

PART 2

Community Green Deal

A process for local delivery in communities



Foreword

Once again, the Sustainable Housing Action Partnership (SHAP) has captured the moment by addressing one of the key issues faced by government, local authorities, registered housing providers (housing associations) and the private sector – how do we improve our existing housing stock to make it environmentally sustainable, reduce carbon emissions and mitigate the effects of rising fuel prices?

The Community Green Deal seeks to provide answers to these questions and this Companion Guide makes recommendations as to how these approaches can be funded and rolled out across tenures, which is particularly pertinent given the current economic climate and reductions in public spending.

We hope that the overall report, this guide and its recommendations will assist in moving forward the debate at local, regional and national level and act as a reference for a wide range of organisations and individuals who wish to develop an area based approach to tackling environmental sustainability in existing homes.

On behalf of the SHAP Board, I would like to thank both the HCA and Urban Living for their generosity in providing funding support for the overall report and this guide and for all of the SHAP members and organisations that contributed to its contents.

David Stevenson

Chair SHAP Housing Area Retrofit Steering Group

Director of Property Services

Optima Community Association

At Urban Living we have learnt much from our involvement in the Summerfield Eco Village project in Birmingham, and through supporting Birmingham's Green Deal retrofit project – Birmingham Energy Savers. Now is an opportune time to scale up this work. As such, we are delighted to have collaborated with SHAP in the production of this Companion Guide.

The Community Green Deal proposes an area-based approach to improving both social and privately owned homes. It is an approach that will reduce the carbon footprint of homes but will also help to deliver urban renewal in a way that empowers local communities.

Adnan Saif

Chief Executive, Urban Living

Sponsor of SHAP 2010 programme

Section 1

Introduction and background

This Companion Guide is intended to provide a local delivery process for Building Blocks 1-3 of the Community Green Deal. Here we describe the need for a local delivery process and the methodology used to develop the process.

1.1 The need for a local delivery process

At a practical level whole home improvements to meet carbon reduction targets will need to be delivered house-by-house, street-by-street and block-by-block in communities. This is likely to involve significant disruption and without careful co-ordination it may be difficult to provide the consistent quality of service that will be needed to build confidence and increase take-up.

Experience from pioneering projects such as Northmoor in Manchester, the Changing Streets programme in Goole and Summerfield in Birmingham has shown that it cannot be treated as a large-scale housing management exercise. Support and ‘buy-in’ is needed from communities from the outset. The most successful programmes have involved communities in their design and delivery.

By communicating the benefits and tailoring the response to local needs, community-scale programmes run more smoothly, achieving greater acceptance and delivering wider benefits such as increased improved quality of life, better health and increased

property values. But this role can only be played by bodies that understand an area and can gain the trust of residents.

Trust and accountability will be particularly important given that households will be asked to repay loans, some of which may need to be secured against their home. Our research and project experience has also shown that there may be concerns relating to:

- The technical solutions used for each retrofit,
- How the works will be managed and who they will be delivered by,
- Who will stand to benefit from any new income streams such as FIT’s,

A process has therefore been designed that seeks to address these issues as a fundamental part of the process of local delivery. The proposed process places communities at the heart of the process, effectively acting as the clients for the delivery of whole home improvements by Community Green Deal delivery bodies that will in turn bring technical, procurement and financial expertise.

Pioneering community-scale projects

Northmoor, Manchester



Lyng Estate, Sandwell



Castle Vale HAT, Birmingham



Plymouth Grove, Manchester



Goole, East Riding of Yorkshire



Summerfield, Birmingham



Daneville estate, Liverpool



Aberdeen Heat & Power



A further important need for local delivery process is to manage the risks associated with community-scale programmes. It therefore has an important role to play in giving confidence to potential lenders. The financial model that underpins the process is discussed further in Section 2.3 and in the companion report 'Community Green Deal: Developing a model to benefit whole communities'.

1.2 Methodology used to develop the process

The Community Green Deal delivery process was developed with the input of over 35 stakeholders during a series of workshops and steering groups between June and October 2010. Representation included the HCA, Local Authorities, Social Landlords and Lead Contractors (see Appendix 3 for a complete listing).

The detailed evidence base for the process is based on four example areas – Birchills in Walsall, Northfield in Birmingham, Middleport and Longport in Stoke-on-Trent and the Prees-Whitchurch area of North Shropshire. For each example area the following evidence was gathered in order to develop a for instance Community Green Deal programme:

- **Area profile:** Data from each Local Authority and Neighbourhood Statistics was compiled in order to create a basic profile of the community and the housing market.
- **Site visit and interview:** A site visit was carried out to each area accompanied by an interview with Local Authority representatives with local knowledge. A photographic record of the different house types was captured.
- **Workshop:** Local Authority representatives with local knowledge were brought together with other SHAP partners in order to develop, in outline, a possible programme for each area.

The examples were developed with input from the following SHAP partners – Walsall Council, Birmingham City Council, Stoke City Council, RENEW North Staffordshire and Shropshire Housing Group.

A detailed financial model was then developed for one of the example areas – Birchills in Walsall. The model was drafted by URBED and then checked by Grant Thornton. The assumptions used to create the model are described in Section 2.3.

Section 2

The Community Green Deal local delivery process

Here we provide an overview of the proposed process of local delivery for the Community Green Deal. The process is broken down into a series of key steps, interventions and supporting requirements.

2.1 An overview of the process

The Community Green Deal process has been designed to implement whole home improvements to achieve 80% CO₂ reductions across a whole community.

Whilst it is not intended to be prescriptive it sets out - based on best practice, four example areas and engagement with the SHAP partners - some of the main steps that would need to be taken.

At its heart the process seeks to address and break down a range of barriers that have been identified to whole home improvements. It also seeks to achieve a culture change in attitudes to and engagement in carbon reduction across a community in order to drive greater take-up.

Who is it designed for?

The process is designed to be used by Local Authorities, social landlords, communities and lead contractors. The works at two spatial levels::

1. Sub-regional or Local Authority-scale: A process to enable joint working by partners in order to pool resources and achieve the economies of scale required to deliver programmes to partner communities.

2. Community-scale: A process to enable Local Authorities, social landlords and communities to work together and pool resources to deliver whole home improvements across tenures.

The basic premise of the process is that Local Authorities and social housing providers come together to form Community Green Deal 'Delivery Bodies', enabling them to cost effectively deliver ambitious Community Green Deal programmes in the face of restrictions imposed by the Comprehensive Spending Review.

Delivery Bodies would enable partners to share the setup cost of Community Green Deal programmes, including the cost of procuring programmes, accessing finance and resourcing activities in each community. By working together partners can also learn from each other, enabling programmes to be delivered more effectively.

How would the community be involved?

The community could be involved as individuals or Delivery Bodies could enter into partnerships with communities. This may require a body that is able to represent the community. This body may already exist or may need to be setup, depending on the situation:

A model governance structure and rules for a 'Community Green Deal Association' would be made available. In areas with strong community representation Associations could be independent of the Delivery Body.

However, where this is not the case then the Delivery Body working with its lead contractors would lead on community engagement. Resourcing would be provided to Associations carry out their role, as they would be best placed to achieve results.

Reflecting this broad split of responsibilities there would be two broad phases to the establishment of a Community Green Deal programmes. The first a start-up phase across a sub-region and the second the delivery of programmes within communities.

Whilst the exact boundary of each 'community' will vary, and indeed could contain several different distinct communities, the process at a community level would be broadly similar.

What are the key elements of the process?

In Section 4 of the guide we describe step by step the proposed local delivery process. Each stage of the proposed delivery process consists of three main elements:

- *Key Steps: The key steps in supporting the partner community and it's landlords to implement the Beyond Decent Homes standard.*
- *Work Packages: Targeted packages of installations and improvement works designed to deliver agreed levels of carbon reduction and to generate revenue.*

- *Enabling Requirements: Specific enabling requirements that will be needed to support the procurement, financing and quality of programme delivery.*

Brief descriptions of how the process could work in four example areas are presented in Appendix 1.

The enabling requirements for delivery and the financial model that underpins the local delivery process are described further in Sections 2.2 and 2.3.

What is a Community Green Deal Association?

