

Environment Committee – 6 February 2014

Transcript of Item 3: Energy Efficiency and Retrofitting in London

Murad Qureshi AM (Chair): We have two items of business today and we are going to kick off the first part on the energy efficiency and carbon reduction theme that we are going to have over the next two meetings.

We have here in front of us, firstly, Richard Blakeway, Deputy Mayor for Housing, Land and Property, and Emma Strain, Senior Manager. We also have John Mason from EDF Energy, along with Susanna Salts also from EDF Energy. We have Andy Deacon from the Energy Savings Trust and, finally, Jo Gill from the London Borough of Hillingdon. Thank you very much for all attending.

Thankfully, you all have arrived on time and we will be able to kick off with the first question, which is aimed at Richard. Can you outline the findings of the 2012/13 phase evaluation that describes how RE:NEW has been developed since the beginning of this term in 2012?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Yes, of course. Thanks very much for inviting us to give evidence.

The document is now publicly available. It sets out significant success for the RE:NEW programme to date. It has retrofitted just under 100,000 homes. More importantly, it has been a significant catalyst in the market, which has seen something like 400,000 properties retrofitted over that period, which is very good.

The other thing which is worth highlighting is the take-up rate from RE:NEW, which is quite good. About 22% of households have measures installed. The industry benchmark is usually a take-up rate of about 5%. It is clearly a programme that has had some impact and has had a significant impact on carbon emissions and obviously one which we are now remodelling in light of the Energy Company Obligation and the opportunity to draw in that cash.

Murad Qureshi AM (Chair): Yes, you are right. There are two targets we are trying to hit with these programmes. It is not just carbon targets but energy efficiency of people's homes, particularly with rising energy costs.

Can you just tell us how the interim support team has been performing and what specific roles it has? I understand that has been contracted out.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): That is correct. It is contracted out. The interim support team at the moment is Capita.

The purpose of that team was to try to take a more strategic approach to RE:NEW. RE:NEW phases one and two were very much focused on a door-knocking, area-based approach. RE:NEW phase three, which is the responsibility of the support team, is very much focused on more of an estate-based approach to try to get volume in terms of the number of homes being retrofitted and also the carbon savings which accompany that. Their activity to date has been working with major social landlords, both housing associations and local authorities, to identify potential estates that could be retrofitted at scale.

We have some ambitious goals set for that. The key thing at the moment we are doing is obviously trying to secure European Local Energy Assistance (ELENA) funding to put in place that support team over a three year period. We have been invited to submit a bid for £2.6 million to fund that team and we are waiting for the outcome, but we are confident the European Investment Bank (EIB) will support it.

Murad Qureshi AM (Chair): Given Capita's reputation, how regularly are you assessing its performance?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Very regularly. They are responsible for providing a monthly update which I see and the team will meet with them more frequently.

Emma Strain (Senior Manager (Services Commissioning and Retrofit), GLA): We have fortnightly meetings with them to assess progress. We work very closely with them to ensure we are providing the best advice we can to the boroughs and registered providers in order to build up these big projects. We are currently working with the Royal Borough of Greenwich and the London Boroughs of Havering, Newham and Westminster and some other examples in terms of the registered providers, Hyde Housing, Peabody Galleons, just to name a few. What we are doing with them is enabling them to bring together bigger projects that would be more attractive in terms of bringing in Energy Company Obligation (ECO) funding.

Murad Qureshi AM (Chair): What benefits does the new support setup offer to boroughs like Hillingdon?

Emma Strain (Senior Manager (Services Commissioning and Retrofit), GLA): What it is looking to do is to draw on the relationships Capita has been developing. They are working very closely with the utility companies to understand their priorities and what they are looking for right now in terms of carbon savings and the types of projects they want to invest ECO money in. That then enables them to work closely across the boroughs to articulate that information so they can get an understanding of what kinds of projects the boroughs should be developing up. There are 32 boroughs to talk to and 6 utilities, and the support team is helping to broker those discussions so that it is the most productive way forward. Sometimes the boroughs can have difficulties finding the right people in the utility companies, so we are helping to broker those kinds of relationship and working together so that it is the best use of the officer time involved.

Murad Qureshi AM (Chair): Jo, is that how you see it?

Jo Gill (Chair, London HECA Forum and Energy Efficiency Coordinator, London Borough of Hillingdon): There may be a select few boroughs that might have gone a little bit further with the RE:NEW support team, but I chair the London Home Energy Conservation Act (HECA) Forum and the feedback we are getting is that it is not very hands-on with project development. Although they are really keen to find out what boroughs are doing, there is very little support there for boroughs in terms of developing projects and overcoming planning issues. That is the sort of feedback I am getting from London boroughs.

Emma Strain (Senior Manager (Services Commissioning and Retrofit), GLA): This is where we need the ELENA funding because the support team we have at the moment is an interim version of that with not as much resource as we would like, so the depth to which we can get to on individual projects is not as far as we want it to be. With the ELENA funding that we hope will come forward from April onwards, we will be able to provide a deeper service and actually work much more closely. I would be keen for the support team to work with HECA as a body to really shape that service to ensure it is as useful as it can be.

Jo Gill (Chair, London HECA Forum and Energy Efficiency Coordinator, London Borough of Hillingdon): I would like to also add that local authorities do have very good relationships with energy companies and also delivery agents, and they have been really successful in delivering previous energy company-funded schemes.

Really, the engagement that the RE:NEW support team needs to offer boroughs is what they could add to what we already do. That discussion needs to really take place for us and for the boroughs to really benefit from the RE:NEW support team and if there are any resources available for us, what sort? All boroughs are different, so not all boroughs have the same issues. Maybe some boroughs are more well-developed in terms of their delivery. What could the Greater London Authority (GLA) do to enhance that even further if it wants to deliver ambitious carbon reduction targets?

Murad Qureshi AM (Chair): It has been suggested that most of the contract which has gone out to Capita has been spent on the eight people employed rather than actually doing out-service work with people like yourself. Is that how you see it?

Jo Gill (Chair, London HECA Forum and Energy Efficiency Coordinator, London Borough of Hillingdon): That is exactly how we see it. We see that the resources are actually on those people, basically, for the Capita resource. Local authorities are not really getting the benefit of that on the whole. It could be that some local authorities are benefiting from it, but our experience is that really we have the expertise in-house; we know about procurement, we know about delivering schemes. What is it that we cannot do? What support do we need? It is certainly project development and being able to deliver on the more ambitious projects. That is the area of support that we really need and we are not quite sure whether Capita can actually offer that to local authorities.

Murad Qureshi AM (Chair): Thank you, Jo. Richard, should that not be of some concern to you?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): It should be a consideration when we appoint a three-year team. Clearly, we have a local authority group which oversees RE:NEW and which is chaired by a local authority chief executive. We would very much like to have any feedback and input into the procurement and appointment of the long-term provider.

I would just highlight, though, the reason why we went for the support team. It was very much applying the model of RE:FIT, which broadly we think people have thought has worked very well and has obviously engaged with a large number of public bodies to retrofit their buildings. We think applying the same thing here would work. If you look at the potential to scale up, it will deliver significantly more both in terms of homes and carbon savings taking this approach than the door-knocking approach, which RE:NEW phase one and two did.

Murad Qureshi AM (Chair): At the same time, there have been delays which the investment board itself put at an amber rating. Are those delays going to delay the availability of ECO as well?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): The amber rating reflects the changes that we all know are taking place with regard to ECO. There are some headline changes but there are some quite detailed changes which are still feeding through. The Department of Energy & Climate Change (DECC) intends a consultation later this month and that will help finalise the proposals. Whilst we are waiting for those changes, it is absolutely right that we are rated as amber. Once those changes are in place and reflecting the complexity of ECO, having a support team that can then work with both energy suppliers and local authorities to find a route through this is going to be very valuable. Because of the ECO changes, the support team is required to help guide and direct funding in London.

Murad Qureshi AM (Chair): Just coming back to the RE:NEW programme, if that is not too much jargon for the public, can you confirm whether funding has been secured for that for 2014 and beyond?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): You are referring to the ELENA funding for the support team going forward.

Murad Qureshi AM (Chair): Yes, and actually for part of the actual delivery, I would have thought.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): We are resourcing the interim team at the moment. We have been invited to submit a bid by ELENA for £2.6 million which will put in a three-year team. That funding has not yet been granted, but obviously we have been through the challenge phase and the dialogue with the EIB, so we are confident it will be granted.

Murad Qureshi AM (Chair): Maybe I should ask it another way. How much of the Mayor's 2014/15 budget will be allocated to domestic retrofitting?

Emma Strain (Senior Manager (Services Commissioning and Retrofit), GLA): The budget number as it stands is £250,000 against the RE:NEW programme. An element of that is the match for ELENA, not all of it. ELENA will provide £2.6 million and that effectively is 90% of the funding. The GLA matches 10%. If you look at the budget position today in the GLA's budget, you will have a very small number against the RE:NEW programme and home retrofitting because we expect to secure the £2.6 million from ELENA alongside. Because we have not had the formal sign-off of that, it is not currently reflected in the budget.

Murad Qureshi AM (Chair): Can you just explain ELENA again?

Emma Strain (Senior Manager (Services Commissioning and Retrofit), GLA): ELENA stands for the European Local Energy Assistance fund. It is an EIB-administered fund but run by the EIB for the European Commission. What it provides is technical assistance for projects trying to reduce energy use and promote energy efficiency in buildings and homes. You spend quite a long time working with the EIB to work out what your proposal is and reiterating that proposal. At the point when the EIB is happy, it is formally submitted to the Commission. The Commission then will sign off on that proposal and that is the sign-off we are waiting for currently. Assuming that is successful, the GLA's contribution is 10% of the full amount and the European Commission provides 90% as grant funding over the funding period.

