



Environment and Climate Change Committee

Corrected oral evidence: Boiler Upgrade Scheme

Wednesday 14 December 2022

11.05 am

Watch the meeting

Members present: Baroness Parminter (The Chair); Baroness Boycott; Lord Browne of Ladyton; Lord Colgrain; Lord Grantchester; Lord Lilley; Lord Lucas; Baroness Northover; The Duke of Wellington; Lord Whitty; Baroness Young of Old Scone.

Evidence Session No. 6

Heard in Public

Questions 64 - 73

Witnesses

[I](#): Lord Callanan, Parliamentary Under-Secretary of State (Minister for Business, Energy and Corporate Responsibility), Department for Business, Energy and Industrial Strategy; David Capper, Director of Clean Heat, Department for Business, Energy and Industrial Strategy; Philippa Pickford, Director, Delivery and Schemes, Ofgem.

Examination of witnesses

Lord Callanan, David Capper and Philippa Pickford.

Q64 The Chair: Good morning. Welcome to this final session of our inquiry into the Boiler Upgrade Scheme. We are taking evidence from Ofgem and the responsible department, and will ask questions in the light of all the evidence received—including written evidence from both Ofgem and the department, for which we are extremely grateful. As usual, I have a couple of housekeeping points. A transcript will be taken. It will be made public and the witnesses will have the chance to review it. The session is being webcast live and will go out subsequently via the parliamentary website. If Members have any interests to declare, I encourage them to do so.

We have three witnesses. Lord Callanan is the Parliamentary Under-Secretary of State at the Department for Business, Energy and Industrial Strategy. He is accompanied by David Capper, the director of clean heat at the department, and Philippa Pickford, the director of delivery and schemes at Ofgem. You are all extremely welcome.

First, I want to give both the department and Ofgem the opportunity to outline their expectations of the Boiler Upgrade Scheme and how take-up has been in practice.

Lord Callanan: Thank you. Our ambition with the design of the scheme was fundamentally to develop a simple, easy consumer offer through which industry could ramp up direct heat pump deployment, setting us a course to grow the supply chain and, ultimately, bring about cost reductions. We wanted industry to have confidence in the administration of the scheme and that vouchers and payments would be processed in a timely manner. Our feedback so far suggests that we have achieved those aims. The market has responded positively. The latest breakdown of applications, as of the end of November, shows that we received 10,582 applications and issued 8,037 vouchers. The value of the vouchers issued is around £40.1 million. There have been around 6,000 redemptions of applications received. We have actually redeemed 5,325 of them, and the value of the grants made so far is around £26.7 million.

Philippa Pickford: We have been really pleased with how the launch of the Boiler Upgrade Scheme has gone from an administrative perspective. On take-up, we have a role in providing information to installers, a number of whom had previously been party to the domestic renewable heat incentive, which we administer as well. We undertook various different comms to try to raise awareness of the Boiler Upgrade Scheme and to make sure that they were aware of what was happening during the design of the administration of the scheme. We are really pleased that 916 installers have now registered for the Boiler Upgrade Scheme, which is about three-quarters of those certified to do so under the microgeneration scheme; that is certainly in line with our expectations. Of those, more than 700 have submitted voucher applications under the scheme. We are pleased about the take-up from installers and the feedback that we have been getting from them. As Lord Callanan said, we

are pleased about the way the scheme has been administered and the processing times and service that we have been able to provide to installers throughout the launch.

The Chair: Can I come back on that figure of £40 million? Thank you for updating the figures to November, Lord Callanan; that is very helpful. However, given that the scheme runs over three years, you would look to almost double that figure in year 1 to use up the whole budget. Will you carry over the underspend in year 1 into year 2 and year 3? That is my first question. If not, are there any barriers to that? Secondly, in the written submission, you said that you expected there to be set-up issues, which is absolutely right and proper in the first year. Is that absolutely the figure that you expected?

Lord Callanan: Of course, it is a demand-led scheme, so it was hard to predict exactly what the uptake would be. It had a few bedding-in issues but they have all been resolved. The scheme works well. I visited a couple of installers, going around the country, and the feedback so far has been very positive. The digital offering is working fully. All installers can look at the progress of their applications online. On carrying over budget, we engage regularly with colleagues at the Treasury on scheme uptake, forecasting and budget utilisation. Of course, we will continue to explore options to maximise deployment in the first year of the scheme. We are happy to consider options to carry forward any unused budget from one year to the next. That is quite difficult, given current Treasury rules, as it is a capital spending scheme.

The Chair: So there is no agreement to carry over the underspend.

Q65 **Lord Grantchester:** Good morning. Admittedly, the BUS has not completed a full year, and all schemes will have their individual features. What lessons has Ofgem drawn from the delivery of the Boiler Upgrade Scheme that might be applied to future net-zero schemes? I have one or two follow-up questions from that.

Lord Callanan: I will pass that to Philippa from Ofgem.

Philippa Pickford: Thank you for the question. Ofgem administers 11 social and environmental schemes on behalf of government, so we are fairly experienced in delivering schemes. The Boiler Upgrade Scheme is the first voucher scheme that we have administered so it is a bit different from the other schemes that we administer. It is the first scheme on this scale that we have taken on for quite some time so it is important that we learn the lessons from the launch and how things have gone so far. We have learnt some key lessons.

First, we engaged with installers and users in quite a different way through the design and our administration of this scheme. We engaged with them right from the start, consulting on our administrative approach and holding webinars and forums. As the scheme was launched, we continued to have regular forums, which started a week after we launched the scheme, so that we could keep an eye on what was

happening in real time and manage installers' expectations. When we saw a few delays in processing at the beginning, we were able to explain those and set out a path for how they would be rectified so that confidence in the scheme was restored. Equally, we heard back from installers about what was and was not going well so that we could catch any issues early. That worked well. We have been able to maintain the confidence of the installer community throughout the launch of the scheme, so we banked that in how we would want to produce any new scheme going forward.

Secondly, we worked closely with government throughout the launch of this scheme. We partnered with Lord Callanan, David Capper and their teams to ensure that we all have a shared understanding of policy, objectives, risks and issues, and a shared approach to addressing those. Obviously, we have very clear roles and responsibilities but we are both quite important organisations in ensuring that the scheme meets its objectives. That joined-up approach has been really positive and we want to continue to embed that going forward.

