

Public Accounts Committee

Oral evidence: [Faulty energy efficiency installations](#),
HC 1229

Thursday 13 November 2025

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Members present: Sir Geoffrey Clifton-Brown (Chair); Mr Clive Betts; Anna Dixon; Sarah Green; Rupert Lowe; Catherine McKinnell.

Also attended: Bill Esterson (Chair), on behalf of the Energy Security and Net Zero Committee.

Gareth Davies, Comptroller and Auditor General, Adrian Jenner, Director of Parliamentary Relations, and Joshua Reddaway, Director, National Audit Office, and Edward Pinney, Alternate Officer of Accounts, HM Treasury, were in attendance.

Questions 1 - 159

Witnesses

I: Matt Gantley, Chief Executive, United Kingdom Accreditation Service (UKAS), and Simon Ayers MBE, Chief Executive Officer, TrustMark.

II: Jeremy Pocklington CB, Permanent Secretary, Department for Energy Security and Net Zero; Clive Maxwell CB CBE, Second Permanent Secretary, Department for Energy Security and Net Zero; Deborah Chittenden, Director, Net Zero Buildings: Transformation, Department for Energy Security and Net Zero; Jonathan Brearley, Chief Executive Officer, Ofgem; and Kiera Schoenemann, Director of Audit and Compliance, Delivery and Schemes, Ofgem.

Report by the Comptroller and Auditor General
Energy efficiency installations under the Energy Company
Obligation (HC 1334, Session 2024-26)

Examination of witnesses

Witnesses: Matt Gantley and Simon Ayers.

Q1 **Chair:** Good morning, everybody. Welcome to the Public Accounts Committee on Thursday 13 November 2025.

As a chartered surveyor—I declare that interest now—I know this country has some of the oldest and coldest homes in this part of the world. Therefore, the use of energy measures through insulation or technology can help significantly to lower energy and heating bills and provide comfort for elderly and deprived residents.

The Energy Company Obligation, ECO, is a Government scheme intended to tackle fuel poverty and reduce carbon emissions in Great Britain. It requires energy companies to fund the installation of energy efficiency measures such as insulation.

As of March this year, more than 300,000 homes have been updated through the two current ECO schemes, worth £4.2 billion. However, poor execution of these installations has done more than simply fail to deliver energy savings. Shockingly, between 22,000 and 23,000 households with external wall insulation fitted under the scheme, representing 99% of all external wall insulations, have defects. Between 9,000 and 13,000 homes with internal insulation are now in need of repair work to correct major issues that will cause problems such as damp and mould.

By September 2025, less than 3,000 of these homes had been remediated. This is an unacceptably small percentage of these installations, which pose real and immediate health and safety risks.

Today's hearing will be split into two panels. In the first, we will hear from TrustMark and the United Kingdom Accreditation Service, UKAS. In the second panel, we will have the chance to hear from senior officials at the Department of Energy Security and Net Zero and Ofgem.

We will be examining the reasons for these faulty installations, including why they were not identified sooner, plans for remediation and how Government will ensure these failures do not happen in future.

I welcome this morning Simon Ayers MBE, chief executive officer at TrustMark. He has been CEO since 2014, after three decades of working in the energy and construction industries.

On my right is Matt Gantley, chief executive of the UK Accreditation Service. Prior to joining UKAS, he was managing director of NQA



HOUSE OF COMMONS

Certification and held senior directorship roles in certification, training and consultancy firms. A warm welcome to you both, particularly as it is your first time in front of the Committee—I am sure you will be hoping you won't come here too often afterwards.

A warm welcome also to our guest from the Energy Security and Net Zero Committee, Bill Esterson. I also welcome our newest member, Rupert Lowe. We now move into questions, the first of which is from Clive Betts.

- Q2 **Mr Betts:** Good morning, Mr Ayers and Mr Gantley. The scheme is quite simply awful, isn't it? We are looking at the people out there who have suffered as a result of faulty installations. Could you explain to the Committee very simply what the responsibilities of your organisations are for this scheme, and how far you hold your hands up and say, "We were responsible for the failures as well"? Mr Ayers, do you want to go first?

Simon Ayers: Our accountability for the scheme is based around the way that TrustMark operates, which is that we work through a series of scheme providers. Those scheme providers register businesses for TrustMark. Since 2005, we have been delivering within the home improvement sector, and that home improvement sector has obviously had ups and downs all the way through the period.

Coming to the specifics of your question, we really started to recognise that there had been a change in delivery programmes. I put on the record that insulation installed correctly is one of the best things we can do to reduce the cost of living. When we looked at the schemes, we realised that in a move from a previous single-measure ECO scheme—previously, ECO had been installation in a loft or cavity wall, normally on its own—to a multi-measure, probably low-carbon and insulation scheme, as we had with ECO4, we started to see that there were challenges in the delivery. The reason we had challenges was that we had businesses that were then looking to manage multiples of outputs—not just installation, but that it was low carbon or electrical as well.

- Q3 **Mr Betts:** Wait a minute: you just said, "When we realised." Shouldn't you have realised before the scheme got operational?

Simon Ayers: In hindsight, yes, we should have looked and realised that the move from a single-measure scheme to a multi-measure scheme would have many complications in its delivery. We did not recognise that at that point in time, but we quickly recognised that there was a need for businesses to have a greater level of control over the multiple challenges that would come with retrofitting a property.

- Q4 **Mr Betts:** You were not involved in the design of the scheme; you were just given it after it had started, basically to operate.

Simon Ayers: Coming out of the "Each Home Counts" review in 2016 to '18 was something called PAS 2035, which was a whole-house approach. Our role was to oversee the delivery of that PAS standard. That standard set the parameters in which a business should operate. It has taken a period to identify that not all those areas were being delivered.

Q5 **Mr Betts:** I will probably come back to that. Mr Gantley, you are responsible for the scheme in the wider sense. All this problem is your responsibility, is it?

Matt Gantley: Thank you for the opportunity to clarify our remit and role. Briefly, I will give you some short background to our role or remit, to the oversight of UKAS, to our connection with the certification bodies and to their connection with the installers particularly. First, UKAS is the United Kingdom Accreditation Service. Our role is to evaluate the conformance of testing, inspection, certification, calibration, validation and verification. Collectively, we refer to those as conformity assessment bodies. In the case of ECO, we accredit certification bodies. Those certification bodies evaluate according to the relevant PAS requirements—in this case, PAS 2013 and PAS 2031—that the installer has met the appropriate requirements that they are competent to be able to undertake the installation. Simply put, there are three levels to that process: we accredit the certification bodies; the certification bodies certify the installers; and, ultimately, the responsibility for the quality of the delivery of the installation is with the retrofit installer.

Briefly about our background, we are a self-financed, not-for-profit organisation—non-profit distributing. We operate under a memorandum of understanding with the Department for Business and Trade. We are a company limited by guarantee. We have 26 guarantors, which include DESNZ, the Department for Business and Trade, the Ministry of Defence and many other different professional institutes and bodies, which oversee our work. We are also subject to oversight audits by the European accreditation bodies. Our last audit was—

Q6 **Mr Betts:** A lot of words there, Mr Gantley, but I'm sorry, most people will have no idea what you are actually doing. In the end, what responsibility had you for this scheme? Were you involved in the design of it and the requirements to oversee it properly? Were you doing that from the beginning of the scheme?

Matt Gantley: We actually accredited the certification linked to the ECO schemes since 2012. Previous iterations of ECO had much lower levels of non-compliance. In ECO4 and the GBIS, we accredited the eight—currently, there are eight—certification bodies which certify the installers to PAS 2030. And there is also a standard called PAS 2034.

Q7 **Mr Betts:** What was your role then in the failings that happened?

Matt Gantley: What we do—we have a limited role. We do not have any direct connection with the installer or the retrofit co-ordinator. We do not have any sanction, or produce any guidance or requirements for the installers or the retrofit co-ordinators; that is done by TrustMark. We don't monitor the installers and we don't monitor the retrofit co-ordinators. We assess—

Q8 **Mr Betts:** So what did you do? I'm sorry; it is very confusing, I think, for many people. Did you have any responsibility for this scheme in a meaningful way?

Matt Gantley: We have responsibility for assessing the certification bodies for initial application and then ongoing annual assessment of their conformance with the standards. So, it is quite—

Q9 **Mr Betts:** So, if they are failing, then you are failing?

Matt Gantley: The system has not functioned as it was designed. It did not deliver the right outcomes, not necessarily because of the way in which it was designed, but because of the way in which there was understanding of the risk at an installation level, or a measure level, or a design level.

When you look at the data that AtkinsRéalis analysed, it identified that there was a concentration of risk in specific installers, or in specific measures, or in specific poor designs, and they should have been picked up much earlier in the process. We don't—

Q10 **Mr Betts:** Sorry, what you have just said is incredible. You have just said it was not designed incorrectly, but that it was not designed to properly assess the risks. If the initial design does not properly assess the risks and where they are, then it is not designed properly, is it?

Matt Gantley: No, I did not say that it did not design the risks, or if I did, I would correct that.

The system is set up on a risk model, particularly the certification of the installers. There is a standard called PAS 2031 that is developed and published by the British Standards Institute, and that sets within it a risk model for the surveillance of the installers. It is based on a risk model moving from 1% up to 10%.

So, based on the risk profile and understanding the level of non-compliances in the installations, the certification body can increase the level of surveillance. However, the information that the certification bodies or scheme providers have about the risk is based on two things: their own assessment of those installers; and data that comes from the TrustMark database and TrustMark's technical audit.

Q11 **Mr Betts:** Right. So, which bit failed, then? Was the risk wrongly assessed?

Matt Gantley: Two things. As highlighted in the NAO Report—if I can, I will just specifically quote from it—there are two types of monitoring. It is really important to understand the risk profile of these issues.

Q12 **Chair:** If you are going to quote the Report, could you tell us where you are going to quote from and on which page?

Q13 **Matt Gantley:** Of course, Chair. Paragraph 3.14 on page 48 of the NAO Report says clearly: "There are two different types of on-site inspection under ECO4 and GBIS that should pick up problems with the quality of installations. These are the certification bodies' risk-based audits that check measures installed meet the requirements of PAS 2030, and TrustMark's audits that check projects lodged in its data warehouse meet

the requirements of PAS 2035.”

So, there are two inputs of data: what the certification bodies do, and what TrustMark brings out through its technical audits. Those technical audits used to be done by Ofgem; they were passed to TrustMark. Those are the two inputs into that.

Q14 Mr Betts: Right. Mr Ayers, is it your responsibility, then? Has that been passed over to you? I ask that, because somewhere between the two of you, there is a failing, isn't there?

Simon Ayers: My view on the non-compliances that we have now seen is, as I said earlier, that there had been a significant change in the scheme. As I also said earlier, I would happily accept that we should have seen that the changes in that scheme created a greater risk, which should have been addressed at that point in time, and the scheme should have been designed at that point in time to accommodate that risk.

For a number of reasons, in 2019 we picked up the technical monitoring—a transition from ECO3 as it moved to ECO4, which is the multi-measure scheme. The multi-measure scheme also introduced the first concepts of retrofit assessors and retrofit co-ordinators within the retrofit marketplace.

In 2020, we built and launched the data warehouse that has been referred to. At that point, we were taking single-measure elements from the ECO3 scheme before it moved to ECO4. We should have recognised that risk, and I am happy to accept that that is something that should have been addressed at that point in time. We should have also recognised at that point in time that the level of data that would be collected—the level of installation and work that would be delivered—should have been recorded, and there should have been more, probably digital, ways of having the data insights from that to support those actions. That did not happen, due to a number of funding reasons, which obviously you will have seen in the Report, until we started to implement data analytics in the back end of '23 and then recognised that in '24.

The outcome you will have seen from the data analytics work and the implementation of a digital platform for auditing meant that we identified some differences in data that had been coming in. This was in early '24. We then moved to the point where we had data that we recognised, and we could start implementing more audits around external wall insulation. That is where we moved to a point with the data and the knowledge of on-site to identify the risk that we are talking about today.

Q15 Mr Betts: Right, so you accept that there is a failing there on your part?

Simon Ayers: Yes, I do.

Q16 Mr Betts: Mr Gantley, was there a failing on your part?

Matt Gantley: I think we have fulfilled our role in the accreditation of the certification bodies, and we have done that throughout the process. I understand the issue, and the scale of the issue, and the problems that have been caused in the installation, but I must reiterate that there are

three tiers within this system. There is the accreditation; we accredit the certification bodies. The certification bodies then certify the installers. Those certification bodies are also TrustMark scheme providers. Then there is the installer and the retrofit co-ordinator—

Q17 Mr Betts: It is all somebody else's fault.

Matt Gantley: No, it is a multi-tiered system, and those systems can work if there is a shared understanding of the mission and the risk that relates to it, and certainly the shared data—

Q18 Mr Betts: Wasn't it your job to ensure that happened at the beginning, and that shared understanding was available?

Matt Gantley: What is important to reiterate is that we do not monitor the market; we accredit the certification bodies, and it is our role to ensure, if those certification bodies are not upholding their end of the bargain—not meeting the requirements of the standard—that we hold them to account. We have sanctions to be able to do that. As soon as we were aware of this issue, which was raised to us in October last year, we announced, in close co-operation with TrustMark, the Building Safety Regulator, DESNZ and MHCLG, a series of unannounced visits of those certification bodies to see whether there were any issues within the certification process itself.

Q19 Mr Betts: So you waited for the problems to be announced to you before you actually went and analysed them.

