

Health and Environment Committee

8 November 2012

Transcript of Item 6: Energy Efficiency and Fuel Poverty

Murad Qureshi (Chair): Can I now move to item 6 on the agenda, Energy Efficiency and Fuel Poverty, and can I start by welcoming our guests for the meeting. Could I ask, as there are so many of you, to introduce yourselves?

Jake Ronay (Senior Manager, Programme Delivery (Environment), GLA): Jake Ronay, I joined the Greater London Authority (GLA) eight weeks ago, replacing Emma Strain who has gone on maternity leave, some of you may know her. I head up the RE:FIT and RE:NEW programmes.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): Richard Blakeway, Deputy Mayor for Housing, Land and Property, which also includes retrofit.

Larissa Bulla (Environment Programme Officer, GLA): Larissa Bulla, I am also relatively new in post, you have probably seen my name at Mayor's Question Times (MQT) from the Waste Strategy. I am now covering climate change mitigation and energy specifically on domestic energy efficiency.

Amy Ingham (Fuel Poverty and Smart Meters Team, DECC): I am Amy Ingham. I work for the Department of Energy and Climate Change (DECC) in the fuel poverty team, working specifically on Energy Company Obligation (ECO) Affordable Warmth.

Peter Farrand (Green Deal Team, DECC): Pete Farrand, I also work for DECC in the Green Deal Team looking at the demand side of Green Deal, specifically consumer engagement.

Jo Gill (Energy Efficiency Co-ordinator, London Borough of Hillingdon, and Vice-Chair, London Carbon Action Network): Jo Gill, London Borough of Hillingdon, representing the London Carbon Action Network, a group of local authorities working on fuel poverty and energy efficiency in London.

Christine Tate (Head of Corporate Social Responsibility, British Gas): Christine Tate, head of corporate responsibility, British Gas.

Kelly Greer (Energy Solutions Manager, British Gas): Kelly Greer, Energy Solutions Manager for London, so it is delivery of ECO, Carbon Emissions Reduction Target (CERT) and Community Energy Saving Programme (CESP) in London.

John Mason (Social and Environmental Policy Manager, EDF Energy): John Mason, EDF Energy, focused on supporting colleagues for the delivery of Green Deal energy company obligation and other social and environmental responsibilities, and my colleague --

Rachael Hawkins (Public Affairs, EDF Energy): I am Rachael Hawkins, I am from the public affairs team at EDF Energy.

Murad Qureshi (Chair): Thank you very much for all of you coming along this morning. Can I just ask one thing, as there are so many of you we will not be asking each individual for your contributions, as I have no doubt you will be very keen to. If we can leave contributions to one within, for example, the GLA team, one from EDF, one from British Gas, one from DECC, and Jo, you will have more of the floor than you realise since you are here by yourself.

I will commence with the opening question, starting with the theme of strategic and partnership working across London. To the GLA, Richard, what strategic work is there behind the various fuel poverty activities in London?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): OK, as you know, we have done a lot of work to promote retrofitting and capital through the RE:NEW programme, specifically on domestic housing. This will obviously contribute towards the strategic goals to reduce carbon emissions in London by 60% by 2025. So far RE:NEW, as you know, has done just over 50,000, about 55,000, units. We have RE:NEW 2 currently taking place, which will do over 20,000 more units. However, the big goal, our big focus is obviously on ensuring that ECO, the Energy Company Obligation, and the Green Deal are a success in London. There is enormous work taking place both with the energy providers, who will be funding ECO, and DECC, who are responsible obviously for the Green Deal, to make sure it contributes significantly to London's housing stock.

Murad Qureshi (Chair): As you can imagine, there is a whole series of questions where we will drill down into the details of the various programmes you have mentioned, Richard. Are there any other kind of takes, DECC or from Hillingdon Council? Jo?

Jo Gill (Energy Efficiency Co-ordinator, London Borough of Hillingdon, and Vice-Chair, London Carbon Action Network): Regarding?

Murad Qureshi (Chair): Regarding the work that is being done behind the various fuel poverty activities in London so far.

Jo Gill (Energy Efficiency Co-ordinator, London Borough of Hillingdon, and Vice-Chair, London Carbon Action Network): Yes, I think RE:NEW definitely has helped targeting energy efficiency measures like CERT, we do pick up valuable lessons through that. It is not primarily aimed at that; it is aimed at carbon saving, and I think really it is the local authority initiatives that really have helped to identify fuel poverty in our boroughs, working through local community voluntary partners. That is really the key way of doing it as opposed to area-based schemes, although they are great, there is only a certain number of people that you can reach through area-based initiatives.

Murad Qureshi (Chair): OK, and DECC, do you have any perspectives in the London region context?

Amy Ingham (Fuel Poverty and Smart Meters Team, DECC): I think we will come on to the Energy Company Obligation and absolutely, yes, it is working with local authorities and the energy suppliers and just trying to maximise take-up on existing schemes and future schemes.

Murad Qureshi (Chair): Richard, there is one come-back, and Victoria [Borwick AM] earlier on in the year did a report on this as Chair of the Health and Public Services Committee, but there was a specific demand for an

affordable warmth strategy from the Mayor. Are we any nearer to that, given that was seen to help focus into this issue within the context of the Climate Change and Mitigation Strategy?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): Sure, I mean clearly there is a lot that we have sought to effect in our existing strategies from the work that Victoria did. I think one of the critical things, which I am concerned with, in having responsibility for the programmes, is that we focus that investment as closely as possible on those who are most vulnerable to fuel poverty. That means, for example, focusing around the super priority groups, response to CERT and so forth. I think we are making some progress there. We are continuing with the work to map retrofit opportunities, and as you know we commissioned the Energy Saving Trust to do that, to ensure that it is a very targeted approach that we take.

Murad Qureshi (Chair): It is just that I think the main thrust of the report at the time was that programmes like CERT were, in some ways, aimed at CO2 emission reductions and less so at fuel poverty.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): That is true, yes.

Murad Qureshi (Chair): So, a strategy in itself would help to focus the programmes that we have and I think that is the basis on which the previous Health and Public Services Committee thought it was a very useful vehicle to help respond to this challenge as much as carbon emissions. That is something you accept?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): I accept the principle absolutely, and that is certainly something that we will seek to do.

Larissa Bulla (Environment Programme Officer, GLA): If I could add to that, Murad, I think I will be seeing you next week at the first meeting of the Affordable Warmth and Health Forum, we will get on to that, so we are hoping to kind of work with them on a very strategic approach.

Murad Qureshi (Chair): Jenny [Jones] will follow up on that point. Can I now ask our energy companies, their contributions to the Affordable Warmth Strategy? If I am being cynical, I would suggest that maybe two energy price hikes in the last two winters has been your contribution.

John Mason (Social and Environmental Policy Manager, EDF Energy): I think, currently the obligations, I mean we have got fairly constant direction in trying to support activity in London. I think the key point made with obligations, I will come to the pricing soon, but the key point on obligations is there were carbon obligations, which had some fuel poverty outcomes. That has always made it a challenge to target them effectively and to reduce fuel poverty. Which is why we really welcome DECC's move in the Energy Company Obligation where it is not a carbon obligation, Affordable Warmth is focused specifically on reducing heating costs and I hope that will have a much better impact.

We have done a lot of activity through both CERT and CESP in London. We are supporting London Warm Zones; we have a large number of CESP schemes, but both programmes have had challenges. From London we have found it difficult. London Warm Zones have overcome a lot of them through a lot of on the ground work. We are working very closely with boroughs; I do think is the only way you can make progress is if the boroughs are on side for what you are trying to achieve. I do think we have achieved a lot but I do think the opportunity from now on, as under the Green Deal and Energy Company Obligation, I think will hopefully be a much better fit to the kind of London housing type stock and demographics. I think working strategically with this new Affordable Warmth and Health Forum, etc, we really welcome, we really are looking for opportunities to work in partnership.

Murad Qureshi (Chair): Okay, and the price hikes?

Rachael Hawkins (Public Affairs, EDF Energy): Yes, so we had to raise our prices recently, as the other energy companies have. It was unavoidable unfortunately due to rising wholesale costs as well as social and environmental obligations on energy companies. We still have some of the cheapest prices in the market and we do have a product where our customers can fix their prices for the next three winters. However, yes, unfortunately the UK wants/needs to invest in its infrastructure and that has put a lot of obligations on us.

Murad Qureshi (Chair): Just British Gas' response to the same question please?

Kelly Greer (Energy Solutions Manager, British Gas): If I cover the energy efficiency side, I agree with John [Mason], programmes such as CERT was focused on carbon reduction as opposed to pure poverty. You will always get a disconnect there with Government and national policy where they try to do the two things together. We have Warm Front that has been running in London, the issue there is obviously the criteria was changed, and that meant that less Warm Front could go into London; a very similar picture with CERT. Just reiterating what Richard [Blakeway] was saying, RE:NEW has moved forward. As in the report that you highlighted, RE:NEW was initially focused on carbon, it has now been moved to fuel poverty. We are supporting that and looking forward to Green Deal. Particularly ECO around the Affordable Warmth element, we see London as a strategic target. CERT and CESP did not really fund a lot of measures in London. We have a lot of flats, a lot of solid wall, which did not really fit with CERT and CESP. However, ECO, big changes, a big opportunity for London, we will work with them.

And, Christine, if you want to come in on prices?

Christine Tate (Head of Corporate Social Responsibility, British Gas): Yes. The situation is the same, we had to increase prices, we have to make a profit, we are a commercial organisation. We do only make 5% profit and we have maintained that 5% for many years. Even though prices have gone up, operational costs have come down because of the internal cuts that we have had, but due to the increase in investment costs and social obligations, etc, is the reason why we put the prices up. However, we are naturally doing all we can to help people through our Better Deal For You. We contact customers to advise them of the tariffs that are available and where there might be a better tariff than the one they are on. We do an awful lot with people that we identify as really struggling to pay their bills with the warm home discount, obviously for home energy efficiency and other social programmes that we run.

Murad Qureshi (Chair): Just to cut you short, I am getting no indication that when you discuss these energy price hikes that you take onboard the impact it is going to have on fuel poverty, and it clearly does have one. Can you explain to me if you look into that at all when you raise prices by 11% just before Christmas begins?

Rachael Hawkins (Public Affairs, EDF Energy): Sure, EDF Energy has always taken our responsibility to our vulnerable customers seriously. We have often led the industry. We have still kept our legacy discounted tariff customers. We have kept those on even though the Warm Home discount has come in. We offer insulation, free energy efficiency advice, and also the broader group rebate is targeted -- each energy supplier can choose their priority group. Ours is targeted more at people with young families and on lower incomes. We do work with the Citizens Advice Bureau as well to give free debt advice and there is help out there for all our vulnerable customers, but we do work with other groups to try and find those and target it to those people,

Murad Qureshi (Chair): It is just that, it was only when I was reading the papers last night that it was made aware to me that for every 1% increase in energy prices you push something like 40,000 households in the whole of the UK into fuel poverty. Imagine what the figure would be, 10,000-odd probably in London. Is that something you accept and acknowledge when you make these pricing decisions?

Rachael Hawkins (Public Affairs, EDF Energy): Obviously the pricing decision has to take in a lot of factors. We as a company, and I am sure the other energy suppliers feel, fuel poverty is obviously a symptom of general poverty. With the economic downturn and increase in prices we have stepped up our commitment to our vulnerable customers. We will rebate all our vulnerable customers just before winter, if they had been on our cheapest tariff, we will rebate them the difference, and that is a commitment that we have made, it is not an obligation. We have gone over and above our obligations for vulnerable customers and we do recognise that.

Murad Qureshi (Chair): So when you hiked it up this winter by 11% you had some idea of the impact of the number of households that it is going to affect in London? You supply 75% of the energy supply in London, so you have some idea of the total number of households you are going to be pushing into fuel poverty?