Murad Qureshi AM (Chair): The conclusion that has come to mind is that we are going to be dependent on European funding to do the Mayor's retrofitting programme for home energy efficiency increasingly or certainly next year.

Emma Strain (Senior Manager (Services Commissioning and Retrofit), GLA): Yes, next year and the following two years. This is the case that we had with the RE:FIT programme over the past three years and also with the decentralised energy programme. This is a good source of funding for us.

Jenny Jones AM: I can see you are going to have a real problem, Richard, in actually retrofitting to your target of £1.2 million homes. Would you like to comment on that?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): With the new support team, we will clearly retrofit a greater volume of homes and also reduce a greater volume of carbon. Actually, the approach we will take and the ambition with the ELENA funding - and I think it is right to use our resource to lever in other resource - we are setting a target against that of 175,000 homes, which is very good.

The important thing to recognise, though - and we have always been very clear about this and the Climate and Energy Strategy is very clear about this - is that our contribution is exactly that. It is a contribution and it is not the only answer. The work of the GLA is not the only answer. What is quite clear, though, is that the market steers a substantive amount itself. If you look historically, for the just under 100,000 homes done through RE:NEW, about three times that amount has been done by the market itself and that will continue to be the case. We are not going to retrofit all of the homes through our own resource and that has never been the case.

Jenny Jones AM: Do you think you are going to meet your overall carbon reduction budget as well? It is not looking likely at the moment.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): I am advised that over the long-term period we are broadly on track to reduce carbon.

Jenny Jones AM: What are you talking about, 'long term'? You have a target by --

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): We have a series of targets, as you know, which are set out in the Strategy up to 2025 and we are broadly on target to deliver that over the long term.

Jenny Jones AM: I do not understand what you mean by 'long term'. Are you saying you are going to hit those targets on the dates that you have actually said that you will?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Can I repeat? We have targets set until 2025. I am told we are broadly on track for that. It is probably something which is more appropriate to be asking Matthew Pencharz [Senior Advisor - Environment & Energy, GLA] when he appears in front of the Committee because obviously they are responsible for the delivery of that overall target. We are responsible for the delivery of RE:NEW and RE:NEW is a contribution to the target. It is not the sole mechanism for meeting that target.

Jenny Jones AM: The Mayor has actually made commitments in several of his strategies, so it is the Mayor's responsibility.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): No, you are absolutely right. What we are doing and what my directorate is doing is reconfiguring RE:NEW, taking into account the new funding settlement we have and the new ECO terms we have, to make the largest possible programme within those terms to deliver carbon savings on the homes that we retrofit through RE:NEW. That is our contribution to that. On the overall carbon reduction target, I do not have all of the details because it is an issue for my colleague, Matthew.

Jenny Jones AM: I must say I am not comforted. Can I ask you about something else? Your RE:NEW evaluation report last year said that 3% of the homes visited by RE:NEW actually went on to install insulation measures. That seems to me particularly low and it goes back to an earlier question.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): It is fair. That is what the report said, although it is important to be very clear about what that means. About 22% of the homes had measures undertaken, the easy measures and so forth. That is significantly higher than the industry benchmark. A further 3% of those then went on to have additional, really deep retrofit measures, so that is why it refers to it. It would not be right to say that only 3% of the homes approached actually had any measures installed. That is not the case.

Jenny Jones AM: It seems a bit misleading if it is in your report, then.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Certainly, we can clarify the wording to make clear that these 'additional measures' are not referring to 'any measures'.

Jenny Jones AM: How many more homes do you then expect RE:NEW to actually insulate?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): The expectation is 175,000 for the RE:NEW support team.

Jenny Jones AM: By what date is that?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): That is running for the three-year period once the team is in place, so it is almost the length of the new ECO up to 2017.

Jenny Jones AM: All right. Thank you.

Murad Qureshi AM (Chair): Just on those targets, the Mayor's initial aim was to get 200,000 homes retrofitted by December 2012 and we have reached 99,000 of that so far. Have we lost sight of that original aim?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): No. The Mayor's aim was obviously to retrofit 200,000 homes and 400,000 homes were retrofitted, so more than double the target. You are right to say that about 100,000 of those properties were through RE:NEW. That is obviously correct, but we do not only count - and the intention was never to only count - homes retrofitted through RE:NEW. It is the totality of activity and the totality of activity shows about 400,000 homes over that period.

Murad Qureshi AM (Chair): That is the first time I have heard that 400,000 figure being used, actually, Richard.

Andrew Boff AM: Can I just ask on that? That is an incredible performance. Would you not agree? It is unprecedented.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Absolutely.

Andrew Boff AM: To what do you attribute that success?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): The intention and the wording in the Strategy - and we have always been clear about this in answer to the Mayor's questions - is that the RE:NEW vehicle would act as a catalyst in the market. RE:NEW can take some credit for stimulating the market. It has obviously done a substantial number of

homes in its own right and then the rest of the market activity has occurred as well during the timeframe and has been stimulated by the work of RE:NEW.

Andrew Boff AM: It concentrated the debate or attracted attention towards the benefits of retrofitting and taking the energy-saving benefits of retrofitting?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Yes, it is fair to say it brought a focus.

Andrew Boff AM: Thank you.

Murad Qureshi AM (Chair): At this point, it would be useful to bring our colleagues from EDF in on how they feel the working of RE:NEW has been with the Mayor's Office and the boroughs.

Susanna Salts (Business Development Manager - Low Carbon Design, EDF Energy):

We have met with the RE:NEW team a couple of times now. The first time was a quick kick-off meeting and they were very clear that they had a short period of time to deliver their goals. They were focusing initially on things like procurement, getting around to see all the boroughs and identifying, as Jo [Gill, Chair, London HECA Forum and Energy Efficiency Coordinator, London Borough of Hillingdon] was saying, at which stage the different boroughs were at.

We had a further meeting towards the end of last year where we were actually going into a bit more detail and starting to talk to them about which targets we needed to concentrate on and how they could bring us together with some of the boroughs, although we are also doing some borough work within London with a dedicated resource going around visiting the local boroughs with our Business Development Manager.

Murad Qureshi AM (Chair): That is telling us what you have done. What do you make of the Mayor's programme so far and yourselves as an energy company working with that? Has it been workable or not?

Susanna Salts (Business Development Manager - Low Carbon Design, EDF Energy):

Yes. With any programme, there is still more to do and we are on a journey, but there has definitely been a lot of activity within London. That is why we have put a dedicated resource into London.

Murad Qureshi AM (Chair): We will come to that in later questions. Andy, in some ways, you stand independent from the programmes, watching the impact on energy savings.

Andy Deacon (Director of Local Delivery, Energy Savings Trust): One thing that is important that has not really been talked about so far is that there is effectively no regionalisation of the national targets and numbers for the Green Deal and ECO, so anything that programmes like RE:NEW can do to drive activity into London will be to the benefit of Londoners. However, bear in mind that, for example, Greater Manchester, Newcastle, Birmingham and Bristol all have major programmes underway. Birmingham and Bristol have

applied to ELENA for funding for their own programmes. Seeking to seal strong relationships with the energy suppliers but equally with the Green Deal and ECO supply chain to attract business into London will be to the benefit of the capital's householders.

Murad Qureshi AM (Chair): Andy, on that front, last year this issue was raised and we did write to the Secretary of State [for Energy and Climate Change], Ed Davey MP, for regional targets. It was not something that was taken up by DECC at all. That would have helped the focus certainly of energy companies on that front because generally the impression we have had is that energy companies have been saying, "It is more difficult to deliver in London. Let us go and do it somewhere else". You are confirming that perspective?

Andy Deacon (Director of Local Delivery, Energy Savings Trust): Indeed, we were involved in some of the workshops the environment team held around some of the barriers to delivery of programmes such as the Green Deal and ECO in London. There is a report of the proceedings of that which has highlighted some of those key issues. It is everything from parking permitting to some of the complexities of the nature of the housing stock and the difficulty, for example, of acquiring permission from all tenants in multi-apartment blocks and so on. There are some real peculiarities to London's housing stock and the nature of doing work here that means that anything that can be done through the support team to drive a London-appropriate solution is going to be a good thing.

Murad Qureshi AM (Chair): That has not changed, OK.

Navin Shah AM: Chair, can I raise this with Richard? You have touched upon some of the RE:NEW performance targets, etc. For clarity, can you explain the current performance targets for RE:NEW as they have been reviewed by the Mayor and what steps is he taking to achieve them?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): The target for RE:NEW phase three is 175,000 homes.

Navin Shah AM: What steps are being taken?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): The steps which are being taken are twofold. The first is obviously to put in a support team to work with energy suppliers, to draw in ECO and so forth to deliver that. We have the interim team which we are funding and we are, as we have discussed, bidding for resource to put the team in place for the next three years.

The second thing we are doing is seeking to establish a framework for operation within London. This reflects some of the comments Andy [Deacon, Director of Local Delivery, Energy Savings Trust] was making. In the absence of a regional target, it is important that we put in as strong a framework as possible with the energy suppliers to draw resource into the capital and to give some certainty around operating in the capital. We are reflecting that in the memorandums to each of the energy companies and that is one of the things we are seeking to negotiate with them.

