

Energy Security and Net Zero Committee

Oral evidence: [Warm Homes Plan](#), HC 753

Wednesday 11 March 2026

Ordered by the House of Commons to be published on 11 March 2026.

[Watch the meeting](#)

Members present: Bill Esterson (Chair); Ms Polly Billington; Lizzi Collinge; Torcuil Crichton; Graeme Downie; Melanie Onn; Claire Young.

Questions 1 - 104

Witnesses

[I](#): Dr Brenda Boardman, Emeritus Fellow, Environmental Change Institute, University of Oxford; Dion Tickner, Energy Policy Manager, Age UK; and Peter Smith, Director of Policy and Advocacy, National Energy Action.

[II](#): Sam Perry, Heat Workforce Policy Lead, TUC; Louise Shooter, Head of Heat Decarbonisation, Energy UK; and Joanne Wheeler, Co-Head of Policy and Places, UK Green Building Council.

Examination of witnesses

Witnesses: Dr Brenda Boardman, Dion Tickner and Peter Smith.

Q1 **Chair:** Welcome to today's Energy Security and Net Zero Select Committee; we are looking at the Warm Homes Plan. Our first panel have joined us, and I will ask you to introduce yourselves, starting on this side, please.

Dr Boardman: I am from the Environmental Change Institute at the University of Oxford.

Peter Smith: I am director of policy and advocacy at the charity, National Energy Action.

Dion Tickner: I am from the national older people's charity, Age UK.

Q2 **Chair:** Thank you very much. You are all very welcome. We look forward to hearing your evidence.

Do you think that the sector has the capacity to deliver the Government's plan as set out, whether that be through its workforce or through access to the materials and the supply chain that is necessary?

Dr Boardman: I think the sector has the capacity. The question is whether the Government define the policies clearly enough for them to implement it. By the way, Chair, I call it the "we hope plan" as opposed to the Warm Homes Plan, because it is full of good things, but there are an awful lot of fingers crossed and impossible policies to be delivered.

One of the reasons that the 1 million might be achieved is partly because the Government's policy definition, the LILEE, actually defines out a lot of the fuel poor, because if you are in an EPC—an energy performance certificate—band A, B or C, you cannot be in fuel poverty because you are meant to be in an adequately energy efficient home. That, of course, does not work entirely well if you are on an extremely low income. There is no debate about alternative definitions and alternative numbers in the Warm Homes Plan, whereas the fuel poverty strategy says there could be up to 9 million homes, with a different definition, in fuel poverty.

Q3 **Chair:** Your concern is that the plan as set will not lift some of the people who most need help out of fuel poverty.

Dr Boardman: Because they are not considered by the Government to be in fuel poverty.

Q4 **Chair:** Right. Is that a concern shared by Peter and Dion?

Peter Smith: Just briefly, in terms of the supply chain, that supply chain has seen contraction already and is currently experiencing further contraction. Ironically, we are talking about gearing up the industry to deliver quite an ambitious target when, in fact, jobs are being lost and skills are being abandoned. That is the context in which we are trying to



HOUSE OF COMMONS

deliver the plan, and it is vital that that is turned around quite promptly by some early wins in the delivery of that plan and warmer homes.

In terms of the 1 million target of fuel poor households, it is vital that that target is met. There is a statutory target to eradicate fuel poverty or to ensure that households that live in fuel poverty in England live in a reasonably energy efficient home by the end of this decade. There are 3 million or more households in that position. One million is one third of that target, so it is vital that that is met.

I will just take one moment to explain the Government's rationale for how they will meet that 1 million target and hope to deliver it. A big contribution of that is to be met in the rented sector—both the social and private rented sectors. Unfortunately, we are still waiting for the regulations for those minimum energy efficiency standards, as I think we will come on to later. That is an urgent priority if we are going to see the heavy lifting being done in the rented sector.

The other large contribution is in energy bill support as opposed to energy efficiency measures. We know that that is a more expensive way of delivering assistance to the most vulnerable households.

Finally, there is a big gap in terms of direct support for owner-occupied, which makes up a very small percentage of the 1 million target. We are hoping that that can be a key area of focus in your lines of inquiry to the Government.

Q5 Chair: Yes, we will be returning to that last point later. You used the phrase “early wins”. Is this because you think it is how you give confidence to the sector?