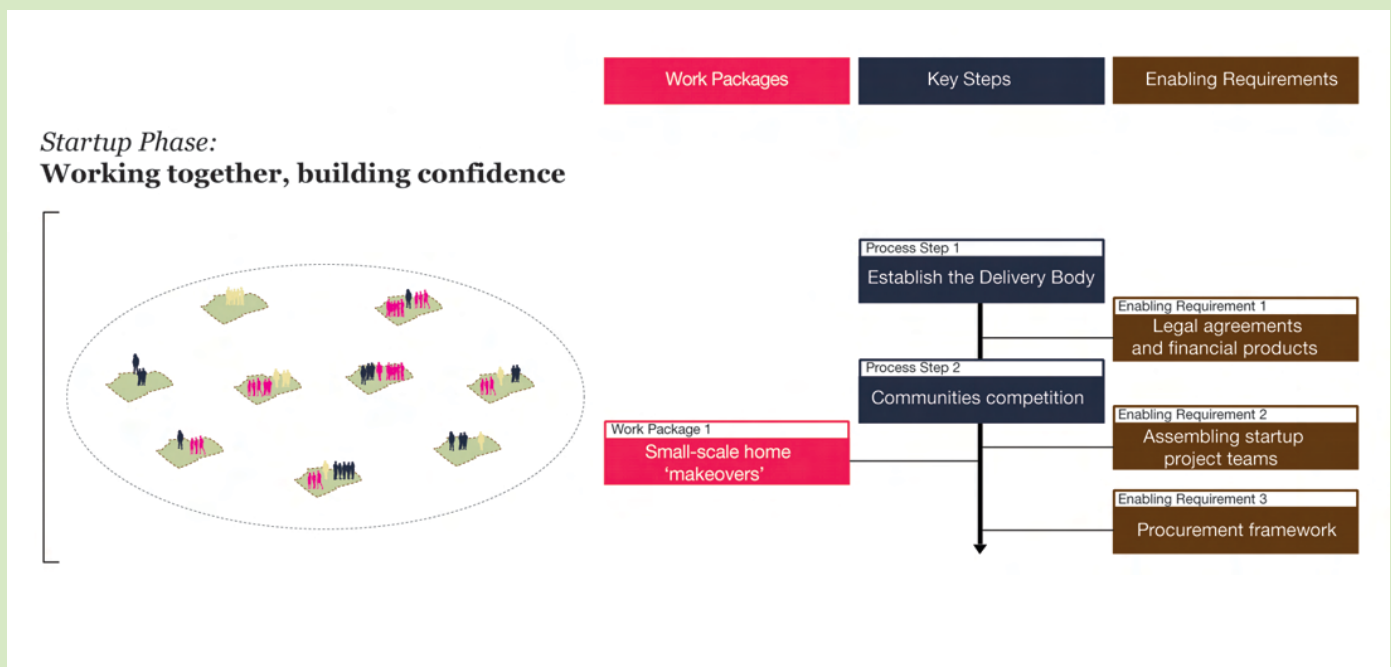
Community Green Deal Associations would be independent, community-led organisations.

Each Association would be responsible for outreach in order to achieve a high level of take-up. They could grow from existing community groups and Tenant Management Organisations.

Members of communities participating in a Community Green Deal programme could join the Association. Each Association would have a board representative of its members.

Figure 2.1

The Community Green Deal local delivery process



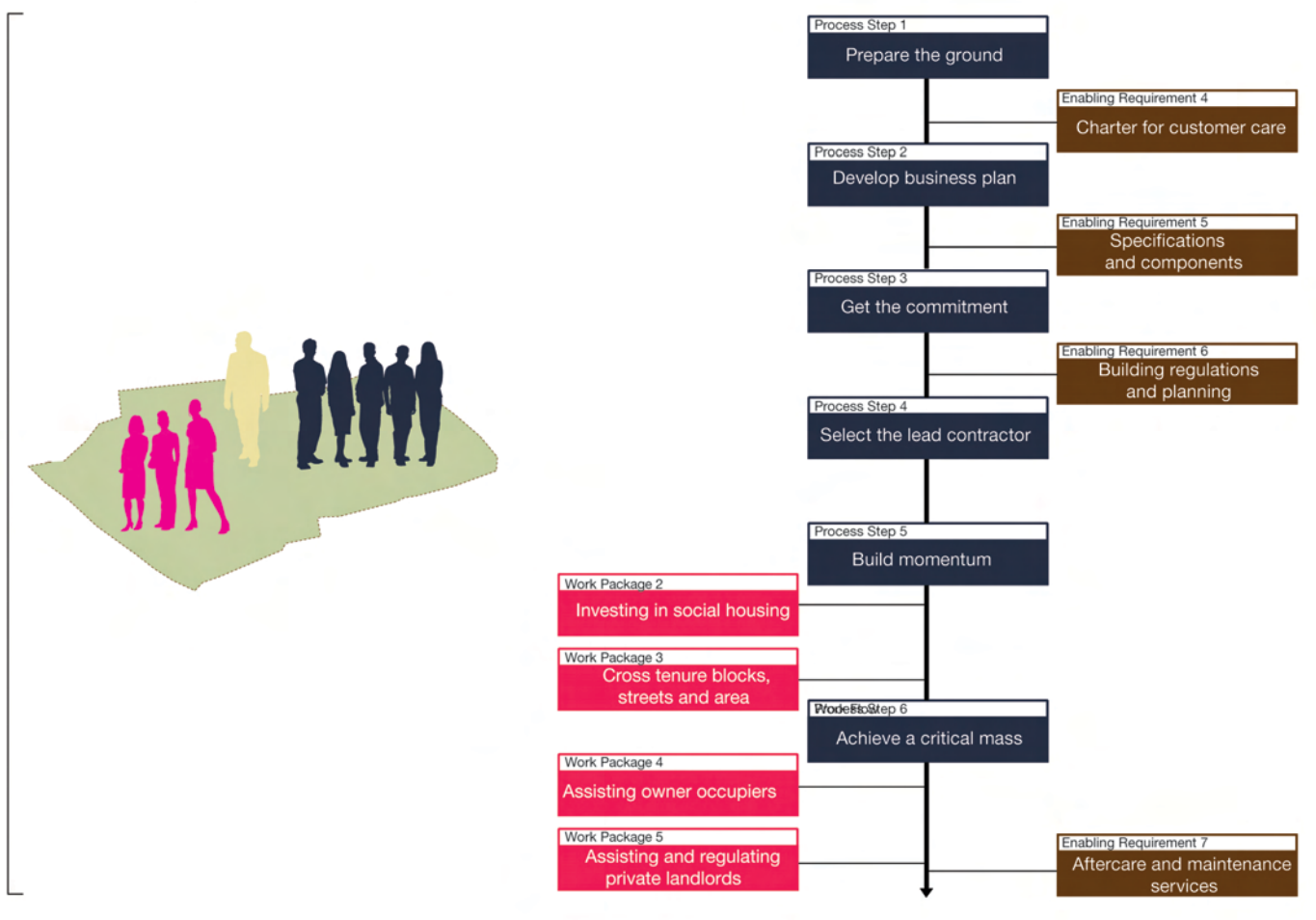
Description

This initial phase would work at the scale of the Delivery Body which would probably be at a sub-region, potentially aligned with several Local Authorities or a Local Enterprise Partnership (LEP). It would be the lead-in period during which the following actions would take place:

Actions

- The Delivery Body would be established,
- An initial batch of communities would be selected through a competition process,
- Small-scale pilot improvements would take place in selected communities to build confidence and expertise with different archetypes (if required),
- Early community engagement to raise awareness and generate interest.
- Procurement of contractors and utility partners based on experience with the pilots,
- Establishment of local employment and supply chain development frameworks

Delivery Phase:
Getting started, building momentum



Description

This next phase would see the initiation of a community-wide programme. It would see the roll-out of whole home improvements to all tenures and parts of the community, with the following actions taking place:

Action

- *Survey work to understand the archetypes,*
- *The development of a business plan for the programme,*
- *The establishment of a Green Community Association to lead on community engagement,*
- *Commitments made by the Local Authority, social landlords, community representatives and commercial partners to work together,*
- *Selection of a lead contractor and a utility partner through the mutual delivery bodies framework agreement,*
- *Honing of early expertise developed in the Startup phase in order to refine the business plan and scale up programmes.*
- *Early promotion and installation of revenue generating technology,*
- *Rounds of subsidised pilots to elicit a response from private tenures.*

2.2 Additional requirements to enable delivery

In order for the delivery process to work there will be a number of key enabling requirements. We have been able to identify seven key areas in which enabling will be required in order to streamline the delivery of programmes:

1. Legals and financial products: Common legal agreements, contracts and procurement protocols would be developed from the outset. Whilst the overall model for financing the Community Green Deal would lie with the Delivery Body, whose geographical coverage would be likely to be much wider, at a community level a series of financial products will be required in the form of bonds, loans and mortgages available to households and landlords.
2. Project management: The delivery of whole house improvements requires multiple disciplines and multiple contractors, all of whom require managing and scheduling in order to ensure continuity of programme and to keep costs under control. The standard of project management put in place will therefore need to be a central consideration.
3. Procurement protocols: It is envisaged that the Delivery Body for the area would procure utility partners and lead contractors. There could be an overall framework agreement from which each Green Community Association would select their preferred partners. A generic protocol could be developed for selection from the panel.
4. Customer Care Charter: Some form of charter will be required to govern the quality and service to be provided to the partner community. The charter would be agreed between the Community Green Deal Association and the Delivery Body before selecting the contractor.
5. Specifications and components: In order to initiate early development of the supply chain common specifications - the 'the kit of parts' - would be identified for the social housing stock and as the programme progresses archetypes across the private housing stock.
6. Simplifying regulation: The process of permitting improvement works through Development Control and Building Control will require simplifying. Agreements will be required with Local Authorities that once an archetype has been approved then the permitting process for further works would be simplified, for example by agreeing a pattern book of archetypes.
7. Ongoing maintenance: In order to fulfil the commitments made in the Customer Charter and to maintain the range of new technologies and fabric improvements a skilled maintenance team will be required. This will require an accessible and accountable maintenance team, which could include social landlords and subcontractors.

2.3 Developing the financial model

A detailed financial model has been developed for a Community Green Deal programme using one of the four example areas as a template.

The model suggests that a programme of approximately 3,000 properties with a value of £50m could be financed over a 25 year term with an interest rate of 5.25%. This is based on programme delivery by a Delivery Body working across several communities.