Those two things, the RE:NEW support team and the memoranda of understanding (MoUs) are the primary mechanisms we are pursuing at the moment.

Navin Shah AM: We have already heard concerns about the situation with the support team. Can you reassure us that that is something you will be able to work on and that there is enough resourcing available to the boroughs to work on the difficulties?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Absolutely. In terms of putting into place the support team in the long term, clearly, if there is any feedback from the local authorities that we can reflect in that, then we will do. In terms of the resource, us being able to leverage off £250,000 in 2014/15, the EIB money, should be sufficient resource for the support team to deliver. It is obviously a substantial increase in their resource compared to what is there now.

Navin Shah AM: Taking into account the different targets that there are, how many homes therefore need to be done without RE:NEW support and is that scale realistic?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): There is obviously going to be a lot of activity beyond the focus around ECO, which is the primary focus of the RE:NEW support team. There is the activity, clearly, through the Green Deal itself as well. We certainly would hope that the market continues to deliver a substantial amount of retrofitting measures by its own accord and our expectation is that they are continuing to do that.

Navin Shah AM: Andy, do you want to come in on this?

Andy Deacon (Director of Local Delivery, Energy Savings Trust): Just very briefly, the Government produces quarterly official Government statistics on the progress in the Green Deal and ECO market. From their December numbers, 11% of Green Deal assessments had been undertaken in London, so broadly it has a pro rata share for the percentage of population in London of the amount of private sector Green Deal-linked activity that has been undertaken here.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Just to supplement Andy's point, the same data shows that 81% of households intend to have works done and about 65% have already had works done.

Andrew Boff AM: Just on that RE:NEW stuff, I just need to be clear in my mind. I am in that sort of gobsmacked mode at the moment. We are talking about 400,000 properties that have been done and you are talking of a new target of 175,000, so is it fair to add on 175,000 to 400,000?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Yes, it is a different target.

Andrew Boff AM: The gearing effect that we had before in the RE:NEW effort was four to one. Is there any reason to believe that actually it could be four to one as well for your 175,000 target?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Yes. We would like the market to do that. We would hope the market will do that. We will have to see what the trend is. It is right to point out that the Green Deal is there, which will be additional activity. We are doing some work to promote the Green Deal, particularly around solid wall homes. We are seeking resource from DECC to do that. For the most part, the Green Deal will be something that operates in London without the GLA necessarily doing the measures itself.

Emma Strain (Senior Manager (Services Commissioning and Retrofit), GLA): DECC has put out a pot of funding called the Green Deal Communities Fund. That was originally a £20 million pot, but in the announcements that came out in December it was increased to £80 million. That is available to local authorities nationwide to bid into to do programmes to test uptake and work to drive the Green Deal. There have been several London bids submitted covering different boroughs. The bid that the GLA has submitted covers seven boroughs and we hope that that will be successful and will bring additional solid wall retrofit properties into London.

Andrew Boff AM: Is it fair to say that a lot of that first initial astonishing success was lower-hanging fruit and that the next tranche might be the more difficult-to-retrofit properties, and therefore we might not get that four-to-one ratio we had before? Is that a reasonable thing to assume?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Clearly, as part of the ECO changes, there is a focus on cavity walls and so on. The measures being taken are saving a substantial amount of carbon, as well as on consumers' energy bills, so they are important. Post 2017, it is right that the ECO focus is more on solid wall properties. London as a whole has about 20% of the UK's solid wall properties, so it is a big issue for us. Going forward, a successor to ECO needs to really focus on the very hard-to-treat properties.

The other area - and it is different and it relates to the DECC funding which Emma just referred to - is that a number of the bids coming in from local authorities have focused particular around the private-rented sector. As we know, about a quarter of London's stock now is privately rented. These are some of the hardest properties to get in and do any works to. Camden, for example, is bidding for resource to do that. I would not describe that as 'low-hanging fruit'. That is actually quite hard stuff to do.

Andrew Boff AM: It is quite difficult. Just to finish off, what do you think are the kinds of initiatives that you would do and the incentives that you have to provide private landlords to go into the RE:NEW programme on behalf of their tenants? Are there any new initiatives around to do that? Obviously, they do not get a direct benefit. It is hard for a landlord to see what the benefits are.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): We are looking at a number of things which we can do potentially through the accreditation schemes we are supporting through the London Rental Standard. We are in discussions at the moment and we will be able to say more about that soon.

There are a number of other things which you could seek to do potentially around reducing the upfront costs. It costs about £150 to have the survey done, for example. Whether you try to reduce some of the upfront costs, it might be a way of trying to entice landlords to undertake the measures.

Emma Strain (Senior Manager (Services Commissioning and Retrofit), GLA): We are also looking at testing mechanisms like smart controls as a way to get people more engaged in managing their energy use. There are several different organisations in the marketplace at the moment that are doing this. One is Nest, which has recently been bought out by Google. British Gas has a product called Hive and there is an organisation called Passive Systems. What they all do is have smart controls, which means you have much more ability to control the way you use your heating. You can operate it from your mobile phone, as opposed to having to be in your house with a little dial.

Those kinds of things could potentially help drive uptake of those kinds of things. We want to test those kinds of approaches and also look at things like thermal imaging so you can demonstrate to people where their home is leaking energy at the moment. Our bid to DECC would enable us to test some of those mechanisms and see how effective they are in terms of driving uptake.

Stephen Knight AM (Deputy Chair): The figure was quoted earlier – I think Jenny [Jones AM] mentioned it – that your report said only 3% of the homes visited had additional measures on top of what was done, presumably, during the visit.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Correct.

Stephen Knight AM (Deputy Chair): Could you explain what sort of things would fit into the category of additional measures versus the sorts of things that would be done during a visit?

Emma Strain (Senior Manager (Services Commissioning and Retrofit), GLA): In terms of the previous rollouts of RE:NEW in phases one and two, additional measures could include things like heating and boiler upgrades as well as loft and cavity wall insulation, those kinds of things.

Stephen Knight AM (Deputy Chair): What were the sorts of things that were done in 97% of the visits?

Emma Strain (Senior Manager (Services Commissioning and Retrofit), GLA): It would have included things like hot water tank jackets, energy monitors, low-energy light bulbs,

radiator panels, draught exclusion, simple measures to encourage the airtightness and general warmth of the property.

Stephen Knight AM (Deputy Chair): Draught exclusion-type measures as opposed to home insulation measures?

Emma Strain (Senior Manager (Services Commissioning and Retrofit), GLA): Absolutely.

Stephen Knight AM (Deputy Chair): We are still down to this figure of only 3% of homes visited had physical measures to insulate the actual home in terms of loft or cavity or wall insulation. I do not know whether Andy could tell us, is that typical across the whole of the programme nationally or is this an issue in London?

Andy Deacon (Director of Local Delivery, Energy Savings Trust): I do not have precise figures but, yes, broadly that is in line with the figures nationally from the initial call or inquiry about the Green Deal or ECO through to the final completion of one of those more complicated building fabric measures. It is certainly of the right order of magnitude.

Stephen Knight AM (Deputy Chair): OK. Thank you.

Navin Shah AM: Richard, in the Mayor's draft Housing Strategy, he has committed to retrofit every poorly insulated home by 2030 and all affordable homes by 2020. Can you explain how he is going to deliver that?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): One of the things we are seeking to do in relation to the Housing Strategy's commitment around 2020 on social housing is to require all bidders for the new capital programme to submit a statement on the condition of the properties in relation to carbon efficiency and also their plans to retrofit the remainder of the stock. Once we have that information as part of the bidding process on the capital fund, it will give us a rich resource of information on the status of social landlord stock in London. It will also be a very useful resource for the RE:NEW support team as well to direct and guide activities there. At the moment, we are seeking to get a stock condition report, if you like, and then we will be able to move forward to look at how we prioritise resource and direct resource.

Navin Shah AM: What about the rest of the poorly insulated existing stock? It says 2030.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): The key thing for now is to get ECO working within the capital to encourage take-up of the Green Deal and that is one of the things we are doing by bidding either as ourselves as part of a consortium of local authorities, or independently local authorities, for resource to get take-up of the various funding which is available between now and 2017. As we have discussed, that is where our focus is at the moment.

Navin Shah AM: Do you reckon there is adequate funding and resources available to achieve these targets?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): There is obviously resource available at the moment and clearly the Government has given an extension to ECO, which means we have some certainty beyond the original timeframe. Our focus is on getting that to work here. One of the things we need to do, though, is to look post-2017 with reference to the need to really come up with a programme that is actually focused around solid walls in London. That is certainly one of the things we will be calling for.

Clearly, all of this would also be aided by that regional target, which has been an ask made by the GLA for some time and it is welcome that the Assembly has also approached DECC and will continue to do that. With a regional target, we really will be able to chaperone resource in London.

Navin Shah AM: Thank you.

Andrew Dismore AM: I would like to start by asking about the cuts to ECO. Perhaps I can start with Andy and then possibly Richard. What impact do you think the cuts to ECO are going to have on retrofitting in London?

Andy Deacon (Director of Local Delivery, Energy Savings Trust): Some of it is cuts and some of it is changes to the way in which the regulations work. What it is likely to do is to affect the balance between loft and cavity wall insulation and some of the harder-to-treat external or internal solid wall insulation. The Government has tried to be clear that it wants to see the same level of overall carbon saving delivered by the programme, but it has extended the timescale to achieve that and the focus is on the building fabric measures. However, it is about the balance between the slightly easier loft and cavities and the slightly harder-to-treat external or internal solid wall insulation.