Matt Gantley: Because at that point those issues had not been highlighted to us at this scale. There is an example here. In July 2024, TrustMark had highlighted an issue relating to underfloor insulation and the four bodies of UKAS, TrustMark, Ofgem and DESNZ worked together, because of the risk that had been highlighted, to communicate it very clearly to the scheme providers and certification bodies—"There's an issue here. You need to be more vigilant of the assessment of those installers and the co-ordinators of it." Though the IT system was not necessarily functioning that well, as Simon has already highlighted, there was still the management decision and intelligence to say, "There's a problem. Let's deal with it collectively together."

At the point of October '24, the scale of the issues to do with EWI and IWI were not highlighted for our attention, but we then immediately undertook unannounced visits of those certification bodies. Then those certification bodies, through co-ordination with DESNZ, were requested to do a 20% audit of all the installations that they had undertaken. That is a doubling of what the top level of the high-risk installation surveillance would be as defined by the standard. We have continued those assessments of those certification bodies on a quarterly basis since. We do not monitor the market; we accredit the certification bodies at the top of the market. Those bodies are also scheme providers with TrustMark. They are registered with TrustMark, and those bodies have direct access through TrustMark to that data.

Q20 Chair: Mr Gantley, we have heard a lot of words from you this morning. It is clear that this is a dreadful failure. Elderly people and poor people are going to be sitting there this Christmas with homes that have defects because of the system. Now, Mr Ayers has taken a degree of responsibility and apologised for it. Do you apologise for your organisation's part in this whole affair?

Matt Gantley: Yes, we apologise for our role within the system. The system did not function as designed. The system did not ensure that where there was a risk, it was escalated through the process or shared within the system to make sure that appropriate action was taken by all members of the system.

Q21 Chair: Okay, that is helpful. Thank you for that. This question is for both of you. I would have thought that it was clear from a much earlier stage than 2024. This thing started in 2022. Why did neither of your organisations recognise that there were serious problems much earlier than 2024? If you had done that, we would have no doubt reduced the number of people who now have homes that have defects. I will start with you, Mr Ayers.

Simon Ayers: In 2022, through our normal process where we were auditing on site and on desktop, if we identified any non-compliances we would feed them back through the retrofit co-ordinator. They would also go out to the scheme provider responsible for the business that was installing the work, on the basis that that was the route to get that remediated. That carried on.

We must remember that ECO4 ramped up very slowly because we had come out of a pandemic. We had had all sorts of challenges in terms of delivery. As that ramped up, we were still feeding data back, but that data in some cases was limited. I accept that fact. But as the database became more suitable for a multi-measure scheme, it was changed. We had new systems and new digital platforms put into place. We had a digital audit programme put into place so that we could layer the exact auditing work on top of the work that had been lodged with us. We then started to build the analytics. It is no excuse. We were passing data on, but it was not until we had better oversight that we identified the larger problem.

Q22 Chair: I am sure that others will come in on this matter, but the report makes it quite clear that you did not have the money to install these analytic systems. I understand that, but both of your organisations must have started to get complaints from consumers whose houses had all this mis-installation at quite an early stage. Why did you not, at that stage, go to the Minister or his Department and say, "I think we've got a problem here. It's very early days, but we seem to be getting too high a rate of complaints for the number of installations that have taken place." That must have happened. Why did you not do that?

Simon Ayers: We have regular operational meetings with the DESNZ teams on a Thursday. In those operational meetings, we discuss many factors, including what some of our findings have been. Again, I take the responsibility for my organisation. We were probably remiss in not

formalising that in those meetings at that point in time, but we were discussing the findings of our audit programme.

Q23 Chair: From quite an early stage?

Simon Ayers: It would have been from late '22 onwards.

Q24 Chair: So the Ministry would have been aware from late '22 onwards, from the minutes of those meetings, that there was a problem?

Simon Ayers: The reason I say that I have been remiss is that there probably are not minutes of those meetings, because they were informal operational meetings held on a weekly basis on a Teams call.

Q25 Chair: I have never heard of a Government meeting that does not get minuted, but we will ask the Permanent Secretary about that. Mr Gantley, I have the same questions for you. When did you realise that things were going wrong, and why did you not take steps to do something about it?

Matt Gantley: We realised the scale of the issue relating to EWI and IWI when TrustMark flagged that issue to us in October last year. We immediately responded by announcing a series of unannounced visits in co-ordination with DESNZ—they were unannounced to the certification bodies. We have since continued with a quarterly assessment programme of those certification bodies.

Indicators before that date included, as you have highlighted, consumer complaints. There was a lower level of consumer complaints. I can provide the Committee with the numbers for those. Our process is that if the consumer complains to us about the activities of a certification body, we investigate that with the certification body itself in the way that it is handling the investigation of the competence or the fault in the installation. We are three steps away from the consumer. But we would flag that immediately to the certification body and investigate it on the on-site assessment or ask them through correspondence to deal with that specific issue. We continue to do that.

Q26 Chair: You have records that say, "Pass this on to TrustMark" as soon as you started to—

Matt Gantley: We would have passed it on the certification body that we would have evaluated, and asked them to justify and demonstrate what they have done to deal with it. It might have been the first time that they have dealt with that. We have full records of that, and I am happy to share with the Committee—

Q27 Chair: Yes, can we have that data, and the data from you, Mr Ayers, about what you actually said at those meetings, because there are no minutes of them? You must have a record yourself of what you said in those meetings.

Simon Ayers: We have agendas that we can demonstrate.

Chair: We would be very interested to see that. Let's go to our guest from the DESNZ Committee, Bill Esterson.

Q28 Bill Esterson: Thank you, Chair, for inviting me today and for allowing me to ask some questions. We took evidence from Mr Ayers for our report on retrofitting homes. At that stage, the scale of this was not at the level we are now able to see from the NAO Report. But problems with insulation are not new. There has been scandal after scandal over spray foam and cavity wall, just to name two. We heard evidence about that in our inquiry. I do not understand, Mr Gantley, given what you said about risk, why this was not a much higher priority for you when you were talking to the certification bodies, and why you were not carrying out the oversight on that basis.

Matt Gantley: We were carrying out the oversight. Our process is that we assess the initial competence of the certification body, and then we do an annual assessment. We also do a surveillance of their on-site activities. We accredit those certification bodies. The next layer down is that those certification bodies operate to the requirements of PAS 2030 and PAS 2031. They undertake a risk-based model, according to that standard, of the surveillance of the installers. Although in construction and in many other sectors there are known quality issues, they are built into the design of the standards and requirements, whether they are the TrustMark operating requirements or the relevant PAS requirements.

We do not set the standards; we assess the conformity of certification bodies delivering to those standards. We cannot set a higher level, augment that standard or augment or change the scheme. In the case of ECO, that is done by DESNZ. We assess the conformance against that standard.

May I reference a specific point from the NAO Report about our evaluation of the situation? On the point that I was making about the technical audits of TrustMark and the certification bodies, on the whole we found through the evaluation of the certification bodies that they were competent in defining and conducting those surveillance audits against relevant requirements of PAS 2031. When you look at the risk-based model within it, when a new installer comes in, they come in at the lowest level. In hindsight, looking at the data now, they should have been always put at the highest level. That is not a UKAS decision to make; DESNZ has agreed that—

Q29 Bill Esterson: Well, it might not be yours to make, but should it not have been something that you spotted and queried?

Matt Gantley: We did, as soon as we were aware of the issue. We raised it and recommended immediately that it should be changed.

Q30 Bill Esterson: And was it changed?

Matt Gantley: It was changed, yes.

Q31 Bill Esterson: When was it changed?

Matt Gantley: In May—I should think earlier than May, but we produced a technical policy in May this year. It was updated in June, and a third version is now coming out later this year.

Q32 **Bill Esterson:** So it has only been changed this year?

Matt Gantley: Actually, I think the policy had already been put in place. At that point, they were doing 20% audits anyway. They were already above that minimum level.

Q33 **Bill Esterson:** We are getting a bit into the weeds here. One of the suggestions to the DESNZ Committee was that one of the problems was that the short-term nature of the schemes meant that money was left at the end of the period, and that the installers who were applying for the scheme were not necessarily of the highest quality. Simon Ayers, have you come across that suggestion?

Simon Ayers: I think it is a very valid point. There are, to me, some fundamental issues. We have a competency issue on businesses delivering. Some of that is because we are seeing multi levels of subcontracting through the business. You have a business that may be certificated and has registered operating through four, five or six levels of subcontracting. That subcontracting loses any control as it goes down through that process. That is one of the reasons.

We also have an incredibly complex ecosystem which is amazingly difficult to understand. We have a set of standards—building regulations, PAS standards and other standards sat in the middle—which everyone is trying to interpret. Some of those are left to interpretation as there is not clear guidance. You are creating a storm where people who are not fully competent and do not fully understand standards are delivering in consumers' homes.

Q34 **Bill Esterson:** And yet they are all certified, because they had to be certified to take part in the scheme?

Simon Ayers: They would be certified under the PAS business and would be a member of TrustMark through the scheme provider, which is a CB.

Q35 **Bill Esterson:** How could they be certified if their competence was questionable?

Simon Ayers: The business would be certificated, but it is then about the business using competent people to deliver. That is where some of this had broken down. We were auditing the scheme, as UKAS would audit the CBs in a similar way, to make sure that they were delivering.

Q36 **Bill Esterson:** To clarify, your contention is that your lack of resourcing meant that you could not pick a problem of that level up, or your scheme providers could not?

Simon Ayers: The level of resourcing is one aspect. The other is that it is a marketplace with such broad subcontracting that it is incredibly difficult to oversee. The changes that DESNZ, ourselves and the sector have been talking about, to bring in greater levels of control all through that programme to ensure that people are identified and can be held accountable right the way through the chain, are something we would definitely support.

Q37 Bill Esterson: Coming to the challenge around ECO4 being a multi-measure scheme, was it not obvious that the same installers were unlikely to have the necessary competence to install the whole range of measures?

Simon Ayers: For the record, I must say that there are retrofit installers out there that are incredibly competent and delivering very good work. We should not forget those, because they are improving people's lives. We do have a section where—through the different funding that comes through the chain—liberties have been taken with delivery. Competence and standard issues in that delivery have brought us to this point. There is a breakdown in delivery in the supply chain that is fundamental to where we are today.

Q38 Bill Esterson: Mr Gantley, was it not obvious that there was going to be a problem here?

Matt Gantley: As soon as the scale of the issues was raised to us, we responded to them. That was demonstrated through the response we made to the underfloor insulation issue in July, and I can provide that letter to you—

Q39 Chair: Which July are we talking about?

Matt Gantley: Last year. Also, when we responded immediately to the scale of the issues that TrustMark had highlighted to us, we responded through unannounced visits and an enhanced level of surveillance. We also sent through several major changes in recommendations for DESNZ to agree that we would then put in an appropriate technical guidance for the certification bodies. That included recommendations on regularising subcontracting, as Simon has rightly highlighted, because subcontracting and contracting affects the quality of the installation itself. It is vital to understand the link between the co-ordinator and the installer, because the co-ordinator's role is there from inception to implementation—from design to delivery and sign-off. The co-ordinator and installer should ensure that installation is done properly, because they are already evaluating that. That interface needs to be checked properly.

Chair: We need to keep to time, so can I ask for shorter questions and answers?

Q40 Bill Esterson: I would have thought that was blindingly obvious. I cannot believe that that was not already in place. Anyway, that is for the Committee's report. One final question from me at this point: heat rises, so why was external and internal wall insulation such a priority? Should it not just have been loft insulation?

Simon Ayers: Loft was part of the delivery of the ECO4 scheme, which is a multi-measure scheme.

Q41 Bill Esterson: So why was there so much external and internal wall insulation?

Simon Ayers: The complexity of delivering external and internal wall is far greater than that of delivering loft, but it generates a much better



HOUSE OF COMMONS

payback, overall, in a longer period of time. We have already spoken about the challenge, which is that the organisations and businesses delivering were delivering poor quality, which meant that we did not see that benefit. Installed correctly, wall insulation is a substantial benefit to the person that lives in the home.

Q42 **Bill Esterson:** Mr Gantley, you were nodding as I spoke.

Matt Gantley: That issue is beyond our remit—the policy and direction of Government funding and prioritisation is not within our remit.

Q43 **Bill Esterson:** My understanding is that wall insulation is expensive compared with loft insulation. Would it not have been better value for money to keep it simpler?

Simon Ayers: The PAS 2035 standard takes a whole-house approach. It came out of the “Each Home Counts” review, which recognised that, whether it be insulation or low-carbon measures, you should assess the house as a whole and then install the best measures for that property, hence ECO4 was a multi-measure scheme.

Q44 **Bill Esterson:** Are you satisfied that the scheme offered value for money in taking that whole-house approach?

Simon Ayers: If we had quality delivery, the scheme would have been a fantastic delivery.

Q45 **Bill Esterson:** That is not answering quite the same question, is it?

Simon Ayers: When you address a property with all the different measures, the ECO4 scheme will ensure that those we are trying to treat—those in fuel poverty—will have a property with a lower cost to run.

Q46 **Bill Esterson:** But they would have had a lower cost to run with loft insulation.

Simon Ayers: Loft insulation is part of those measures.

Q47 **Chair:** I think we are going to have to move on. I have a very simple question for you, Mr Gantley, with a short answer: on what date did you notify DESNZ that the auditing requirement for the worst and the best should be changed?

Matt Gantley: I can provide that to you. I do not have the answer off the top of my head, but there is a recommendation—

Q48 **Chair:** What is troubling me, in all your replies, is why all this took so long and why we could not have acted much more quickly, but never mind.

Matt Gantley: I can provide you with the correspondence about that.

