

Everything you need to know about....

The Green Deal and ECO

Work Package 1 – Green Deal & Energy Company Obligation: an Introduction.

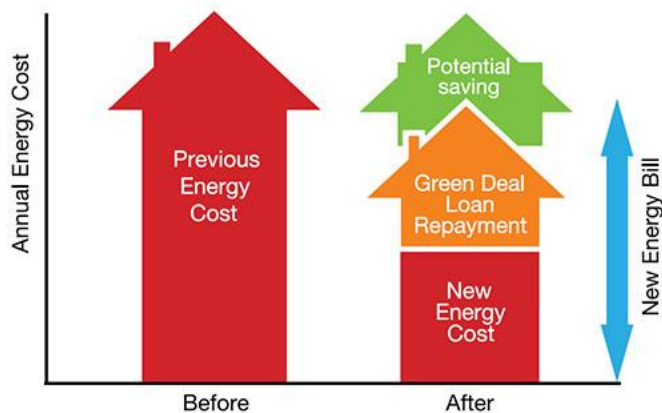
Background

The Green Deal and Energy Company Obligation are the flagship energy efficiency policies of the current coalition government. The Green Deal is a financial mechanism to enable householders and organisations to undertake energy efficiency and sustainable energy measures through a loan. The loan is repaid through subsequent energy savings from installing energy saving measures. In doing so it aims to remove the need for upfront financing of installation of measures by householders, a key barrier to action. Importantly, the Green Deal Loan is attached to the energy supply of the property and not a householder, allowing householders to undertake measures even without the certainty of remaining in that property. The Green Deal is accompanied by the Energy Company Obligation (commonly abbreviated to ECO), a funding scheme which helps to subsidise energy efficiency improvements for vulnerable people, those in vulnerable communities and toward vulnerable or hard to treat properties.

How does the Green Deal Work?

The Green Deal is a 'pay-as-you-save' finance mechanism, created to address one of the main barriers to householders making energy efficiency improvements to their homes, the high upfront costs associated with undertaking work. Under the Green Deal, work is paid for through a loan which is then repaid through an electricity bill. Repayments should not exceed the savings you are making as a result of the work. (See figure 1)

FIGURE 1 - GREEN DEAL REPAYMENTS



Source: Gibbsanddandy.com

Green Deal Basics

**Pay as you save
loan**

**'Golden Rule' –
repayments should
not exceed savings**

**Repayments through
electricity bills**

**Loan attached to
property not
householder**

45 eligible measures

The Green Deal Process

The Green Deal is backed by a thorough regulatory framework and follows a set process, as outlined below;

The first step is to have a Green Deal Assessment undertaken at a property. This must be done by an accredited Green Deal Assessor, using the approved Green Deal software. The assessor will evaluate the current energy performance of the property and the energy usage of the inhabitants whilst considering any other important factors, such as whether the property is in a conservation area etc. The assessor will then produce a Green Deal Advice Report, which will detail the results of the assessment and recommend measures that could make the property more energy efficient or their energy supply more sustainable, ultimately saving energy and costs.

Householders are then free to take their Green Deal Advice Report to the market, more specifically to seek a Green Deal Provider who will quote for the installation of the recommended measures. Green Deal Providers are the only organisations who can build a Green Deal Plan and arrange for repayments to be made through energy bills. Householders are encouraged to gain quotations from a number of Green Deal Providers to gain a competitive price. If the total cost of works exceeds £10,000, three quotes MUST be obtained unless the Householder signs a declaration that they do not wish to undertake three quotations.

The Green Deal Provider will arrange for the work to be carried out using an accredited Green Deal Installer. The finance package will be agreed between the householder and the Provider and the appropriate energy supplier will be notified by the Provider that repayments will be collected through their energy bills.



Green Deal Finance

Finance under the Green Deal scheme is provided by the Green Deal Finance Company, a not-for-profit entity that sets up, finances and administers finance for Green Deal Plans on behalf of Green Deal Providers.

<http://www.thegreendealfinancecompany.com/>

Green Deal Regulation

The Green Deal is regulated by the Green Deal Oversight and Registration Body (GD-ORB), which manages the authorisation of the scheme and maintains registers of Green Deal Providers, Assessors, Certification Bodies and Installers, whilst also ensuring the Green Deal Code of Practice is adhered to at all times. GD ORB can gather evidence of non-compliance and has the power to impose sanctions. <http://gdorb.decc.gov.uk/>

The Golden Rule Explained

At the heart of the Green Deal is the 'golden rule', which states repayments that are made resulting from a Green Deal Plan (the loan) must not exceed the savings that are now being made as a result of undertaking the work (see Figure 1). During the assessment of a property's needs the cost of works and savings will be calculated to assess whether the 'golden rule' can be met. Essentially the golden rule underpins how big the Green Deal finance package can be. However, the 'golden rule' is not a guarantee, rather a principle that seeks to be adhered to. In many cases repayments will be near to equal the savings, resulting in no real change in energy bills until the Green Deal Loan is repaid. Actual savings will depend heavily on how the householder uses energy within their home, post improvements.

Golden Rule Worked Example: Semi-detached bungalow, using Green Deal Finance to upgrade Boiler (rating G-A), heating controls and install cavity wall insulation.

Table 1 - Golden Rule Example

<i>Total Estimated Savings per year from Improvements</i>	£778
<i>Max repayment in year 1 (following golden rule')</i>	£778
<i>Cost of work</i>	£5,000
<i>Annual repayment added to energy bill</i>	£660
<i>Customer actual savings per year</i>	£118
<i>Year one benefits (including Cashback)</i>	£638

SOURCE – DECC

Green Deal Assessments

A Green Deal Assessment is the first step on the Green Deal journey and must be undertaken by an accredited assessor. During the visit, the assessor will look at a households' bills, the fabric of the property, appliances and investigate the energy use behaviour by talking to householders. They will take pictures and site notes throughout. An Energy Performance Certificate (EPC) will also be produced. The assessor will then use specialist software to produce a Green Deal Advice Report. This detailed document will set out the energy performance of the property and what measures are recommended to improve the energy efficiency. The savings that such improvements will make are detailed and the repayments (in-line with the golden-rule -see above) are shown. This Green Deal Advice Report is then registered with Green Deal ORB and the householder is free to take it to the market and identify Green Deal Providers whom they wish to quote for the work. These Providers will offer a quote and detail the sort of finance plan that could be constructed to access the Green Deal finance. If acceptable to the

householder the Provider will arrange for the works to be undertaken and notify the relevant energy supplier to collect the agreed repayments through the property's electricity bill.

Green Deal Assessors

Green Deal Assessors need to undertake a thorough training course in order to become accredited to undertake assessments, including mock site visits and reports. All Green Deal Assessors will require a Criminal Records Bureau (CRB) check. According to DECC there are currently 2,517 accredited Green Deal Assessors (correct up till the end of September 2013). In the current market a Green Deal Assessment should cost between £100 and a £150, although some Providers are offering assessments free of charge or reimbursing the assessment fee should a Green Deal Plan be taken out. Assessors must undertake the initial elements of a Green Deal Assessment in an independent capacity. However, some Assessors may be aligned with a certain Green Deal Provider or Providers, and they are permitted to declare such an arrangement before discussing said Green Deal Provider and their offer beforehand and in a clear manner. To this end, a number of larger Green Deal Providers may be offering Green Deal Assessments free of charge. The sustainability of this approach has been questioned in light of the current poor conversion figures from reports to plans (as Providers need to deliver plans to cover the cost of free or subsidised assessments).

Green Deal Advice Organisations (GDAO's)

In order to undertake Green Deal Assessments, Assessors must to be registered with a Green Deal Advice Organisation, referred to as a GDAO. A GDAO must be certified by an accreditation body. This setup is in place to ensure that the Green Deal framework is adhered to. A GDAO's key responsibilities are to:

- Ensure associated Green Deal Assessors (GDA's) are suitably qualified
- Ensure all GDA's have appropriate insurance
- Facilitate further Continuing Professional Development (CPD) for their GDA's.
- Auditing of Assessors work to maintain standards.

GDAO's will require robust and well documented management systems. They will need to undertake audits on their associated Assessors and deal with customer complaints. In some situations the GDAO will assist in allocating and managing assessments to Assessors, and may liaise with customers.

Green Deal Measures

The Green Deal currently supports 45 measures, although not all of these will be fully funded from Green Deal Finance (such as the more expensive measures). Some of the major measures are listed below;

Air-source heat pumps
Biomass boilers
Biomass heating

Cavity wall insulation
Cavity wall insulation (hard-to-treat)
Cylinder thermostats

Draught proofing
External wall insulation
Fan-assisted replacement storage heaters
Flue gas heat recovery devices
Gas-fired condensing boilers
Ground source heat pumps
Heating controls
Heating ventilation and air-conditioning controls (including zoning controls)
High performance external doors
Hot water controls (including timers and temperature control)
Hot water cylinder insulation
Internal wall insulation
Lighting systems, fittings and controls

Loft, loft hatch and loft rafter insulation
Mechanical ventilation with heat recovery
Micro combined heat and power
Micro wind generation
Oil-fired condensing boilers
Replacement glazing
Roof insulation
Room in roof insulation
Secondary glazing
Solar photo-voltaics
Solar water heating
Under-floor heating
Under-floor insulation
Water source heat pumps

It is expected that new measures will be added to the above list as the Green Deal market develops and new technologies become available.

Green Deal Cashback

A cashback scheme is currently in place as an incentive to householders to sign-up to the Green Deal, with a pot of £125m available for the scheme.

The first-come first-served offer means householders can claim money back from the government for installing measures under the Green Deal. There are varying rates for different measures, with cavity wall insulation offering £250 cashback, solid wall insulation £650 and boiler replacements £270. More details can be found at <https://gdcashback.decc.gov.uk/>. Cashback can also be received through self-financed works providing a Green Deal Report has been undertaken. By the end of September 2013, 9,087 cashback vouchers had been issued.

Green Deal: Progress so far...

The Green Deal launched officially on the 28th January 2013 alongside the Energy Company Obligation. Both schemes experienced a soft launch. A significant proportion of early Green Deal activity was conducted as part of go early and pilot projects (DECC helped prime the market with significant funding pots to drive Green Deal demand). There have been 85,117 Green Deal Assessments lodged up until the end of September. Only 954 of these assessments

The Green Deal in Numbers

85,117 Assessments, 954 Green Deal plans, 107 Green Deal Providers, 2,517 Green Deal Assessors, 286 Green Deal Assessor Organisations (to end of September)

Source - DECC: Green Deal and ECO Monthly Report – October 2013

have proceeded to Green Deal Plans with 505 of these pending and only 57 were 'live' Green Deal Plans (where measures had been installed). There is no doubt that these conversion figures from assessments to plans are disappointing although the Government is taking comfort in the increasing number of plans being delivered. Despite the lack of live plans, 9,087 cashback vouchers have been issued, virtually all for boiler replacements (a large number of these were offered through 'ordinary' boiler replacements and not necessarily under ECO), 4,256 which have been paid totalling £1,162,386. More details on outstanding challenges and issues with the Green Deal are included in work package 11.

Green Deal and other Energy Efficiency Schemes

Feed-in-Tariffs: Green Deal finance can work in tandem with the Feed-in-tariff scheme (FIT's). A Green Deal Assessment will identify whether a solar photovoltaic system is suitable and practical for a property and Green Deal finance could be used to help meet the costs of installing solar PV. The amount of finance that can be attracted through the Green Deal is dependent on the level of savings that can be generated. This is unlikely to pay for the full cost of installation, but should offer small but significant amounts of part funding. Green Deal Providers will be able to discuss Green Deal Finance and its relationship with FIT's. Importantly, FIT's payments won't be included in a Green Deal Finance package and so a contribution to meet the full cost will be needed in almost all cases. The Green Deal only funds the energy saving part of the Solar PV installation i.e. how much will be saved due to energy being displaced by the newly generated energy. Follow the link for more information and a worked example <http://bit.ly/185vZzM>.

Renewable Heat: The Renewable Heat Incentive (RHI) is a government scheme akin to the Feed-in-Tariff scheme, with the aim of encouraging householders to install renewable heat installations such as biomass boilers and solar thermal hot water systems. Payments start in spring. Householders who install renewable heat technologies will be eligible for payments for the renewable heat they produce. The RHI is eligible for anyone who installed such a technology since July 2009. Tariffs are paid at a set rate per unit of renewable heat produced (kWh) for a period of seven years. The tariffs are as follows;

	Air Source Heat pump	Biomass	Ground Source Heat pump	Solar Thermal
Tariff (pence per kWh produced)	7.3	12.2	18.8	19.2

Source: DECC

DECC intend to introduce a system of digression to control the costs of the scheme. This is where tariffs are reduced over time for new applications to the scheme. Those who have already secured their tariff will not have their tariff reduced due to cost control. More information can be found at <http://bit.ly/1ag6sa9>. As with the feed-in-tariff scheme, installations must be MCS (micro-generation certification scheme) certified and householders

will need a Green Deal Assessment to be completed before applying. Their property must also have minimum loft (250mm) and cavity wall insulation where this is practically possible or they must be able to demonstrate that they have installed all 'practical' measures or recommendations.

The Energy Company Obligation; How does it work?

ECO is funded by Energy Suppliers (also referred to as Obligated Parties). Only energy suppliers with a domestic customer base numbering more than 250,000 and providing over 400 gigawatt hours of electricity, or over 2,000 gigawatt hours of gas, to domestic customers are obligated. There are 7 such obligated energy suppliers; British Gas, EDF, EON, First Utility, npower, Scottish Power & Scottish and Southern. A small levy is added to household gas and electricity bills throughout the country, this money is then used to deliver fully or part funded measures to vulnerable people, vulnerable properties or disadvantaged communities. It is known as an obligation because the Energy Suppliers are obliged to install specific measures to save either carbon emissions or money (through bill savings). ECO is administered by Ofgem, who will regulate the ECO marketplace and ensure that energy suppliers discharge ECO funding in appropriate ways to achieve carbon and cost savings. There are substantial fines for non-achievement of targets.

What are the different strands of ECO?

ECO will last until March 2015, has three strands and only available for domestic properties.

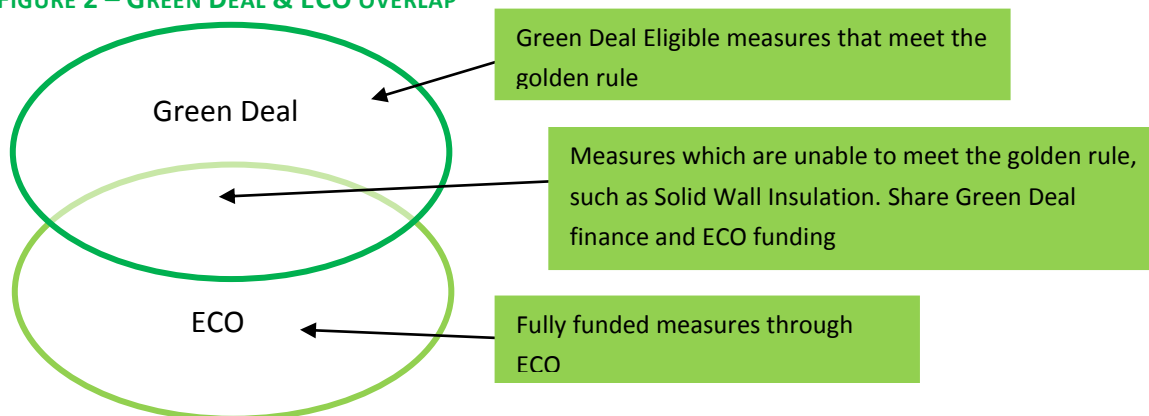
ECO Strand	Obligation Type	DECC Estimate - Value per annum	Eligibility / Focus
Carbon Saving Communities Obligation (CSCO)	Carbon saving	£195 million	Insulation measures, any household (regardless of income status) across all tenures who reside in a 'low income area' as defined using the indices of multiple deprivation. 15% of obligation to be delivered to households in rural locations (settlements fewer than 10,000 people) are eligible assuming they meet certain qualifying criteria (affordable warmth criteria)
Carbon Emissions Reduction Obligation (CERO)	Carbon saving	£780 million	Any household across all tenures who live in a hard-to-treat property. Solid Wall Insulation and Hard-to-treat (narrow or three story's or more) Cavity Wall insulation on such properties. Will range from full to part funding dependent on other criterion.

Home Heating Cost Reduction Obligation (HHCRO)	Heating Cost saving	£325 million	Private tenure only. A range of insulation and heating measures for low income/ vulnerable people. Must meet the Affordable Warmth criteria (certain qualifying welfare benefits).
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The Green Deal and Energy Company Obligation together

Despite differences, the Green Deal and the Energy Company Obligation can complement each other in certain circumstances. The golden rule is the basic principle behind a ‘pay as you save’ scheme, however certain energy efficiency measures will not fully meet the golden rule, especially for measures with significant costs (e.g. solid wall insulation), where a measure’s cost compared to its savings is high and the official lifetime of the measure is too short to fully recoup the outlay. In these cases the Green Deal can work alongside ECO, with ECO acting to subsidise some of the installation costs in order for a Green Deal Plan to be constructed whereby the golden rule can be adhered to (see figure 2). The overlap between the two schemes is only likely to be relevant under the Carbon Emissions Reduction Obligation,

FIGURE 2 – GREEN DEAL & ECO OVERLAP



Focused on funding insulation of old and inefficient solid wall properties with solid wall insulation (a complex and costly procedure). There will likely be opportunities for shortfalls in ECO funding to be filled using funding streams other than the Green Deal e.g. a contribution from a householder.