Finally, on our digital delivery capability, when we launched the scheme, we knew that we did not have sufficient in-house capacity to design the portal so we contracted with a third-party organisation. Although that had some success, it was not as successful as we hoped. That was largely because of the very competitive job market for digital skills at the time, so it took longer than we would have liked to get that team up and running and then to keep it stable and able to build velocity. It became clear relatively early on that we were not going to be able to launch the scheme with a fully digital product so we decided to launch with a combination of a manual and a digital product. There was a digital product for property owners. We thought that it was really important that property owners had a very smooth journey, so we were keen to make sure that that product was in place for them. On the whole, we have had positive feedback from property owners about their experience of the scheme.

There was a manual product for installers. As I said, Ofgem has quite significant experience of administering schemes so we were confident that we could make that work. Indeed, we have done so. Very quickly, we were able to operate well within our KPIs and to manage the relationship with installers through that. In response to the situation on the digital side, we took the decision to bring the ownership of the digital team back in-house. I created within my directorate a new portfolio for digital delivery, which is headed up by a new senior leader, the new deputy director. We wanted to build that expertise and capability in-house so that we can deliver those functions effectively going forward. Since we did that, the digital delivery has been much smoother. As Lord Callanan said, we launched our product at the end of November. That went smoothly and we have had positive feedback from installers in respect of the portal that has been launched.

The key learnings are in continuing to develop the ways in which we liaise with installers at every moment and put them at the centre of our scheme administration; working closely with government and being an open book on what is and is not going well; making sure that we have clear routes to resolving issues; and building expertise in our digital capability.

Lord Grantchester: Considering how decisive first impressions can be to a scheme, how vital is it that the online application portal does not create any problems in the first year? It has gone well since but was that initial impression detrimental in any way? How important was previous experience in ensuring that the scheme was set and managed more centrally than other schemes? I wonder what your thoughts are around that.

Philippa Pickford: On first impressions, it was obviously disappointing for users that the digital portal would not be available, but we were able to manage that through the communications and the open way in which we engaged with them. The proof was in the pudding in how quickly we got vouchers issued. That happened within the first six to eight weeks, when we were able to meet our KPIs and provide good service to installers. I do not think it was detrimental. The applications keep coming in on a constant basis and installers are very pleased to see the portal. Where we could, we made changes to address any issues that installers faced from not having the digital portal. For example, one piece of feedback from our installer forums was that, where installers had lots of applications, they found it difficult to keep track of them. We set up account owners and different ways of enabling installers, where they had a lot of applications, to keep sight of the applications that they were putting in. We were able to maintain installer confidence in the scheme and in the speed at which their vouchers would be processed. That was important to them.

On our capability, all I can say is that we have real experience in running these kinds of schemes. We have skilled people who are used to thinking about how operational delivery processes should work. That was definitely important to our success in being able to administer the scheme.

Q66 **Lord Lilley:** Minister, what is the rationale for the approach to different heating technologies under the Boiler Upgrade Scheme?

Lord Callanan: Heat pumps are the focus of the scheme, as they are the technology that can deploy at scale. Fundamentally, the different grant levels reflect the different upfront costs of the technologies supported by the scheme. Of course, we keep those amounts under constant review. The vast majority of applications and grants under the scheme—well over 90%—have been for air source heat pumps, given their lower upfront costs. However, ground source heat pumps will play a role. There is a higher grant amount for ground source heat pumps and a much smaller number of biomass boilers, but the vast majority of applications and grants so far have been for air source heat pumps.

Lord Lilley: Have you given any consideration to increasing the grant levels for ground source heat pumps in particular—and, indeed, the grant levels overall?

Lord Callanan: We keep them under constant review as market prices move, there are difficulties in the supply chain, et cetera. The answer is yes, we give constant consideration to this, but you will understand that I cannot make any commitments on that at the moment.

Baroness Young of Old Scone: I was intrigued to hear you say that one reason for focusing on air source and ground source heat pumps was that they are deployable technologies at the moment. There appears to be some confusion on whether this is the Government's technology of choice or we are in a two-pronged deployment process, with hydrogen as a separate and, at the moment, much slower route that involves real issues when it comes to domestic deployment. Do you see this scheme as the beginning of the generalisation of air and ground source heat pumps as the technology of choice, or is hydrogen still there in the wings? If so, is there any risk that both installers and consumers get mixed messages about the importance of going for air and ground source heat pumps now as opposed to taking the easy route, which is a hydrogen-ready boiler replacement, and involves some of the trickier issues of implementation?

Lord Callanan: There is a lot in that question. To start, you will have seen that, yesterday, we launched a consultation on hydrogen-ready boilers. Manufacturers will be asked to ensure that, from 2026-27, boilers are easily convertible to hydrogen, but we want to make sure that that can be done at very little, if any, extra cost on the price of a boiler. We will see what the consultation comes back with. It is very clear that the electrification of heat will comprise the vast majority of the decarbonisation of heat. Heat pumps are available now. We all know that they work and are efficient. Hydrogen for heating is not yet a scalable or provable technology. A lot of work is needed to check that that will be the case. We are doing the work and research. We are not ruling it out as an option but it is clear, certainly in my view, that electrification through heat pumps will be the majority source of decarbonised heat.

Baroness Young of Old Scone: You are not concerned about some of the stories we heard from consumers that their boiler provider said, "Don't bother with these air source heat pump things. We can give you a hydrogen-ready boiler and it is a much easier option for you to adopt at this stage".

Lord Callanan: Of course, their boiler will continue to be useful for a number of years. The policy is that we will do the research into hydrogen, its sources of production, the efficiencies and whether the existing gas main is suitable. You will be aware that we can already inject about 20% of hydrogen into mains gas without any detriment to performance. However, heat pumps will be the priority measure. The policy is that we will take a decision on any role that hydrogen might play in heat decarbonisation in around 2026.

Lord Whitty: I want to pursue this point. Clearly, the numbers are gratifying to a limited extent, but they are well short of what you will need to convince people to take up air source heat pumps. What kind of feedback did Ofgem get from consumers in general? We have seen some who were very pleased and went ahead but, when we talked to the consumer organisations last week, their message was that there was a lack of awareness and reluctance to go ahead by consumers. Is that what Ofgem and the department have found in feedback directly from consumers? Is it a lack of awareness, a confusion about the various technologies, the cost of the grant or the inadequacy of the grant that is stopping people coming forward?