Peter Smith: There has been a long hiatus in publishing the plan, and with that, the Government's ability to deliver against the statutory target, and also just create the conditions that we all want to see, which are warmer, healthier homes. If we can make sure that there is early confidence about the emerging schemes, but also no hiatus in current support, we can give that assurance. The big issue is the abandonment of the energy company obligation, which has been doing the heavy lifting on energy efficiency delivery for several decades.

Dion Tickner: To go back to Brenda's point, it is worth saying that 1 million is a pretty ambitious target to meet by 2030, but we are, of course, mindful of the fact that there are 2 million additional households under the LILEE metric not covered by this plan. I think the detail we have at the moment—to Peter's point—provides a solid foundation, but there is still more detail required.

Q6 Chair: Thank you. Peter, you were talking about changes in the way that we are moving some of the policy costs off energy bills. Do you think that measures in the plan will help to cut energy bills in the long term?



HOUSE OF COMMONS

Peter Smith: It is vital that they do, and we know that energy efficiency can deliver life-changing differences in affordability of energy bills and the comfort of people's homes. We always talk about the average customer when we are talking about things like price caps—talking about a £150 drop or a £150 increase. But if you are living in an F or G-rated home, your energy bill is something like £4,000 a year compared with an average of £1,500 to £2,000. It is hugely important that those energy-saving measures are delivered, and delivered well. If that is the case, it can be life-changing for those households.

Q7 **Chair:** How much scope do you think there is for the use of demand flexibility to help with the programme? Do you think it sits alongside the Warm Homes Plan?

Peter Smith: DNOs—district network operators—and other agents were previously involved in energy efficiency plans through ESOP, the Government's early supplier obligations. There is no reason why DNOs and other agents cannot be part of those demand reductions, because it helps them cut the need for network reinforcement. There is some nod towards that in the Warm Homes Plan, but we are a long way from that at the moment. We are concerned about the hiatus from the supplier-led obligation to the DNO obligation taking far too long and not realising the need to meet that statutory target or deliver life-changing improvements sooner rather than later.

Q8 **Chair:** Do you think that the scope for the use of flexible tariffs or the greater use of tariffs will make a big difference?

Peter Smith: It is vital if we are going to see people adopting more electric technologies, particularly for heating, that there is a greater selection of tariffs because those that are Economy 7, for example, can be exorbitantly expensive.

Q9 **Chair:** Brenda.

Dr Boardman: Chair, one of the problems is that we do not particularly have fair pricing at the moment. If you are a household with a night storage heater and you have what is called the Economy 7, you are paying 14p per kWh at night. If you happen to be a rather better-off household with an electric vehicle and you get the Economy 7 tariff at night, it is 7p. Why do we have a tariff that gives the better-off households 7p per kWh, whereas the fuel poor, who are often fuel-poor people with a night storage heater, still have to pay 14 pence? That is the sort of thing that you can do overnight. It does not require capital investment; it just requires somebody to be consistent.

Q10 **Chair:** That is helpful; thank you. I have a final question before I pass on to Claire. Do you think the plan strikes the right balance between incentives and regulation to increase the energy efficiency of our housing stock?



Dion Tickner: It is a pretty comprehensive plan, and to take it back a moment to the point about where it will lower bills, each of the policies within the Warm Homes Plan tend to target different areas. Some, like the higher energy efficiency standards in the private rented sector, are pretty ambitious, involving the upgrade of 2 million homes. There are decisions to be made by potentially 2 million landlords on the kinds of installations that are to be installed and the extent to which that investment might need to be recovered through higher bills.

There is a risk about different outcomes for different cohorts. For us, our concern is not necessarily about whether there is a proper balance between incentives and regulations, but whether the regulations and incentives lead to the outcomes that they are intended to. If you take the example of the private rented sector again, just because of the sheer scale of upgrades that need to be made, some landlords are likely to be willing and able to make those, while others may be unable to for a lack of information or may be unwilling to make those changes.

One thing we do not have in the plan is a clear strategy for enforcement or detail on where local authorities will be adequately resourced to proactively enforce against those targets and make sure that the regulations lead to the outcomes that we want.

Q11 **Chair:** Okay. You do not think that the balance is there or that the outcomes are correctly identified.

Dion Tickner: For us, we are more concerned about the outcomes as to whether the plan as a whole has enough, with incentives and regulations. It is a significant amount of money, and there are really ambitious regulations as well, so it is about making sure that that translates into lifting as many households out of fuel poverty.

