**Evidence presented by:**

* [National Housing Federation](http://www.cic.org.uk/admin/resources/nhf.pdf) – Pippa Read
* [Places for People](http://www.youtube.com/watch?v=Ms93fcXhSjg) – Nicholas Doyle
* Affinity Sutton – Jeremy Kape

**Summary**

All three invited witnesses agreed that the Green Deal doesn’t stuck up for social housing sector and it needs a separate new imitative to make it work for social landlords. However they are trying to harness ECO

**National Housing Federation**

Pippa Read

Members of the NHF, which own and manage around 2.5m homes, have made significant investment by improving their stock and energy efficiency through the Decent Homes Programme, said Pippa Read.

But more needs to be done – about 500,000 homes are in fuel poverty in the affordable housing sector, as the cost-effective works have mostly been done by the investment programme.

Consequently, it may not be appropriate for low income groups to take a Green Deal charge at present (as it may pay back at a negligible rate), she said.

Housing associations have been playing a very active role in engagement, drawing up the Green Deal, particularly the Energy Company Obligation. (Though the affordable warmth portion is not available to social housing.)

Read said that the Green Deal was problematic for housing associations for a number of reasons:

* Cost of finance
* Credit checks needed
* Need individual consent from every bill payer; obviously, if you’re doing works to a big tenanted block, that may cause some difficulty if you have certain members who don’t want to engage.
* The Green Deal being overly bureaucratic, which adds to cost and making it less viable, in some cases.

She said that some housing associations are doing “pseudo green deals” – where any additional charge residents may pay through the rent, which they understand.

In addition, many housing associations are pursuing ECO, rather than Green Dea, said read. The Green Deal needed to be tweaked so that the eligibility of aspects of ECO can be extended to apply to the sector.

**Places for People**

Nicholas Doyle

Places for People, managing 143,000 properties and 62,000 housing association homes, has had contributed to the Green Deal ideas and committees in the past, but is not engaged in it anymore.

He showed a promotional film made by Places for People, which portrayed the Green Deal as a very simple and straightforward finance concept.“ That’s what we wanted to get out of the Green Deal”

“But we are not engaged whatsoever with Green Deal at this point. What I think was lost very early on was an understanding that the Green Deal is a finance package. Everything else is secondary to that...

The last two years have been about adding more and more bureaucracy, more and more regulation, which has meant that a financing package that was struggling to stuck up in the first place (there’s not much fat in capitalising energy saving) just did not stuck up.

DECC and others lost sight of who was going to pay, and lost sight of the end goal, which was to generate capital investment for housing.

For us, we still see Green Deal as a huge opportunity for the sector – but just not now. At the moment, what we have is an overly complicated, overly costly approach,” he said.

Doyle added: “Talk to us again in a couple of years’ time, when energy bills will have gone up significantly and the value of those energy savings have gone up, then we might be able to afford all these things… but not for at least two years, I would suggest.”

**Affinity Sutton**

Jeremy Kape

Affinity Sutton owns and manages 49,000 socially registered properties, concentrated mainly around London.

“We spend £100m pa maintaining our stock and improving it,” said Kape.

“We are not going to be a Green Deal provider, and yet, we very much wanted to be initially. We have been carrying out research called Future Fit, investigating what might be the most cost-effective way of retrofitting/ building homes, that are more energy efficient.

Green Deal deals with the long hanging fruit, and in social housing we’ve kind of already picked that off.”

Kape said that the assessment process and the basis of SAP (Standard Assessment Procedure) are fundamentally skewed against the people in social housing. He followed: “The majority of our houses are fuel poor – their tenants are certainly under-heating their homes compared to what SAP says. SAP has been over-predicting the amount of energy a house uses, so the impact is less.”

Kape concluded: “The Green Deal doesn’t play to social housing’s strengths. And we think the consumer protection with the Golden Rule is over-played.

We absolutely understand the need for the Green Deal, but it needs to be developed for social housing.”

**Q&A**

***Q. Andrew Stunell MP***

*We’ve heard a very disappointing report of the Green Deal: what would you do now to fix it?*

**A. Nicholas Doyle**

The Green Deal was given to the wrong Department – it should have been given to Bis.