Lord Callanan: Let me take this first before bringing in Philippa, if she wants to comment. There is no question that heat pumps are a relatively new technology in the UK. They are widespread on the continent, particularly in Scandinavia, but there is still relatively limited knowledge of them. It is very important that we make sure, through MCS registration, that consumers have a good experience, that all media reports are positive, and that friends, neighbours and others give positive feedback to people on their experience of using them. That is why we are making sure that consumer guarantees, proper installations, et cetera are provided. In the new year, we will start to ramp up the amount of information that we put out and the promotion of the scheme. People should get the information that they require. As I said in response to the previous question, I am sure that the electrification of heat will be the vast majority of the heat decarbonisation that we will see. Philippa, do you want to come back on that?

Philippa Pickford: Yes. I can give you some insights from our consumer inquiries line. We do not have conversations with customers on whether they should go for a heat pump as that is not really our role. However, we have a dedicated inquiries line for customers and installers with questions about the Boiler Upgrade Scheme. We have had about 3,000 inquiries from installers on that line. Broadly, they fit into three categories, with roughly a third in each.

First, there are customers who heard about the Boiler Upgrade Scheme, are quite likely to have had a conversation with an installer and want to find out more about it. They want to check that it is not a scam and is a real scheme. We see a lot of that with our schemes, as you would expect, given the wider context and people's nervousness about scams at the moment. Then, they may want to find more information about whether their property is eligible for it. That is the first category.

Secondly, there are customers having heat pumps installed who have been contacted by us at some stage in the process. They have queries, such as checking that the email they received is actually from Ofgem or wanting information about the evidence we ask for.

Thirdly, there are people who want to find out more generally about the help available to them. They come in through the Boiler Upgrade Scheme line. We get quite a few inquiries from customers who want to upgrade

their gas boiler to another gas boiler and think that the Boiler Upgrade Scheme may be a way of doing that, which, obviously, it is not. Those customers may be signposted to other schemes, such as ECO. I do not think that that answers your question about how people feel about heat pumps, but that is not really the intel that we get through these lines at the moment.

Lord Whitty: Clearly, you get people who need some degree of reassurance about the technology and the follow-up. Do people ask about what help they will get once the heat pumps are installed—in other words, the aftercare process? Do the installers offer an effective aftercare system?

Lord Callanan: Yes. As I said earlier, all installers participating in the scheme must be MCS certified. The MCS heat pump installation standard requires that installers provide home owners with a comprehensive handover pack of documents, with instructions, warranty details, et cetera, and, of course, a comprehensive guarantee. MCS operates its own audit programme for BUS installations to provide itself with assurance that its installers are installing heat pumps to the right standard. Of course, the department continues to support consumer organisations such as Which? and the Energy Saving Trust with their public information for consumers on heat pumps. As I said, it is vital that people have a good, positive experience. If heat pumps get a bad reputation among consumers and lots of negative media articles are written, people will be sceptical about moving to them. Particularly at this early stage of deployment, as people gain in familiarity with them, it is vital that they have a good experience.

Q67 **The Chair:** Minister, can you say a bit more about the ramping-up of the consumer promotion material in the new year that you mentioned? To date, we have seen information available on the GOV.UK website. I think that there is also a leaflet for installers and local authorities. Can you give an indication of the scale of this ramping-up? Are we talking about radio, TV and more leaflets, or is the budget for that not available at this time? From the evidence we have received, it is critical that there is more promotion of this scheme.

Lord Callanan: I will bring David in on that but your point is well made. We will do some promotional activity in the new year. It will not extend as far as radio and TV advertising, but we will certainly do some publicly funded advice and information through social media channels, installers and others. David, do you want to give more details on that?

David Capper: I would be happy to. We intend to do marketing from January to March to support uptake of the scheme. The budget approved by the Cabinet Office is £300,000 over that period. As the Minister said, it will mostly be targeted online and in social media, aiming for the segment of the market that is interested in measures that can help to address climate change. Obviously, a heat pump is one measure that is high on the list of things that home owners can do to move away from using fossil fuels and take up a greener alternative.

Baroness Boycott: David mentioned £300,000. Have I got that right? That does not sound like a huge amount for a marketing campaign for something of this size and importance. Why is it only online, given that quite a lot of people will be older home owners? They will consider this partly for what they leave with their house, but also for what having an alternative energy source means for the market value of their house. I do not quite get it.

Lord Callanan: I suppose that the answer is that that is the budget we have had approved and have available. We are tailoring the campaign to fit that.

Baroness Boycott: Do you think that it is adequate?

Lord Callanan: There are always more things that you can do in this space. The Government are doing a lot on other publicly funded information campaigns as well. We will continue to make information available on our various websites and platforms but we think that we can make a material difference with this. It is still a fairly new product. If we tailor and target the advice and information properly, we can reach many of the consumers that we want to.

Baroness Boycott: It would be very helpful if the committee could look at an outline of your media campaign.

Lord Callanan: We can provide that.

Q68 **Lord Lucas:** You just answered the second half of my question but please do come back on any plans for further publicity and marketing, if you want to. What roles do you see for advice services and retrofit co-ordinators in helping consumers to navigate a move to low-carbon heat? Will you look seriously at what the Scots are doing in centralising this advice rather than leaving it to a more dispersed pattern, as we have at the moment?

Lord Callanan: We certainly have lots of centralised advice on our various websites. As I said, we will look to raise awareness as part of our forthcoming energy efficiency campaign, which you will see launched very shortly. We will continue to make as much information available as we can to help people manage their energy demands and to install energy efficiency measures. The information available will include a specific tool that will help consumers identify which type of heat pump would be most suitable for their home. We will run a targeted paid marketing campaign from January to March, as David outlined.

Lord Lucas: Thank you. I was delighted to see this morning your proposed amendments to the Energy Bill on heat networks. Do you have plans for extending the Boiler Upgrade Scheme to communal geothermal networks, for instance to make them affordable for high-density housing and flats? Will you look favourably on the Local Electricity Bill, currently in the Commons, which also has considerable potential for powering local heat networks?

Lord Callanan: There are a number of different questions there. Certainly, heat networks will play an important role in decarbonisation. As you said, there are a number of proposals in the Energy Security Bill, which I think will be debated next week. Heat networks will play an important role, whether they are powered by gas, as many of them are at the moment, or by heat pumps. David may correct me but I think it is already possible to combine elements of the BUS from a number of different households if they wanted, say, to have a shared ground array for ground source heat pumps.¹ The answer to your question is that it is already possible in a BUS to do that, although the administration is a bit tricky. It is generally targeted at individual households but there is already the ability to do that. Remind me of your second question.

Lord Lucas: Are you giving serious consideration to the Local Electricity Bill, which also seems to have potential for supporting local heat networks?