The model is intended to reflect the potential benefits of a community-scale programme. It takes the activities set out by the local delivery process and creates a 25 year cash-flow for the programme. The model is based on the following basic assumptions:

- Investment in technologies that are eligible for Feed-in-Tariff (FIT) and Renewable Heat Incentive (RHI) revenues is front loaded in

order to create revenue streams and an asset base,

- Household electricity and gas consumption is ‘deemed’ for a mix of archetypes, with the figures weighted to reflect the average household consumption for selected Mid Layer Super Output Areas.
- Households repay the cost of whole home improvements over a 25 year term with the payments calculated to be at least 80% of the average ‘deemed’ energy savings, with the remaining 20% being kept by the household,
- A reduction in on-costs and capital costs is achieved over time through economies of scale, learning by contractors and supply chain development. Costs start at an average of £31,301 and decline to £13,273 per home.

Figure 2.2
Indicative cumulative programme take-up by tenure

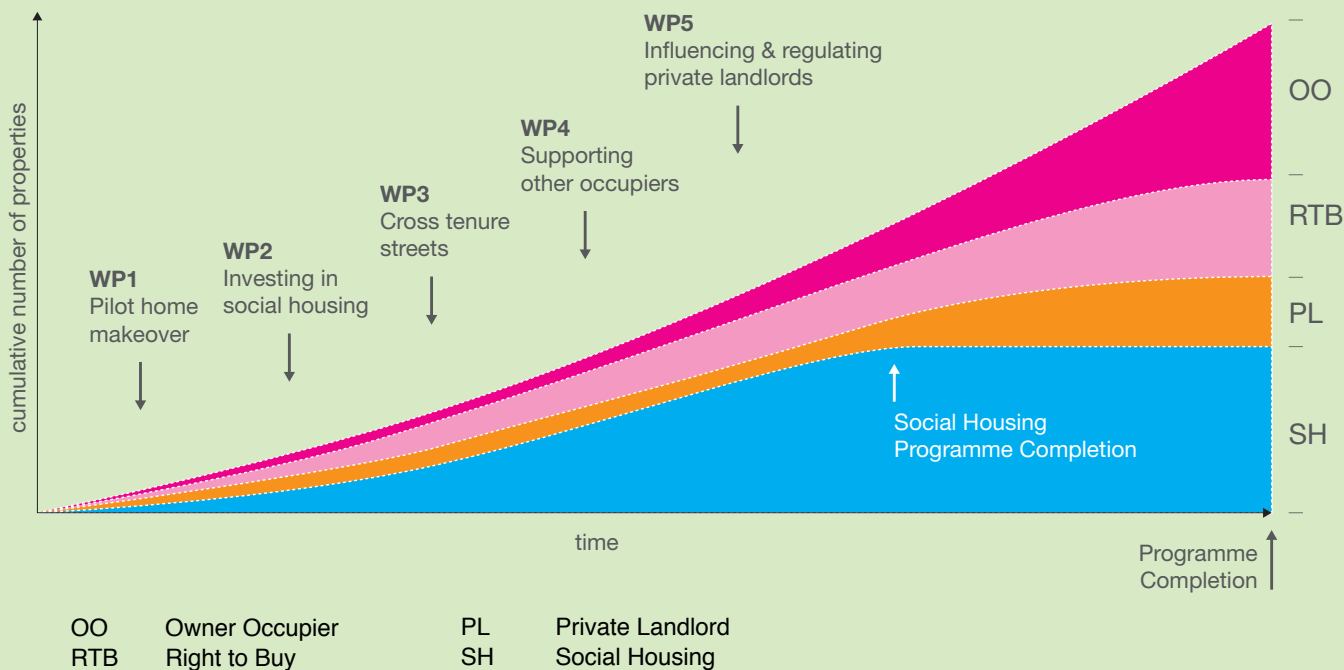
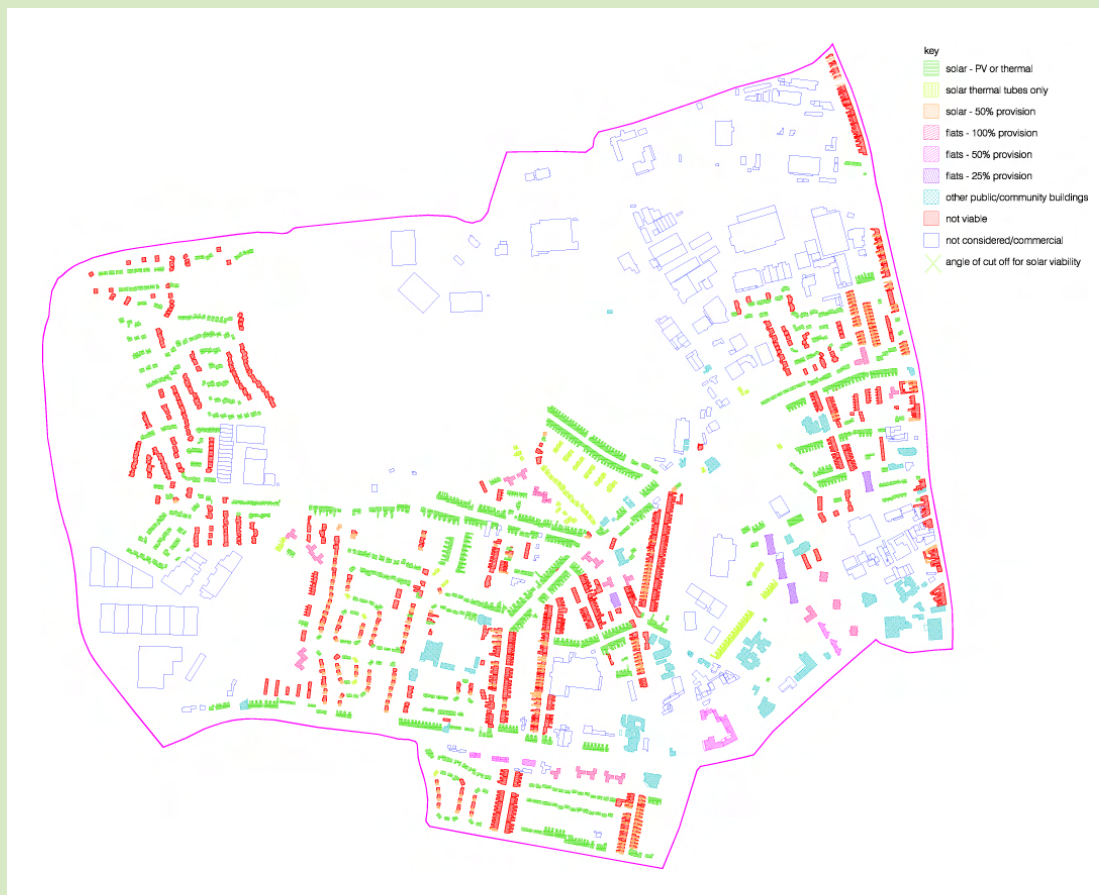


Figure 2.3

Indicative assessment of solar generation opportunities



- Expenditure is required on co-ordination, marketing and subsidised whole home improvements in order to elicit take-up from private tenures,
- Community Energy Saving Programme (CESP) and Energy Company Obligation (ECO) subsidy is used as gap funding and/or security in order raise private finance with utility partners therefore able to claim CO₂ reductions equal to the overall capital levered into the programme by their contribution,
- Based on an indicative assessment of solar generation opportunities for the example area solar photovoltaic and thermal technologies have been deployed on 40% of residential roofs and on selected community buildings (see Figure 2.3).

Table 2.1 and Figure 2.4 present an indicative 25 year cash-flow and more detailed assumptions for the model.

The interest rate required to make the programme viable and the Net Present Value of the revenue streams for the programme have been modelled. This will enable potential sources of investment to be selected – as described in Part 1 of this report – and target performance KPI's for a viable programme to be established.

The model was reviewed by Grant Thornton. This highlighted the need for further evidence to refine and test the sensitivities of key assumptions, such as the approach to forecast inflation, in the model. A statement regarding their review of the model can be found in the Executive Summary of this report

