

RIBA Briefing

Green Deal and ECO Consultation: RIBA Response

January 2012

The RIBA wholeheartedly supports the aims of the Government's Green Deal and Energy Company Obligation (ECO). We believe that this flagship policy has a crucial role to play in lowering our existing building stock's carbon emissions, lifting more families out of fuel poverty, improving the design of our homes and workplaces and growing our green economy.

With so much potential, it is important that the scheme does not fall at the first hurdle. Government have produced a detailed and complex scheme aimed at delivering vitally important consumer protection. However, we believe that there is still some way to go to ensuring that the right detail sits behind the scheme that is launched to consumers in the autumn, to make it work for everyone involved.

The RIBA and our members will continue to actively work with Government and industry to help ensure that this happens. Our full consultation response contains our concerns over the main issues we have identified within the proposed scheme's design. Where we have been able to, we have proposed solutions to these, and would welcome further engagement on any of the points we raise.

Our key proposals

In summary, our key proposals are that:

- The scheme must deliver an integrated approach to the installation of energy efficiency measures, which will require Green Deal Project Managers.
- Vulnerable historic and traditional older buildings should be identified and given skilled specialist attention to find the most appropriate solutions.
- Consumer protection is vital to ensure consumer confidence in the scheme. We believe that consumer-facing guidance is needed to deal with issues around the consents that must be obtained – such as planning permission – before measures can be installed. Also, the impartiality of advice given to consumers must not be at risk.
- We believe Green Deal funding must be delivered in ways which maximise initial take-up and that create solutions to incentivise long-term take up.
- The Green Deal needs performance targets and performance monitoring – particularly around carbon emissions - to ensure it delivers.
- The design of ECO needs to be reconsidered, to ensure that it delivers the right measures to the right people, in particular the social housing sector.

Executive summary of our response

Scheme Delivery

- The scheme places much emphasis on the proper installation of individual energy efficiency measures, though pays insufficient attention to the proper **integration of measures**. If measures are not properly integrated, there are risks that they will underperform and potentially cause damage to buildings. We have made proposals to Government on how to deliver an integrated approach and ensure sound delivery of packages of measures.

- Government have noted that an integrated approach requires project management of the installation to reduce these risks. We agree and have proposed that the role of **Green Deal Project Managers** should be established within the framework of the scheme, to formalise and regulate a role which is likely to emerge naturally.
- Green Deal Project Managers would be commissioned by Green Deal Providers and would be responsible for specifying, sourcing, supervising and signing off installations as compliant with all appropriate standards. As well as properly mitigating the above risks, we believe that regulating this oversight role could also potentially remove the need for all installers to be Green Deal accredited.
- This could be a key role for local SMEs.

Green Deal and Older Properties

- We support appropriate improvements to the performance of historic and traditional buildings. The issue is how to achieve this without damaging the buildings themselves, incurring avoidable long-term costs for their owners and causing harm to the character and fabric of our historic buildings, towns and cities.
- We therefore welcome the proposals developed by Government in answer to the concerns raised by the RIBA and other stakeholders in the “Green Deal and Older Properties” workshops.
- We urge Government to take forward refined proposals to ensure such buildings are **identified in the most effective and efficient manner possible**. Such buildings must critically be given the attention of **specialist assessors** with the skills required to provide appropriate solutions.
- Key skills for such assessors include the ability to assess the state of repair of such buildings, and to understand the traditional building types that prevail in the regions in which they operate.
- Much research has been done around providing appropriate solutions for such buildings, but much remains to be done. We have identified areas where **further research is needed**, including investigation into the best way to assess those buildings which cannot be properly assessed using current methods (see the document “Green Deal and Older Buildings” attached to our full response).

Consumer Protection

- It is vital that there are adequate safeguards within the Green Deal framework to protect consumers. Ensuring that consumers are properly informed about and able to navigate issues around the third party consents that will need to be obtained before measures can be installed will be key here.
- To address this issue, we have proposed that **consumer-facing Green Deal consent guidance** should be developed and provided to customers at the earliest possible juncture. As well as more general guidance covering the range of potential scenarios, we believe there is a particular need to develop robust **Green Deal planning consent guidance** and **Green Deal listed building consent guidance**. Such guidance would also greatly aid the work of Green Deal Providers, and ensure that a good standard of advice is delivered across the scheme.
- Another key factor in maintaining consumer confidence in the scheme is ensuring that they receive expert and **impartial advice**. The impartiality requirements on assessors in the Green Deal Code of Practice are in our opinion not sufficiently robust, and we have proposed that similar **requirements should be placed on other actors in the supply chain**.
- We propose a requirement for Green Deal Providers and Installers under the Code of Practice to “ensure that in procuring the services of Assessors they do nothing

which may be reasonably expected to compromise the impartiality of any Assessor or Green Deal Advice Report.”