Andrew Dismore AM: Richard, did you want to say anything on that?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Sure. It is important to look at the broad picture in terms of ECO. Clearly, the driver behind this has enabled significant savings on people's bills, like a £50 saving on people's bills. The longer-term commitment is welcome. The extension of ECO from 2015 to 2017 is welcome. I was very conscious of a number of projects where there was a question of whether they would deliver within the original timescale. That extension will now mean that those projects could come forward, so that is good.

I agree with Andy that the issue around solid walls is an important one to highlight. It is important to recognise that solid walls are still eligible under this. It does not exclude solid walls, but we would support the industry in their cause to double the amount of solid walls from 100,000 to 200,000. We would support that. It is also going to be important for providers to lever in other resource as well to complement ECO. It is an important area to look at to optimise ECO in the capital.

Andrew Dismore AM: Do you think the Mayor was right to support the cut in the green levies?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Clearly, it is right that people have pressure taken off their energy bills. Of course that is something we would support.

Andrew Dismore AM: OK. Andy, do you think it was right?

Andy Deacon (Director of Local Delivery, Energy Savings Trust): That is an interesting question. There is plenty that people can do to try to reduce their energy bills and that is part of what the Energy Savings Trust is there to do. That is everything from tariff switching, an enormous number of people who have never switched supplier, for example, and who might benefit from doing so. Taking the pressure off some of the harder-to-treat retrofit measures I do not think was necessarily the right thing to do, as Richard says, for broad industry support for keeping the pressure up on the solid wall insulation end of things.

Andrew Dismore AM: Nobody wants to see high fuel bills and obviously welcomes cuts to bills and I will come back to that in a minute. The reason I raise this is that Energise Barnet, which is a community interest company in my constituency, says that it has been told through Carillion, their delivery partner, that between 300 and 400 vulnerable people who would have benefited from retrofitting are now not going to be able to do so because Scottish and Southern Energy has told them it is no longer able to provide funding. That is a very clear cut in the provision in one of the boroughs I represent. It particularly affects solid wall treatment.

Andy Deacon (Director of Local Delivery, Energy Savings Trust): Indeed. We are only really starting just now to see the impact of those changes. One of the mechanisms to access ECO is through this Government-established brokerage mechanism where suppliers can take bulk ECO delivery opportunities to a blind auction process to effectively bid for shares of ECO funding. If you look at the figures for December, the volume traded through that ECO brokerage has fallen away quite markedly. The effects of that will take a while to trickle through. On the other hand, for example, Richmond Housing only last week announced that they had managed to secure 100% ECO-funded activity for some new work it was expecting to deliver within the next six to nine months, so it just depends on the readiness of the works. The drop-off of those schemes that were already signed up and delivered is really unfortunate.

Andrew Dismore AM: Yes. As I say, we have hundreds of people in Barnet who are going to lose out. Jo, have you seen this in Hillingdon?

Jo Gill (Chair, London HECA Forum and Energy Efficiency Coordinator, London Borough of Hillingdon): In Hillingdon, we have an ECO contract running. We went out and promoted solid wall insulation to all of our residents. The demand and uptake was just huge. We were just at the point that we were escalating our activity when the Autumn Statement pulled the plug on everything, really. We were able to honour all of the work that was already surveyed and had already reached the stage of having a Green Deal assessment that our funder

would actually commit to, but for anything new we actually had to turn people away. It has had a huge impact.

There is no funding for solid walls because not all the energy companies are looking to deliver their solid wall or Carbon Emissions Reduction Obligation (CERO) target under ECO. There are three parts to ECO and a lot of energy companies are looking to deliver the target for solid wall insulation by the end of March because of the uplift they get in carbon savings to deliver it early. That means that after April there essentially will not be any funding for solid wall insulation or very little, anyway. That is what we have been told. Currently, we are getting about £140 per ton for solid wall insulation and it is going to drop down to £40 a ton, which is the same you would get for cavity wall insulation. In Hillingdon we have been doing a lot of cavity wall insulation for the last 10 or 15 years. There really is very limited and very small potential for loft and cavity wall work, but it is solid wall insulation. Those are the measures that we really need to tackle in London.

I can see that the funding there is a concern. How are we going to fund it? Local authority resources are very limited now and we were relying on this fund to be able to improve the homes of people who have never been able to access this funding in the past.

Andrew Dismore AM: Andy, nobody has guessed and said what the impact is going to be in London of the cuts in ECO. Have any of the other bigger energy firms said anything? I mentioned Scottish and Southern Energy from my own constituency. Do you know if any of the others have said what the impact is going to be?

Andy Deacon (Director of Local Delivery, Energy Savings Trust): I am not aware, no. A certain amount of it hinges on the consultation exercise that the Government will be required to go through and a timetable laid out for that to happen in the next few months. It will be important for a number of both industry and Government voices to be heard in trying to set the right balance between the concern about the level of ECO charge that is reflected through energy bills and the desire to deliver warmer, lower-energy-bill homes.

Andrew Dismore AM: Over to EDF. What impact is it going to have on you or what you are prepared to fund under ECO?

Susanna Salts (Business Development Manager - Low Carbon Design, EDF Energy): What is important to mention about the ECO changes is that they are still subject to consultation. We welcome everyone's views into that consultation, which is due out next week and will take place for eight weeks.

Yes, it is going to have an effect but we need to work with boroughs and that is where business development teams come in because they can bring some expertise in there. The fact is that there is an extension is good news because, yes, there were some schemes where it was questionable whether they would deliver by October 2014 bringing the funding at risk under the previous timescales. Now, actually, we can look right the way through to March 2017, so that is a positive. It is a case of now blending the funding.

Yes, there are uplifts until March and there is a drive to deliver as much solid walls and hard-to-treats before then, but we are still carrying on funding for solid walls past that. We are in the process of putting in contracts with Kingston which are to do 300 homes over the next two and a half years, so it is not stopping. Different energy companies will take different views on it.

Andrew Dismore AM: The reason this ECO cut has happened is because the Prime Minister said he wanted to cut fuel bills by £50, but you have not done that, have you?

Susanna Salts (Business Development Manager - Low Carbon Design, EDF Energy):

We were the first to drive that push forward by only increasing our bills by 3.9% whereas others were between 7% and 9%.

Andrew Dismore AM: It was 11% last year, but people on fixed tariffs are not getting £50 off, are they?

John Mason (Social & Environmental Policy & Regulation Manager, EDF Energy): They never had any increases in their costs, either, and obviously we have a completely open policy. Anyone can leave any fixed tariff at any time. There is absolutely no cost for doing so across any of our tariffs. We feel we have a good product offering and we protect our consumers that way.

Andrew Dismore AM: Yes, but they are getting only £12 off, not £50, are they not?

John Mason (Social & Environmental Policy & Regulation Manager, EDF Energy):

Again, they did not get their increase in costs, which is what we managed to limit for our other customers through some of this. Like I say, this is something that we want to constantly work on to ensure we can try to keep our costs down so that we can obviously give the best possible offer to our customers.

Andrew Dismore AM: One of the real concerns I have is the profiteering of the energy companies. EDF made £1 billion in six months last year and still put the prices up. One of the concerns I have is this cartel within the electricity companies where you own the five power stations and you sell the power to yourselves at inflated prices. That puts the price up for the consumers, does it not?

John Mason (Social & Environmental Policy & Regulation Manager, EDF Energy): A lot of people disagree with that. That is why we welcome it and we have been calling for over two years, and our Chief Executive has been calling for a competition inquiry looking at this. We welcome the fact that the new Competition and Markets Authority (CMA) is actually going to look into this area with more transparency. We want to bring trust to consumers that the market is working. The more we can have people look at it and make sure we have good answers to that, the better everyone will be in terms of knowing that things are working as they should. Like I said, I can only comment on EDF Energy. I cannot comment on the whole market or any other players, but we welcome it.

Andrew Dismore AM: There is a lot of evidence to suggest that the impact of this, when you sell stuff to yourself, has been to put prices up on average by about £150 to most consumers.

John Mason (Social & Environmental Policy & Regulation Manager, EDF Energy):

Again, I do not think that is something we would recognise, but we welcome the fact that others will be looking at this and hopefully, once they give their public views, that will provide the Committee with a lot of assurance.

Andrew Dismore AM: Do you think it is right that you should be able to have the same company producing the electricity, selling it to its retail arm and then selling it on to the consumers without any commercial or competition break in the middle to make sure that the consumer is getting a fair deal? Effectively, you are selling to yourself before you sell to the consumers. It is where you are both the wholesaler and the retailer at the same time.

John Mason (Social & Environmental Policy & Regulation Manager, EDF Energy): I guess the question is: is everything fair? Is everything transparent? Is everything being done in the proper way so that the market is working well? Again, like I say, that is not something that I am an expert on in all these areas, but that is why we welcome external people looking at this, the experts in competition and markets and how they should work. We look forward to them doing a robust job. I am sure, if you wanted to discuss this further with our detailed experts, once that work is underway, we would be very happy to support that.

Andrew Dismore AM: OK. You made £1 billion in six months. There has to be something rather peculiar. Anyway, perhaps we can go on and look at the impact of the ECO cuts on the people who work in the insulation industry. A lot of people work in that field. What do you think the impact on jobs is going to be? Perhaps Andy could help with that one.

Andy Deacon (Director of Local Delivery, Energy Savings Trust): We have seen some fairly significant restructuring within the energy efficiency supply chain anyway. For example, you mentioned Carillion earlier. It underwent some restructuring last autumn and it is just one amongst a large number.

