



# Environmental Audit Committee

## Oral evidence: Energy efficiency of existing homes, HC 346

Wednesday 18 November 2020

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[Watch the meeting](#)

Members present: Philip Dunne (Chair); Duncan Baker; Barry Gardiner; Mr Robert Goodwill; Ian Levy; Marco Longhi; Caroline Lucas; Cherilyn Mackrory; Jerome Mayhew; Dr Matthew Offord; Claudia Webbe; Nadia Whittome.

Questions 164 - 261

### Witnesses

[\[I\]](#): Russell Smith, Managing Director, RetrofitWorks; George Munson, Senior Project Manager, Leeds City Council and the Core Cities Energy Efficiency Group; and Karen Brown, Senior Policy Adviser, Northern Housing Consortium.

[\[II\]](#): Brian Berry, Chief Executive, Federation of Master Builders; Simon Ayers, Chief Executive Officer, Trustmark; Laura McGadie, Group Head of Energy, Energy Saving Trust; and Mark Lynn, Managing Director, Eden Renewable Innovations Ltd (Thermafleece) and Vice Chair Alliance for Sustainable Building Products.

Written evidence from witnesses:

- [EEH0102 - Energy Saving Trust](#)
- [EEH0071 - Northern Housing Consortium](#)
- [EEH0046 - Witnesses Federation of Master Builders](#)



## Examination of witnesses

Witnesses: Russell Smith, George Munson, and Karen Brown.

Q164 **Chair:** Good afternoon, and welcome to the Environmental Audit Committee. This is our third session of oral evidence in an inquiry into the energy efficiency of existing homes, and this is nothing if not a topical subject, having been covered in the Prime Minister's 10-point plan a few hours ago. It is one of the key planks in driving progress towards achieving net zero Britain.

We have today two panels and I am very pleased to be able to welcome panellists from both panels who are here for the first session. In the first panel we are going to be looking today at social housing and the challenges that faces from decarbonising, and in the second panel from practitioners engaged in the business of providing the energy efficiency insulation and so on into our homes.

I would like to start by introducing our first panel. If I ask you to say where you are from when I call your name that will be most helpful. Welcome to Karen Brown.

**Karen Brown:** I am Karen Brown. I am the Senior Policy Adviser at the Northern Housing Consortium. We are a membership organisation for local authorities and housing associations in the north of England.

**George Munson:** I am a Senior Project Manager with responsibility for energy and housing in Leeds City Council. Leeds City Council is the second-largest local authority in England and owns and manages 56,000 council homes. We have a history of delivering innovative cross-tenure work to all 340,000 homes in our area.

**Russell Smith:** I am Russell Smith, Managing Director for RetrofitWorks. While being a practitioner, RetrofitWorks is a co-operative that is owned by contractors who do work on homes. We have the capability of modelling the housing stock so that we know where to target effort before we put shovels in the ground to allow understanding of what needs to happen a few years ahead, if we want to talk about that.

Q165 **Chair:** Thank you very much. I am going to kick off with some general questions about the overall structure of the sector and its ability to provide better insulation. The social rented sector accounts for some 4 million households in England and is one of the smallest sectors compared to owner-occupied or private rented. Because it tends to be owned by large organisations, like Leeds City Council and others, it should be in a better position to be able to adopt a holistic approach to retrofitting properties to improve insulation.

As of now, 44%—so, some 1.7 million—of social rented homes are yet to meet Energy Performance Certificate Rating C. What are the main challenges to upgrading the energy efficiency of the sector? Perhaps we



might start with Russell.

**Russell Smith:** Thank you. There is a multifaceted approach to all of this and there are lots of different tensions on landlords, lots of decisions to make and resources are quite tricky to spend over a long period of time. The good news is that the landlords who own those properties do so in perpetuity, so they have the opportunity to make some long-term decisions. Frankly, there are short-term issues to deal with as well.

The good news as well for landlords—and I know you have cited the challenges of getting housing stock—is that while only 44% of them are to an EPC of C, frankly it is the best-performing housing stock that we have in the country. They are not doing too badly. There is a lot to do and one of the good things that they are able to do—certainly, we have been working with them on this over the last seven or eight years in particular—is understanding where they ought to be targeting the resources.

So, it is helping them to understand out of all the things they could be doing and where they ought to be spending the money that they have, especially at a time when in real terms the money they have to spend on asset management upgrade, be that reactive maintenance or longer-term investment, is reducing in real terms because of the limit they have on rental income.

On the one hand, we do have this real-terms reduction overall in terms of the money they have to do this and the multifaceted issues there are with regard to the challenges with decarbonising stock and making sure these properties are well maintained over time. These are all things that have to be judged within a limited budget and that is tough to do. I would be interested in George's view, as a practitioner, on that.

Q166 **Chair:** Thank you very much. We will go to George now as one of the largest landlords, in effect. George, have you been going for the lowest hanging fruit first?

**George Munson:** Arguably we have. We have taken a sensible approach to managing our assets, in that of the 56,000 homes we have a very large number were built post 1935 or so, with cavity walls and lofts. We have filled all the cavities we can. We have filled all the lofts we can. We have put in gas boilers to replace coal heating wherever we can. Now times have changed and we have a 10-year investment plan to deal with some of the worst-performing stock. For example, we have around 120 multi-storey blocks within Leeds that are much more challenging to deal with than individual homes. We have a large number of system-built estates that were built typically steel frame with concrete panels and, again, they are very expensive to upgrade.

The approach we have taken generally is to deal with the worst properties first. We have now virtually eradicated F and G-rated properties from our stock. We are very encouraged by the approach that



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has been taken with the Social Housing Decarbonisation Fund to encourage all housing associations and local authorities to put a good investment into some of the worst-performing properties to move them up to band A or B to avoid having to revisit and redo the work.

We have dealt with the easiest first and we now have a strong plan to deal with the more difficult. Typically, it would cost us over £10,000 to improve just one property that is band D or E, where it is system-built or a flat.

**Q167 Chair:** Thank you. You mention the Social Housing Decarbonisation Fund. The Government announced today £1 billion going to that fund, which I assume is a down payment on the full manifesto commitment. Have you have been using this in its earlier version in order to invest in this property stock?

**George Munson:** We have used anything and everything we have been able to get our hands on. The housing revenue account—the money that tenants pay for their rent—is always our first port of call. We use that to maintain and improve our stock, but when it comes to some of the more expensive, more difficult measures where there is a longer payback and a more difficult business case we have used a whole range of things—ECO funding; some of the European funds such as the ERDF funding; the feed-in tariff; the Renewable Heat Incentive. It is always a case of stitching whatever funding we can get together to make something affordable and attractive.

We have just bid to the pilot stage of the Social Housing Decarbonisation Fund. What I was impressed with was the fact that there is quite a high ceiling on the level of investment into a property. It is up to around £30,000 per home. That allows you to do everything that you need to do to make that home essentially 2050 ready, zero-carbon ready. It is an excellent approach and a step-change to what we have seen in the past.

**Q168 Chair:** I am very interested in that because there seems to me to be a wide range of estimation about what it costs for different types of housing, reflecting a wide range of housing. If you have any evidence that you could give us about the actual costs of getting particular types of housing from one rating level to another, we would find that very interesting, particularly information about the upper end and the prevalence of more costly within your housing stock. I would find that very useful.

Karen, could I pose the question to you about these funding sources? Do your members feel that they have a fair access to the funding, or are we going to see a postcode lottery of allocations?

**Karen Brown:** In terms of funding, prior to the Green Homes Grant the prime funding source was ECO, the Energy Company Obligation. As of now we only have the demonstrator for the Social Housing Decarbonisation Fund, which as has already been said is estimated between £15,000 and £30,000 per home. That is going to drive stimulus



forward and, as you say, this needs to be available UK-wide. The social housing sector is made up of larger and smaller organisations, some with capacity to move forward and who have been early adopters, and some who have been less able to do that kind of piloting work.

In terms of the local authority element of the Green Homes Grant, that has been released in two phases with a very short timescale to access that. Phase 1 had a four-week application for that competitive funding and phase 2 is a six-week application. These are short-term grants that need a supply chain to deliver the work in a fairly short time. Today's announcement is a down payment on that wider main fund, but as it stands there is a possible mismatch between the technology and the supply, the skills and the funding. Yes, it is a stimulus and it needs to be linked to that levelling-up agenda for northern regions that are further behind and perhaps have the worst type of housing. It needs matching up to that supply chain.

Q169 **Chair:** Can I be clear in my head here? As I understand it, there was £1 billion of additional funding awarded to the Green Homes Grant scheme that is designed for the other sector—the owner-occupied and the private rented sector—and was there not a further £1 billion for the Social Housing Decarbonisation Fund?

**Karen Brown:** Yes, that is right.

Q170 **Chair:** The Green Homes Grant scheme that you are referring to: is there an element of it that social housing providers are eligible for?

**Karen Brown:** Yes, £500 million of that was allocated to local authorities for lower income households. That is targeted at E, F and G properties. That was a bidding process for local authorities to bid into that competitive bidding process. That is the same timescale as the main funding, but it is for E, F and G specifically.

That allows some work at street level, providing that those properties are all E, F and G so you then get them pepper-potted with other properties or households that are not eligible for that, so there needs to be flexibility within that to deliver that to scale.

Q171 **Chair:** Has that funding been allocated on an equitable basis, as far as you can tell? Do you know how that was allocated? Was your consortium successful?

**Karen Brown:** I cannot give you numbers, but there were issues with the first phase, phase 1A, with the four-week timescale, in terms of the amount of information that needs to be provided in terms of the schemes. You need to have schemes ready to deliver. I am aware that others have bid into that second phase, I think it is for £300 million, but it is the timescale that prevents that. There is not a geographical limit; it is just the timescale for the information that is required. You need to have schemes that are ready to bid for in that timescale.



**George Munson:** We applied and were successful with phase 1A of the Green Homes Grant. It was a fantastic opportunity with a few flaws that have now been largely addressed in phase 1B. The thing I found most helpful with this was that it was a tenure buy-in approach. We are working in some of the most deprived and most difficult estates in Leeds, which are typically ex-council estates where there is quite a large number of right-to-buys within those estates. What we have been able to do is bid for something so we can go and provide a solution to all of the homes within an area regardless of tenure.

The thing that I found a flaw with previously was that D was excluded and we were finding that exactly the same properties were rated D and E, and the difference was some people had put in a highly efficient boiler and some very efficient lights and others had not. It seemed wrong to exclude people who had made that investment in energy efficiency technology but were still leaking the same amount of heat as their neighbours.

Q172 **Chair:** Finally from me, on alternative sources of funding, as housing associations can go out into the market and borrow there are also the ECO energy performance obligations from energy-generating companies. Do your members have experience of accessing ECO funding, Karen, and if so, are there pluses and minuses that you can bring to our attention from that funding source?

**Karen Brown:** ECO is a supplier obligation, so this is dealing with the main energy companies. ECO 3 is currently targeted at fuel poverty households. What we found is that it is not making that reach into those homes as a supplier-led scheme. They do work with local authorities, so the local authorities' role in this is simply to help the suppliers identify the right households for the measures.

What we have seen is that the E, F, G and the fuel poverty households living in those homes—I do not have the numbers to hand but I can send you details of this—are not necessarily the ones who are benefiting from that. Our preference would be to move that, and you are looking at a commitment of £640 million per year to a local authority approach so that that can be blended with other types of funding. If you look at the whole pot of different pieces of funding that are available, there is potential for real scale, but that needs an area approach and to be local authority-led.

At the moment the local authorities' role in that is just going to the suppliers, like E.ON, and helping them with identifying the right households who need that funding. Also, there are limits. If you get ECO funding for one measure you cannot blend that in with other funding. It is obviously useful, but it is ad hoc and it is just one measure at a time and does not move things forwards at any pace or scale.

Q173 **Chair:** Has any estimate been made by your consortium or, George, by Leeds City Council or the Core Cities working group, as to the number of



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properties that will need to be invested in and over what period, and how feasible that is both to fund and for the work to be done?

**George Munson:** Yes. It depends what you are looking at. We have done a piece of work with BEIS and had some support from consultants looking at what we need to do to achieve our net zero CO<sub>2</sub> targets. Across the next 15 years where we have set our local target, we would need to invest in all 340,000 homes between £7 billion and £16 billion. It is quite a startling number. The difference between those two numbers is the level of investment that you would make into the fabric of the buildings.