Incentivising Uptake

- In late 2011, Greg Barker MP, the Minister of State for Climate Change, called for proposals on how the £200 million of Green Deal funding announced in the Autumn Statement would be best spent.
- We urge the Government to explore how this funding could be used in the most effective and creative ways. This must take into account the need to **maximise initial take-up**, but also the need to help **lower the cost of delivering the scheme in the long term**, to make the scheme more attractive to consumers.
- We have proposed that funds could be distributed to the first wave of participants via a voucher scheme to offset the cost of the Green Deal charge in the first year of a Green Deal plan. Distribution of this benefit should aim to achieve economies of scale and maximise the impact these funds have. We have therefore suggested that eligibility could include a condition that vouchers are awarded via local authorities in areas where consumer demand has reached a threshold amount. This could incentivise efforts to deliver larger, more cost-effective projects.
- Whilst not the focus of this funding, we have proposed that a small amount be used to encourage the design of **creative web-based solutions – such as apps – to help deliver the scheme strategically and at scale** (see our proposals on a “Green Deal App” competition). Such solutions, aimed at lowering the cost of delivering the scheme, should help make it more attractive to consumers in the long term.
- We have also noted that **shortening the validity period of Energy Performance Certificates** from the current ten years would be likely to have beneficial impacts on the uptake of the measures under the scheme, and the frequency of advice provided to consumers.
- As well as consumer uptake, there is a risk that **SMEs** will struggle to access the Green Deal and ECO market, and this may impact negatively on those who currently undertake refurbishment work. We believe that more work between Government and industry is needed to address this concern, and to deliver a fair and competitive market.
- The RIBA and other organisations have called on Government to address the current **VAT** regime, and ensure that it incentivises uptake of the Green Deal. Our proposals on a realignment of VAT to promote sustainable construction are set out in our full response.

Evaluation

- Given the Green Deal forms part of our national carbon plan for reducing emissions by 80% by 2050 across all sectors, it is surprising that CO2 emissions reduction and fuel cost saving targets, monitoring and reporting are proposed for the ECO but not the Green Deal.
- We believe that there needs to be a way of measuring the Green Deal’s effectiveness at delivering carbon reductions, and some published carbon performance targets for the scheme.
- Each Green Deal delivered will have an associated estimated fuel savings. A method of comparing aggregated estimated savings across GDPs with actual fuel delivery needs to be developed.
- This would allow either the Oversight Body or DECC to monitor and report on the progress of the scheme, which will be crucial in determining whether further regulatory or market interventions are needed.

- We also support the need for further research into **the performance of measures** delivered under the scheme, alongside the monitoring work of the Oversight Body.

Energy Company Obligation

- The ECO is vital to ensuring that more ambitious measures can be provided under the scheme and to alleviating fuel poverty.
- We have highlighted the views put forwards by the Committee on Climate Change on the need to reconsider the measures available under ECO. This must include the full potential for loft and cavity wall insulation.
- We also share concerns with others over the restricting ECO availability to those in private housing tenure, and believe that the Government should take into consideration the results of the Hills Fuel Poverty Review when published.

Social Housing

- The Green Deal offers huge opportunities for kick-starting the low carbon refurbishment of social housing. If the Green Deal is going to be a success, it is very important that social housing leads the way. However, we believe the current support for the social housing sector under the Green Deal is likely to be inadequate.
- As currently envisaged, the Green Deal is not an attractive funding mechanism for housing organisations.
- Instead of adapting the Green Deal model for the social housing sector we should be looking for a bespoke model for social housing, which embraces fuel poverty as well as the low carbon agenda.
- The social housing sector should take steps to make the Green Deal work for it, and look at appropriate and complementary funding models.

The full response to the consultation can be accessed at

<http://www.architecture.com/SustainabilityHub/Consultations.aspx>

For further information on our consultation response please contact James Drinkwater, RIBA Policy Officer on 020 7307 3792 / james.drinkwater@riba.org or Sam Wilson, RIBA Public Affairs Officer on 020 7307 3724 / sam.wilson@riba.org

For further overview information on the Green Deal and ECO please visit the Green Deal and ECO pages of the Department of Energy and Climate Change website: http://www.decc.gov.uk/en/content/cms/tackling/green_deal/green_deal.aspx