Chair: Thank you very much.

Q49 **Sarah Green:** I am keen to hear from both of you about why your respective organisations did not collectively conduct sufficient auditing and monitoring to ensure that you had visibility of what was going on with



HOUSE OF COMMONS

these schemes.

Simon Ayers: We—and I do not use this as an excuse—developed a system that came into play in the back end of '23-24. We were already doing audits on EWI, IWI and other measures, not to a massive extent. As we went through that process, we had the data to support us and recognised that there was a heightened risk, so we started to do more audit—that was in early '24. As we built the level of our understanding, with the support of data analytics, we identified the greater risk. We took that to DESNZ in September or October.

Q50 **Sarah Green:** At what point did you realise that you needed to do more monitoring?

Simon Ayers: I do not know the exact date—I can find it—but it would have been June '24.

Q51 **Sarah Green:** Earlier, you mentioned having meetings with officials in the Department as early as 2022. There is a two-year gap there.

Simon Ayers: The meetings with the Departments were operational meetings, which we have on a weekly basis. We were feeding in our findings about EWI and other measures at the same time. That was a general update meeting. When we identified the issues in '24—

Q52 **Sarah Green:** Just to stop you, in a previous answer, when a colleague asked whether you were receiving correspondence from members of the general public raising concerns with you, you did say—I am happy to be corrected if I have got this wrong—that you raised it informally in those operational meetings. If that is the case, why did it take until 2024 for you to increase your level of monitoring?

Simon Ayers: We started to identify from '22, it ramped up into '23, and '23 to '24 was when we started to see the increase in the risk. We undertook more audits within TrustMark to identify whether there was a greater risk, and at that point we spoke to DESNZ. That is when we immediately undertook 1,100 audits in two months to identify whether it was a major or a minor risk. We worked with DESNZ and Ofgem all through that process. We did ramp up, but I think in hindsight the question would be, was that quick enough?

Matt Gantley: Just to clarify again, our role is not to monitor the marketplace; that is TrustMark's role. We accredit the certification bodies, and they then do surveillance of the installers.

Q53 **Sarah Green:** Given that, earlier you said that the system did not function as designed and that you believed that you had fulfilled your role as an accreditation body, but that you can hold those certification bodies to account. I think that is what you said earlier. How is it possible that those certification bodies conducted the amount of audit required of them, but it was not sufficient to identify the widespread quality issues?

Matt Gantley: It is a really important question, and that element of the surveillance is obviously an area of focus for the NAO in their

investigation. There are two limbs of the monitoring of the market. There are the assessments that TrustMark did. As Simon has already highlighted, at the end of last year they scaled that up significantly when they—

Q54 Sarah Green: What is your organisation's role in that? If you can hold those certification bodies to account, how do you do that?

Matt Gantley: There are a number of ways in which we do the assessments. There is an initial assessment and then unannounced assessments—so we do not tell the body that we are going to do it; we just turn up. We can increase the level of surveillance of those certification bodies. If we see any problems of lack of conformance to the standards, we will always raise findings. We can then take a sanction against them, which could be to suspend them or to withdraw their accreditation entirely. A withdrawal means that they are out of that market completely; a suspension means that they can no longer conduct new certification activity, but they will maintain the existing conformity assessment that they have in place. It is an important sanction because it affects the way they operate in the market.

To go back to the point about monitoring, TrustMark does the technical monitoring that Ofgem used to do. That was passed to TrustMark to undertake. There are then the certification bodies, which certify the installer and monitor them on a sample. That sample of surveillance is over a 12 or 16-month period—that is all clearly defined in PAS 2031, which we can present to the Committee. They take a risk-based approach—how that is done is clearly defined—based on intelligence. That intelligence comes from the number of installations from the installer, because the installer has to tell the certification body the number of installs that it is doing.

In addition, every one of those installations goes on to the TrustMark database, so TrustMark can present that data to the certification body and it helps them do their risk model. In addition, TrustMark can highlight to the certification body—they are also scheme providers—that they see a specific risk. They can then increase the surveillance of the certification body from 1% to 10%—and, as I highlighted, because this issue was raised, it will reach 20%. Our role is to ensure that the certification bodies are following that model. As I highlighted earlier, based on our findings—I will quote again from page 49 of the NAO Report—

Chair: Can I appeal for shorter answers? We are really running over time now. Sarah, do you have any more questions?

Q55 Sarah Green: My question is, why didn't the system work? I do not think I am going to get an answer.

Matt Gantley: This system should have worked.

Sarah Green: Why didn't it?

Matt Gantley: There are a number of things. It is complex, as Simon has highlighted, but there are many complex systems that work and function



perfectly well within specific marketplaces. The way in which systems should work is that there should be a clear vision and a shared mission for what should be achieved. In many cases, I think that existed here, but there was not shared intelligence. The data on what was happening on the ground, what was being co-ordinated or signed off by a retrofit co-ordinator, what was being installed, what was going wrong from the TrustMark audits and the complaints from consumers, did not feed back into a model that said, "This is high risk."

- Q56 **Chair:** What I don't understand is why it was not considered high risk before it was even started. You are the experts sitting there, so why did you not point out to DESNZ that this model was far too complex and it was doomed to failure from the start? You are both experts, so why did you not point all this out before it started, not long after it had begun?

Matt Gantley: As soon as we were aware of the issue, we pointed out and recommended that there should be a higher level of risk assessment, and that the installers that had caused the issues should be suspended. In the AtkinsRéalis data, there is quite a clear indication that the majority of the installations were down to poor design.

Chair: Okay, we've got the picture. Anna, were you finished?

- Q57 **Anna Dixon:** I am going to keep it very short, and I will address my questions to Mr Ayers. As constituency MPs, we all have many households who have had these problems with both external wall insulation and cavity wall insulation. It was shoddy work, and they are sitting there in cold and damp homes. They are now being told that the same installers should be coming back to fix their problems. What assurance can you give constituents like mine who are in this situation that they can trust the installers who caused the problems to come back and rectify them?

Simon Ayers: We are working with DESNZ and Ofgem to look at all the work that has been undertaken. There is a find-and-fix challenge. That find-and-fix will be delivered by TrustMark in conjunction with the Department. We will be offering audits to all properties, and then we will have a direct level of oversight to ensure that work is corrected. We would always ask that the consumer allows the installer the first opportunity to return, with a level of control, because we will now oversee the remediation directly. That will be TrustMark, delivered directly from our business, so we are not pushing it through others through that route. We would want the business, which should be accountable for the work that they have delivered, to correct it in the first place, because that is about them taking accountability and responsibility, and taking on the cost of putting that right, not passing the cost on to others. The find-and-fix programme is looking at how we will do local engagement. We will support communities in those areas, and we will bring people in to do that. It is a difficult question, but we are trying to protect the consumer and ensure they have a level of comfort that they do not currently have.

- Q58 **Anna Dixon:** I am not sure that that will give much comfort, particularly given the 25-year guarantee and the £20,000 limit that is supposed to be

in place. We know that quite a lot of these retrofitting businesses do not have the insurance themselves, and they have not got appropriate cover for these liabilities. Many of them are just going to go bust, aren't they? That is one problem. The other is that a lot of the work of these so-called installers was subcontracted, and it was the subcontractors who did the shoddy work. They are not the ones that are even registered with you, and they are just popping up with other installations. The system is so broken that I am really not confident that using the same installers, albeit with a little bit more oversight from the same body that failed to check up on them in the first place, will give people trust and confidence. Can you say more about how you are mitigating those risks?

Simon Ayers: When any work is lodged under the ECO4 scheme, we have a record of the warranties that are put in place. This is the £20,000 cover that is required for the 25-year warranty. We have those, and we have the records of when they were issued, what they were issued for and who issued them. A business will be given the first chance to put the work right. If they cease to trade, but also if they fail to remediate—that is a clause that does exist—we will go back and work with the warranty provider to make sure that the work is corrected. There is a risk that businesses will cease to trade, but we have a level of protection that we can also sit behind that.

We have a number of challenges with the businesses that, as you say, use contractors, but we hold the business responsible. We are concerned that what we are seeing—I am sure that one of the questions, if there had been time, would have been about phoenixing—

Q59 **Anna Dixon:** Yes, that is what I am asking you about. I am saying that they are popping up elsewhere.

Simon Ayers: We are now tracking, and we are using better systems with a watchlist to identify directors within companies and look for trends. We can then stop that business operating until they have remediated or funded the remediation of the work that they have left.

Q60 **Anna Dixon:** We have had Companies House in before, and I have to say I wasn't very confident that they had the data to prevent phoenixing. How are you working with Companies House to track these businesses?

Simon Ayers: We do not have a direct link with Companies House, and that is something that we should be looking at, as with the Insolvency Service, but we run a watchlist through the installers, we have records of lodgement, we can look for trends and we look for the intel that we get from other businesses as well.

Q61 **Anna Dixon:** I really want to push on the point of the liabilities. You say you did not know about the problems, but certainly some dubious law firms did, because they were knocking house to house in areas like mine and finding people who had faulty cavity insulation, and they have then gone bust because there has been countersuing. The idea that some legal process, insurance, is going to be the route for these consumers to get back, in some cases, thousands and thousands of pounds in order to get



HOUSE OF COMMONS

their houses put back in order—I don't know if you want to speak to that situation. SSB Law is the particular one about which victims have provided evidence, and I have constituents who are being hounded for additional funding for that.

Simon Ayers: I am aware of the organisations that have gone into the marketplace looking to the no win, no fee-style scenario. We want to remediate the ECO4 scenario, and we are offering support through the find-and-fix process and will work with all the organisations to get the work remediated and to leave people where they should have been in the first place. We will, I am sure, have lots of challenges from lots of areas, but we are using the community engagement that we need to use so that trust is built, because we have key hotspot areas that we are looking to work within, and we are bringing in external people to support us in that process. If we have a controlled remediation program, then hopefully I can instil some confidence back into that.

Q62 **Anna Dixon:** Have you already communicated with consumers so that they do not become susceptible to these no win, no fee lawyers? Do they know to hold out and wait?

Simon Ayers: Ofgem have been communicating and there will be more communication, and when we work in the areas, we will work with all the local authorities to ensure that people are made aware.

Q63 **Anna Dixon:** Could you write to the Committee, please, and tell us what you have communicated with consumers to make sure they are not susceptible to further exploitation and fraud?

Simon Ayers: Yes, certainly.

Chair: Thank you very much, Anna—well done.

Q64 **Rupert Lowe:** First, I should declare my potential conflicts of interest in the various disclosures that I have made to the Committee. They are businesses that I am now a non-exec director of; I do not think they have been involved in this particular part of the curve, but they do contracting business.

Simon, I am intrigued: did TrustMark, as part of its certification, check the balance sheets, liquidity and sustainability of the businesses that were executing this business? That is question one. Have you analysed the wording of the insurance contracts to ensure that there are not excesses and other complex issues that will mean they are not deliverable?

It seems to me that, as the Chairman said, this is a complete mess. You two are under scrutiny here, but—you have mentioned minutes that may or may not exist; you mentioned that the agendas exist, but we do not know whether the minutes exist—do you feel that the oversight by the state is partly to blame? Matt, I think you mentioned that it is over-complex. It does seem to be a mess from top to bottom. Do you think the complexity of it comes from a lack of the right hand knowing what the left hand is doing within the Departments of State that you have been dealing with? Clearly—



HOUSE OF COMMONS

Chair: Rupert, shall we stop there? You have asked lots of questions. Could you first deal with the issue of balance sheets, liquidity, insurance cover and so on? It seems that if these poor people are going to get any remedy, we need some assurance about the insurance schemes that are in place.

Simon Ayers: To become a TrustMark-registered business, you have to be registered through a scheme provider. They have something called the framework operating requirements, a whole annex of which is devoted to checking that the business is suitable. That includes identification of any previous businesses, Companies House and so on, and whether you have been struck off. We don't do a full dive into the liquidity and financial stability of that business at that point.

Q65 **Rupert Lowe:** So it could be a newco.

Simon Ayers: If it is a newco, then there is a period of time, which varies depending on the schemes, before they can come into it. In most cases, it is six months' trading before they are allowed to come into that area of work.

Q66 **Chair:** Rupert's final question was on oversight by DESNZ. I know there are people in the audience from the Department, but please be candid in your answer.

Rupert Lowe: Insurance as well, Geoffrey.

Chair: Oh, yes, can we just hear about the insurance?

Simon Ayers: On the insurance, we have worked now with all those that are providing policies. We have a financial protection panel that assesses the policy, but we have also now engaged directly with them to look at the content of the policy to ensure that there is remediation that can be delivered to those properties.

Q67 **Rupert Lowe:** You say "now", but it is not now, is it? It is when the scheme was running.

Simon Ayers: Well, we have been looking at it for probably over 12 months, to ensure that they are covered. Prior to that, the financial protection panel reviewed the suitability of the warranty. That was run by external independent members to ensure that it was suitable for delivery.

Q68 **Rupert Lowe:** Which insurance company is standing behind most of this?

Simon Ayers: There are three organisations that provide the bulk of the warranties: the Safe World Insurance Group, SWIGA and the IAA. Some are regulated; some are not regulated.

Q69 **Chair:** To Rupert Lowe's final question on oversight by the Department, I would appreciate a candid answer, please.

Simon Ayers: To the point that we had the internal report by DESNZ, we had good communications with DESNZ and there had been oversight, but I think the oversight probably had not recognised the enormity of what the



HOUSE OF COMMONS

delivery had been. Since that point, we now have formal terms of reference in place, we have a memorandum of understanding, we have a DESNZ senior official on our board as an observer, and we document every single meeting formally, with minutes, to ensure that everything is now recorded.