Figure 2.1
Indicative 25 year cashflow for a Community Green Deal programme

Programme year	1	2	3	4	5	6	7	8	9	10	11	12
Retrofit investments												
Expenditure/property												
works cost net of VAT	£25,448	£21,667	£19,391	£17,617	£16,345	£15,574	£14,953	£14,233	£13,613	£12,993	£12,473	£12,222
VAT on works	£1,272	£1,083	£970	£881	£817	£779	£743	£712	£681	£650	£624	£611
on costs + VAT	£4,581	£2,600	£698	£634	£588	£561	£535	£512	£490	£468	£449	£440
Retrofit rate and cost												
total number of retrofits that year	2	10	41	61	81	96	107	119	131	137	142	145
total average retrofit cost / property	£31,301.03	£25,350.43	£21,058.85	£19,132.17	£17,750.34	£16,913.37	£16,130.89	£15,457.38	£14,783.88	£14,110.37	£13,545.83	£13,273.40
cumulative total	2	12	53	114	195	291	398	517	648	785	927	1,072
total cost that year	£62,602	£253,504	£856,502	£1,167,210	£1,443,877	£1,621,473	£1,733,907	£1,841,134	£1,932,709	£1,926,645	£1,928,268	£1,928,048
Income stream												
CESP/CERT grant received	£9,390	£38,026	£128,475	£175,082	£216,582	£243,221	£260,086	£276,170	£289,906			
income from householders	£1,326	£8,087	£36,135	£79,049	£137,412	£207,573	£287,812	£378,503	£480,033	£588,196	£703,217	£822,933
total RHI income for the year	£223	£1,259	£5,180	£10,649	£17,431	£24,864	£32,615	£40,602	£48,755	£56,674	£64,353	£71,640
existing RSL maintenance budget contribution	£97	£393	£1,328	£1,809	£2,238	£2,513	£2,688	£2,854	£2,996	£2,986	£2,989	£2,988
income less costs on retrofits installed	-£51,566	-£205,740	-£685,384	-£900,621	-£1,070,215	-£1,143,302	-£1,150,707	-£1,143,005	-£1,111,019	-£1,278,788	-£1,157,709	-£1,030,486
Solar PV investments												
Expenditure												
Cost of installation/property	£8,250	£7,425	£6,757	£6,216	£5,781	£5,434	£5,163	£4,956	£4,807	£4,759	£4,712	£4,665
FT annual contract value that year	£774	£709	£649	£593	£540	£491	£446	£407	£369	£338	£0	£0
Installation rate and cost												
Total number of PV installations/year	12	50	163	226	244	240	226	208	174	137	0	0
Total cost of PV installations/year	£99,000	£371,250	£1,099,237	£1,403,176	£1,410,761	£1,302,435	£1,165,324	£1,033,044	£835,859	£649,833	£0	£0
Income stream												
FT income for the year	£9,293	£44,730	£150,273	£284,018	£415,794	£533,534	£634,265	£719,075	£783,299	£829,382	£829,382	£829,382
utility bill savings from retrofit roofs	£223	£1,359	£6,072	£13,283	£23,091	£34,881	£48,364	£63,604	£80,665	£98,841	£98,841	£98,841
income less costs for year on PVs installed	-£89,485	-£325,161	-£942,892	-£1,105,875	-£971,876	-£734,020	-£482,695	-£250,365	£28,106	£278,390	£928,223	£928,223
Expenses and overheads												
Administration	£231	£1,232	£5,159.60	£9,074.26	£13,771.85	£18,581.30	£23,614.43	£29,094.96	£35,022.88	£40,727.10	£46,655.02	£52,471.09
Arrangement fees	£2,885.62	£11,011.73	£33,888.91	£43,482.57	£46,648.01	£45,955.18	£43,626.89	£41,239.17	£37,291.94	£37,714.36	£24,445.31	£23,330.60
Marketing	£2,000	£6,507.49	£9,029.14	£9,761.24	£9,596.93	£9,029.14	£8,337.72	£6,954.88	£5,461.64	£5,694.05	£5,810.26	£5,810.26
Insurance	£99	£470	£1,569	£2,973	£4,383	£5,686	£6,851	£7,884	£8,720	£9,370	£9,370	£9,370
Maintenance	£900	£3,750	£12,201.55	£16,929.65	£18,302.32	£17,975.49	£16,929.65	£15,633.23	£13,040.40	£10,240.58	£10,676.35	£10,894.24
total expenses	£3,230	£11,960	£27,960	£38,738	£46,045	£51,272	£55,733	£59,567	£62,245	£66,032	£72,512	£78,546
Finance costs, borrowing and balance												
Borrowing requirement												
annual balance/borrowing required for the year	-£1,47,166	-£561,598	-£1,727,314	-£2,216,591	-£2,379,048	-£2,343,714	-£2,224,972	-£2,103,198	-£1,901,889	-£1,923,433	-£1,246,711	-£1,189,860
loan interest payable		£7,726	£37,210	£127,894	£244,265	£369,165	£492,210	£609,021	£719,439	£819,288	£920,268	£985,721
loans total	£147,166	£708,765	£2,436,079	£4,652,670	£7,031,719	£9,375,433	£11,600,404	£13,703,602	£15,605,491	£17,528,923	£18,775,634	£19,965,495
Net Present Value and asset cover												
PV-retrofit cumulative NPV	£163,854	£814,202	£2,903,843	£5,590,421	£8,438,199	£11,186,768	£13,763,968	£16,208,644	£18,489,498	£20,555,307	£21,753,150	£22,952,788
cover over loans issued and outstanding loans	£16,687	£105,437	£467,764	£937,751	£1,406,480	£1,811,335	£2,163,563	£2,505,042	£2,884,008	£3,026,384	£2,977,516	£2,987,293
difference between NPV & loans issued	11.34%	14.88%	19.20%	20.16%	20.00%	19.32%	18.65%	18.28%	18.48%	17.27%	15.86%	14.96%

Programme year	13	14	15	16	17	18	19	20	21	22	23	24	25
Retrofit investments													
Expenditure/property													
works cost net of VAT	£12,222	£12,222	£12,222	£12,222	£12,222	£12,222	£12,222	£12,222	£12,222	£12,222	£12,222	£12,222	£12,222
VAT on works	£611	£611	£611	£611	£611	£611	£611	£611	£611	£611	£611	£611	£611
on costs + VAT	£440	£440	£440	£440	£440	£440	£440	£440	£440	£440	£440	£440	£440
Retrofit rate and cost													
total number of retrofits that year	145	145	145	145	145	145	145	145	142	139	137	134	131
total average retrofit cost / property	£13,273.40	£13,273.40	£13,273.40	£13,273.40	£13,273.40	£13,273.40	£13,273.40	£13,273.40	£13,273.40	£13,273.40	£13,273.40	£13,273.40	£13,273.40
<i>cumulative total</i>	1,218	1,363	1,508	1,653	1,799	1,944	2,089	2,233	2,375	2,515	2,651	2,785	2,916
<i>total that year</i>	£1,928,048	£1,928,048	£1,928,048	£1,928,048	£1,928,048	£1,928,048	£1,928,048	£1,908,767	£1,889,487	£1,850,926	£1,812,365	£1,773,804	£1,735,243
Income stream													
CESP/CERT grant received													
income from householders	£945,044	£1,069,596	£1,196,640	£1,326,224	£1,458,400	£1,593,220	£1,730,736	£1,869,599	£2,009,809	£2,149,905	£2,289,826	£2,429,508	£2,568,887
total RHI income for the year	£78,416	£84,718	£90,579	£95,987	£100,857	£104,817	£108,149	£110,880	£112,986	£114,043	£112,422	£109,243	£104,795
existing RSL maintenance budget contribution	£2,988	£2,988	£2,988	£2,988	£2,988	£2,988	£2,988	£2,959	£2,929	£2,869	£2,809	£2,749	£2,690
<i>income less costs on retrofits installed</i>	-£901,600	-£770,745	-£637,840	-£502,848	-£365,802	-£227,023	-£86,175	£74,671	£236,237	£415,891	£592,692	£767,697	£941,129
Solar PV investments													
Expenditure													
Cost of installation/property	£4,618	£4,572	£4,526	£4,481	£4,436	£4,392	£4,348	£4,304	£4,261	£4,219	£4,176	£4,135	£4,093
FIT annual contract value that year	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Installation rate and cost													
Total number of PV installations/year	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>Total cost of PV installations/year</i>	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Income stream													
FIT income for the year	£829,382	£829,382	£829,382	£829,382	£829,382	£829,382	£829,382	£829,382	£829,382	£829,382	£829,382	£829,382	£829,382
utility bill savings from retrofit roofs	£98,841	£98,841	£98,841	£98,841	£98,841	£98,841	£98,841	£98,841	£98,841	£98,841	£98,841	£98,841	£98,841
<i>income less costs for year on PVs installed</i>	£928,223	£928,223	£928,223	£928,223	£928,223	£928,223	£928,223	£928,223	£928,223	£928,223	£928,223	£928,223	£928,223
Expenses and overheads													
Administration	£58,063.47	£63,655.84	£69,248.22	£74,840.59	£80,432.97	£86,025.34	£91,617.72	£97,042.32	£102,411.00	£107,555.99	£112,589.12	£117,510.41	£122,319.86
Arrangement fees	£22,114.06	£20,793.02	£19,360.25	£17,808.99	£16,133.59	£14,333.80	£12,395.11	£9,947.10	£7,351.31	£4,248.12	£1,033.55	£2,319.44	£5,925.04
Marketing	£5,810.26	£5,810.26	£5,810.26	£5,810.26	£5,810.26	£5,810.26	£5,752.16	£5,684.05	£5,577.85	£5,461.64	£5,345.44	£5,229.23	
Insurance	£9,370	£9,370	£9,370	£9,370	£9,370	£9,370	£9,370	£9,370	£9,370	£9,370	£9,370	£9,370	£9,370
Maintenance	£10,894.24	£10,894.24	£10,894.24	£10,894.24	£10,894.24	£10,894.24	£10,894.24	£10,785.30	£10,676.35	£10,458.47	£10,240.58	£10,022.70	£9,804.81
<i>total expenses</i>	£84,138	£89,730	£95,323	£100,915	£106,507	£112,100	£117,634	£122,892	£128,035	£132,846	£137,545	£142,132	£141,495
Finance costs, borrowing and balance													
Borrowing requirement													
annual balance/borrowing required for the year	-£1,127,817	-£1,060,444	-£987,372	-£908,258	-£822,813	-£731,024	-£632,150	-£507,302	-£374,917	-£216,654	-£52,711	£118,291	£302,177
loan interest payable	£1,048,188	£1,107,399	£1,163,072	£1,214,909	£1,262,593	£1,305,791	£1,344,169	£1,377,357	£1,403,991	£1,423,674	£1,435,048	£1,437,815	£1,431,605
<i>loans total</i>	£21,093,312	£22,153,756	£23,141,129	£24,049,387	£24,872,200	£25,603,224	£26,235,374	£26,742,677	£27,117,594	£27,334,248	£27,386,959	£27,268,668	£26,966,490
Net Present Value and asset cover													
PV-retrofit cumulative NPV	£24,103,922	£25,207,277	£26,283,485	£27,273,097	£28,236,586	£29,154,355	£30,026,738	£30,825,561	£31,551,395	£32,175,130	£32,697,453	£33,118,959	£33,440,177
cover over loans issued and outstanding loans	£3,010,610	£3,053,521	£3,122,356	£3,223,710	£3,364,386	£3,551,131	£3,791,363	£4,082,904	£4,433,801	£4,840,883	£5,310,495	£5,850,291	£6,473,687
difference between NPV & loans issued	14.27%	13.78%	13.49%	13.40%	13.53%	13.87%	14.45%	15.27%	16.35%	17.71%	19.39%	21.45%	24.01%