Rachael Hawkins (Public Affairs, EDF Energy): Unfortunately, this is why we rely on data from the local authorities and things like that. We do not necessarily know that a household is fuel poor just from the data that we hold as an energy supplier.

John Mason (Social and Environmental Policy Manager, EDF Energy): That is one of the problems we always have is we do not know the incomes of the householders. At the moment, for example, to try and get super priority group (SPG) households we are offering £200 in cash to help with the insulation, we are still struggling to find enough people to help. It does not seem an effective way with the amount of costs we are putting in to try and find these people. We do have a priority service register, we do have a number of things that we will try to do to help householders. One of the things we are asking Government for is greater data sharing. I think, in terms of the Warm Homes Discount we have really started to move that forward with data sharing with Government. Government know the income status of people. We are there, we want to be able to provide as much assistance as we can. I think by trying to marry them more and building on the success that we have had to date we will be able to see that progress. I think, for example, for the Energy Company Obligation for Affordable Warmth, we are asking that, instead of us asking people to show us their bank statements or other intrusive measures - which we know stops people asking for help because they do not want an energy company seeing this type of information - that instead the Government take responsibility for identifying the householders and we then provide the assistance. That way we will not be wasting costs, which we have to absorb, in relation to finding customers and can try to identify the right people.

Murad Qureshi (Chair): John, there are other Assembly Members who want to come in on this. There is Jenny, Fiona and Andrew. But before, could I just pursue this line with EDF in particular. The other striking difference is that in the United Kingdom (UK) you put up prices by 11% and on the other side of the English Channel it is only 2%. Can you explain why the British public should have to incur a much bigger energy price hike than those in France?

Rachael Hawkins (Public Affairs, EDF Energy): Yes, basically it is because the UK relies so heavily on our coal and fossil-fired power stations whereas in France it is 75% nuclear. They took the decision to go with new nuclear build many years ago and Britain now has to invest heavily in its infrastructure to move towards a low-carbon generation.

Murad Qureshi (Chair): So let me just get this right. Are you saying that if we go nuclear we will have cheaper energy supplies?

Rachael Hawkins (Public Affairs, EDF Energy): Prices would be a lot more stable because we will be less reliant on the volatility of gas prices and wholesale prices.

Murad Qureshi (Chair): It is nothing to do with the whole governance of energy companies and different sides of the English Channel?

Rachael Hawkins (Public Affairs, EDF Energy): It is to do with the governance, yes. They have a different -

Murad Qureshi (Chair): It is, can you expand on that please?

Rachael Hawkins (Public Affairs, EDF Energy): France is 75% nuclear and state-owned. We have obviously privatised the energy industry in Britain and we have to move towards a low-carbon generation.

John Mason (Social and Environmental Policy Manager, EDF Energy): I think the key point is that investment is required. We need fast investment if we are going to get to low-carbon. Our fuel mix, especially electricity mix, is far more carbon-intensive than you get in the likes of France because they made those investment decisions a long time ago. We are at the start of following this path now. I think there are a number of reasons, but these are wider than just the UK and I do not think it is related to anything any one individual company has said. It's more down to the market as a whole.

Murad Qureshi (Chair): The Government's issue -- so as a result of privatisation we have ended up with higher energy price hikes than we would have done if we were on the other side of the Channel.

Rachael Hawkins (Public Affairs, EDF Energy): We are more exposed to the wholesale prices, to global wholesale prices, yes. It is the way the energy market works.

Murad Qureshi (Chair): It has made us more vulnerable at least.

Jenny Jones (Deputy Chair): Of course your costs on nuclear do not include clean up costs because there was a report only yesterday by the University of Exeter saying that clean up of nuclear energy waste never gets cheaper, it only ever gets more expensive. So anybody urging us to a nuclear-powered future is contributing to some really expensive costs in the future, let us be very clear about that.

I think Murad was making the point that when you hike your prices in the way you have - I say "you", because you have chosen to be here to defend it today - it is not just about how many people are in poverty already, it is the fact that you push more people into fuel poverty with such spectacular rises when you are making such huge profits. I do not know how EDF can justify what they have done.

Rachael Hawkins (Public Affairs, EDF Energy): We do not make a profit on our customer business, we have made a loss for the last few years. If I can just give you some figures --

Jenny Jones (Deputy Chair): Why are you still in the business if you are making a loss?

Rachael Hawkins (Public Affairs, EDF Energy): Because we want to grow as a business. We want to get more customers and we obviously have the generation side of our business and the supply side, but they do operate as two separate businesses. We want to be --

Jenny Jones (Deputy Chair): I have just left EDF because of your price rise, so you are losing customers.

Rachael Hawkins (Public Affairs, EDF Energy): So we are losing customers?

Jenny Jones (Deputy Chair): With your price rise.

Rachael Hawkins (Public Affairs, EDF Energy): OK, we do still have some of the cheapest prices in the market however, because, although our price rise was one of the highest, previously we had raised them by the lowest amount and we have been the last, so we have consistently had cheaper prices for the last two or three years. So when you compare them to the rest of the market they are still cheaper.

Jenny Jones (Deputy Chair): I missed something you said earlier because you said something about, "For three years", were you suggesting that there were not going to be anymore price rises in the next three years? That was not something you said, was it?

Rachael Hawkins (Public Affairs, EDF Energy): No, we have a product available at the moment where customers can pre-set prices for the next three winters.

Murad Qureshi (Chair): Just funny, Jenny, you just made me recall, last year when we did have someone from EDF in front of us, she was denying they were going to increase prices the following day, I was just struck by that. I think you have been certainly a lot more honest with us on this occasion.

Andrew Boff (AM): Murad, that is not a representation of what she said, she said she could not say, she was not in denial.

Murad Qureshi (Chair): Andrew, that was -- I was just pointing, there is a difference in perspective --

Andrew Boff (AM): It is not fair on a guest who is not here.

Murad Qureshi (Chair): --for them to be more open than last year.

Fiona Twycross (AM): I just wanted to ask about the cost of fuel in terms of, is there a higher cost of fuel to somebody on a low income? Are your customers affected by the poverty premium, in terms of your prices? Then, also, does their pound buy as much as somebody who can take advantage of offers and direct debits and things like that, which would also affect the number of people in fuel poverty if they are not able to take advantage of some of the different ways of paying? Also, if you charge and why you charge when people choose to exercise their right to leave and go and buy fuel from another supplier?

Rachael Hawkins (Public Affairs, EDF Energy): On the first point about prices and direct debit discount, our cheapest tariff would include the equivalent of a direct debit discount, so no matter how a customer chose to pay they would still be able to make -- I mean we only have two tariffs now, which has simplified it. We listened to customer feedback, so the cheapest one, we only have a variable or fixed, and the cheapest is the same as if you had a direct debit discount. The same with a prepayment meter, we were first to align our prices with prepayment with cash and cheque and direct debit payment. So the point that you made about --

Fiona Twycross (AM): The charge when people leave, if somebody chooses to leave, then do they get charged?

Rachael Hawkins (Public Affairs, EDF Energy): Only if they chose to take a product that was fixed price. Currently we have the product that I just spoke about where you can fix for three winters, that one does include an exit fee, but that is made very clear at the start when the customer signs a contract and they also have 14 days to decide whether to leave the product or not. The reason for that is because, to be able to fix those prices for three years, it is a competitive product, so we buy that energy in advance so the exit fee goes towards that. But our standard tariff, no.

Andrew Boff (AM): I wanted just to mention this; it is unfair of the Chair to call somebody who gave evidence at a previous session dishonest. That is really wrong, because she was not dishonest, she was saying she could not say. So I just want that on the record.

Murad Qureshi (Chair): Sorry, can I have on the record that what I mentioned is in the transcript of the meeting.

Andrew Boff (AM): You referred to a previous guest as dishonest; it is outrageous, sir, it is outrageous.

Can I just say, what proportion of the household energy bills can be attributed to external funding requirements that are placed upon the energy companies, such as the Energy Company Obligation, renewable fuels obligation, things like that. What proportion of household bills would be down to those particular obligations?

Kelly Greer (Energy Solutions Manager, British Gas): I remember from previous years, I do not know exactly what the figure is this year, but climate change levies, all the obligations, that put on, on average, about £90 on each individual householder's bill. In the past 12 months the need for upgrades to the national grid, and so everything from power development to infrastructure, pylons, etc, plus additional environmental policies, has added an extra £50.

Andrew Boff (AM): So about £140 per year?

Kelly Greer (Energy Solutions Manager, British Gas): Per household, and the average energy bill is about £1,300 to £1,500 per year.

John Mason (Social and Environmental Policy Manager, EDF Energy): We have seen quite big increases, a lot of new obligations coming in and the obligations have increased over the last few years. I think the way to look at that -- so when the Chair mentioned that 40,000 figure, that 40,000 figure was calculated by the Department of Trade and Industry (DTI), and DTI calculated that, that was if nothing else in society changed. So obviously as homes are getting more energy efficient, as other increased costs are going through, that

mitigates against that. I think when they were looking at these figures, it is looking at it as a whole so once these costs have been borne by customers for these obligations. Which is why I think we have the responsibility to try and deliver the Government's objectives as cost-effectively and ensure any money spent is spent effectively. It does mitigate some of these, if you get a more energy-efficient home you will need less fuel for the longer term. We have some of the most energy-inefficient housing stock in this country, so again the problem is we need this investment to see these benefits.

Andrew Boff (AM): I take the point. We are talking about fuel poverty and it therefore must be that if we are talking about a sum like £140 that you are talking about, that in itself must contribute to pushing people into fuel poverty, if it is an extra £140 that the customer is being charged.

Kelly Greer (Energy Solutions Manager, British Gas): Indeed, and it is important to say that it is a flat rate. You, I, we all pay the same whether it is a pensioner in fuel poverty. It is not on a polluter-pays principle, if you use more energy you pay more in terms of levies and taxes on carbon. It is a flat standard rate.

Andrew Boff (AM): Thank you very much.

Murad Qureshi (Chair): Thank you, Andrew. We are going to move on to the next area of questioning, Jenny.

Jenny Jones (Deputy Chair): Possibly less contentious. I wanted to ask Ms Gill about the London Affordable Warmth and Health Forum. Could you give us a little update on it? I know your inaugural meeting is next week, is it not?

Jo Gill (Energy Efficiency Co-ordinator, London Borough of Hillingdon, and Vice-Chair, London Carbon Action Network): That is right. We are obviously working with a lot of our key stakeholders, the GLA particularly, to help develop a fuel poverty strategy for London. One of the things that we are quite keen also is to have a regional target. Previously London has missed out on its fair share of CERT funding and we are hoping that through the Green Deal, through ECO, London can perhaps access more of this funding. We were thinking particularly like the CESP projects, the cost of doing solid wall insulation in London is a lot higher than in other parts of the country, and that has been one of the barriers as to why we have not been able to do CESP projects in some of our boroughs. The cost of work can be doubled in some cases and the energy companies do not want to -- if they can do the work, meet their targets elsewhere in the country, it is cheaper for them, so we want to be able to have a regional target.

It is a first meeting really, and one of the things that we are really keen to start going back to is having local energy advice services. I think it was about five or six years ago, every sub-region in London had its own advice service with outreach services, a bit like the Islington model. I do not know if anyone is aware of the Islington Seasonal Health Interventions Network (SHINE) scheme, which Camden and Hackney are part of, and there is one local advice service, whereas currently the Energy Saving Trust (EST) service is quite patchy as to the kind of advice that residents can access. We feel that having a regional advice service, people will be able to get access to more relevant information for their borough and --

Jenny Jones (Deputy Chair): That is advice on how to cut their energy needs, but also where to access services and so on?

