Industry confidence in the Green Deal is melting away with the stark warning that the insulation industry will contract by almost half unless the Government reforms its flagship energy efficiency scheme.
The warning from the £700 million insulation industry was made in an open letter to Energy Secretary Ed Davey. It claimed 16,000 jobs in the industry are under threat in the next year, based on the Government's own figures.

Subsidy hiatus
The IIF is claiming the number of people employed in the insulation sector will fall by 45 per cent from 36,000 to 20,000 in 2013 because of a hiatus between the ending of the Government existing insulation subsidy scheme, the Carbon Emissions Reduction Target (CERT), and the full launch of the Green Deal and Energy Company Obligation (ECO). The latter will see consumer energy companies providing £1.3 billion a year in energy efficiency upgrades for low income and hard to insulate homes under the Green Deal. But the CERT is set to close at the end of 2012, while the Green Deal is not expected to reach full-scale for another 18 months.

The IIF said the Department of Energy and Climate Change's (DECC) own figures predict the loft insulation market will contract by 87.5 per cent, the cavity wall insulation market by 57 per cent and the solid wall insulation market by 16 per cent.

"Severe implications"
The open letter, signed by top executives from seven leading insulation firms including Thomas Heldgaard, managing director Rockwool UK, Richard Pemberton, chief executive Celotex, and Eamon McDonnell, managing director Isover Saint Gobain, says the IIF is supportive of the Green Deal and the ECO, but that urgent action is required to avert job losses.

"The Government's own Impact Assessment shows that the loft and cavity wall insulation installation industry will fall off a cliff in 2013, even while assuming all necessary Green Deal and ECO mechanisms are in place from January 2013," the letter reads.

"This will have severe implications for our industry. With declining demand, loft and cavity wall insulation manufacturing plants will struggle to remain at capacity, and subsequently not be able to continue with their current investment levels. It will also stifle and restrict investment and job creation amongst solid wall insulation companies."

Job losses

The Green Deal officially launched on October 1 and aims to cut energy bills and carbon emissions from buildings by making energy efficiency easy and affordable for householders and businesses. The Government predicts it will deliver energy efficiency and heating measures worth an estimated £1.3 billion. It also said it will double the number of insulation jobs to 60,000 by 2015.

"The policy by the current Government risks destroying businesses, putting 16,000 people out of work and undermining the Coalition's green ambitions for the country," John Sinfield of Knauf Insulation and spokesman for IIF said.

"We are calling on the Secretary of State to recognise the scale of the problem that is about to hit our industry and develop a set of measures to address the insulation gap and implement a suitable solution."

Industry concerns over the Green Deal have spread beyond the insulation industry. David Hunt, owner of renewable energy firm Eco Environments, described the Green Deal as "undercooked" today.

"Energy efficiency is critical for homes, businesses and UK PLC to reduce its carbon footprint and energy use," Hunt told delegates at the Energy Solutions Summit in London. "The Green Deal should be the ideal opportunity to support and address this issue, but we are facing a very undercooked policy becoming live and a Government that is not listening."

Last week, companies that have invested in becoming Green Deal contractors voiced their anger over the how the Green Deal is being managed by DECC.

So far only nine companies have registered with the Green Deal Oversight And Registration Body as Green Deal Assessors and just two organisations have been authorised as Green Deal Providers – those who manage the finance plans that underpin the scheme.

Addressing consumer demand

And amid concerns that consumer demand for the Green Deal will be too low, this week the UK Green Building Council (UKGBC) launched a task group to advise Government on incentivising take-up.

"The Green Deal still has the potential to be truly revolutionary in driving mass home retrofit. This new market could, if nurtured properly, create jobs, stimulate economic growth and protect consumers from ever-rising energy prices. But without firm plans in place to drive uptake, the scheme could fail before it has even properly started," Paul King, ceo of the UKGBC said.

A spokesperson for the DECC told GreenWise progress on the Green Deal was in line with expectations. "Given the staged, controlled introduction of the Green Deal we were not expecting, nor did we want, the market to be flooded with assessors on October 1," he said.

"The Oversight and Registration Body has received over 100 pre-assessment questionnaires, and many potential providers have moved onto the second phase of the process and submitted their 'fitness tests, and are very keen to become authorised as soon as possible.

"The timing of the Green Deal will allow the market to develop over the next 18 months, empowering consumers by giving them new ways of funding home improvements, and empowering businesses by enabling them to compete for energy efficiency opportunities in new and innovative ways."