Table 2.1

Key assumptions that underpin the financial model

Parameter	Assumption	Evidence
CO ₂ reductions	80% per pre-2001 property	Costings from SHAP Beyond Decent Homes standard
Take-up rate	Cumulative properties <i>195 by year 5</i> <i>785 by year 10</i> <i>1,508 by year 15</i> <i>2,233 by year 20</i> <i>2,916 by year 25 (completion)</i>	Conservative estimate based on completion rates, rate of take-up and the need for a pilot phase.
Programme costs	Setup and marketing, £110/ <i>property</i> Finance <i>2% arrangement fee</i> Payment collection <i>£35/property/yr</i> Maintenance and inspections <i>£75/property/yr</i>	Best estimates based on example programmes and retrofit pilots.
Gas and electricity prices	Rising 2% ahead of inflation for the next 25 years	2009/10 DECC projections
FIT degression rate	7% decline in FIT rate year on year	2009 DECC regulatory impact assessment
RHI degression rate	7% decline in FIT rate year on year	2010 DECC consultation
Reduction in retrofit costs	Reduction to 58% of 2010 prices by 2022	Dialogue with selected lead contractors and suppliers
Reduction in solar PV costs	Reduction of 52% on 2010 prices by 2020	Year on year reductions in the UK and German market
Solar PV deployment	40% of residential roofs across example community	Analysis of example community considering orientation and roof type
VAT rate	All works assumed to qualify for 5% VAT rate	Current reduced rate as introduced by the Government
CESP/ECO contribution	Community-wide contribution of £2,600/property	Dialogue with selected SHAP partners and example projects
£/tonne CO ₂ emissions	Ranging from £19/tonne to £14/tonne as costs decline	Projected costs and modelled CO ₂ emissions over 25 years.
Cost of capital	5.25% over a 25 year term with an option for re-financing	This is the rate of return that the model can provide.

Section 3

The wider context for delivery

Here we describe the wider policy and strategic context which the Community Green Deal should support and re-enforce. This includes roll-out of the national Green Deal and the role of Local Authorities in stimulating the market.

3.1 The Government's Green Deal

The Government is committed to the introduction of a self-financing mechanism that will enable households to make substantial improvements to their homes at no upfront capital cost. Starting in 2012 the 'Green Deal' is envisaged as a framework through which a range of different providers, potentially supported by the proposed Green Investment Bank, would provide independent assessments, carry out improvement works and make loans available to households.

Green Deal loans would be repaid from savings made on energy bills, with the Government working to a 'golden rule' that the value of loan repayments must never exceed the savings delivered to the household by the measures. This form of loan is currently being piloted the Energy Saving Trust in conjunction with four partners – British Gas, B&Q, Birmingham City Council, Stroud District Council and Gentoo Homes.

The current assumption is that finance for improvement works up to a value of £6,500 will be made available, but the level of CO₂ reductions this will achieve remains unspecified.

The evidence base for the SHAP Beyond Decent Homes standard, as well as similar studies by Gentoo Homes and CamCo,

suggest that a higher level of investment will be required in order to reduce CO₂ emissions from the average home by 80%.

3.2 Local Authority climate change action plans

Local Authorities have a leading role to play by demonstrating leadership in tackling climate change – a role that has been strengthened by the Government's focus on local policy making and publication of the Local Growth White Paper, in which a low carbon economy is a central objective.

With statutory national targets for CO₂ reduction by 2020 and 2050 already in place it is now the role of Local Authorities to translate these into action at a local level. Domestic carbon reductions should form a central component of climate change action plans, as highlighted by the National Low Carbon Transition Plan and by the Committee for Climate Change in their scenarios to meet the 2020 and 2050 targets.

Birmingham City Council is a good example, with a Climate Change Action Plan having been adopted that has a priority area focussing on 'homes and buildings'. This priority area has in turn led to initiatives such as the Birmingham Energy Savers programme – a multi-million pound investment programme to carry out whole home improvements.

3.3 The potential for Community Green Deal delivery bodies

Whole house improvement programmes will not become affordable or bankable until sufficient economies of scale can be achieved. In order to achieve economies of scale the Community Green Deal proposes that Local Authorities and social landlords come together to form joint ventures or mutual bodies which will deliver community-scale programmes.

The aim of these Community Green Deal 'delivery bodies' would be to deliver whole house improvement works across tenures. Programmes and business plans would be developed for communities where the partner social landlords have concentrations of stock. An example of a Delivery Body could be formed is the M6 Group of social landlords (see case study below)

Policy context for delivery

Low carbon housing market frameworks



The 2008 SHAP programme proposed a local framework for domestic carbon reductions which can be adopted by Local Authorities. Driven by overarching CO₂ reduction targets, the framework has the potential to create the policy context for Community Green Deal programmes. The framework has five key elements:

1. Leadership and co-ordination: Local Authorities, working with local delivery partners, to develop district-wide plans for carbon reduction from the existing housing stock.
2. Establishment of a strong evidence base: Local Authorities, working with local delivery partners, to make use of surveys, GIS and thermal imaging to buildup a picture of housing stock condition.
3. Pilot house-type demonstrators: Working with local delivery partners and national networks and support bodies to bring forward pilot projects to build confidence, experience and act as show homes
4. Community engagement and outreach: Developing novel approaches to community engagement and new ways of working in order to increase take-up and unlock latent potential for action by households.
5. Financial mechanisms: The development of low cost sources of finance to enable local delivery partners and households to carry out whole home improvements.

At an operational level Community Green Deal delivery bodies, potentially supported by Local Authorities and Local Enterprise Partnerships (LEPs), would be able to deliver mutual benefits in three key areas:

- Making better use of scarce resources: By working together Local Authorities and social landlords can pool resources to fund setup costs, marketing and project management and procurement.
- Co-ordinating access to finance: Private finance will be required to fully fund community-scale programmes. Given the perceived risks it is unlikely that finance will be forthcoming on favourable enough terms without a co-ordinated approach. *Potential sources of finance are described under Building Block 4 of the Community Green Deal model.*
- Creating enough certainty to build the supply chain: The retrofit market is not currently mature enough to support large programmes. In order to establish the supply chain, and realise the local economic development potential, sufficient certainty of demand will be needed for suppliers and installers to invest in their capacity. *The potential to build the supply chain is described under Building Block 5 of the Community Green Deal model and in Part 3 of this report.*

Current or former Council housing stock owners and managers are particularly well placed to deliver these benefits because of their experience with Decent Homes programmes. This experience includes the use of procurement consortia, local labour agreements and partnering arrangements.

The Community Green Deal would be more technically challenging. It would require joint working with, amongst others, higher education institutions and business support agencies to build capacity along the supply chain.

Case study

A potential ‘delivery body’ – the M6 Group

The M6 group consists of six social landlords that between them manage 135,000 units across Birmingham, the Black Country, Coventry, Staffordshire and Worcestershire – Accord Housing Group, Bromford Housing Group, Midland Heart, Orbit Heart of England, Walsall Housing Group and WM Housing Group.

The group is working together to explore how joint economies of scale could be used to retrofit their property, bringing benefits to their tenants and investment in the low carbon economy.

Startup phase **Working together to build confidence**

Here we describe the startup phase for the Community Green Deal, in which the Delivery Body is established and communities bid to become pilots which will build technical knowledge, initiate procurement protocols and form the starting point for community-wide programmes.

Step 1

Establishing a Delivery Body

Aim:

To establish the Delivery Body that will manage programmes and carry out whole home improvement works across a defined trading area.

Description:

A Delivery Body would be formed by partners who wish to work together to deliver the Community Green Deal.

A mutual structure could be used to ensure that it was accountable to its partners. The Delivery Body would be an accountable body for programme funding released by investment funds.