Q12 **Chair:** What would you change?

Dion Tickner: For us, it is about the detail on how regulations, which will do the heavy lifting of this plan, will be properly enforced. We know that many local authorities do not have the capacity to do that proactive enforcement.

Dr Boardman: What is important to realise—and I do not disagree with Dion—is that regulation and incentives are a bit like a seesaw. The more money you give to people, the less you need regulation. Therefore, if you want to save money, you give more regulation. The £15 billion that we have this time is a huge quantity of money. I am not sure how often Parliament wants to vote through another £15 billion, so we have to focus quite strongly on the regulations taking over from Government funding. I think it is—

Q13 **Chair:** Do you have an additional recommendation? I am sorry to interrupt you. Dion was talking there about enforcement.



HOUSE OF COMMONS

Dr Boardman: I was going to say that the Government are putting money into developing heat pumps, but they have not stated clearly that gas boilers are going to be banned. They were going to be banned by 2030, and then they were going to be banned by 2035, and now nobody knows if they are going to be banned or when. It did not matter what date it was or is, but it does help the public if they know they have to plan to get rid of gas in their homes, and they do not know that at the moment.

We have the MEES in the private rented sector, but we do not require landlords to register. We have legislation that we cannot properly enforce because we have not tied up the bits of legislation behind it. There are other examples where I think the Government should have said quite a bit more on regulation to set the framework, to get the private money flowing, so that we are not requiring £15 billion of Government money tomorrow.

Q14 **Chair:** This was the proposed ban by the Sunak Government, where he had given a date.

Dr Boardman: Sorry, I missed that bit.

Chair: It was the proposed ban—I think it was 2035, wasn't it?—by the Sunak Government, and that date is no longer there.

Peter Smith: It was actually in the clean growth strategy in 2017, but it has taken that long to actually do something about it. The big debate was whether it was 2030.

Can I make a point about tenure? Tenure and mandation really matter—the overlap. In the social rented sector, it is absolutely right to drive high standards. That is just a continuation of the high standards journey that social housing has been on. We have to get the private rented sector up from the worst performing tenure to the same level as the social rented sector as soon as possible.

Owner-occupied, particularly fuel-poor, households are going to need those incentives, and they will need full capital grants and a lot of support to make that happen. If you just mandate something to happen, they will be left cold in their homes and will perhaps be outside of the law.

Chair: Thank you. That is very helpful.

Q15 **Claire Young:** We have heard that the plan offers less money for lifting households out of fuel poverty. Peter, you mentioned the particular issue of low-income and owner-occupied households. Can I start by asking each of you to briefly say whether you think the merged warm homes local grant and warm homes social housing fund schemes from 2027-28 adequately support low-income and fuel-poor households?

Dion Tickner: We see the value of merging it for the sake of simplicity and the fact it would enable a local area-based approach. The concern for



HOUSE OF COMMONS

us—we do not have the answers to this—is whether or not it creates competition in funding between social housing, landlords and individual homeowners. That is some detail that we need to see but which we do not currently have. What would a merged scheme look like and how would that funding pot be managed between the two different cohorts that it is trying to help?

Peter Smith: There are two things that you need to consider. Is it sufficient in scale? You mentioned the energy company obligation previously providing a notional £1.5 billion a year for energy efficiency. Will that be comparable? No is the answer—not at the same level. And how will the poorest households access it? If you are in an area where there is a competent local authority or a competent social landlord, brilliant—that should enable them to provide you with support. If you are an owner-occupied fuel-poor household in dire straits, but you do not live in an area with a competent local authority, you cannot access support. I think we are going to come on to some of those issues in a minute, but we think that requires a bespoke policy as yet to be announced by the Government and we would welcome informing the Committee about what we think that should look like.

Claire Young: Brenda?

Dr Boardman: No, I do not want to add anything. That is all right, thanks.

Q16 **Claire Young:** On the issue of the enforcement of landlord standards, what do the Government need to do to make sure that that is going to be consistent and effective?

Dr Boardman: I mentioned that it would help if we knew who the landlords are. At the moment, as I understand it, it is up to each local authority whether they devise a scheme of their own. In Oxford, they have done that and charge each landlord something like 30 quid, and that covers the administrative costs. It is only the good landlords that put themselves forward. How do you find the bad landlords? They are not going to register and then get somebody holding them to account, so it is absurd that we have legislation that we cannot really enforce.