What we have assumed is that the grid will continue to decarbonise quite rapidly, which would allow us to make a slightly less good investment in the fabric of the building, around about the £7 billion mark, and then as the grid decarbonises that brings down the residual demand, CO<sub>2</sub> emissions, from those properties to near net zero.

What we are likely to need to do is to invest in pretty much every property to a greater or lesser extent. The ones that really need the deep investment are the solid-wall properties, so for us we have a lot of Victorian terrace properties, many of those in very deprived parts of the city, around about 20,000 back-to-back properties in the city. Those are the ones that need the real focus and investment.

Where we have done that in the past in particular areas, we have found that the impact on communities is really startling. The level of community benefit that is achieved through better mental health, people appreciate the areas and they are no longer no-go areas. It is really impressive when that sort of investment is made.

Q174 **Chair:** Is it visible? Are you doing external cladding as opposed to internal?

**George Munson:** Absolutely. Different properties need different solutions, but we have a huge number of fairly unattractive brick back-to-backs and those are perfect for external wall insulation. As you point out, that totally transforms the look and feel of an area. Where we have done that it has been very impressive.

Q175 **Chair:** Thank you very much. Karen, a last comment from you and then we will move on to Duncan Baker.

**Karen Brown:** Quickly on the numbers, we talked at the outset about the social rented sector starting at a higher standard and that is correct. You have 50% at the lower end of C and 41.3% at the upper end of D, and 6.5% are E, F, G, which is about 266,000 homes. That does not tell the whole story because 85% of those properties still have gas central heating. Here in the north we have 1.27 million social rented homes and we estimate that just slightly over 1 million of those need some sort of upgrade, even if that is just switching to low carbon heating. As has just been said, there is still quite a bit of work to do even though, on the face of it, it appears to be a higher standard.



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Q176 **Chair:** All right, so 1 million homes need work. Have you not tried to quantify what that might cost in the same way as George's group have?

**Karen Brown:** Yes, on average, and some will need whole house retrofit and some will need one or two measures. We are working on an average of £19,300 per property plus £5,000 for a heat pump. I think that is quite a modest estimate.

Q177 **Chair:** Would that be a heat pump for each on average, so can we add the figures together? It is just under £25,000 on average.

**Karen Brown:** Yes. We think that adds to the funding that is already out there—an additional £2.36 billion per year for 10 years—and this is for the north.

**Chair:** That is extremely helpful. On that rather jarring note, Duncan Baker, can we ask you to ask some questions?

Q178 **Duncan Baker:** Thank you. There are some quite eye-watering numbers in the numbers of properties and eye-watering costs as well. To move on, I am encouraged that the energy efficiency of the average social rented home is better than the private sector. To focus in a little bit further, the Committee on Climate Change has said that it would be an ambition and a move in the right direction, but can I ask for an opinion from all of you? Perhaps I can start with George Munson first of all: should minimum energy standards be introduced into the social housing sector in a similar way to the private sector?

**George Munson:** Yes, we have supported introducing minimum standards into the social housing sector. We think it is absolutely right that we try to deal with the worst-performing properties first.

The one caveat I would add is that what we do not want to do is introduce the incentive to move from an E to a D and then from a D to a C. What we want to do is find a way to shift properties from their poor energy efficiency standard to where you want to get them, so you avoid then having to come back and reinvest in those properties time and time again.

Q179 **Duncan Baker:** Yes, point taken. We will come on to some of the barriers perhaps in just a moment. Karen Brown, do you have an opinion on that? Can you share that analysis?

**Karen Brown:** Yes, I do. Certainly, mandating C in the private rented sector we believe was absolutely essential. There are definitely benefits of having a level playing field across the tenures to drive some pace of change. The social rented sector is a regulated sector and the Decent Homes Standard is currently being reviewed. The Decent Homes Standard is out of date and does not reflect today's standards on health in the home or energy standards or carbon reductions. It certainly needs a review and a higher standard than was set when the Decent Homes Standard was first launched. It drives that pace to get there.





What I would say is that it cannot get to C without a roadmap. There needs to be confidence in the investment so that you are not investing the wrong technology in the wrong homes and then having to revisit homes. It has to be right in the first place so that it is limiting the disturbance for people and limiting wastage. It needs a roadmap to get there.

**Q180 Duncan Baker:** That is a very good point. It needs to be planned effectively and done in one go rather than be inconvenience and additional costs of moving backwards and forwards to do it repeated times. That same question to Russell Smith. Do you share the same vision?

**Russell Smith:** Absolutely. I certainly hope that we can be a little more pragmatic, though, because there are certain interventions that might throw themselves up as opportunities, particularly if you are an asset manager of housing stock. You might be going to carry out repairs on a roof but there might be an opportunity that arises to take advantage of the hassle, if you will.

To have that roadmap, I would be a bit more ambitious than that. Passporting for every house in the country is something that would be very worthwhile, so that every home owner knows immediately what that house has to be aiming for and any tradesperson who walks through the door knows what they really ought to be taking account of, with this as cross-tenure. This is not just about social housing.

Imagine the situation where a bathroom fitter walked into a property having been asked to provide a quote for putting in a bathroom. If they know that the wall they are about to put the bath on needs internal solid-wall insulation, because that is the only thing that is going to get that house to net zero, they do it or they are obliged to do it in some way. The mechanism to do that is pretty tough, if I am honest with you. Are we going to regulate for that or incentivise that? It is a tough call to make.

If what we have is an ambition of 2050, some people are saying that is too far ahead. I agree with that view. I think we ought to be aiming for every house to get to net zero performance by at least 2040, because there will be some that will be really super-tough to achieve, so having a 2040 deadline is smart.

At the heart of all this I would go back to something Karen said earlier on. If we are able to blend finance and if we are able to have intelligent asset management thinking—not just in social housing stock but across all stock—and on that basis we are working in a very pragmatic way, we will have a similar customer journey, analysis and understanding of the housing stock throughout, so anybody can pick up that journey at any particular point, whether you have a broken boiler, you build an extension or you want to do a whole house retrofit. The point is that you do not want to block all opportunities by doing something quickly.



I know your next session is going to be about the Green Homes Grant, but that is one of my issues with the Green Homes Grant. With little thought in going ahead and putting measures in right now, you are blocking net zero without putting some intelligence into the process.

**Q181 Duncan Baker:** You raise an interesting point about regulation and everyone's covered costs. Moving on, the Committee on Fuel Poverty has recommended that those regulations should require social housing to achieve energy efficiency in band D by 2025 and C by 2030. First of all, touching on regulation, touching on cost, from what George Munson said to the Chair in response, a £10,000 minimum cost on every home being upgraded and the stock that you have alone in Leeds City Council is just eye-watering numbers to be able to achieve. Is it realistic and what are the barriers to achieving this situation? I will start with you, Russell Smith, again, as you have kicked us off on regulation. Is this feasible and where are the barriers?

**Russell Smith:** It depends on the route to net zero, if I can aim for that in my answer. If we had the luxury of saying we could turn the grid to zero carbon overnight we could not do any insulation at all. We still have a long way to go before we can prove that any of the technologies that we have to hand will heat our homes successfully in a zero-carbon fashion. The smart answer is to go for a fabric-first approach, to reduce our need for heat in the first place, and then we can continue to have our discussion about how to decarbonise our heat supplies.

Is it realistic to get to that stage? I think we will find a sweet spot over time, providing we do the smart thing and remove our need for heating all of our houses as the opportunities arise over time. Focusing on a particular technology right now at scale could end up in a situation that means that we have gone one degree out across the desert.

What I would say is it is realistic; it has to be realistic. I am an environmentalist at heart. If we do not at least try to set up an infrastructure that allows industry to train the practitioners like George who understand their stock in the best way, and householders to know that this is a thing—most do not even know that this is a thing—then with the numbers you have heard people will be completely unaware. If we are able to start some of those very practical measures, rather than throw money at industry to get work done, and set our stall out in a very sensible way to build an infrastructure that will allow us to move gradually across the country, we can definitely do it.

If we do the right things first, we can learn about what is the right way to heat our buildings over time, because we have reduced the need for heat in the first place. I think I have said that three times now but, anyway, that is my answer.

**Q182 Duncan Baker:** Yes. That is all very well in some circumstances, but it isn't feasible across the whole board, it is probably fair to say. Anyway, let us move on to George Munson.



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**George Munson:** Thank you. To clarify, we have 56,000 homes. The vast majority of those are D or above at the moment. The ones that are not are typically tower blocks and system-built homes, and Victorian terraces that we have inherited around the city. Even getting all of those to D by 2025 is certainly challenging, but would be doable with the right kind of incentives and direction.

The thing that has hamstrung energy efficiency over the last five years or so has been the lack of a long-term vision of where we are going and then the policy levers that back that up. Since the Green Deal there has been a lack of focus in terms of energy efficiency and where we are going. The work that we have been doing is despite Government policy rather than because of it, which is not necessarily what we want to see. If we were given a clear mandate about what we are expected to do with some of the funding that Government have already committed through things like the Social Housing Decarbonisation Fund, there is no reason at all we could not get all of our properties to D by 2025 and C by 2030.

What we also need to look at here, which is worth exploring, is the eye-watering costs of some of this work. What we also need to focus on are the benefits and the opportunities. I have been really encouraged by the Government's announcement today about the focus on a green recovery. We have a huge amount of evidence about the value for money of investing in energy efficiency, creating jobs on the ground that range from quite low-skilled jobs up to the management jobs, and also the avoided costs. If we can reduce the energy demands of all of our housing stock it means we simply do not need to build as many renewables out there, so there is a huge saving in terms of grid strengthening and/or the active renewables that we would otherwise need to build.

Q183 **Duncan Baker:** I will go on to my last question, but start off with Karen, to keep the questions coming quickly. On the last question I have in my section: how significant is the risk that mandating energy efficiency standards will then have a supplementary impact on other services? There is some talk that if we make it mandatory, what will happen is we will see a downturn in the provision of social homes. Is that a concern that you share?

**Karen Brown:** Certainly, balancing the books in the social rented sector is extremely important. It is a critical time in the sector at the moment. The last two or three years have seen the sector have to invest huge amounts in building safety and fire safety, and five years ago they were not expecting to have to meet new building and fire safety standards. That has been imperative, because that has been a crisis and a priority.

They are also balancing decarbonisation and building new homes and, again, it is critical that affordable homes are built. What we are looking for there is a balanced level of support. We have the Affordable Homes Programme; the new programme is £12.2 billion coming forward shortly. Homes England has entered into long-term partnerships with housing associations to support this long term so that this does not go off plan.



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They must meet those building targets and provide those new homes as well. There is support there, but it is critical to build this into business planning.

Business plans tend to be over 30 years. That takes you to 2050, which is the net zero target. The social rented sector has modelled for this already in their business plans. What they have are the highest worst-case scenario numbers, the real scary numbers, but of course those numbers will come down over those 10, 15, 20 years as the supply chain grows. The numbers will be more manageable, so that with the kind of modelling that it looks like for a 10,000-home landlord to improve to around SAP 75, which is a mid to high C, you are looking at £20 million to £40 million over the next 10 years.

As the previous panellist just said, there is evidence of a benefit to that, and not just a health benefit in warmer homes for the tenant. There is a financial benefit in reduced repairs, reduced arrears and reduced voids. When you get into the granular detail of it, there is a benefit to the investment, so it is not all just about money going out. There is a benefit to the association.

There are other potential risks that housing associations need to balance. Can they still keep doing their routine repairs and maintenance or their planned improvements, the sorts of improvements you get in the Decent Homes Programme, so new kitchens and new bathrooms, which are on a schedule for all providers? Will that suffer? There are discretionary costs. On the big-ticket items, the building of affordable homes, the Government work with the sector on that.

We will always say, "It is not enough. More funding is needed," but there are partnerships in place to deliver that. It is whether the spending gets squeezed in some other discretionary expenditure in terms of improvements, and repairs and maintenance. There is absolutely no evidence of that at the moment. In fact, repairs and maintenance have gone up in the last two or three years where housing associations have been doing improvements around building safety and fire safety. The numbers show that they are doing more routine repairs and maintenance but, clearly, housing associations have to keep that under review in terms of what the tenant needs.