Lord Callanan: Of course, we will always give serious consideration to any Private Member's Bill. There are a number of difficult issues with the Local Electricity Bill. I will not give a commitment at this stage but we will certainly look at it.

David Capper: Minister, on what you said about heat networks, for communal heating or heat networks, there are other support schemes. A lot of these systems are in social housing. Of course, there is the social housing decarbonisation fund for those. Geothermal is one technology that can provide heat for heat networks at scale. The green heat network fund is dedicated to supporting heat networks and getting public and private investment into heat networks at greater scale. Those funding mechanisms are there for larger deployments, whereas the Boiler Upgrade Scheme is more targeted at individual homeowners or that kind of scale of deployment, rather than the sort that you might see on a heat network.

Q69 Lord Browne of Ladyton: Good morning. I want to turn to the number of installers available to underpin the take-up of this scheme and the wider 600,000 target. In evidence we have had from the Microgeneration Certification Scheme, we are told that there are currently 889 BUS-registered—and, by definition, MCS-certified—contractors. It is estimated that, to reach the government target of 600,000 heat pumps installed a year by 2028, close to 30,000 individual installers will be needed, with around 45,000 by 2035. We are also told that, in terms of the workforce to support transition, the sector needs to increase by hundreds of thousands and is currently struggling to attract thousands. What are the key policy conditions that will enable enough installers to train to support BUS uptake and the wider transition to low-carbon heat?

Before I invite you to answer that question, I have a supplementary

¹ It was later clarified that Lord Callanan meant it is possible for a number of different households to receive BUS grants for a shared ground array for ground source heat pumps.

question for David Capper. In BEIS evidence in answer to this question, we were told that there are currently more than 1,300 businesses in the UK certified with the Microgeneration Certification Scheme to install heat pumps. I do not understand the difference between these two figures; perhaps David could explain that to us since he has responsibility for that detail. Minister, it would be helpful if you could answer my question about the key policy conditions.

Lord Callanan: I am happy to do that but I will give David an opportunity to come in. I can update your figures slightly. We now have 937 MCS-certified installer companies on the BUS. I think the difference between your figures is that there are 1,300 businesses registered with the MCS. In other words, they are MCS-approved installers but, for various reasons, not all of them have chosen to be part of the BUS scheme. Obviously, the vast majority have—almost 1,000 of them—and we hope that many others will join. Some have decided that they have enough work doing other installations. Do not forget, of course, that this is just one scheme that supports heat pumps. You can install them under the home upgrade grant or the social housing decarbonisation fund. Increasingly, they are being installed in new properties as well. Not all installers will choose to be part of the scheme but we hope that the vast majority will be.

On your general point, you are absolutely right that we need to increase the number of certified installers and the number of skilled people available to carry out this work. That means, for instance, a lot of conversion of gas engineers and others. Many companies, including the heat pump manufacturers themselves, have set up training workshops around the country to do that. In addition, we launched the latest phase of our home decarbonisation skills training competition on 20 September. This is the second such competition we have run. We have £10 million available specifically to fund training for people working in the energy efficiency and retrofit low-carbon heating sectors. The previous version, the £6 million phase, supported about 7,000 training opportunities. Obviously, as we have more money available this time, we expect that it will support perhaps up to 10,000 new training opportunities in future. David, did you want to come back on any of that?

David Capper: Those numbers are correct. There are about 1,300 MCS-registered businesses and about 4,000 others, on top of the 937 that are BUS registered.² On the differences here, installers sometimes specialise, for example in new build. Apart from self-new build, that is not part of the Boiler Upgrade Scheme. They might specialise in social housing, which, of course, comes under the social housing decarbonisation fund. I hope that explains some of the differences in the numbers.

Lord Browne of Ladyton: I appreciate that explanation. It makes it clearer. It was not that clear when I read the two pieces of evidence but I now understand it. Yet this does not immediately convince me that the

² BEIS later clarified that the 1,300 MCS-registered businesses include the 937 that are BUS registered.

scale of this challenge will be met by an investment of £10 million to train possibly 7,000 people. As the MCS said, it is a challenge to get hundreds of thousands of people. Where are they coming from?

Lord Callanan: Do not forget that that is just the government investment in training. As I mentioned, a lot of private-sector training takes place as well. As I said, it is in the interests of the heat pump manufacturers themselves to do this. They fund training opportunities and training centres. I visited a number of these, where they seek to retrain the likes of gas engineers, et cetera, in installing low-carbon heating systems such as heat pumps. Of course, the DfE has huge training budgets—about £2.5 billion—for training engineers, et cetera, some of which is also spent on this.

This is a specific scheme that we are funding but you are right that, in the longer term, we will need to make sure that many more training opportunities are available through both government investment and private investment. The various government schemes we mentioned supporting heat pumps and their deployment will all contribute to that, and the market will adapt and slowly expand. Of course, the massive ramp-up will be in 2025, when the new home standard comes online. Effectively, no new home in the country will be able to have a gas boiler installed and the vast majority will take up heat pumps. That will lead to massive deployment.

Lord Browne of Ladyton: Where will we find this data on the capacity we have for training people at that scale? I mean the specific data on the number of opportunities for training at that scale.

Lord Callanan: As I said, a number are funded by various government schemes, but a lot of training takes place in the private sector as well. We can certainly see if the MCS has data on the number of training opportunities taking place in its various member companies. We can certainly give you that, if we can get it.

The Chair: That would be very helpful. We have had evidence from the Department for Education but the point you make is that it is not just the Government backing this; it is the private sector, too. We need some understanding of that so, if you could provide us with that evidence, that would be extremely welcome. Thank you for that.

Q70 **Lord Colgrain:** What assessment, if any, have you made of the extent to which cash-flow considerations deter small installers from participating in the scheme?

Lord Callanan: Thank you for the question. I have been clear in all my meetings with Ofgem that I want to see applications processed as quickly as possible so that installers are not waiting to be paid when the work is completed. I am very conscious of the effect that that can have on small installers. To be fair to Ofgem, it is delivering on that. On average, processing times were 10 working days to issue consent. Many were faster than that. Following that, requests for payments are now down to,

I think, five working days—Philippa will update me on the exact figures—but I am conscious that this is important. Ofgem is delivering on that but I am sure that Philippa can give the updated numbers.