The ECO Market to date

ECO launched officially on the 28th January 2013 alongside the Green Deal. A significant proportion of early Green Deal and ECO activity was conducted as part of go early and pilot projects, with DECC helping to prime the market with significant funding pots to drive Green Deal demand. Provisional figures, which are subject to further checks by Ofgem, show there were 244,882 measures installed under ECO up to the end of September. The majority of all measures installed under ECO were for loft insulation (36%) and cavity wall insulation (33%).

Boiler upgrades made up 24% with solid wall insulation accounting for just 4% of CO measures installed to date. Despite sharing characteristics with preceding energy efficiency funding schemes, the key (and different) element of the ECO market is that the funding (both on an individual or group/ collective basis) will be based upon a cost per tonne of carbon saved or a cost per £ saved in home heating costs. Calculations will be made for each installed measure as to how much carbon / or heating costs that particular measure or group of measures will save over its or their lifetime. Two of the three strands of ECO are carbon saving obligations (CSCO & CERO); therefore measures must deliver desirable carbon savings over their lifetimes. This cost per tonne of carbon is not fixed and current estimates (as of September 2013) suggest a range in the marketplace of around £120 - £140 per tonne for solid wall insulation. ECO brokerage is showing lower prices for hard-to-treat cavity wall insulation, although actual values offered are often kept confidential between partners.

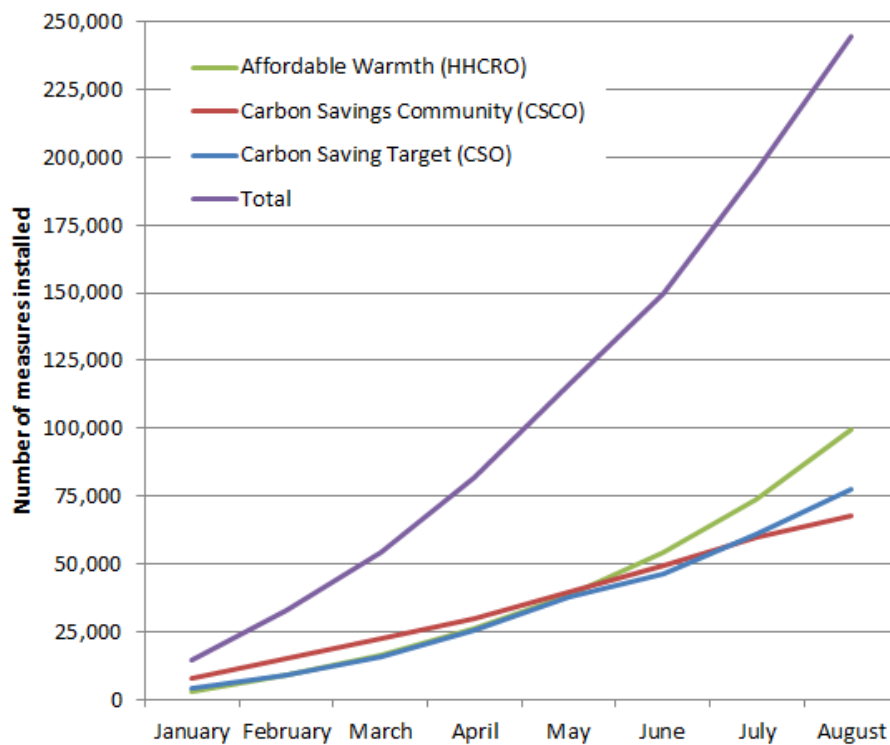


TABLE 2 - PROVISIONAL CUMULATIVE TOTAL OF ECO MEASURES INSTALLED, BY OBLIGATION, BY MONTH

Source – DECC Domestic Green Deal and Energy Company Obligation, Monthly Report – October 2013

The exception to the use of the price per tonne of carbon is the Home Heating Cost Reduction Obligation where measures will be evaluated in relation to the total heating and hot water savings (in £'s) that those

measures will achieve within their lifetime. It is therefore an affordable warmth or heating cost saving obligation. It is expected that through the lifetime of ECO the price per tonne of carbon and the price per £ of heating cost saved will fluctuate. Through brokerage, the current price is 19p per £ saved.

ECO was expected to mark a shift in focus from previous schemes where the focus was almost entirely on loft and cavity wall insulation, so called 'low cost' measures and toward solid wall insulation. Statistics are yet to highlight a shift, suggesting the majority of delivery has been concentrated on loft insulation (36%) and cavity wall insulation (33%), although this may be due to Ofgem recently allowing Obligated Parties to carry forward additional CERT measures to count toward their ECO targets.

The nature of the market offers significant opportunities for registered social landlords or Local Authorities who have influence over large portfolios of properties. The aggregated scale of properties can have an impact on the available rate as economies of scale allow the cost of delivery of measures to fall. Tamworth Borough Council (TBC) is a stock holding Authority and opportunities of scale will therefore lie with the Council and Registered providers present in the Borough. Co-operation between TBC Council and registered Providers will be necessary to develop cross-tenure delivery.

Energy suppliers are obligated to deliver their target and face severe financial penalties for not meeting these (10% of global turnover). They are seeking to discharge their ECO obligation within time and guidelines and as cost-effectively as possible, to keep bills low and remain competitive in the marketplace. The desire for cost-effectiveness places significant emphasis on scale within the ECO marketplace. Large projects and organisations with relatively simple decision making processes can be cost-effective (through bundling of measures) and often geographically contained portfolios. This can be detrimental to the private sector, which is not initially well placed to take advantage of scale due to the need for individual householder decisions against one decision which can be taken by a landlord of multiple properties. A cross tenure approach may help to diminish this issue and many registered social landlords are seeking to work with private sector households and Local Authority Private Sector housing teams to bundle work together regardless of tenure. This will be particularly important in rural locations where population density is sparser than in urban areas and where deliverers will have to take a more pro-active role in order to deliver scale.

Who can access ECO?

Anyone. ECO can be accessed in a range of different ways. Involvement with ECO can be initiated by an individual homeowner, a tenant, a landlord or a Local Authority. Funding for large-scale landlords could be accessed directly through negotiation with one of the 7 Obligated Parties, through an intermediary organisation that is working on behalf of an obligated party or simply within the ECO marketplace. Likewise Local Authorities can procure Green Deal and ECO partners to work in their area, this can be an obligated party, a local agency or a managing agent who will help leverage multiple funding streams, often negotiating with several obligated parties. Green Deal installers can have relationships with an ECO Provider or directly with an Energy Supplier. An individual householder can initiate action themselves by contacting their Local Authority, a Green Deal Assessor, and Green Deal Providers or through a helpline such as the Energy Saving Advice Service (<http://bit.ly/XcRdaD> - 0300 123 1234)

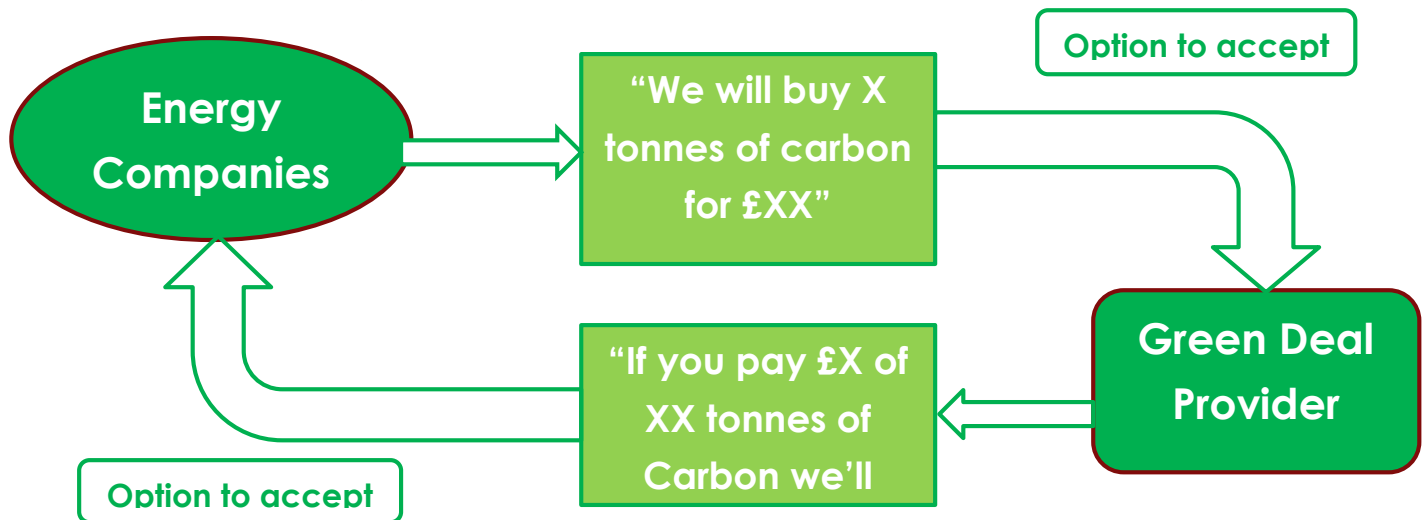
What assessments are needed to access ECO?

Carbon Saving Communities Obligation – Requires a Green Deal Assessment to be completed.
Carbon Emissions Reduction Obligation – Requires a Green Deal Assessment to be completed.
Home Heating Cost Reduction Obligation – requires an Energy performance Certificate to be completed only and not a Green Deal Assessment.

ECO Brokerage

An ECO brokerage platform is also operating, an anonymous auction where ECO Providers sell lots of all three strands of ECO to obligated parties. Auctions take place every fortnight and have been introduced by DECC to ensure the ECO market is open and competitive. DECC is currently consulting on whether to extend the brokerage system to enable Local Authorities and Registered Social Landlords to use the platform. Brokerage is currently exclusive to ECO (Green Deal) Providers. At the end of September £235 million of contracts had been let through the ECO brokerage system.

How ECO Brokerage will work



Are there implications for new-build?

The Green Deal and ECO are retrofit programmes and do not include provision for new-build. However there are a number of on-going schemes such as the Renewable Heat Incentive and Feed-in-Tariff that would be suitable for new build developments.

What are the Policy Rumours?

At the present time the Government seem committed to the Green Deal and resolved to improve the number of householders undertaking measures through the mechanism. There have been calls from some in the industry for the Government to make changes, whether they heed to these calls is unknown. There is a high likelihood of an Energy Company Obligation 2 or an extension of the current scheme post March 2015, although this has not been confirmed. Throughout the launch and the many Green Deal ECO pilots that have been undertaken, the Department for Energy and Climate Change has seemed extremely keen to gather feedback from all partners on the current system and what the major challenges are and to many this is a welcome step and a sign that the commitment remains there to make the Green Deal and ECO as transformational as previously hoped.

Work Package 2 – What are Tamworth’s Neighbours Doing?

A short research exercise revealed how some of Tamworth’s Neighbouring Local Authorities are currently engaging with the Green Deal and Energy Company Obligation

Stoke on Trent City Council

- Working in partnership with Newcastle-under-Lyme and Cheshire West and Chester Council to put in place a ‘Scheme Manager’ to manage the ECO and Green Deal investment programmes of the council’s.
- Close to beginning a procurement exercise for a service which will develop partnerships with ECO suppliers, endorse Green Deal providers, develop and contract ECO programmes, manage supply chain and provide advice.
- Have identified areas with low average SAP ratings and high deprivation and which have not benefitted from previous energy efficiency investment programmes as key target areas.
- Have entered into first ECO contract worth £8 million, delivering investment to around 2,500 homes, including external wall insulation programmes to high-rise properties. There remain a number of communities that require large scale investment
- See ECO suppliers and the local supplier chain as critical partners.
- Priority is to develop blended schemes, offering all three strands of ECO and a mix of heating fuels and property types to maximise investment.

South Staffordshire Borough Council

- Are currently investigating a combined ‘promoter/partner’ role in Green Deal (GD)/Energy Company Obligation (ECO) scheme. Whilst appraising the initiative they continue to develop and implement pilot projects to unlock a defined & definite pathway to access ECO. ECO is the key focus. Reports will be prepared after implementing pilot projects which will be submitted for decision in the Council’s role in the GD/ECO.
- Priority is to reduce carbon emissions in the domestic housing sector by 5% from the 2012 plan baseline, by 2017. HECA Report states that ‘SSDC will concentrate on maximising the benefits for our residents through the emerging ECO opportunities’. Aiming to identify ambitions and priorities for targeting energy efficiency work for the vulnerable in the private sector who fit into the ECO Affordable Warmth Group to access insulation and heating improvements and those residents in homes with hard to treat walls in both private and social housing to potentially access ECO (CERO) funding on an area based basis.

- Are presently developing and implementing pilot projects to unlock a defined & definite pathway to access ECO for hard to treat walls which is not means tested and available for both private and social housing and ECO Affordable Warmth, for those residents in private housing/tenure in the Super Priority Group (SPG) to obtain the benefits of early ECO funding (proving difficult to engage and locate such tenants). Includes development of a decision tree for;

a) Park Home residents to improve energy efficiency of their accommodation.

b) For area based projects initially with large private estate owners in the Borough who have a high number of hard to treat solid wall properties and vulnerable occupiers.

Are currently part of a GD pilot project bid with Marches Energy Agency through the recent DECC Green Deal Communities: Local Authority Funding.

- South Staffordshire (SS) has no Lower Super Output Areas which fall into England's 20% most deprived which are eligible for the ECO Carbon Savings Community Obligation (CSCO).
- However SS residents in private rented or owner occupied homes should be able to access energy efficiency measures funded through ECO Affordable Warmth where they qualify in the Super Priority Group (vulnerable) for insulation and heating improvements. Also all SS residents should be able to access ECO (CERO – Carbon Emission Reduction Obligation) for hard to treat walls which is not means tested and available for both private and social housing.
- SSDC will investigate with local partners the potential for area based energy schemes including any soft boundary access to neighboring authorities CSCO schemes as GD and ECO emerge. Hope to work with Staffordshire County Council, Marches Energy Agency and other local energy agencies, Staffordshire Community Council, local community groups, local landlords, social housing partners, Metropolitan Home Improvement Agency, other local authorities and partner organisations to deliver the above.

East Staffordshire Borough Council

- East Staffordshire Borough Council has decided not to partner with any organisation, but are planning to promote the Green Deal and ECO extensively through a Corporate Plan target relating to the implementation of a Green Deal Communications Strategy.
- The main focus is on fuel poverty across the Borough.
- Have not been involved in any pilot projects, but are included in a Staffordshire wide bid to the DECC Green Deal Communities Fund which is currently being evaluated.

- Although the Green Deal Communications Strategy will be aimed at everybody, there will be targeted communication with some of the lower super output areas in the Borough and those in fuel poverty (Affordable Warmth).

Stafford Borough Council

- Have recently procured a Local Energy Agent, to manage an affordable warmth advice service and deliver ECO, Green Deal and associated sustainable energy measures through selected providers and installers.
- The Local Energy Agent is embarking on a tender exercise to establish relationships with ECO and Green Deal providers, to deliver measures on a flexible basis across the borough.
- Brand and communications strategy is being developed and contact centre being ready for a mid-November launch.
- Are also currently a partner in the Staffordshire wide pilot bid for the Green Deal Communities fund, and would look to deliver their element of the pilot through the new energy agent.

Work Package 3 – What are the most interesting things that other Local Authorities are doing?

At the outset of the development of the Green Deal and ECO, the Department for Energy and Climate Change suggested Local Authorities could take one of three options;

Provider – Local Authority becomes a Green Deal Provider, offering the Green Deal directly to its residents, co-ordinating finance and delivery.

Partner – Local Authority works in partnership with a commercial Green Deal Provider and community partners to drive demand and deliver.

Promoter – The Local Authority acts as a promoter for Green Deal locally, with no formal partnerships with Green Deal Providers.

However, the following months were characterised by the emergence of a range of alternative models, including adaptations of the original three proposed models alongside the development of new models altogether.

One particular approach that emerged was that of **Producer**, whereby a Local Authority seeks to produce ‘hot leads’ which can then be passed to one or more Green Deal Providers. This capitalises on the Local Authority trusted brand and relationships within the community and with the Community and Voluntary sector. Variations on the Producer model include the formation of a Community Interest Company or the contracting of a Local Agent to act with the Council in this role.

There is also a 'do nothing' approach. Although this is unlikely to be adopted by local Authorities owing to the opportunities that Green Deal and ECO represent.

More detail on Local Authority approaches can be found in work package 7.

Some of the most interesting and well developed approaches being taken by Local Authorities are outlined below.