**Q184 Caroline Lucas:** I have some questions about the job creation potential of energy efficiency. My first question to all of you is: what is the potential, do you think, to create jobs from the sector? You have touched on it already. In particular, will the Green Homes Grant provide the stimulus that is needed to the jobs market? This is very topical given that we have had some announcements about the extension of that today. Maybe I could start with you, George.

**George Munson:** We have evidence from projects we have done in the past. Recently we have worked on a project to improve about 150 Victorian back-to-back properties to a very high standard and that



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generated about 50 jobs to do that work. We are tracking that through our supply chain. We have good links into the supply chain and we know that the Green Homes Grant has the potential to help stimulate job creation. The biggest issue at the moment is that it is very short term. I think there was an announcement today that the Green Homes Grants are going to be extended by a year, which is very welcome but what happens at the end of that year?

**Q185 Caroline Lucas:** Is it still not enough?

**George Munson:** No. What we need is a longer-term focus so that we can go all the way back to the colleges, so that the colleges can invest in the right kind of courses for young people who will then go out and know that they have a sensible career path for apprenticeships and for longer-term jobs. We know that the work is out there.

If we are going to get anywhere near the 2050 or 2030 zero-carbon targets that we have in Leeds, we have to insulate all of our homes and we then have to deliver zero-carbon heating to all of those homes. What we need is that medium to long-term view in terms of the way that this is going to be done. The Green Homes Grant is a step in the right direction, but it needs that longer-term clarity.

**Q186 Caroline Lucas:** Russell, can I come to you and also ask you if you think it is enough to extend the length of the Green Homes Grant, or whether you think there are other complications with it that might need to be sorted out at the same time to be able to fulfil its potential?

**Russell Smith:** I am glad you asked. The long-term vision is something I definitely agree with George about. The question of leadership of the industry is critical. Typically, the industry is made up of very small contractors and they want to know that there is a long-term industry for them to invest in apprentices. It is not about being thrown money. It is about saying there is a viable business opportunity in the long term. They want to be able to go to the pub on a Friday night, pay all the lads and know that they can keep them going for a little while longer. They do not want to necessarily grow their companies, but they want to know the work is there.

One of the issues we have is how to incubate new companies as well as train people up. I agree with George about the fact that colleges need to be fit for purpose. If you look at the modelling work that we have recently done for the Construction Leadership Council on what we are proposing as the national retrofit strategy that we hope to push out before Christmas, it is something that in our view requires about half a million tradespeople just for the housing requirement for retrofit by 2040.

In the 10-point plan that was announced today, there is a 50,000 commitment on new tradespeople in the industry across housing, schools and non-domestic. We are saying that we need 500,000 just for housing.



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Extending the Green Homes Grant is not going to go anywhere near getting the industry excited enough to do this. The Green Homes Grant on the face of it is about trying to get householders excited to do things to their home. If you want to do things at scale in the UK you have to get the industry excited too because, as we have seen in some of the headlines, the industry is not quite excited enough to throw their lot in with the Green Homes Grant just now.

Some of it is about the mechanism; some of it is about the terms and conditions within the Green Homes Grant itself. I would invite you to read them. It will not take you very long but there are some things in there that would not encourage a contractor to throw their lot in with it. At the same time, it is quite hard—

Q187 **Caroline Lucas:** Could you give a very quick example? I have not read them, so tell me very quickly.

**Russell Smith:** Contractors need some certainty the money will be there. The terms and conditions do not give that, unfortunately. I think the way that they are written gives the Government the opportunity to stop the programme pretty much whenever they decide to. I am sorry but, as a contractor, that is not something I would be looking to really get excited about.

It is all about cash flow for small firms as well. If they have given a quote, maybe at the tail end of October, and they are not going to get that work through because the voucher has not been issued until January, we have spent £200 doing a survey. I think householders forget that. Contractors spend a lot of money doing quotations and do that for free.

The other thing: I fully support what is happening with the standards that are required for contractors in terms of the PAS 2030 certification. That requires them to use competent people to do surveys and give the quotes out, and to oversee work and provide evidence that that is done well. Who would not want that? Trustmark registration as a requirement as well adds an extra layer of customer protection. All this stuff is what a mature, professional industry really needs.

Companies, especially the smaller ones that are good at this already, just need help to be able to get those certifications in place. That is not quite there just yet. They are told, "There is a website. Go ahead and crack on," but they need a bit more encouragement to do that.

To be fair, there has been some funding available for local authorities and other training organisations to dip into to help contractors to do some of that, but it is by far and away not enough. Considering that we are looking at 500,000 extra people in the industry over the next 10 years, we really need to take this seriously. It is very much "go big or go home" on this.



**Q188 Caroline Lucas:** Thank you. I have a good snapshot there. I am going to come to Karen now. If there is something that has not already been said on that question please add it but, in particular, I want to ask whether you think there should be a greater role for local authorities in terms of supporting jobs in the retrofit market?

**Karen Brown:** Yes, certainly. The only thing I would add to the conversation that has just taken place is in terms of a just transition for the people who are currently in the trades. There are 100,000 gas installers currently trained in this country. The Green Homes Grant was launched with publicity that it was going to establish 100,000 jobs, but less than half of those people have had any experience of installing heat pumps, so there is a transition for people who are already in that.

In terms of local authorities and their role, 80% of services in local authorities are delivering statutory core services. A lot of the jobs that may be needed around this in housing are not necessarily there anymore. For housing services particularly, there is 54% less spend over the 10 years than it was. A lot of that capacity just is not there, so that needs building back up again if local authorities are going to have that co-ordinating role, which I believe they do need to have.

Identifying the jobs needed is the first step there. On retrofit co-ordinators, for instance, the Green Homes Grant LAD funding—the local authority delivery element—is the £500 million that was separated out to go to local authorities for lower income households. Within that, the local authorities are allowed to use 15% of whatever they are allotted for operating the scheme and for preparation of properties for energy efficiency and monitoring EPC improvements for that.

First, that is short term and a small proportion of the funding to do quite a big task. The Green Homes Grant has been extended today as we understand, but that is still looking for co-ordinators for that type of work for a short period and they are not out there. Training up the whole supply chain for this type of work is three to four years, so they are not there to be called on.

I think councils have all declared their own climate emergencies and they all have ambitious targets. They are all looking to build up the teams of people that need to do this kind of co-ordinating work at a local level. They can work with LEPs. They can work with the Energy Hubs. They work within combined authorities. The partnership working is there; they just need to identify those roles and have those roles supported, because just taking a small percentage of short-term grant funding isn't going to build the capacity that is needed at local authority level.

**Q189 Caroline Lucas:** Lovely, thank you. I want to come back to George. In a sense, Karen has already touched on this: how can local authorities perform this role if their budgets have been slashed quite as much as they have been? Here in Brighton and Hove over the last 10 years I think we have lost 50% of Government funding. To George, how concerned are



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you about financial resources in order to be able to perform this role? Also, touching on the other issue that Karen raised about the local authority delivery element, are there any other elements that Karen has not already referenced that you want to make to that part of the package?

**George Munson:** Finances and staff availability in local authorities is a long way down on where it was a few years ago. I am lucky to work for a very large authority, so we have been able to deal with some of the cuts. However, a number of the authorities around Leeds and the wider Leeds city region are down to less than one person working on all kinds of environmental and sustainability issues, which clearly is not going to allow anyone to deliver anything sensible or planned, so, yes, we do need to see more resources in local authorities.

Something that has been encouraging, which I think could be further developed, is the regional energy hubs that BEIS has set up across multiple LEPs over the last year or 18 months. In Leeds city region we have had some support from Europe for something called the Energy Accelerator, which has provided essential staffing resources in the LEP to help local authorities and other public sector organisations to take this from an idea through to a business case that allows delivery. It still relies on local authorities to have project staff who can come up with ideas, capture projects and deliver them, but it takes a lot of the hard work and the risky part of taking a project from the start through to completion out of our hands and provides that support.

Using those BEIS energy hubs to provide that support to local authorities, to help make sure they have that right roadmap of what they need to do to different parts of the housing stock in order to hit these targets, would help while still building up the project management resources in local authorities.

**Russell Smith:** You may have heard of the Warmer Sussex initiative down your way, Caroline. It is something that my organisation is working with other organisations in the area on, particularly energy co-operatives, so Brighton and Hove Energy Services Co-operative, and people like that. They are fantastic advocates for the scheme, whether they want to take part in the delivery or not. Also, they can be very good practitioners. Within their own staff they have people competent enough to give advice and do some of the sales.

Another programme we are working on is Cosy Homes Oxfordshire. Both of those are BEIS-funded—not in their entirety, but the idea is there. Particularly in Oxfordshire, we have about 15 different locally based organisations that are the face of the scheme. We do not have to do any selling. We have more customers than we can handle. This is about local authorities working very closely with people who are trusted and building the brand of what this is, for what it means for those local people, to get the customers through and to deliver a good service.





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We are yet to think of all the ideas we could work with in this space. I think there is a lot more to come.

**Caroline Lucas:** Thank you. My take away from that is that we need more than a year extension for the scheme. Thank you very much.

Q190 **Marco Longhi:** Could I ask this question to all of you and then I will perhaps bring you in individually? What are the benefits of social housing providers delivering area-based energy efficiency schemes and what would you see the main challenges to this being? Perhaps we could start with Karen.

**Karen Brown:** Area-based delivery is the missing link here in terms of identifying those worst examples, the E, F, G properties, the lower income households and the fuel poverty households. The social rented sector is very conscious of that earlier target for fuel poverty of 2030 and meeting that.

There is pretty much the same percentage of fuel poverty households within the social rented sector as elsewhere, but they live in those E, F, G properties. Where we have limited funding, it is best used by directing it as much as you possibly can to those households where it is needed. Local authorities working in partnership with others on the ground are best placed to do that. They are the community leaders in their area with housing associations as the community anchors. Housing associations are brilliant at working with their tenants and knowing what their tenants need and having people on the ground to talk to people and see what they want. Local authorities are great at co-ordinating that at a partnership level.

For smaller organisations this de-risks it for them. If everyone works together at a local level, so you have larger organisations and smaller organisations coming together, that de-risks everything in terms of a growing, emerging and fairly immature market. It is not just about size. Some organisations might have the harder-to-treat properties, whereas another organisation might be fortunate in having some newer properties that are already energy efficient and they can work together. Another organisation might have stock in rural areas, again difficult to treat, and much higher levels of fuel poverty.

There are opportunities there and I talked about this at the outset in terms of using the funding collectively so that it is a bigger pot of funding. I think Scotland uses this model in terms of taking ECO and social rented sector funding and the grants that are allocated to local authorities to have a collective approach to this at local level. What is missing here to target funding correctly is the right data and knowledge. It cannot just be a scattergun approach. It has to be targeted where it is most needed and best used, and that can only happen at an area level—at a local level where they have that knowledge.



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**George Munson:** I echo a lot of what Karen has said and I think I touched upon this when I talked about the Green Homes Grant, the LAD they have recently received and the benefits of that. Social housing is individual units within a wider community. With the right to buy that has been around for a number of years, there are no such things as local authority estates anymore. It is all mixed tenure.

The benefit of taking an area-based approach, with the right kind of funding and the right incentives, is to allow local authorities or social housing providers to use their homes as a catalyst to get contractors into an area to establish the compounds, get the community excited about the benefits of energy efficiency and then to bring in owner-occupiers and the private rented sector so that you can improve a whole neighbourhood in one go, rather than having to do a bit here and a bit there, and all the inefficiencies that that brings with it.

We absolutely love area-based projects. It is something that we have been trying to do in Leeds for a number of years. We have always had to stitch different sources of funding together, often with different eligibility criteria. We might have one offer for private rented, a completely different offer for owner-occupiers and then something that is there for social housing. The complexity that brings means it is very hard to sell. Having that focus on making it a whole community approach with social housing as a catalyst is what we would recommend.

Q191 **Marco Longhi:** That makes sense. Thank you, George. Russell, would you like to comment on that?

**Russell Smith:** Yes. When you are looking at locally based programmes, it is about who you want on your bus to get this job done. In some areas where you have a high intensity of social housing, the social landlord might be the best person to manage all the non-social housing jobs because they know how to manage contractors. They know how to do the liaison, as Karen said.