Peter Smith: It should be said that, on the positive side, if you provide local authorities with clear guidance, training and capacity building, they can be effective in policing housing standards. In Wales, there is the Rent Smart Wales model, which I think has lifted half the amount of F and G-rated rented homes. So where there is a clear structure in place, clear guidance, and training and support, enforcement can be done effectively. The great concern is that it is not at the moment with the current standards, and we know that there has been virtually no enforcement against the existing MEES regulations. If that plays forward with millions more properties in scope, it will be a travesty to see what should be vital support for tenants, who are facing desperate straits at the moment, not



delivering the outcomes that policymakers like yourselves attest to the policy.

Q17 **Claire Young:** What do you think we should do about that?

Peter Smith: I think you need to do a couple of things. The model in Wales could be emulated nationally, regionally or locally. You could provide a bespoke agent that could galvanise those local authorities and provide them with the instruction, data and support necessary to lift up their enforcement capacity.

As for the local authorities that are able to receive an income from successful enforcement cases, you could provide that to them up front as seed funding and let them draw that down so they can build up that capacity, bring in officers and do the work up front rather than drawing it down on a revenue basis.

Finally, you need to name and shame the local authorities that are not enforcing the law. It is clear that there has not been any national strand of data that can show what local authorities are doing in this space—or not doing in this space is more accurate. I think that is unacceptable, given that the outcomes that we are talking about are life and death in some instances.

Q18 **Claire Young:** Dion, did you want to add anything to that?

Dion Tickner: I just re-emphasise an earlier point that enforcement ought to be proactive. Even with the forthcoming renters' rights changes, there is still a perception—especially among older renters who tend to have longer tenures—that to speak out about changes that should be done to the homes they live in, to report that to their local authority, might result in reprisals, higher rents or evictions, even if there are additional protections coming in. That is a deeply embedded thought among a lot of older people.

Q19 **Claire Young:** Finally, what additional measures are required to reach low-income owner-occupiers currently lacking viable upgrade routes? Earlier today, I was in an MP meeting about heating oil costs and LPG. There will be more households that, at least temporarily, will go into fuel poverty. What can the Government do about that?

Peter Smith: Previously, there was the Warm Front programme, which was the most successful carbon abatement or fuel poverty programme run by the previous Labour Government.

We would like to see a return to that model where, if you are in dire straits in fuel poverty and you need assistance for heating, insulation measures or ancillary support, you can receive that through a grant. If you are eligible, you put your hand up and get that help, and it is guaranteed that that outcome can be achieved. That is particularly vital in encouraging the contribution from the health sector and supporting the most vulnerable groups—like children in cold homes—because as an



HOUSE OF COMMONS

agency that works on their behalf, you say that elderly people can link into that programme with some certainty that those people will be helped.

If the Government do not take that route, they can also introduce a full capital grant, a bit like the boiler upgrade scheme, for low-income households that would provide all the measures that I have mentioned but provide 100% funding as opposed to 70%, which precludes the poorest households benefiting from the scheme.

Q20 Torcuil Crichton: Sorry, Peter, what was the name of the scheme? I did not catch the name of the scheme.

Peter Smith: The boiler upgrade scheme, which is the 70% contribution towards an air-source heat pump. I think the measures have been slightly extended, but the remaining capital cap contribution is prohibitive for the poorest households that do not have any money.

Dr Boardman: As Peter has mentioned health and children, I want to bring to the Committee's knowledge that we know that the first two years of a child's life are incredibly precious, physically and mentally, in the way that they develop. If they do not have the opportunity to develop during that period, it cannot be recovered. It would be wonderful if the Government came forward with a policy for owner-occupiers—private rented or whoever—that anyone who has a baby, a child under two, gets priority in terms of getting insulation and improvements so that the family is not in a situation of being desperately cold, not having enough food to eat, and so forth, and therefore risking the development of their little child.

Peter Smith: Can we second that if that is okay?

Dion Tickner: I will just make the point that within the fuel poverty strategy there was a slight shift from the worst EPC-rated homes towards one that prioritises households in vulnerable circumstances. That is exactly the kind of thing we would support as well. Obviously, from our perspective as Age UK, we are more interested in vulnerable older people, but that totally makes sense.