Lord Colgrain: I have a supplementary question for Philippa on that point. Going back to what you said in your introductory remarks, I understood you to say that, until recently, installers made paper applications to you but those applications are now online. Is that correct? If so, how long did it take in the early stages for the paper process to go through and payment to be made? Is there reason to believe that this might have deterred a number of small installers who have not yet come back to you?

Lord Callanan: Philippa, do you want to give the updated processing times?

Philippa Pickford: Certainly. You are right that the installers application process was manual until the end of November. We then launched a digital portal, and now the application process for vouchers is online. The parts of the process that are still done offline are where installers need to provide additional information to back up their application. At the moment, that is still done via email and is largely in respect of self-build properties. The redemption process, which is just one simple form, is still offline.

We turn around redemptions within five or six working days. As Lord Callanan said, in November, we turned around consent requests to customers within three working days and turned around the voucher issuance once the consent came back from customers in two and a half days. In the early days when the scheme was launched, we had a backlog that took about six to eight weeks to work through. By July, we were meeting all our KPIs and turning around vouchers within 10 working days and payment within five working days. Cash flow is imperative to installers, particularly smaller ones. We have been really aware of that and worked hard to ensure that the processing times have been as quick as possible. We have not seen evidence that there has been any uncertainty; they knew that we were on top of this and improving. Certainly, since July, standards have been really good.

The Chair: Philippa, would you mind switching off your camera? You are occasionally breaking up a bit, which makes it harder for us—some of us find it hard to hear anyway—to listen to the really good evidence you are giving us. That would be very kind.

Q71 **Baroness Young of Old Scone:** I have a complicated set of questions. I will try to break them up into three bits to help us all navigate them. They are basically about the evidence that we have heard regarding barriers to take-up being caused by, first, the upfront cost of the technology and, secondly, its running costs. To start with the upfront cost, what is the role for both government-prompted and non-government-prompted low-interest loans or other financial measures to help overcome the fact that, even with the grant, there is still a

substantial layout of capital required by individual households to take up the grant process?

Lord Callanan: That is a good point. Of course, our ambition is to bring the costs down over time but we recognise that, at the moment, these are costly to install, though less so to run, for many lower-income families. We see a range of financing options. We want to see a growing market in green finance. There are some interest-free options and the opportunity to spread costs over two to five years. I could point you to something called the green home finance accelerator, which we launched in October. That makes up to £20 million of grant funding available to support the development of innovative green finance products and services to help diversify the market and enable both owner-occupiers and landlords to decarbonise their property. A number of companies do this. British Gas has a 0% interest, five-year loan. Barclays has a greener home reward. Octopus Energy offers a heat pump to consumers worth, I think, £2,500 once the BUS is taken into account.³ Halifax offers something similar to its customers. There are a lot of exciting developments in this sector but I accept the point that we need to bring costs down further before we get mass market take-up.

Baroness Young of Old Scone: Some of the evidence from other continental countries was that government-backed loan schemes accelerated the process. Is that something the Government are considering?

Lord Callanan: I do not think that we are going to look at government-backed loan schemes. As I said, we certainly want to support the private sector as much as possible in developing innovative green products to help speed up rollout.

Baroness Young of Old Scone: Is there any central monitoring of the scale of the help of this kind that is available? Is somebody counting how widespread that support is?

Lord Callanan: The department monitors the different finance offers available. I have given you some examples of the innovative products we are seeing.

Baroness Young of Old Scone: I wondered whether, as well as the range, the numbers or scale were being monitored.

Lord Callanan: Is there anything you can add on this, David? Is your department monitoring them?

David Capper: No. We are talking to suppliers and all the companies that the Minister mentioned. Many of these are new to the market. One thing we hoped for in launching the BUS was that there would be new private-sector offerings. The 0% loans are a tangible example of green finance. Lots of people talk about green finance but here is a tangible

³ It was later clarified that Octopus Energy offers a heat pump to consumers that costs £2,500 once the BUS is taken into account.

example. As many of the products are very new, we are still in the process, as are the companies themselves, of seeing what the take-up will be. It is still early days. We need to give the products a bit of time and then see how consumers react to them.

Baroness Young of Old Scone: On running costs and the problem of setting electricity prices, linked to the wholesale gas market, when can we expect a consultation response to the review of electricity market arrangements and whether that would resolve this problem?

Lord Callanan: This is an extremely important issue. We accepted in our strategy the fundamental case for rebalancing energy costs, ultimately to ensure that heat pumps are no more expensive to operate than a gas boiler, and hopefully cheaper. One side effect of current high gas prices has been that electricity became comparatively cheaper, although of course both went up enormously. As Baroness Young said, with gas still setting the electricity price a lot of the time, there is clearly a case for wider market reform. That is one reason why we launched the review of electricity market arrangements. I cannot yet give a time when that review will report but we are urgently working on it.

Baroness Young of Old Scone: Thirdly, mechanisms that would help with both upfront costs and running costs, such as the availability of special heat pump tariffs and the development of heat as a service offer, are a bit slow off the mark. Do you have any thoughts on how you will prompt development of these?

Lord Callanan: Thinking about that is at a very early stage. I am not aware of any such products on the market at the moment. I know that some companies are looking at heat as a service—in other words, you sign up to it and they supply the heat pump and deliver it to you. Of course, the difficulty then is the ability for consumers to move companies. Which company will want to finance a heat pump in advance if consumers could then just move their business to another supplier? It is a difficult area but it has been thought about with some early discussions going on. David, can you give any further information on that?

David Capper: The Minister is absolutely right. This is at an early stage, particularly in terms of heat as a service. We did this as part of our innovation work. There have been trials. We did a trial of 100 homes over the period from 2017 to 2019. It is also part of the innovation we are doing under the heat pump ready innovation programme. This is very early, nascent work. The whole market being run on this basis would obviously be a big change from where we are at the moment.

Baroness Young of Old Scone: I have one last question while I am on my feet, as it were. This scheme is limited in its timescale. The evidence from other continental countries is that persistence was important in getting a head of steam behind the schemes and ensuring that the scale was appropriate to the challenge of climate change. Minister, I am not entirely clear whether you see this scheme as a method of just prompting

the market to be more active in this area, or one to deliver bums on seats in terms of installed heat pumps. It is quite short in duration. By the time the scheme ends, will the market be ready to take over?

Lord Callanan: It does both. Of course, it provides a spur to the market. The scheme runs over three years, which I can assure you is not too bad in UK terms with Treasury constraints. I cannot give any commitments at this stage but, if it proves to be a success and drives deployment, we will review where the market gets to in two or three years' time and see whether we want to consider it in the next spending round.