At the heart of all this, we want to have a structure that allows us to systematically renovate the country. As I said right at the start of this session, we need to have energy assessments. We need to have an independent impartial retrofit co-ordinator to take the households through the journey. It does not matter what the tenure is. This is somebody who lives in a property needing to be convinced to do something—to take up the hassle—whether they are paying for it or not. A social landlord could be quite good at that.

However, if the social housing proportion of a given area is very low, it might be a community group that is better at doing that in conjunction with the local authority. It is horses for courses but, at the heart of it, one of the issues that we have—anybody who has worked with local authorities and social landlords as I have will realise this—is that procurement is a pain in the arse. If you have someone who is really good at that, it solves a lot of problems. One of the reasons we set



RetrofitWorks up is because as a co-operative, local authorities, social landlords and community groups can join the co-operative. They have already bought the framework by having been a shareholder in a co-operative. Even we have a slightly different model that can be tuned into whatever a local area might need at a particular time.

One thing that is very exciting is that the people you may bring into a programme might also access different kinds of finance. I know we have talked at length in this session about cost. I think the game is changing quite a lot. If we touch on what Karen has mentioned about data, when we start understanding our housing stock in a lot greater detail—and it is something that my and my colleagues do at Parity Projects on a regular basis—we understand every house in a given area, irrespective of tenure, and we know where to target.

Also, when you get to a point where you have that modelling data potentially overlaid with performance data so you know what energy is being used both before and after the retrofit has happened, you are in a situation where you can start to almost guarantee people's energy performance.

I know there is a big gap at the moment between performance and design in terms of retrofit, but as we learn more, as we get to scale, and as we promise each other that we tell each other what we do wrong as well as what we do right, the gap between design and performance will get a lot narrower and we can start offering people a free retrofit provided that they sign up to a 10-year maintenance contract. Almost like in the west end where you buy a car on an insurance plan right now, that changes the game completely. We have the technology and the wherewithal to be able to do that now, and that starts opening up a lot of really interesting avenues for the retrofit sector.

**Q192 Marco Longhi:** Excellent, thank you. I would like to ask my next question to George, please, but if either Russell or Karen would like to come in, please do indicate. George, how can we encourage local authorities to support upgrades to energy efficiency in their areas?

**George Munson:** It is something that we have been doing for a number of years. The local authorities have had duties under the Home Energy Conservation Act since 1996 to try to co-ordinate activities across their area. The thing that I think would help us most is the longer-term focus in terms of where the Government are seeking to get to with the energy efficiency upgrades and what sort of support is available through that.

We do work in deprived areas and in able-to-pay. We have focused very heavily in this session on deprived communities, but the bit that is really missing at the moment is any real support for able-to-pay households, so those households who might be able to afford to do something but are currently choosing not to, for a whole host of reasons. A lot of what Russell does is focused on trying to help those people to choose energy efficiency. It is very hard at the moment because there are no financial



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incentives and there are not even things like green mortgages available to people.

The Green Finance Institute is doing an awful lot of work at the moment looking at how to create the right sort of incentives and financial packages for able-to-pay households. I think it is engaged with Government at the moment. I would heartily encourage Government to work with the GFI to look at how we can incentivise able-to-pay households to also engage with energy efficiency. Then the role of local authorities is to work with a whole host of organisations and community groups, taking advantage of their own housing stock to then deliver into those communities.

Q193 **Marco Longhi:** Thank you, George. Did Russell or Karen want to come in on that or are you happy?

**George Munson:** No, I have nothing to add.

**Marco Longhi:** That is fine. Thank you very much.

**Chair:** We need to speed up a bit.

Q194 **Marco Longhi:** Yes. My last question is targeted at Russell. What is needed to encourage more whole house retrofits, would you say?

**Russell Smith:** I go back to my earlier comment about infrastructure, but whole house retrofits means different things to different people, Marco, unfortunately. In my mind, a whole house retrofit is where every house needs to get to by whatever target we are going to set ourselves. In my mind it is 2040; the current Government target is 2050.

As long as we get there in a systematic fashion—we are not ripping things out to get to the thing we should have done in the first place—in my view that is a whole house retrofit. That works in the way that most householders' budgets behave and it works in the way that most people would think about the hassle they are willing to accept at any given time. But we need an infrastructure, we need an industry that understands that and we need contractors that are not going to talk householders out of doing it because they do not know what they are doing.

Those bits are the things that have been stopping industry from moving at pace. If you gave me £50 million, I would renovate every builder's home in the country because they would be the salespeople for this. They would know what they are going to get. They would say, "Right, we are doing this for everybody else." It would be a fantastic initiative. It is that stuff, but I think one key thing, whichever route we take to get there, is that we need a single vision that the Government peg their hat on and then say, "We are all going to get there. Come on, guys. We are going to do that," with every facet of industry and householders understanding the problem and getting there together. We have never had that. That is what this industry needs.

Q195 **Mr Goodwill:** I am getting a bit depressed because I have been hearing



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all the reasons why this is not going to happen: access to finance; persuading people that the work is not going to cause disruption; and contractors being worried about spending a lot of money on surveys and then not doing the work. In terms of homeowners, particularly at a time when heating oil is 29p a litre in my neck of the woods, how can we raise awareness and make energy efficiency schemes more attractive to residents, and at the same time reassure them that there is not going to be massive disruption while this work goes on? Maybe Russell would be best-placed to answer.

**Russell Smith:** It is very difficult to make this sexy, Robert, unfortunately. I have done my best, but it is bloody hard. The one thing that would encourage people to get into this is customer protection. That is even duller, but a lot of people are frightened of builders. They do not want to talk to contractors, they do not understand the issues and they do not want to talk to an expert.

Q196 **Mr Goodwill:** Maybe with good reason. I know with Warm Front I have constituents who had dodgy boilers fitted and things did not work, and they would disappear into a puff of smoke when they tried to come back on a guarantee.

**Russell Smith:** Absolutely, so that is one of the things we need to work on together, frankly—having the ability for householders to trust what they are being offered. The other flipside of that is being able to have a number of different offers for any householder so that they can choose what suits them.

If you guys want to hark back to the Green Deal, basically, at its heart, it was a financial mechanism. It was very rigidly tied down and basically hardly anybody could vary the offer. It was like walking into 20 restaurants with the same dreadful menu. What we need is a variety of offers from community groups, local authorities, social landlords, builders, electricians—whoever is able to do that best for that household. They can then tune into that and make it work. We need to try to make it a bit more exciting, because it is dull as hell at the moment.

Q197 **Mr Goodwill:** Maybe turning to George and Karen in terms of the social rented sector, whether that be housing associations or local authorities, certainly in my own neck of the woods you tend to get a big campaign and they put lots of double glazing in, or they put lots of new kitchens in. I wonder how maybe we could incorporate a number of initiatives—including energy efficiency—maybe when there is a void when a house is available to you, rather than this piecemeal approach, which tends to be, “Let’s do windows this year, we will do kitchens next year and we will put insulation on the backburner.” Maybe George can start.

**George Munson:** I think that is a historic approach and it was encouraged by the Decent Homes Standard, where you needed to do X, Y and Z to achieve decency across the stock, which lent itself to doing, as you say, a whole load of windows, a whole load of bathrooms or a whole



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load of kitchens, and everything else had to go on the backburner because you had to achieve decency. Certainly, what we have done more recently is to try to look at what the stock needs and then focus on bringing particular properties up to a decent standard. We have been working on estates and doing windows if they are needed, plus there will be insulation that is needed and looking at the heating system.

Voids are interesting. We have looked at that in the past and typically we have a lot of pressure on housing, so what we do not want to do is extend the void period any longer than we have to because that just means that more people are left in B&Bs or other unsuitable accommodation. If you are trying to do a sensible, efficient programme, what you do not want to do is lots of individual piecemeal bits of work here, there and everywhere. Voids give a great opportunity to do basics, draught stripping and lighting, and potentially changing energy suppliers—things like that—but where you have major programmes of work it is better to focus on a community.

**Q198 Mr Goodwill:** There may be a bit of tenant kickback as well. I know my constituent, Mrs Oxley, who lives in Scarborough, always complains that she has been a good tenant for 30 years and they have done nothing but—

**George Munson:** Absolutely. Yes, that is a great point. You do not want to leave your loyal customers to the back of the queue. That is not the way to do it.

On your point around some of the difficulties, I suppose the nature of this inquiry is that it does focus on some of the difficult things we have to do, but from what we have managed to achieve in the past, where we have done work particularly in the private sector—my team does a lot of work in the private sector—we know that there is some latent demand out there, as long as you make it easy for people. You give people the feeling that they have a bargain, something that is a good deal, and you sell the benefits.

You do not necessarily need to talk about energy efficiency, which is fairly dull as dishwater, if we are completely honest, but we can talk to people about how much warmer their homes are and how their homes will be healthier after it has been done and, with external wall insulation, how much better their house will look to their neighbours once they have had it done. We quite often find that if you get the full amount of visible work going on in an area with a contractor's compound, by the time we start packing the compound up to go, we will have people coming along and knocking on the door to ask why we have not done their house already, so people respond to visible change.

**Q199 Mr Goodwill:** I am a private landlord. Would I expect more rent from my tenant or would they get most of it from the energy savings?



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**George Munson:** The private rented sector is genuinely very difficult because, yes, the tenants will typically benefit from the improvements, so they will see a warmer house and lower bills. What we have found is that the private rented sector—market rates and market rent—does not reflect energy efficiency. We know in some of the most deprived parts of the city, even if you spend £20,000 or £30,000 on a private rented property, the rent is still capped at a certain level. This is where we need other mechanisms that can help to spread the costs or have costs picked up from elsewhere. The Green Deal attempted to do this, but just did not quite get it right.

Q200 **Mr Goodwill:** Thank you. Karen, do you need to add to that? I think George has given us quite a good answer there.

**Karen Brown:** Yes, I would agree with what has been said. The idea of having a heat pump installed is a harder sell for tenants than perhaps getting a new kitchen or a new bathroom. Data is very important in knowing which measures need to go into which houses, too, to limit that disruption. A home that is at the upper end of a D might just need some loft insulation; it does not need a whole house retrofit. It is just being absolutely certain that the right measures are going into the right homes and that tenants can use those measures once they are in the home, so the heat pump is working correctly and they know how to use it and they are accepting of that and the benefit for them in the lower bills. I am repeating what has been said, sorry.

**Mr Goodwill:** Thank you very much indeed. Back to you, Chair.

**Chair:** Thank you, Robert. Finally, for this panel, Claudia Webbe. Claudia, you will need to unmute. Is Claudia with us?

**Claudia Webbe:** Can you see me? No, you cannot.

**Chair:** Do not worry, we can hear you clearly, so that is fine. And now we can.

Q201 **Claudia Webbe:** Brilliant. Just to end this session, I want to revert to the private sector. If I may ask Russell first, how can local authorities' enforcement of private sector landlords be improved?

**Russell Smith:** In the first instance, I go back to my earlier point. We need an infrastructure that allows that to happen. At the moment, we do not. Private rental licensing would be a great start. I have done a lot of work in Hastings, which has a private landlord licensing scheme. The way they work very closely with the landlords, it is not about policing. It is not about trying to whack them with a big stick. It is about giving them advice and showing them things that they could be doing and moving on that basis.

I think it is about getting the language right. There are a lot of things you can do before you need to do any enforcement at all. For example, giving them good information, and showing them what their house could be and how little it might cost to get them up to the minimum energy



efficiency might be enough. It might be enough to get them moving and certainly to make the house habitable, and the tenant will thank them for it. It is not all about evil landlords. There are quite a few good landlords out there and I am sure some of them are on the call today. It is about making sure that we have infrastructure that allows some enforcement if all the good things and the funding that is available to landlords is not used.

**Q202 Claudia Webbe:** Your process sounds like it would take a long time. We obviously need to move a lot quicker—34% of people in fuel poverty live in private sector landlord properties. Isn't there a faster way or a quicker way or a speedier way or a more efficient way of moving this forward? Because it is quite a significant sector of households that need to transition.

**Russell Smith:** Don't get me wrong, I visit a lot of rented properties on a regular basis and they are increasingly in a dreadful state. We do need to do this quickly. There is obviously the carbon question as well that we need to deal with, but I think there is a fine line to tread, unfortunately. I would welcome the biggest stick there is and get them all to do it tomorrow, but what would happen if all the landlords suddenly sold and you were left with a whole bunch of properties that nobody wants and they are empty? I think you have a very sticky situation here. I am afraid I do not feel fully equipped to answer the question very well and it is not something I have thought about that often, so maybe George or Karen might answer it better than I.

