressures on the Authority's budget is not an area the Authority can consider developing.
- ii) CMT agrees that the Private Housing Sector Team continue to monitor the position on Green Deal both locally and nationally and if there are further developments and opportunities for the Authority to consider then to bring these forward.
- iii) CMT would welcome working with other providers subject to the Authority's role and position being clear and defined from the outset and CMT would duly welcome the promotion of a credible Green Deal provider through the Authority's communication channels.
- iv) CMT acknowledged that there is significant inward investment attracted to the City and the Authority will continue to work to bring in further funding to improve and enhance the City's housing stock.

In conclusion CMT believe that the Authority should keep a watching brief in relation to Green Deal and respond to any future developments or opportunities.

SCOPING DOCUMENT -

The Implications of Green Deal and Energy Company Obligation (ECO) for Preston City Council

1.	<u>Scrutiny Chair:</u> Cllr Nick Pomfret	<u>Contact Details</u> <u>01772-7027978</u> <u>cllr.n.pomfret@preston.gov.uk</u>
2.	<u>Scrutiny Support Officer:</u> Zuber Bapu	Ext 6309 z.bapu@preston.gov.uk
3.	<u>Departmental Link Officer:</u> Eirian Molloy	Ext 6332, e.molloy@preston.gov.uk

1. **Which of our Corporate Priorities does this topic address?**

Specific aspects of the Your Futures (formerly Brighter Futures) priority are relevant to this topic, namely

- 'Helping communities where healthy lifestyles is a big issue, **and specifically improving the quality and choice of housing; and**
- **Increased number of private sector homes that meet housing health and welfare standards, including energy efficiency.**

In addition, the Council's Affordable Warmth Strategy (adopted by Cabinet in May 2010), has a specific task in its Action Plan to establish PCC's role under Green Deal and ECO.

What are the overall aims and objectives in doing this work?

2.
 - To try and clarify the role of Local Authorities under Green Deal and ECO
 - To ensure PCC is prepared and able to respond to the requirements of Green Deal and ECO at the earliest opportunity
 - To establish how PCC can maximise opportunities for Preston residents to benefit from Green Deal and ECO

9. **What processes can we use to feed into the review (site visits/observations, face to face questioning, telephone surveys, written questionnaires etc?)**

- Review evidence of PCC's extensive contribution to energy efficiency schemes
- Face to face questioning eg Lancashire Energy Officers group representative, Utility Company representative?
- Attendance at LCC Awareness event?

10. **Diversity – How will we address the diversity standards in order to uphold the Council's Single Equality Scheme?**

As part of an update of the Affordable Warmth Strategy, the impact of work to increase energy efficiency was considered against all of the equality standards , with the following conclusion:

'Delivery of the Strategy's Action Plan directly impacts on some of the Council's most vulnerable service users, those who can least afford to upgrade and heat their homes, whilst potentially suffering greater detrimental impacts on their health and wellbeing by living in cold and badly insulated properties. A preliminary Equalities and Human Rights Impact Assessment has been undertaken, which demonstrates the positive impacts as a result of tackling excess cold'

Appendix B

ESP WORK PLAN STUDY – GREEN DEAL AND ITS IMPLICATIONS FOR PRESTON CITY COUNCIL -

PROPOSED TIMETABLE FOR MEETINGS

26TH APRIL

- 10am presentation/ discussion on past and current CERT/CESP work – Andrea Howe
- 10.45am -interviewing Planning and Building Control Officers re. current standards of construction and controls – Nigel Roberts, Planning and David Gough, Building Control.

31ST MAY

- 10am - presentation/discussion on the health impacts of cold homes, fuel poverty, etc – Eirian Molloy
- 10.45am - interviewing Mary McBride, Head of Strategy and Enabling, on new build schemes/ work with RSL's

12TH JULY

- what does Green Deal propose? - Andrea Howe, Eirian Molloy
- what is the role of Local Authorities expected to be - National Energy Action speaker – Katherine Haworth

16TH AUGUST

- site visit to CESP scheme at Sandown Court

27TH SEPTEMBER

- Conclusions
- Agree recommendations

Energy Schemes

CESP – Community Energy Saving Project

CERT – CARBON Emissions Reduction Target

ECO – Energy Company Obligation. This funding replaces CERT/CESP but as yet there are no ECO funded schemes running in Preston, we are trying to get a pilot started.

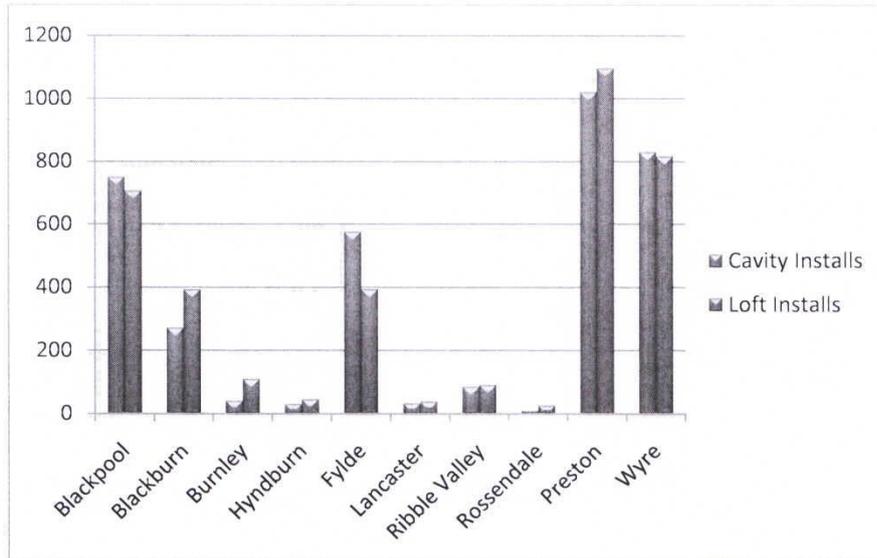
In the last 2 years, CERT/CESP have levered in over £14million of investment in to the city.

A summary of funded schemes is in the attached table.

Location of Scheme	Description of Work	Funded by:
Sandown Court	Biomass boiler, external cladding, energy efficient glazing, roof repairs and loft insulation	CESP
Seven Rivers, Fishwick	Biomass boiler, external cladding, energy efficient glazing, security measures	CESP
Individual Properties across the City	Cavity wall insulation and loft insulation	CERT
Fishwick Ward	External wall insulation, some new windows and boilers, cavity wall insulation and loft insulation	CESP
Town Centre Ward	Cavity wall insulation and loft insulation	CESP

Appendix D

LIS Installs Up to 26.03.13



	Cavity Installs
Blackpool	750
Blackburn	271
Burnley	40
Hyndburn	30
Fylde	575
Lancaster	32
Ribble Valley	85
Rossendale	9
Preston	1020
Wyre	830

	Loft Installs
Blackpool	706
Blackburn	392
Burnley	109
Hyndburn	45
Fylde	393
Lancaster	38
Ribble Valley	91
Rossendale	25
Preston	1096
Wyre	816

	Total Installs
Blackpool	1456
Blackburn	663
Burnley	149
Hyndburn	75
Fylde	968
Lancaster	70
Ribble Valley	176
Rossendale	34
Preston	2116
Wyre	1646
total	7353