Jo Gill (Energy Efficiency Co-ordinator, London Borough of Hillingdon, and Vice-Chair, London Carbon Action Network): Yes, that is right. It is not just about providing energy efficiency measures and advice on the home, it is also about looking at their fuel bills, are they on a cheaper tariff, looking at how they use energy in their home. Even income maximisation is another aspect that we are quite keen to look at as well, because energy efficiency alone will not always get a householder out of fuel poverty, we have to look at income as well.

Jenny Jones (Deputy Chair): You have all the key stakeholders come together, have you had a lot of support?

Jo Gill (Energy Efficiency Co-ordinator, London Borough of Hillingdon, and Vice-Chair, London Carbon Action Network): Yes, we have. It is the very first meeting and I think we have over 30 people coming to this meeting. I think some energy companies, I am not sure, I think they are coming as well. I do not have the full list of who is attending at the moment, but it is on Tuesday.

Jenny Jones (Deputy Chair): What resources are you getting from these various groups? What are you getting from the GLA for example?

Jo Gill (Energy Efficiency Co-ordinator, London Borough of Hillingdon, and Vice-Chair, London Carbon Action Network): That is one thing that we will be quite keen to pursue is to have some funding to set up these local advice centres, funding to be able to do that from the GLA, and perhaps targeting the next phase of RE:NEW into poverty programmes as opposed to energy efficiency funding really.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): Do you want me to --

Jenny Jones (Deputy Chair): I will ask you in a minute, do you mind if I just -- because obviously a guarantee of some funding now would be fantastic.

But I presume you are getting resources from City Hall, for example, because you are meeting here; are you getting secretariat support and that sort of thing? Because these things are --

Jo Gill (Energy Efficiency Co-ordinator, London Borough of Hillingdon, and Vice-Chair, London Carbon Action Network): That has not been decided at the moment, not that I am aware of. It is unclear how it is going to be funded in the future. It is something that we are going to -- currently London Carbon Action Network is funded through subscriptions, so it is --

Jenny Jones (Deputy Chair): So, so far, it has all been money from --

Jo Gill (Energy Efficiency Co-ordinator, London Borough of Hillingdon, and Vice-Chair, London Carbon Action Network): But we will need more funding to be able to engage the health sector in particular. Now that local authorities have health responsibilities that is going to be -- we would like more support from the GLA with the health and wellbeing boards and to contact the health and wellbeing boards, getting it on all the boroughs' health and wellbeing strategies.

Jenny Jones (Deputy Chair): Brilliant! Richard.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): Clearly we are taking this very seriously and it is important it works. I want to pick up on Jo's point, because she is absolutely right, around the importance, when you visit a house to offer a review, to see whether they are missing out on any benefits or anything. I think what we have found in the first phase of RE:NEW, for example, about 11% of the households visited were referred to advice centres to income max, to boroughs, and were able to claim the full benefits they were entitled to, which is clearly important. I think if you look at it on a by-borough basis it has led to maximisation of income.

I think going ahead clearly it is important that we draw down as much ECO as possible. It is important that, in the absence of a regional target from DECC, which is something that we pushed very hard, particularly since the election, we agree with the major energy providers that London should be entitled to its fair share. It is not right that under CERT London received only 4.8% of CERT, despite having 12% of stock. In London, if we get our fair share of the ECO, it will be something like 27% loaded across the three strands, and so far we have had very positive discussions with the energy companies about that. So, even in the absence of a regional target, it is still possible to maximise that money and then focus it on those who are most vulnerable to poverty, you have super priority groups, etc, to make sure that they are supported.

Jenny Jones (Deputy Chair): Would DECC like to come in on the regional target?

Amy Ingham (Fuel Poverty and Smart Meters Team, DECC): Yes, as we said, the Energy Company Obligation does not include a regional target, it is three targets that are expressed; the Affordable Warmth being the fuel poverty specific target and that is to benefits and tax credit recipients. The Carbon Saving Obligation, and finally the Carbon-saving Community Obligation which which targets specified areas, but we do not specify which of those eligible areas benefit.

Jenny Jones (Deputy Chair): So there is no discussion about doing that?

Amy Ingham (Fuel Poverty and Smart Meters Team, DECC): About including regional targets?

Jenny Jones (Deputy Chair): Yes.

Amy Ingham (Fuel Poverty and Smart Meters Team, DECC): It is not something that we have put in the scheme regulations. It is something that we are going to be monitoring closely where the measures are delivered once ECO has launched in earnest. In terms of the carbon-saving community obligation, it is targeted to the bottom 15% of Lower Super Output Areas (LSOA). Of those in England I think that about one-sixth of those that are in London because of the concentration of low-income areas here. But really it is about thinking about how the ECO has been designed and the way in which we can maximise take-up within London, which I think has been touched on by the suppliers and by GLA. We are focusing now on harder-to-treat properties, so solid wall flats, high-rise buildings. Also the affordable warmth group, those who are in receipt of benefits and tax credits, of which I think London has the highest concentration of benefit take-up across England. So the design of ECO should put London in a strong position to benefit.

Murad Qureshi (Chair): Roger will be coming back to that whole area later on in the questioning. Can I at this point just advertise again, Jo mentioned about the first meeting of the London Affordable Warmth and Health Forum on 13 November in this room, they have yet to sort out the programme but I hope Assembly

Members as well as participants from our expert witnesses will be there as well for that launch. It was something that Victoria Borwick AM recommended from the Health and Public Services Committee at the beginning of the year and I am only sorry we have not had it earlier. She was hoping to get this going in July; not in November. But nonetheless it is happening.

Can we now move on to our third area of questioning, Fiona.

Fiona Twycross (AM): Yes, it is a question for people on the panel, for the GLA initially really. I wondered if you could update the Committee on the testing refinement in use for the fuel poverty risk mapping tool that has been developed?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): Yes, as you know, we commissioned the Energy Saving Trust to do the mapping. The mapping itself has influenced how we roll out RE:NEW 2 and we are focusing on 11 areas as part of RE:NEW 2 and that is integrally linked to the mapping. The map itself is a snapshot in time. We are looking at how we can continue to refresh it and that is something that will be provided on the London Data Store.

Fiona Twycross (AM): OK, lovely. One of the questions that came up earlier was matching people in fuel poverty and identifying them and the sort of issues that the suppliers have in the cost of identifying them. Are there ways in which the tool can be used by the suppliers, for example, in terms of identifying people in fuel poverty and retrofitting homes? Has that been matched up or is there a relevance there?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): Yes, there is absolutely a relevance, and there are groups, as you know, defined as super priority groups and so forth under CERT. It is important that we try and identify those within I think what we call sub-priority areas, we need a glossary, I tell you, it gets quite -- Larissa do you want to say something.

Larissa Bulla (Environment Programme Officer, GLA): In focusing the current phase of RE:NEW that is being delivered now, the dataset is very similar to the ones that were used for the mapping tool produced by the Assembly, were updated and used to focus in on areas that were most likely to include these super priority groups within CERT. Those are London's most vulnerable people based on age, benefits and the housing type. That data has been updated.

As far as making that publicly available, it has been promoted across the boroughs and wherever it has been requested it has definitely been sent out. We are just checking the licensing agreements because we have commissioned that work to be updated as far as how widely we can publicise that, for example, sharing it with the energy companies. We are looking at the licensing agreement with that, but certainly using that data to really focus, not just the existing funding streams, but future funding streams as well.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): We always have to be slightly conscious about this stuff, that when we are doing research we have to make sure there is at least two outputs. £13,000 is I think the cost of doing this, so it has to have a tangible output and be properly used. In an ideal world, subject to cost, I would love this to be represented in the way that was (a) publicly accessible and easily navigatable by providers and so on, but (b) also a representative map, which seems entirely logical. I think that would really help to guide a lot of work of the health and wellbeing boards as well.

Fiona Twycross (AM): Then the only other question I had was to the Department, which is I understand that the Government is proposing changes to how fuel poverty is measured, which is likely to factor in the cost of housing before the cost of fuel. Do you think this will affect the number of people in London who are likely to be defined as being in fuel poverty and do you think we have an underestimation of the numbers of people in fuel poverty in London currently?

Amy Ingham (Fuel Poverty and Smart Meters Team, DECC): I do not know specifically how that would relate to the number of people in fuel poverty within London. Certainly this is the result of Professor John Hill's review of the definition of fuel poverty, which we are consulting on at the moment, with the proposal that we do adopt his definition, which looks at those who are high energy users and also who are low income. I know that his review did some modelling as to what that looks like in terms of fuel poverty projections in a number of households within fuel poverty. How it relates specifically to London, I do not know.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): I can embellish it slightly because it is a really important point. Yesterday we had a session on the private rented sector and across London about 40% of people's income was spent on private rent. If you take fuel poverty at 10% of an income that is 50% going on housing-related costs, so it is incredible. In London, adding housing costs in means we are the second-highest region for fuel poverty, we are second to North West I think, and that is about 14% of households in London. It is very welcome that DECC are looking at adopting that methodology because it will clearly help to direct funding streams to those who need it most and we would strongly argue that was in capital.

Murad Qureshi (Chair): Thank you, Richard, for emphasising that, because if you had not I would have done. It was something Victoria [Borwick AM] made a point of again at the beginning of the year. I am glad that the Mayor's Office have taken on that cause as well.

Can we now move on to the Green Deal, Nicky, and take-up.

Nicky Gavron (AM): Yes. This is for DECC to start off with. Please could you give a very brief introduction to the Green Deal and how it has been taken up; how it is being implemented in London?

Peter Farrand (Green Deal Team, DECC): Yes. Would you like me to start from the Green Deal itself and a quick few words about how that works?

Nicky Gavron (AM): Yes, just very concisely.

Peter Farrand (Green Deal Team, DECC): Yes, I will be very concise. It is at heart a very simple idea, the complexity is in making it all work, but the heart of it is quite straightforward. You have the Green Deal, together with the ECO, which kind of move us from a sort of subsidy-driven approach to a market-driven approach to improving the energy efficiency of British properties. It is different from previous schemes in that it is available to anyone, so whether you are domestic, owned, rented, private or social housing rented, and also expected to be available to the non-domestic market as well.

The two key elements of it are firstly the financial mechanism that allows you to pay for some or all of the energy-saving improvements that you can make over time from the savings that you can expect to make as a result, through payments through the electricity bill and stays with the property if you move. So the bill-payer at all times has the benefit of the improvements, he is also making the repayment. At the heart of that is the idea

of the so-called Golden Rule that the repayments for what you borrow cannot be higher than the savings you can expect to make.

The second part of the Green Deal tackles the concerns about the quality of work that is done in the area and puts in place a set of standards for those who will assess properties, provides the finance, the providers who organise that, and the installers themselves, and a new quality mark, the Green Deal quality mark that will show that people meet a certain standard. There is also a full process of consumer protection through warranties and a redress process in place.

It works through a fairly straightforward mechanic. You have someone assess your property. As a result of that, measures that are likely to make sense for your individual circumstances are recommended, if you want to go ahead quotes are provided. Again, if you agree with those quotes, you agree a plan with the Green Deal provider, installation commences and then repayments begin and you get the benefits of a warm and comfortable home.

In terms of timing, the framework for the Green Deal was put in place at the start of October 2012 but we will not see the first Green Deal financial plans until the end of January 2013. We are in the process now of seeing authorised installers, assessors and providers come through and the pipeline for those look excellent. The first repayment collections will be from March 2013. So that is the scheme in a nutshell. I should say, it also works alongside the ECO and particularly for solid wall insulation and hard-to-treat cavity walls. The two are integrally linked because the ECO carbon-saving element helps make solid wall and hard-to-treat cavity meet the Golden Rule, in other words repayments are affordable.