Andrew Dismore AM: How many jobs did they lose?

Andy Deacon (Director of Local Delivery, Energy Savings Trust): I forget the exact figure quoted but it was into the thousands.

Andrew Dismore AM: Thousands of jobs had gone?

Andy Deacon (Director of Local Delivery, Energy Savings Trust): Not directly as a result of those changes to ECO because my understanding from recollection is that the announcement was made in advance of that. However, what we have seen is a slower than expected start-up to the new Green Deal and ECO market after the end of the previous Carbon Reduction Emissions Target (CERT) and Community Energy Saving Programme (CESP) schemes. For example, there are industry figures from the UK Green Building Council of 96% or 97% fewer

loft and cavity wall jobs this calendar than in previous years. That has been recognised as a concern across the industry.

Andrew Dismore AM: Presumably, that is the sort of work that actually employs quite a few people doing it, probably more so with the solid wall work.

Andy Deacon (Director of Local Delivery, Energy Savings Trust): Yes. As time goes on, there are obviously standards designed to protect consumers, so there are some barriers to market entry for new firms wanting to come in, but it is right and proper that those are there to give consumers reassurance around some of these new technologies. You have new Green Deal providers and Green Deal installers who are eligible to undertake ECO work coming on stream, but the actual overall volume of numbers employed is --

Andrew Dismore AM: One of the growth areas of the economy ought to be the green industry, ought it not?

Andy Deacon (Director of Local Delivery, Energy Savings Trust): Yes.

Andrew Dismore AM: The impact of the ECO cut is going to be to kick that industry in the teeth.

Andy Deacon (Director of Local Delivery, Energy Savings Trust): Bear in mind you have to balance, in particular when you look across the whole low-carbon economy area, some of what is going on in that straight insulation industry against something like the introduction of the Government's new renewable heat incentive scheme. On the renewables side, we have seen a slight resurgence in the conversion of plumbers, heating engineers, etc, to a growing interest in renewable heating opportunities. However, the insulation industry, yes, is suffering at the moment.

Andrew Dismore AM: Could you estimate how many jobs?

Andy Deacon (Director of Local Delivery, Energy Savings Trust): No, but I can come back to you with the number because there are published estimates.

Andrew Dismore AM: Richard, do you have any idea how many jobs have been lost as a result of this?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): It is too early to tell. As has been rightly pointed out, we are waiting for the consultation which will clarify the full extent of changes to ECO. I would highlight that, clearly, we have an additional two years on ECO. That will, as we have said, mean projects go forward and those projects will obviously create and sustain jobs. It is too early to tell at the moment. I know you use the phrase 'ECO cuts', but it is important to recognise that there is ECO funding coming in and, indeed, potentially more ECO funding coming in than there was under CERT and CESP in the capital.

Just one thing which is important. We have various conversations with energy companies and you have referenced British Gas. We have the list here. I am not entirely sure whether it is public so I will not name all the detail, but if it is public we will write to you or ask British Gas to. They have told us about projects totalling over £30 million in four different boroughs that they are going to proceed with in London, which is obviously good news.

The other thing I would highlight is that clearly, if a borough like Hillingdon has difficulty getting resource from a particular energy supplier for a particular project, that is exactly why you have the RE:NEW support team. The RE:NEW support team can broker and then find an alternative supplier who might be able to fund that work, rather than being wholly reliant on just one energy company.

Murad Qureshi AM (Chair): Richard, I am still a bit confused. Andy [Deacon, Director of Local Delivery, Energy Savings Trust] is suggesting that in the insulation industry there are loads of people not being employed in the sector in the way they could be and you are expecting a substantial take-up of the Mayor's programme. That is two different messages, quite honestly.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): If you are talking specifically about job losses, I am sure there would be a shift towards more jobs being created in cavity wall, for example, since that is the way in which ECO is balanced going forward. In different parts of the sector, you may see more jobs created as more resource comes in for those areas. I just wanted to point out that clearly, if ECO is extended to 2017, then projects which go forward to 2017 will provide jobs for a longer timeframe than was the case under the original ECO.

Andy Deacon (Director of Local Delivery, Energy Savings Trust): That is an important point. Richard's point about some of the forward certainty will be important. Part of the reason we have seen some of the restructuring and job losses has been that it is a very peak-and-trough industry. Traditionally, as heating season approaches and you get to September and October, there is an uptake in interest and calls to the consumer advice line we operate on behalf of the Government on home energy efficiency. Guaranteeing some of that forward certainty and forward commitment of large jobs coming forward in significant blocks will be an attractor for the market.

Murad Qureshi AM (Chair): That is a seasonal pattern. We are trying to look at it over a number of years.

Andy Deacon (Director of Local Delivery, Energy Savings Trust): Yes. There is an annual pattern that sits on top of that seasonal pattern, yes.

Jenny Jones AM: Richard, I think you are really spinning this. What you are saying is that it is going on longer. Actually, of course, the targets are lower. It is actually fewer homes. It is not as simple as saying that it is going on longer and there will be just as many jobs created. That is really nonsense. You must not say that sort of thing to this Committee. It is just not true that it is the same number of jobs. We have just heard from Andy - I am taking it forward a bit - that

social landlord retrofit plans presumably have been knocked back by these cuts and by these changes. Andy?

Andy Deacon (Director of Local Delivery, Energy Savings Trust): Again, it is slightly too early to tell, but going through some of the major deals we have heard about from Andrew Dismore and others, yes, at the moment there is very definitely a hiatus.

Jenny Jones AM: EDF, you presumably have an environmental charter. Is it worth the paper it is written on?

John Mason (Social & Environmental Policy & Regulation Manager, EDF Energy): I would think so. To clarify in terms of ECO, what Richard [Blakeway, Deputy Mayor for Housing, Land and Property, GLA] is saying is there is a two-year extension with a pro-rata target. There are three aspects to ECO, as Jo [Gill] was saying. Two of them are focused to more vulnerable householders. They are being protected at the same level and a two-year new target. The CERO target is the one that is being changed. Where it has had a 33% reduction DECC has announced their intent to consult on it, but there are two extra years at that level so there is actually more target obviously allowing more loft and cavity.

Jenny Jones AM: The new target now is 100,000 homes over this four-year period. In fact, the previous commitment was 80,000 a year.

John Mason (Social & Environmental Policy & Regulation Manager, EDF Energy): There was no previous commitment in that term. It is not a cap. It is a minimum level that must be reached. There is nothing to stop us doing more than that as an industry. It is just saying at least that much solid wall will be done in that time to give some certainty to the market. It does not mean there cannot be more.

The only thing I would say is that obviously this is DECC's decision. It is still open to consultation. Our understanding is that consultation will be launched shortly, which is something we look forward to seeing. I would stress that our understanding is that DECC's intention is it is not a cap. It is a minimum level of activity. That is a very different thing.

Murad Qureshi AM (Chair): It strikes me, though, if you have operations in France, if you were being told by the President there to pull your socks up, you would do that straight away. We are not getting the same response here in the UK.

John Mason (Social & Environmental Policy & Regulation Manager, EDF Energy): I could not comment on the President of France. I am afraid it is a long way out of my expertise.

Murad Qureshi AM (Chair): My point is that you talk about competition but here you act as a private utility whilst in mainland France you are a public utility accountable to political processes. It seems to me that in some ways you have the Government over the barrel with other things you are offering on nuclear, for example.

John Mason (Social & Environmental Policy & Regulation Manager, EDF Energy):

Again, I am not a market expert, but that is why have been asking for two years for this [inquiry], because obviously we are aware that there are some concerns from people out there that we want answered. That is why it is really good that the Office of Gas and Electricity Markets (Ofgem) is now going to have an annual review of the market. The CMA has announced it is going to explore this issue. They are the market experts who can answer the questions you are asking better than I could.

Murad Qureshi AM (Chair): OK. That may be an area that we want to go into as a Committee.

Stephen Knight AM (Deputy Chair): I just wonder if I can pick up on the timing of all this. In theory, although we have had a Government ambition to shift some money out of this and into lower bills, allegedly, there is no formal decision made and we have a consultation process. Yet already, before any formal decision has been taken, we have money being withdrawn from schemes. Are the energy companies taking money out of this in advance of a formal decision that the Government is actually changing the scheme?

Susanna Salts (Business Development Manager - Low Carbon Design, EDF Energy):

Once the consultation happens, my understanding is that the Statutory Instrument (SI) will be passed by Parliament in September or October with a view to it being backdated to April. That means that any plans for carbon we deliver must be based on the current guidance and therefore plans from April onwards in some areas are uncertain. For example, Carbon Saving Community Obligation (CSCO) areas are being increased in the lowest 25% instead of the lowest 15%, which is really good news for London, but that additional 10% you would not want to commit to delivering until you had the certainty, so that makes it very difficult to build your plans in. Solid wall will still be there. Yes, there is a minimum in there, but it is really important that we get this message across to the industry that it is a minimum. It is not a cap, which I have heard mentioned several times since December. As I alluded to before, we already have plans in place to carry on delivering solid wall for the remainder of this year and next.

Stephen Knight AM (Deputy Chair): Is it putting in jeopardy future planning in terms of funding streams?

