



### **Green Deal takes shape**

The Green Deal, the Government's flagship energy efficiency retrofit programme, is taking shape.

The legislation underpinning the scheme has been in place since 1 October 2012. Under the Green Deal, home owners, businesses and landlords have access to up to £10,000 worth of energy efficient improvements at little or no upfront cost. The costs of improvements are added to the householder's energy bill. The householder then pays off this loan (and the compound interest) through savings to that bill. Should the householder decide to move, the green deal loan attaches itself to the house. Crucially the loan repayments must be offset by the energy savings, under the scheme's so-called "golden rule", though there is no government guarantee underpinning this.

The first step in the Green Deal process is that following an assessment of the property by a Green Deal Advisor, a Green Deal Report will be produced. If the property owner then wishes to proceed, a Green Deal provider is appointed. This provider is the counter-signatory to the Green Deal plan and responsible for both the provision of finance and for arranging the energy efficiency works.

The Green Deal Provider is responsible for:

- Offering a Green Deal Plan to customers, based on recommendations from an accredited assessor. The plan sets out the financial terms of the agreement and must also include extra consumer protections, such as warranties to cover the measures and installation.
- Arranging for the installation of energy efficiency works, carried out by an authorised installer.
- Ongoing obligations in relation to the operation of the Green Deal plans, including dealing with customer complaints and providing information when a new bill payer moves in.

In October the Government announced a £125 million cash back scheme to support uptake of the Green Deal. The final element in the staged launch of the scheme will be in January when the Green Deal finance plans are in place.

The All Party Parliamentary Group for the Built Environment is conducting an inquiry into Sustainable Construction and the Green Deal which will commence work in the New Year. The deadline for submissions to this inquiry has been extended to 7 January 2013.

## **First Green Deal delivery partnership**

It is believed that Birmingham is the first local authority in the country to appoint a delivery partner for the Green Deal. The DECC awarded £2.6m to the City Council to help kick-start Green Deal activity across the city. Birmingham City Council aims to lever in an additional £3.2m in matched funding.

In Birmingham, the Government-led Green Deal will be delivered to households through the council's Birmingham Energy Savers (BES) scheme, which has already been helping city residents cut fuel costs for almost two years. A private partner, Carillion Energy Services was selected by the council's cabinet to help deliver the Green Deal scheme. Around 1,200 properties have so far had energy saving measures installed under BES, with some 15,000 homes due to take part in the next phase. Eventually some 200,000 homes in the city will benefit it is hoped.

## **Local Government Finance Bill nears completion**

The Local Government Finance Bill is in the final stages before Royal Assent.

This Bill will enable local authorities to retain a proportion of the business rates in their area. It will also provide a framework for Tax Increment Finance. This will give local authorities the ability to undertake borrowing against future business growth, supported by the forecast tax increment that accrues from additional development.

Other property related measures in this Bill include changes to council tax rules in order to provide further flexibility on the council tax local authorities will be able to charge on empty properties.

## **Tackling the ailing high streets**

The new Distressed Retail Property Taskforce brings together senior representatives from retail, banking, property and local government with the aim of finding ways of rejuvenating towns and cities. Members of the taskforce include representatives from the British Retail Consortium, the British Property Federation, the Local Government Association as well as the banks.

The first meeting of this industry wide group took place in October and it is expected to report in about six months time. Following on from the Portas Review, this group is expected to offer recommendations in relation to a range of problems which include: high rents, dilapidated retail space, declining property values.

The chairman of the new body, Mark Williams is quoted on the BBC as saying "We have too many shops which are the wrong size and under-invested. So the change in town centres that is required is significant and will require public and private

sectors coming together to find ways of financing these changes. What we are talking about, are essentially infrastructure projects that can future-proof our towns for the next 50 or 60 years”.

### **VAT review on Energy may aid Green Deal**

A new European Commission [consultation document](#) entitled “Review of existing legislation on VAT reduced rates” may represent a concession to the UK position which allows reduced VAT rates in relation to energy efficiency products.

Currently in the UK, energy products are taxed at 5% but earlier this year the European Commission was suggesting that the UK should to standardise VAT on energy-saving materials at the normal 20% rate. Many commentators have expressed concern that this move might undermine Government promotion efforts on energy efficiency including the Green Deal.

However the new consultation document released on 8 October 2012 in section 6.2 on Energy recognised that taxation can play a significant role in the development of energy efficiency policies. The consultation will last until April 2013. It remains to be seen whether the UK will be able to retain its reduced rates on some energy efficiency products.

### **The Green Investment Bank**

Plans by the UK Government to set up the Green Investment Bank have been approved by the European Commission. According to Building magazine, the first deals carried out by the GIB were on 28 November.

State aid approval by the European Commission sets out the structure and operating principles of the UK GIB. It can make investments on commercial terms in priority sectors such as: offshore wind, waste (treatment, recycling and energy from waste) and non-domestic energy efficiency. Other sectors: biofuels for transport; biomass power; carbon capture; marine energy and renewable heat are also covered.

In the period before state aid approval, investments have been made on commercial terms by BIS's UK Green Investments team (UKGI). To date UKGI has committed £180 million to specialist fund managers to co-invest equity in smaller waste infrastructure, energy from waste and non-domestic energy efficiency projects. Assets built up by UKGI will transfer to the new Bank.

The DECC is in discussion with the European Commission separately to seek state aid approval for the longer term financing arrangements for the UK's Green Deal initiative.

## **Review of Planning Practice Guidance**

The Government announced last month that Lord Matthew Taylor of Goss Moor would lead and act as chairman for an external group, conducting a review of the existing 6,000 pages of planning guidance which supports the implementation of planning policy. The aim of this group is to dramatically reduce the existing guidance to ensure that new guidance effectively supports planning.

Other members of the group include Simon Marsh, Andrew Whitaker, Trudi Elliott and Councillor Mike Jones. In time for the autumn statement Lord Taylor will make recommendations which will include: which practice guidance should be prepared as a priority, an initial list of guidance which should be cancelled and, a recommendation as to a timetable for completion of the work on remaining guidance.

## **Autumn Statement**

Reports in Building magazine suggest that the long awaited review of PFI will be published along with the “autumn” statement on 5 December 2012. Speculation is that the changes to the remodelled PFI will be relatively minor.

## **Heseltine Review**

The broad ranging policy review by Lord Heseltine calls for a new partnership for growth which would be achieved by a major rebalancing of responsibilities between central and local government.

Central to this vision would be a renewed focus on Local Enterprise Partnerships (LEPs) which develop their own tailored local economic plans. They would also compete for a share of a single national “pot” to support growth over a five year period. Other suggested measures include a restructuring of the regulatory regime and injecting greater urgency into the planning regime.

## **Growth and Infrastructure Bill**

Under the new Growth and Infrastructure Bill launched last month, major planning applications can be made directly to the Planning Inspectorate; economically unrealistic section 106 agreements may be re-negotiated and applications for nationally significant business and commercial projects may be fast-tracked. The Bill sets out provisions to allow planning applications to be made directly to the Secretary of State (SoS) rather than the local authority if the local authority has been “designated” by the SoS. DCLG guidance on the Bill explains that this can occur “where councils have a very poor record in dealing with applications”.