The Chair: Just to follow up on that, we had evidence last week from some NGOs with experience in France and Germany. They said that it has clearly taken France more than a decade to get to where it needs to be on the installation of heat pumps. In Germany, it has been a much longer period. Are you saying that the reason this scheme is only three years is not because there is evidence that that is how long it will take us to get to where we need to be but because of Treasury constraints?

Lord Callanan: Added to the funding that we have available at the moment, you will be aware that the Chancellor announced another £6 billion for the various energy efficiency and green heat schemes from 2025. Again, without giving any specific commitments, we will want to look at whether this is one of the schemes that will be expanded using that funding. We will need to look at that nearer the time. We have the certainty of funding for three years at £450 million. At the moment, we are concentrating on delivering that.

Lord Lilley: On that issue, I thought the idea was that this would kick-start the market, then the second phase would be the requirement that suppliers supply a certain proportion of heat pumps rather than gas-fuelled boilers and that that would, as it were, take over once the supply chains were all there.

Lord Callanan: That is a separate issue. In the Energy Security Bill, we seek to take powers for something called the market mechanism, which will deliver precisely that. We will require gas boiler manufacturers to sell a certain proportion of heat pumps based on their sales of gas boilers. That is another of the suite of measures to drive take-up.

The Chair: Following up on that, when would you like to see that market-based mechanism introduced?

Lord Callanan: We do not have the powers to do it yet but we want to get on with it relatively late next year once we have the powers from the Energy Bill, if it makes its way through Parliament.

The Chair: Thank you for that clarification.

Q72 **Baroness Boycott:** I have a number of questions on what other policy measures would be necessary or could be introduced to support this transition. The first follows on from what we were just saying about the 2035 date given for the absolute legal phase-out of new gas boilers. As

Baroness Young said, we have talked to some other European countries. They have earlier dates to activate the market and make things work quicker. Indeed, one witness said that, technically, you could put in a gas boiler during 2034 and it would still be running, with its 15-year guarantee, until nearly 2050. Obviously, that is not what anyone wants to see. Are you confident with a date that far ahead? Would you consider bringing it forward?

Lord Callanan: There are certainly no plans to do so. Let me just correct you slightly. We have not yet said that 2035 is an exact phase-out date for gas boilers. We have said that that is our aim.

Baroness Boycott: So it might be later.

Lord Callanan: Our aim is to start the phase-out in 2035, but that will depend on driving the market for alternatives. Before we do that, we want to make sure that people have appropriate, cheap, available, efficient alternatives. That, of course, is one reason why we are driving the market for heat pumps. We want to ensure that availability is expanded and that they become, we hope, cheaper to operate than and as cheap to install as gas boilers.

Baroness Boycott: You do not think that that seems quite a long time, if you need a new boiler tomorrow.

Lord Callanan: Not given the scale of gas boilers in the UK, no. We must ensure that the alternatives are available, cheap and accessible before we tell people that they can no longer have a gas boiler.

Baroness Boycott: We are all very interested in community-based energy schemes. We have had evidence from both Leeds and Stoke-on-Trent of their successful local energy schemes but obviously they have had a slightly more difficult time sorting out how these could get funded. I am not quite sure who to direct the question to, but they seemed to have seen lots of good stuff in that people then publicise their low energy around the community so more people join in the take-up. What is your view about that and how will the department help push an idea like that?

Lord Callanan: Ofgem already has a number of support schemes. Philippa might have more detail on that, although it is not really her area. Ofgem already supports some local or community energy schemes. Similarly, there are already funding mechanisms. Some levelling-up funds support community energy schemes. David, is that right? Again, it is probably not your area but you might have some information on that.

Baroness Boycott: For instance, is there an amount of money you can get that is different if you are doing a community energy scheme? Is there a fairly easy way to apply as a group?

Lord Callanan: As I said, there are some funding schemes. Ofgem has some schemes; I know that the Government do as well. I think it is through the levelling-up funds. Do you have information on that, David? I cannot remember.

David Capper: I cannot recall. It depends quite a lot on what the community energy scheme does and the housing tenure in which it works. For example, we have already talked about the social housing decarbonisation fund. That was a community scheme related to social housing and that is how that would be dealt with. If it were a communal heat network scheme, we have the green heat network fund for that. I am sure that the Minister is correct that there is also money through DLUHC funding routes and levelling-up funds.

Philippa Pickford: We have some funding available through RII0-2, the network price controls, to support local suppliers, particularly in respect of hydrogen heating. Some detailed studies are going on, with a trial of a 100% hydrogen village of up to 2,000 homes. We are looking at a couple of different potential locations for that trial. We also support trials for our innovation sandboxes. We can provide further information on these afterwards, if it would be helpful.

Baroness Young of Old Scone: Lord Callanan would be disappointed if I did not ask him about the progress of off-gas grid regulations. He kindly clarified that the drop-dead date of 2026, when it will not be permitted to install any more oil or liquefied gas boilers in off-gas grid houses, was not practicable. I am still a bit clueless about what will happen to off-gas grid houses and whether the original provisions will come in but at a later date, or if you have seen the light and have some other thoughts about how to go about this.

Lord Callanan: I cannot provide any other information on that at the moment. We are still looking at the responses to the consultation. We will respond as quickly as we can. This is a difficult area. Needless to say, we would like to go out and do this but, for many people in rural areas, there are no practical alternatives. Most can install heat pumps but not everyone can. There are difficulties with some DNOs in supplying electrical loading factors for some rural areas. We are looking at this area. We have the consultation responses and are working on those. We will get the consultation response out as soon as we possibly can.

Baroness Young of Old Scone: Can we have a guarantee that the 2026 date is now dead?

Lord Callanan: I will not give any guarantees on dates at the moment.

The Chair: You tried.

Baroness Boycott: Thank you for asking that, Baroness Young. What changes are the Government considering for EPCs, and are there any plans now to review the permitted development rights?

Lord Callanan: We published an EPC action plan detailing a series of commitments to maximising the effectiveness of EPCs as a tool for improving energy performance. DLUHC is also expected to publish a consultation soon proposing changes to the energy performance in building regulations, under which EPCs ultimately fall. That consultation

will allow progress to be made by DLUHC on a number of actions to deliver an EPC that fundamentally engages consumers and supports the policies that drive action. In November last year, a progress report was published detailing the progress made thus far under the EPC action plan.

Baroness Boycott: Finally, have you considered developing support for other energy efficiency measures for property owners who are most likely to use the BUS?