Exclusive Partnership with a Green Deal Provider – Birmingham Energy Savers (Birmingham City Council)

Birmingham City Council (BCC) were one of the pioneering Local Authorities in regard to their approach to the Green Deal and ECO, beginning an OJEU procurement process as long as two years ago. The outcome of the procurement process was a long-term partnership with Carillion Energy Services (CES). The Council will work with CES to generate interest and Green Deal and ECO activity, utilising their trusted brand. The endorsement is exclusive. Throughout the partnership, CES will leverage ECO funding on behalf of BCC. As part of the OJEU process, a number of other West Midlands Councils were listed as Contracting Authorities (including Tamworth BC), allowing these Authorities to piggy-back on to the OJEU process and form a similar relationship to the BCC/ CES model without the need for a re-run of the procurement process.

Investment in a Community Interest Company Provider – Consortia of Local Authorities

Green Deal Together (<http://www.greendealtogether.org.uk/>) is a Community Interest Company (CIC) co-owned as a joint venture by a number of Local Authorities, which will act as a socially enterprising Green Deal Provider. Each Local Authority invests in the CIC and receives a position on the board and thus a say in the operation of the CIC, offering Local Authorities governance and a chance to produce a return on their investments. The CIC will work to form local installer networks to maximise local economic opportunities and excess revenue will be collected and distributed amongst member authorities to fund further energy efficiency and fuel poverty programmes. Green Deal Together is facilitated by the National Energy Foundation (based in Milton Keynes) and is backed by Aylesbury Vale DC, Buckinghamshire County Council, Cherwell DC, Chiltern DC, Cotswold DC, Ealing Council, Milton Keynes Council, South Buckinghamshire DC, South Oxfordshire DC, Three Rivers DC, Vale of White Horse DC, Watford Borough Council, West Berkshire Council, West Oxfordshire DC and Wycombe DC.

The Provider Role – Wrexham and Flintshire Council's

Welsh Local Authorities, in partnership with the Energy Saving Trust, have been working together to appraise different Green Deal and ECO approaches. Wrexham and Flintshire Councils have undertaken a business case for the Provider role. The aim is for a North Wales Provider role, working at a multi-authority level with one anchor authority. The key, is that the Authorities will act as a Provider and offer finance, likely from reserves or prudential borrowing and will procure a private sector partner to deliver measures.

The Producer Role (using a Local Agent) – Stafford Borough Council

Stafford Borough Council (SBC) is tendering for a Local Specialist Energy Agent, with a mandate to focus on the Green Deal and ECO. Working with the Council and its partners and the wider Community and Voluntary Sector the local agent will drive demand in the borough (producing leads) before referring these to a single or selection of Green Deal Providers in return for a finders / referral fee. The Agent will help SBC procure these providers.

The Producer Role (developing a current entity) – Cardiff City Council

Cardiff City is seeking to play a leadership role amongst South Wales Councils, in developing a producer model for the Green Deal and ECO, with the hope of extending to the wider region based on Cardiff City's experiences. They hope to use Cardiff Connect as a producer agency, developing the service for this new function. Cardiff Connect is a Council run contact centre, providing a link between residents and their local services. Utilising the existing hub reduces setup costs and builds on what is already an established and well known service. An OJEU procurement process will be undertaken to identify a private sector Green Deal Provider from which Cardiff connect can refer in to.

The greatest activity in regard to Local Authorities undertaking appraisal work and formalising relationships has been amongst the Core Cities where experience of previous schemes, scale of the challenge and resources have played an important part. Leeds and Newcastle upon Tyne are two such regions that are taking a consortia led approach (of Local Authorities) and are following the Green Deal Partner model in a similar manner to Birmingham.

These are just some examples of current approaches to engaging with the Green Deal and ECO. There are many more Local Authorities that are still unsure as to what route to take and in that sense those listed above are pioneering new and relatively untested approaches. As the Green Deal develops, and learning from pilot projects gets disseminated, it is likely that new models will emerge and Local Authorities and partners will continue to develop their ideas. By this time, it will also be possible to gauge the relative success (or lack of) of some of the approaches set out above.

Work Package 4 – What are the most interesting things that Registered Providers are doing?

There are a range of views held by Registered Providers as to an appropriate response to the Green Deal, accompanied by greater clarity and action regarding their plans toward the Energy Company Obligation. Registered Providers are extremely wary about promoting and signing tenants up to a Green Deal finance package, especially if endorsing one provider over another. Many believe the Green Deal is contrary to their desire to support their tenants. The fact that registered providers will become liable for a Green Deal loan during void periods is also of big concern.

Registered Providers are however very interested in (and key players) within the Energy Company Obligation. There are a number of reasons behind what makes it attractive for Registered Providers and for the Obligated Parties who must discharge their funding before the March 2015 deadline to form relationships;

- The ability for RSL's to offer scale, pooling together properties to offer significant portfolios of work.
- Presence of extensive stock data.
- Reduced decision making constraints, one landlord decision for multiple properties.
- Asset management teams have experience of CERT and CESP and within the energy efficiency market.
- Tenant engagements teams can help engage and inform tenants.
- RSL's offer significant capital budgets for maintenance & improvement, and this can be put toward work where 100% ECO funding is not always available and a shortfall can exist.

There are also negatives associated with Eco amongst Registered Providers mainly that the Social Housing Sector has undergone significant investment in energy efficiency and often outperforms the owner and private rented sector. Many Registered Providers have undertaken what needed to be done and this has reduced the need for the measures that are available under ECO (e.g. solid wall insulation).

The reasons outlined above give weight to the idea of RSL's working as catalysts within ECO, using their projects of defined work as a basis for engaging private sector landlords and the owner occupiers within the private sector. The approach has often been successful in the past, in areas with large proportions of Social Housing but pepper-potted properties that are privately owned (right to buys) that have been able to benefit from the works that their social housing neighbours have benefitted from. This is especially true of previous External Wall Insulation projects, where aesthetic improvements within a community have acted as a strong pull factor along with the prospect of lower energy bills and a warmer more comfortable home.

Any approach to the Green Deal and ECO should look to combine properties across tenure, possibly seeking to utilise the RSL as a catalyst as outlined above and should try and blend a mix of measures wherever possible. Blending can increase ECO funding available as the more cost-effective measures that deliver carbon savings can subsidise those measures which are more expensive (e.g. carbon intensive heating fuels subsidising less carbon intensive heating fuels – see work package 5). Any project development by partners must consider the presence of Registered Providers and their stock condition in any area in which they hope to undertake ECO schemes, and proceed to co-operate with said Registered Providers to gain maximum scale and uptake. An approach that utilises relationship with Registered Providers will be most advantageous under the Carbon Emissions Reduction Obligation (focussing on hard to treat cavity wall insulation and solid wall insulation. A cross tenure approach will be less necessary and beneficial under Community Saving Communities Obligation, owing to the focus on cavity

and loft insulation, both of which have been thoroughly installed over the past few years under the Decent Homes Standard programme. Similarly the Home Heating Cost Reduction Obligation is only open to private sector tenants. See work package 1 for more information on the three ECO strands.

Some of the most interesting and well developed approaches being taken by Registered Providers are outlined below.

Exclusive Partnership with a Green Deal Provider – Solihull Community Housing

Solihull Community Housing (an arms-length management organisation) has agreed one of the largest Energy Company Obligation deals so far. The £27 million deal is with British Gas to retrofit 35 high-rise buildings across the Borough. British Gas struck a similar deal with Plymouth Community Homes just a few months ago, with that deal totalling £26 million. Many housing Associations look to be pooling together their eligible stock and inviting bidders to tender for the works, with emphasis on the greatest contribution of ECO available.

Open Framework Agreement – Walsall Housing Group

It could be argued that Walsall Housing Group (WHG) have adopted a more thorough approach than other housing associations who have floated portfolios on the ECO Market place. WHG have entered into an open framework agreement with British Gas. The framework provides a range of heating and energy efficiency works all fully-priced and net of the most appropriate ECO subsidy. The framework is available for any Registered Provider and offers an opportunity to access delivery of a range of energy efficiency improvements at subsidised prices. Quotes can be presented based on framework prices and subsidies for specific programmes or Registered Providers can be advised as to what programmes would generate the greatest savings and carbon reduction and thus ECO subsidy.

The OJEU compliant framework is designed to deliver area based programmes and includes provisions for engaging and delivering to owner occupiers and the private sector in the area with subsidy and options for top up funding at no cost or risk to the housing provider. This fits well with the idea of Registered Providers as leaders and catalysts as outlined above.

These are just two examples above of Registered Providers engaging pro-actively with the Energy Company Obligation. It is becoming apparent that the Obligated Parties are seeking large, often urban (especially core cities) schemes such as that struck between British Gas and Solihull Community Housing as an extremely cost-effective way of discharging large amounts of their obligation. This is due to the ability for core cities to offer scale of need and well defined packages of work. Core Cities are also typically home to larger Registered Providers. However, the framework agreement announced by Walsall Housing Group sounds attractive for a number of reasons and interest is sure to be high. With the ECO market developing rapidly it is expected that many more enterprising and entrepreneurial arrangements will be made in the coming months and early into 2014.

Work Package 5 – Tamworth Borough Council – Scoping the Size of the ECO Prize.

In the following section we will analyse the opportunity presented by the three strands of ECO across Tamworth Borough.

Analysis has been formed through study of;

- Tamworth Private Sector House Condition Survey 2010
- Department for Work and Pensions Data
- 2011 Census Data
- ECO guidance for suppliers

The analysis will help shape a view of specific opportunities that the Carbon Saving Communities Obligation, Carbon Emissions Reduction Obligation and Home Heating Cost Reduction Obligation offer across the borough.

Work package 6 will explore the priorities for each strand in Tamworth Borough using the analysis below.

See work package 1 for an overview of the Energy Company Obligation's different strands.

Carbon Savings Community Obligation

- All tenures
- Specific locations, based on 'low income' defined by indices of deprivation
- Loft and cavity wall insulation (100% funded)
- Not welfare status dependent

Carbon Saving Community Obligation (CSCO) in Tamworth

The aim of the Carbon Saving Community Obligation is to reduce carbon in some of our most disadvantaged communities, in turn reducing energy spend and improving comfort among households. CSCO will fully fund loft insulation and cavity wall insulation for any householder in a defined 'low income' area, defined as within the bottom 15% using the Indices of Multiple Deprivation. (More info on IMD here <http://bit.ly/XH2keJ>).

Are there any CSCO 'Low Income' Areas in

Tamworth?

Yes. There are 5 areas defined as 'low income' using the method described above, and therefore eligible for this strand of ECO. In theory, any household in one of these areas is eligible for 100% insulation measures, regardless of tenure or income/ welfare status.

Where are Tamworth's CSCO Areas?

There are 5 CSCO areas (as shown in Map 1 below). 2 are located in Glascote, 1 in Amington, 1 in Belgrave and 1 in Castle.

What is an LSOA?

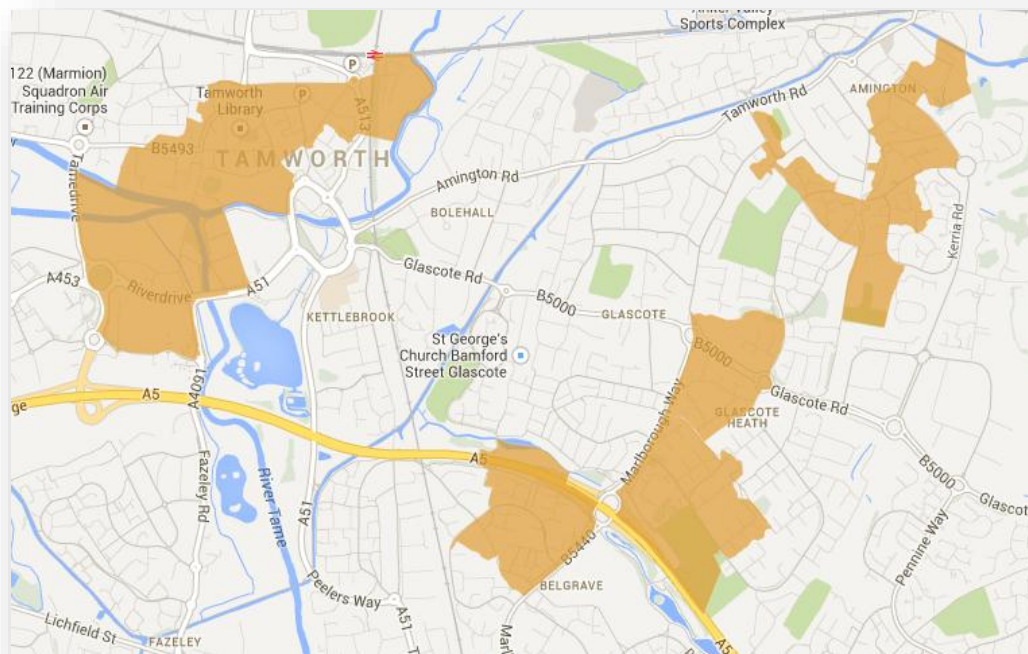
Lower Super Output Areas (LSOA's) are Geographical

boundaries used in

Census and Deprivation analysis, roughly each LSOA encompasses a

population of around 1500, and there are 32,844 LSOA's within England and Wales. They are

named using a code e.g. Tamworth 009A. Each LSOA has a range of Households (min – 400, max – 1200) and Population (min – 1000, max – 3000).



MAP 1 - TAMWORTH'S CSCO AREAS

Analysis of Tamworth's CSCO Areas

The focus of CSCO on loft and cavity wall insulation (and loft insulation top-up) diminishes the opportunity that it presents in certain areas, largely because it is typical that areas that fall into a CSCO low income bracket (using the IMD) are characterized by a large presence of Social Housing. Social Housing providers have been driving towards the Decent Homes Standard (<http://bit.ly/Rn08Zs>) through extensive investment in their stock to improve the energy efficiency of properties. Loft and Cavity wall insulation are extremely cost-effective energy efficiency improvements and were heavily targeted across the social housing sector. It could be safely assumed that the majority of remaining unfilled lofts or cavity walls will be found in the private sector. That said, this will in turn depend on local responses to the Carbon Emissions Reductions Target (CERT), in which private householders received grants for fully funded loft and cavity wall insulation. Tamworth performed well in regard to CERT, performing consistently above the national average within the last three years of the programme (as shown in figure 1).

Tamworth's CSCO fair share is;

£239,922

Enough to install

479 Cavity Wall Insulations per year*

ECO isn't distributed based on fair share, but it provides a good benchmark to aim for initially. Calculated using £195m nationally for CSCO. Tamworth has 0.12% of the UK's Population. £195m multiplied by 0.12% = £239,922

(* based on cost of £500 per install)

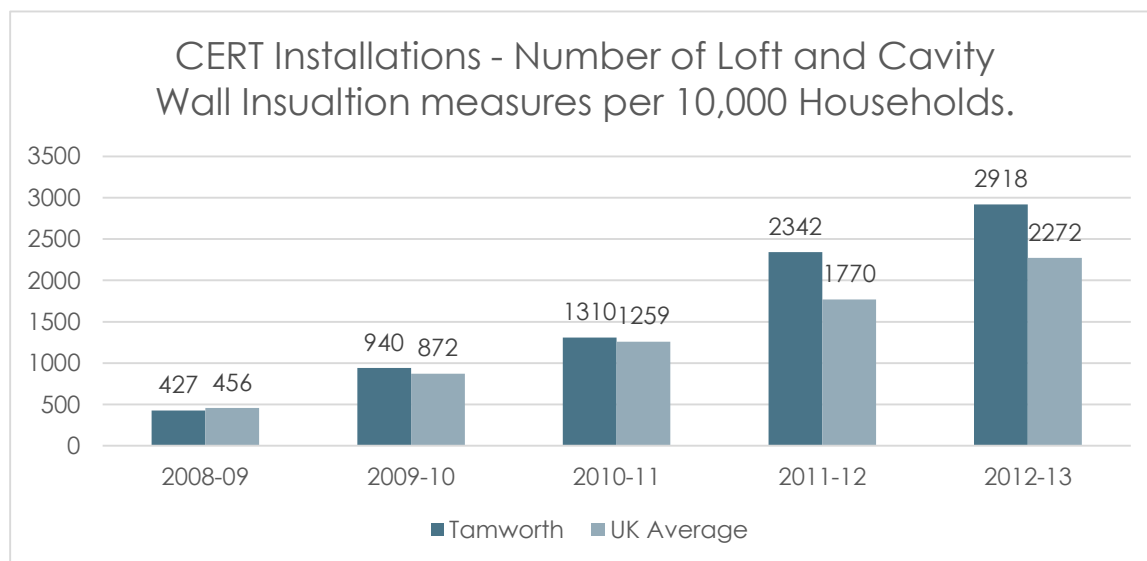


FIGURE 3 - CERT INSTALLATIONS IN TAMWORTH 2008-2013

Tamworth's above average performance under CERT is likely to mean addressable need for loft and cavity wall insulation will be lower than in regions where engagement with CERT was not as positive. Figure 1 (below) shows the tenure breakdown across Tamworth's 5 CSCO areas. The

issues above represent the key challenge for CSCO, identifying remaining addressable need (as in how many lofts and cavities are still uninsulated) in geographically contained areas.