Susanna Salts (Business Development Manager - Low Carbon Design, EDF Energy):

Until we have the certainty in affected areas that are subject to change, but you can still carry on. You know CSCO is going to be there for the 15% Lower Super Output Areas (LSOA), so that is certainty. It is making sure you carry on and get the certainty going through in the areas that you can deliver in. There is the Home Heating Cost Reduction Obligation (HHCRO) target, which is the Affordable Warmth one for the vulnerable customers. Those plans have not changed at all. There is no reason for that funding to stop. In fact, that target, as John [Mason] alluded to earlier, has stayed the same and we just have the certainty that it is extended now until March 2017.

Jenny Jones AM: Richard, let me ask you. Do you think that ECO and the Green Deal are actually going to be able to contribute to the Mayor's carbon reduction targets?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Yes.

Jenny Jones AM: You have no doubt about that, given all the uncertainties and cutbacks and so on? 'Contribute' is the wrong word. Will they help you hit that target?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Yes, clearly, they will help us hit it. Clearly, they will make a contribution. We are obviously in a transitional period. We will wait for the outcome of the consultation period. In theory, it should enable more resource to come into London than under previous arrangements like CERT and CESP. Our job and the job of the RE:NEW support team is to maximise the amount of resource that does come into London.

I would emphasise though that whilst we very much welcome the extension by two years of the current ECO arrangements, we are very keen -- no, it is important, Jenny. You cannot understate --

Jenny Jones AM: I am sorry. My personal view is that the energy companies have bullied the Government and the Government has rolled over and died on it. It is very difficult for me to listen to what you are saying without expressing a lot of negative feelings about it. The fact is that we are sitting around talking about carbon emission reductions, hitting targets and so on. It actually is people living in cold homes because of you guys and you guys. That is what it comes down to. It comes down to people not living very good lives because you are not helping them and you could.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): It is probably too strong to say that we are not helping them. There has been an effort on the part of this building to really look at RE:NEW phases one and two and look at how we can extend that and how we can increase the number of homes being retrofitted, how we can target it at poorer households by tackling fuel poverty and so forth? This is the first time, for example, as far as I am aware, that any organisation - certainly it is not something the Homes and Communities Agency (HCA) did - has required social landlords to tell us about their retrofitting plans and to get that statement as part of the capital investment programme. There are real things that we are doing and our job is to make sure that we can optimise the amount of funding coming into the capital. I know it does not placate you.

Murad Qureshi AM (Chair): That was a big sigh there and I think it is expressed by a number of Assembly Members.

Stephen Knight AM (Deputy Chair): The success or otherwise of the ECO scheme and how it is working particularly in London with its particular problems and large number of flats and so on. I wonder whether, Andy, I could ask you to start with. We heard earlier that only 3% of those who had a home energy visit and a set of recommendations actually went on to do some proper insulation in terms of loft, cavity or solid wall insulation. It strikes me that we heard earlier that we have had 400,000 visits in London, but that only actually translates into 12,000

homes getting their loft or walls insulated as a result of that. At that rate, presumably, we will be insulating homes for the next 300 years before we get there.

Andy Deacon (Director of Local Delivery, Energy Savings Trust): That is why it is important to look at the situation in London in terms of the national context. For example, in the private-rented sector, which we discussed briefly a while ago, there is the prospect of impending legislation, albeit not until 2018, on F and G-rated properties so they will not be able to be sold or rented. From 2016, if a tenant asks for an upgrade to their property and it can be delivered through the Green Deal or ECO, the landlord will not be able to refuse the request for the upgrade works. There is a recognition that, for example, in the private-rented sector - which is an important one for London, as Richard has already mentioned - there are additional things such as legislation that will be required to help hit the targets. It has long been recognised that the scale and ambition that the RE:NEW support team is trying to deliver, for example, in the social housing stock is a much more cost-effective and less disruptive way of delivering some of these schemes by going in at scale into social housing blocks rather than trying to go house-by-house.

Stephen Knight AM (Deputy Chair): Clearly, that must make sense, but if you look at the 97% of people who have a visit and do not go on to get their loft or walls insulated, I do not know for what proportion of those it is because they are already well insulated. I imagine actually relatively few are as insulated as they could be. Presumably, you have a very large number of people who have a visit, are told they need to have their loft or walls insulated but do not go on to actually do anything about it. The process is obviously such that somewhere there is a gap in it. Some of this work can be fully funded through ECO, yet the homeowner is still not proceeding. There must be flaws in the whole process that lead us to a situation where it is failing to deliver in 97% of cases.

Andy Deacon (Director of Local Delivery, Energy Savings Trust): For some of it, I would not necessarily describe it as 'flawed' and I will defer maybe to Emma [] or Jo [Gill] for some statistics on the remaining theoretical technical potential or how many homes there are left that you could possibly insulate. It is everything from having to get up in the loft and clear stuff out that you have up there. In not all cases are householders able or willing to do that. External solid wall insulation in some cases requires planning permission and there are a number of hurdles to go through to get the necessary approvals to get that done. We are getting to the stage that effectively, for the volume certainly nationally of the easier-to-deliver loft top-up and cavity wall insulation measures, we have delivered all of those that it is reasonably possible to deliver. When you lay on top of that the 13% of London's households that are in conservation areas and some of the difficulties you can get there, it is back to my earlier point that you need a very London-specific set of solutions, which is what some of the programmes are trying to deliver.

Stephen Knight AM (Deputy Chair): There are all sorts of barriers. The bottom line is that what we are currently doing is not actually delivering what we need in terms of insulating London's housing stock. There is clearly an awful lot that we need to do to tackle all those barriers. I take your point that some of them will require legislation.

I wonder if I can move on to an issue that is pertinent in London. Like many Londoners, I live in a block of flats that was built in the late 1960s. It has uninsulated cavity walls. The process that I am told to go through where I live involves a very bureaucratic process of getting everybody who lives there to be present when surveys are done so that every single flat can have its survey done and then they can have cavity wall insulation. Then they all have to be present when the cavity wall insulation is fitted so that there can be tests in each flat for carbon monoxide. Some of that may be technically necessary, but there must be some way of streamlining this process because it becomes almost an impossibility from a practical perspective to achieve what everybody wants to achieve, which is insulating homes, almost because of the way in which this system works.

I wonder if you can just comment on the practicalities of insulating a block of flats when those kinds of hurdles are put up by the process.

Andy Deacon (Director of Local Delivery, Energy Savings Trust): Those hurdles are broadly a reflection of the situation not just in London but across the country and in part have arisen because of the way in which some of the regulations around individual consent and some of the issues around the Green Deal and ECO and what that means in financial terms in getting every individual tenant on board to potentially contribute financially to the scheme or consent the work being done on the block. It is a recognised issue across the country. Jo [Gill] might want to talk about some of the work that HECA has been doing around some of those issues. At the moment, it is constrained by the way the legislation - both on the insulation side but also around things like the Consumer Credit Act - operates, which means that you are going to need every individual tenant to get on board with a desire to retrofit that scheme. The technical solutions are there and we have seen everything from abseiling down buildings to install insulation when some of the energy suppliers are getting into the more difficult-to-insulate blocks to over-cladding and external insulation schemes where that is technically possible and those barriers around consent and finance have been overcome.

Stephen Knight AM (Deputy Chair): I do not know whether I can bring in Jo first and then maybe Emma [Strain] to talk about what kind of practical problems you have had in terms of trying to get the housing stock in your borough insulated given the peculiarities of the legislation and the schemes that are available?

Jo Gill (Chair, London HECA Forum and Energy Efficiency Coordinator, London Borough of Hillingdon): One of the biggest problems is timescales and sometimes we are working to really tight deadlines. For instance, right now there is a big rush to insulate the hard-to-treat cavities and we have to install them by the end of March. Otherwise, we lose the funding. There is not enough time to do that engagement and deal with those difficult properties. If you have a longer lead-in time, you are able to engage with all the householders and convince them. It just takes a little bit longer and sometimes schemes have to be around for a bit longer. That is the issue that we come across. Schemes are around for a very short period of time and then they change. Those are the issues that prevent it as well.

As a local authority, we are keen to make sure that our buildings are improved and can benefit from this funding, but when you are working to very tight deadlines, you do lose opportunities.

We know of a lot of the opportunities. For instance, we are working right now to do quite a lot of our hard-to-treat blocks in Hillingdon, but some of them have fallen flat for those reasons as well. If that funding were to continue over a longer period of time, we could go back to them and have longer to engage.

With regard to solid wall, that is a big opportunity in Hillingdon. Although there is going to be funding from April for solid wall, technically CERO can still fund solid wall insulation. It is really up to energy companies how much they are willing to fund or even if they are willing to fund it at all. Some may be willing to fund it but at a very small level. Sometimes, that is a deal-breaker for local authorities if they cannot find the remainder of the funding or they can do a lot fewer homes with the little money that they do have to insulate their own stock, for example. For a lot of householders, with the rates that are going to be offered for solid wall, it is not going to be financial viable for them to do the work. It is obviously going to have an impact on the industry.

Stephen Knight AM (Deputy Chair): Longer timescales to reflect the complexities and difficulties of bringing together, say, tenants in blocks of flats or leaseholders would be helpful in the London context?

Jo Gill (Chair, London HECA Forum and Energy Efficiency Coordinator, London Borough of Hillingdon): Absolutely. That is perhaps where even a RE:NEW team could help and step in to maybe engage with some of our leaseholders and maybe even owners of the freeholds to these properties. Local authorities just do not have the time to be able to access and contact everybody. That kind of support would be the really hands-on project development support that boroughs would need.

Stephen Knight AM (Deputy Chair): Thank you. Emma, it must be a frustration for you that with all these people that are getting visits, we are still not getting the insulation in.