In terms of building demand, I think it is really interesting to hear the discussion today, both around the comments you have made, both the suppliers and the GLA people here as well. I think everything suggests that there are things that we will do in Government centrally to help the Green Deal work, particularly around making sure people understand the scheme, understand the quality mark, and trust the scheme, and that is one thing I think only Government can do. However, when it comes to convincing people to have something done to their house, I think the important thing will be what happens on the ground, street by street, in your local area. There is lots of evidence that it is people seeing people like them making improvements in houses that are similar to theirs that is the real key success factor. It will not be DECC in Whitehall that make this work, it will be the combination of the providers, including energy companies, boroughs, local community organisations, who understand the state of their local property, where the opportunities are, and also who are able to bring properties together to get efficiencies and doing things like solid wall across more than one property at a time, which I think is also critical to making this work.

There are other things we are providing in terms of encouragement to uptake demand. I think the first and most sizable of those is there will be a series of cash-backs available, the £40 million released from the first wave from January that will give money direct from Government to those who are making energy-saving improvements. The size of the cash-back will depend on the number of measures you do and the amount is related to the amount of carbon saved, but for some people, for example if you are doing lofts, solid wall, perhaps a new boiler, it could be as high as £1,000 per household.

Nicky Gavron (AM): Sorry to interrupt you there, £1,000, and what would be a typical layout. You get £1,000 back on solid wall, this sounds expensive to me, boilers, solid wall, loft.

Peter Farrand (Green Deal Team, DECC): It depends, I mean this is one of the more challenging, more interesting parts, it all depends really on, particularly the sort of wall, on what the contribution ends up being from the energy companies to make that work, so you may care to comment on that. I think on the illustrative numbers DECC has given is the expectation that, on a solid wall insulation, on an exterior solid wall, about £10,000 perhaps. Perhaps half of that might be provided through the Energy Company Obligation, perhaps half through the Green Deal. In those circumstances also then, in addition to doing that, the cash-back incentive to people to move fast and to take advantage of doing this early. That is our contribution to really helping the market get going.

I think the other things that are going on direct interest, which as some will know that we have already awarded a sizable sum of money, I think £12 million if my memory serves me right, to a number of cities across the UK to help them get ready for the Green Deal. We have just recently announced the second wave of funding to what have been called pioneer places - I believe some of the London authorities are looking at whether or not they would wish to bid for that - which is designed to help local authorities look at their area, whether that is from a mapping approach or from trying to look at how they organise themselves to work with partners and energy companies or providers, to get ready to take advantage of the Green Deal. I would encourage boroughs in London to look at that opportunity.

That is probably I think all I should say. I would happily -- I think the only other thing I would highlight in terms of other things that DECC is doing is we also have a role in making sure that what can be seen as quite a complicated scheme is explained in a simple yet accurate way. I think the first signs of that, I point to two particular things, which is the availability of these quick guides, which are available through the DECC website, that explain the elements of the scheme in a kind of chunked up way so you do not get all the information at once. We also offer an introduction to the scheme for particular audiences, including private rented sector, tenants and social housing tenants. Also, I think the new cross-government.gov.uk [website](#)¹ also offers a simple description of the scheme and the way to take the first step towards finding an assessor.

Nicky Gavron (AM): Can you leave those with us?²

Peter Farrand (Green Deal Team, DECC): I can, certainly.

Nicky Gavron (AM): It sounds very early stages, what sense do you have of what is happening in London? What do you see is the take-up between now and 2015 say?

Peter Farrand (Green Deal Team, DECC): The impact assessment that was a part of the take-up to the consultation did not model regional take-up specifically. We know we are aiming for, across the Green Deal and ECO, 1.1 million homes to be retrofitted by March 2015.

Nicky Gavron (AM): That is UK?

Peter Farrand (Green Deal Team, DECC): That is UK, yes. I think I would point out some kind of -- in that we measured as best we could, or estimated as best we could, what uptake was likely to be for the largest measures from our point of view, which was primarily solid wall, hard-to-treat cavity wall insulation. There are

¹ <https://www.gov.uk/>

² The Department of Energy and Climate Change, Green Deal leaflet has been attached to the 8 November, Health and Environment Committee Minutes as **Appendix 2**.

45 measures overall that can be partly or fully funded through the Green Deal depending on the house you are in and how you use it. There was not an attempt to model the full market. I think there should always be some caution looking at what estimates are there for something that is so new. London has its own, as you know, specifically as we talked about the over-representation of solid wall in London, for example, that may mean that you end up with a different share of that than you do in certain centres.

Nicky Gavron (AM): You think there will be less take-up in London?

Peter Farrand (Green Deal Team, DECC): It depends really, does it not, on how effectively the energy companies and others working in the area with boroughs and if they take advantage --

Nicky Gavron (AM): Can you just tell us who the providers are by the way?

Peter Farrand (Green Deal Team, DECC): The providers will hopefully include some of your other visitors, say, in the energy companies, but also companies like Carillion, on the services side, or Kingfisher. Kingfisher has done a presentation to their investors, which is a very interesting insight into their degree of commitment to this. We are also hoping that we will see a wide range of models that allow local and small, medium-sized enterprises, getting trades people to benefit through companies like Insta Group, Mark Group and others. Parity Projects are a particularly good example of someone working specifically on creating a way in which any small tradesman can take advantage of the Green Deal without necessarily having to go through all the complexity of becoming a provider themselves.

Nicky Gavron (AM): Yes. I do not know who to ask this of, but have some of the boroughs not tried to work together to form a sort of grouping so that they can target more households.

Peter Farrand (Green Deal Team, DECC): I cannot comment, I do not know the London specifics, I am afraid. I know that has certainly been the case elsewhere, in Birmingham for example, and Manchester, have both created approaches for doing very large approaches that have taken their local authorities together to try and gain a real scale of the operation.

Nicky Gavron (AM): Do you know that?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): We know more than you would think, I believe. Jake.

Jake Ronay (Senior Manager, Programme Delivery (Environment), GLA): This move to Green Deal and ECO has come at a very good time in a sense because of the work that has been done on RE:NEW has shown us how this looks on the ground. We have learned a lot along the way, some good things, some other things that you would not want to do again. However, the move across to this funding gives us a better chance to review all of that and then implement at scale. We are very pleased with the kind of information we have had and discussions we have had so far around the targeting that ECO is likely to do in terms of benefiting London. We do think that it is a good move towards driving more of this kind of retrofitting work into London.

We have also been very pleased with the discussions we are having with all of the energy suppliers in order to get them aligned to what we are trying to do in London. That is an ongoing process of trying to bring all of the key stakeholders together. We are working with the boroughs as well and we have a couple of projects going

where we are looking at the barriers to delivery and how the GLA and boroughs can work together to remove some of those barriers and make it easier to deliver in London.

We are also looking at things like sector-based approaches to delivery. Area-based are very good for certain types of work but also things like social housing, we can work on a sector-based approach and really try to think what kind of projects and big pipelines of projects and what the delivery agents and energy suppliers need to see in order to scale up and drive costs down.

Murad Qureshi (Chair): OK, are there any lessons to be learned from the pilots that you issued under the Green Deal? London was not there in the take-up at all. You must have had a look at it and now you are encouraging applications in phase 2. There must be something from the phase 1 set of pilots that led DECC to think, "Well London may not be the best place to begin this", possibly.

Peter Farrand (Green Deal Team, DECC): If by the pilots you mean the first wave of funding, of course it is certainly too early to say that we have learned anything from that yet. There is a wide range of different approaches being taken across the core cities, but they have only just started so we have not seen the implementation yet.

Murad Qureshi (Chair): OK, could I ask another question --

Peter Farrand (Green Deal Team, DECC): Sorry, if I could just sort of explain. I think it was the response we received from local authorities elsewhere to the core cities programme that said, "We would really be interested in doing some work too". That helped us look at what funds we could make available to widen the net beyond the first set that we went with.

Murad Qureshi (Chair): Can I just pursue this a bit more because I know it is Richard's --

Nicky Gavron (AM): I can finish after that that, can I not?

Murad Qureshi (Chair): Yes, you can. I just think it is just that the record on CERT was not particularly good in London. I would have thought DECC has a moral obligation to actually make sure that the programmes it has got running subsequently, actually make up for that. It did not seem as though you looked out for London Councils or for the GLA for application on this front. We all actually know what the issues are. It just does not seem as though DECC does in the London region.

Peter Farrand (Green Deal Team, DECC): OK. I do not think there is any comment I can make.

Nicky Gavron (AM): There is an issue because CERT was free and this is paying. If the take-up in London was not very good for something which was free, then there is an issue about how good it is going to be for something where you do -- I know it is pay-as-you-save, but it is still paying.

Peter Farrand (Green Deal Team, DECC): I would acknowledge that. I think the balancing fact -- of course, CERT was primarily focused on loft and cavity wall. This opens it up to a much wider range of measures and I think, particularly for London, the way in which solid wall is approached, I think should offer a different take on this. It is not just same-as same-as.

Nicky Gavron (AM): I think that is interesting what you say. If we take the areas where you probably get the most people on incomes where they are really likely to be fuel-poor and the conditions may not be good. You talked about the private rented sector. How in fact does it work with the private rented sector? Are the tenants expected to pay the upfront costs or is it the landlord? How does it work?

Peter Farrand (Green Deal Team, DECC): Firstly, it does apply to the private rented sector.

Nicky Gavron (AM): It does?

Peter Farrand (Green Deal Team, DECC): The Green Deal does apply to the private rented sector, but of course it will need to be a discussion between the landlord and the tenant as to -- so it depends where the discussion starts and whether it is the landlord looking to make the changes or the tenants seeking to make the change. It will require the agreement of both for it to happen.

I think the Green Deal is not expected to change everything overnight. However, for the private rented sector in particular, the plans to make it compulsory for private rented properties to meet minimum environmental standards that I think will be - if I remember the date right and I might just check - 2018. There are a number of steps that take place. In 2018 it will be impossible to rent a property in the private sector unless it meets minimum environmental standards through the Energy Performance Certificate (EPC). That is the sort of hard place that will come upon us fairly quickly. I think in two years' time any tenant making a reasonable request to make their property more energy efficient, the landlord will have to accept it.

There is a series of steps in the private rented sector that should make it more difficult for landlords to avoid improving the state of the property, but it will not all happen at once. We will not fix everything. The Green Deal will help in some ways but I think it will be a steady build, as I think the Minister has described it, over the next few years. It will not be absolutely everything fixed on day one.

Nicky Gavron (AM): That is helpful, what you have just said. Now just tell us what is going to happen with social rented tenants. How do you envisage it happening there, the Green Deal?

Peter Farrand (Green Deal Team, DECC): I know colleagues are in discussion with the G15, which I think is the 15 largest social housing providers in London. I am not an expert on that area but I know we have seen a number of the -- the Affordable Warmth side of ECO does not apply to the social housing sector.

Nicky Gavron (AM): The Green Deal does?

Peter Farrand (Green Deal Team, DECC): The Green Deal does and we are expecting that we will see social housing providers working to create packages of work, essentially, again looking at it street by street or parts of estate by parts of estate basis or, for larger high-rise type properties, a property at a time and working with Green Deal providers, looking across both Green Deal and the ECO carbon saving element. However, the mechanic in the centre of that will be gaining agreement from the tenants that they accept the idea of paying for the improvements that are seen over time.

There is good evidence from I think, I always think of Gentoo in the northeast, if you have seen some of their work. They are working with quite difficult social housing properties to encourage and persuade people to be part of it. I think it is the same lesson everywhere, really. As people start to see improvements being made, they

become pretty enthusiastic about wanting to be in a house that has been improved, even if there is a repayment to be made balanced off by a saving in energy costs.

Nicky Gavron (AM): I can see it working for leaseholders, maybe, and for a lot of people who have security of tenure. But we are now in a climate where there is less and less security of tenure because the value accrues, of course, to whoever owns the property.