As the figure 4 shows, social housing dominates all but one of the CSCO areas. There may be some remaining need in the private rented sector, especially in Castle, where 240 properties are privately

rented. The private rented sector is well known as the worst performing in regard to energy efficiency, so this could prove an advantageous route for identifying CSCO eligible properties, although private landlords were also eligible for measures under CERT.

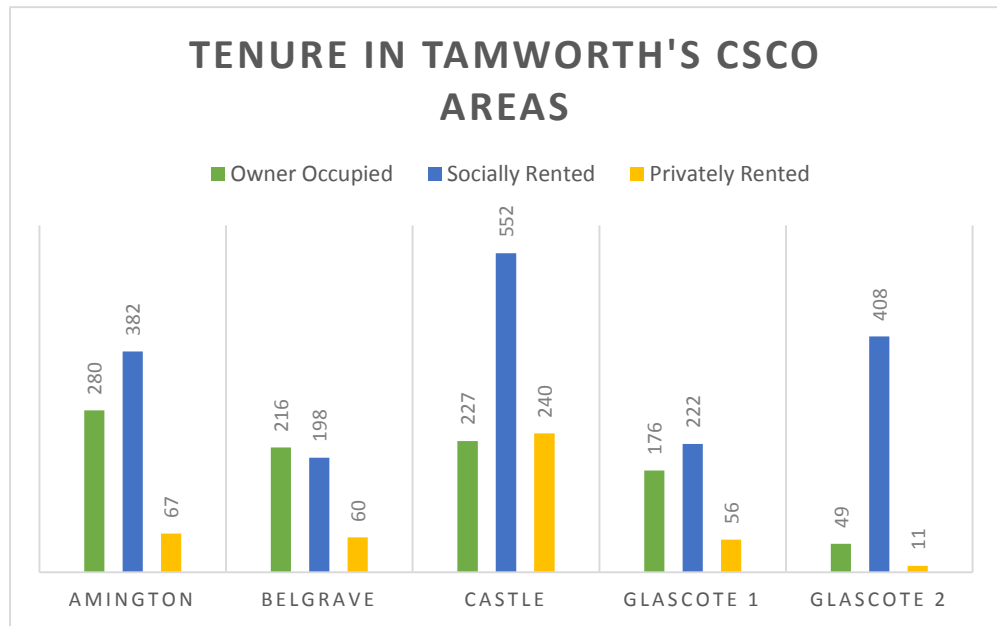
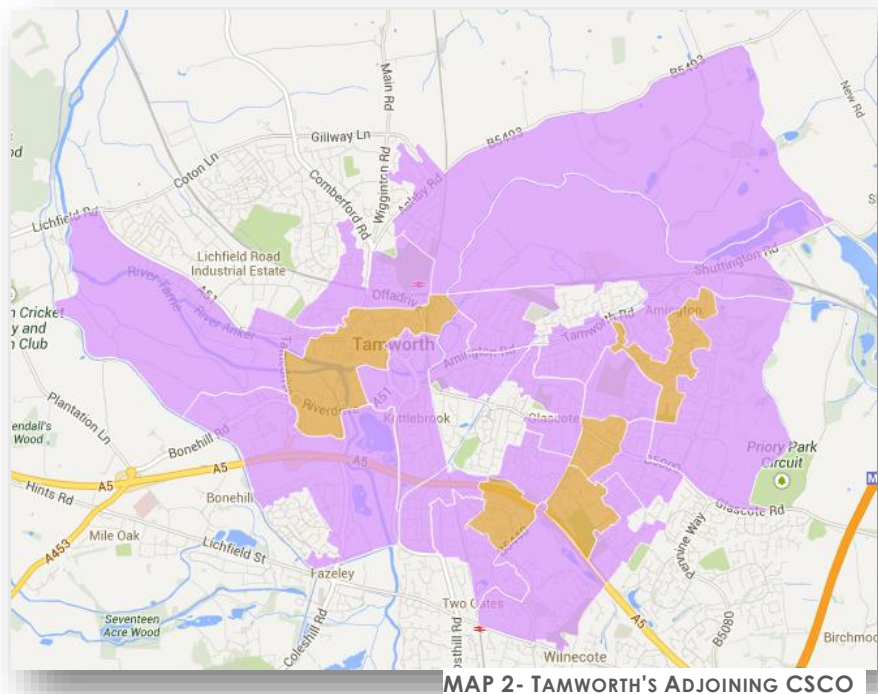


FIGURE 4 - TENURE ACROSS TAMWORTH'S CSCO AREAS

CSCO Adjoining Areas

CSCO includes a soft boundary rule, in order to overcome problems experienced in previous energy efficiency schemes through the use of LSOA boundaries. Situations arose where households were deemed ineligible because they fell out of the low income LSOA boundaries, despite the fact that their property was located on a street with identical house types and needs. In



simpler terms, half a street or estate could be eligible where the other half was not. This became a problem due to the fact that LSOA's are not physical geographical boundaries but rather statistical boundaries with little true resemblance to the physical geography of an area(s).

Soft boundaries are to be used to ensure that adjoining areas can also benefit. Up to 20% of the measures within a defined project can be delivered in adjoining areas. Adjoining areas are those LSOA's that border any low income LSOA. However, the works that are undertaken in an LSOA must not exceed more than 25% of the total Carbon Savings from the project. The soft boundary rule could be significant for compact Tamworth Borough Council, bringing a number of areas (and therefore properties) into eligibility for support. Map 2 displays areas (in purple) bordering Tamworth's CSCO areas (orange).

Rural CSCO

Energy Company Obligation Legislation from DECC attempts to ensure that Rural locations benefit from ECO funding alongside Urban areas. There is a safeguard to ensure 15% of CSCO funds are discharged in rural areas, however Tamworth Borough is excluded from CSCO rural due to its urban nature.

Carbon Emissions Reduction Obligation

- All tenures
- Hard-to-treat properties
- Solid wall insulation (part to 100% funding, relative to carbon intensity of heating fuel)
- hard-to-treat cavity insulation, 100% funding
- Largest obligation

Carbon Emissions Reduction Obligation (CERO) in Tamworth

The aim of the Carbon Emissions Reduction Obligation is to reduce carbon in the UK's most energy inefficient houses. CERO will target 'hard-to-treat' properties, those requiring costly and complex energy efficiency measures such as solid wall insulation or the insulation of unconventional cavities.

As a carbon saving obligation, CERO funding for solid wall insulation is explicitly linked to how much carbon the measure will save, and is therefore dependent upon a particular properties' characteristics. In certain circumstances, 100% funding will be available in others a proportion of

the work will be funded. Hard-to treat cavity walls are those that are less than 50mm in width, contaminated (with debris in) or in structures of 3 storeys or more. 100% funding is currently available for such measures.

What are the funding arrangements under CERO?

Hard-to-treat cavity wall insulation should be fully funded. A significant proportion of CERO is likely to be targeted toward solid wall insulation, one of the most costly energy efficiency measures to install, and one in which the initial cost and savings thereafter (although significant) do not meet the Green Deal's golden rule.

Funding will be allocated based on lifetime carbon savings of the measures installed. The most carbon intensive heating fuels (electricity and solid fuel) will therefore attract the most CERO funding (see figure 2).

It is widely expected that electrically heated and solid fuel heated properties will receive 100% funding for CERO solid wall insulation, owing to the significant carbon savings that will result over the lifetime of the measure.

Properties using oil heating systems should attract between 60-80% funding, with gas (LPG and mains gas) between 20-40%. These are all expectations and benchmarks. All properties hoping to receive CERO funding will have to undertake a Green Deal Assessment and EPC to establish savings and the funding linked to these.

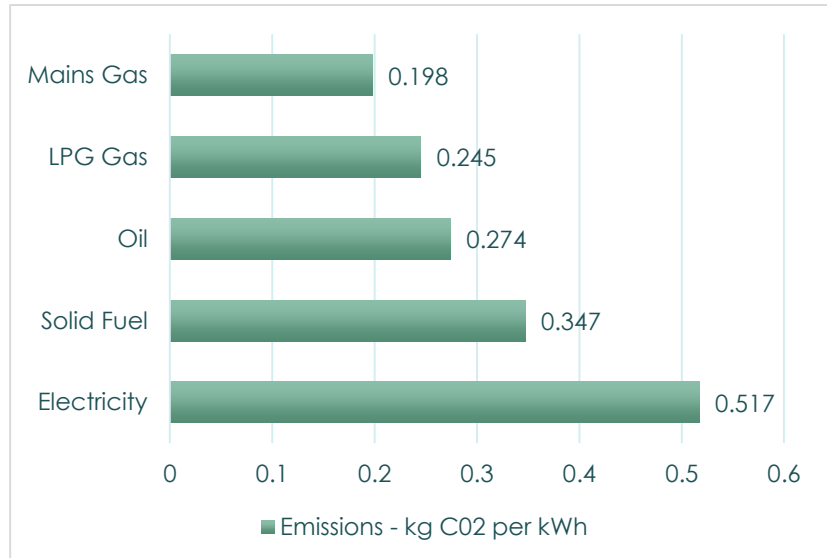
Combining Funding

With CERO likely to offer part funding in a lot of situations, the ability to combine ECO funding with alternative funding streams is key, especially in a predominantly on-gas area such as Tamworth. A Green Deal Plan can be combined with ECO (which is acting as a subsidy to bring the total savings required down to meet the golden rule). Alternatively, householders can make a financial contribution or seek finance from another source. In the case of rented properties (private or social), a landlord may be in a position to put capital forward alongside the ECO funding.

Importance of Blending

Blending of CERO funding is possible to help increase the contribution of funding on properties that are not receiving full funding (i.e. Gas properties opposed to carbon intensive solid fuel properties). This can occur when a portfolio of properties is being funded for CERO work, in which the properties have a mix of heating fuels. In such a scenario, properties using carbon

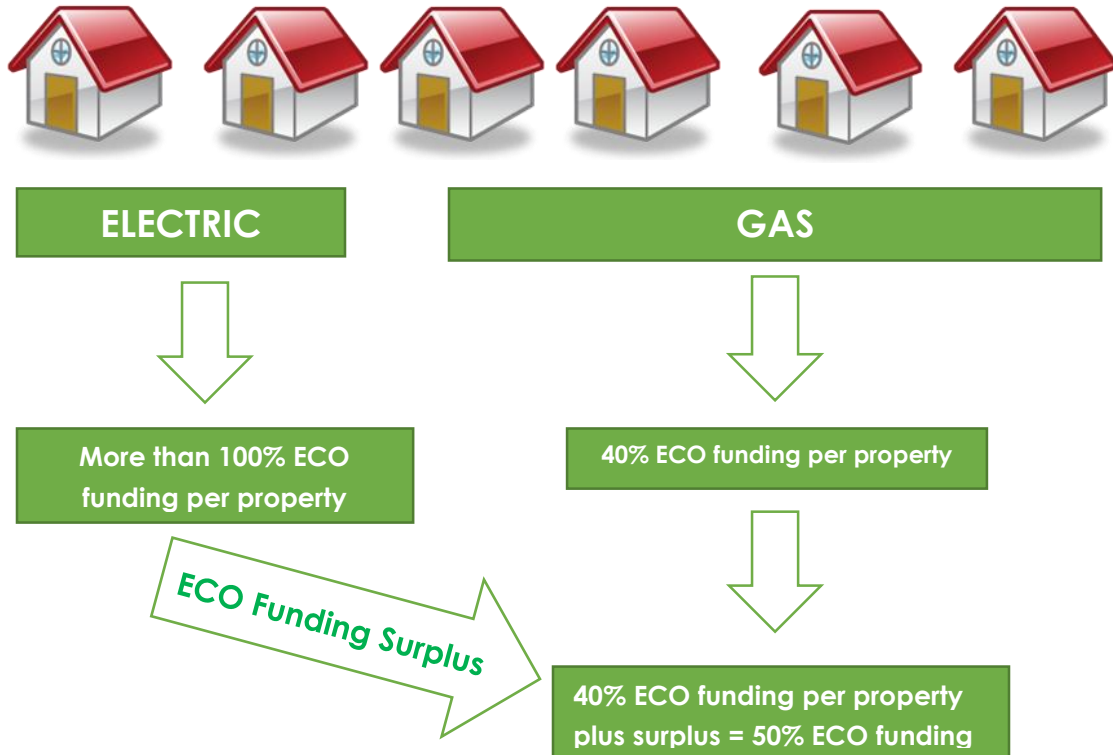
FIGURE 5- CARBON INTENSITY OF HEATING FUELS



Source: Government SAP for Energy Rating of Dwellings (2011)

intensive fuels such as electricity can offer generate very significant carbon savings over their lifetime, enough to produce more than enough funding for the cost of the insulation on that property. This excess funding can be apportioned to a property with a smaller CERO funding contribution (see figure 3). The key to blending is getting a good mix of carbon intensive and less carbon intensive. The size of the portfolio is also useful in increasing funding proportions due to the ability to benefit from economies of scale.

Blending Explained....



CERO Opportunity in Tamworth

Using data from the Tamworth Borough Private Sector Housing Survey and the 2011 Census, we can begin to investigate the opportunity for CERO in the Borough.

Primarily, the targets in terms of eligibility (what need to be found) are;

- Hard to treat - cavity walls in three-story + buildings
- Hard-to treat – narrow cavities
- Hard to treat - solid walled properties on electricity or solid fuel.
- Hard-to-treat – densely populated solid walled properties (e.g. terraces) on mains gas

Heating Fuel – Census 2011 - Over 85% of Tamworth Borough's stock uses mains gas central heating, meaning the identification of off-gas properties will be a significant challenge.

However, some 2,719 properties are electrically heated. Of course not all of those properties will be CERO eligible as a large proportion are likely to be cavity walled. According to the 2011 Census, only 138 properties use solid fuel systems and a mere 27 use oil as their main heating fuel.

Property age – Private Sector Housing Survey 2010 – At the time of the survey, there were around 25,000 private sector dwellings in Tamworth. As expected, the proportion of properties built pre-1965 was substantially lower than the national average, and therefore the proportion of properties built post 1965 higher. The proportion of properties built pre-1919 is usually a good barometer to use when assessing numbers of solid wall properties. In Tamworth. Only 8.8% of the stock is built pre-1919 compared to 24.6% nationally.

Property type – Private Sector Housing Survey 2010 – Assessing the property types within a Borough can also help offer a picture of the opportunities for solid-wall insulation. Terraced houses are typically solid walled, and in Tamworth 20.2% of properties are a terraced house of some sort, below the national average of 27.8% but still a significant proportion. In regard to hard-to-treat cavity walls, 5.9% of dwellings in the borough are low-rise flats or apartments, just under a national average of 7.8%. There are very few high-rise flats in the borough.

Tamworth's CERO fair share is;

£959,689

Enough to install

**86 solid wall
insulations per year***

ECO isn't distributed based on fair share, but it provides a good benchmark to aim for initially. Calculated using £780m nationally for CERO. Tamworth has 0.12% of the UK's Population. £780m multiplied by 0.12% = £959,689

(* based on cost of £11,500 per install)

Home Heating Cost Reduction Obligation

- Private Sector Only
- Affordable Warmth Obligation (aiming to save on heating costs)
- Loft and cavity wall insulation, loft-top-up, boiler replacements (100% funded)
- Dependent on benefit status, beneficiaries must meet certain eligibility criteria

Home Heating Cost Reduction Obligation (HHCRO) in Tamworth

The Home Heating Cost Reduction Obligation (HHCRO) is the affordable warmth element of the Energy Company Obligation, its aim is to offer measures to help support low income households heat their homes more affordably. It will provide insulation and heating measures to vulnerable households throughout England & Wales, essentially replacing the Warm Front Scheme. Eligibility for the scheme is based upon the Super Priority Group also known as the Affordable Warmth Group, those who are in receipt of certain qualifying welfare benefits alongside other qualifying components such as parental responsibility for a child or benefit premiums.

HHCRO is only open to private sector households (including private rented sector).

HHCRO differs from both CSCO and CERO in that it is a heating cost reduction; the aim is to save on heating costs and so savings are not measured in carbon saved but in £ savings on heating cost saved over the lifetime of a measure.

Heating improvements and insulation measures are the focus of HHCRO.

Insulation measures include cavity wall insulation, loft insulation (and loft-insulation top-up) and hard-to-treat cavity wall insulations. Heating measures include boiler replacements and boiler repairs. New heating systems are available on gas, oil, electric and LPG gas.

A green deal assessment is not necessary, in order to assess the requirements of measures and or recommendations for boiler replacements and installations under HHCRO. A formal Ofgem boiler

assessment will be made and this must be undertaken by a 'person of appropriate skill and experience'. Ofgem ECO Guidance for Suppliers (Page 132) states the competency requirements for operatives undertaking HHCRO boiler assessments. (<http://bit.ly/11G0RVM>).

Tamworth's HHCRO fair share is;

£399,871

Enough to install

160 new boilers per year*

ECO isn't distributed based on fair share, but it provides a good benchmark to aim for initially. Calculated using £325m nationally for HHCRO. Tamworth has 0.12% of the UK's Population. £325m multiplied by 0.12% = £399,871

(* based on cost of £2,500 per boiler)

Eligibility – who qualifies for help?