**Q203 Claudia Webbe:** I see Karen indicating.

**Karen Brown:** One of the biggest issues here is that local authorities do not know where the private landlords are. It is as simple as that. Anyone can become a private landlord. Anyone can rent out a property and that property does not have any minimum standards and not all properties have an EPC. Local authorities are supposed to be charged with enforcing Minimum Energy Efficiency Standards without knowing the energy efficiency standards or even where the private rented sector is in their area. That is not a failing on their part. The only way they can know exactly where the private rented sector is, is if they licence that area. This is selecting a designated area where every landlord has to be licensed, but otherwise there can be properties in a local authority with poor energy standards and the local authority will not even know that they are there.

The data just simply is not there for them to be able to use the minimum standard. That minimum legal standard of E in the private rented sector is not being met in about 6.5% of the cases, which is about 360,000 properties. That is because the local authorities do not even know they are there a lot of the time. They are relying on a tenant to report to the local authority that they are living in a cold home. Tenants do not do that because they are afraid of retaliation from their landlord, so those





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properties are allowed below E, even though that is a minimum mandatory standard.

Q204 **Claudia Webbe:** Thank you for that, Karen. It certainly presents a different perspective. Could I bring George in? George, from your perspective in Leeds, I think it is, why is funding not being allocated within local authorities for enforcement of private landlords?

**George Munson:** I am going to admit that this isn't an area of deep expertise. I did speak to one of my colleagues who leads this work prior to the meeting to get a bit of an understanding. We do have some money ring-fenced, but it is to very specific aspects of the Housing Act. With the changes that were made a few years ago to local authority financing, essentially ring-fencing has been pretty much done away with, so we have put our resources into those statutory services.

Where there are statutory requirements to provide housing enforcement, we do that but it is a very small amount of money that goes into that. I would echo what has already been said on this: the challenge that we face as local authorities is that we do not have a huge amount of power. We do not have a lot of resources. It is quite often hard to engage with the worst landlords.

What we try to do is to take enforcement action against some of the worst landlords and then make a very public show of enforcing fines on those landlords to act as a deterrent. What we would much rather see is that some of the supporting standards at a national level are looked at again. The Minimum Energy Efficiency Standards that all landlords are supposed to stick to has a loophole that if you have to spend more than £3,500, I think, in bringing the home up to the standard, the landlord simply does not have to do it. They are not allowed to blend grant funding with that, so we could give them a grant of £3,500 and that would not change what they need to do.

Looking at where the problem exists, we know it is in predominantly a lot of deprived areas. For us, it is Victorian stock. We could throw rings around areas that need support and then work with landlords, both the bad landlords to enforce, and the good but struggling landlords that have no financial incentive to improve their properties to bring them all up to standard. It is about using evidence and the intelligence well, and then making sure that the national policy tools are designed to then support and encourage landlords.

Q205 **Claudia Webbe:** Thanks for that. What you say about covering that loophole is important, and I hope that as a Committee we can pursue that, in essence. I think Karen has already addressed the issue about a mandatory landlord register in the form of licensing. I do not know if George or anybody else wants to add to that concept about empowering local authorities with a mandatory landlord register and what that would mean.



**George Munson:** I spoke to my colleague and we have supported the idea of a national register for a number of years. What we would prefer to see is more power around licensing rather than a register, because a register is typically voluntary. What we have seen in Scotland and Wales, where they do have these requirements, is that the worst landlords and the criminal landlords just find ways to avoid registering, so it does not capture them.

Q206 **Claudia Webbe:** Even if it is mandatory?

**George Munson:** They tend to be voluntary, but yes, if it was mandatory and there was a licensing system, that would certainly be stronger, but it needs to obviously have the right kind of teeth to make sure that if people are not engaging with it, there is a body, probably a local authority, with the responsibility to put fines on those landlords.

Q207 **Claudia Webbe:** The issue is having a mandatory register and then empowering local authorities with the enforcement powers and equipping them with the resources to enforce. Do you see any difficulty with that sort of a system working?

**George Munson:** It would take a little while to implement because there are not people with the skills just sitting on shelves. We would need to spend more time bringing people up to the right sort of level of skills. There would need to be additional resources provided to local authorities and then we would clearly need to close those loopholes that we talked about earlier, so landlords did not just register and then simply do nothing because there still is no requirement because of a loophole.

**Claudia Webbe:** Thank you very much. Mr Chairman, that is all from me, thank you.

**Chair:** Thank you, Claudia. I would like to thank our panellists for joining us today, Karen Brown, George Munson and Russell Smith. Thank you very much indeed for your very interesting contributions.

## Examination of witnesses

Witnesses: Brian Berry, Simon Ayers, Laura McGadie, and Mark Lynn.

Q208 **Chair:** Now we are going to move to our second panel of practitioners, who are responsible for delivering energy efficiency into our homes. I would like the panellists to say very briefly what their role is and who they represent, starting with Simon Ayers. Welcome. Could you unmute, Simon?

**Simon Ayers:** Apologies. Good afternoon, my name is Simon Ayers. I am the Chief Executive at TrustMark. I have been there probably since 2014, with a background in energy efficiency construction.



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**Brian Berry:** Good afternoon. Brian Berry, Chief Executive of the Federation of Master Builders. We are a trade association for small and micro builders across the United Kingdom. We have been established since 1941. Most of our members are engaged in repair and maintenance work as well as housebuilding.

Q209 **Chair:** Thank you, Brian. How many members do you have?

**Brian Berry:** Spread all across the UK, 7,400.

Q210 **Chair:** Typically what would be the average number of employees?

**Brian Berry:** They are micro companies, so 75% of our members employ five people. We are the small end, the tail end. Of course, 99% of construction companies are SMEs, but we are on the micro end, although we do have medium-sized companies as well in the remaining 25% by membership.

**Laura McGadie:** Hello, I am Laura McGadie. I am Group Head of Energy at the Energy Saving Trust, which is an independent organisation working to address the climate emergency.

**Mark Lynn:** Hi. I am Managing Director of Eden Renewable Innovations, which is the business behind Thermafleece, British sheep's wool insulation, and a few other natural fibre insulation brands. I am also Vice-Chair of the Alliance for Sustainable Building Products.

Q211 **Chair:** Thank you, Mark. Simon, I should have asked you how many members are there in TrustMark. How many firms have that mark?

**Simon Ayers:** We have just over 14,600 registered businesses.

**Chair:** Excellent, thank you. For the first set of questions I am going to ask Jerome Mayhew to kick off.

Q212 **Jerome Mayhew:** Thank you very much, Mr Chairman. What we are very interested in is trying to get the market to work. For a market to work, we need demand as well as supply. To kick off my questioning, I want to focus on how we create that demand in the general public. Laura, turning first to you, how do you think we should raise awareness with consumers of the importance of upgrading the energy efficiency of their homes?

**Laura McGadie:** There is certainly a need to raise awareness. We know that, for example, recent work by the Energy Systems Catapult showed that less than 50% of people understand that their gas heating is contributing to climate change. They want to do something about climate change, but they do not understand how. Raising awareness of what people need to do and then how they go about that is absolutely critical, but awareness raising in itself is not enough because we have a massive engagement job on our hands. If we are going to change people's buying behaviour from gas boilers to air source heat pumps, we need to install 19 million by 2050. That is a massive engagement programme.



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In England at the moment we have the Simple Energy Advice web service, the PAS 2035 and TrustMark system for taking people from an assessment through to an install and then to plan 30 years' worth of work, potentially. But there is a gap, because the engagement piece is missing to get people to look for the information in the first place and then to handhold them through the process, because we are asking them to do something quite complex and, in many cases, we are asking them to invest their own money.

**Q213 Jerome Mayhew:** Simon Ayers, we had a quick mention of TrustMark and a name-check there. Could you deal with the same question? How do you think we should raise awareness? We have heard that TrustMark is there to provide confidence, which I will come on to in a minute, but do we need raise awareness, in your view, in the first place?

**Simon Ayers:** I think you have a major challenge. We have the joys of the internet now, for instance, and people go on to the internet and find 10,000 pages all giving different elements of advice. We do need to now try to bring together a common source of information, a common source of what will happen, how it will happen and take people through that process. One of the things we have seen in the last probably six to nine months, before the Green Homes Grant and before other areas, had been that people just do not understand this whole process at the moment. So, there is a defined need now to engage with people.

Even with the Green Homes Grant, what we have seen is people chasing free money, not necessarily understanding what that is for. People talk around heat pumps, but they do not truly understand what a heat pump is or what it does. There is a process we have to go through. I think some of the work going on with the Green Finance Institute and with BEIS itself is to create this information portal, engaging with the Energy Saving Trust and others, to make sure that this all comes together.

**Q214 Jerome Mayhew:** Thank you for that. Laura McGadie, from the perspective of the Energy Saving Trust, you must be very aware of this engagement need. How do you see that being addressed, either through the Energy Saving Trust or some other format?

**Laura McGadie:** We see a very effective system working in Scotland. We believe that what is needed—and it could be delivered in England—is through a specialist Government-backed impartial advice service that goes beyond and provides tailored advice to people on what they need to do, how to go about it and is also there to support them when maybe things do not go to plan or they need to check in on something.

I think it was mentioned earlier that sometimes an installer will say, "Don't do that. It is not suitable for your property" because they cannot do it. It is about having somewhere to go and check the information on that. The Simple Energy Advice tool is a great basic information service, but it does not answer people's specific individual questions about their specific property or what suits them.



To give you an example, in Scotland the Scottish Government fund the Home Energy Scotland advice network, which is a network of advice centres that the Energy Saving Trust manages, but the advice is delivered locally from regional advice centres. We support, through that service, households through the whole process of improving the energy efficiency of their homes and we tailor that advice to meet the customer's needs. Whatever the customer comes in and asks us for, we support them to address that problem, but it may be that we can then suggest other things that they had not thought of. Because they are having a conversation with an adviser, whether that be by phone, at an event or over e-mail, we can expand what the customer is thinking about so they start to think, "It is worth talking to an installer about this. I can see the value to myself of doing it".

**Q215 Jerome Mayhew:** Do you think that it is necessary for that advice, if it us to be valued and valuable, to be bespoke? Because we can all talk about cavity insulation, loft insulation, treatments for windows or heat pumps, but it is the combination that apply to a particular house, and there are myriad variations of need and financial impacts of various options. To get over the barrier here, do you think we need to have a bespoke offering that has the trust of a Government-backed scheme or a Government-authorized scheme like the Energy Saving Trust?

**Laura McGadie:** Yes, I definitely think bespoke is critical because properties are so different, what people want out of their properties is so different and how they use them is so different. It is very hard to provide a one size fits all answer. You can certainly give some basic information, but if you are asking somebody to put in solid wall insulation and a heat pump, then you are asking them to do something quite significantly different from what they might be used to, so they need that support.

To give you an example, we provide a specialist service in Scotland through the Home Energy Scotland service for those who are looking to install more complex measures like solid-wall insulation or air source heat pumps. Where we give advice and people take action as a result of that, which is a significant proportion, 83% say that the advice that they got from us was very significant in their decision. They need that extra reassurance that the route they are going down is the right route.<sup>1</sup>

**Q216 Jerome Mayhew:** What is the nearest offering to that in England or is there just nothing to compare with that?

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<sup>1</sup> The witness has identified some errors in the oral evidence in this paragraph, and has provided the following corrected paragraph (changes underlined): "To give you an example, we provide a specialist service in Scotland through the Home Energy Scotland service for those who are looking to install more complex measures like solid-wall insulation or air source heat pumps. Where we give advice in-home and people take action as a result of that, which is a significant proportion, 87% say that the advice that they got from us made a contribution to their decision. They need that extra reassurance that the route they are going down is the right route."



**Laura McGadie:** The difficulty in England is that there is this kind of gap. The Simple Energy Advice is, as it says, simple. It does not go into a lot of complex detail and it could not, in the nature of the platform that it is. Once you get to a retrofit assessor, you will start to get that information, but it is how you get to that retrofit assessor in the first place. What gives you the confidence to think, "Right, I want to embark on this journey"? Often people need to have another conversation or interaction before they have the confidence to take that step. That is where we feel that is missing. Also, as Simon mentioned, there is the independent place where somebody can go just to check out what somebody else is telling them. It is almost like a kind of reassurance factor.