Peter Farrand (Green Deal Team, DECC): The one thing I would say on that front is I think the Green Deal actually helps in those circumstances because the mechanism is it stays with the house and changes as the bill payer changes, so I think the security of tenure issue is - I do not know if anyone else would care to comment - but it is less of a problem perhaps than with some of the mechanics.

Amy Ingham (Fuel Poverty and Smart Meters Team, DECC): I think, just to touch on the ECO and how that may interact with Green Deal as well, as Peter's outlined, the affordable warmth obligation is targeted to the private tenure specifically. That is because analysis has shown there is a higher proportion of fuel-poor people living in private tenure properties. With the other ECO targets, there is the carbon saving obligation which is open to all tenures and all household types, but it is delivery of hard-to-treat measures, so we anticipate that social housing providers may benefit --

Amy Ingham (Fuel Poverty and Smart Meters Team, DECC): Sorry. It is three separate obligations within the Energy Company Obligation, so you have the carbon saving obligation which is delivery of hard-to-treat measures and that is where we really think there will be a lot of interaction with Green Deal. It is supporting solid wall insulation and hard-to-treat cavity wall insulation, the more expensive measures that are less likely to meet the Golden Rule calculation within the Green Deal. This is open to all tenure properties, all household types, but it is specific to delivery of those hard-to-treat measures.

Similarly, we have the Carbon Saving Community Obligation, which is the one that is targeted to the low income areas and that is open to all tenures as well and that is delivery of insulation measures. I think those two in particular are where we do anticipate that there will be quite a lot of activity from social housing providers because they represent economies of scale and have properties that may be suitable for that type of measure.

Nicky Gavron (AM): Interesting. Does anyone else want to add anything before we wind this bit up in terms of barriers or opportunities?

Kelly Greer (Energy Solutions Manager, British Gas): At British Gas, we have been doing a go-early on Green Deal for -- it is coming up to about two years now. We put £30 million aside and we decided that we were going to start trialling this. It is very different to what the Green Deal has come out to be from DECC. For example, we could not put a charge on the property via the meter. It was actually a preferential loan. That was at a rate of 6.9%. Obviously, we are looking at the moment of the finance being around 7.5%. Correct me if I am wrong. We actually saw that as a barrier to take-up. Now, it was not a huge scheme and I have to say that it was skewed towards a particular segment, so you were looking at British Gas customers who were already on direct debit. We were just looking at a very small group.

We actually found that the finance rate was too high for some people. They actually used their own finance, be that a mortgage or their own savings. Those who were eligible for measures, they actually got directed through CERT, so we were not charging anyone for cavity wall and loft, for example. We found that a lot of households did not like the multiple measures, so different trades coming in at different times. We are trying to streamline

so, when you are getting your survey, you know, talking about what Green Deal is and actually assessing the property, actually combining that with a proper technical survey so we are not going backwards and forwards. We are already working on a lot of the barriers to implementation.

The other thing is obviously - and I am sure that is what Onkar [Sahota] is going to come on to - about barriers in London and working in central London and urban areas, working with planners, looking at data collection around the Affordable Warmth, so that is something that we are working on and we are willing to work on with the GLA.

Nicky Gavron (AM): Does anyone from EDF want to say anything?

John Mason (Social and Environmental Policy Manager, EDF Energy): Yes. I will just make one point on the finance. One of the problems we may have had is because we are so over-subsidising the insulation measures to try and meet very difficult and challenging targets, it has in a lot of consumers minds cheapened it. If you get cavity wall insulation within two and a half years, you are making a saving on the upfront cost. We are struggling to pay people to have cavity wall insulation. There is something wrong here. So perhaps for a Green Deal we can start to bring value back into these products. Then hopefully we will see the demand. I think that valuing the product is key and I think it is something we have not been very good at. I do not think it is something that people value on the whole. Insulation is not -- for someone who talks about it a lot, people do not think it is an interesting topic.

I think second to that is consumer acceptance of finance on their electricity bill, which is what we are talking about. I think it does protect private tenants because they only pay for it whilst they are responsible for that bill. For instance, if they are only in the house for six months, they will only pay the six months and then it goes back to the landlord until he gets the next tenant. I think that is not an issue. I think the issue is while people want that, will there be acceptance for that? Will the interest rate be low enough to make it accepted? I think that is the real area where we are going into the unknown with this. It is a new initiative. We are very hopeful it will have that and I think everyone is going to have to work to try and get consumers to value that and see that acceptance.

When you are looking at the kind of subsidy you pay per property, you know, £5,000 and over through energy bills where our obligations fall on us, we really need consumers to do that because if they are not taking out finance or paying it for themselves, we still have targets to meet which means it just puts up the cost that we have to absorb. I think it is in everyone's interest to try and make it work. But I think the issues you raised, there are some real challenges.

Nicky Gavron (AM): Does anyone else have anything to say, particularly about the costs of the loan, the interest rate? Anyone on the GLA side?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): Do we have anything to say on the cost of the loan, Jake?

Jake Ronay (Senior Manager, Programme Delivery (Environment), GLA): It is not at this point a major concern for us. Our focus is obviously trying to enable the delivery on the ground. We take soundings from suppliers and from the boroughs and from feedback from existing programmes about what the barriers to take-up are. Definitely we do think that it is going to be a challenge to convince householders to take on effectively a loan, but we have had some experience of doing that with the RE:NEW programme to date in terms of all --

Nicky Gavron (AM): You have?

Jake Ronay (Senior Manager, Programme Delivery (Environment), GLA): In terms of the experience of going into people's houses, talking to them about energy efficiency measures, taking them through the process. We understand the challenges. What we are not too sure of at the moment is what we expect and we are still reviewing the data coming in on what we expect take-up to be around Green Deal particularly. Certainly we have an idea with ECO that we think we can push quite hard on that in the initial stages in order to get take-up of retrofitting through that channel first.

Andrew Boff (AM): With regard to the requirement that landlords must bring their properties up to an energy-efficient standard by 2018, has an estimate been made on how much this will shrink the private rented sector in London?

Jake Ronay (Senior Manager, Programme Delivery (Environment), GLA): I could not answer that. I do not know. I am not aware of any work in that area.

Andrew Boff (AM): It is not going to generate more private rented properties in London. It is only going to result in less, bearing in mind simultaneous to this we are running a process at the moment in this Assembly looking at increasing the private rented sector. Yet by 2018 it looks like all our work is going to be undone because this is going to result in fewer privately rented properties, is it not?

Peter Farrand (Green Deal Team, DECC): I do not have an official line for that. I think the advantage that we have on our side, is that this is a way off. There is plenty of time for people to do this in a way that is not disastrous. It is not something that is being introduced next week, so it can be planned and built into general renovation plans. But I think it is an interesting question. I do not have a --

Andrew Boff (AM): It is going to have an impact. I would say it is not if. It is going to have an impact. It is going to mean less privately rented properties. To be honest, if it is a choice between a roof that is leaking energy and no roof at all, I know which I would choose. Anyway, thank you.

Fiona Twycross (AM): I just wanted to clarify a point that John [Mason] raised which was on people valuing the insulation and also the point that they are currently getting incentivised to take it up. Did you mean that they do not understand the value to them in terms of the savings or that they are more likely to value something if they are charged for it? I was a bit unclear.

John Mason (Social and Environmental Policy Manager, EDF Energy): Yes. I think I was perhaps unclear. I think this is something we struggle with a lot and trying to understand. Insulation is an absolute common sense. Everyone should have at minimum cavity and loft done. You have much bigger barriers for solid wall insulation. If it is internally you lose property space because it takes up space. If it is external it changes the look of the property, which in many instances can be a benefit but not always.

I think the problem is loft and cavity [insulation] have really no downsides. You can install cavity wall insulation in two and a half hours. It pays back within two years. Yet we are really struggling and I think we are all going to struggle to get enough people to take this to meet our obligations. So, like I say, we are now paying people to have the insulation.

So, is the fact that we have been giving it away or heavily subsidising it since 1994 part of the issue; that people have always seen it as something either free or fairly cheap and subsidised so therefore it is not something to be valued or something to be of benefit? Is that something we may have done wrong by constantly advertising nationally free insulation, free insulation, free insulation? Now that it will have a value attached to it because it will cost so you will not be getting free cavity and loft insulation unless you are fairly vulnerable, will that change the perspective in people's minds? Will people start to say, "Well, yes, this costs. Why does it cost? It has a benefit and perhaps we will look at it more"? It is something that we are struggling with because it is a big question that the industry has. What will happen next year if people do not value it because they get it for free? One of the Assembly Members made the point earlier: will they take up these measures?

I think that is a real concern for us. We have fairly big targets to meet as to whether there will be that demand which we really all meet. So how do we make these products more valued? I think that is the question which I think we are hoping to find more answers to, but I do not think we are all there yet.

Murad Qureshi (Chair): Onkar, just before I hand over the next question to you, there is one more supplementary on the Green Deal take-up. Can I talk really on behalf of the insulation industry in asking to DECC firstly: will the Green Deal lead to job losses within that sector?

Peter Farrand (Green Deal Team, DECC): I think there is an inevitability and a requirement to change because, as you said, I think, we have seen this rush to get to the end of the CERT and CESP obligations and a focus on trying to get lofts and cavities done. I think that one thing that is sort of forgotten in the process of that is it has actually been a very effective and successful programme where we have seen a very large number of properties actually get their loft insulated and get their cavity wall done. So I think, regardless of what happened in terms of change of policy, an industry focused on delivering low-cost loft insulation would have been faced with change anyway.

I think the real focus for me is on the industry changing its focus away from doing lofts for nothing to increasing a virtually virgin market for solid wall insulation for hard-to-treat cavity that has hardly been touched. We will see what we see. Loft and cavity are quite possible still within both the ECO Affordable Warmth and most of the ECO elements, of course, apart from the one for solid walls unless it is delivered in a package. It is a requirement of many of the parts around the way the Green Deal is structured that loft and cavity are done if there is a subsidy package in place.

It is not that lofts and cavities that are out there and still to be done will not get some support. There is a cash-back available for them. It is just the industry will have to go through a state of change and we will see what happens in terms of the balancing of that.

Murad Qureshi (Chair): I thought I would just ask British Gas on that. I just make that observation for the subtle reason that DECC impact assessments would suggest that loft insulation will plummet to as much as 83% and cavity walls by 43%. That is internally from your own findings --

Peter Farrand (Green Deal Team, DECC): The point I am really making is that we could query about the timing and whether we are over-pessimistic about one or whatever. However, it is a consequence to some extent of what is going on at the moment if people try to get every last bit of a CERT and CESP done and the success we have had in getting lofts insulated over the past few years. So there would have been a change --

Murad Qureshi (Chair): So that is a reflection of the success of CERT?

Peter Farrand (Green Deal Team, DECC): That is certainly a large factor in it.

Murad Qureshi (Chair): And the figures are so high there that they are going to come down whatever happens. Is that what you have said?

Peter Farrand (Green Deal Team, DECC): That is I think how we see it, yes.

Murad Qureshi (Chair): That is an interesting point.

Peter Farrand (Green Deal Team, DECC): Whether it ends up being this kind of cliff edge is another discussion.

Murad Qureshi (Chair): Is that British Gas' view?

Kelly Greer (Energy Solutions Manager, British Gas): From the industry perspective, I think there are a lot of concerns and I have been to several events where it has been raised. What are DECC going to do about the energy efficiency industry, making it sustainable, so, as you say, we do not get to that cliff top moment. I think it is in our best interests to actually manage that process. Obviously we had CESP placed onto us. We had CERT increased in the past year and the insulation industry has ramped up. It has been a success in that sense that the industry has grown.