So, we can sit and hope energy prices go up, which many think they will; or we can go back and realise we’re not delivering the amount of investment we’d hoped and actually cost every one of the accreditation/training measures and ask what value they’re going to create for the GD. And then start to take them out.

Consumer protection dominated the whole thinking over the GD, and it’s very important that we have robust consumer protection. But focus should be on what we do when it goes wrong – because whatever we do, there will be mis-selling of the GD.

The spectre of double-glazing sales in the 1970s loomed large – and ironically double-glazing is now the most successful energy-efficient product we have in the UK

**Pippa Read**

Agrees, a lot of the Green Deal bureaucracy could be stripped out.

**Jeremy Kape**

Someone does need to look at SAP and how the underlying assessment does disadvantage some people, low-income groups.

I think you also need to look at social housing and understand what it’s about: we’re a very heavily regulated sector already. We are long-term investors, and we have tenants who live with us on lifetime tenancy agreements.

All the GD has done is lay a load of complication over that, for no value.

So, we need a simpler model that plays to the strength of social housing and that would allow us to bring our aggregated stock to the table and create some supply chains.

***Q. Oliver Colvile MP***

*How many members in the housing association world have signed up to the Green Deal? It seems to me the people we should be helping most are those who are living in affordable housing, and we should do all we can to reduce their fuel bills.*

**Pippa Read**: There are very few housing associations actively trying to be Green Deal providers at this stage, for all the reasons we’ve outlined. They are very interested in ECO, and are actively pursuing that.

***Q. Earl of Lytton***

*Is there a sense that Green Deal interferes with long-term landlord-resident relationships in private rented sector?*

**A. Jeremy Kape**

I think Green Deal potentially provides a huge opportunity in the private rented sector because they have far worst performing housing stock – but it is a sector difficult to get hold with a vast majority of properties let by individuals. Regulation need to be put in place, to drive energy efficiency.

**Nicholas Doyle**

We had originally intended to be a Green Deal provider to the private sector because we saw that potential. But because it’s not working for us, we don’t have the supply chains.

For the private-rented sector, I believe the Green Deal will be largely irrelevant

I think the Energy Company Obligation, certainly in the next two years, before regulation comes in 2016; will be very popular in the private rented sector.

**Pippa Read**

Agrees that the problems associated with social landlords and the Green Deal extend to the private rented sector. There are other problems around the Green Deal, such as the consumer credit act, the lack of clarity and void periods.

***Q. Oliver Colvile MP***

*Do you think one of the conditions that government could have laid down, would be to withhold money, unless the housing associations implement the Green Deal?*

**Pippa Read**

Points out the social housing sector has done more to go down the green route than anyone else – and all that has been paid for through its own investment.

***Q. Peter Bonfield OBE***

*How could we use your sector to build a supply chain, get some learning and build a capacity in the country? And what would you see as a mechanism to get retrofitting of homes done and take people out of fuel poverty nationwide? How would you do that?*

**Jeremy Kape**

What we have is the homes, the clarity of vision and the capacity. What we don’t have is the money. If you really want to drive capacity, you’ve got to put money into the social housing pot.

Where we can we take opportunities to do work, but there are areas we don’t do.

**Nicholas Doyle**

I think we’re already doing it in terms of carrying out energy efficiency, where we can, but both the Green Deal and the Supplier Obligation make it incredibly difficult to do. Both mechanisms put up so many barriers.

We have a great opportunity in many empty houses – that allows the maximum intervention on the property when no one occupies it; but the rules of Green Deal and ECO don’t allow you to intervene on empty properties.

**Pippa Read**

Although the housing associations aren’t pursuing Green Deal at the moment, they are pursuing ECO, which is not covering all the costs. So what they’re doing is, because the Green Deal is overly bureaucratic, they’re adding to what they can get from ECO their own asset management budgets, and any other (EU) money they can get hold of. But there will be a limit to what housing associations can do with that money; there’s a limit to what improvements you can do, particularly when the most cost-effective measures have already been done. So what could increase the scale? Additional money to do more of those improvements.

**Nicholas Doyle**

We want to improve our properties, it generates multiple benefits for us – increases the asset value, reduces the cost of doing business... So we’re highly motivated to spend maximum amount of money on our properties.

But the Green Deal doesn’t stack up.