Q70 Chair: That final answer strikes me a little bit as stable doors and horses bolting, but we will leave that there.

One of the purposes of this hearing is to try to provide some reassurance for those poor people who are living in houses that are not up to standard on a timetable for when you think that virtually all of them should be properly remediated.

Simon Ayers: We are commencing the mobilisation now to be able to do the audits to identify the remediation, and then to phase and risk-base that remediation, because we want to address the worst risk first. My belief is that that is probably going to be a 12 to 15-month programme. We have implemented technology in the form of triage tools to help consumers put photographs and documents in to help us assess the level of risk, so that we can triage to the point that we are addressing where there could be system failures before we address other minor issues.

Q71 Chair: So the answer to the question is 12 to 15 months, in most cases.

Anna Dixon: Is that just for the audit?

Simon Ayers: It is also remediation. We intend to drive remediation, and in most cases we are looking at creating a time period for that to happen within.

Q72 Chair: You have been helpful today. Thank you for that. I have one final question on something that really worries me. The NAO Report says that the Department is considering extending these schemes still further. Would you recommend that they are stopped at the end of their current period and the whole scheme is reassessed before recommencing?

Simon Ayers: I would be against any schemes ceasing to exist on the basis that they are delivering in fuel poverty. What needs to happen is provision of a better level of consumer protection and oversight.

Chair: Mr Gantley—briefly.

Matt Gantley: Government policy on funding is beyond our specific remit.

Chair: Not the funding, but the extension of the schemes.

Matt Gantley: There certainly needs to be a review, as you have highlighted, particularly of all the different roles within it and the complexity of those processes—especially between the retrofit co-ordinator and the installer—and of ensuring that there is much better oversight and risk analysis from the TrustMark technical audit through the certification bodies to the intelligence that says, “This installer, this measure, this design is causing problems. That needs to be fixed.” That

does not actually need reform; there are already major changes that address those issues, and that needs to continue.

Q73 Rupert Lowe: You are obviously aware of the wording of the insurance policy. As you know, mould can create health issues as well as the building work issues. Can you assure the Committee that those insurance policies cover health issues downstream from this malpractice?

Simon Ayers: I would need to go back and double-check that with the warranty providers for consequential—

Chair: Would you let us have a note on that very important question?

Simon Ayers: Yes.

Chair: Thank you both very much. It was clear given the problems with the scheme that this was going to be a difficult session, but thank you for coming and trying your best to answer our probing questions.

Examination of witnesses

Witnesses: Jeremy Pocklington, Clive Maxwell, Deborah Chittenden, Jonathan Brearley and Kiera Schoenemann.

Chair: Good morning and welcome to the Public Accounts Committee. I would be most grateful if the witnesses could introduce themselves.

Jeremy Pocklington: I am Jeremy Pocklington, Permanent Secretary at the Department for Energy Security and Net Zero.

Jonathan Brearley: I am Jonathan Brearley, CEO of Ofgem.

Kiera Schoenemann: I am Kiera Schoenemann, director for audit and compliance in the schemes administration arm of Ofgem.

Clive Maxwell: I am Clive Maxwell, the second Permanent Secretary in the Department.

Deborah Chittenden: I am Deborah Chittenden, director in the buildings group in DESNZ.

Q74 Chair: Thank you all very much for attending. Permanent Secretary, I have been on this Committee for 12 years, and I think this Report's findings are the worst in any of these Reports—and I have read nearly 1,000 in those 12 years. Why was the scheme not designed in a simpler way, and why was it altered from the previous schemes, which worked? I have a very simple dictum in this place for any new laws or schemes: if it ain't broke, don't fix it. Why was it redesigned in this way?

Jeremy Pocklington: This is a serious Report, and the thing I want to say at the outset is that my thoughts are with the families and households who have been affected. Ministers are absolutely clear that we need to identify and fix the problems, and we need to change the system for the future.



HOUSE OF COMMONS

Let me come to the question that you have asked. With hindsight, I think the root cause of the challenge that we have here is that too much change was introduced at the same time, both to the scheme and to the oversight regime, at a time when the sector was also changing.

To start with the scheme, the origins of this scheme—ECO4—come from the fuel poverty strategy in 2021, when a policy decision was taken to focus on deep-house retrofit and, if you like, the most challenging homes, which could receive the greatest benefit from the measures we are talking about today. That is obviously a change from the previous schemes we had, which were more successful and had much better rates. I am sure we can come on to talk about those. Obviously, compliance rates need to be good for every scheme.

Ultimately, that was a policy decision. It also reflected the progress that had been made over that period. Mr Esterson asked previous witnesses essentially whether we should lag more lofts. The reality is that we have already made great progress on our housing stock with lagging lofts. We had got to the point where the best impact could be had—this was the decision at the time—by moving to whole-house retrofit.

Q75 Chair: The reason why I say the findings in this Report are so dire, and probably the worst I have seen in my 12 years on this Committee, is nicely summed up in paragraph 2.2 on page 29, which tells us that 98% of the external cladding was wrong. That involved a staggering 22,000 to 23,000 houses. In what other Government scheme is 98% wrong? It is surely absolute negligence on the part of the Department, isn't it?

Jeremy Pocklington: What happened with this scheme is unacceptable. There were failures at every level of the system: poor installation by installers, and poor oversight by certified bodies. You heard from TrustMark and UKAS in the previous hearing, but the Department did not oversee these schemes in the way it should have done.

You talked about 98% failure. It is worth talking a little about the failures and what that level of non-compliance actually involves. It involves a range of issues, and it is important to set out the spectrum of issues that we are talking about within that number. This is actually a range from, for example, not getting the full benefit of a measure—because of, say, gaps in external wall or internal wall insulation—through to more serious failings that have caused, or have the potential to cause, damp and mould, and I do not want to underestimate the importance of that. That might be caused by the incorrect alignment of insulation with the eaves of a property, or poor sealing. Then, there are the most serious, category 1 errors, which impose an immediate risk to health and safety, such as leaving an exposed wire. I am sure you have all seen those issues. The majority of failings were at the mid to lower end, but there were far too many serious failings, and I do not want to detract from the terrible experience some households faced with the more serious issues. That is why we need to fix the problem.

Q76 Chair: There are not just the 22,000 to 23,000 exterior, but the about



HOUSE OF COMMONS

9,000 interior, so there is a very large number of people out there, and the number that has been remediated so far is very small. The one thing we need to do in this morning's hearing is give some reassurance to all those people who will be sitting over their Christmas lunch in houses that have defects about how we can most quickly remediate those. If the guarantees do not work—it sounds, from the previous panel, as though the guarantees will be very tricky—will the taxpayer stand behind all those people who have defected homes and who suffer subsequent loss? Mr Lowe rightly pointed out the health and safety losses from the defects, such as mould and so on, and how they can cause health problems down the line.

Jeremy Pocklington: The importance of this is something the Department is taking very seriously. The latest management information I have is that just a bit over 4,600 homes have now been remediated, which is a little over 50%, but that is not high enough. It is a little higher than in the Report, but it is not high enough.

Where we are now is beginning the next phase, which is the scale-up that we need to see. We are therefore launching the find-and-fix programme to tackle the problems, as you started to hear about from a witness in the previous hearing. Ofgem will shortly write to the households affected by external wall insulation under the ECO4 and GBIS schemes to begin that process. We need to progress through that rapidly.

Forgive me, but there were several questions there, so I will carry on through the different questions. We can discuss PAS further and what we need to do there. There is then the question of who pays and how we manage that. Again, there were questions in the previous hearing on that. We have thought hard about this. Our starting point is that installers who have been paid for work that is not up to standard need to fix the problems they have created. That is a big part of the response to date. Again, we can come on to talk about that and unpack it further through this hearing. We are monitoring it closely, and many installers have actually responded—for example, to being suspended—to the demands from the system to fix the properties.

We are seeing evidence that the system is making progress with remediation. As I say, more than half the properties identified to date have now been remediated, but we need to identify and fix the remaining properties. Sorry, there are lots of questions here. Should I continue?

Chair: I am perfectly happy for you to answer them.

Jeremy Pocklington: Coming on to the next level of the question, regarding who pays and what happens if the installer is no longer operating—you asked the previous witnesses about this—some of this comes back to the system put in place following the Each Home Counts review. That system was introduced following a lot of engagement with industry. A lot of work was done on that system, which created the single quality mark—that role was given to TrustMark. Ultimately, that system is still too fragmented and needs to be changed for the future. To be clear,

the Department is not content with the system that we have today. We need to make immediate short-term improvements while we can, but we need to fundamentally look at the system for the future.

As part of those changes, the guarantee requirement came into place. The guarantee providers are supervised by a financial protection panel. That guarantee provides assurance for work up to £20,000. Our analysis suggests that the vast majority of works for ECO4 external wall insulation will be well below £20,000.

To continue this journey, the next question is, what happens to those cases where the costs are higher than £20,000? Again, we can unpack that in more detail. We are working hard to drive the system so that all parties come together to identify bespoke solutions to the most challenging cases, in a way that remediates those properties so that consumers are not left suffering, and those problems are fixed. We can come on to talk about that, but we are finding success with that approach—for example, in a high number of properties in the Luton area, and Deborah has a team that is leading on that work.

The alternative approach would have been to just say, “We are going to stop the system and introduce a new supply chain, and the taxpayer will fund that.” The problem with that approach is that the system would walk away, and installers would not take liability and remediate the problems they have created. That is not the right approach, and I also think it would take longer. It is in the consumer’s best interests to remediate these problems as quickly as we can, properly oversee that and then design a new scheme for the future.

- Q77 Chair:** Can I stop you, Permanent Secretary, because that was a long answer, but you did not really answer the question, which is this: in the last resort, if the installer is not there, or they are incapable, who is going to pay for this? Even today this is not a cost-free system, because as consumers of electricity we are all paying for it. In the last resort, can you give us—and particularly those sitting in houses with serious defects today—a guarantee that they will not be out of pocket, that they will not have to resort to legal measures or the ombudsman to get remediation and that your Department will stand by them, do the right thing and ensure that their houses are remediated?

Jeremy Pocklington: The direct answer is that if the installer is not there, the guarantor is liable.

- Q78 Chair:** But if the guarantor is also not there?

Jeremy Pocklington: The guarantors are there. Ministers are very clear that these problems need to be fixed at no cost to consumers who have done nothing wrong. We will talk more about the good work that is happening—bringing parties together to deal with these most difficult cases—but obviously we closely monitor this and will continue to work to find those solutions for the most challenging cases.

- Q79 Chair:** That is still not quite answering the question. Who is ultimately



HOUSE OF COMMONS

going to pay if the installer is not there or capable? I do not know anything about these insurance companies, but they are now going to be facing very large numbers of claims—I do not know whether their balance sheets are strong enough to withstand those or not. But if the insurer, for one reason or another, is not there, and the installer is not there, how is the individual householder going to get their house remediated?

Jeremy Pocklington: Ministers are clear: we will need to fix this. We have so far, for the most difficult cases, found solutions by bringing together the relevant parties in the system. If there are some of these very difficult cases where there is no installer and the guarantor—well, the guarantor is there, but the guarantee is up to £20,000 for 25 years, as you have heard. It is the remaining, very small number of cases where we are identifying bespoke solutions.

Q80 **Chair:** Who is going to pay for that bespoke—

Jeremy Pocklington: We are bringing all parties of the system together to do that.

Q81 **Chair:** You are still not answering the question. You say you are bringing all the parties together. What are the parties? You cannot expect other installers to go in and do the remediation work and not be paid, so what are all the parties?

Jeremy Pocklington: Certified bodies, for example. Deborah may want to say a little more about the parties, how we are bringing them together and how that is solving these difficult cases.

Q82 **Chair:** All I want to know, on behalf of the consumers who have these problems, is this: who is going to pay? Can we, as a result of the hearing today, be absolutely assured that somebody is going to pay, but not the poor consumer who is living in a house that has a problem?

Jeremy Pocklington: To that direct question, our Ministers are clear that, yes, we need to find a solution that means that consumers do not pay. What we are doing is driving the system to find those solutions.

Deborah Chittenden: We are finding, at the moment, that the system is working. I completely understand your question, but I hope you also understand the reasons for us to pursue this system as the primary route to resolve these issues.

Chair: Of course.

Deborah Chittenden: It is the right thing to do. I have personal conversations with all parts of the system every week, and the collaboration that we are seeing—genuine collaboration across the key parties here—is very encouraging. Simon Ayers, whom you met in the previous panel, and I speak very regularly. We are trying to put in place a more robust case management process, which therefore allows us to make sure that the difficult cases are handled very carefully, that we know exactly what is happening with those individuals and that we are, between

us collectively—the Department, TrustMark and the certification bodies, and the guarantors—genuinely pulling every possible lever we can.

At the moment, we are not resorting to guarantees in any significant numbers; the installers are remediating the work. I think that is really important. I want to give you some confidence that that is what is happening, because I speak with those installers. You will remember, I think, that we took—well, TrustMark and the certification bodies took—immediate action to suspend quite a large number of the installers once we had identified the extent of these problems. That is quite an important and relevant point. That constituted, for external walls, 81% of the market. That was really significant. I don't need to overplay that for those of you involved in the sector.