Q217 **Jerome Mayhew:** That is very important, because we are talking about big sums of money here—very big sums, potentially. Mr Ayers, TrustMark: is it helping the energy saving sector build trust with homeowners and residents? If so, how? Could I start off with your fame? Because, I confess, I had not heard of you prior to research for this meeting. Isn't that a bit of a problem to start off with?

**Simon Ayers:** I have never heard it called fame, but yes. We date back from the late 1990s, so the original version of TrustMark was something called the Quality Mark, interestingly. It changed to TrustMark in 2005 and has traded ever since. We have always been a Government-endorsed standard or now the Government-endorsed quality scheme. We have sat in the background. We are a not-for-profit social enterprise. We work on the basis that we keep costs low for businesses through scheme providers. Probably the fame has never come about because we have never had or built the opportunity to drive quality.

An interesting thing we were talking about then was once you have the advice, the reason for the implementation of new standards is to drive the quality process from the first interaction in a property. The moment that somebody has decided that they want to do something, they have a retrofit assessor come into their property through the new standard and that assessor can design the journey for the property. It can take into account all the individual elements of that property and it can look at a journey over a period of years. I think from the previous panel, it is pretty evident that this has to be a planned approach, not a one-off approach, so there is a need to bring all those elements together.

TrustMark's role now is very much in terms of bringing together the planning in working with schemes and businesses to create it. We now have something called the Data Warehouse, where all work has to be lodged, so all measures installed in a property have to be lodged. We require lodgement to look at the design, we look at the assessment, we look at the installer themselves, how it has been installed, how it is verified and how it is protected. In the past we never had those measures. Some of the previous history, if we look at some of the Government initiatives, early elements of ECO and some of the things like



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the solar PV, we had consumer detriment, which we cannot afford to happen again.

We are driving quality with the Government through the scheme and the PAS standards. That causes challenges for people entering the scheme, which I am sure you have all seen and probably had constituents writing to you about, but it is a balance between those two.

**Q218 Jerome Mayhew:** You made reference to retrofit assessors. Is it anticipated that a retrofit assessor is part of an installation company? The obvious question then is begged that they have a conflict of interest or you have a doubt over the quality of their advice if they are then selling you an expensive upgrade themselves.

**Simon Ayers:** The standard allows for the assessor and the co-ordinator to be part of a business. That is what we have to work to within that standard. However, because we now have access to all the information, we are running higher levels of audit to look at it exactly for that purpose, to ensure there is no conflict. Where we can, we also make sure that it is appropriate for the measures and appropriate for the property.

**Q219 Jerome Mayhew:** In terms of building confidence from the consumer and confidence in the advice that they have received, it is a degree of independence. The more the independence, the more confidence you have.

**Simon Ayers:** Yes. This plugs very nicely into our first question, which had been that we have to get very good advice. You may not know the technical details, but you have an overview of what you are expecting. By having that overview, you have a knowledge that you can then ask for support. I think you have the option to get a separate retrofit assessor to come in, so you can always engage that assessor to come in and do work. They are not all recruited through the business itself.

**Q220 Jerome Mayhew:** Ms McGadie, we have talked about the need for advice about upgrading energy efficiency, but we did not talk about financial advice. Do you see this as integral to the long-term decisions that homeowners and occupiers are going to be taking, that they have a good assessment of what the long-term savings versus upfront costs might be?

**Laura McGadie:** We all make decisions. We are always weighing up what the pros and cons are, and costs and payback are always going to be part of somebody's decision-making process. It is very critical that people are getting realistic advice on that. Of course, with smart meters now, there is more data to work on in order to make that data accurate for people. I would agree, but I think it was mentioned in your earlier panel that there are a lot of other motivators as well for people because for many people comfort improvement is very important too.

People are weighing lots of different things up and that is why it is so important to understand what people's motivations are and to design schemes around people rather than trying to do things to people,



because that is going to be a much harder thing to do. The more confident and more comprehensive support you can give to people, the more comfortable they are going to be taking up a loan, as you say, because they have confidence that they will get their money back.

**Q221 Jerome Mayhew:** What we seem to be talking about is how we get a market working. A huge factor in getting a market working is knowledge and information. At the moment there seems to be a blockage between the equality of information that consumers can rely on, and then the industry supplying it and getting the work done.

Finally, do you think that the market is going to sort itself out with time and as knowledge increases, or do you think there is a real need for the Government to provide further support in some way for the provision of consumer advice?

**Laura McGadie:** Without a doubt, to hit the 2050 target and the 2030 target before it—to move people at the pace we need to move—the Government absolutely have to support an advice service, we believe. It is a crucial part of the picture, both from the consumer protection side that Simon mentioned and to get people moving at the speed we need them to.

**Q222 Jerome Mayhew:** Do you have a clear idea of what an advice service would look like?

**Laura McGadie:** We have a very good model in the Home Energy Scotland network. There used to be an energy saving advice centre network in England, so it has existed in the past and it can exist in the future. I very much believe it is a viable thing to deliver.

**Jerome Mayhew:** Thank you very much, fascinating. Back to you, Chair.

**Chair:** Thank you, Jerome. Cherilyn Mackrory.

**Cherilyn Mackrory:** Thank you, Chair. Can you hear me, everybody?

**Chair:** We can.

**Q223 Cherilyn Mackrory:** Fabulous. I am going to try to cover some jobs and job creation, if I may. One of the issues we have in Cornwall, where my constituency is, is that we have the demand, funnily enough, but we do not have the tradesmen and so people cannot get the work done. I will probably go to Brian, if I may, because we probably have a lot of your guys in our neck of the woods. How many jobs do you think could be created to deliver a wide-scale programme to upgrade the UK's housing stock to meet our net zero ambitions? I guess that is probably not just your guys, but thinking more widely.

**Brian Berry:** Yes, thanks for that. It is an interesting scenario, isn't it—the chicken and egg? With the Green Homes Grant there have not been enough builders to carry out the work, but a lot of builders are saying they are happy to do the work but there is a lack of demand from owner-occupiers. A retrofit strategy, if we are upgrading our homes to EPC





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rating C by 2040, has the potential to create up to 500,000 jobs in total, so there are huge opportunities there.

It does require a national retrofit strategy because I think we were hearing earlier about the different components. Consumers need to be better informed, and they need to know who to go to, because they are worried about being a victim of fraud. We know 3.8 million people last year were victims of fraud, so we need to address that issue.

We need to upskill people in the building industry because there is a need to understand how their skills interrelate to one another. You cannot just pick out one bit of this. It has to be seen holistically, which is why I think there needs to be a national retrofit strategy, a clear political direction and a commitment to reducing carbon emissions in our homes. 85% of our existing homes will still be here in 2050. We will not deliver that target unless we retrofit our existing homes. To do that, it is a major challenge. That is why need a national retrofit plan.

**Q224 Cherilyn Mackrory:** Before I move on, would that figure include the supply chain or is that literally people carrying out the work?

**Brian Berry:** No, that is in its totality—all the jobs that would be involved in upgrading our existing homes.

**Q225 Cherilyn Mackrory:** Moving on, local authorities. Should they have a greater role in the creation of more energy efficiency jobs? I am more interested in how that might happen. I do not know who is best placed to answer that. Just jump in if you want to.

**Brian Berry:** From my perspective, if we are talking about having a national retrofit plan, local authorities would be a key element of that because what you want is a bottom-up approach. You want the local authorities working with the LEPs, working with local builders, and working with consumers and householders to work out what is needed. Local authorities should be a key part of that and they need to be, in a way, facilitating this approach. Rather than a top-down prescriptive, let's work from the bottom up with the communities and local authorities. I think they are best placed to engage with the communities because each home is different and each community is different. We need to be respectful of that.

**Laura McGadie:** I think there needs to be this long-term national strategy and direction because local authorities will not be able to access the skills they need if there is not a clear signal from the Government. To give you some input from what we have seen happening in Scotland, there has been more investment in energy per head of population probably than in any other bit of the UK.

There is a clear roadmap set out to 2050. The Scottish Government have set high and challenging carbon targets. Despite this, we run a supply chain programme on behalf of Scottish Government talking to suppliers and they say that is still not enough to give them confidence. They want



to see energy efficiency standards and they want to see a statutory zero carbon homes strategy. They need more certainty even than just funding coming through. It is not that easy. A lot of thought needs to be given to what it is that will give the industry the certainty that it needs to invest.

**Q226 Cherilyn Mackrory:** Obviously we have spoken about the bottom up and the national strategy, but what mechanisms should Government be using to stimulate the necessary job creation, rather than just saying, "Government have to do something"? What mechanisms can they use specifically for job creation, do you think?

**Brian Berry:** I can chip in. I think we are at this great place. If you take the principle of the Green Homes Grant scheme, if we go back, it had been around job creation and retention, and economic stimulus, and out of that came some low-carbon property. To create that, we also have to recognise that to create jobs quickly, it will not necessarily be in those technical skilled areas, so you will not train somebody to install a heat pump in a few days. There is level of work in job creation in the supply chain across the manufacturer, the merchants, down to the administrator and through to the person installing. Lots of those will probably be in more of the installation-based sector rather than the technical sectors.

However, if we pick up a long-term plan, we have this sort of short, medium and long-term creation of roles and building of roles. It was mentioned earlier about going right back to colleges because we need different skills moving forward. Traditional skills will still be there, but they are going to be more multifunctional, they are going to cross all these different areas. I think it is very different. If I can just use Cornwall as an example, I presented recently in Cornwall and had been amazed about the interest in heat pumps.

**Cherilyn Mackrory:** Yes. We have a very good local company.

**Simon Ayers:** We were working with BRE, looking at how we bring a localism point into bringing businesses together to deliver the whole house approach and the heat pumps. I think greater effort in that plan to also create the consortiums to bring it together will be very important as well.

**Q227 Cherilyn Mackrory:** Do you see T Levels potentially fitting into this for the training?

**Simon Ayers:** Yes, very much. We have Kickstart—we have all those opportunities for young people. The forecast is that 1 million 18 to 25 year-olds will be unemployed at the end of this year, I think. It is an opportunity to bring people in, get them engaged in new skills, and bring them through that process to start creating some of that new supply chain that we need. It is a combined effort. I think about multiples of angles.

**Cherilyn Mackrory:** That is great.



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**Brian Berry:** The one thing I would say there is about certainty. The market needs certainty because small companies are not going to invest unless they know there is a long-term market. We have seen that with the Green Homes Grant scheme, which has been extended, but without that you are not going to get the capacity needed to deliver. That is why a holistic approach is so important to succeed in transforming our housing stock.

**Chair:** Thank you, Cherilyn. We are going to come on to Green Homes Grants in a second. It is a nice segue straight to Barry Gardiner to follow up on skills and training.

Q228 **Barry Gardiner:** Thank you, Chair. Brian, you have downsized. If I look on your website it says that, "The Federation of Master Builders is the largest trade association in the UK construction industry representing the interests of small and medium-sized companies" but you introduced yourself as representing small and micro. Was that deliberate or wherein lies the difference?

**Brian Berry:** I think it is more for clarification. We do not often talk about micro companies and I think that 75% of our members employ five or fewer. It is an opportunity to flag up that a lot of companies in the building industry are small, micro. That is just to explain the nature of the market because it is these types of companies that I think are well-placed to do the retrofit work if they have the opportunity to do so.

Q229 **Barry Gardiner:** But you represent medium-sized companies as well?

**Brian Berry:** Yes, we cover the whole range, so 75% are employing five—

**Barry Gardiner:** Small, yes.

**Brian Berry:** Then it goes up, so we have companies with a turnover of £20 million, £30 million a year, but the majority in terms of numbers are these very small companies.

Q230 **Barry Gardiner:** Indeed. What types of skills do you think are required to upgrade the housing stock to meet our net zero ambition and how freely available are those skills at the moment?

**Brian Berry:** There is an opportunity for a lot of trades to upskill if they know the demand is there. If you are talking about the energy performance of a building, it is important that everyone involved in working on the fabric of that building understands how they all interrelate. It should not be too onerous for existing tradespeople to upskill, to understand how their work is interconnected, and to improve the energy efficiency and lower the carbon rating.