On the original question, in terms of the detail available in the Warm Homes Plan after the grants that are available through Warm Homes: Local Grant, the next thing available to owner-occupiers tends to be low-cost finance, particularly loans or maybe subscription services. What we see at Age UK is that older people are still feeling the pinch from the cost of living. Our latest data shows that 22% of owner-occupiers are financially struggling, so we worry that that option will not necessarily be appetising to them.

For loans to actually be attractive, we have seen examples of where loan schemes can work, and we know that loans are going to be a key part of delivering the Warm Homes Plan. Where the Government are providing



HOUSE OF COMMONS

backing for loans, it could be possible if they look at examples, like in the south-west of England, where one community interest lending organisation works with various local authorities to give low interest loans. If a consumer is identified as unable to meet the terms of that loan or to afford it, they get referred directly to their local authority for an assessment of whether a grant would be more appropriate instead.

It might be the case that, where the Government are looking at backing low-interest loans, they work with lenders to see if there are referral pathways into initiatives like Warm Homes: Local Grant. I also emphasise Peter's point that grants seem to generally be a more appealing option for low-income households. I think that is also because after the up-front cost of paying for an installation, there is a huge worry that things might go wrong. Therefore, not only are you asking people to stretch already overstretched budgets, but you are asking them to almost blindly trust that things will not go wrong.

Dr Boardman: Can I add one thing? Loans can be important if you have equity in the house to underwrite it, and so you repay it when you move out of the house. Loans are very difficult for low-income families to repay if they have to try to do it out of their income. Why are they in fuel poverty? Because they do not have enough income to keep adequately warm. If you then start to burden them with repaying a loan, you are not getting them out of fuel poverty.

Peter Smith: It is vital to fund some measures that are not included in the current grant scheme. We have lost any support for replacing or repairing gas boilers. I know we are trying to do away with gas, but if you are a vulnerable household with a medical health condition, you cannot physically install an air-source heat pump. It seems pretty cruel to not include those measures in national schemes, particularly given that it could mean life or death or lead to a long, extended stay in hospital if those people cannot be kept warm.

In addition to that, I think the Department is quite keen on new kit and new blingy stuff. It is vital not to forget about low-cost energy-saving measures, not just those that are attractive for various other reasons.

Q21 **Graeme Downie:** You have just touched on some of the questions I wanted to ask about loan structures. Specifically, let me ask Peter and probably Brenda the first question: what lessons could we learn from the Green Deal and the Green Homes Grant about how to structure loans properly? How do you start going about building consumer confidence in loans at all, when some of the reasons that you have just outlined can be problematic? What are the main barriers to people being cautious of taking a loan over, as you say, a grant?

Peter Smith: The interest rate was prohibitive for the Green Deal in particular, and it was derided by the fact that you could get a cheaper loan from your bank or whoever. It is vital that it is competitive with other loans that are out there. If it is a 0% interest loan, it is also



HOUSE OF COMMONS

important to think about how households that have a poor credit history can access that. Despite the percentage being low, if you have a poor credit history, are unable to access any credit or do not even have a bank account, it is very hard to benefit from those financial arrangements.

The final thing is to make it work in the rented sector, particularly the private rented sector. We think that although fuel-poor households, low-income households, should benefit from full grants as a preference, and they will be much keener on going for that support, if you are providing support for landlords, they could benefit from those low or zero interest loans as a compliance tool to meet those regulatory standards earlier.

Dr Boardman: At the moment, if you are a builder, you can go into somebody's home and say that you are a builder with absolutely no qualifications and no certification—nothing. You cannot do that as an electrician, and I am fairly certain you cannot do it as a plumber. We need a system where people who are working in the building industry are accredited properly and their work is audited. We do not want them to self-certify that their work is all right. That was one of the things that went wrong with ECO4. There should be a requirement that the local authority's building control officer says, "This work has been done properly." There is no way in many cases the householder knows if they have done it properly until they get damp and mould or something disastrous goes off.

Another lesson we need to learn—it would be good if DESNZ listened to this—is that they do overprescribe. They go into too much detail. With ECO4, there were something like eight certification bodies that did not talk to each other. There were 30 forms. Please, DESNZ, somehow or other keep it simple. Make it happen. That requires something odd, like DESNZ trusting local authorities, for instance, to monitor what is happening in the homes to make sure that it is done properly. But do not go into the detail. Look how long it has taken the Warm Homes Plan to come out. If we wait for some of the policies that are mentioned in that, it will be 2030.