***Q. John Alker***

*So are you asking for subsidy?*

**A. Nicholas Doyle**

Supplier Obligation makes sense. With the Green Deal all we’re asking for is to reduce the cost; we’re not asking for more subsidy. We want to be able to generate private investment ourselves, and we’ve done that over the past 10 or 20 years to the tune of £65bn. We don’t want the Government to provide money – that was one of the benefits of the Green Deal.

Someone on the committee talks of “Another Green Deal, a more appropriate one for the social housing sector, where social housing has access to affordable warmth aspect of ECO.

**John Alker**

I’m not sure how much costs would be reduced, if some of the bureaucracy was stripped out – my sense is that it still wouldn’t reduce the interest rate by much at all; and we’d probably need something much more radical.

***Q. John Alker***

*If we are to make really radical suggestions in the report, what’s the most radical thing to do to make the Green Deal a much more financially viable scheme.?*

**Nicholas Doyle**: The cost of finance is absolutely critical. But the issue is that we need to start rolling out the GD so that it’s viable, and we can then go to the bond markets and get revenue on the back of the income that it’s generating. But we need to take out unnecessary bureaucracy.

***Q. Nick Raynsford MP***

*What else can be taken out? Could assessment be taken out?*

**Jeremy Kape**

It needs to be recognised that we’re regulated already; we’re long-term investors – so all the Green Deal regulations are unnecessary in the social housing world. The controls are already there.

**Nicholas Doyle**

I differ from my colleagues in that I’ve never asked for social housing to be treated differently. It has to work for all sectors.

But in response to the question; the requirement for the building to be assessed, and for the occupier to be assessed is unnecessary. And all of the training and accreditation. You will never get 100% accurate assessment of a property; or the occupier. It can range by 60%. We’re not getting finite improvements in terms of accuracy – it just doesn’t work. It’s the 80/ 20 rule. You’d get 80% accuracy just from building type and size. [Saying that really we don’t need expensive assessment because it’s in accurate anyway]

**Jeremy Kape**

The cost of the assessment is another barrier, tell someone it costs £200...it’s hard to do. The assessment should be about what the energy being used. No matter what SAP says, savings have to be measured against the amount of energy you actually use.

A slightly more accessible interest rate is necessary to allow people to take some money off their balance sheet, because I think that could be an issue for a number of organisations.

***Q. John Alker***

*Are you saying we strip our bureaucracy and you’re allowed to become GD providers on your own terms, because of the strength of your balance sheet you could go to the bond market and borrow at a favourable rate to what the GD finance are currently offering?*

**Pippa Read/**

We could do that now. There’s no obligation to take GD finance. But the Green Deal doesn’t stack up. You can’t go to the markets and borrow against revenue stream.

**Nicholas Doyle**

And there’s only so much borrowing you can do; and there’s lots of other things on our shopping list.

***Q.Andrew Stunell MP***

*What do you think is wrong with the Green Deal assessment process? You seem to be suggesting that in the social sector the assessment could be taken for granted. Could you explain? And if the assessment is a problem, surely you need something in its place?*

**Nicolas Doyle**

There’s just too much variation between properties and lifestyle. We need to come up with a better process. Jeremy’s right – the only way you can guarantee savings are on the basis of the previous consumption.

By focusing down more and more on accurate assessment, this does not give you reassurance that you need??

[Jeremy talking about how assessment tool doesn’t work because it’s trying to cover too broad a range.]

***Q. Peter Bonfield OBE***

*How will you help tenants in managing energy consumption? And where do you think your stock is going to be in three to five years’ time?*

**Pippa Read**

We’re involved in a study looking at residents’ engagement techniques. A number of these pilots are working with smart meters. By showing people the amount of their usage, it does have some effect. But particularly in the affordable housing sector, we’ve found it does require a massive amount of engagement as well on the residents’ side, to ensure that the actual gains aren’t made in lifestyle choice?

Just putting a smart meter there doesn’t have a huge impact, though it does have some. And that engagement, particularly when it’s one to one, costs a huge amount of money. So metering could help but it’s not a panacea.

**Nicholas Doyle**

I’m almost going to say the opposite – metering could be the answer if we have more information about how people use energy in their house, rather than just a house.

**ENDS**