Key tasks:

- Early marketing of the Delivery Body and the services it will offer to communities
- Draw up an initial business plan to deliver Phase 1 and projections for an initial number of community-scale programmes.
- Development of common legal agreements, contracts and procurement protocols - see *Enabling Requirement 1*.
- Establishment or identification of a Financial Services Authority (FSA) accredited investment fund in conjunction with selected partners which, initially, could include banks, local building societies and community investment specialists.
- Development of the initial suite of financial products offered by the Delivery Body or investment fund depending on the situation – see *Enabling Requirement 1*
- Drafting of the ‘charter for customer care’ provided to partner communities – see *Enabling Requirement 4*

What is a Community Green Deal ‘Delivery Body’?

Community Green Deal Delivery Bodies would be consortia of social landlords that come together to delivery Community Green Deal programmes.

Each Delivery Body would be responsible for the delivery of Community Green Deal programmes across a geographical area – which could be aligned with several Local Authorities or an LEP area.



Delivery Bodies would procure and co-ordinate programmes of whole home improvements and work with other partners to develop the supply chain.

Enabling Requirement 1 Legals and financial products

Aim:

To develop a suite of legal documentation to support programme delivery and financial products that reflect the circumstances and needs of different households.

Description:

In order to streamline programme delivery and avoid duplication it will be important to develop a set of common legal agreements, contract documentation and procurement protocols. These would govern relationships between the Delivery Body and local partners, contractors and households

A suite of financial products will need to be developed so that owner occupier households can pay back the cost of whole home improvements.

Products will be required that reflect a households ability to pay – so, for example, equity release loans without initial repayments could be based on a Home Appreciation product (see case study below) – and opportunities to make improvements when that will minimise disruption – such as when people buy a house.

People may also be interested in putting some savings into Community Green Deal investment bond. This could be used to secure future improvements on their home. In the long run this could create the potential for a carbon reduction Building Society.

Key tasks:

- Legal advice is sought to develop common contracts, agreements and documentation.
- Selection of partners to develop and deliver Community Green Deal loan and investment products.

- Work with selected partners to develop the two main Community Green Deal loan products – equity release loans and whole home improvement mortgages.
- Work with selected partners to develop the main Community Green Deal investment product – an investment bond with a minimum withdrawal period.
- The Delivery Body initiates community bond issues to finance the wider programme, to include the early deployment of FIT and RHI technologies.

Tried and tested financial products **Equity release loans**

There are a number of trusted equity release loan products that have been developed and piloted in the West Midlands. Using these products could save time and setup costs for the Community Green Deal.

The Kickstart Partnership of Local Authorities provides low cost loans to low income households for repairs and improvements. The loans are up to a value of 30% of the free equity in a property.

Mercian Housing Association working with Birmingham City Council has developed a 'Property Appreciation' loan product. The loan is still secured against the property, but is only repaid upon sale of the property.

Step 2

Communities competition

Aim:

To run a competitive process for landlords and communities to bring forward pilot whole home improvement projects across the Delivery Body's trading area.

Description:

A brief and selection criteria would be drawn up to invite landlords and communities to take part in the pilot stage. Social landlords, private landlords and owner occupiers would be invited to bid.

The criteria would favour bids that are replicable, bring together different tenures within a defined community and have the potential for positive and lasting benefits the local housing market.

Bids should also demonstrate wider commitment from potential partner communities as the starting point for a Community Green Deal programme. This could include community groups and Tenant Management Organisations. Pilots would be subsidised on the condition that they are monitored and that tenants/residents co-operative so that they can be used on an ongoing basis as show homes.

Pilots would be accompanied by the marketing of solar photovoltaic installations to partner communities, forming a key part of the overall business plan for the Delivery Body.

This Step may not be necessary if a community has already been through a pilot stage and lessons have been captured for key archetypes that can inform a larger programme.

Key tasks:

- Creation of brief and selection criteria which would then be disseminated widely across the Delivery Bodies trading area.
- Marketing of the competition via various media channels including TV, local radio and the local press.
- Visits to shortlisted entries to assess their potential as pilots and for the roll-out of a community-scale programme.

The role of early adopters**Attwood Green, Optima Community Association**

Optima Community Association is leading on a project to create a 'green community' at Attwood Green in Birmingham.

Drawing upon the lessons from the Summerfield eco-neighbourhood project the Association is working with five different residents groups and other community groups to identify thirty 'early adopter' households.



At a basic level each household will receive advice and an energy monitor. Properties will be assessed for suitability to install solar photovoltaics and carry out building fabric improvements.

Enabling Requirement 2**Assembling startup project teams****Aim:**

To put in place the project management skills and technical capabilities required to deliver startup phase whole home improvements.

Description:

At this initial stage project managers and architects would be procured. They would be supported by a technical team with the capabilities to bring innovative thinking to the programme. A number of teams may be assembled in order to spread the risk and stimulate new ideas.

The delivery of whole house improvements requires multiple disciplines and multiple contractors, all of whom require managing and scheduling in order keep costs under control, ensure the continuity of programmes and avoid any additional disruption to households.

The quality of the team put in place will therefore need to be a central consideration. The team could be carried forward by lead contractors in Phase 2.

Key tasks:

- Procurement of project managers and architects for pilots brought forward during Step 2.
- Procurement of a technical team to support overall performance modelling, technical specifications and system design for the pilots.
- Establishment of the means for learning to be shared between pilots taken forward by the Delivery Body.

Work Package 1

Small scale home ‘makeovers’

Aim:

To carry out whole house improvements on an initial batch of pilot properties which will act as test beds and show homes for the wider programme.

Description:

Once these have been selected by the bid process the works would be carried out by the Delivery Body. A traditional contracting arrangement would be used at this stage, with architects appointed to instruct project teams and the contractors.

Contractors to deliver the initial batch of pilots would be procured by the Delivery Body. Their performance would be evaluated with a view to selecting a number of lead contractors to carry forward into Phase 2.

A manual would be developed for each archetype by each team, or an existing manual updated, which would capture the knowledge and set of details about how property types are treated. Knowledge and expertise could also be shared across the Delivery Body through a knowledge ‘hub’.

The process of engagement with tenants and owner occupiers would form a lead-in to the development of a Customer Charter – see *Enabling Requirement 4*. Delivery of the pilots would be accompanied by a wider offer to households of solar photovoltaic installations at no upfront capital cost.

Key tasks:

- Process of engagement with tenants and owner occupiers to tailor packages of measures for each pilot.
- Detailed SAP modelling to be carried out for each pilot archetype to identify and cost packages of measures and to inform the Phase 2 business plan.
- Independent monitoring of all pilots following an agreed protocol and involving an independent third party to validate the findings.
- Evaluation of how the process and details worked in practice in order to accelerate learning.
- Assessment of the performance of professional teams and contractors involved in the process.
- Wider marketing offer of solar photovoltaic installations to households across partner communities.
- Early investment by the Delivery Body in FIT’s and RHI energy generation assets on social housing stock and community buildings

Competitions to stimulate interest
**Great British Refurb Campaign
'eco-makeover' competition**

In early 2010 the Grand Designs 'Green British Refurb' held a competition for a household to receive a full eco-makeover.



The winning couple were chosen from 8,000 entrants. The makeover combined building fabric improvements and the installation of a solar photovoltaic array on the roof.

The eco-makeover had a value of £23,000 but it has been estimated that it will generate £28,000 of savings and energy over the next 25 years.

The competition was intended to demonstrate what can be done to existing properties to achieve Government's CO₂ reduction targets.

Enabling Requirement 3
Procurement framework

Aim:

To procure utility partners and lead contractors for appointment to a framework panel which will be used to deliver community-scale programmes.

Description:

As the Delivery Body gears itself up to deliver community-scale programmes in Phase 2 it will need to procure key a number of key partners.

Electricity generator and supplier partners will be required in order to access, in the short term, CERT and CESP subsidy and post 2012 the new ECO subsidy. A number of partners would be procured based on a specification setting out how they would support community-scale programmes and how the subsidy would be used as part of the financial model (as described in Section 2.3). The outputs from the programme would need to be reported and calculated in order to meet partner requirements.

A number of lead contractors could be procured in order to spread the risk. They would be selected based on their track record of project management and customer focus. Where appropriate partners existing frameworks of contractors could be used to initiate programmes.

At this stage there will also be the opportunity to shape the approach to local employment and supply chain development – drawing upon the Community Green Deal supply chain development framework (see Part 3 of this report).

Where a Delivery Body is working in an area with a very wide diversity of archetypes and scattered properties – for example in rural

areas – then it could work with Local Authorities to establish a framework from which households and communities can draw down trusted expertise.

A wider panel of professional support, including architects, services engineer, building physicists could also be setup with panel members require to shared knowledge and expertise in an open source way.

Key tasks:

- Development of a utility partner specification setting out how they would be expected to provide investment based on the Community Green Deal process and generic financial model.
- Development of tender specifications for lead contractors setting out the Community Green Deal process and associated performance requirements – include the ‘Charter for customer care’ (see Enabling Requirement 4).
- Establishment of the employment and supply chain development framework, tailored to reflect the priorities of partners and the risk each will take - as set out in Part 3 of this report
- In pilot areas with a wide variety of archetypes – such as rural villages – the Delivery Body should work with the Local Authority to establish a framework for ‘competent’ architects, project managers and contractors.

Supporting the local economy **J21 employment and supply chain initiative, Oldham and Rochdale**

J21 was established by the Oldham and Rochdale HMR Pathfinder, Oldham and Rochdale Councils and two local Colleges.

The aim of the initiative is to help local people and businesses access contracts and employment arising from regeneration in the area.