Householders are eligible for measures under HHCRO in reference to the affordable warmth group criteria. This is similar to the Super Priority group criteria previously used under the Carbon Emissions Reduction Target (CERT). The only deviation from the former criteria is that a Child is now classed as qualifying up to the age of 16, or up to the age of 20 if the child is in full time education. Previously a qualifying child was required to be under the age of 5.

The welfare system in England and Wales is undergoing significant changes. As a result the qualifying criterion for HHCRO is likely to change in the coming months to reflect these changes.

(a) child tax credit (a) and has a relevant income of £15,860 or less (where “relevant income”

(b) income-related employment and support allowance(c) and—

- (i) receiving a work-related activity or support component; or
- (ii) has parental responsibility for a qualifying child; or
- (iii) is in receipt of a qualifying component;

(c) income-based job seeker’s allowance(d) and—

- (i) has parental responsibility for a qualifying child; or
- (ii) is in receipt of a qualifying component;

(d) income support(e) and—

- (i) has parental responsibility for a qualifying child; or
- (ii) is in receipt of a qualifying component;

(e) state pension credit(f);

(f) working tax credit and has a relevant income of £15,860 or less and—

- (i) has parental responsibility for a qualifying child; or
- (ii) is in receipt of a disabled worker element or severe disability element; or
- (iii) is aged 60 years or over.

“Qualifying child” means, in relation to a person in receipt of an allowance, income support or working tax credit, a child who ordinarily resides with that person and who

- (i) is under the age of 16; or*
- (ii) is 16 or over but under the age of 20 and in full-time education (other than higher education within the meaning of section 579(1) of the Education Act 1996(a));*

“Qualifying component” means—

- (i) child tax credit which includes a disability or severe disability element;*
- (ii) a disabled child premium;*
- (iii) a disability premium, enhanced disability premium or severe disability premium; or*
- (iv) a pensioner premium, higher pensioner premium or enhanced pensioner premium;*

“Parental responsibility” has the same meaning as in section 3 of the Children Act 1989(b).

Analysis of HHCRO (Affordable Warmth) Eligibility in Tamworth

The number of eligible households in Tamworth Borough for HHCRO (meeting the affordable warmth group eligibility) can be analyzed using Department for Work and Pensions claimant count data and 2011 Census data provided by the Office of National Statistics. Analysis includes households receiving income support passported benefits (job seekers allowance, income support, and employment support allowance) and parental responsibility for a qualifying child and pension credit claimants. Those qualifying benefits based on tax credits (working tax credit and child tax credit) are excluded as data is unavailable which enables the separation of claimants above and below the threshold of relevant income which is set at £15,860.

Those receiving pension credit are eligible for support, independent of any other qualifying criteria. This includes both guaranteed credit and savings credit.

Table 3 - Pension credit Claimants in Tamworth Borough

Claimants of guaranteed credit only	1,140
Claimants of Savings credit only	820
Claimants of Savings and Guaranteed Credit	1,350
Total Claimants	3,300

Source - Department for Work & Pensions – August 2012

The data above (from Department for Work and Pensions Claimant Count – August 2012) suggests 3,300 people may be eligible. The data does not account for situations where claimants live in the same property or those living in social housing and thus the actual number eligible will be less than this figure. It does however present a good snapshot of eligibility under pension credit as a qualifier.

If 10% of the total number of pension credit claimants in Tamworth received replacement boilers under HHCRO, this would result in inward investment in the housing stock of **£825,000*** on boiler upgrades alone (*based on £2,500 per boiler). When you consider the other measures available under the scheme, the opportunity HHCRO affords pension credit claimants alone is significant.

The Department for Work and Pensions has up-to-date claimant count data for all three strands of income support, Income Support, Employment Support Allowance and Job Seekers Allowance. Claimants of these are eligible for HHCRO assuming they;

- Have parental responsibility for a qualifying child **or** receive a qualifying component such as a disability element or premium.
- Live in the private sector.

Table 4- ESA Claimants in Tamworth Borough

Claimants of Employment Support Allowance	1,670
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Source – Department for work and pensions – August 2012

There are a number of elements that make up ESA and figures include those formerly claiming Incapacity Benefits. A number of changes to welfare are in progress, which means accurate data is unavailable at this time. It is therefore not possible to scale this figure down to those that meet the qualifying criteria, and as such the figure above (table 2) is only a total of claimants. The actual number of these who would qualify under HHCRO is hard to establish and will likely be less than this total but still significant.

Table 5 - Income Support Claimants with Qualifying Child in Tamworth

Claimants of Income Support with qualifying child/ children	950
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Source – Department for work and pensions – August 2012

Table 6 - JSA Claimants with Qualifying Child in Tamworth

Claimants of Job Seekers Allowance with qualifying child/ children	310
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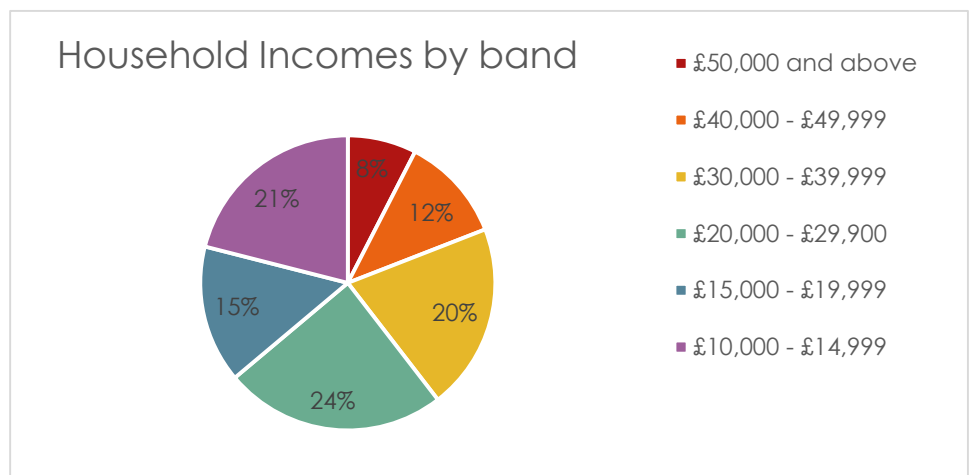
Source – Department for work and pensions – August 2012

Data above shows that there are 1,260 claimants of either Income Support or Job Seekers Allowance with at least one qualifying child. This data is cross tenure and only those in the private sector would be eligible yet it helps to try and quantify who might be eligible and what sort of groups HHCRO can provide help to. There is however no guarantee that these numbers will meet eligibility and in all cases further investigation and checks would need to be undertaken to assess eligibility. Likewise, there may be

householders who fall into multiple categories (able to access support through multiple combinations of criteria).

Data from the Private Housing Survey is also useful. Residents were asked about their income of the head of households and partners, with responses combined to

FIGURE 6 - GROSS HOUSEHOLD INCOME BY BAND



give gross household income figures. As figure 5 displays, 36% of Householders in the Borough receive less than £14,999 annually. A large proportion of these people should be eligible to receive welfare support / be eligible for help under HHCRO.

Work Package 6 – Exploration of Green Deal and ECO Priorities and Focus in Tamworth Borough.

Work package 5 investigated the opportunity that ECO represents in Tamworth Borough. Furthering on from this, work package 6 sets out the key priorities across the borough in order to fully maximise benefit from the Green Deal and ECO.

CSCO Priorities

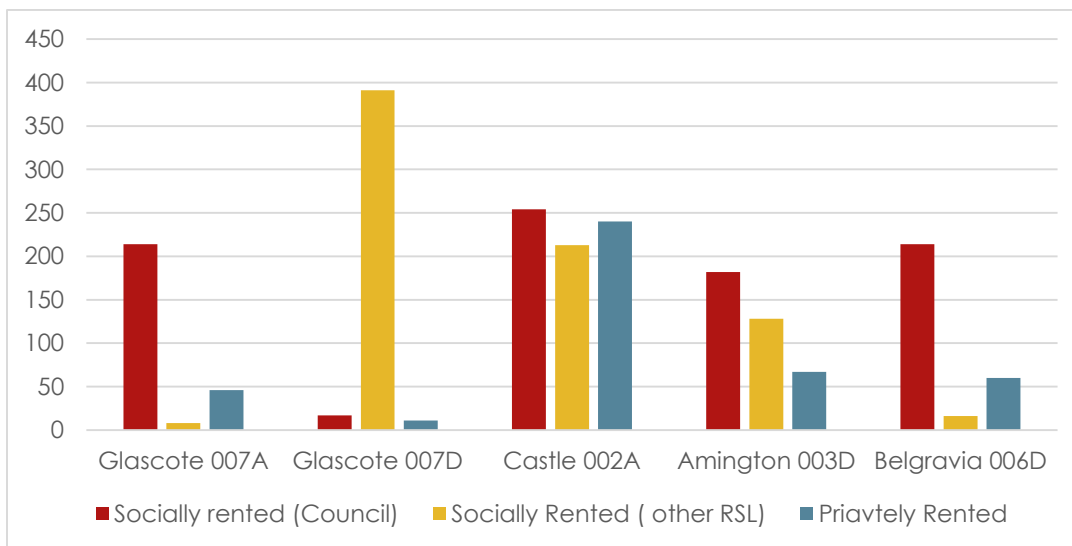
Tamworth has 5 LSOA areas which are eligible under CSCO, defined as Low Income using the Indices of Multiple Deprivation. An analysis of these LSOA's is included in Annex A. With 5 eligible areas, the opportunity presented by CSCO is reasonable within Tamworth. To ensure that the opportunity available, despite its size, is taken fully, the next steps for Tamworth Borough Council should be as follows in the following order in terms of priority/ action.

Key Actions/ Issues

1) Quantify addressable need / ECO opportunity within stock (collate data).

Analysis of recent Census Data from 2011 shows that a large majority of households residing within Tamworth's CSCO LSOA's are socially rented, provided either by the Council or a different Registered Provider. A number of properties are also privately rented (see figure 1 below).

FIGURE 7 - RENTED TENURE IN TAMWORTH CSCO AREAS



Across the CSCO eligible areas, Tamworth Borough Council (TBC) controls around 1000 properties (1006* according to census data, although some respondents may not differentiate

accordingly between council and housing association). The first task must be to assess the eligibility across these properties. CSCO offers 100% funding for loft and insulation, and top-up (where under 150mm) to any properties in a CSCO areas, meaning outstanding need for these measures across TBC stock is a quick win under ECO. Asset management teams should be instructed to assess the stock for eligibility and need with a matter of urgency.

ACTION 1 – Assess TBC stock for remaining loft (inc’ top-up) and cavity wall need in 1000 properties in CSCO areas.

2) Liaise with Registered Providers / Private Landlords within CSCO areas.

Around 24% of the properties in Tamworth’s CSCO areas are socially rented from Registered Providers other than the Council. Typically socially rented properties are well insulated in regard to cavity wall and loft insulation due to large improvements in the UK’s social housing stock that have happened under the Decent Homes Programme. If one assumes that the same is true of the socially rented stock in Tamworth’s CSCO areas, then the number properties with addressable need in the socially rented sector should be low. Dialogue with RSL’s will be needed in order to identify which properties are socially rented and to discuss whether their remains a need for the insulation measures that are available, if so a collaborative approach for both the Council and RSL stock would be prudent.

As figure 1 displays, 424 properties in qualifying CSCO areas are privately rented and may present a significant opportunity with the private rented sector consistently deemed the least energy efficient of the housing sectors. As above, any remaining need within the private rented sector could be incorporated easily into an area wide approach should the Council and Registered Providers have outstanding work to be completed. Dialogue with the Tamworth Private Landlord’s forum should be a key access to moving forward with CSCO in the rented sector.

Alternatively an area based approach could be taken. Looking at figure 1, an area based ‘pilot’ approach could be undertaken in Castle (Tamworth 002A) where there is a good mix of all rented tenures. A geographically contained project may be a good way of getting relevant stakeholders involved and particularly useful in engaging owner occupied properties should demand for insulation exist from the social and private rented sector. Economies of scale around marketing and promoting an offer would be possible.

ACTION 2 – Begin Dialogue with Registered Providers and Private Landlords (via forum) over Tamworth CSCO areas, to assess need and ways forward.

3) Assess addressable need within the Private Sector

Both actions above will provide extremely useful in beginning to identify owner occupied properties within the CSCO areas, of which there may be outstanding need for loft and cavity wall insulation. Tamworth as a whole did relatively well through the Carbon Emissions Reduction Target (CERT), where both measures were fully subsidised for the private sector. Despite this there is still likely to be an unfilled loft and cavities amongst the 948 owner

occupied properties within the CSCO areas. A worthwhile exercise would be to attempt to work with previous CERT installers to gain data on who in these areas would have received insulation under CERT. This may prove a good barometer for remaining demand in the areas, and would inform a decision as to the merit for a promotional push throughout CSCO areas to find remaining uninsulated lofts and cavities.

ACTION 3 – Consider owner occupied demand, identify properties and try and gain data from CERT schemes on levels of insulation uptake within CSCO areas. Consider merit of promotional campaign in light of above.

4) Consider possibility of extending any offer to Adjoining Areas.

ECO Legislation states that up to 20% of activity under CSCO can be undertaken in adjoining areas. In theory this increases eligibility of CSCO significantly in Tamworth. However, installations can only be delivered in adjoining areas up to 20% of the activity in Tamworth's defined CSCO areas (5 areas), essentially 1 in every 5 installs under CSCO could be from an adjoining area. This reduces potential delivery significantly. Even with a positive return of 100 installs from CSCO areas, a limit of 20 would be placed upon the amount able to be delivered in adjoining areas. This underlines the importance of a two stage approach, should TBC embark on a CSCO scheme, whereby adjoining areas are targeted following activity in CSCO areas (i.e. the number from which an adjoining 20% can be derived). For example, 200 measures have been installed in CSCO areas, and therefore up to 40 installs could be completed from defined adjoining areas.

Caution must be taken when extending any 'CSCO offer' out to adjoining areas to ensure that any approach does not overreach itself. With the likelihood that the number of 'available installs' being low, a low key approach would minimise overreaching expectation to households and would ensure the project remains viable. Crucially, assurances must be sought from the chosen ECO installer to ensure that the reporting of installations (of which there are stringent requirements from Ofgem) are bundled, so as not to report the original installations in CSCO areas are reported without the subsequent adjoining area installs.

ACTION 4 – Should a CSCO scheme be pursued, depending on uptake consider implications for adjoining areas.

CERO Priorities

The Carbon Emissions Reduction Obligation is comfortably the largest of the three obligations under ECO, and is believed to be worth around £780 million. It represents a significant and transformational opportunity to undertake major retrofit works in inefficient and hard-to-heat properties. As discussed in work package 5, the focus is on carbon intensive heating fuels (electric and solid fuel), which will receive generous funding, potentially 100% funding for a solid wall insulation.

The key actions for Tamworth Borough Council are as follows;

1) Identify and target Hard-to-treat Cavities

Fully funded cavity wall insulation for hard-to treat cavities (narrow or three story's plus) is a quick win under CERO. The challenge will be the identification of properties where there is need for such insulation.

Building of three story's or more – The Tamworth private sector housing survey identifies only 0.1% of the stock as high-rise building, hence the opportunity under this particular strand and measure is limited. Regardless, investigations should be made as to where the limited high-rise buildings in the borough are located and their tenure, followed by assessment of the insulation present. If uninsulated then a process should be taken to insulate through CERO through Tamworth Borough Council's (TBC) chosen delivery method. (Including whether any are held by TBC)

Narrow / unconventional cavities – Understanding should be sought of the type of properties in the borough that may have unfilled narrow or unconventional cavities. Again, cross-referencing of CERT schemes may uncover properties in which CERT funding was not available and this may prove a useful exercise for identifying householders. Dialogue with Registered providers and cross-reference with the TBC stock database should seek to identify need among the social housing sector. This exercise may also highlight areas with high concentration of unconventional properties (in regard to cavity walls) and if cross-tenure would be a good method for investigating the scope for involving the private sector. Again, consultation with the Private Landlord forum should be encouraged to assess need in this particular sector. Consider a short assignment to identify property types that are characterised as hard-to-treat cavity wall and correlate this with local knowledge of where these properties may be located across the borough.

CERO ACTION 1 - Investigate hard-to-treat cavity need across the borough, across all tenures, including TBC stock, private rented sector and private ownership. Consider work to characterise properties with hard-to-treat cavity walls.

2) Gain a greater understanding of CERO opportunity in Tamworth Borough

As outlined in work package 5, CERO represents the greatest proportion of funding under ECO. CERO supports two measures. As above, hard-to-treat cavity wall insulation may be seen as a 'quick win', a relatively simple measure, cost-effective to deliver and currently 100% funded. Solid wall insulation is a more complex and costly measure to deliver and funding will be dependent upon carbon savings (see work package 5 for more info).