Since then, what we have seen is that 22 of those 38 have come back in and have been fully reinstated. There is a lead spokesperson for that group, whom I met very recently—in fact, only last week or the week before. He fully accepts the issues that were there and has, in his company, fully remediated the problems that have been identified. He speaks for the group of those suspended installers, and they really want to remediate these problems. They accept the problems, by and large. A couple of those companies have withdrawn from the market, and we can talk about that. But those that have stayed are committed to resolving these problems with us, as are the insurance companies. They are sitting side by side with us. Every week, they are in meetings with me, talking about exactly what they are looking at and what calls have been made on their guarantees, and working on how they can help find solutions constructively for households. We are all committed to the consumer, at the end of the day.

- Q83 **Chair:** Deborah, thank you for that answer. I want to make it absolutely clear that neither I nor this Committee would want to let any installer off the hook, so you are right to pursue them as the first port of call. The thrust of my question was this: what is going to happen if neither they nor the insurer are there? We need to be sure that the poor consumer does not end up paying.

Deborah Chittenden: The answer to that, as Jeremy has explained, is that Ministers have been very clear with us. We understand what they have been clear with us about. We will be pursuing this. As and when we find cases where we get to a place where we don't have a solution, we will be reverting to Ministers with options.

- Q84 **Bill Esterson:** I want to ask some questions about the lessons that have hopefully been learned by now. Mr Pocklington, you talked about the 2021 fuel poverty strategy and said that a policy decision was taken to move to a whole-house approach. Who advised that change?

Jeremy Pocklington: It is normal practice not to discuss the detail of exact advice to Ministers in hearings such as this. I am not sure I can say more about the exact process.

- Q85 **Bill Esterson:** Was it from outside the Department?



HOUSE OF COMMONS

Jeremy Pocklington: I am afraid I do not have all the details in front of me of exactly the steps and the reviews that led up to the 2021 review.

Clive Maxwell: The one thing I would say is that, on the points that Jeremy made earlier about, for example, the fact that many of the loft spaces in the country have been insulated and making incremental or bigger improvements to the energy efficiency of the housing stock, the statistics around that are well accepted within the wider market.

Q86 **Bill Esterson:** Sure, but to the question I asked in the first panel, was that good value for money, given that wall insulation is expensive?

Deborah Chittenden: It is expensive but effective. Ultimately, if we are addressing the building stock of this country, which, as many of you will know far better than I, is incredibly poor, we are going to have to take some expensive measures to bring that building stock up to the necessary levels for warmth.

Jeremy Pocklington: The one thing I would add is that external wall insulation is more complicated. The track record of our capital schemes is different and shows that there are circumstances where external wall insulation can be introduced into properties in a way that is beneficial and functions.

Q87 **Bill Esterson:** Okay—I do not want to spend too long on that. You also said that you did not oversee the scheme. Why not?

Jeremy Pocklington: I think that there were failures at every level of the system.

Q88 **Bill Esterson:** But ultimately it is your responsibility.

Jeremy Pocklington: I include the Department in that. We should have overseen this.

Q89 **Bill Esterson:** You are the Permanent Secretary. Ultimately, you, with Ministers, have responsibility. This scheme was very high profile. Were you not giving it the attention that it deserved?

Jeremy Pocklington: We should have given it more oversight. I am very clear about that. There are contextual factors. In the second half of 2022 and for a lot of 2023, the overwhelming focus of the Department was delivering the £40 billion worth of energy support schemes associated with the energy crisis following Putin's invasion of Ukraine. That is where a lot of time and attention was during that time. However, I do not want to take away from the fact that more questions should have been asked. We did not receive a substantive escalation from the system. Ideally—I think this is the lesson for the Department—even when schemes are set up at some distance from the Department, like this scheme, we need to have stronger oversight.

Q90 **Bill Esterson:** Given that there have been problems with insulation for decades—I mentioned spray foam and cavity wall in the first panel—why did you not foresee the need for this level of oversight? Why did you not

look at the regulatory system, which was described as inadequate in the first panel?

Jeremy Pocklington: This is where you come into the other change that is happening at the same time. As well as the new policy, a new regulatory and oversight consumer protection system is being introduced following Peter Bonfield's "Each Home Counts" review of 2016, which many members of the Committee will be aware of. That involved a lot of work.

Q91 **Bill Esterson:** That was in 2016. We are now in 2021.

Jeremy Pocklington: That is when the review came out. It took a number of years to implement the scheme. Industry was engaged through that process. There was an expert panel supporting that process. There were a whole lot of very good things in Peter Bonfield's "Each Home Counts" review, introduced with good intentions. The central recommendation was having a single quality mark for these schemes, a role subsequently given to TrustMark. It introduced higher standards—with PAS 2035 being the key standard for multi measures in homes—and the requirement for guarantees.

There were a lot of good things about that, but as figure 4 of the Report sets out very clearly, ultimately the system introduced went alongside and with the grain of the system of standards that we have in the UK. It was based on a system of licensing, accreditation and certification, as the Committee heard from the previous panel. That is a decentralised model that relies on social enterprise and the private sector to oversee schemes such as this. That quite layered approach has added to the complexity—

Q92 **Bill Esterson:** Sorry to interrupt you, but this is important. Why go for the arm's length quality assurance scheme you are describing?

Jeremy Pocklington: I have tried to explain why that decision was taken to the best of my understanding. Obviously, it was taken quite a long time ago now. It was designed to strengthen the system.

Q93 **Bill Esterson:** It comes from the 2016 review. Is that what you are saying?

Jeremy Pocklington: Yes. It was designed to strengthen the consumer protection regime. It goes with the grain of how standards have been overseen in this country over many decades but creates a single quality mark. Stood here today, it is too layered, fragmented and complicated and has not provided the protection that consumers deserve. Our Ministers are clear that we need to fix this for the future. We have taken immediate steps to strengthen the oversight scheme—some of which the Committee heard about from the previous panel—but the regime is not appropriate.

The final factor was that those changes to the system of oversight and the policy scheme took place against a very challenging delivery environment. To present the full picture to the Committee, it is important that that is a factor. Changes in working practices through covid and the impact of inflation following the energy crisis all put pressure on the supply chain

and those oversight bodies. Those things came together to create the problems that we are talking about today.

- Q94 **Chair:** Permanent Secretary, all those excuses are not really a good enough answer. Either the Department had to have overall responsibility for oversight, or the regulator did; one or the other. Why did you give the main oversight to a body that had never done anything on this scale before and did not have the resources to do the audit and follow-up it was asked to? Why did neither the Department in charge nor the regulator have overall oversight? I do not mind which of you answers, but one of you should have had overall oversight and it seems that neither of you did.

Jeremy Pocklington: "Each Home Counts" led to the responsibility for regulating these schemes being essentially taken away from Ofgem and given to the system in figure 4 of the Report. That system was led by TrustMark.

- Q95 **Chair:** It did not have the resources, and you should have known that.

Jeremy Pocklington: The Department took some steps, but with hindsight not enough steps, to ensure that TrustMark was set up to deliver appropriately. If you look at the record, the Department is taking action.

Chair: Too late.

Jeremy Pocklington: It established a new board and proper independent governance and oversight of TrustMark. It actually loaned TrustMark money to build its capacity. Again, it was a scheme designed to be delivered not through taxpayer funding; it is designed to be delivered through a supplier obligation. But the Report is clear that more should have been done—for example, more modelling about the capacity needed to oversee a scheme of this complexity. TrustMark has built that capacity, but it was not there at the start.

- Q96 **Chair:** Let's bring in the regulator. What did you know about this scheme? Were you getting complaints? What representations did you make to the Department that things were going wrong?

Jonathan Brearley: First of all, we recognise the seriousness of what has happened and the circumstances in which families find themselves. It may be worth outlining what our job was here, which is different from both our normal regulatory role and indeed our role in other parts of scheme delivery. Unlike both our regulatory role and some other schemes—where we do all the compliance and auditing—here we have a much narrower function, which we describe as technical accountancy. Kiera, do you want to take us through those specific functions?

Kiera Schoenemann: Sure. The role of energy suppliers here is also important, because our role is directly to interface with them. Energy suppliers are set specific volumes of obligations—specific sets of measures that they need to deliver. As Jonathan says, we perform a technical accountancy, if you will, to ensure that every measure that they deliver meets the required standards and that they are able to evidence that to



us. For example, we have approved 820,000 measures from energy suppliers to date, and for each and every single one of those, we perform a range of checks. As Jonathan said, we do not directly perform quality assurance checks. In this case, some of the evidence that a supplier will provide to us is that the quality standards have been met, as certified by TrustMark.

We also provide some additional functions. For example, we provide technical expertise in responding to queries about eligibility criteria—is this measure eligible? Is it novel? We help industry work through that. More recently, as you will have seen in the NAO Report, in response to these issues we stepped in to support Government colleagues with the audit programme through AtkinsRéalis—the findings in the report, which you will have seen. We established a contact centre to support consumers, and we issued letters to all 60,000 impacted homes. But, again, our role is not to directly oversee quality standards. We do not directly audit. We also do not have a role in setting forward scheme policy, although we will, of course, work closely with Government on that.

Jonathan Brearley: The principal role on quality control was taken out of Ofgem and given to TrustMark—

Q97 **Bill Esterson:** Between you, you have beautifully confirmed what the NAO Report says in paragraph 21: “The government created an overly complex system that ultimately failed”. It names DESNZ, Ofgem, TrustMark and UKAS, and says there is fragmentation and confusion over responsibilities and accountabilities. Have you learned from this? Have you changed the system of responsibilities and accountabilities? Are we going to get clarity here? It is not just true of this scheme. This is one of the big problems that my Committee comes across again and again, Chair, with the energy system—so many different organisations and nobody understands who is responsible for what. Have you sorted this out in this space? Consumers need confidence to engage with Government on future schemes, as well as dealing with the fallout from this one.

Jeremy Pocklington: I hand over to my colleague Clive on that.

Clive Maxwell: First, the Department has been working with all the parties involved to make incremental improvements to the system. That has allowed installers to get on with remediation work, in the way that Jeremy has set out—we can go through that in more detail. I think you are focusing mostly, though, on what changes might be required for the future. On that, Ministers have been clear that the system we have at the moment is not good enough, and that consumer protection needs to be taken more seriously. They have set out three principles for any future reform of the system: first, to make sure that it is simpler and clearer; secondly, to make sure that there is stronger central oversight, a much stronger expectation of getting things right the first time and appropriate sanctions; and thirdly, to have real accountability when things go wrong, in the form of clear redress and remediation. Those are the goals that the Government are going to be working on.



Q98 **Bill Esterson:** All very laudable. Is that what we can expect for the continuation of the existing schemes and for the warm homes plan?

Clive Maxwell: Ministers have said that they will set out the details of that new scheme in the warm homes plan. As for the continuation of the existing scheme, that needs to be done within the regulatory framework that is here at the moment, so it is about making changes in, for example, the way that data is handled and the way that the organisations involved are co-operating and working together.

Q99 **Bill Esterson:** That doesn't sound terribly encouraging if we have the existing problems and they are hardwired in.

Deborah Chittenden: A couple of quite important but detailed changes have been made. We mentioned earlier the role of the retrofit co-ordinator, which is a key party to this. The idea for this came from "Each Home Counts". This individual is the person who ultimately takes responsibility for looking at the design that is produced and then overseeing the installation of the multi-measured approach. This was a real recognition that going from individual measures to multiple measures is actually a very different undertaking, so this was a really sensible suggestion.

We implemented it, and it is part of the regime that you have heard about. Two of the things that came out were that this role, as part of this, has failed us, ultimately. Let's be clear: we all share in some of that, but this role failed in particular. One of the changes we have made is that this role must now visit every time on site to be sure that the design that they are signing off will work in an individual property. You might be shocked that that wasn't required before—

Chair: Exactly.

Deborah Chittenden: I thought you would say that.

Bill Esterson: Strangely enough, we are.

Deborah Chittenden: I would agree with you. That has now been changed. As of March, it is absolutely required. I appreciate none of this is good news, but even though it is a small change it makes a big difference, because each house then has to be individually seen before that design is signed off.

Q100 **Bill Esterson:** Are you confident that the support for the individual person who is carrying out this accreditation certification process is also being assessed adequately?

Deborah Chittenden: Do you mean the surveyor? Is that who you are talking about?

Bill Esterson: Are we talking about surveyors doing the work?

Deborah Chittenden: No, sorry—it is the retrofit installers. As I mentioned earlier, the shift we are trying to make there, on the retrofit

installers—ultimately it is their work on the ground that is faulty. We have repeatedly said that. I am trying to illustrate that we are working with them through the suspensions and then the reinstatement process, and there is a very robust reinstatement process. Then there is the change to the retrofit co-ordinator role, which is going to reinforce the quality at the design stage.

There are a number of other small, incremental changes, as Clive has explained, that obviously don't reform the entire system but give us incremental confidence in the individual parts. Ultimately, it is that, plus two big things that I would add. Engagement across the entire system, as I mentioned earlier, is fundamental to this. I think it was mentioned in the earlier panel. Everybody working together to share information and data means that we are then informed and can collectively make more informed decisions. That is really fundamental, as is the oversight that we now have through TrustMark.

Jeremy Pocklington: The other thing that was alluded to earlier and which is an important part of tightening up the current system is that TrustMark has suspended 38 installers. It set out a robust six-point plan for those installers to be reintroduced back into the scheme, which included fixing their problems. They are on track to do that and get their systems in place. Twenty-two, I think, of the 38 have been reintroduced into the scheme. The system is tightening up, but it needs to be fundamentally reformed for the future, and we are absolutely clear about that.

Q101 **Bill Esterson:** Although of course it subsequently emerged that nearly every installation of external wall insulation was inadequate. The scale of this was much bigger than initially thought.

Jeremy Pocklington: But the suspensions happened after that discovery, I think.

Q102 **Bill Esterson:** After the discovery that it was 98%?

