

The New Local Government Network today (Mon) publishes a report suggesting that the government's flagship 'Green Deal' programme will be in danger of failing to reach the households most in need of more energy efficient homes across the social housing sector.

The Green Deal allows households to install home energy efficiency improvements with a value of up to £6,500 at no upfront cost, with the cost paid back by the householder over a period of 25 years. But for many of the 1.4 million social homes classified as 'hard to treat', the efficiency measures would cost more than would be saved in reduced energy bills.

NLGN's research, supported by British Gas, also raises concerns about whether those in fuel poverty would be helped by the scheme. A household is considered to be in fuel poverty if they need to spend more than 10 per cent of their income on energy costs in order to achieve an adequate level of warmth. The most recent available figures from 2008 recorded 628,000 social homes in fuel poverty, an increase of 134,000 on the previous year. This accounts for 26 per cent of the growth in fuel poverty across England, despite the fact that social housing only makes up 18 per cent of the housing stock.

The report also found that the current schemes sometimes fail to reach those people most in need of assistance because of a narrow focus on particular areas and demographics. NLGN argues that this funding should be directed specifically at alleviating fuel poverty and supporting those homes which the Green Deal will pass over.

Further measures are also required to ensure take up of the Green Deal. The report argues for a prominent role for social landlords in co-ordinating Green Deal measures across their estates on an area wide basis, with pilots suggesting that costs can be reduced by as much as 20 per cent per home when whole streets are improved collectively. Around 300,000 social homes have an Energy Efficiency Rating of F or G for the least efficient properties, however NLGN's report identifies challenges in convincing tenants to sign up for the Green Deal. To encourage local authorities and RSLs to promote the scheme across their communities, the report recommends that:

- Local Authorities and RSLs should form partnerships with energy suppliers to deliver the Green Deal to both social homes and to those in the private sector
- Tenants in the private and social sectors should have the right to demand energy efficiency improvements from their landlord, funded by a Green Deal arrangement
- The proposed £6,500 limit on the Green Deal should be lifted, in order to allow the scheme to cover more expensive measures that will also deliver long-term savings on energy bills
- Discounts and incentives should be offered to neighbourhoods when they take up the Green Deal offer as whole streets
- The scope of the Green Deal be expanded to encompass microgeneration of renewable energy, enabling social homes to benefit from the Feed-in Tariff and Renewable Heat Incentive

Report author, Luke Hildyard said:

"The general principal of the Green Deal is a sound one, but the scheme's application in the social housing sector will be fraught with difficulties. Many low-income households cannot currently afford to heat their homes, so improved energy efficiency will not result in savings on their fuel bill. A revised supplier obligation needs to be targeted at those fuel poor households who will not be able to take advantage of the Green Deal."

Gearoid Lane, Managing Director of Communities and New Energy at British Gas:

“British Gas is committed to the Green Deal, which promises to be a transformational policy in improving the energy efficiency of Britain’s housing stock. But this report shows that the Green Deal is not a panacea – especially for the most vulnerable in our society including many in social housing for whom simple energy efficiency measures can permanently improve quality of life and help eradicate fuel poverty. □ We would support a revised and more flexible system of supplier obligations post-2012 that helps us to quickly and effectively target those households in partnership with local authorities and housing associations.”