The first task should be to further investigate opportunities, including scale of cross-tenure opportunity. Identifying solid walled properties using the most carbon intensive heating fuels (carbon intensive), notably electric and solid fuel heated properties across the borough. Analysis of Tamworth's holding stock would be a logical starting point,

highlighting solid walled properties of any nature (that are yet to be insulated) and then cross-referencing these with heating fuel to form a database of uninsulated solid walled properties using electric or solid fuelled heating systems. This would then hopefully form a basis for a CERO solid walled insulation scheme. Despite the focus on 100% funded measures for those properties on electric and solid fuel heating, an understanding of all uninsulated solid-walled properties (regardless of heating fuel) will be extremely useful and should also be analysed. Dialogue with other registered providers and private landlords across the Borough is highly recommended to build up a comprehensive stock survey for CERO eligibility. Collaboration with Registered Providers will help understand their hard-to-treat stock and what levels of CERO their properties may attract. Likewise, the private rented sector is likely to offer properties that meet the requirements.

CERO ACTION 2 – Compile stock data across the social and private rented sector to establish a portfolio of ‘desirable’ CERO properties (assessing solid wall properties and heating fuels).

3) Explore CERO funding arrangements through detailed EPC and archetype analysis

The funding element of CERO is complex, as mentioned in work package 5. Where funding is not 100%, other funding will need to be sought and used to complement the ECO funding. A greater understanding of funding permutations under CERO across Tamworth’s stock would greatly aid understanding and the ability to develop CERO approaches with confidence.

Approaches that could be taken.

a) Procure a database and or compatible data

Tamworth Borough Council should consider purchasing / procuring additional data following an appraisal of existing data. Energy Performance Certificate (EPC) data is currently available for 8,770 properties across the Borough. A large data pack (including desired data for Green Deal & ECO scoping) is available for £877.00. Databases can aid the understanding of energy efficiency of the stock across the Borough, the development of priorities of action and targeting of eligible properties whilst boosting knowledge of key partners. 40 Local Authorities use the UNO database which available for purchase. Green Deal and ECO modules are now included as a part of the UNO database to aid scoping of eligibility and EPC data (mentioned above) is fully compatible.

The UNO database and EPC data could provide a solid basis for fully understanding the Borough’s housing make-up. Detailed address level data and Green Deal and ECO modules can display applicable improvements in order of cost effectiveness, bundling measures to create optimum packages. The software will show annual savings and whether these meet the ‘golden rule’. ECO measures can be highlighted and the

amount of subsidy required to equalize savings and repayments is shown. UNO is essentially a stock analysis tool, able to display individual properties, a selection of properties (based on a Lower Super Output Area, street or type of property) or the complete stock. The UNO database does however cost £8,600 for purchase, setup and operation, not including the procurement of EPC data.

b) *Undertake an Archetype Analysis and build an outline for CERO funding.*

An alternative to purchasing data and or a database would be to undertake a more detailed scoping exercise, based on assessing typical archetypes across the borough. A portfolio of archetype case studies could be compiled, seeking to identify the most common housing archetypes within Tamworth Borough, followed by analysis of typical measures correlating to each property type. An EPC and Green Deal Assessment would be undertaken on each of the most common archetypes to establish the measures and likely funding. The EPC's could then be used as a template, extrapolated to similar property types across the Borough allowing early identification of the sort of properties that will attract desirable amounts of ECO funding. This exercise should be undertaken in collaboration with registered Providers and Private Landlords to encourage cross-tenure working.

For example, a template for potential Green Deal and ECO (per archetype) could be provided for a pre-1919 solid walled terraced house and compared with a 1950's semi-detached property and funding levels assessed accordingly. A portfolio of templates could be compiled and shared across partners to offer a greater understanding of what is available and where. Such an option would require less resource (financial and human) than the procurement and management of a database and would encompass fees for the delivery of the EPC and Green Deal Advice reports and a limited amount of time (max 2 days) to pull together the reports to form the templates.

CERO Action 3 – Further understand CERO funding opportunities through data acquisition or further scoping exercise.

4) Consider area based targeting, key partners and who should lead / initiate action

To fully maximise funding through CERO for solid wall insulation (SWI), two key, but complimentary approaches should be taken. A referral and delivery setup should be in place for one-off installations and should also be available for larger area based or multiple property schemes. Area based or multi property schemes are crucial to ensure blending takes place, this is where properties are bundled together so that those achieving 100% funding or more can be used to help subsidise those properties that don't achieve 100% funding. (See work package 5 for more on CERO funding).

Any area-based schemes (crucial for delivering scale and maximising funding) need to be initiated and led. Landlords (private or social) can begin activity in an area to act as a catalyst for private owner occupied households in the area. Landlords have the ability to make a decision on behalf of their property and often require only one decision for multiple properties. In the case of Social landlords, precise data from asset management systems can be utilised in order to locate eligible properties. This approach has the potential to provide a project that can subsequently be offered to private households. The strength lies in that it does not rely on individual householders engaging themselves with and acting within ECO of their own accord, a particular challenge given the complexity of solid wall insulation and the lack of clarity about the Green Deal and ECO and energy efficiency measures and benefits in general. Still holding stock, Tamworth Borough Council may be well placed to lead an area-based scheme based upon addressable need within their stock, assuming that such need exists.

When appraising potential CERO solid wall insulation schemes, consideration needs to be given to which actors initiate action. This will help gauge which are best placed to begin engaging householders and communities. Some of the actors are outlined below, along with potential barriers to them initiating action.

- Local Authority – Are likely to face procurement issues, how likely if this is the case? Potential resources challenges.
- Registered Providers – Have an obligation to their tenants but not to private householders. What is in it for them in engaging private householders?
- Community Group(s) – Do they have the knowledge of the CERO/ECO process and the capability to organise? Are they formal enough to contract with installers?
- An Individual – Does an individual householder know where to start the process? Who to go to? Do they fully understand ECO and solid wall insulation?
- Energy Supplier (Obligated Party) – do they have enough local knowledge? Do they know where the solid wall properties are? Are they trusted?
- Installer – unless a local installer, unlikely to have local knowledge. Also unlikely to successfully blend properties together and not cherry-pick the 100% funded properties. Will they keep any overfunding? Are they trusted?
- Managing Agent – local knowledge gaps and potential to cherry pick and keep overfunding (akin to issues with an installer led approach). Are they trusted?

- Local Agency – may have the local knowledge, but can they engage the community? Do they fully understand CERO and delivery of area-based schemes?

Dialogue with the private landlord forum and registered providers will be essential if the Local Authority is looking for either of these to lead a project and act as a catalyst or even if Tamworth uses its own stock to lead, inclusion of both private and social landlords is strongly encouraged.

HHCRO Priorities

The Home Heating Cost Reduction Obligation is a more traditional funding stream than both CSCO and CERO, and resembles the previous Warm Front scheme. It is the only strand of ECO where eligibility is determined through a criteria of selected welfare benefits. This eligibility criteria is listed in work package 5.

Priorities and actions for Tamworth Borough Council to consider are;

- 1) Gain access to ECO (HHCRO) funding stream or streams.
- 2) Engage existing channels, networks and partners.
- 3) Targeted action.
- 4) General awareness.
- 5) Engage Local installers to gear up/ get involved.

Gain access to ECO (HHCRO) funding stream or streams

HHCRO delivery is dependent upon having access to an ECO funding stream. This could come through a range of delivery options but in almost all cases will require some level of co-operation or relationship with an installer, panel of installers or intermediary organisations/ managing agents with access to ECO funding. More details on the types and levels of relationships can be found in work package 8.

Methods to identify 'hot leads' - Engaging existing channels, networks and partners

Once a funding stream is secured and an installer or installers are in place to install measures, a pipeline of eligible households (referrals) is required, often called 'hot-leads'. Methods for identifying these 'hot leads', those that are likely to be eligible will be needed without excessive resources. All those that are deemed eligible will have to have a full EPC and Green Deal assessment undertaken, likely by the chosen installer or installers in which the said referral has been passed toward. Pre-screening is important in this regard to ensure that the installer(s) can undertake these assessments (ideally at no extra cost). The viability of this is likely to be threatened if chosen installers see poor quality leads and information checking leading to wasted survey time and travel.

There is real opportunity for existing channels, networks and partners to work collaboratively to help identify those Tamworth households that may benefit under ECO. Training days or packs

could be provided to Council intermediaries to ensure they are aware of ECO and which of the residents they interact with could benefit. A communications pack may also be useful in allowing these organisations to include ECO promotion within their existing promotion or marketing channels. The Council should seek partnerships with public, private, community and third sector organisations who work with or provide services to those with a likelihood of increased eligibility for ECO and other targeted sustainable energy support through a referral network.

At all times, caution should be taken to ensure that households are assessed on an all available measures basis. Installing one measure can prejudice the instalment of others in future through the Green Deal.

Intermediaries to consider include; (this list is not exhaustive)

- Parish councils
- NHS (GP's Surgeries etc.)
- Age UK
- British Red Cross
- Local Home Improvement Agency
- Health & Social Care providers
- Local Community Groups
- Schools
- Other local not-for-profit organisations
- Food Banks
- Faith Groups

A range of HHCRO models offer the opportunity of a referral fee to be retained through the process and upon delivery of a HHCRO measure. This referral fee can be used to provide resources and training for intermediaries, to continue funding the operation of the system or to install further measures for households or for other affordable warmth programmes.

A contact system or hub of some kind is likely to be essential in order to help quantify leads and referrals, ensuring that householders meet the required criteria. This contact hub could be operated by the council, through a commission to local business to undertake this activity or in some cases the chosen installer or installers may be able to provide this function. Any installers will also be obligated to make the relevant checks and take photographic evidence in order to prove household eligibility before the installation of measures. Most delivery models will incorporate a hub or contact centre capacity.

Targeted actions

As discussed in previous sections, the affordable warmth group criteria is relatively selective, which itself creates a challenge in finding those householders who can benefit from HHCRO. It will often be the additional qualifying criteria that is the most difficult to identify, whereas data

is available on primary benefits such as Job Seekers Allowance or Employment Support, additional requirements such as the responsibility of a child or receipt of a disability premium is often very challenging. To fully maximise HHCRO in Tamworth Borough, efforts should be made to undertake well targeted promotion and awareness action, alongside a wider approach of HHCRO across the Borough.

Any delivery model used to help discharge HHCRO in the Borough will need to carefully consider its promotional activity. As with any scheme which is reliant on a complex criteria of benefits, activity must be focussed but concise, to ensure that resources aren't spent quantifying eligibility (i.e. of the referrals, spending resources checking how many referrals will actually meet all the criteria required).

There are potentially three key actions / plans to target groups who are likely to meet the criteria and be eligible for HHCRO. These should be used as a basis for kick-starting HHCRO across the Borough.

Pension Credit Claimants - both guaranteed and savings elements of Pension Credit are standalone eligible benefits, any action to target householders on any of these should be prioritised. One option may be to work with Post Offices across the Borough. In the past many pension claimants collected their pension over the counter at post offices across the UK, this has now changed and been replaced by the Post office Card Account (a specific type of financial account for people receiving benefits). It is expected that a number of pension credit claimants transitioned over to the Card Account when over the counter book service was ceased. If this is the case, targeted action in conjunction with the post office to promote HHCRO to pension credit claimants with Card Accounts sounds effective and may lead to significant referrals. Dialogue with the Post Office should be attempted to consider this option in more detail. Specific promotional campaigns to Pension Credit claimants should also be pursued. The fact that no other additional benefit or qualifying component is needed alongside Pension Credit results in it being the simplest in terms of identifying and assessing eligibility.

Passported benefit and a qualifying child – Households that receive one of the three main employment and or income support benefits including working tax credits (with income under £15,860) qualify for ECO should they have parental responsibility for a child under the age of 16, or over the age of 16 but under 20 and in full time education. The challenge here is identifying benefit recipients alongside identifying whether or not the household has responsibility for a qualifying child. School children in England can receive free school meals provision, should their parents meet the eligibility criteria, which is closely aligned to the criteria for HHCRO (Income or employment focused benefits and child tax credit). Working with the Borough's schools or Staffordshire Council (who administer the free school meals programme) may provide access to vulnerable and eligible households who can benefit through HHCRO. Further investigation into the practicalities of such an approach should be undertaken to evaluate this idea.

Disabled Facilities Grants – alongside parental responsibility, receipt of one element of disability premium is a ‘qualifying component’, which with a passported benefit such as Income Support denotes HHCRO eligibility. An option exists to link HHCRO with the provision of Disabled Facilities Grants (DFG), as again, the criteria to signify eligibility for a DFG mirrors that of HHCRO (under the qualifying component). Again, further investigation into the possible link between DFG and HHCRO delivery should be pursued, Coventry City Council undertook a project using this method as part of their recent Green Deal Pioneer Places Project and could possibly provide some support on how they implemented this.

Engage Local installers to gear up/ get involved

As a result of HHCRO’s relative similarity to previous schemes (most notably Warm Front), it arguably provides the most immediate and realistic to engage local installers and businesses. The simplicity of the eligibility of measures, at least in contrast to more complex measures such as external and internal wall insulation and insulation of hard-to-treat cavities further improves the possibility of linking local firms into the system on a short timescale. The greatest opportunity will be presented through HHCRO boiler replacements and repairs owing to the existence and experience of heating engineers and the fact that a boiler check is required and not a full green deal assessment or EPC. Although dependent upon a delivery model, LDC should look to engage local heating engineers and insulation installers in preparation of the beginning of any delivery. Other Local Authorities have facilitated conferences and meetings for local installers to engage with ECO and assess their options. This approach could be taken by LDC. If pursued, contact with Local Authorities who have undertaken such events should be sought to gain insights into the development and delivery of such an event.

Summary of Priorities & Recommended Actions

The proposals and recommendations above are just some of the options available to Tamworth Borough Council in regard to engaging with ECO in the near future. It must be noted that the selection of a delivery model may have a significant bearing on the options above, however, a delivery partner will likely be able to offer expertise and resources to help develop some of the ideas included above and approaches that aren’t included above. Figure 8 summarises the key recommended actions for Tamworth Borough Council and correlates this with which strands of ECO the actions relate to and how.

FIGURE 8 - SUMMARY OF RECOMMENDED ACTIONS

Recommended Actions	CSCO	CERO	HHCRO
Assess own stock for eligibility	Identify demand among council properties within the 5 defined CSCO areas	Identify demand among council properties of those properties eligible; hard-to treat cavities (and solid wall insulation plus	N/A

		associated secondary measures.	
Liaise with RSL's in the Borough	Try to identify private householders in CSCO areas and assess for need	To develop scale and investigate using RSL led project as catalyst to engage other sectors	N/A
Engage with Borough's Private Landlords	To investigate addressable need in the private rented stock in CSC area, and to aid identification of owner occupied households	Use GDPP work with landlords to continue engagement, assess scope for a Landlord led CERO project to deliver scale. Catalyst for owner occupied sector.	Help Private Landlords to assess their tenant's eligibility for HHCRO.
Engage with Intermediaries	Less important in defined CSCO area, however, help may be useful in identifying and engaging householders	Notably in rural locations, community groups, Parish Councils and other key in identifying eligible 'hard to treat' properties	Intermediaries working with vulnerable people - key to HHCRO delivery. Engage intermediaries, support and train in HHCRO
Quantify Addressable Need	Establish scale of addressable need in Tamworth CSCO eligible areas, acquiring data if necessary.	Establish scale of addressable need for CERO in areas with high incidence of off gas fuel use and solid, older properties. Acquiring data if necessary.	N/A
Target Action	N/A	N/A	Investigate methods to identify segments of the qualifying criteria, such as Pension credit Accounts, Free School Meals, DFG's.
Engage and support local suppliers	N/A	Short-term. Offer sessions to local suppliers to engage with ECO. Help build into delivery mechanism if practical.	

Work Package 7 – Exploration of different roles / approaches to Green Deal and ECO.

This work package will discuss some of the main approaches and roles that are open to Local Authorities in regard to engaging with the Green Deal and Energy Company Obligation. It is important to note that each one of these approaches has its own variants (e.g. a range of different partner relationships). These are further discussed in work package 8.

Passive

Essentially a ‘do nothing’ approach, strictly market led approach. The Local Authority would play little or no role in the Green Deal, leaving it wholly to the market. The Local Authority may elect to allocate some resource (limited) into promotion of the Green Deal and ECO in a general sense, supporting the on-going but limited scope of government Green Deal campaigns. This promotion would be completely impartial and would not signpost or endorse any Green Deal Providers, Assessors or Installers. Promotion could take the form of informational leaflets and support explaining the Green Deal and ECO process. The Energy Saving Advice service is the government backed advice line for the Green Deal and ECO and could serve as a good service for a Local Authority to signpost toward under a ‘passive’ approach.

This approach may be attractive to those Local Authorities who do not wish to take on a significant role in the roll-out of the Green Deal & ECO, yet it allows some very limited support of the initiative. The ‘do nothing’ approach could also be adopted in periods when decisions are pending and appraisals are being undertaken. Many in the industry and government have suggested taking a passive approach is not an option due to lost opportunities.

Benefits:

Minimal / no financial risks

Minimal / no reputational risks (potentially reputational risks of not engaging)

Risks:

Potential loss of investment in Local Authority areas, compared to Authorities who take a proactive approach to leveraging funding.