Q22 Graeme Downie: Specifically on some of the loan conditions, would you say it is important that the loans have things like security against job loss or other elements built in to build that confidence up as well?

Peter Smith: I think so. It is also vital that they are not tied to the energy meter, which was the other big problem with the Green Deal. It scared a lot of people that, if they did not pay that bill or they did not make the theoretical savings because they were taking thermal comfort as opposed to financial savings from those energy saving measures, they would be potentially cut off from their energy provider. It is vital that we do not do that.

It is also important that we build in other safeguards. You mentioned a very important one, but also that if landlords are benefiting from net zero or low interest loans, they do not put their rents up for tenants. In Wales,



they have to sign a memorandum of understanding not to put up prices for the duration of a loan or lifetime of the grant measure. We think that model should be emulated here.

Dion Tickner: Peter took the words out of my mouth, really, especially with regards to how this could be well targeted at landlords to enable PRS MEES. We believe that there should be conditionality associated in terms of how much rent they could potentially add to consumers' bills.

Q23 Graeme Downie: Dion, you mentioned the difficulty of older people being confident in taking loans. How important is political consensus to that, that there will be continuation, and what would the impact be of some parties this week suggesting that these grants or conditions could be cut in the future?

Dion Tickner: For this whole project, continuity is really important. If we think about the plan to establish a Warm Homes Agency, one of the biggest roles we feel it will have to play is creating information and awareness for the public at large, because energy retrofit schemes have largely chopped and changed over the past couple of decades to the point that public awareness of them is very low.

So political consensus is relevant but, generally speaking, it is about how that translates into public awareness of what is available and having some assurance that those schemes might be available for a period of time while people—their financial circumstances might change if the cost of living starts to get a little bit easier. So maybe they are aware of it now, are not willing to take the loan, but later on they are aware that scheme exists and find it more palatable.

Q24 Graeme Downie: Peter, what would your view be on that, and what impact would it have on people's likelihood to access loans or other support if they felt that it was not going to be there? What effect would that have on their circumstances down the line when it comes to fuel poverty?

Peter Smith: Just thinking of the adverse, if you do see the duration of schemes and certainty that they will continue—like in Scotland, for example—people will invest in those schemes. What will be created is not just momentum in terms of supply chains or new apprentices being brought on board, which is obviously positive, but those other agencies linking into those schemes, which is vital.

If you are a doctor, you know about that scheme—it has been around for 10 years—and you are much more likely to refer a vulnerable patient to it. Compare that with a six-month grant programme or voucher scheme, which is here one minute, gone the next. A doctor is not going to spend time explaining that to their patient or thinking that it will lead to a positive outcome.

Q25 Graeme Downie: So all those benefits could be put at risk by announcements from political parties suggesting that perhaps this will not



continue?

Peter Smith: Well, it is the devil you do, the devil you don't, isn't it? We want political parties to come up with creative ideas on energy efficiency and continue to improve schemes, or even change them if they are not working. What is important is that they invest time and effort to build consensus around the regulatory and legal requirements that are in statute, like the fuel poverty target. Through that mechanism, you can have any scheme sitting underneath that, achieving that aspiration, but the schemes might chop and change.

Q26 **Graeme Downie:** Brenda, do you have anything to add?

Dr Boardman: It is important that everybody in this country understands the impact of climate change, and that what we have to do is phase out fossil fuels, phase out gas, and that this is not a short-term set of issues. This is a very long-term set of issues, and we all have to get our homes up to possibly A-rated in due course. At the moment, I do not think a large percentage of the population has anything like that concept.

Q27 **Ms Polly Billington:** Apologies for being a bit late. I would like to ask about the minimum energy efficiency standards. As we know, they have been around but were effectively unenforced by local authorities because they did not have the resources to do so. I am particularly interested in them in relation to the private rented sector in places like mine—Margate, Broadstairs and Ramsgate have lots of private rented sector. There is a lot of weather—we are not Scotland, but we do have a lot of weather. I am interested to see how those minimum energy efficiency standards would impact on the private rented sector and what incentives for landlords might work.