Jeremy Pocklington: After the scale of the problem became visible, but before the fully representative sampling work was undertaken.

Deborah Chittenden: The decision to suspend was taken earlier, and that decision was taken to suspend 81% of the market.

Q103 **Bill Esterson:** We heard from the first panel, though, that there is a difference between the organisations being suspended and the individual installers. What assurance can you give that it will be not just the organisations but the individual installers they contract with, some of whom are not directly employed?

Clive Maxwell: I would just say that the lead installer has to take responsibility for the work, whether they subcontract it or not.

Q104 **Bill Esterson:** And then the certification process covers it, right.

I have one final question for now, which is probably for Kiera



HOUSE OF COMMONS

Schoenemann. There is the issue of the really short-term nature of schemes, as well as the changes in schemes, enabling substandard installers to enter the market in large numbers because money needed to be used up by the end of the scheme period. Have you identified that? That is certainly something that came to my Select Committee.

Kiera Schoenemann: I just need to make sure that I have understood the question. You are asking whether installers are coming into the market, and the phoenixing issue that we spoke about.

Q105 **Bill Esterson:** Not phoenixing as such. I am asking whether the requirement to use the money up in the scheme period has attracted people who were not up to the job, so we effectively saw cowboy installers coming in, despite the accreditation process.

Kiera Schoenemann: Sure. On your cowboy comment, we have certainly heard from the consumers who have contacted our help centre that this is something they have experienced in some instances. On incentives, timing and the pace of delivery, I am not sure that it necessarily directly follows that poor quality will occur. Indeed, many installations have occurred to very high standards.

To just step back, if your question is about how or why this happened, I would point to four things. One is the importance of a really clear incentive framework throughout the supply chain. There also must be consequences when bad things happen, and they must be caught and detected at an early stage—a robust audit programme supports that. I can also speak about the importance of clear resolution paths and consolidated oversight, but it might not directly answer your question.

Jonathan Brearley: Do you mean suppliers back-ending their obligation, so they are rushing to get measures installed?

Q106 **Bill Esterson:** A lot of installers were not doing an adequate job, one of the reasons for which was that it attracted installers who were not properly qualified, as they were attracted by the funds available in a short period of time. This issue has come from industry that says, “Look, if we have longer time periods, it will give us certainty to gear up and train properly, and that will reduce the likelihood that you end up with substandard installations.”

Kiera Schoenemann: I think I would go back to the incentives and oversight of this. I do not know that there is a time pressure as such that is driving this, if that is a direct answer to your question.

Clive Maxwell: I think to the extent that that might be a problem, we heard colleagues from TrustMark say earlier that they are doing more intensive auditing of new firms that join their register. That would help to mitigate that, if that were a risk.

Q107 **Chair:** Permanent Secretary, I have been listening to this line of questioning, and this is one of the important things we need to get out of this hearing today: paragraph 1.3 on page 16 makes it clear that you are currently considering extending this scheme by six to nine months. It



HOUSE OF COMMONS

would be unforgivable to extend the scheme and create even more defect problems. Can we be absolutely assured that, if you put advice to Ministers that you want to extend this scheme, you will have a sufficiently robust system so that, wherever possible, you will do whatever you can to avoid the problems that this scheme has?

Jeremy Pocklington: The extension of the scheme is a future policy matter for Ministers, and I cannot comment on that for the Committee.

Q108 **Chair:** I understand that; I am asking what your advice would be.

Jeremy Pocklington: Of course, we need to make sure that the system is robust to protect consumers. That refers to both the system that would operate through an extension and the permanent future system that there would need to be. That is absolutely something the Department is focused on.

Deborah Chittenden: To be really clear about this—I think we have put a consultation out, which your members might have seen—our advice is not something that we are doing internally. We have consulted, and industry has provided some really useful feedback. I think the general consensus is that much of the work has been completed, but not all, so the extension would afford a window to complete the obligations without us specifically stipulating any new obligations.

Q109 **Chair:** Permanent Secretary, we are running well behind time. Can you give us a note about what measures you still need to put in place if you were to extend this scheme?

Jeremy Pocklington: Of course.

Q110 **Mr Betts:** I will follow up on a couple of points that might be things you would look at. We mentioned the competence of the companies that do the work. It has been explained, “Well, actually, they can subcontract to a company that is not competent,” and there is no check on whether the workers who go into a house are competent. Does it cause you concern that the label of “competent” can be put on a director who never visits the site, while the people on the site can have no skills, or not the right skills, and do a bad job? Isn’t that something that needs rectifying in any scheme?

Jeremy Pocklington: I do not want to rule anything in or out in this hearing in terms of ideas and recommendations from the Committee. The regime at the moment operates at the company level, which we have heard about, but there is also a competent persons regime, which it overlaps with. It applies not to Government schemes, but more broadly.

Deborah Chittenden: That is about being able to self-certify works rather than seek permission. There are levels of certification, but you are quite right: as the Permanent Secretary has said, the accreditation is done at a corporate level. I think that is the point you are making.

Mr Betts: Yes. The competent persons scheme applies to the person in charge of the company, not the person doing the work.



Deborah Chittenden: Exactly that. It is done with the company essentially at the lead level—you are quite right. We are looking in particular at specific individual level oversight for our future system reform, and what more we could be doing at an individual level, because, as it stands today, it is very much done at a company level—noting, of course, that there is responsibility on a company for the individuals it employs. The individuals do not have no responsibility and accountability, because ultimately, they are under employment. At minimum, there is an employment contract in play.

Q111 **Mr Betts:** That may be something we can come back to, but another problem that needs to be addressed is that assessors and co-ordinators, who are meant to check things and ensure that they are done properly, can be appointed by the company they are assessing. That cannot be right, can it?

Jeremy Pocklington: There is not sufficient independence; that is the challenge that we have got, so I completely understand why you have raised that issue, Mr Betts. That was the arrangements that were put into place under—I think—the PAS 2035. If I have that number the correct, that is the onus under the relevant PAS standard, but there is not sufficient independence between the different parties.

Q112 **Mr Betts:** We know what happens: you get a job, they give you a hard time, and they will give you another job. It is not acceptable. Given the Department seems to be accepting overall responsibility for the scheme, are you really accepting responsibility for ensuring that everybody who has been badly treated by this and other schemes that the Department has run will be put right? Will the Department see that they get proper rectification and restitution?

Jeremy Pocklington: Our focus today is this scheme, and what we are doing to put right the problems that have been created by it. That is the right focus. There are other schemes as well—some of them are in the report, and some are other, historic schemes, which we can come on to, where there are systems in place to oversee them. Obviously as schemes get more historic, they were not as—

Q113 **Mr Betts:** What I am asking is: in the end, is the Department the fallback for this? I have a constituent—I will not go into all the details; it was a case under the boiler replacement scheme—who has been run around in circles, from the installer, which has now gone bust, to the supplier of the heat pump, TrustMark and the Department. They still have a heat pump that does not work. The restitution they have been offered is that they have been told they can have a gas boiler as well to boost the heat in the house. What a nonsense. Nobody seems to accept responsibility. I worry that in this scheme as well it will be, “Pass the buck around as we try to rectify,” and no one will be responsible in the end. Will the Department be that last person responsible?

Jeremy Pocklington: It is very hard for me to comment on individual cases. Obviously, my sympathies are with your constituent on that. If you write to the Department about that, I am very happy to look into it. I

cannot give you a blanket guarantee, because that is not possible for the Department to do.

Q114 Mr Betts: I will write to you and Mr and Mrs Henley-Smith certainly, but I was trying to get to the principle. Can the public get an assurance that, where it is a Government-backed scheme, the Government in the end will stand behind them and ensure that right is done for them?

Jeremy Pocklington: Our responsibility is to ensure that the schemes we put in place operate effectively and that there is an appropriate system of consumer protection in place.

Q115 Anna Dixon: I think you heard the previous panel, where we were led to believe that there were already concerns being raised in late 2022. Looking at the timeline in figure 5 on page 27 of the NAO Report, it does not seem that this problem was properly gripped or anything really done about it until late 2024. Why did it take so long to realise that poor quality insulation was going on?

Jeremy Pocklington: That is a very important question. I want to address it in parts—first, the timing issue, and then what the Department knew. First, on the timing issue, ECO4 delivery began in July 2022. Like other supplier obligations, but particularly reflecting that it was new, it started slowly. These supplier obligations do not have an annual target, because it takes time for supply chains to form. It started slowly, and that would have happened particularly so for more complicated measures like external wall.

The Department also thinks there was quite a strong seasonal factor here. External wall is generally not installed over the middle of winter, and the ramp-up would really have begun in spring 2023. That would have been the weather window when you would have seen more of this activity taking place. Actually, the problems would not have become visible until the autumn/winter that followed that. There is a lead path here that is part of the explanation, but it is clear that the systems of oversight were not in place and were not adequate. I think TrustMark talked about that in the previous hearing. The audit and oversight and the data management were not operating in the way that they needed to, particularly with that benefit of hindsight, but also in advance.

Q116 Anna Dixon: You have been around housing and energy for a lot of your career. These issues, more generally, were widely known even before this scheme started. These were quite complicated things to do and, if they were not done well, they could lead to damp and mould. I am a layperson, and that is something that we know, particularly with cavity wall—I know less about external wall. How is it possible that this scheme was well under way even under your timelines in early 2023, and there was no actual auditing going on? These should have been seen as high risk, whether they were being done right or not. Between then and actual action being taken, we know that nearly 98% of the households had faulty work done. We are talking tens of thousands of households that, in that time, had faulty work done, basically without any checks taking place.

Jeremy Pocklington: There were checks taking place through this period. The problem was that the intelligence information was not being brought together at different levels, and not being escalated in the way that it should have been. There were also not enough checks taking place, but it is not correct to say that there were no checks taking place. They were not adequate checks.

Q117 **Anna Dixon:** If every one of those checks found that there were problems—because the later audits found that there were in 98%—that surely showed a pattern. Even if there were just a dozen checks done in those early days of July 2022, when this scheme was getting up and running, if the pattern showed that pretty much every one of them was faulty, surely there were some red lights already and discussions happening.

Jeremy Pocklington: That should have been escalated more quickly, including to the Department. As set out in the Report, to the best of my knowledge the Department was not made aware that there was a systemic material problem with non-compliance until October 2024. Maybe in September we were aware that this conversation might be coming, but it was not until October 2024. Yes, with hindsight, we should have been more questioning—I have already said that. But having looked at the paperwork, in preparing for this Committee, there was a material concern, and that is what the NAO Report shows.

Q118 **Chair:** I would like you to think about that answer, because we heard from the previous witnesses that those on the working groups informed you towards the end of 2022 that there was a problem. So what action did you take when you heard that there was a problem?

Jeremy Pocklington: I chose the word “material” deliberately, Sir Geoffrey. What I would like to do is look again. I am giving you the answer to the best of my knowledge, based on the information that I have, having prepared for the hearing. But I am very happy to look again at the paperwork to see what evidence there is of what was happening in that period. We did supply all the paperwork we have to the NAO for the Report. It is a very serious Report, and one thing we have done is respond very openly and transparently once we identified the problem.

Q119 **Chair:** I accept that, but those witnesses, particularly the witness from TrustMark, made that clear, but he also made it clear that there may not be minutes, but he is going to give us the information. We have asked them to give you the same information.

Jeremy Pocklington: We should obviously review that.

Q120 **Anna Dixon:** Can I press you on that? It is all with hindsight, but I think you have agreed that this should have been known earlier and there should have been better information sharing. But from getting this scheme up and running, there was knowledge somewhere in the system—from early indications, which are yet to be shared with us in follow-up correspondence—from as early as late 2022, to the point where action was then materially understood by DESNZ to be of significance and requiring



HOUSE OF COMMONS

action. How much money was spent and how many properties had faulty insulation in that time?

Jeremy Pocklington: I do not have more that I can add. I am very happy to write on that issue. The data on how many properties is in the Report; I have not got a specific timeline of what measures were installed in how many properties by exactly what date.

Q121 **Anna Dixon:** I am just trying to get to the scale, really. Had something been done better and earlier, it could have prevented many thousands and thousands of households from having work that is now going to cost thousands more for remediation. This is just to get the scale of the failure to identify this early enough. I want to press you on why, from previous schemes in the private sector, it was not seen to be higher risk from the outset? I do not know if that is for you, Permanent Secretary, or for your team to answer.

Clive Maxwell: I just want to come back to something that Jeremy mentioned earlier, which was about the change towards taking a sort of whole-house approach to the way in which retrofit was being looked at. In addition to the work that TrustMark was doing on auditing and collecting the data about the whole-house activities, those certification bodies were looking at the installers. Their data from the same period shows much lower failure rates than the ones that TrustMark had. If you had triangulated and used that data through this period, certainly even in 2024 and late 2024, when we were looking at the data coming from those certification bodies, it showed much less of a problem than the problem here. So there was something about looking at the approach to installers who were used to doing single measures and then looking at the greater complexity of doing a whole-house job and not necessarily appreciating some of the different challenges, both technically and in terms of the way the standards work together. I know that is a very technical answer, but I think it is at the heart of some of the differences and why it took, for example, those certification bodies and TrustMark working together. First, their relationship was not working as it should, but also they were using different standards and not comparing like with like properly.

Chair: Anna, I am afraid we need to move on—I am really sorry.

Q122 **Catherine McKinnell:** That begs the question: why wasn't a fraud risk assessment carried out to identify that?