Lord Callanan: Indeed, property owners can already access a number of such schemes. The majority of those are targeted towards lower-income families. They amount to more than £6 billion in this spending review period. The committee will also be aware that the Government announced a further £1 billion expansion of the energy company obligation, or ECO, scheme called ECO+, which we are currently consulting on. We expect that to start in spring next year. The fundamental change in that from other, existing ECO schemes will be that so-called able-to-pay households will also be able to access some efficiency measures under that.

The Chair: On the issue of permitted development rights, a number of witnesses have told us that some heat pumps are now much quieter and therefore do not need to be installed as far away from homes. Does the department accept that evidence? If so, are you in active discussions with, I presume, the levelling-up department to ensure that permitted development rights are amended swiftly?

Lord Callanan: I will bring David in on this. We are certainly in discussions with DLUHC on this. I received a number of letters from people talking about loud heat pumps but I have seen them in operation in many cases. I do not know whether there is a problem with my hearing but I literally cannot hear them. The idea that they provide noise nuisance to communities is far wide of the mark. With the latest developments and proper installation, they are almost silent in operation. We see different approaches from different local authorities. Some are very permissive in allowing these to be installed; others are quite restrictive. I do not know what further discussions we have had with DLUHC on this issue. David, do you know?

David Capper: We are talking to DLUHC about this and keeping it under review. We also published an invitation to tender for further research in this area and to gather evidence on the planning issues and of the noise from heat pumps. You are certainly correct that heat pumps are getting quieter over time. You would expect that any noise issues will decrease over time and it will then be easier to relax restrictions that are around them at present.

The Chair: Thank you. The committee has a site visit in January to hear and see heat pumps; I am sure we will be able to confirm that it is not your hearing, Lord Callanan.

Lord Callanan: Where are you going?

The Chair: We are going to visit Octopus HQ and its facilities.

Lord Callanan: In Slough?

The Chair: Indeed.

Lord Callanan: You will enjoy it. I have been; it is very good there. Octopus is very good at promoting itself. Make sure you come back with a big fluffy octopus.

The Chair: Clearly, we need a lot of people to be rather good at promoting heat pumps.

Q73 **The Duke of Wellington:** Minister, in a sense, you have already touched on the set question here. I return to a slightly more general point about lower-income households being able to afford to install a heat pump. Even though they may wish to do so and to reduce their carbon emissions, the fact is that the grants, although generous in one sense, probably represent only about 40% of the cost of installation. That means 60% must still be paid by the consumer. This would be beyond many lower-income households in the absence of any sort of financing scheme. Earlier, you were asked, I think, whether there was any proposal for a government-backed financing scheme. I quite understand the reluctance of the Government to do that. I am personally very surprised that the market—installers and manufacturers—have not developed financing schemes to encourage the sale of their products. Nevertheless, do you at the department remain concerned that this scheme or programme to encourage the installation of heat pumps is not really available to low-income households, who will clearly struggle to find the £6,000 or £7,000 net cost of installing these pumps? What can the Government do about that?

Lord Callanan: You are right. Of course, the BUS scheme is available to all households, not just lower-income⁴ ones, but, as I mentioned earlier, for those on the lowest incomes, there are a number of other schemes that are 100% funded so they do not need to pay anything at all. There is the social housing decarbonisation fund, the home upgrade grant, ECO, et cetera. Those are all able to install heat pumps and low-carbon heating systems, as well as insulation measures, as part of their retrofit programmes. Those on the lowest incomes will not need to finance anything at all. For slightly higher but still low incomes, green finance will increasingly come into play, which is why I mentioned earlier some of the low or 0% interest offerings from a number of companies.

Lord Whitty: Could I have a couple of clarifications? One relates to what you just talked about. Clearly, installing heat pumps is disruptive to households. If we expect them also to engage in energy efficiency schemes—whether they are eligible for the ones for low-income families or more generally—is it not sensible to combine the installing of heat pumps with a scheme that insulates and introduces other energy-efficient

⁴ It was later clarified that Lord Callanan meant “higher income households” here.

measures so that the disruption to households occurs only once and not twice or more? That is my first question.

The second is simpler but probably difficult to answer. You said to Lord Lilley near the beginning that the vast majority of housing would be eligible for heat pumps but you did not put a figure on that. We subsequently said that large housing estates, and presumably blocks of flats, would not be appropriate. People are being told, for example, that small terraces would not be suitable—that is, perhaps the end houses would be, but the rest would not. Can we have some clarification on what proportion of the total housing stock is, in your view—that of the department and Ofgem—suitable for heat-pump installation and what proportion must be dealt with in another way, either through community schemes or otherwise?

Lord Callanan: I will take your second question first. Of course, it is difficult to put a figure on the overall number of houses. There are many different types of heat pump before you look at other low-carbon heating systems. For instance, it is perfectly possible to envisage your street of terraced houses having a ground source heat pump array in the street outside and then all those homes having a ground source heat pump in place of their gas boiler, enabling them to install a heat pump-type system in them. Heat networks could also ultimately be fuelled by a heat pump. Those would be more suitable for blocks of flats.

Indeed, I went to look only last week at a social housing decarbonisation fund scheme in Thurrock that does exactly that. They use boreholes for ground source heat pumps and they have retrofitted three blocks of flats there with low-carbon heating systems. They all had ground source heat pumps replacing their existing, very inefficient, night-storage systems. The residents concerned were absolutely delighted to have the new systems installed.

On the other schemes, as I said in response to a previous question, the social housing decarbonisation fund, the home upgrade grant, et cetera, are all retrofit schemes. They will install insulation as well as the low-carbon heating system at the same time to minimise the disruption to households. Taking a whole-house approach is the preferred option for most of those schemes.

The Chair: Going back to the discussion you had with Baroness Boycott on community-level schemes, you pointed out that BUS is basically aimed at individual households. Of course, there are local authority and community schemes still very much focused on the individual household. I cite the example of the solar panel schemes, where local authorities present to communities effectively to buy into a scheme. These are individual solar panels on an individual home but the individual householder is given the reassurance about the provider and information from a trusted local source: the local authority. Given that, clearly, you want to make this scheme work within the limited timeframe, is the department considering looking at the success of local authorities with solar schemes, where they use their power to bring together individual

households? The costs would effectively be brought down for households in the way they were for solar, but it is still an individual ground source heat pump coming into the homes. Are you looking at that as an option for the remainder of the scheme period?