There will be a need for a retrofit co-ordinator—someone to oversee it. The site managers could become the retrofit co-ordinators just to make sure everything is being completed to task. There will be specialist skills as well, but let's not think this is going to prohibit the retrofit from



happening. The bigger challenge is upskilling the existing workforce and then bringing new people into the industry as the market grows.

Q231 **Barry Gardiner:** You focused on demand, so let me pick up on what you said there. That means that certainty about the targets is very important, is that right?

**Brian Berry:** Absolutely. I think the Green Homes Grant scheme is a good example. I know you will want to talk about that, but unless there is certainty about this approach to retrofitting, I do not think the market is going to respond. If you are a small company, at the moment repair, maintenance and improvement work has been very buoyant during the summer after lockdown, you are going to take the low-hanging fruit. If we want to tackle energy efficiency in our homes, we need to grow the market, we need to give encouragement to these small companies that this is not just a flash in the pan, it is not going to be a repeat of the Green Deal and it is not going to be a 12-month programme. This is a 20-year programme to transform our existing homes.

Q232 **Barry Gardiner:** Tell me about the level of training that you think is going to be required for the installers and to encourage an uptake in the workforce.

**Brian Berry:** I am not a specialist in what skills are required, but working with the local colleges, there is a good opportunity there over a period of weeks to upskill the existing workforce, because these are people who understand their trades. They just need to understand how their trade relates to other trades, how it affects the firm or performance of a home.

Q233 **Barry Gardiner:** Simon, did you want to come in there?

**Simon Ayers:** We are also talking about the unknown to a degree, because technology is changing so quickly that we also have to plan for what a property will look like in 2050. We have instances now where people have smart homes that are zero carbon and who struggle to find energy technicians to support them because of what is installed. I think Russell alluded to that earlier. We need some mapping, but we also have to accept that there will be levels of skills that we need to deliver. Some of those will be semi-skilled, some will be very technical, and that is part of that planning process so that we can then engage with all the various training and development routes to ensure we have that ready.

Q234 **Barry Gardiner:** Brian, you painted a good picture of the industry at the moment in terms of the amount of work that has been going on for some of the companies that you represent. Many companies I know are suffering because of the recession and they certainly have our sympathy, but many more are suffering what is terrible reputational damage from the aftermath of Grenfell and the discovery of so many fire-safety issues in blocks of flats around the country. In my own constituency I have about 7,000 leaseholders and tenants trapped in unsafe homes that builders and developers have either abandoned or are seeking to impose



service charges on to put right.

When we begin to talk about Government support to the industry by subsidising apprenticeships and upskilling of the workforce, why wouldn't Government turn around to your sector and say, "Put your own house in order. Pay it out of the profits you have made off the back of those poor leaseholders"? How do you envisage such a Government-funded training programme for retrofitters? How would it work? What role would the Construction Industry Training Board and the National Skills Fund play in that?

**Brian Berry:** Let's be clear, because SMEs have not tended to be involved in the high-rise buildings. That is a slightly separate issue.

Q235 **Barry Gardiner:** You know very well that, yes, you have your developers, but very often it goes down the line and there are contractors and there are contractors to those subcontractors. A lot of the shortcuts that have been taken in these buildings go right back to those subcontractors. I do not think you can expunge the board entirely on that.

**Brian Berry:** No, I am not expunging. I am just trying to explain from my perspective. I do not know of any of our members who would be involved in that, but I take the point about the reputation of the building industry. The problem I see is that anyone in this country can call themselves a builder. There is no formal licensing, there is no accreditation of a general builder, and that unfortunately gives the whole sector a rather negative reputation. The FMB has been calling for licensing of building companies as a means to drive up standards. Certainly, within the Federation of Master Builders, we have been doing our own bit, so we now have independent inspections carried out by the British Board of Agrément for members who join and now we have three-yearly inspections for all our members. We are doing our bit to raise the bar for building companies so that it has real meaning.

Q236 **Barry Gardiner:** Do you think then it would be helpful if one of the things that came out of this Committee's inquiry was about that register or licensing of buildings?

**Brian Berry:** Yes, absolutely, because I think any good company would have nothing to fear and everything to gain from some form of licensing. It would give consumers-householders a lot more confidence about having the work done. We know that consumers put work off because they do not know who to go to. There is unfortunately the situation where if the work has been poorly executed, who do they go to? They have seen these companies of builders shutting down and then starting up a new company. I am totally in support of that and I think that is what is going to be needed for a national retrofit plan because if we are using public money, we need to ensure that the work being done is done to the required standard. I think there is a key role there in raising standards and qualifications.



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That has been one of the benefits we have seen with the Green Homes Grant, that installers have had to become PAS 2030 accredited. Some of my members, most of whom are not PAS 2030 accredited, have been asking, "What is the route to become PAS 2030 accredited?" There you are seeing an uplift in skills. This is one of the positive benefits of this plan, that it will improve overall standards, protect workers in the building industry and we have an industry that is fit for purpose in the years ahead.

**Q237 Barry Gardiner:** Great. Thank you very much. I really liked what you said about the importance of things like the Green Homes Grant being long term, talking about it as a 20 or 30-year programme rather than one or two years.

**Brian Berry:** Absolutely. That is the problem. I know we are going to talk about the Green Homes Grant. There is a danger, I think, of a piecemeal approach and I can talk about that later, because I—

**Barry Gardiner:** Perhaps it is better, otherwise the Chairman will say I am poaching somebody else's issues.

**Brian Berry:** I will keep quiet and come back to it later.

**Q238 Barry Gardiner:** Simon, finally. For the EPC assessors, do we need a greater level of training for them? If so, how are we going to achieve it?

**Simon Ayers:** The EPC assessors now, through the retrofit assessment route, are taking themselves to a higher level where they need to for retrofit. I think that is already in play, if I am honest, in terms of going to that next phase. There are some adjustments that we have been talking to them about, for instance, how you give energy advice to a person when you are in the property. It had always been crazy for me that an assessor could come to a property and not be able to give energy advice when they are there doing an energy assessment. There are those sorts of things that we have to deal with, but under the new retrofit assessor route we are supporting them to go down that route and make sure that they can do those things. I think that is happening.

**Q239 Barry Gardiner:** The National Trust told us that the training for EPC assessors is minimal, with no requirement for specific training in building physics and Historic Homes told us that SAP assessors have very little specialist training. Energy assessor training, development and auditing is fundamental, ECO said, to ensure consistency and accuracy. You have a number of fairly respected bodies out there who do not share the optimistic view that you seem to have of the level of training.

**Simon Ayers:** I would not disagree. I went to sell my house recently and the person doing the survey to sell the house also did an EPC, which seemed a little bit strange. There does need to be this direction to ensure that anyone coming to a property that is assessing a property around its energy performance should be trained and understand the physics, because the physics of property and the envelope and how you treat it is



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ultimately important to where we go. I think that is something that MHCLG is also looking at, at the moment anyway, I believe, in terms of the scheme.

Q240 **Barry Gardiner:** To be clear, you believe that a greater level of training is required for EPC assessors. The second part of my question was how should that be delivered and structured.

**Simon Ayers:** I think there are EPC assessors that are extremely competent and able and they do have an understanding of the building fabrics and technology. We cannot put everybody into the same pot here. There will be those that probably do need that uplift. The training—

Q241 **Barry Gardiner:** I suppose the question is how do we bring everybody up to an acceptable threshold and ensure that there aren't cowboys out there?

**Simon Ayers:** Looking at the standards that Brian talked around, something like the PAS standard, where you are then bringing everyone to a recognised level through a recognised process through the Retrofit Academy, through those sorts of organisations, to ensure we have that consistency in delivery. That would be my view in terms of bringing them all together and then getting them registered so all the work is visible as well so it can be audited.

**Barry Gardiner:** Thank you very much. Thank you, Chair.

Q242 **Chair:** Thank you, Barry. I would like to move on to the Green Homes Grant scheme in particular, which was introduced by the Government back in the summer as part of the economic recovery package. I suspect—but you will correct me if I am wrong—that it was put together at some pace in the context of the Covid pandemic. My first question is to both Simon and Brian. How many of your members are accredited to deliver the Green Homes Grant scheme? Perhaps Simon first.

**Simon Ayers:** We have just over 1,200 businesses that are now PAS accredited and are able to take part in the Green Homes Grant scheme. Between those 1,200 businesses, they have around 20,000 subcontractors that would be working for them, so there is a plug-in underneath that supply chain.

Q243 **Chair:** Will those subcontractors themselves have to be PAS 2030 accredited?

**Simon Ayers:** No, they do not need to be PAS accredited themselves, but they have to work under the accreditation of the main company.

Q244 **Chair:** Thank you. Brian, the FMB?

**Brian Berry:** We have had 180 registered companies who have expressed an interest. To date three have now been accredited.

Q245 **Chair:** That is three out of some 7,000 members and 1,200 out some 13,000 of Trustmark. That sounds like a very small pool of expertise to



be able to deliver the Green Homes Grant, which reflects my own experience in Shropshire where it is virtually impossible to find anybody to provide a quote under the Green Homes Grant because there are so few people eligible to do it. I am aware of fewer than a handful who can do quotes within 100 miles of where I live at the moment. Therefore, it is virtually impossible because they all have their workload through to March. Today's announcement might suddenly free up capacity because they will no longer be working to a March deadline, I assume.

Can I ask each of you how you assess the influence of the Green Homes Grant on developing capacity in the industry in order to deliver energy efficiency?

**Simon Ayers:** One of the barriers to organisations and businesses signing up for the Green Homes Grant scheme had been that it was basically running five months. It was, "Why would I invest in a very short-term scheme when it would run five months and there was no certainty of what would happen outside of that?" With the extension of the scheme today through to 2022, things like the home upgrade grant, which we are waiting to see whether it comes through the spending review, which will run for three years through another £2.5 billion of investment. There is the LAD scheme running, which runs through to the end of the year. We have also the consultation on the private rental sector. What needs to happen here is all of these elements need to be put together to create the sustainable long-term platform that somebody would invest in. I think when we see that we will see the numbers grow.

We have been doing lots of work as well with certification bodies. Because a business has registered to take part, they suddenly wished all to go through certification and so we ended up with almost a blockage of certification when they went through. We are now putting measures in place to provide, through documents, free advice on how to get into the process and move through. I think those numbers will grow and this is almost the transition ready for the bigger retrofit that we need to achieve.

Q246 **Chair:** I am glad you raised that. I was going to come on to that with the next question. Is Trustmark able to cope with this increased training to allow the registration and accreditation?

**Simon Ayers:** Yes, we are working with all the certification bodies, so we are geared up. Registration with Trustmark is normally included within a certification process, therefore it can be built in. What we are doing is making sure that people are ready for the process.

A lot of businesses have instantly signed up to be part of the scheme, not realising that they have to be certificated. They then go to a certification body and have not really done any research or understood what that process is. We are trying to get them all smoothed out so we can get through quickly.

Q247 **Chair:** How many of those certification bodies are there and what do they





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charge, on average?

**Simon Ayers:** In terms of the numbers, I believe there are nine currently operating for the PAS and those charges will vary depending on the size of the business. As an example, the average cost is around £700 to £750 for PAS certification, including Trustmark registration. That would be for a single measure.

Q248 **Chair:** Does that take a lot of time in order to complete, so there is an additional opportunity cost in time not earning?

**Simon Ayers:** No. I excuse the language here, but they talk about oven-ready. Somebody who has the training and has a good understanding of the building and the physics and everything that goes with it—that can be done in as little as 10 to 12 days. If you have to go through training, that is where that longer period comes into play.

Q249 **Chair:** Because we have had evidence that it costs about £2,500, from Robert Tiffin. Perhaps Brian might be able to give a reflection on that. Very few of your members, as you have just told us, have succeeded in getting certificated. Do you have a different perspective on the process and the cost?

**Brian Berry:** I was going to talk about how it was introduced, because the Green Homes Grant was introduced last year and it was announced before there was any consultation with the building industry, who were the ones who were supposed to be doing the work. There is an example there of a bit more joined-up approach. That said, it is good news today it has been extended by a year, but it is about creating certainty in the building industry so that we can deliver and create the capacity that is needed going forward.