Deborah Chittenden: I will just clarify one point, then probably our colleagues from Ofgem will be happy to come in. Obviously, fraud and error are, while possibly on a spectrum, distinct. The non-compliance is about clear mistakes; the fraud is, as you say, about risk assessment. I think the Report calls out that, while we had done an initial fraud impact assessment during the ECO4 policy stage, we did not complete the full fraud risk assessment before it was implemented. This is not an excuse: at that point, it was not a mandatory requirement, so it wasn't that we failed to tick a box per se. We were completing that fraud risk assessment; we had, however, not completed it at the point it went in. We are clear that that is accurate, and the Report is accurate.



HOUSE OF COMMONS

We now have a fully completed fraud risk assessment with owners very clearly allocated and identified, and it is actively managed. I can give you that assurance from a departmental perspective. Colleagues in Ofgem may want to pick up on the fraud point.

Q123 Catherine McKinnell: Can I just ask from when? From what date is that?

Deborah Chittenden: In terms of actually having it with all the owners assigned? As the NAO Report calls out, that has only recently been completed. The last owners were assigned in October this year. That is the specific owners. The risks had been identified, but—

Q124 Chair: Hang on. Can we be absolutely clear that the Treasury's rules on managing public money now require that all new schemes like this that are novel and contentious have a fraud assessment in them? Can we make it loud and clear from this Committee this morning that this is a really important matter?

Deborah Chittenden: We are very clear about that.

Jeremy Pocklington: I assure you, as Permanent Secretary, I wholeheartedly agree.

Q125 Catherine McKinnell: There seems to be a general pattern of a lack of foresight. Obviously, with hindsight that is always easy to say, but I think some really obvious issues have arisen here—the acknowledgement that this was a much bigger, broader and more complex scheme than anything that had been undertaken previously. I want to ask again about the fraud. The risk assessment had not been undertaken in advance of the scheme being rolled out, and as far as I can see, TrustMark was given responsibility for overseeing fraud within the system. Would that be a fair assessment?

Clive Maxwell: I will start by saying that clearly there was not sufficient preparation and oversight. I think there was a failure to understand fully some of that fraud exposure at the start of this. A number of parties have roles to play in this. Clearly, businesses should not be breaking the law in the first place. They should not be committing fraud. The certification bodies and the like also need to be making sure that the businesses that they are giving certificates to are behaving lawfully. Ofgem has a role to play in dealing with fraud, and indeed in exempting or voiding measures that are claimed that turn out not to be correct. The Department has a role here to make sure the whole system is being designed effectively.

Once we got information from TrustMark about potential fraud, we took early action. We certainly have sorted out the framework that we have talked about. We have brought in different expertise. We brought in the public sector fraud authority.

Q126 Catherine McKinnell: This we know, because it is set out in the Report. The fundamental question is, why that was not done before?

Deborah Chittenden: We did do an initial fraud assessment. That was done; the thing that we did not do was complete the full fraud risk assessment prior to launching the scheme. That was then completed.

Q127 **Catherine McKinnell:** Can you say why?

Deborah Chittenden: As I say, at the time, for good or bad, it was not a mandatory requirement. You are quite right, Chair; it subsequently became such. It wasn't at the time. We worked with what we had, and we completed the assessment. What we did not complete—it is in the Report—is allocating all the ownership. Again, there are multiple parties with responsibilities for fraud. There isn't one body that is overall responsible for fraud. Again, you may criticise that comment, but it is by design, so I think it would be inappropriate to say that TrustMark is responsible for fraud. I appreciate that you are asking the question, but it would be inappropriate for me to say that it was responsible for fraud.

Q128 **Catherine McKinnell:** The scheme was established in an arm's length way. It was established as being what we now see as—it has been accepted as—too layered and too fragmented, too opaque a system. It is all well and good to learn lessons now—Anna set out very clearly the impact on households—but it would be helpful to understand why it was set up in that way. People need to understand why we have ended up where we are and to really learn the lessons. That is what I am trying to understand.

Jonathan Brearley: We can outline our role in fraud specifically, which is to investigate when it is reported to us. Ofgem used to be involved in schemes like this. I accept the point that these are complex measures to oversee and deliver. Ultimately, the Department led the design of the scheme and it made the decisions on how to assess the fraud. I completely accept the point that this is a very complex supply chain.

Q129 **Catherine McKinnell:** It is a question for the Department. Why was the scheme set up in such a way that there was so little oversight and that we have now ended up in this position?

Jeremy Pocklington: I have tried to answer that to the best of my understanding. Cumulative decisions over the best part of over a decade have got us to this point. May I make this forward facing—what are the real lessons for the future—rather than try to unpack too much of the motivations, although we can come back to that? It is about the volume of change that is being done at the same time—for me, that is the real lesson here. It is the combination of changing the oversight consumer protection regime and moving to a more complicated set of interventions under ECO4. Those things happening basically at the same time is ultimately the problem. Had we done one or the other, we might well have had a different outcome. It may look like that was over a long period, but there was too much change in the system—often introduced with good intentions and for sound policy reasons—happening too quickly. That is the root cause of our problem.



HOUSE OF COMMONS

On your specific question on the fragmented system and why figure 4 in the Report looks as it does, you have to go back to the “Each Home Counts” review in 2016, which is when that approach was set out. That was introduced with good intentions. As I say, it was designed to have a single quality mark—that was the concept. That role, working with an industry panel, was given to TrustMark, but ultimately the system there, essentially based on licensing and certification, parallels the system we have with UKAS accreditation and certification. That created a very layered, complicated system, which we have. Were UKAS here, it would say that that can work in some sectors, but it cannot work in every sector. It does not work when dealing with measures as complicated as ECO4.

Deborah Chittenden: I have a tiny bit to add on the fraud point. I think it is fair to say that we did not have the thing fully signed off and in place. However, you will find that through the course of the scheme, fraud has been identified and action has been taken. Where fraud is identified and confirmed as such, energy suppliers are no longer allowed to claim that—as you would expect. Those measures are then rejected from the obligation and the energy supplier is required to complete further work to complete its required obligation amount. To be clear, we have identified some fraud in the system. That is a positive thing to say, because the system identified the fraud. We all know that there is fraud across everything—

Q130 **Catherine McKinnell:** Is it deemed to be at an acceptable level?

Deborah Chittenden: On the levels of fraud identified at the present time, I will defer to Kiera.

Kiera Schoenemann: To date, we have rejected measures worth £6.7 million, valued at 0.15% of the scheme value. We intend to reject measures worth 1.75%—that is in train. It is below the departmental threshold of 2%. Clearly, if any more fraud is identified, we will obviously reject that.

Q131 **Chair:** I have one final question because this fraud issue is so serious. It is unlikely that this level of failure would happen on its own; it is more likely that there is a level of fraud in it. Mr Brearley, I heard your answer very clearly. As I recall it, you said, “Where fraud is brought to our attention, we will investigate.” That sounds rather passive to me. I want an assurance from both of you that you will not just stand by and wait for accusations of fraud to come to you; you will actively go out there and look for it. I come back to where I started: the scale of the failure of this scheme is so unprecedented that I think you should be really actively looking for this fraud.

Kiera Schoenemann: Ofgem can only reject measures where we have evidence. We do not have a legislative role, nor the ability to detect fraud across the system in its entirety. Our action on our other schemes is supported by our running an audit programme—statistical or targeted. That is what gives us evidence to find, detect and reject fraud. I explained

the role of Ofgem earlier. We will always act where we can, and do what we can there.

Q132 **Chair:** I get your statutory limitations; there is not a lot that we can do there. Permanent Secretary, you can do something about this. Yes, second Permanent Secretary.

Clive Maxwell: I reassure you that the Department is doing everything that it can to make sure that it is bringing together the parties that might have information that would allow Ofgem to identify cases of potential fraud. We are working with TrustMark and using its data. TrustMark has introduced different software systems that allow it, using the data that it holds, to identify cases where it has high suspicions that they might be fraudulent in some way, based on the scoring from their systems and things like that. TrustMark is doing things like that. We are also making sure that we can share data around households and their likely eligibility for these sorts of measures to allow connections to be made, and that we can share data about energy performance certificates, which also enhances the effectiveness of TrustMark and others in looking for potential fraud cases. We are bringing people together, as best we can, to identify those sorts of cases.

Jonathan Brearley: There is plenty that we are doing to support the Department to resolve this problem that is beyond our role, so we are open to the Department coming back to us.

Chair: As a Committee, we will probably want to come back to this at some stage, but for now let us leave that aspect.

Q133 **Sarah Green:** I would like to move us on to the Government's plans to fix the faulty installations. Figure 10 of the Report shows an estimate that over 30,000 homes have major issues still to be remediated. Clive and Deborah, how will the Department scale up the operation to identify and fix those homes with major issues that still need to be remediated?

Clive Maxwell: May I say a few words first? The first challenge is to identify the homes. The estimates in the Report of the numbers of homes affected are based on sampling and estimating the affected proportion of the population of homes. We now need to find those homes. We are keen that any householders who have had external wall installation undertaken under these schemes get in touch. We have made a commitment to those getting audits to help identify all of those affected.

Q134 **Sarah Green:** How would those households know that they should get in touch? Are you proactively contacting them?

Deborah Chittenden: Yes, we are proactively writing to every household that has had any form of external wall installation under ECO4 or GBIS.

Q135 **Sarah Green:** Is that one letter? Is it a phone call? How proactive are you being?

Deborah Chittenden: It is interesting that you ask that question. We will initially send a letter. Information will be on our website, so there is back-



HOUSE OF COMMONS

up, with details of contact centres. We are working closely with TrustMark. You probably recall that Simon Ayers mentioned that earlier. The external wall installation through ECO4 is very concentrated—

Clive Maxwell: Geographically.

Deborah Chittenden: It is geographically concentrated in about seven key areas, so our approach will be very targeted in those areas. We will write to the councils and the MPs of those areas, and then we will engage in a community way in those local areas to actively encourage those individuals that have had external wall insulation to come forward and to allow us to go into their homes to audit. You are right—it is really difficult to know the most effective mechanism to communicate with those individuals. We don't always have phone numbers. Where we have phone numbers, we can use those techniques as well. We don't necessarily always have that information, because, as you will be aware, this is done through the supply chain. But I am very clear that the engagement and outreach has to be the most effective mechanism that we have got.

Q136 **Sarah Green:** If it is concentrated in specific parts of the country, does that mean that you intend to use local media as well as part of that?

Deborah Chittenden: We are very open to using any local outreach that is available to us.

Q137 **Sarah Green:** How long do you think it is going to take to identify and fix this? What is the timescale that you are currently guesstimating? I appreciate that it can only be a guesstimate.

Deborah Chittenden: We know that we could run audits. We are scaling up to have the capacity to run the audits. Simon mentioned that our current working assumption is that it will take us 12 to 15 months to complete all those audits should we get the take-up from people. Quite obviously, it is entirely dependent on people allowing us into their homes.

Sarah Green: But that is just to identify them.

Deborah Chittenden: No, that is to complete the audits, having sent the letters. The letters are ready to go.

Sarah Green: It won't have fixed it.

Clive Maxwell: It is worth saying that when audits discover a problem, there is then a set timetable under which the installer has to go and rectify and remedy problems. I think it is 12 weeks, plus a four week—

Deborah Chittenden: Eight weeks is the guidance, plus four weeks, so you have got 12 weeks. In the instances where we do need to invoke a guarantor, that will of course add some time on. But, yes—that window is known because that is what we monitor.

Q138 **Sarah Green:** So if you are in front of this Committee in 18 months' time, most of this will have been resolved by then.

Deborah Chittenden: A lot of this will have been resolved.

Clive Maxwell: I think the really big caveat I should put down is that this is very dependent on households being willing to have audits done of their homes. We clearly cannot force people to do that. We don't have control over that bit of the process.

Q139 **Chair:** May I clarify something you said, Deborah, please? I don't know whether you meant to restrict it just to exterior insulation, but there are other aspects of the scheme. We know that there are large numbers of houses out there that have problems with interior insulation. Will it apply to all aspects of the scheme?

Deborah Chittenden: What we are doing specifically here is for the external wall—we are doing this 100% audit offer, principally because, as we mentioned earlier, 98% is nearly 100%, right? We are therefore committed to offering it to everybody.

There are two things, Chair. We continue to run BAU audits—both the certification bodies and TrustMark. That continues, so we will continue to audit internal wall and other installations as a matter of course.

Plus, we have written to all those that had internal wall insulation as well already, and have encouraged them to contact us should they consider that they have a particular issue with their insulation.

We continue to extend that offer—if anybody considers that they have a problem, they should contact their installer in the first instance; they should contact their certification body; and they can contact the contact centre that we have set up. We have had a process where we have demonstrated that we can triage calls that come through and get an audit then undertaken immediately for those cases where it was necessary.

Q140 **Sarah Green:** How would they know that they have a problem? In some instances, it won't have presented itself yet.

Deborah Chittenden: You are quite right, and this is the difficulty. However, we are saying, if anybody feels that they have a problem—if they have got damp and mould, they will know they've got damp and mould—

Kiera Schoenemann: I will just come in on the consumer survey of those who have contacted our helpline. What they have told us is that where they have had issues, they have presented themselves very quickly and they also have had concerns from the outset. Generally, we would expect that where they have concerns, they will manifest pretty quickly.

Q141 **Chair:** Can I challenge that? I was going to come back to Deborah on this. Some of the hidden defects, things like inadequate ventilation, which could lead to excess build-up of CO₂, and bare wires—some of the things we have heard about in the Report—are really serious and just as serious as the external insulation problem.

Can we be sure that whatever you are all doing, you are encouraging people to be vigilant for these defects and to immediately report them when they find them?

Clive Maxwell: Yes.