The initiative recruits potential new entrants into the labour market for construction and arranges training and accreditation tailored to their needs.

Delivery phase

Getting started and building momentum

Here we describe the delivery phase for the Community Green Deal, in which a programme tailored to the needs of the community would be rolled out by the Delivery Body working with partner communities.

Step 1

Preparing the ground

Aim:

To establish a local Community Green Deal Association which will recruit community champions and begin marketing the programme.

Description:

If sufficient momentum is evident among residents a local Community Green Deal Association would be established, using model rules provided by the Delivery Body. The Association would initially be constituted from community representatives involved during the pilot phase – which could include community groups and TMO's. It could also include representation from a range of other community bodies.

With the support of the Local Authority and social landlord partners the Association would present the idea of the Community Green Deal to the wider community and carry out initial marketing. The process would be similar to that used for Community Gateway Associations (see case study below).

Key tasks:

- Establishment of the Community Green Deal Association using a set of model rules for how it should be constituted and how it will support the Delivery Body.
- Initial members of the Association are identified or come forward from different parts of the community who have an interest, can spread the word and can help tailor the programme and messages
- Key institutions and organisations across the community would be recruited to assist, including schools and colleges.
- The opportunity is presented to the community, providing an overview of the process and how it would benefit them.

- Opportunities are identified for synergies with existing local initiatives and investment programmes.
- Information and feedback is gathered from the community and stakeholders involved in the local housing market in order to come to an initial view on how a programme might work.
- Establishment of a website portal and information point in the local community, initially drawing upon stories from the pilots and show home 'makeovers'
- Preparation of initial marketing material to be disseminated by community champions supported by canvassers across the community.

Getting communities involved

The Community Gateway process

Community Gateway is a model developed by the Confederation of Co-operative Housing (CCH) by which large housing organisations and projects encourage and support community activity.

The approach works on two levels. At the first level tenants and residents are encouraged to be members of the Association.



At the second level local communities are offered a role in making decisions about how their neighbourhood is run, allowing the level of engagement to be tailored to the level of local interest.

Enabling Requirement 4

Charter for customer care

Aim:

To agree a charter guaranteeing the quality and service to be provided by the social housing partners and the chosen lead contractor(s).

Description:

Ensuring that there is a high level of trust in the standard of the improvement works and how the process is managed will be vital to achieving a high level of take-up.

In order to govern the quality and service to be provided to the partner community a charter would be agreed between the Community Green Deal Association and the Delivery Body.

A draft charter would be provided by the Delivery Body. It would be tailored to the communities distinct needs and priorities prior to selection of the lead contractor from the contractor framework.

Key tasks:

- Drawing upon feedback from the pilots and with input from the Community Green Deal Association will define the amount of choice households will be given and the process by which they will be able to make their choice.
- Set out the protocol for contractor/partner liaison with households in the run up to and during the process of carrying out works.
- Agree the approach to the provision of site security during the carrying out of works, particularly where scaffolding is to be used.

- Agree the provision to be made for temporary rehousing, which could include the use of show homes and voids.
- Agree how programmes will take into account the winter heating season – particularly for heating upgrades and biomass systems.
- Agree how aftercare will be provided following the completion of works, to include support in the use of new technologies – see also Enabling Requirement 6.

The importance of tenant liaison

‘Retrofit for the Future’ pilots, Rotherham and Wakefield

Whole home improvements to achieve 80% CO₂ reductions were carried out for 12 social homes in Rotherham and Wakefield in Yorkshire.



The tenants have been engaged at all stages of the process – from the initial survey and selection of individual measures that would be carried out, to the arrangement of temporary accommodation during the works and aftercare to assist them with new technologies and features of their improved homes.

Step 2

Developing the business plan

Aim:

To develop a business plan for a Community Green Deal programme tailored to the needs of the partner community.

Description:

Drawing upon the lessons from pilots across the Delivery Body's trading area, together with detailed survey of the housing assets and archetypes of the community, modelling and costing of a series of scenarios for a community-scale programme would be carried out.

The scenarios would be developed in conjunction with the Community Green Deal Association, with the preferred scenario developed into a business plan for submission to the Delivery Body's investment fund for financing.

The business plan will need to include opportunities for early investment in FIT and RHI revenue generating technologies – which could include solar photovoltaic installations on social housing stock and community buildings and biomass district heating networks for higher density housing and community buildings.

Key tasks:

- Carry out a detailed survey of the housing assets and archetypes of the community in order to inform modelling and costing.
- Begin working with distinctive communities with the programme area - which could be defined by distinctive streets, estates, neighbourhoods or even whole rural villages - to develop their own tailored plans and programmes.
- Carry out focus groups with representative selections of residents from different

tenures to inform how the programme can best be promoted and delivered.

- Development of scenarios for programme delivery that can be used to inform and make assumptions in the financial model.
- Selection of the preferred scenario for delivery by the partner community and other key partners.
- Work with local partners involved in the Community Green Deal supply chain framework to identify specific local economic opportunities

Supporting the willing

Developing community plans, Whittington & Fisherwick

The rural parishes of Whittington and Fisherwick in South Staffordshire have formed an Environment Group with the aim of becoming one of the first low carbon communities in the UK.



The Group has been working across the community to reduce energy use and carbon emissions – including working with the church, schools and the community hall.

It has been seeking funding and finance to provide energy audits and develop renewable energy generation opportunities. The Group has also developed a relationship with a manufacturer in order to provide cheaper insulation.

Enabling Requirement 5

Specifications and components

Aim:

To develop a pattern books of common specifications and components – the ‘kit of parts’ - for the programme.

Description:

Specifications and components would be identified based on full SAP modelling and a target improvement to SAP 85 of each archetype’s energy performance. Selection of the ‘kit of parts’ for each archetype would be informed by the Community Green Deal supply chain development framework (see Part 3 of this report)

These would maintained and updated as the programme develops and experience is built-up with different elements of the whole home improvements and the technologies used. A pattern book of details would be maintained which could then form the basis of dialogue with Planning and Building Control.

This exercise would be carried out by the Delivery Body and, once they have been selected, the lead contractor. This will form the basis for supply chain development in order to realise economies of scale and stimulate investment.

Key tasks:

- The Delivery Body working with the community and its lead contractor(s) would survey typical archetypes from across the community.
- Modelling would be undertaken in order to select an initial ‘kit of parts’ for different archetypes which would be developed over time.
- Costs and assumptions relating to the ‘kit of parts’ would be used to inform the business plan and supply chain development.

Step 3

Getting the commitment

Aim:

To obtain the commitment of the partner community, the Local Authority and social landlords to delivery of the programme.

Description:

Once the preferred option for programme and the business plan have been developed this will need to be presented to the partner community and key local delivery partners in order to obtain in principle sign-off. This should include the start of consultation with tenants on the introduction of new charges.

It will also be important to ensure that the programme is supported by and is aligned with the priorities and objectives of local delivery partners, including the Local Authority, social landlords and other public institutions such as the NHS. This will ensure that the widest range of benefits can be obtained from the investment.

Stakeholders involved in the local housing market should also be engaged. This should include, for example, estate agents and surveyors.

Key tasks:

- Obtain final sign-off from the partner community via the Community Green Deal Association for the programme and business plan.
- Submission of the agreed programme and business plan to the investment fund for financing.
- Ensure that the priorities of the participating partners are recognised and aligned with the proposed programme and business plan
- Consult with social housing tenants on the introduction of service charges to pay for improving their homes.

Enabling Requirement 6

Building regulations & planning

Aim:

To develop a common understanding of proposed improvement works and to streamline the permitting process.

Description:

The delivery of a community-scale programme will involve the rolling out of packages of measures for similar house types. Whilst some of the measures are already defined as 'permitted development' there will still be the need for dialogue with Planning and Building Control who may be unfamiliar with the nature of the proposed works.

Rather than having to make separate planning and building control applications for batches of works the process could be streamlined if specific measures and treatments of house types could be pre-approved – a form of 'pattern book' for the programme.

The pilot stages could be used to initiate the dialogue. Any significant variations would need to be brought forward for detailed consideration. There could also be scope for negotiation of charges and inspections. There would be an option to use an independent inspector.

Key tasks:

- The lead contractor working with the Local Authority planning and building control teams agrees common measures and specifications for house types.
- Local Authority planning and building control permit batches of work as they are taken forward, checking that the agreed measures and specifications are being used.

Step 4

Selecting the lead contractors

Aim:

For the community and local delivery partners to select the lead contractors that will deliver the programme.

Description:

The Community Green Deal Association working with the Delivery Body and other local delivery partners will move to select the lead contractor for the programme. The contractor would be selected from the Delivery Body's contractor framework.

The selection criteria would be drawn up based on the best fit of the contractors experience to the needs of the area, including experience with the specific mix of house types. A number of different contractors might be used in order to spread risk.

Performance during the pilot phase would also be taken into account, and the community may wish to retain contractors used during the pilot phase – if they are on the contractor framework.

Key tasks:

- The Community Green Deal Association working with local delivery partners and the Delivery Body select their lead contractor.
- Local selection criteria are drawn up, identifying distinct local needs as well as highlighting where the Customer Charter may have been tailored.

Step 5

Building momentum

Aim:

To initiate a programme of social housing investment which also offers services to owner occupiers and private landlords.