Risk of poor uptake of the Green Deal and ECO, lack of improvements.

Lack of control of the provision of Green Deal, possible problems of unfettered market ‘free for all’.

Negative impact on the preparedness and ability to secure ECO investment.

Minimal/ no impact of a government backed scheme on an Authority’s ability to tackle stock quality, fuel poverty and carbon reduction.

Minimal / no provision of local jobs, training or support for local businesses in the sector.
Inability to direct how jobs are supported or created locally. Risk other places benefitting from jobs as a result.

Procurement: None required.

Partner

A Local Authority or Consortium of Local Authorities undertake a procurement exercise/ dialogue to select an exclusive Green Deal delivery partner or panel of Providers. This model is set up to enable Local Authorities to take full advantage of the Green Deal and ECO and is characterised by commitment from the Local Authority to procure and work with an exclusive partner over a specific time period. The Local Authority would work closely with the delivery partner to; identify and promote demand whilst the Green Deal Provider would complete surveys and assessments, undertake the work (or manage installation of the works), source finance and provide warranties.

Benefits:

Demand – offers sizeable scope to manage and promote demand, using Local Authority brand, trust and reputation.

Offers potential for collaboration with other organisations, including RSL's, other Local Authorities

Targeted interventions – allows the Local Authority to target Green Deal activity to specific groups (fuel poor, elderly, vulnerable properties). Utilising Local Authority access to data and information.

Key performance indicators can be employed to measure and ensure progress toward key outputs.

Supply chain considerations, through KPI's (such as number of hours of training provision and number of local SME's within the delivery chain).

Risks:

Costs (procurement and operations) associated with this model are considerably high
Issues around scale – the setup and procurement costs are likely to result in need for a minimum scale of delivery (cost of contract). Smaller Authorities may struggle to offer desirable scale for large scale Green Deal providers as will those no longer holding stock.

The relationship is exclusive but other providers can operate freely in an area.

Long-term commitment to one exclusive partner within a rapidly evolving and often uncertain marketplace may result in the wrong decision.

Strong governance is required for any multiple Local Authority partnership.

Commercial risks, will uptake be sufficient enough to cover costs?

Large timescales involved in procurement and setup (12-18 months), creates a vacuum and lack of activity locally.

Collaborative working from partner and local supply chain is dependent on local supply chain's desire to engage with large providers/ contractors. Potential tensions here, due to large contractor- small contractor relations and the fact that most Green Deal Providers are large national companies.

Procurement:

Competitive dialogue process required by a Local Authority or anchor Local Authority if working in consortia. Extremely complex and time-consuming procurement process likely to require OJUE process due to value of contract. Financial and resource implications for Local Authority.

Producer

This model looks to utilise Local Authority knowledge and trusted brand, offering an opportunity for Local Authorities to play an important role in delivering Green Deal and ECO (via promotion and identification) within their communities. The Local Authority can work as the producer (in-house), can utilise an existing entity (advice service) or can procure a partner agency to work alongside (Local Agency).

Focus is on front end involvement, with the Local Authority and its partners using their trusted brands and existing networks to identify householders who would be interested in the Green Deal and or eligible for ECO. Involvement can range from identification of 'hot leads' to a panel of Green Deal Providers or through to delivery of Green Deal Assessments which are then handed to a provider.

Benefits:

Local Authority plays a role in driving uptake in Green Deal and ECO.

Strong use of trusted brand.

Utilises existing networks, and fits well with the Community and Voluntary sector.

Flexibility, avoids long-term commitments to exclusive partners and providers.

Local – local driven and offers level of control that other approaches might not.

Risks:

Financial risks involved with running the producer model, or procuring a partner to run.

Financial risks resulting from low uptake and resultant low referral income, potentially not covering initial set-up and operational costs.

Reputational risks, if the chosen end delivery partner(s) don't deliver.

Potentially a lack of a partnership to fully access ECO, again dependent on final delivery agent(s).

Procurement:

This may require procurement on two levels. If not using an in-house or existing entity to act as producer, then some level of procurement may be needed to select an organisation to act as a producer. This is likely to be simple and low cost.

Procurement may also be needed in the selection of delivery partners, although there is an option for the Local Authority to delegate procurement to the third party or local agent reducing costs and resource requirements significantly.

Procurement process less strenuous and costly than in a scenario when selecting an exclusive delivery partner.

Provider

This approach sets up the Local Authority as a Green Deal Provider. The key characteristic being the provision of finance from the Local Authority and the creation of a finance vehicle, through a combination of prudential borrowing, reserves and treasury management. There might also be an opportunity to act within the Green Deal Finance arrangements. The Provider route is the most complex but also offers greatest control. It would be the greatest role that a Local Authority could take in driving and delivering Green Deal and ECO.

The Local Authority would arrange refinancing, develop project structures and management and put legal frameworks in place. They would manage all promotion and sales, manage the delivery of assessments and works, and arrange for the finance recollection from Energy Companies (repayment through electricity bill).

The provider would have to have a relationship with Green Deal Installers or use in-house provision. They would seek to plug-in local installers into the chosen delivery partner(s) to ensure local supply chain opportunities.

More information on the provider model can be found at <http://bit.ly/18a15Kj> - A business case undertaken for a North Wales Provider role for the Green Deal and ECO.

Benefits:

High levels of control over the Green Deal & ECO, arguably more than any other approach.

Ability to comfortably fit in other schemes and priorities, specification set by Local Authority.

Builds on trusted brand of Local Authority, and seen to be a priority.

Strong driver for local employment.

Long-term programme and leadership role in tackling fuel poverty, poor homes, spiralling energy costs, carbon emissions.

Risks:

Significant financial risks, in utilising prudential borrowing and reserves etc.

Risk of low uptake.

Is this what Local Authorities do best? Do they have experience? Reputational risks should the model not work as effectively as planned.

Long-term and finance and resource intensive model, in a fluid and unpredictable market.

Complexity of tender process may limit number of and quality of interested delivery partners.

Never will be exclusive, other Green Deal Providers free to work in area.

Long process of setup and procurement creates a vacuum of activity.

Procurement:

Significant procurement exercise needed for the procuring of installers, likely OJEU needed due to length and size of contract.

Promoter

In this approach, the Local Authority would act as a promoter of the Green Deal and ECO, without a relationship with any Green Deal associated organisations or connection to any delivery model. Resources would be channelled into a general marketing campaign, potentially building upon the limited promotional campaign from the Department of Energy and Climate Change. There would also be the option for the Local Authority, through its marketing and promotion, to sign-post to the Energy Saving Advice Service (the government backed impartial advice service for the Green Deal and ECO).

Benefits:

Low financial risk

Non-resource intensive

Allows the market to operate with little Local Authority involvement.

May result in increased competition among providers with no 'exclusive' relationships.

Risks:

Risk of low uptake.

The cost of promotion can't easily be recovered from those benefitting from Local Authority promotion. No revenue will be received from Green Deal Providers gaining work in the areas as a result of a Local Authorities promotion.

Little to no local supply chain provision.

No control over training and apprenticeship provision.

Potential free market 'free-for-all'.

No say in specific targeting of fuel poor households, vulnerable communities and or hard-to-treat areas

Likely to result in 'cherry picking', especially ECO without Council backing.

Without Council support, ECO and Green Deal will not link with other schemes and networks already in operation. Community and Voluntary Sector likely to be isolated.

Cross tenure approach unlikely.

Procurement:

No procurement necessary due to no relationships.

Work Package 8 – Exploration of different relationships a Local Authority may have?

Previous work packages provide background on the Energy Company Obligation whilst attempting to scope the opportunity for Tamworth Borough that each strand (CSCO, CERO & HHCRO) represents.

Work package 7 explores some of the approaches to Green Deal and ECO that a Local Authority can take. In the work package below we explore some of these approaches more thoroughly, considering how they would work in practice and the level and type of relationship that the Local Authority might need and with whom.

As mentioned in previous sections, the ECO and Green Deal markets are fluid and rapidly evolving, with new approaches and hybrids of existing approaches continuing to emerge. At the time of writing (October 2013) energy costs and 'Green Taxes' are some of the most potent political issues with the prospect of further changes to policy, funding and programmes highly likely in the coming months.

Four approaches are featured below;

- **Local Energy Agent Model,**
- **Direct Relationship with an Obligated Party,**
- **Relationship with a Managing Agent/Intermediary,**
- **Relationship with an Installer with ECO Funding.**

For the purpose of this exercise, the 'do nothing' and 'promoter' approaches have been excluded, following the exercise to define Tamworth Borough Council's specification in which both these options were dismissed. The 'provider' model (where the local authority would set up as a Green Deal Provider) has also been excluded

Each potential model is assessed against the follow characteristics. Each box in which these characteristics are considered for each model is colour coded, where green represents an advantage of the model and red a disadvantage of the model. For this purpose assumptions have been made that;

-Low costs of setup and delivery are an advantage and thus high costs are a disadvantage.

-Short timescales are an advantage and thus long timescales are a disadvantage.

-Low risks are an advantage and thus high risks are a disadvantage.

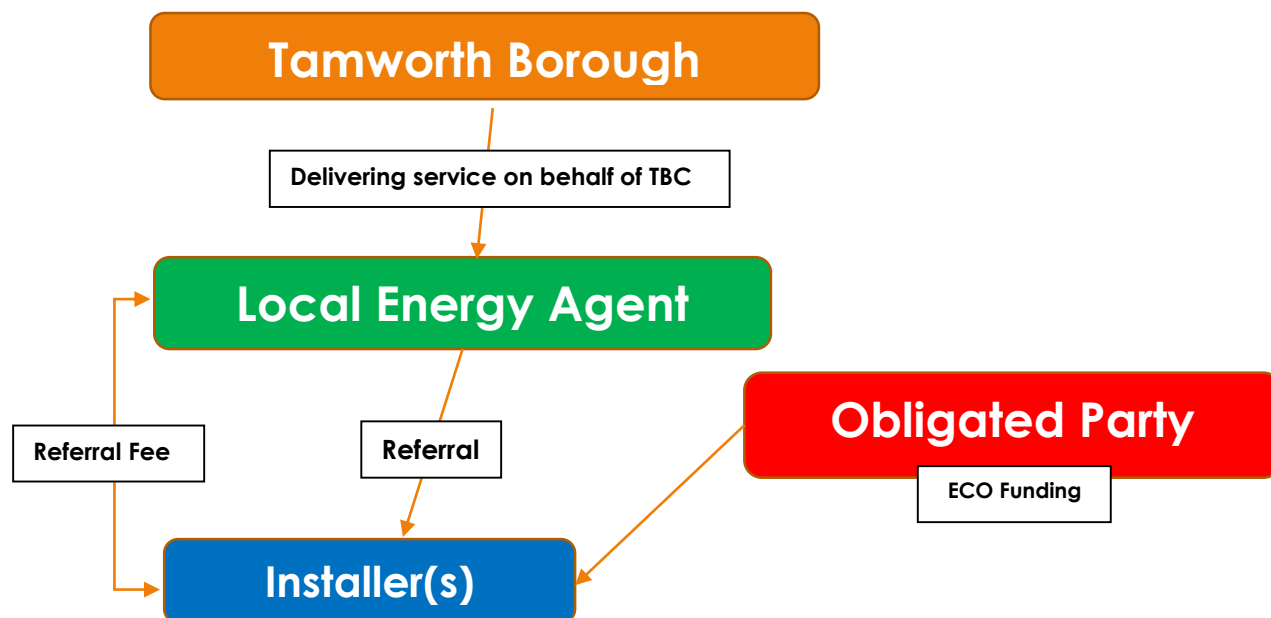
-High level of control is an advantage and thus low level of control is a disadvantage.

-Low procurement is an advantage and thus high levels of required procurement is a disadvantage.

- **Costs of Setup / Delivery** – How high are the likely costs of setting up the delivery model? And what are the costs of delivery? Is the model funded through income such as referral fees?
- **Timescales** – Are timescales for setup and the contractual arrangements short (6 months or Less), medium (6-24 months) or high (24 months +)
- **Risks** – What are the associated risks of the model including financial and reputational?
- **Level of Control** – What level of control does the model allow?
- **Procurement** – Would formation of the model require procurement? If so, what level? How does exclusivity of partnerships affect this?

This exercise is a brief introduction to some potential ECO and Green Deal models which Tamworth Borough Council could pursue further. More detailed discussion of the merits and advantages of each of these is strongly encouraged. A training session for Tamworth Borough Council to discuss these issues in further detail has been arranged as part of this report, for which the following summary will prove a useful starting point.

Local Energy Agent Model



Description: Tamworth Borough Council selects a Local Energy Agent to develop a service to deliver Green Deal and ECO in the Borough, acting as a producer. The Local Agent manages the contact centre, provides advice and develops relationships with ECO installers and providers, procuring where necessary. Chosen installers pay a referral fee for 'hot leads' which can fund additional services and be offered to help the CVS engage with the model.

Costs: Some delivery costs will be incurred, however, these may be offset by ability to generate income through a referral mechanism, paid by chosen installer or installers upon completion of a measure produced by the local agent model.

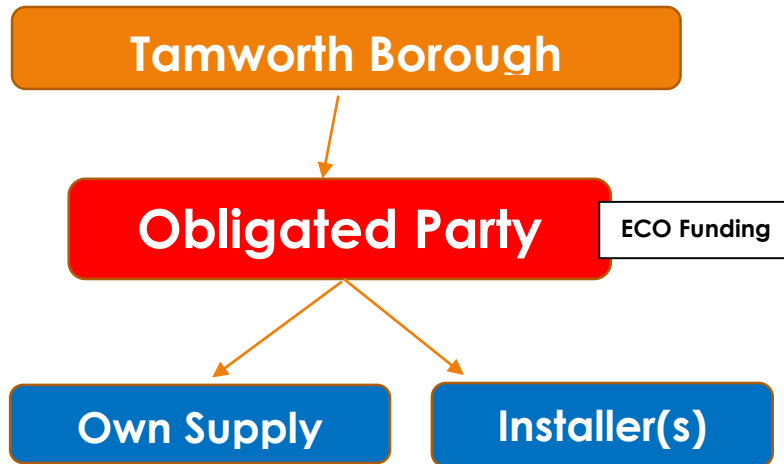
Timescales: Relatively short timescales, although a procurement exercise may take 1-2 months. Flexibility offered avoids commitment to long-term suppliers.

Risks: Generally risks are low, with the exception of financial risk of investing in the service. Risks are reduced by flexibility model offers and lack of long-term commitment

Control: Offers TBC a sound level of control. Council can help steer activities of the Agent and gain control again through flexibility model offers. Level of control negotiable between Council and Agent during procurement.

Procurement: Some procurement will be required to select an Agent. Type of procurement needed dictated by value of contract, which will be low.

Direct relationship with an Obligated Party



Description: Tamworth Borough Council embarks on a direct relationship with an Obligated Party, Energy Supplier who undertakes ECO and Green Deal work in partnership with the Council. Depending on the obligated party, delivery may be undertaken by the Energy Suppliers current supply chain or through a range of national and or local installers who can adhere to the energy suppliers' framework.

Costs: Some delivery costs will be incurred but these should be minimal. However, procurement costs would have to be considered (see below).

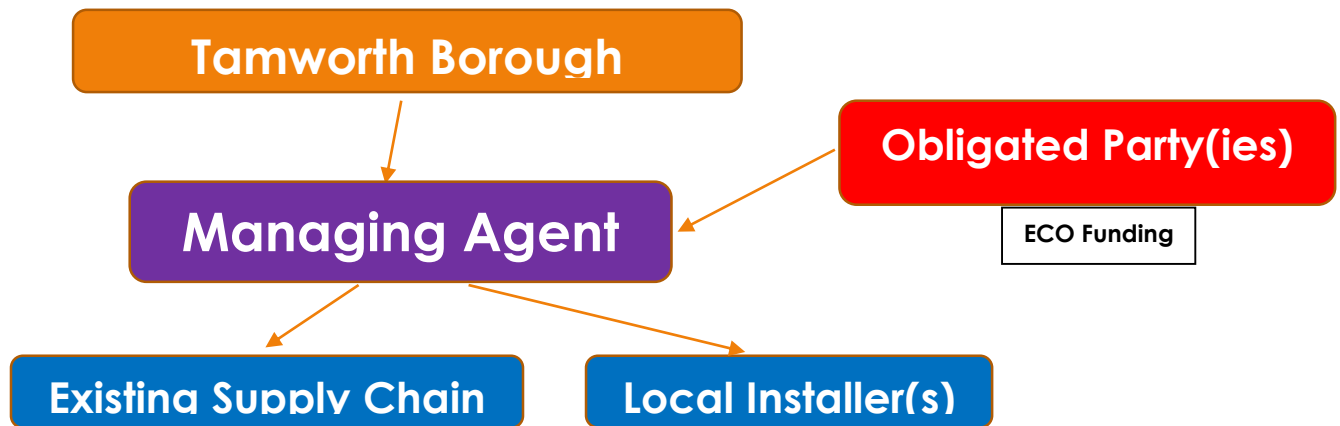
Timescales: Medium to long timescales, mainly through a required procurement exercise, which may take 3-6 months.