We need to make sure what we are doing on ECO, simply because of the sheer scale of ECO, we need to get out of the gate quite quickly. British Gas got out of the gate quite quickly on CESP. We want to see the same on ECO, particularly in London, and we want to support that industry because there is no point in us having this huge £1.3 billion obligation if there is nobody there to deliver it because the industry has dropped off a cliff. We are sort of looking at the industry and looking at how those cavity wall and those loft installers can actually change to become external wall [installers] and actually increase the breadth of things that they can do. That goes back to my comment about Green Deal and minimising the number of trades that are in properties, so you get the industry that is actually not just focusing on cavity or not just focusing on loft. They can do the whole holistic solution in one property, minimising the amount [of disturbance] and making the industry more sustainable. It is in all of our interests.

Onkar Sahota (AM): Chair, my questions have obviously been taken over by other people and I am obliged to them. However, I am left totally confused, by the way. Here we have a situation where I am going to renovate my house, for example, but I am left with -- how do I access all these services? Who is going to come and deliver it? Do I have no problems? You mentioned recently that you want to have one person who comes and does a survey and who talks about loft insulation, talks about cavity walls, talks about double glazing, the whole lot, OK? Then you are offering me a loan which will help me with the market rent. I have, because I live near Heathrow Airport, a loft with double-glazing. The company that was recommended was so expensive, that I found that I could get the same job done by an alternative provider more. However, because I did not use that provider, the airport authority will not allow me any subsidy at all? I am just saying that it seems like a very fixed shop. You do the survey, you have the providers, you provide the subsidies. It seems like a very confusing situation. I am totally confused here. How do you make it easy for the people outside?

Kelly Greer (Energy Solutions Manager, British Gas): I think what Peter [Farrand] is touching on about the Green Deal guides and the information that has come out from DECC is brilliant. They have put a very complex

system into very simplistic language that is easier to handle. It will be different in different places, obviously. The GLA have been working on how their models of the Green Deal will work. It might be that the person that does that Green Deal survey is independent to the Green Deal provider. At British Gas we see the full suite of options, so we want to be able to come in, do your Green Deal assessment, do your technical surveys, work out what your Green Deal would be on your property and the loan attached to that and what subsidies can go in. So, if we come across a householder that is eligible for Affordable Warmth, we will put them through that rather than putting them through on Green Deal.

Obviously we can then do all the delivery side of things and then the collection of the money from the energy bills. There are going to be several Green Deal providers who can offer everything. There are going to be some organisations that deliver only small segments. So we are looking at the GLA who are working with a wide variety of Green Deal providers to find out what they want, what the boroughs want and how they want those models to work, so it will be different in each borough.

Onkar Sahota (AM): That begs a question from you, Richard. What can the GLA do to make all this process easy and accessible?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): Yes, Onkar, you are absolutely right. I think there is a plethora of different programmes and substreams. It is bewildering to a consumer. Really, the objective of the GLA is to simplify it.

In our world, what we want to see in London is a portal through which any consumer who wants to have their property retrofitted could simply express that desire and then that is all they need to do. They do not need to then worry about whether they have to talk to this energy provider or whether it comes via ECO or if it is through ECO is it the Affordable Warmth bit or the community saving bit? None of that should matter. We can sort out that bit. Insofar as they are concerned, they simply say they want to have their home made more carbon efficient and then the rest of the backroom operation just takes place without it becoming an insurmountable barrier and frankly putting them off. That is our objective.

We think we can deliver on that because we have the existing RE:NEW framework. Our view from procurement advice is that we can extend that out to meet the new funding streams coming through ECO and all the rest of it. RE:NEW in a very simple way was to have a bunch of providers who just knocked on doors, used the logo of the boroughs and the Mayor to build consumer confidence and that process hopefully should continue. The critical thing about getting Green Deal spend in the capital is it is demand-led, so we need to generate that pipeline of work both through major landlords particularly housing associations and boroughs to draw down ECO and then building up demand in areas.

Onkar Sahota (AM): And when do you think it is going to be operational, Richard? I am interested in this matter.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): Seamlessly, in a sense, because RE:NEW obviously happens now. We have a further 20,000 units coming forward through that and the aim is that seamlessly RE:NEW will just continue when the various aspects of the Green Deal are switched on.

Jake Ronay (Senior Manager, Programme Delivery (Environment), GLA): There is tweaking that we need to do because it is a different set of schemes and slightly different mechanisms and also the scale is likely to increase quite noticeably.

However, your point is absolutely critical. In order to stimulate take-up we need to make this simple for you and other residents to sign up to. It is not fair for a resident to feel that they are maybe taking market risk or that they could be getting a better deal if someone else had knocked on their door, for instance. We are looking at how we can streamline that process to make it easy. That is good for the residents but it is also good on the supply side because it --

Onkar Sahota (AM): My question is: when do you think you will have this process set up by?

Jake Ronay (Senior Manager, Programme Delivery (Environment), GLA): In one sense, the process is set up. We have that process. What we are trying to look at now, working with all of the different stakeholder groups, is how we actually implement under the Green Deal and ECO scheme, bearing in mind the details of that are still emerging and so we are working with it all the time.

Onkar Sahota (AM): So, Jo, if I was living in Hillingdon and I was a resident in Hillingdon and I wanted to access this, can the Hillingdon borough provide this?

Jo Gill (Energy Efficiency Co-ordinator, London Borough of Hillingdon, and Vice-Chair, London Carbon Action Network): We are looking to gear up and advise our residents. We have not decided. We have been working with the GLA on three models. One is the sub-boroughs like Islington and Haringey have quite ambitious plans. They want to become a Green Deal provider. They want to put forward their own housing stock and deliver the improvements there and perhaps even carry out their own borrowing as well and look at what they can get externally as well. That is one model. But Hillingdon will have to make a decision which model it wants to go with.

The other one is where the borough is a producer, so we will produce leads. We will go out and visit and provide that independent survey or Green Deal plan for our householders and then channel them into, say, the GLA. Through the GLA they will have a procured framework of providers that we can then put them through.

The other model and the lowest risk for a local authority would be that we would just advise on the Green Deal, so we would just give advice and we would say, "OK, nationally, this is where you can go to to get your Green Deal plan", and it would just be general advice. That is where the local authority does not really get involved. However, in that sort of low-risk model you are not really generating enough work.

Onkar Sahota (AM): What you described, Richard, is a very important role and I can see it from the consumer point of view. I think we need to have that independent advice for consumers so that they are getting a good deal and that they are getting the best provider and all these backroom offers to be taken by someone else as well. I would really congratulate you if you can do that, Richard.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): That is the thing. I think on those three models the one which we are particularly interested in is the producer model because we think that is the most valuable role that we can all play. So we have providers out there already. There are lots of providers of this. Just leaving advice on this is not really taking advantage of it. If we can build the pipeline, knock on the doors, you know, that is the role which we should play and that is why we are getting this framework in place.

Tony Arbour (AM): Specifically, really what you have just been saying, you are saying that the GLA is going to stand behind this to sort of give it credibility. Is that right?

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

Tony Arbour (AM): All right. I subscribe to this. I have one of these guys who comes to my door and who has the Green Deal approved quality mark. The assessor comes in who, no doubt, is a real expert and has been trained up for this and who recommends a contractor. Suppose the contractor does not deliver. Do you stand behind the contractor if he does not deliver? Who stands behind the contractor? Who guarantees that the work is going to be done?

Larissa Bulla (Environment Programme Officer, GLA): That might be one for DECC. I believe it is the provider.

Peter Farrand (Green Deal Team, DECC): The provider is responsible for ensuring that the work is done to required quality and that warranties are in place. All the routes for redress go to the provider.

Tony Arbour (AM): Yes, but who is the provider? As I understand it, you have just been talking about some guy can knock on the door and offer a better deal, who may well be someone who has the Green Deal approved quality mark. Who is standing behind him to ensure that the work that I have contracted for is actually done?

Peter Farrand (Green Deal Team, DECC): The way it works, it is a private sector market in that sense, so there are steps that each provider has to go through working with the Green Deal oversight and registration body to become an authorised provider. But at the end, it will be the responsibility of that probably private sector organisation to deliver. That is a consequence of -

Tony Arbour (AM): So it could be a cowboy's charter. Let me give you an example of one which I think your department has been involved in, OK? The business of solar panels. Remember the fantastic deals that were offered at the beginning and the silver-tongued salesmen who came around and we have been hearing from Kelly [Greer] about these people who are going to be omni-competent and who are going to be able to assess the whole needs of the person and then the omni-competent contractor can come in and do all of that. You know, I am somebody at the doorstep and I hear this silver-tongued person who comes along and he sells it and bills it to me and, lo and behold, it is not delivered, or in the case of solar panels, the deal is so good you pull the plug on it. How do we know that that is not going to happen here?

In relation to assessors, I seem to recall that a few years back loads and loads of people were trained to become assessors to implement a piece of government legislation. I am frantically trying to think what it was related to.

John Mason (Social and Environmental Policy Manager, EDF Energy) : The home improvement packs?

Tony Arbour (AM): Thanks. The home improvement packs. That is the one. Again, all these very skilled people who used to put in loft insulation, as you were telling us, and are now going to be made redundant. It is a bit pie-in-the-sky, is it not, really, from the point of view of the poor old consumer? That is not a rhetorical question. That is pretty well directed to all of you because you are all selling this scheme to me and this wonderful sort of --

Nicky Gavron (AM): Can I just add something to that?

Murad Qureshi (Chair): Can I just add, Nicky, we are going to lose John Mason very soon if not almost straight away.

Tony Arbour (AM): He has the silver tongue!

Murad Qureshi (Chair): Maybe, John, before you leave you wanted to respond to these points, if you do not mind.

Nicky Gavron (AM): Can I just add to Tony's point? I have one of the most difficult homes, I think, to actually deal with because it is a very, very old Victorian house and it has every single problem and I have to get it right. I got somebody who was very expert in engineering to look at everything, the heating system. Could I have solar panels? What about this? I have loft insulation. What about this? What about that? No cavity walls, of course; solid walls. In the end he said to me, "You can do it for this amount or you can do it for that amount, but the minimum is going to be this, etc. But you will need a project manager to deal with this, a project manager. Otherwise, you will not be able to synchronise and prioritise all the different things, etc". I just wanted to add that in because if as a householder you then have to employ a project manager to manage all the different disciplines, so I just wanted to add that. This is if you are seriously tackling this as a Green Deal.

Murad Qureshi (Chair): Nicky, I hope you are not getting it all subsidised! John, can you respond?

John Mason (Social and Environmental Policy Manager, EDF Energy): I think what was raised is absolutely essential because what will happen is if there is, as you call it, disreputable people involved in this, we will never get the consumer buy-in that we have all been talking about. This will not work without consumer buy-in. So we need the Golden Rule, it needs to be calculated honestly in all instances and that needs to be very well checked so that people are not -- you know, that is being done so they are not paying more than they would be otherwise and that needs to be done. The Oversight and Registration Body (ORB) is the one that stands behind all this, which is the registration body. The registration body for the feed-in target was the Microgeneration Certificate Scheme (MCS) and everyone agrees that that needed improvement and that is being improved currently. ORB is the regulator. They can strike a Green Deal provider off if they are doing things that they should not be doing and they can never be a Green Deal provider again and they have a number of ways that they can look at things. If it is not effectively financed and effectively managed Green Deal and all the risks that have been raised I think are absolutely something we should all be concerned about.

I also think the one thing we really need to look at is this is a really new approach that we are going to do. I think the Government should be commended for trying to be so ambitious, to try something that is quite away from just subsidising low-cost measures like we have done today. However, I think we are not going to get it perfect first time. I think in my experience when something is fairly much a departure, you can always learn from delivery. You can learn from experience on the ground. I hope we do that. I hope we have a review of the ECO and the Green Deal next year. I hope we look at what has worked well and what has not and then we look at what learnings that we can put out. It is something we have already requested to DECC. There is a review in for the ECO in 2014. We think, you know, give it six months of delivery and sit down so we can get in early. It is a fairly short period for ECO. It is basically just over two years for a fairly large solid wall target, so we think that should be reviewed to make sure that DECC have all of that correct and that everyone is content. It is having the ambitions and impact that DECC and the Government want.