Lord Callanan: I am not quite sure what you mean by that. Obviously, as David mentioned, a number of heat network funds are probably more suitable. I have seen a number of examples at the village level; there is a really innovative one in Cambridgeshire, for instance. The whole village, which was off the gas grid, had a heat network installed. They did that through heat pumps, decarbonising the whole village in one go. I am not familiar with the model that you talked about of local authorities funding solar panels on a community-level basis.

The Chair: I apologise for being unclear. Basically, where I live in Surrey, there was a system whereby the local authority promoted a scheme to individual households whereby they could effectively come together to each have solar panels. It was under a scheme whereby the local authority provided the trusted installer and, because you were part of a group scheme, the costs were slightly less. Apologies if I did not make myself clear. I can see other colleagues nodding that I am making sense now. That was the scheme I was talking about. David, please come in and say something if you understood what I was talking about.

David Capper: I wonder if the question is about local authority delivery and whether that is how these things would be funded. I will just address the wider point. It is really important to the Boiler Upgrade Scheme that we have learnt lessons from previous schemes. We know that adding in complexity and not keeping these schemes as simple as possible for consumers causes lots of problems. We worked really hard on the BUS to ensure that there is a simple, clear consumer offer and that the design of the scheme is as simple as possible. It would be to the detriment of the scheme if we had to make it more complex or add in additional features. As the Minister said, there are other ways in which community schemes can be funded, such as through the green heat network fund, the social housing decarbonisation fund and local authority delivery DLUHC schemes. There are other places for these, rather than complicating the design of this scheme. For it to be successful, it needs to remain very simple and straightforward for consumers to take up.

Baroness Young of Old Scone: I have a question about people who probably ought not to try to pick up the Boiler Upgrade Scheme. There will be an irreducible rump of properties for whom an air source or ground source pump is not a good idea, quite frankly. I should declare an interest as one of those. It is difficult not to find yourself plunged into guilt syndrome for not doing your bit for climate change when every corner you turn in trying to get an air source or ground source pump is blocked off, either by the fact that you are not able to get an EPC or that your EPC is unchangeable because you cannot do anything about measures such as cavity wall insulation because you do not have cavities in your walls. Listed building officers are picky about putting that in your

curtilage. There must be a number of people—I do not know what that number is or whether the department has calculated it—to whom we ought to give some comfort that they are not devils incarnate. It is not that they are not doing their bit for climate change; they are waiting for the right technology to come along to resolve their problem. Is there something we should be telling those folks about the Government's thoughts on these hard or impossible to retrofit properties?

Lord Callanan: That is an important point. David may correct me but the figure I saw was that something like 80% of properties were potentially suitable for a heat pump. Clearly, some are not. Of course, listed buildings are a particular problem, as are those without a cavity wall. There are those that cannot have external wall insulation fitted because of various restrictions. That is always going to be difficult. It is a peculiar problem that we face in the UK. We have the oldest housing stock in Europe. Something like 6 million homes in the UK were built before the First World War. It is difficult in many such properties, although technology provides us with some excellent solutions. There are some brilliant external wall insulation systems now available. I have seen a number of them. They can make a tremendous difference, particularly to older properties. They can completely replicate an old brick or stone finish to such an extent that, unless you actually go up and tap the wall, you would not know that it was not original.

Baroness Young of Old Scone: I do not think I will introduce you to my listed building officer. You might give her a heart attack.

Lord Callanan: I realise that listed buildings are a particular problem. DLUHC provides advice on the schemes available to help with listed buildings. Clearly, different local authorities take different approaches to the problem that you outlined. Some are quite innovative and permissive in whether they will allow the external boxes for heat pumps to be installed next to listed buildings or in conservation areas, and some are not. People keep approaching me to say that the Government should mandate them to allow this but that would go against the principle of planning being decided at the local authority level. We continue to work with DLUHC and local authorities to appraise them of the situation. Ultimately, you are right that some properties will not be suitable for heat pumps. We will need to look at alternatives. One potential alternative is BioLPG. Again, this needs a lot more work and development, but it could offer a solution.

David Capper: On the stats, you are right that the 80% figure is specifically for off-gas grid properties. When you add in on-gas grid properties, we believe that the figure is higher than that—perhaps even as much as 90% from a thermal efficiency perspective—in terms of properties that are already appropriate for a low-temperature heat pump or could be made ready for one.

Lord Callanan: There are, of course, high-temperature heat pumps coming on to the market now. Again, technology will help us in this respect.

The Duke of Wellington: On the listed building point, I simply suggest that you ought to have discussions with Historic England, which is in the position to issue guidance to local authorities about being more flexible on various sorts of insulation and other adaptations to make historic listed buildings more suitable for modern heating systems.

I want to raise another point, if I may. Minister, you were asked earlier about the duration of the current Boiler Upgrade Scheme, which I think is three years. You said that that would be considered in the next spending review. We heard some very impressive figures from Germany of the effect on the manufacturing industry and the installation system there of a longer announced scheme. The fact that our scheme is for only three years gives less incentive to manufacturers to gear up. Although I understand that all government Ministers are constrained by three-year comprehensive spending reviews, it would nevertheless be helpful in pursuit of your policy to give a longer-term indication to industry generally that this scheme is likely to be repeated or extended beyond three years. That would have a significant effect on manufacturers and installers; I advise Ministers to consider it.

Lord Callanan: We will certainly do that as much as we are able to do so. Let me reiterate the point that this is just one of a number of schemes to support heat pump deployment. We have the market mechanism, referred to earlier. When we get the powers in the Energy Security Bill, they will enable us to give more long-term signals to heat pump manufacturers and installers that this is the direction in which policy is going.

Baroness Boycott: Quickly, to follow up on the funding for community energy schemes, am I right in assuming that you can apply as an individual household only for the Boiler Upgrade Scheme?

David Capper: Actually, the installer applies on behalf of the individual consumer. That is how it works at the moment.

Baroness Boycott: But you apply as an individual household rather than as a group, a street or a block of flats.

David Capper: Yes. A block of flats would not work here. There is nothing to stop a group of households approaching an installer and asking them to apply on their behalf then put in an appropriate solution for them.

Baroness Boycott: That could be more economical.

David Capper: It might be.

The Chair: That is a very helpful clarification, thank you. Minister, we know that there are constraints on your time so I will bring this session to a close. I thank all three witnesses—Philippa, David and the Minister—for their time. This has been extremely helpful. We will write to the department in the new year when we have determined our conclusions on the scheme so far. Thank you very much. I formally close the meeting.