Risks: medium to high, associated with an exclusive relationship with one supplier of ECO funding. Generally, this is dependent upon the type and length of any agreement with an obligated party. Risks high without sound level of knowledge within TBC to ensure best value throughout duration of relationship.

Control: Limited level of control, as model suggests TBC locked into an exclusive relationship for a certain duration. Control would need to be negotiated carefully during procurement / selection exercise.

Procurement: will be required to select an obligated party to partner with. This is likely to be lengthy and costly, due to the potential value of works through ECO in which TBC will be providing to said Obligated Party.

Relationship with a Managing Agent/ Intermediary



Description: Tamworth Borough Council selects a managing agent with whom they have a relationship to deliver ECO/ Green Deal. Relationship is based upon the managing agent acquiring the Council's endorsement to work on behalf of the council across the borough. The managing agent may have ECO funding secured from one or more obligated parties and will seek to deliver measures either through an existing supply chain or through local contractors who join a framework.

Costs: Limited delivery costs will be incurred. However, procurement costs would have to be considered unless pre-procured as a Contracting Authority (see below).

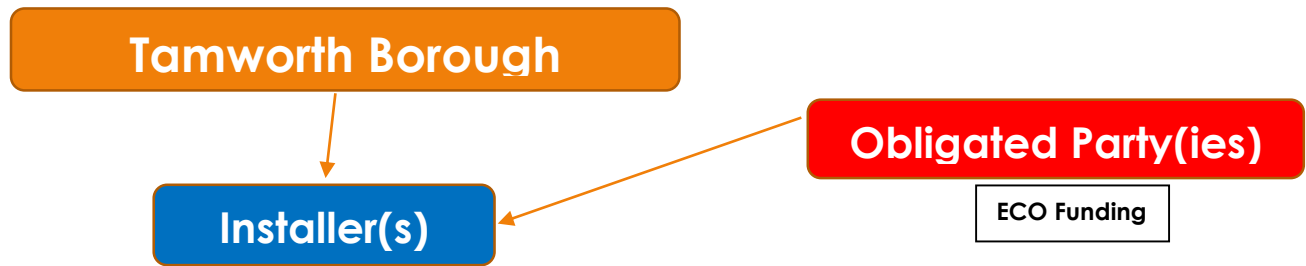
Timescales: Medium to long timescales, mainly through a required procurement exercise (if needed), and through dialogue if pre-procured, which may take 3-6 months.

Risks: medium to high, associated with an exclusive relationship with one agent. Dependent upon the type and length of any agreement with an agent, contracts with managing agents seem to be lengthy, in order to ensure costs are recovered by the agent (3-5 years). Inability to seek best value elsewhere and unless fully transparent unable to judge the 'value' of ECO funding being offered (i.e. is this best offer?)

Control: Limited level of control, as model suggests TBC locked into an exclusive relationship for a certain duration. Control would need to be negotiated carefully during procurement / selection exercise and would depend on managing agent's preferred arrangements.

Procurement: may be required to select a managing agent to partner with. This is likely to be lengthy and costly, due to the potential value of works through ECO in which TBC will be channeling through the agent and length of contract. If pre-procured, resource required for dialogue process which can be complex and last 2-4 months.

Relationship with an Installer (With ECO Funding)



Description: Tamworth Borough Council could select a model in which they have a direct relationship with an Installer who has secured ECO funding. The installer would then work within the Borough, endorsed by the Council.

Costs: Limited delivery costs will be incurred. However, procurement costs would have to be considered

Timescales: Medium timescales, mainly through a required procurement exercise (if needed), and through dialogue to select a suitable Installer.

Risks: low to medium, associated with an exclusive relationship with one agent. Dependent upon the type and length of any agreement with an installer, but TBC has ability to control this and include termination clauses and reviews of best value. TBC need to seek best value elsewhere and require transparency in relationship in order to assess whether 'this is the best offer'.

Control: Good level of control. Terms agreed by TBC with installer in regard to what is offered and length of contract and type of activity commissioned. Procurement exercise enables TBC to create a specification for the type of arrangement they are seeking and how this would work across the borough.

Procurement: likely to be required to select an installer. Unlikely to be as costly and time-intensive as a direct and lengthy relationship with an obligated party or large managing agent.

Work Package 9 – Is there a preferred option for Tamworth Borough Council?

Tamworth Borough Council (TBC) undertook a discussion exercise, using a range of different questions in order to form a specification. This specification is an outline of what Tamworth Borough Council sees as its role within the Green Deal and Energy Company Obligation.

The exercise suggested that Tamworth Borough Council desire an approach that;

- **Seeks a delivery partnership for Tamworth, not a greater geographical area.**
- **Is led by the Local Authority.**
- **Balances the need for speed with a careful appraisal of options (up and running in 2014)**
- **Explicitly separates the Green Deal and ECO**
- **Offers Total Control for ECO. TBC want to define, control and influence many aspects of an ECO approach.**
- **Offers minimal control for the Green Deal, TBC believe the market will deliver without interference.**
- **Involves local partners in delivery, where they are best placed to add value.**
- **ECO approach draws on investment from partners as needed to establish and run. With any such investment being justified on the basis of a return, best value or added value.**
- **Green Deal approach requires minimum / no level of resource, but that TBC seek to take advantage of any opportunities wherever possible.**
- **Is preferably a social enterprising or co-operative solution (although this is not more or less important than other issues).**
- **Preferably maximises local economic opportunities (although again this is not more or less important than other issues) and requires further discussion.**
- **Is selected by the Local Authorities**

- **Has the capability to deliver the Green Deal commercially although Domestic Green Deal is the priority.**
- **Shows TBC to be within the Late Majority.**
- **Explicitly does not bind the Green Deal with ECO (ECO deemed a priority at this stage).**
- **Does not include complimentary financial products to compliment.**
- **Does not rely on Local Authority investment into the Green Deal Finance Company (TGDFC).**

Work Package 10 – Engaging the Community and Voluntary Sector

Regardless of an approach to ECO and Green Deal (in regard to final delivery model), engaging with intermediaries and the community and voluntary sector will be crucial in maximising uptake and benefit across the Borough. The community and voluntary sector (CVS) is at the heart of support to vulnerable people and households, and support through ECO should be treated as another element of that support.

Any approach to the Home Heating Cost Reduction should seek to utilise existing networks such as ‘Let’s Work Together’, ensuring those visiting vulnerable people in their homes can draw upon ECO and wider energy efficiency knowledge to improve the conditions of those in or at risk of fuel poverty or vulnerable in other ways and eligible for support. Tamworth Borough Council’s current energy efficiency advice scheme, Home Energy Advice Tamworth (HEAT) is a partnership between the Council and CVS partners including the specialist fuel poverty charity, Beat the Cold. This existing relationship should be strengthened to incorporate ECO and maximise ECO funding into the Borough using the existing referral networks and strong brand of HEAT. HEAT remains an established contact hub for any referral network and should be a key consideration in any approach (see work package 9).

Approaches to the Carbon Saving Obligations (CSCO and CERO) should also seek to draw upon the CVS where appropriate. CERO offers significant opportunities for helping vulnerable people in older and inefficient properties and those organisations supporting people in such properties offer a trusted route to householders. Provision of training to CVS intermediaries and home visitors would be a prudent first step in engaging and incorporating frontline health and social care workers into the referral network for both HHCRO and CERO.

Engaging environmental groups can be especially beneficial when considering approaches to carbon reduction obligations, with the outcomes of CERO and CSCO often falling within a groups wider ambitions to drive reduction in Carbon Emissions across their communities.

If Tamworth Borough Council's chosen delivery model includes an option to generate a revenue in regard to referrals, there is a possibility to form a Referral Agent Agreement. In such an arrangement, a proportion of a revenue fee that is received can be offered to the referring agency or organisation. This is a positive way of helping support the CVS to continue its work in the community and can help resource some staff time or promotional material to help maximise the delivery of ECO in the Borough. In tough economic times, such an arrangement can really help CVS organisations to continue to deliver services and ensure they can provide high quality referrals into the system. The referral agent agreement should be seriously considered within any ECO approach in which a revenue stream is generated.

Work Package 11 – Current unresolved issues with the Green Deal and ECO

There are a number of outstanding issues and complications that have emerged since the launch of the Green Deal. Some of the key issues and challenges still to be resolved are listed below;

Portability of Green Deal Advice Reports

One of the key characteristics that was championed about the Green Deal was the portability of Green Deal Reports, giving householders the ability to undertake an assessment and then approach the market to secure the best quotes on works and Green Deal Plans. Currently, a number of Green Deal Providers are only able to construct plans on assessments that they themselves have undertaken. The result is assessments being completed that are then incompatible with Green Deal Provider's systems, undermining the desire of DECC for impartiality in assessments. Householders are being told that their assessments that were undertaken by independent Assessors will need to be re-done by an Assessor accredited by that Green Deal Provider and that they will have to pay. Given DECC's original vision this seems incorrect and householders should be advised to refuse to pay and demand the assessment is done for free. This obviously leads to more hassle and unnecessary upset to the householder. The issue stems from an inability for different software patterns to collaborate and is impacting negatively on the Green Deal's image among householders, who already have to undertake a relatively complex process. Green Deal Providers, software providers and DECC are working hard to rectify this on-going and potentially damaging issue.

General Quality of Green Deal Advice Reports

There are worries about the general quality of some Green Deal Reports, and more specifically the software that is used to formulate them. The standard software packages passed by BRE lack information on the Energy Company Obligation and potential grants, resulting in householders not being made fully aware of the support they may be entitled to. The indicative costs that the reports suggest are vague and widely ranging from £4,000 - £21,000 for a solid wall insulation on a property, offering householders no real idea as to the outlay that may be needed. Reports also tend to recommend measures that on paper offer no prospect of

payback. A prime example is recommending insulated external doors at a cost of £1,000 that will produce a yearly saving of £2 on the householder's energy bill, therefore taking 500 years to pay back. Due to the difference between the modelled savings proposed by the EPC and the more detailed estimates of the Occupancy Assessment the savings do not match but the Green Deal Advice Report includes both and this is causing confusion and annoyance amongst householders on receiving their Reports.

General Quality of Green Deal Advisors

There are concerns about the quality of the different training schemes and consequently of some of the Green Deal Assessors. This was an issue with Domestic Energy Assessors and EPCs when they first began. As the market shrank most of the less able left the market and this will no doubt be the case with Green Deal Assessors, but until then care needs to be taken to check the experience of Assessors before engaging them. It would be useful to have a list of Assessors that are known to provide a good service.

Consumer Credit Act for Private Landlords and Tenants.

There are outstanding issues surrounding the Consumer Credit Act which currently mean a Green Deal Plan cannot be constructed between a tenant and landlord in a private rented property. The Green Deal is an unsecured loan and as such, an individual would be covered by the Consumer Credit Act. However, as private landlords are registered as businesses any unsecured loan they take out would not be covered by the Act. The Department for Energy & Climate Change has suggested that private landlords can take out a loan, making sure that it is of a type that can be transferred to one covered by the Act, then transfer the loan to one covered by the Consumer Credit Act when the first tenant moves in. The initial tenant would be allowed all the cover that the Consumer Credit Act offers, including the right to refuse the loan but obviously the landlord would pre-screen the tenant and make accepting the loan a requirement of the tenancy agreement. This is proving extremely difficult for landlords to do and many in the industry doubt its legality. With DECC very keen to ensure the private rented sector benefits from the Green Deal, work is on-going to resolve this issue.

The Green Deal Finance Company

As statistics released by DECC at the end of July showed, only 1 Green Deal Plan is 'live' (with repayments being collected), even from a relatively healthy number of completed Assessments. Constructing a Green Deal Plan (finance) seems to be complex and many have indicated that the Energy Suppliers (responsible for collecting repayments) have underestimated the complexity of the systems required. Energy Minister Greg Barker acknowledged that Suppliers had to 'navigate a legal minefield to provide financial services via the Green Deal Finance Company'. Work continues to streamline the process and enable the signing off of Green Deal finance.

Subsidised or 'free' Green Deal Assessments

A number of Green deal providers are currently offering householders Green Deal Assessments free of charge. With only 1 in every 100 Assessments going on to a plan, such an arrangement will not be possible unless the conversion rate changes dramatically. It is unknown what impact a reduction in 'free' or subsidised assessments may have in regard to assessment demand. However a safe assumption could be that this impact would be negative.

Work Package 12 – Tamworth Borough’s Economic Opportunities

What level of job creation / retention can Tamworth Borough Expect

There has been keen interest in the supply chain opportunities that the Green Deal and ECO may present since development of the scheme and Government have been keen to stress it's the economic opportunities it may offer. This is understandable considering the large sums of money expected to be invested through the period of the schemes, especially that money obligated to be spent through ECO (approximately £1.3bn per annum). It is difficult to predict exactly what supply chain opportunities (at least in terms of number of jobs supported/ created) for any given region or even the nation as a whole, partly due to uncertainty over uptake of Green Deal and the success of a region in attracting ECO funding, alongside the unknown elasticity of the current retrofit industry post CERT and CESP. As a result an estimation of economic impacts must be treated with caution.

DECC's lower estimate for supply chain jobs is compiled by comparing the total capital spending ratio estimate by Construction Skills (Sector Skills Council for Construction). The ratio for jobs to housing repair and maintenance capital spending is 32.6 jobs (created and sustained) per £1million of spend.

A pro-rata spend of ECO in Tamworth Borough can be used to estimate the number of supply chain jobs supported or created, although activity above a 'fair-share' amount would likely result in greater economic opportunities,

Estimated number of supply chain jobs supported/ created through ECO in Tamworth Borough

	Households	Households	ECO Funding	Supply Chain Jobs Supported / Created
Great Britain	25,697,125	100%	£1,300,000,000	42,380
Tamworth	41,224	0.12%	£1,599,482	52

Maximising Localisation of Jobs

Approaches which may maximise local jobs will be available to Tamworth Borough Council, but may be closely related to the delivery model that is chosen. Delivery options that require a tender exercise or mini-tender could use the tender specification to stipulate a certain level of involvement of local firms or staff, or a commitment to provide apprenticeships or work programmes. Long-term contracts could use key performance indicators to the same effect. Alternatively, working in collaboration with South Staffordshire College, training provision could be possible along the lines of sustainable building and retrofit, with specific Green Deal and ECO modules. Green Deal Assessor training is still available and support could be offered to enable NEET's (Not in education, employment or training) to join and complete courses.

Training / Apprenticeship Opportunities

As mentioned above, there may be options available toward the provision of training and apprenticeships through the Green Deal and ECO, especially if possible to stipulate elements of training provision within tender exercises. If a long-term contract with an exclusive Green Deal partner is pursued, then Key performance Indicators could be used for the provision of a set number of apprenticeships and or hours of training (as in previous Green Deal partnership arrangements such as Birmingham Energy Savers). Support could also be offered to local installers within the Borough to take part in the government's apprenticeship scheme. Again, support from South Staffordshire College should be sought.

Delivering Pre-Employment Training to Residents

A number of pre-employment training programmes are operating across the UK with the aim of supporting unemployed young adults to develop existing skills or learn new ones in line with local labour market trends. The retrofit market continues to be heavily backed by government and industry, and is set to be a key employment source in the coming years, as the UK transitions to meet its Carbon Emissions obligations. With the ultimate aim to help adults back in to work pre-employment training in the Green Deal, ECO and wider sustainability and retrofit sector should be considered as part of any Green Deal and ECO approach. Again, collaboration with South Staffordshire College may be a good starting point to assess the feasibility of such a programme.

Demand

Jobs will be created if there is demand for the Green Deal and ECO. The best approach to maximise jobs is to maximise demand.

Work Package 13 – The Best Green Deal and ECO Resources

Some of the most useful Green Deal and ECO resources are listed below, along with links;

- Plan Local is a suite of interactive resources enabling the Transition to a low carbon economy. Provided by the Centre for Sustainable Energy, it includes modules on Green Deal and ECO:
<http://www.planlocal.org.uk/>
- Ofgem are administering ECO. Their guidance for Suppliers (although for suppliers) is a detailed guidance document setting out ECO rules and structures, how the scheme works, eligibility and more:
<https://www.ofgem.gov.uk/ofgem-publications/75775/energycompaniesobligationecoguidanceforsuppliers-version11.pdf>
- The Green Deal Oversight and Registration Body regulates the Green Deal market place:
<http://gdorb.decc.gov.uk/>
- Information on the Green Deal Cashback scheme can be found at:
<https://gdcashback.decc.gov.uk/Home/Faq>
- DECC has more information on ECO and signposting to the relevant resources at:
<https://www.gov.uk/government/policies/helping-households-to-cut-their-energy-bills/supporting-pages/energy-companies-obligation-eco>
- Information in accompanying schemes including the Renewable Heat Incentive can be found through the Energy Saving Trust at:
<http://www.energysavingtrust.org.uk/>
- An interactive mapper showing CSCO eligible Lower Super Output Areas within each local Authority, along with their eligibility or otherwise can be found at:
<http://www.lowersuperoutputarea.co.uk/>