All I would say is I think it is a really genuine risk and I think, if everyone does not get their job right, that is where it could end up. If it does, all of this will be a failure in three years and we could talk about --

Tony Arbour (AM): Forgive me. That is too late. That is too late. You are saying that you are rescuing it. I made a note here. You said, "If they are poor, they will never get accreditation from the Green Deal again". That is a very weak sanction indeed because the silver-tongued salesman may have got loads and loads of contracts, may have got loads and loads of money, and then he disappears. He is not going to worry about this.

If I may say, the great marketing advantage of British Gas is that a large proportion of the population still think you are the Government and still think that you are a nationalised business and that the Government stands behind you. Nobody thinks that the French Government stands behind you. The point I am making is, if the GLA somehow or another becomes tied to this, people are going to come back on the GLA and say, "Look, it has your logo on it. It has the Boris mark". You know?

Jake Ronay (Senior Manager, Programme Delivery (Environment), GLA): Do you want me to just answer that?

Murad Qureshi (Chair): Yes, just briefly to Tony before we move on.

Jake Ronay (Senior Manager, Programme Delivery (Environment), GLA): We are of course very conscious of that. If you put the Mayor of London logo on something, then we have to take accountability for what it is. Part of the structure of the RE:NEW and RE:FIT frameworks that we have at the moment allows for performance monitoring. We would not expect, for instance, an individual householder to come back to us unless they happen to chase down an email address in which case it would help. The feedback mechanism for individual problems is through the DECC process. However, we will be and are monitoring any frameworks that we set up like this in order to make sure that suppliers who are on that framework are doing their bit and that is part of how we take the responsibility quite seriously about anything we put our --

Tony Arbour (AM): There is a very great reputational risk, if I may say so, to all of you. I am reading this and this is a very powerful sales document and there will be lots of credulous people out there who will say, "Stone me. This isn't costing me a penny", but it jolly well will if it goes wrong.

Nicky Gavron (AM): Can I just say there was a proto Green Deal? The last administration did several pilots on a proto Green Deal. It was not called the Green Deal then; it was called Green Homes. But it was with what was called the able-to-pay sector, so a sector which -- it was a free survey or more or less free but -- actually, it was not completely free. I think you had to pay £90 or something. But in fact it was a subsidised, very thorough survey and then there was a certain amount of take-up. The measures were implemented and there was a lot of learning from it. The whole point of it was it was a demo project to learn from. That was written up and that was the nearest thing to what I think the Green Deal is trying to achieve. It would be worth looking at that, I think.

Murad Qureshi (Chair): Thank you, Nicky. Noted. And I never expected Tony to be personally suggesting the N word, nationalisation, maybe as a solution to all this but --

Tony Arbour (AM): I am not promoting it!

Murad Qureshi (Chair): I just thought I was hearing some arguments on that front. Can we move on to the next area of questioning where we have Roger coming in as our lead on ECO?

Roger Evans (AM): Yes, thank you. This is about the Energy Company Obligation. I know we have skirted around this a little bit already. But I think the Committee would find it useful to have an explanation from the Department about how this is going to work, particularly how fuel-poor households and the appropriate communities will be targeted.

Amy Ingham (Fuel Poverty and Smart Meters Team, DECC): I have touched on the three obligations within the ECO but is it useful if I give an overview and then talk specifically about the fuel poverty element?

Roger Evans (AM): Please, yes.

Amy Ingham (Fuel Poverty and Smart Meters Team, DECC): The Energy Company Obligation has three separate targets within it. It has the carbon-saving obligation, which is the one that we have spoken about to some degree, which is the delivery of hard-to-treat measures, so solid wall insulation and hard-to-treat cavity wall insulation where we anticipate that it will interact a lot more with the Green Deal to support the Golden Rule.

There is the carbon saving community obligation, which is delivered to specific areas of low income. These are the bottom 15% in the index of multiple deprivation of LSOAs and data zones within Scotland, so it is defined areas that are mapped by the population who are at the bottom income.

Roger Evans (AM): How big are those areas?

Amy Ingham (Fuel Poverty and Smart Meters Team, DECC): I will need to check what the population sizes are for LSOAs.

Larissa Bulla (Environment Programme Officer, GLA): It is the population between 1,000 and 3,000.

Roger Evans (AM): So it is about an eighth of the size of a council ward, something like that?

Larissa Bulla (Environment Programme Officer, GLA): Yes, it is quite small.

Amy Ingham (Fuel Poverty and Smart Meters Team, DECC): We have a published document with the scheme regulations that specifies which are the bottom 15% of LSOAs and it is to all tenure properties.

Then we have the ECO Affordable Warmth obligation which is the most targeted and that is the main fuel poverty obligation, which is specifically delivering to householders who are in receipt of benefits or tax credits that are means tested where it denotes a vulnerability, specifically to elderly, those with children or those who are disabled or with long-term illness. Again, we are using the benefits and tax credits as proxies to identify those householders, so similar to CERT/SPG group but slightly broadened to incorporate working tax credit recipients. This is targeted specifically to private tenure residents where there is a higher propensity of fuel poverty. It is really targeting the finite level of support where it is most needed, to the low income, to the vulnerable groups living in private tenure properties which are less energy-efficient.

For the ECO Affordable Warmth, given the type of households that are being targeted, we anticipate that it will interact far less with the Green Deal. We do not specify how the suppliers deliver that or what level of subsidy.

However, certainly within the impact assessment we are assuming that it would be fully subsidised measures that are delivered to these householders.

Roger Evans (AM): What about targeting properties with certain characteristics, so private rented, ahead of others because on average they have poorer energy efficiency? Is that the whole story or are you actually going to go around and measure peoples' homes to see if they fall within the target?

Amy Ingham (Fuel Poverty and Smart Meters Team, DECC): There is not a Standard Assessment Procedure (SAP) threshold or anything like that in terms of which homes are eligible within the ECO Affordable Warmth. It is specifically those who are in receipt of those particular benefits. Then the measures that can be delivered through the obligation are those that will result in a notional bill saving. This could include boiler repairs or replacements or it could be insulation measures, so more loft and cavity wall. Again, we think suppliers are probably most likely to deliver the most cost-effective measures but also look at that whole-house approach so what that property could benefit from to reduce the energy bills within that property.

Roger Evans (AM): Richard, can I just ask you: is this a good thing for London? Are we likely to get more out of this?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): Potentially. Certainly the ambition would be to get more out of this than we got out of CERT and CESP and all of that. I think there is genuinely the potential to do so.

In order for it to happen, however, we need to identify quite a substantial pipeline of homes, which is why we are talking to the social landlords. I think there is a potential to do a bolt-on to the Decent Homes Programme, for example, so boroughs are upgrading about 46,000 units through Decent Homes. Can we do a bolt-on to that? If we can identify that substantial pipeline, ergo a lot of Energy Company Obligations should be invested in the capital. Certainly our conversations with the main energy suppliers in the capital - I have met two so far, British Gas and SSE and I am meeting EDF later today - is that they are keen to enter into agreements to spend a significant amount of the ECO here if we can identify that pipeline.

Roger Evans (AM): One of the questions that we are looking at here is whether London will get its fair share. What do you think is London's fair share of the funding? Do you have a figure?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): Yes, across ECO about 27%, but it will vary. It will be different --

Roger Evans (AM): So you are saying London gets 27% of the available money.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): Yes. We believe London should get around 27% of the ECO. It will vary. It will be a different percentage for each of the three strands but it comes to 27%. In the ideal world, what we would have, as you know, is a regional target and that would be something which is in the --

Roger Evans (AM): It sounds like you have one.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): What you have is the legislation and the regulations are now in statute. Therefore, it is difficult to introduce that regional target now in the

timeframe that we have for ECO. However, you can have a non-statutory target in terms of an agreement with each of the energy companies and that is what we are seeking to do. So whilst it is non-statutory, hopefully we can still draw down a significant amount of funding in the absence of a regional target.

Roger Evans (AM): What is 27% in pounds?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): A very good question. What is 27%? It is -- The annual figure is very big, OK?

Roger Evans (AM): Yes.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): The annual figure is about £343 million. That is it, so it quite a chunky figure.

Roger Evans (AM): £343 million?

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

Roger Evans (AM): That is 27%, not 100%?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): That is 27%.

Roger Evans (AM): Amy, is that a reasonable expectation of where we are sitting?

Amy Ingham (Fuel Poverty and Smart Meters Team, DECC): In terms of the way that the ECO is set, it is not set in terms of the level of expenditure but in terms of outcome, so carbon saving and notional bill saving, and we estimate the costs of delivering that. We are looking at the equivalent of £1.3 billion per annum for the ECO delivery. I think the key here is really about how London can benefit and I think it has been really positive particularly for me to hear from the suppliers and from the GLA that work is already happening in that sphere and looking at how London can benefit from the change in emphasis to next most cost effective measure, so harder-to-treat properties. Looking in terms of where the scheme regulations have landed, we have ECO Affordable Warmth which is the benefits and tax credits and, as I touched on earlier, London does have the highest proportion of individuals who are in receipt of one of those qualifying benefits. Really key again is identifying those individuals and those householders where the support can be delivered and using trusted providers, people on the ground, to help identify those households and the carbon saving community obligation which is looking at areas of low income and again London forms the greatest share of those that have been specified within England.

Roger Evans (AM): Is 27% a realistic expectation?

Amy Ingham (Fuel Poverty and Smart Meters Team, DECC): I do not feel I can say, "Yes, that is the amount that will be delivered to London". I think it is really down to the suppliers working with local authorities and community groups for that delivery. We do not specify a regional target within the regulations.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): It is a fair amount. Taking all the various indices, it is what London should receive. It is not necessarily what London will receive because there is not this statutory target. However, it is what London should receive.

Roger Evans (AM): Who is going to monitor progress to make sure that we are getting that?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): We will and DECC is also obligated to do that.

Roger Evans (AM): This Committee could, of course, could it not?

Murad Qureshi (Chair): Indeed. I am glad, Roger, you have brought this up because I have earlier on in the year asked the Secretary of State for Energy and Climate Change about delivery of CERT, the programme that the ECO is going to be taking over. I will read it out. This is Chris Huhne, who has moved on to --

Roger Evans (AM): Is this the same Secretary of State? Obviously not.

Murad Qureshi (Chair): Not the present one; the previous one. But he did acknowledge:

“London’s share of CERT activity has been disproportionately lower than other parts of the country. However, there could be scope for London to attract a greater level of CERT activity during the final year of the scheme which has presently been going through, particularly in relation to lower income vulnerable households.”

The latest figures I have seen is not more than 4.5%. That is when Victoria [Borwick, AM] looked at it at the beginning of the year. We have had this data not just with officers of DECC but also at ministerial level.

Roger Evans (AM): I wonder if the Secretary of State being a helpful sort of person actually provided some suggestions about how we could increase that percentage.

Murad Qureshi (Chair): Indeed, and I am keen to write to the present Secretary of State after this meeting. However, I do think it would be very useful if the energy companies could give us their figures of CERT delivery to the very present because I think, if we had the industry figures from British Gas, from EDF, that would be very useful for us to then go to DECC and say, “This is the performance presently. Convince us that we will get our 27% on the ECO programme after this winter”.

Peter Farrand (Green Deal Team, DECC): I might just add one other perspective, I think, which is that there is no cap on how much London can go for within ECO either. I think we put in place a framework. Some of this is about how the boroughs within London working with communities and the GLA get their act together to be able to really go for this. I think, looking at what areas like Birmingham have done, to really go for a very ambitious perspective might be worthwhile as they really do seem to have set themselves a really ambitious target to make the most of the framework that is out there.