The other issue about the Green Homes Grant is maybe the complexity of it for a consumer, with the primary and the secondary. I do not think that is fully understood. If the Government are looking at the scheme, there is a question of whether that could be simplified in some way. Also, I think there is a lot of confusion for small building companies who feel if they have Trustmark accreditation that is sufficient. They do not realise they need to be PAS 2030 accredited. There is a process there to explain that and then to enable them to obtain that accreditation. That takes time in the messaging.

But if we are looking at retrofitting our existing housing stock, this is just the first bit. The Government looked at this as a job creation exercise, which is very good, but it needs to be seen as part of a longer-term strategy. That is what I would like to see rather than a standalone initiative that could probably be wound up again in another 12 months' time.

Q250 **Chair:** So that I am clear in terms of the PAS 2030 requirement, is that for specific types of, for example, heat-pump installations rather than wall or loft insulation? That does not require that level of certification?



**Brian Berry:** Simon is probably better placed to answer that one.

**Simon Ayers:** The PAS certification will be for insulation measures mainly. That will be a requirement for internal wall, external wall, cavity, roof, underfloor and so on. The low-carbon technologies are covered through the PAS 2030 scheme that plugs into Trustmark as well, so in some cases some of those areas are already covered under MCS so that would slot in. There is equivalence that comes across.

Q251 **Chair:** Sorry you cut out or I cut out. I could not quite hear what you said to begin with there. Does that mean that a cavity wall or loft insulation, which is a relatively straightforward process, requires Trustmark accreditation? Is that what you are saying, in order to qualify for the Green Homes Grant contribution?

**Simon Ayers:** Yes, it requires Trustmark and a PAS certification.

Q252 **Chair:** Right, and there is a very small number of people able to do it at the moment. Is there anything else that would help to stimulate the supply chain in the longer term that you would like to recommend to our Committee? Laura, could you start with that because you have had some experience of this in Scotland?

**Laura McGadie:** I would come back to my earlier comments that it takes quite a lot to give confidence. There have been a lot of schemes that were going to be five years and then changed midway through, like ECO did. There needs to be a real commitment that is statutory before the industry will have confidence.

There are maybe some other things that could be done. It was generally accepted that Each Home Counts, which was a review done to look at how to boost consumer confidence in the energy-efficiency industry, came up with a set of very good recommendations. It would be good if that was reviewed. All of those recommendations of Trustmark and PAS 2035 that came out of that process are all good things, because they will drive quality, which we absolutely need to see for consumer confidence. It would be good to have a review of that whole report and recommendations to see where everything is at because there are maybe other areas that may need some more work to ensure we get to where that report recommended.

Picking up on the skills, in Scotland the experience is there has been some work done gap analysis, which was mentioned. That is really important and we certainly see from the feedback we have had from industry it has recognised there are gaps around heat networks, energy storage, solid-wall insulation, so there are definitely gaps that need to be filled. Providing a framework for quality, as was mentioned, and support for businesses to get the training and to develop the skillset that we need, will be important as well.

Q253 **Chair:** Brian, is there anything you would like to see done to help stimulate the supply chain?



**Brian Berry:** It all interconnects, if I may say so. You need the demand; you need the skills; you need the supply chain. They are all interconnected. That is why I think there is the need for some sort of helicopter view. Whether or not there needs to be some sort of delivery agency, a bit like the Olympics where you had a single agency overseeing the project, we need something similar for retrofit over the next 20 years about creating green homes in Britain to have a single agency co-ordinating the skills, demand, and training and supply-chain standards, because it is such a big task—a major infrastructure task. To leave it in a piecemeal approach as we have been seeing to date will not solve the problem. Political ambition and some long-term vision are what we need.

Q254 **Chair:** You would like to see something like the National Infrastructure Commission having a formal role to help try to drive progress with this national effort?

**Brian Berry:** Certainly a central delivery agency that needs to be created, in the same way as the Olympic Delivery Authority was set out to oversee the Olympics.

Q255 **Chair:** It was slightly different there, because they had ownership of the land and it was a fairly tight site, but I get the point you are making.

Simon, what about you? What would you like to see to help stimulate the supply chain?

**Simon Ayers:** I think we have to support the supply chain from the micro and the SMEs to understanding what would get them involved. They are already busy. They work on a localised basis. How do we stimulate them to be part of it? I think the planning is essential and we have spoken about this a lot today in terms of giving them sustainability longer term and allowing them to deliver. I also think that we have to look at the demand that the Green Homes Grant scheme has created on all those elements pulled together. The need here is to make sure that we have the single-delivery mechanisms in place.

Q256 **Chair:** What about VAT? We have a very complicated VAT regime in the construction world, with differences between new and renovation. Would that act as a strong demand signal if VAT was reduced for retrofitting?

**Brian Berry:** That was the point I was going to make. For a long time, we have been calling for a reduction in the rate of VAT. At the moment it is too easy to avoid it and pay cash, so that helps the cowboy builders. It is 0%, as you know, on new build, but you are having to pay 20% on trying to improve your home. I think Brexit gives us the opportunity, or the UK Government the opportunity, to reduce the rate of VAT on green homes and it would be a fantastic stimulus for retrofitting our homes.

Q257 **Chair:** Thank you very much. I am very conscious that Mark has not been asked a single question yet. Before I bring in Ian Levy to ask some questions about sustainability of materials, I would like to ask Mark a question. I understand, as you have explained, that you are the



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managing director of the company that produces one of the most sustainable building materials, made from sheep's wool: Thermafleece. Could you tell us a little bit about the obstacles to that product being recommended by architects and used by builders? Why is this not a much more popular product? It is so much more sustainable than the other insulation materials that are manufactured.

**Mark Lynn:** It is a long process. The construction industry as a whole is quite conservative in its views and is difficult to change, but we are finding growing interest in natural fibre insulation in general. There are some preconceptions when it comes to sheep's wool in particular. Thermafleece, for example, is manufactured using British sheep's wool. It is manufactured in the UK and we supply John O'Groats to Land's End. There is still a lack of awareness of the availability of materials, even though we supply through all major insulation distribution and all major builders' merchants.

I think there are misconceptions about the costs. The default position is that it is always the most expensive option, when that is not always the case, or is not the case by any stretch. It is just a question of getting those learning economies, where more people have used the products and have seen how relatively straightforward they are to use, and see the benefits and pass the word around, and that we acknowledge that it is part of the mix.

It has been mentioned in previous discussions in the inquiry that all properties are different, have specific needs and have specific plans, and that we need to recognise that natural fibre insulation and sheep's wool as part of that need to form part of the mix, because we cannot leave people out and we cannot leave properties out. Natural fibre insulation is very suitable, particularly for older, traditional properties. It has been mentioned earlier that 8 million properties predate the First World War. Certainly, wool is very suitable for those older properties.

Q258 **Chair:** A lot of those properties probably have horsehair in the plaster. Wool has become so cheap that fleeces are being ploughed into farms around my constituency because the cost of processing makes it totally uneconomic. Would it be helpful if the EPC rating reflected some credit for using materials that are fully sustainable, like wool-based insulation, as opposed to the higher embedded carbon cost of manufactured insulation?

**Mark Lynn:** At the minute biogenic carbon, the carbon stored within the natural fibre itself, be it wool or wood, is not recognised. A kilogram of natural material typically locks up just under 2 kilograms of non-fossil carbon, so for that to be recognised and credited would be helpful, certainly.

**Chair:** I am glad you said that because that might point towards a recommendation. Ian, would you like to pursue this a bit further?

Q259 **Ian Levy:** Yes, thank you. I will direct this question to Mark. He will be best placed to answer it. You have touched on it as well, but what is the



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importance of using sustainable building materials in energy-efficiency refits? You have touched on that but if you could expand on it a little bit that would be great.

**Mark Lynn:** Yes, we need to broaden the benefit of natural fibre insulation beyond the sustainable and then look at the functional aspects. Natural fibres are truly breathable in the sense that they allow vapour to diffuse through the material, but they can also absorb and release moisture in a way that helps control humidity levels. As I am sure most people are aware, heat and humidity are joined at the hip. In certain buildings, in particular older buildings, you can benefit from the breathability that you get from natural fibres.

In addition, natural fibres have a higher thermal mass. What that enables the insulation to do is to help limit heat gain during peak summer months. That is something that is currently not widely appreciated or accepted, because for insulation materials themselves, their performance is measured at a steady state so the ability of the insulation itself to absorb heat is largely overlooked.

Q260 **Ian Levy:** That is very interesting. To try to dig a little bit deeper into that, how should the Government support more sustainable materials and the energy-efficiency supply chain? Is there anything we can do?

**Mark Lynn:** If you look at natural fibre insulation and you look at the two major economies in Europe as a comparison, in Germany natural fibre insulation constitutes about 5% to 10% of the insulation market and it is similar in France. About 3% to 4% of that would be wood-fibre based and 3% to 4% would be cellulose based—essentially recycled newspaper with a mineral fire retardant incorporated into it. Then a fraction of a per cent would be sheep's wool.

Comparing the UK to those two countries, with sheep's wool we are on a par with France and Germany. It is a small part of the market but the amount of sheep's wool used in buildings in the UK is probably a bit higher than it would be in Germany or France. The amount of wood fibre or cellulose, which constitutes the bulk of natural fibre insulation, in the UK I would estimate to be about 0.1% as opposed to 5% to 10% in Europe.

There is one big difference there. If you look at which ways Thermafleec is so successful in the UK, we manufacture in the UK and we supply in the UK using UK raw materials. There was one plant in the UK manufacturing cellulose insulation. That company went under in 2014, so all cellulose insulation is now imported from Europe to the UK. There is no capacity to manufacture cellulose insulation in the UK.

In addition to that, there has never been a company or a manufacturing facility in the UK to manufacture wood-fibre insulation. There is a high demand for wood-fibre insulation in Europe. They are obviously going to supply their nearest customers first and we are at the furthest point in



the supply chain. We need to build capacity to produce natural fibre insulation, acknowledging that it is a fair part of the overall mix, because properties are different and some properties require different solutions than others.

The Government need to help the creation of the capacity to manufacture wood fibre and cellulose insulation in particular. We have good production capacity for sheep's-wool insulation in the UK, so for us it is about stimulating demand, and more demand, which is what we do and that is growing. If we stimulate demand in natural fibre insulation and natural materials, we do not have the capacity in the UK to service the demand. If you look at France, for example, it announced earlier in the year they are mandating the use of natural materials, 50% natural materials in public buildings, by 2022. It is highly ambitious. The UK, even if it wanted to, certainly when it comes to natural fibre insulation, could not make those sorts of mandates because the capacity to supply simply is not there.

One last point on that. Insulation is very low density and very bulky, so the impact from factory gate to site can be high. It is one category that we should be manufacturing locally. That applies to any type of insulation. Most of the insulation we use in the UK we should be manufacturing in the UK. There is too much being imported at the minute.

**Ian Levy:** For my final question I was going to ask if there was anything we could learn from other countries' approaches and anything we can bring to the table. You have touched on that. Do any of the panel have any views on that, anything we could learn from other countries? No.

Q261 **Chair:** Could I ask Simon or Brian if you have any comments on the use of sustainable insulation material and whether or not it is encouraged to be specified through any of your organisations?

**Simon Ayers:** We do not currently stipulate any particular sustainable materials within the process itself. However, I think we would all ethically promote sustainable materials. It is a balance, as Mark said, between manufacturing, delivery, cost of install and habitual-style installers who are used to certain products. Within the plan and within the scope there is every possibility that we should build something in that looks at sustainability and the creation of UK-based manufacturing that supports that alongside the current UK-based manufacturing insulation areas.

**Brian Berry:** I would echo that. It is the same situation with the FMB. The point I would stress is availability. Obviously, it needs to be widely available across the UK. I only say that because at the moment there are concerns about some products and availability post-Covid. And Brexit, of course—we do not know what impact that will have on the supply of material.

**Chair:** Post-Grenfell there must be a particular interest on the part of



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your members in ensuring that insulation products are not flammable and meet all the standards. This may be an area worth investigating to establish whether there are. I hear what you say about lack of availability, Brian, but there may be other options for more sustainable insulation materials that are currently not being specified, for other reasons.

Very good. It has been a very useful panel. Thank you all very much for joining us, Simon Ayers, Brian Berry, Laura McGadie and Mark Lynn. It has been very helpful. We have one more evidence session on this inquiry session to come.