Emma Strain (Senior Manager (Services Commissioning and Retrofit), GLA): Looking forward with the RE:NEW support team, it changes the way that this programme will work in that we are looking to develop these bigger projects. The time point that Jo makes is a really important one. Having a bit more time to develop these bigger projects is very important, but also we need to be able to balance what is within those projects. If you take a solid wall project to an energy supplier, it may be less appealing now than it perhaps might have been. However, if we develop a project that includes a whole balance of different housing stock, so we find some hard-to-treat cavities like in your block and we bring together solid wall and we find easier-to-treat lofts and cavities and package those together, it is a much more attractive package in terms of funding. You then enable perhaps more to be done by bringing that together. The expertise of the support team, I hope, in conjunction with the boroughs, will be able to build up some of those projects and make those projects more appealing for funding. I appreciate that you are right. It is a challenging practical problem.

Stephen Knight AM (Deputy Chair): I am interested in your view about whether you think there are changes that could be made to the process that surrounds ECO in particular that would enable a much greater take-up or streamline the process in terms of getting insulation

fitted. Are there things you think the Government ought to be doing to change the process to make it much easier to deliver?

Emma Strain (Senior Manager (Services Commissioning and Retrofit), GLA): It would be interesting to see what is in the consultation because much of this is not really settled down yet. There is quite a lot of data and monitoring collected, which I suspect drives up the cost of all of this work, so I wonder whether there is an opportunity there. Perhaps one of the things we will look at with the consultation is whether it discusses that area and whether that is a way to actually reduce the cost of the programme as a whole. I would probably look to colleagues as to whether they have views as well.

Stephen Knight AM (Deputy Chair): Andy, what should the Government do to get this programme moving?

Andy Deacon (Director of Local Delivery, Energy Savings Trust): One of the single biggest things that could be done is actually not a governmental issue. It is one more for that very practical liaison at local level between boroughs, social housing provider and energy suppliers. On most social housing, the provider is required to have a very long-term planned maintenance programme. Integrating the energy efficiency upgrades into an ongoing, known, forward programme of planned maintenance rather than spotting that there is a pot of ECO funding available and jumping at that would then allow, as Emma says, a match between the Government funding for the upgrade of some of the energy efficiency measures and some of the other upgrades to liveability and improvements to kitchens, bathrooms, etc, that are going on in the properties. Part of the cost of the delivery of ECO is things like putting scaffolding up and potentially decanting residents into other temporary properties while work is being done. It is about almost effective project management at local level to link the routine maintenance to the energy efficiency funding that is available.

John Mason (Social & Environmental Policy & Regulation Manager, EDF Energy): Fairly quickly, I would share Emma's [Strain] point. I hope the consultation looks at these issues and is a bit broader. There is a lot we can do. There is always a balance with a scheme like this between ensuring Ofgem as the administrator has confidence that suppliers and all the partners we work with are delivering the right measures to the right people in the right way and also balancing that with the cost and bureaucracy and consumer journey of having to provide lots and lots of evidence. The eligibility for Affordable Warmth, which is based on benefits, how we prove that and how we prove they are not living in a social property. There are a lot of areas there where I do think we can simplify it and make it a better consumer journey and cheaper for everybody, including the supply chain.

I also think we can look at getting better links with the Green Deal and the links with a lot of Green Deal funding and support which is going to be coming through. I believe it is £500 million but DECC is best to give you the detail. If that can incentivise especially in the capital to make ECO offerings more commercial, cost-effective, and overcoming those costs that colleagues have talked about, again, it can only be a good thing. I hope we see a lot of these things in the consultation, which we are fairly keen to see, as I am sure the Committee would be.

Stephen Knight AM (Deputy Chair): Thank you for that. I wonder if I can explore this. We have heard that because London properties are more difficult to do, energy companies actually focus their efforts on delivering their ECO funding outside London rather than in London as a general rule. How does your spending on ECO in London compare with the proportion of your customers who are in London?

Susanna Salts (Business Development Manager - Low Carbon Design, EDF Energy):

The proportion of our customers who are based in London is 19%. It may be worth stepping back and explaining the routes to market for ECO as well. It was alluded to before that ECO is not a regionally based scheme. It is a national target for energy companies to deliver and we have a compliance target to ensure we deliver that. Otherwise, there are very hefty fines. The second thing to delivery is making sure it is done in the most cost-effective way possible so the 19% of London customers do not have additional charges passed on to their bills, so we need to keep those costs down.

The different routes to market we have are through our supply chain and for the majority of the supply chain we have a contract with to buy carbon. We do not specify where that carbon comes from because, if you put any stipulations on them other than that the carbon needs to be delivered compliantly, they will start pushing your costs up.

Stephen Knight AM (Deputy Chair): What you are saying is you do not actually know how much of the money going into it is spent in London or anywhere else in the UK?

Susanna Salts (Business Development Manager - Low Carbon Design, EDF Energy):

On that route, historically, we do. That is one route. There is the brokerage. Again, the brokerage is literally a lot of three, six or nine months, the carbon in a particular target and the pounds per ton, and you bid blindly on it. You do not know who you are buying from, so you do not even know where the company is based until after you have won the lot.

There are also leads we generate ourselves. We have put out an offering to EDF Energy customers within London, along with the south east and the south west, which is our largest base, so we are offering ECO to London customers in that way.

Stephen Knight AM (Deputy Chair): You have no way of measuring whether 19% of your ECO spend is going into London homes or not?

Susanna Salts (Business Development Manager - Low Carbon Design, EDF Energy):

Not forecasting forward. We have done work going back on it so we can see how much we are spending regionally.

Stephen Knight AM (Deputy Chair): What does that tell you, looking at that?

Susanna Salts (Business Development Manager - Low Carbon Design, EDF Energy): To date in the last year, it was 5%. Within the CSCO target, which is the target that is actually being increased, it was 10%, so there is a lot of CSCO work in London, which is a positive.

Stephen Knight AM (Deputy Chair): Historically, you can look back and say only 5% or 10% of the funding was being spent in London against nearly 20% of your customers, but looking forward you have no way of measuring where it is going to go because it is going into a national pot. Clearly, it is not unreasonable for us to guess, if that is historically where the spending has been, unless there are some measures taken to drive it into London, it is not likely to go there. Given all the problems with the large number of flats and expensive and difficult homes to insulate, it is presumably not unreasonable to expect that little of the money will be spent in London.

Susanna Salts (Business Development Manager - Low Carbon Design, EDF Energy):

We cannot commit because of the way ECO works on a target going forward, but what we have committed to from October last year is we now have two dedicated business development managers within London who are going around the boroughs and working with boroughs to see where we can support them, where there is a match of a particular carbon in a target that we need.

We also have London Warm Zone where we have done a pilot for 600 homes and we are working with Warm Zone and sharing those findings with DECC. There are some really hard-to-treat properties with some very vulnerable people. We have put in above-market-rate funding for that project because some of ECO will not fund all of the boiler schemes that are out there. A customer living in a very small one-bedroom flat, some suppliers or certain schemes might just say, "No, sorry, it is not cost-effective for us to do your boiler". With London Warm Zone bringing in some additional top-up funding as well, actually those people are getting the heat and we are not turning them away. On top of that, we are doing benefits checks with those customers, which is linked into our Warm Home Discount scheme, so that is obviously increasing their income as well.

Stephen Knight AM (Deputy Chair): Thank you for that. Richard, I wonder if I can turn to you. Clearly, we have a problem in that the ECO scheme has not historically delivered the proportion of funds into London that have been spent elsewhere. What are you going to do about that? How are you going to ensure London gets its fair share?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): This is an important issue. Just to be precise, it is not really ECO but the predecessors to ECO which have historically underspent in London compared to what London's fair share would be. That has been long recognised as a problem and is exactly why for a long time we have been calling for this regional target. I know there were calls in the previous mayoral term and within the first few weeks of the Mayor being re-elected he wrote to the Secretary of State [for Energy and Climate Change] restating the need for that and for it to be reflected in the legislation. For a long time, DECC has resisted it. DECC certainly made a commitment to me that they would monitor the spend of ECO across the country and if it felt there was any part of the country clearly lacking a balance of funding coming in, they would seek to address that. We will have to see as ECO takes off, but fundamentally there should be this regional target to drive it.

In the absence of that regional target – and it is something that only the Government itself can introduce – we will do everything we can to remove some of the small barriers. There are some big barriers like conservation areas which we cannot remove. I am sure if Georgian streets started to get clad, there would be clear concerns, so there are some issues which are very hard to address. However, there are some smaller things which can be addressed which we are seeking to do. I restate that the RE:NEW support team is designed to lever in that funding. The MoUs we are seeking to agree with energy suppliers are seeking to establish a framework for operation in the capital. That is what we can do in the absence of a regional target, but there should be this regional target and it should be something that is introduced for any successor to ECO in 2017.

Stephen Knight AM (Deputy Chair): Are you able to monitor the amount that is being spent in London?

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Yes, with DECC.

Andy Deacon (Director of Local Delivery, Energy Savings Trust): I mentioned earlier the official quarterly statistics from the Government. They report on both Green Deal activity and ECO spend by region.

Murad Qureshi AM (Chair): Yes, we have something of that here in front of us.