Description:

At this stage the social landlord partners in the local area would begin to invest in order to achieve planned reductions in CO₂ emissions and energy demand from their stock. This would act as a large scale demonstrator for the wider community and allow the lead contractor to quickly achieve economies of scale.

At the same time the same packages of improvement works would be actively promoted to other tenures may adjoin or share the same street or block as the social housing units. In this way further economies could be achieved. A second round of part-subsidised pilot owner occupier 'makeovers' would also be made available through a competition.

Continuing from installations carried out under Work Package 1 during the startup phase, the Delivery Body would continue to installed FIT and RHI revenue generating assets on social housing units, public buildings and, where there is demand, other private homes and buildings.

Key tasks:

- Establishment of a dedicated Community Green Deal Association team based within the community which would be the public face of the community engagement programme

- Early investment in FIT's and RHI revenue generating assets on social housing stock and community buildings
- Social housing providers initiate programmes of investment – either as packages of measures spread over 15 years or as whole house improvements. *See Work Package 2*
- Initiate programmes of works for owner occupier plans and programmes developed during *Step 2*.
- Active promotion of whole house improvements to right to buy residents in streets and areas covered by social housing investment – *see Work Package 3*
- Active promotion of 'small measures' service for private landlords in streets covered by the social housing investment – *see Work Package 3*
- Further round of part subsidised owner occupier pilots, with participants identified through a competition process – *see Work Package 3*

Learning through doing **Low rise programme, Birmingham City Council**

Wates Living Space have acted as lead contractor to deliver whole home fabric improvements for Birmingham City Council's low rise housing programme.

In order to deliver at scale they have had to streamline the process of installing external wall insulation in combination with new windows.

Economies of scale and process improvements on site have been achieved through ongoing dialogue between suppliers, on-site installers and tenant liaison.

Building momentum across tenures
**Changing Streets programme,
East Riding of Yorkshire
Council**

Changing Streets is a programme that has given an energy efficient facelift to over 53 streets of pre-1919 terraces in Goole.

The approach combines overcladding, new windows and doors, fascias and detailing to bring new life to each street.

Because of the mix of tenures on each street wider consultation was needed to agree and get sign-up for the works was required. A choice of different external treatments made available in order to give variety to each streets appearance.



The programme has been very well received with 99% take-up across all tenures, with a gradual build-up of momentum following a number of pilot streets.

Work Package 2
Investing in social housing

Aim:

To initiate a full-scale programme of social housing investment and asset management in order to implement carbon reduction targets.

Description:

Social landlords would take forward their commitment to lead delivery of the Community Green Deal. The selected lead contractor(s) would carry out the works to agreed specifications and following the processes set out in the Customer Charter.

The local social landlords together with the Community Green Deal Association would support the lead contractor in responding to the Charter. For example, by arranging temporary accommodation if it is required. Local partners would also assist with arranging access and running workshops to choose improvement components.

Key tasks:

- Each social landlord active in the community initiates their programme to implement long-term carbon reduction targets.
- Lessons from earlier pilots would be drawn upon in order to fine tune project management and sequencing the supply chain and skilled trades on site
- Identify opportunities for early investment in revenue generating measures such as solar photovoltaics and biomass heating.

Work Package 3
**Cross tenure blocks,
streets and area**

Aim:

To provide whole home improvement works to private owner occupiers and landlords in areas where investment is being made in social housing.

Description:

As social landlords initiate their investment similar works will also be offered to private properties of similar types within the same blocks, streets and areas. This would include a specific focus on right to buy owners.

The selected lead contractor would carry out the works to agreed specifications and following the processes set out in the Customer Charter. If required a further round of pilot 'makeovers' would be offered on a part subsidised basis to act as show homes and build confidence. These would be provided on the condition of co-operation so that they can be used as show homes and that their performance is monitored.

The Community Green Deal Association working with local social landlords would support the lead contractor. For example, by arranging temporary accommodation if it is required. Local partners would also assist with arranging access and running workshops to choose specifications and components.

Key tasks:

- Promotion of whole house improvement works and/or micro-generation installations to private owner occupiers and private landlords.

- Promotion of asset management advice to private landlords through existing accreditation services and the Community Green Deal Association.
- Competition process to select further pilot households and landlords carried out through the local press/Community Green Deal Association

Generating interest across tenures
**Eco-voids project,
Wolverhampton**

The eco-voids project has been carried out by Wolverhampton Homes on selected social rented properties in the All Saints area.

Whole home improvements were carried out, publicised and are being monitored. The result has been significant interest from tenants, owner occupiers and private landlords in the area.



The project has opened up the possibility of Wolverhampton Homes, working with its lead contractors and regeneration partners, to carry out work and provide asset management advice to other tenures in support of the wider regeneration programme.

Step 6

Achieving a critical mass

Aim:

To achieve a critical mass of owner occupier and private landlord improvement works, supported where necessary by the use of regulation.

Description:

The initial offer of improvement services in cross tenure areas would be extended into predominantly owner occupier areas.

This will be the most challenging part of the programme, and should benefit from earlier investment in pilot show homes, which will have been used to build confidence and generate local interest and demand. This is where the role of the Community Green Deal Association as a trusted local body will come into its own.

Batches of works would be carried out once a critical mass of sign-ups had been achieved along streets and in specific areas. This would be achieved through active promotion by the Community Green Deal Association in order to obtain sign-ups, with an emphasis on word of mouth recommendations and by encouraging groups of households to come forward.

The Association would also work with local partners to target specific audiences. This could include estate agents in order to target buyers.

Private landlords would also be further targeted. Through local accreditation schemes but also, where necessary, through the use of regulation to require improvements to be carried out.

Key tasks:

- Use of a range of techniques to incentivise and encourage households to sign-up as batches of improvement works are carried out.
- The Community Green Deal Association works with local partners, including estate agents, to influence the property market.
- Private landlords are further targeted through existing accreditation schemes and, necessary, through regulation.

Work Package 4

Supporting owner occupiers

Aim:

To initiate a programme of support for owner occupiers that will build confidence and increase uptake.

Description:

The lead contractor would work closely with the Community Green Deal Association to take forward improvement works for batches of homes. Local areas which have developed their own plan and programme would be targeted first. The lead contractor would work through the agreed processes set out in the Customer Charter.

Groups of households could be brought together to work through the process and agree specifications for improvement works. This would encourage mutual support during the process and an element of competition.

The selected lead contractor would carry out the works to the specifications agreed with each home owner. Particular attention would be paid to customer feedback during this stage to ensure that there is positive feedback as each of batch of homes is completed.

Key tasks:

- The Community Green Deal Delivery Body's lead contractor provides whole house improvements to owner occupiers.
- Pilot show homes and feedback are used to fine tune how the service is provided and marketed.
- The Community Green Deal Association works with estate agents to promote the service and accompanying financial products to buyers.

Work Package 5
**Influencing and regulating
private landlords**

Aim:

To put in place incentives and, if required, a regulatory framework that encourages private landlords to improve their properties and develop their competence.

Description:

Drawing upon experience from the piloting of a 'small measures' programme as part of Work Package 3 a broader attempt would be made to encourage private landlords in an area to invest in improvement works.

Wherever possible this would be carried out through existing landlord accreditation schemes. However, if necessary to achieve take-up Selective Licensing could, subject to further statutory updates, be used to require investment.

Key tasks:

- Local Authority partners use existing accreditation schemes as a means of promoting Community Green Deal services.
- Local Authority partners use Selective Licensing of landlords in a programme area, requiring them to invest in packages of improvement measures.
- One of the requirements to demonstrate 'competence' is to have attended training in asset management.

Influencing private landlords
**Landlord Accreditation,
North Staffordshire**

The four Local Authorities in the North Staffordshire area, together with the North Staffordshire Landlord Association, have established a private landlord accreditation scheme in order to improve physical and management standards in the sector.



A survey was carried out by Sheffield Hallam University to evaluate the scheme, which has grown rapidly in membership. It has showed that many landlords feel they have benefited, particularly refurbishment grants and advice, as well as general recognition that they are good landlord.

The survey identified the opportunity to increase awareness amongst tenants of the benefits of the scheme, with only 23% being aware of the scheme and only 14% knowing their landlord was a member.

Enabling Requirement 7

Aftercare and maintenance services

Aim:

To provide a comprehensive aftercare and maintenance service to all recipients of whole home improvements in the area.

Description:

In order to fulfil the commitments made in the Customer Charter and to maintain the full range of new technologies and fabric improvements provided a comprehensive aftercare and maintenance service will be required.

The service would provide rapid response to problems to all tenures. It would also collect performance data for the different technologies and fabric improvements in order to monitor their performance. IT systems would be used to remotely monitor and diagnose problems with micro-generation equipment and communal energy systems.

The Community Green Deal Association would provide the customer face for the

aftercare service, to include a website for all its members which could include frequently asked questions, tips/guidance and common problems. A full induction process to be delivered upon completion of works would also be developed in partnership with the lead contractor(s)

Skilled maintenance team will be required in order to provide this service. This will require teams from within partner social landlords to be trained up by the Delivery Body and/or specialist contractors.

Key tasks:

- Training of local social landlord maintenance teams so that they can provide a callout services.
- Development of a website to act as a resource for Community Green Deal Association members
- Installation of remote monitoring systems for technologies so that problems can be quickly diagnosed and performance compared.