Deborah Chittenden: Yes, absolutely right.

Q142 **Sarah Green:** Just to clarify, the wording that you are using will not actively discourage people from coming forward because they do not think they have a problem, will it?

Deborah Chittenden: I hope not. That is not the intention. We have spent quite a lot of time on the wording. Kiera and I were just talking; we have behavioural insights teams both in Ofgem and in our Department, and we are planning to engage with them to make sure we are using the right wording to maximise the effectiveness of the communications.

Chair: Thank you very much, Sarah. Bearing in mind the recent question, I doubly declare that I am a member of the Royal Institution of Chartered Surveyors.

Q143 **Anna Dixon:** It is pleasing to hear that you have already written to those who have had internal wall insulation, and that you intend to do the same for those with external wall insulation and carry out other publicity.

As I mentioned in the first panel, I have a number of constituents who had cavity wall insulation fitted under ECO4 who knew it was faulty, and they had lawyers knocking door to door to find them. You are saying that you are writing a letter, but these lawyers found a lot of people who were very unhappy with the shoddy work, and those lawyers promised to represent them on a no win, no fee basis to make claims against the installers, who should be certified by TrustMark under the scheme.

Unfortunately, those law firms, such as SSB Law, then collapsed, and the construction firms, companies and insurers are now countersuing for legal costs. In addition to the distress that we know many households are facing from having faulty insulation, they have become victims again, this time to exploitative law firms. The evidence this Committee has received from the SSB Law Victims Support Group refers to "continuing distress, deteriorating living conditions," and now, in addition, "unresolved debt, and fear of enforcement action."

Deborah, you talked about how you are working through those 20,000-plus cases with very close case management. I seek some assurance that, if you are not already, you will meet those victims—not only of dodgy insulation, but now of dodgy law firms—and apply a similar process to helping them?

Deborah Chittenden: The work was completed under a Government scheme, and the cavity wall insulation will have a guarantee if it was ECO4, as you suggested it was. There will be a guarantee attached to that product; that is a mandatory requirement for all works under ECO4. I really hope that, in the first instance, your constituents are aware of that. Some of this might be because they just are not aware that they have the right to go to the installer. If the installer has not rectified the situation,



HOUSE OF COMMONS

and has potentially gone out of business, your constituents have the right to invoke the provisions within their guarantee.

I am very happy to meet people, to talk with them and understand the issues, and possibly to understand the procedure they have gone through to get to where they are. We are very aware of the SSB Law issue. That is clearly a very specific case, and the Solicitors Regulation Authority is dealing with that, to the best of my knowledge. I know a specific provision is being made for those who may have been caught up in the SSB Law problem. That is probably quite discrete, but again, we can take that one away.

Anna Dixon: These are specifically under schemes including ECO4. I think the problem is that they were caught out between your remedies coming in and their experiencing the faulty installations.

Deborah Chittenden: Please send the details through, and we will absolutely look at them.

Q144 **Rupert Lowe:** I have a question for Mr Pocklington. I see from your CV that you were in charge of financial regulation for some time in the early '90s; you must have presided over FSMA 2000 as part of your brief. The London market is now a shadow of its former self, having been over-regulated. Listening to this hearing and reading the report, it seems to me that this is another systemic failure of a Government Department. Do you agree?

Jeremy Pocklington: Just on a point of fact, because you asked: I have very limited experience of dealing with financial regulation. That is not my background. My first role in the civil service was in financial regulation, but I have not been involved in it since. I cannot talk too much about that.

Rupert Lowe: Do you think this is a systemic failure?

Jeremy Pocklington: I think there are serious failings at every level of the system that are systemic. That is my view.

Q145 **Rupert Lowe:** For me, the key issue is that Mr Ayers mentioned the fact that you had various meetings in 2022; he did not think they were minuted, but he has the agenda for those meetings. Have you got the minutes for those meetings? In my experience of government, Mr Pocklington, most things are minuted to the nth degree. Did your Department not minute those meetings?

Jeremy Pocklington: I do not have any more information to give the Committee on that. We gave all the paperwork we had to the NAO, but I think I have already committed to double-check what the record shows about those—

Q146 **Rupert Lowe:** I think the Committee would like to see whatever minutes you have. It would be unprofessional and, in my view, irregular not to have minutes of meetings. I think we should see those, Chairman.

Also, you have referred to guarantors, rather than insurers. With these



HOUSE OF COMMONS

insurers or, indeed, guarantors, are they FCA-regulated insurers, or are they not FCA-registered? We have already heard from Mr Ayers that downstream health issues arising from mould may potentially not be covered under these policies—he is going to check that for us. Can we be absolutely clear whether we are talking about insurers or guarantors? Exactly what are we talking about? And are they properly regulated?

Clive Maxwell: My understanding, and I am happy to write to you to confirm this, is that the three organisations mentioned by Mr Ayers have a variety of business models, and some take the form of insurance-type guarantees and some take the form of other types of warranty arrangements.

Q147 **Rupert Lowe:** Have you reviewed the balance sheets of these insurers or guarantors?

Clive Maxwell: As Mr Ayers explained, there is a panel involving financial experts, who are put in place to make sure that any of the guarantee arrangements being used by approved installers were fit for purpose.

Q148 **Rupert Lowe:** I am always wary of experts. It is better if principals deal with it, isn't it? Have you reviewed it? Has your Department reviewed it?

Deborah Chittenden: The Department has conferred responsibility for this to the financial protection panel, which has its own independent chair. I think that Brian Gregory is the lead for that panel, so he takes that responsibility on our behalf. And to our best understanding, he takes that responsibility. We speak to Brian. I have personally met Brian several times over the last few months. I know he takes his responsibilities incredibly seriously, and it is his and his panel's responsibility to ensure that these products are fit for purpose.

Q149 **Rupert Lowe:** It strikes me that there are too many people involved in this chain. It was made clear earlier that this scheme was over-complex and, in many ways, needed to be reformed and reviewed. It seems to me that it is a case of too many cooks spoiling the broth, and nobody is prepared to take responsibility. Again, that must fall at your—you are ultimately the Permanent Secretary, Mr Pocklington.

Jeremy Pocklington: I have already said in this hearing that I think that oversight of the scheme is too fragmented and that there are too many layers, which is not suitable in this sector. I do not want to say that that approach to standards might not work in other sectors, but in this sector, and for this scheme, we need to reform the process for the future. I am being clear on that today, and our Ministers have also been clear on that.

Q150 **Mr Betts:** We have to rectify all these problems that have been created. What happens when a householder says, "Well, they have made such a mess of my house that I am not having the same people back"?

Clive Maxwell: The arrangements for the warranties or guarantees also provide for circumstances where the installer is unable for some reason to do the job, or is unable to do the job in a way that is acceptable to the householder.

Q151 **Mr Betts:** What if the householder just says, “I am not having them back”?

Deborah Chittenden: You are quite right that there are such cases. We are working with TrustMark, particularly for this find-and-fix programme, and TrustMark will establish a relationship with each affected household that is having an audit. We will help to reassure householders that if remediation is required, the installer is appropriately accredited and therefore has the appropriate ability to do the job. Of course, we will then check that the job is done properly from a remediation perspective. Our primary route will be to provide that level of assurance to households.

I accept that in some cases the household might refuse, and we will endeavour to work within that. If we can work with the certification body affected or another body to establish whether we can use an alternative installer, we will do that if we have to. However, in the first instance, we will attempt to use the installer that first visited the property.

Q152 **Mr Betts:** But you will do that in this situation? You will not leave somebody with bad work, unrectified, simply because they say, “I won’t have back those who did it wrong in the first place”?

Deborah Chittenden: As I say, we hope that in most cases we can persuade—

Mr Betts: I know you hope, but I am trying to deal with cases where it does not happen like that.

Deborah Chittenden: Clearly, if remediation is required, remediation is required, and we will need to find somebody to do the remediation.

Q153 **Mr Betts:** Can I ask about timescales? We talked to Mr Ayers about it potentially taking up to 15 months to get some of these issues even audited in some cases. The priority is the really bad cases, where you have potential health risks because of damp and mould—that is probably top of everyone’s list, although there may be other health and safety risks. The Government have just brought in Awaab’s law, so social housing providers have to correct such defects within five days. Is that the sort of timeframe you ought to be insisting on for similar defects with health risks that arise from this scheme?

Deborah Chittenden: It is well understood that if an audit identifies an issue that is considered to be severe, which is a direct risk to health or safety, it should be fixed or made safe—I say “made safe” because there can be a number of potential things—within 24 hours, if possible. I say “if possible,” because clearly there needs to be access to the house to do so. That is the approach we take for the most severe cases.

Q154 **Mr Betts:** Whose responsibility is it to see that it is done?

Deborah Chittenden: The certification body will oversee that the installer does that, in the event that an audit identifies an issue with a household.

Mr Betts: So the certification body is responsible for ensuring it is done?



HOUSE OF COMMONS

Deborah Chittenden: The installer is responsible for doing it—let's just be very clear.

Mr Betts: We are back to this issue again, aren't we? It is always somebody else. In the end, if there is an issue that is a health and safety risk, who is responsible for saying, "We will make sure it is done"?

Deborah Chittenden: It should be the scheme provider, the certification body, that makes sure the installer does it.

Mr Betts: That is quite clear.

Deborah Chittenden: I believe it is clear, but I am happy to be challenged.

Q155 **Bill Esterson:** Coming back to the 98% failure rate on external wall insulation and 29% on internal wall insulation, why are these failure rates so much higher than for the installation of other measures and, indeed, for other schemes?

Jeremy Pocklington: I think we have covered that, to an extent, in our answers to other questions. At its heart, the fuel poverty strategy led to the introduction of whole-house, multi-measure retrofits. In particular, external wall insulation is more complicated to install than other measures that can benefit energy efficiency.

Bill Esterson: More complicated than installing heat pumps?

Jeremy Pocklington: External wall insulation is more complicated than internal wall insulation, which in turn is more complicated than measures such as double glazing and loft lagging—just to give you a very broad hierarchy. This is a more complicated set of measures to get right. The other thing that we have done—

Bill Esterson: Solar panels and heat pumps are more complex technologies, aren't they?

Jeremy Pocklington: The other thing we have done is raise the standard. The other factor, which we have not really talked about, is that the standard required was also raised in PAS 2035. That is a higher standard for the installation of these measures. But at its heart, this is a more complicated measure.

Bill Esterson: That begs the question of what the standard used to be, given the seriousness of the problems before that.

Clive Maxwell: You have asked about the comparison with other types of measures, and Jeremy talked you through the hierarchy of complexity. We are clear, though, that external wall insulation can be installed successfully. Another interesting comparison is the successful installation in a number of other schemes that the Government support, which have seen significantly lower first-time failure rates, where you have, for example, different organisational structures and things around it to make sure that things are done.

Q156 **Bill Esterson:** Having seen solar, battery and heat pump installations, I am very surprised that they are less complex than external wall insulation.

Kiera Schoenemann: Just to be clear, if it is helpful to refer back to ECO3 as a point of comparison, what Jeremy said about ECO4 being a multi-measure scheme is key. The failure rates for EWI—external wall insulation—on ECO3 were around 11%. Another key point is about the incentive frameworks and checks that took place. Where that initial failure rate of 11% was identified, there would be further spot checks following up, and it would be required that that was put right at the time. External wall insulation, in and of itself, is not the issue here.

Q157 **Bill Esterson:** That seems rather to contradict the evidence that Mr Pocklington just gave us.

Kiera Schoenemann: No, I think it is aligned. I would support what he said about how external wall insulation is one of the most complex measures, but it is not, in and of itself, the cause of the high failure rate.

Bill Esterson: Okay, so it is a lack of specialisms in a multi-measure installation?

Kiera Schoenemann: I think that certainly would play a big part.

Q158 **Bill Esterson:** That is helpful. I have one final thought. My Committee heard that we do not have this problem in gas safety certification, thankfully, where the system is very robust. Is that a model that should perhaps be adopted more widely?

Clive Maxwell: The comparison with gas is perhaps better made with MCS, which fulfils a similar sort of role around check-ups and auditing of heat pump installations. That is probably where you have a more similar technical role that is being supported, but Ministers have said that they want to reform some of these consumer protection arrangements. If there are other models that seem to have worked well in other bits of the supply chain and other sectors of the economy, we should be looking at those.

Deborah Chittenden: I can reassure the Committee that we are looking at the Gas Safe register as a model that has done a good job of overseeing that sector. That is very much on our list of options that we are considering.

Q159 **Chair:** I have one question for you, Permanent Secretary. You are moving on to another Ministry. We have had you before us on various failures on various environmental schemes. What do you take away? What do you reflect on about the catastrophic failure of this scheme? What lessons would you learn, and what would you do differently in the future?

Jeremy Pocklington: The key thing here—I have referred to this already in the hearing—is about the amount and pace of change that happens in systems such as this. Having looked at this—quite a lot of this happened before I arrived in the Department, which was 2023, so I was not here at the start of this process—there was too much happening, broadly in parallel, at a hugely challenging time. First, there was the pandemic, and



HOUSE OF COMMONS

secondly, there was the impact of the Ukraine crisis and the huge work we had on the energy schemes, which were, overall, successful. Doing all these things simultaneously is very challenging indeed.

Chair: I suspect that you will have even more challenges in your next job. For now, thank you very much indeed to all our witnesses. We have covered a lot of ground this morning. We will publish, in the next few days, an uncorrected version of the transcript. Subsequent to that, we will produce a report with recommendations. We may well return to some aspects, and you have promised to give us certain bits of information as well. Again, thank you all very much for coming this morning.