Navin Shah AM: Yes, I just wanted to reflect on what we have heard. I certainly feel the situation is extremely depressing because we have had targets since 2009 when it comes to renewal, for example, and we have strategies, etc. However, the people with some really poor housing conditions and cold homes I represent in part of my constituency, which is Harrow, has the worst fuel poverty in London, closely followed by Brent, which is another part of my constituency, and then Camden. For decades I cannot see that substantial numbers of those people who desperately need help, because there are other impacts of this in terms of health and so on, will benefit from any of that. I do not see a light at the end of the tunnel and very clearly there is a case to accelerate the programme. London has challenges generally but this is one of the challenges that surely needs to be faced and something needs to be done. I accept that, yes, there are the issues and constraints – you mentioned planning – but surely not conservation areas. They are not that great. They are a minority of the areas. Those can be parked aside and say, “Fine, those are special situations”. I do not see people emptying lofts and taking time is really an issue. Therefore, I do feel that there is not a hope in the near future, from what I have heard. That is for me, for Londoners, for my constituents, very depressing. I just hope that you take the message away and something is done to reassess, review, and monitor so that the whole range of targets and programmes are more effective. Thank you.

Murad Qureshi AM (Chair): Just before we get a response, can I just welcome St Joachim’s Catholic Primary School from Newham? This is the Environment Committee. If you are wondering what we are talking about, it is about keeping your homes warm in the winter particularly and we have a panel of experts here and we are asking questions about how that is

going to continue into the future. If you do not understand all the jargon, hopefully you will leave thinking that we are doing some good for you.

Navin Shah AM: I am generally a very optimistic person by nature, but from what I see here, it is all going to take such a long time, which clearly is not acceptable. We want to see those benefits, we want accelerated programmes and we want to see those people who acutely suffer from fuel poverty helped sooner rather than later and I do not see this happening in the near future.

Murad Qureshi AM (Chair): OK. That sounds like a statement or is it a question?

Navin Shah AM: It is a statement. Does anyone want to respond to that?

Jo Gill (Chair, London HECA Forum and Energy Efficiency Coordinator, London Borough of Hillingdon): I can respond to that. Really, there is a big mismatch between the fuel poverty agenda and what we are trying to achieve here with RE:NEW and certainly with ECO as well. Even the element of ECO to help vulnerable households improve their heating systems is not actually reaching the people that really need the help sometimes. Again, we have that regional issue where you cannot get contractors to come to London to work.. That is what we talk about. There is a complete mismatch there really in those agendas.

Murad Qureshi AM (Chair): OK. Can I just come back to what Stephen was talking about? As I said earlier in the meeting, this time last year we did write to DECC about having regional targets. We did not get the response we wanted because we thought that was one thing that came out of that meeting as a consensus. Stephen [Knight AM] has offered to open the door with Ed Davey [Secretary of State for Energy and Climate Change], which I think the Committee will openly take. As a Greater London MP, I am sure, he should be feeling this issue on the doorstep. However, it would be also useful to have the support of energy companies like EDF and I just wondered what else is needed for you to sign up to a regional target in London apart from all the other issues discussed. If we had that in our pocket, it would be very useful when we go to Ed Davey.

John Mason (Social & Environmental Policy & Regulation Manager, EDF Energy): There are concerns around that. First of all, what suppliers need to ensure is that they meet the targets they have been set for delivering energy efficiency within the country. Only half the obligated parties under CERT and CEST actually met their targets within the timeline. We did so. I think that is first.

Ensuring we meet our ECO target and ensuring that is done within the Government's timeline is key, and it is something EDF Energy takes very seriously and is working towards. Then it is ensuring that we do that at a suitable cost that has to be borne by all energy customers. Therefore at the moment, if DECC and the Government - and it is really an issue for DECC and Government; however, just to give a view - want to look at a regional target or change the way we deliver, we need to look at what cost pressures that brings on. Does it increase cost? Does it reduce cost? If so, what would be the correct target within different areas? That would be a fair and challenging question.

Therefore, if that debate happened, we would be very, very happy to be part of that debate. We would love to try to provide any information, help or support we could to take that debate forward, although I do not think at this point in time we would be able to have a position on it until we could understand how that would impact costs, etc. However, I would say to the Committee that the first and most important thing, if you have any communications with DECC, is ensuring its targets are met or if they are not met that DECC will take an adequate position on those that have not delivered what they should have.

Murad Qureshi AM (Chair): That is not quite the answer I was looking for. A lot of the barriers you are talking about are the ones not advocated by yourself, although they are coming from the installation industry, and unfortunately we do not have a representative here. Maybe that is something we should do between the meetings. I had the impression actually that certainly during the Olympics you did very well out of London with the publicity you had and generated with your green credentials. Surely there is something here that you could offer to Londoners and in return you would take up a target more readily here than maybe some other regions.

John Mason (Social & Environmental Policy & Regulation Manager, EDF Energy):

Again, we are always proud to support London, as you have seen with a lot of activity we have taken in the last couple of years. As my colleague discussed, we have been supporting London Warm Homes for a number of years now, we are doing additional pilots and we have been looking at the future for London to work with the boroughs and see what other information and help we can give. Like I say, we are very happy to be part of that debate, although I would not want to be sitting here now and making one decision or another until we had fairly discussed it. However, we would very much welcome being part of that discussion because we want to support all our customers in London more generally, although we also need to look at our whole customer base and the responsibility to try and keep costs down across that. Therefore, we do need to look at all the issues. I am not trying to avoid the question, Chair. I am honestly trying to be helpful, although we would very much be interested in being part of it and we are very interested in sharing information on it.

Andrew Boff AM: Do you not think we should be careful about regional targets? If you are taking a decision nationally, it is more important in terms of energy conservation to insulate the country than it is the city because cities are warmer. I know why we are pursuing regional targets and we want our fair share in London, although if you do have regional targets actually cities will not be advantaged by those because the benefits of insulating cities are less than the benefits of insulating the countryside, if you are talking about a national aspiration.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): Certainly from the Government's perspective you can understand why they would not want to constrain themselves with regional targets. Clearly it is our obligation to draw in as much resource as possible.

Andrew Boff AM: You can understand our parochial interest in it.

Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA): The challenge here is what the objective is. Is it the number of homes, the amount of carbon or fuel-poor households? Those three different things would lead you to configure your programme very differently and would lead to different levels of output. If you go for the maximum number of homes, it will clearly be different than if you are going for carbon savings or fuel poverty. We have sought funding. We received £5.3 million to specifically target fuel-poor households with new boilers, although that is a fundamental thing about how you allocate regional targets.

One thing that has been progressed has been the change in definition by DECC of how they calculate fuel-poor households, which now means that London is ranked second in the country in terms of the number of fuel-poor households. It is absolutely right that if you want a retrofit programme that targets the poorest, then London should receive substantially more. London should get substantially more if it was to have a regional allocation and to do that it will need direction from DECC to say very clearly, "Our priority is fuel-poor households and we are going to recognise that the price-per-carbon is going to differ and so on". That has to be a decision within DECC in the way in which they calculate this and the benefits of this.

Andy Deacon (Director of Local Delivery, Energy Savings Trust): That is absolutely right. The difficulty is that the costs in some rural areas are actually far higher because you wind up going out and delivering one individual job and you cannot deliver some of the large schemes en masse. If you look at the CERT delivery statistics, there would be plenty of rural MPs who would be raising some of the same issues as you, which is that they have been under-represented under some of the previous schemes. Some of this is to do with finding the sweet spots with concentrations of particular delivery of relatively easy to deliver loft and cavity wall insulation, which is why, for example, the northwest of England has done particularly well under some of those previous schemes.

Murad Qureshi AM (Chair): Andy, you are right to emphasise the higher costs for rural areas. Do not think though that we do not have rural bits in London. We have 400 farms. It is a region as much as a city is what I am saying. That is one of the things I have learned being an Assembly Member and going to all the corners of greater London.

Andrew Boff AM: The fact that we have a few city farms does not mean that we are a rural area.

Murad Qureshi AM (Chair): They are more than city farms.

Andy Deacon (Director of Local Delivery, Energy Savings Trust): There is a definite doughnut effect within London anyway where, because of the nature of construction, some of the cavity wall insulation properties are more concentrated in some of the outlying suburban areas of London.

Andrew Boff AM: I just think we need to be careful of what we ask for and I take what Richard Blakeway said. Whatever the national aspiration is, we have to understand that before we ask for regional targets.

Murad Qureshi AM (Chair): My response to that is that we do have an understanding of the Mayor's Office and this funding because we did that last year and we also have the Deputy Mayor for Housing, Land and Property who has been at the forefront of tackling fuel poverty as well and therefore people signed up in the Mayor's Office.

Jenny Jones AM: There is also the fact that in London we have 2,700 excess winter deaths every year, partly because of our appallingly energy-inefficient housing, and there are lots of concentrations of that. There are also over quarter of a million households that are actually in fuel poverty. Therefore, the arguments for a regional target are quite strong here.

Murad Qureshi AM (Chair): Thank you for emphasising that, Jenny. Are there any further questions from Assembly Members as a roundup?

Jenny Jones AM: Just an aura of disbelief, generally.

Murad Qureshi AM (Chair): OK. It is useful to end at the point we agreed last year, which was this regional target, and we will find a different way of pursuing it, which Stephen [Knight AM] has offered, with someone who can possibly make some influence on that and the critical need for it.

Thank you very much for coming along this morning and giving us your wisdom on this first part of energy efficiency and carbon reduction. What we do need, though, in between or maybe in the next meeting is to bring the insulation industry in because I did feel we were talking about them a lot although not actually hearing it direct from them. I thank you again for coming along and giving us your advice on the issues that we have asked questions about. Thank you very much.