Roger Evans (AM): They have to get in first, basically. That seems to be what you are saying.

Peter Farrand (Green Deal Team, DECC): I think that is sort of what I probably would not be wanting -- That is probably the wrong wording.

Amy Ingham (Fuel Poverty and Smart Meters Team, DECC): I think it is looking at very proactive and innovative local authorities and building on platforms, things like RE:NEW that is happening already and building on that for the Green Deal and ECO delivery. It already sounds like a lot of this activity is happening.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): I think that is true. Sorry, I will just quickly say something. I think that is absolutely true. Obviously what helps, though, is a steer from Government. It was disappointing and you alluded, Peter, to the core cities funding. Obviously that did not include London, so I think it is important that DECC itself also helps London to optimise the opportunity here because often DECC can undertake frantic activity elsewhere in England and the UK and I think it is important that DECC also demonstrates its commitment to the capital.

Roger Evans (AM): I think British Gas were itching to get in.

Kelly Greer (Energy Solutions Manager, British Gas): Well, I just have some figures here. In terms of our spend under CERT, I asked our team to pull out every London postcode that we had done work in. Comparatively small numbers when you look at the overall housing stock of London. In terms of loft insulation, it is just over 70,000. In terms of cavity wall insulation, you are looking at about 33,000. When you start to look at the more expensive measures - and this is why we have not delivered a lot of London - solid wall is just under 1,000. That is where we see the opportunity for the ECO as the funding has moved and focused towards external and internal solid wall insulation. That will increase.

I have had a lot of success in the last six months. I work with a cavity wall installer that does insulation via abseil access, so you are looking at high-rise properties. That is being expanded significantly under ECO and we are looking to work with a lot of social housing providers, as well as private if needs be, to actually start insulating high-rise tower blocks with cavity wall insulation at a good price both for us and for the social housing provider. So we are there. We are wanting to do the work.

Roger Evans (AM): You raise an interesting point. Chair, this is way off-beam. I realise we are short of time. However, is the move towards more high-rise, albeit within the private sector and built to modern standards, going to be a problem for us in future when we come to do this type of work?

Kelly Greer (Energy Solutions Manager, British Gas): Sorry. Could you repeat the question again?

Roger Evans (AM): There are a lot of applications being approved in London now for high-rise buildings, over 100, I understand.

Kelly Greer (Energy Solutions Manager, British Gas): Indeed.

Roger Evans (AM): Is that going to be a challenge for people in the future when we have to improve energy efficiency?

Kelly Greer (Energy Solutions Manager, British Gas): The new build standards mean that they should be very energy efficient, so really you are looking at existing stock. If you look at --

Roger Evans (AM): Well, so are the things that you are upgrading now when they were built 20 years ago.

Kelly Greer (Energy Solutions Manager, British Gas): Indeed. The energy efficiency standards will be improving. I am not too sure in terms of those new builds whether they meet Code for Sustainable Homes level 4, 5 or 6, which effectively means that they have very, very high energy efficiency standards. Level 6 is where

you are getting to the point of being zero carbon, so, yes, it should be worked in as part of the regeneration or a new build.

Nicky Gavron (AM): They were planned several years ago.

Roger Evans (AM): Yes, they were. We are slightly straying back to a discussion I heard in the Committee yesterday.

Murad Qureshi (Chair): Just before we end on RE:NEW with Andrew, can I just have EDF's perspective on where the CERT programme is at the moment and where you think it is going to be in the near future and what lessons can be learned?

John Mason (Social and Environmental Policy Manager, EDF Energy): Unfortunately I was not as forward thinking to ask my team for my numbers, but we have always had a disproportionate focus in London because obviously London is a key area for us as a company. Through supporting the London Warm Zone over the last few years we have worked with a great number of boroughs on a lot of activities including energy efficiency. We have a large number of CESP schemes. We have really tried to work in London but it is a challenge in London compared to the other regions. We do have responsibility for some of the reasons we discussed at the start to try and deliver the obligations cost-effectively.

What I would say is the previous schemes did not lend themselves in design to London. The ECO does. I think the ECO is a massive opportunity for London. London has a disproportionate number of solid wall properties. We have a massive target in trying to do solid wall properties. Working with Richard [Blakeway] and other colleagues and stakeholders, we can mitigate some of the barriers. One of the big barriers, for example, is solid wall takes a lot longer to install than a cavity, so you need to get access to that place each day. What additional costs do you have in getting access to some properties in London? How can you lower or mitigate them? I think there is a lot we can do to make it easier and the easier it is, the more that will be done. But we absolutely want to work in London and it is obviously a key objective for us.

Murad Qureshi (Chair): OK. John, thank you for very much for that. What we will do is write to you to get actual figures and we will deal with that in correspondence outside the meeting. Can we now go to our last area of questioning, Andrew?

Andrew Boff (AM): Yes. I was going to ask about the future of RE:NEW. It has been covered quite well in these deliberations. Some of the things I would like to know is how the boroughs are going to be involved more. How many boroughs are going to be involved in RE:NEW? There are obviously some very enthusiastic boroughs. Some we are not hearing about. How are we going to get them all involved?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): Yes. Jo may want to say something as well. It is a fair point. As you know, the next stage of RE:NEW is 20,000 units across 11 areas. I cannot offhand remember how many boroughs it covers.

Larissa Bulla (Environment Programme Officer, GLA): It is 11 boroughs.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): It is 11 boroughs, okay, so 11 areas and 11 boroughs, so a third of London boroughs. In addition to that, there has obviously been previous RE:NEW work, so hopefully we have got close to having activity in every borough. One of the critical things is

the steering group which is currently being chaired by the Chief Executive of Hillingdon or previously was. It is now going to be chaired by the Chief Executive of Sutton. London Councils sits on that as well.

Really, the challenge as we have discussed is to ensure that RE:NEW phase 3 moves from CERT and CESP to get the ECO funding and that is something we are entirely focused on and are working very closely with boroughs on. Certainly, the scale that we are talking about, which would be a significant increase, is going to have to involve every borough but I would have thought every borough would want to be enthusiastic for it.

Andrew Boff (AM): One would hope.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): One would hope but I think the fact that, for example, as landlords we can focus some of this work on their own stock, that will get them engaged.

Andrew Boff (AM): How are you going to resource the GLA work over there?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): We have existing resource approved in the budget, including revenue resource, which is helping us. There are various work streams taking place and the critical thing is to fund the framework extension for RE:NEW. However, at the moment there appears to be sufficient resource to do what we want. We will be asking or talking to DECC for additional resource, however, as we move forward with the ECO.

Andrew Boff (AM): Have you got a figure on that?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): I have heard various figures. I am not going to give one now because I think I have heard a range of figures.

Nicky Gavron (AM): I just wondered what the Mayor is putting in, for one thing.

Jenny Jones (Deputy Chair): That is my question, actually. How much money is the Mayor going to put into the budget next year?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): There is £3 million for RE:NEW phase 2 and there is about £300,000, I think I am right in saying, of revenue support which we are using at the moment to look at our frameworks. There would have to be some additional funding, not significant amounts but additional funding to put the frameworks in place. Then the critical thing is to harness the money out there, which is £1.3 billion a year --

Jenny Jones (Deputy Chair): You are telling me that you are not going to put very much money in the Mayor's budget, it's not going to have very much money for the next year.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): Why would the Mayor -- we are certainly not going to duplicate RE:NEW. With the best will in the world, when there is £1.3 billion available nationally, I think our objective is to get that spent in London rather than substituting it ourselves.

Jenny Jones (Deputy Chair): But you are reducing your environment team or have reduced your environment team, I think, by ten people. Do you actually have enough expertise left upstairs to deliver on this sort of thing?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): Yes, I am absolutely confident of that and as you know, through the restructuring, the retrofitting team is coming over to the Housing and Land Directorate. That makes it integral to the work that the Housing and Land Directorate does. Also, particularly when we are looking at landlords, we will get the Homes and Communities Agency (HCA) staff who were transferred over here really involved in this work, talking to landlords, talking to boroughs. That gives you a team of 90 people.

Jenny Jones (Deputy Chair): Anyway, we will come back to this. Give me a ballpark figure on how much is going to come out of the Mayor. Are we talking £1 million?

Richard Blakeway (Deputy Mayor for Housing, Land and Property): Sorry, a ballpark figure for what?

Jenny Jones (Deputy Chair): For the Mayor's budget for next year on this.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): It will be determined in the budget process, which --

Jenny Jones (Deputy Chair): You must be bidding at the moment.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): Yes, we have existing funding which I have set out --

Jenny Jones (Deputy Chair): I know. We know about the existing funding. It is about the future funding.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): For the future funding, there is a budget process going on and I am happy to write to you with the figure when that is concluded.

Andrew Boff (AM): I think just the final point is whether or not extra resources might be put in by the energy companies to RE:NEW.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): Extra resource from the energy companies? Obviously they will themselves have resources themselves to commit. The ECO, for example, if there are some providers such as SSE who we met recently who are now opening up a sort of London retrofit team and resourcing that. Clearly, the more ECO that is spent in London, the more of their resource will - staffing resource, etc - will be committed to works in the capital.

The point I want to make is that there is a lot of money available out there for retrofitting and our job is to make sure it is spent in London rather than thinking, "Should the Mayor fund it instead of the energy companies?" I think spend the energy companies' money.

Murad Qureshi (Chair): Richard, I do not disagree there. But my concern is that the numbers of households in fuel poverty are clearly increasing.

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

Murad Qureshi (Chair): Is this really the right time to descale the RE:NEW programme, which it is invariably, if you look at the figures? The Mayor has only committed to 20,000 units and there is a lot more out there that could be done.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): There is a lot more out there that could be done. That is absolutely right. However, for absolute clarity, if we achieve 27%, this will see a rapid upscaling not a descaling of activity in London. In addition to that, given that RE:NEW started as a carbon efficiency goal, which obviously in itself reduced energy bills and therefore helped with poverty, increasingly you are seeing a focus around those super-priority groups which will mean it is more targeted at those vulnerable to fuel poverty. I think it is going in the direction of tackling fuel poverty in a very targeted way as well as increasing the amount of activity. If we are successful, hopefully we will not see a reduction.

Andrew Boff (AM): Yes. I think what you are going to say is that Londoners are already paying £140 on a property for carbon reduction programmes and they are not getting a lot of money back from that £140 for Londoners.

Richard Blakeway (Deputy Mayor for Housing, Land and Property): That is absolutely fair.

Andrew Boff (AM): We are going to see an increased number of -- you know, we want to get some of our London money back into our properties. I am with you. There is no sense in creating another pot of money just because we cannot persuade the energy companies to come in. I know it is not all their fault, but we cannot get those certain other schemes working in London, so I absolutely agree with you.

Murad Qureshi (Chair): Andrew, I hear your final observation. But just going behind the figures that I have kept track of, in the last political term the Mayor was committed to £200,000 and of that £67,000 was delivered, I believe. And this was £20,000 --

Andrew Boff (AM): Hold on a moment. They are paying through their energy bills. You are asking them to pay through their Council Tax as well.

Murad Qureshi (Chair): That is not necessarily the case, but that is some of the discussion that needs to happen. This needs to be looked at and we also do need to look at the Government's performance on the CERT programme. I am with you there and I think there has been a lack of direction certainly in the London context for whatever reason and we need to hear that. The energy companies need to provide us with those figures.

Unless there are any other burning questions from Assembly Members, I think our team of experts have had their morning's worth from us. I hope that we can thank them for their contributions and we will take on board all your views and opinions and show our appreciation for their efforts this morning. Thank you very much. Can I also, just one of the suggestions that came from the meeting, too, actually, I will be writing to the energy companies about the CERT programme and also writing to the Secretary of State for DECC.

Jenny Jones (Deputy Chair): Agreed.

Murad Qureshi (Chair): Very good. Thank you very much.