How do you think those new minimum energy efficiency standards will work? How will they be different from previous ones, and how effective will they be in the first instance?

Peter Smith: If we do not do anything they won't, and if we do not do anything different, they won't. I alluded to a couple of areas where I think we need a keen focus. First of all, it is about not just relying on those local authorities to understand the rules and the statute as and when it is presented to us 10 years after we first announced the policy. It would be good to clarify that and make sure that the guidance is clear for local authorities. It was not previously at all clear. It was initially tied to the golden rule and other strange things about the Green Deal that we were talking about earlier, and then it changed again. It became a cost cap. We have to make sure that the housing responsibilities of enforcement teams, as opposed to training standards, are clear. Understanding those responsibilities and roles in clear guidance is vital.

The other thing is oversight. I do not think there is any oversight around current enforcement levels of MEES or other housing standards. We seem to have lost those reporting responsibilities with Eric Pickles' cull of



HOUSE OF COMMONS

everything back in 2012. We have not got them back. There is a local authority indicator framework consultation out at the moment. We still do not know what it is about a year after it has been—

Q28 Ms Polly Billington: There is a risk that we put a new set of standards in and unless we have a new enforcement regime, it will be as bad as the old one.

Peter Smith: Thank you, Polly, you are always very succinct.

Ms Polly Billington: Sometimes it takes me a bit of time to get there, though.

Dr Boardman: I just want to say that, especially with MEES, there is a curious situation where there is an obligation on a landlord but a cap on expenditure.

Ms Polly Billington: Yes, I was going to ask about that.

Dr Boardman: I do not see how those two fit together. We get a situation where landlords are given exemptions. I am not saying this is fair; I am just saying what happens at the moment. With the first round, if you had spent your £3,500 as a landlord and not got your property up to the required standard of an E—as I think it was then—you were given an exemption. Therefore, there are some households in the first round who may still be in Fs and Gs and are meant now to be with a landlord getting them to a C. Again, we are not getting clarity in the policy as a whole, because we are letting people slip through.

Ms Polly Billington: Well—

Dr Boardman: Sorry, just a bit more. At the same time, it is really difficult to expect every landlord to have, say, £10,000 sitting in their back pocket. I think the whole policy towards the rental situation—we mentioned the problem of not letting rents increase. There is the problem of landlords having sufficient money. There are changes in the way that the taxation of landlords is taking place. There are some difficult situations there, which may mean that, if we are not careful, we will end up with a private rented sector that disappears or almost disappears.

Q29 Ms Polly Billington: Yes, I was interested in that because I am concerned that we have a set of energy efficiency standards that are not enforced, a cap which basically gives people a get-out and no incentive to do the right thing, which feels like the wrong set of rules.

Dr Boardman: Not joined up.

Q30 Ms Polly Billington: Okay, I think that is politely put, Dr Boardman. What might be an effective way of changing this from exemptions to incentives, even if you maintain the cap?

Dr Boardman: We used to have what was called LESA, the landlords' energy saving allowance, which meant that if you spent money on energy



HOUSE OF COMMONS

efficiency improvements—your energy saving—you could get an allowance in your tax.

Q31 **Ms Polly Billington:** How long ago was this?

Peter Smith: It was 15 years. It was basically a ban at the same time they brought in the minimum energy efficiency standard. When you were talking about the seesaw earlier, we lurched very much to one side of the seesaw and thought that was sufficient.

Q32 **Ms Polly Billington:** So we used to give landlords an allowance without them having a set of standards to apply. We have now introduced a set of standards for them to apply without giving them any money to be able to do it and then we have capped it—

Peter Smith: A dead weight in the Treasury.

Q33 **Ms Polly Billington:** Right, okay. It would be helpful, I think, from your evidence if we were to be able to summarise it as: the minimum energy efficiency standards need to be able to make sure that we have not just got guidelines but also resources for local authorities to be able to enforce them. A £10,000 cost cap might be fine, but you also need to ensure that you have some tax break or something that enables the landlords to do it. Otherwise, what they are going to do is sell up. Fair?

Dr Boardman: It could be a low interest loan. Now the Government are talking about low interest loans, and that is infinitely cheaper than grants.

Q34 **Ms Polly Billington:** Okay. I have one further question before I relinquish my right to speak for a bit—just for a bit.

Chair: Is that a promise?

Ms Polly Billington: I am interested in the EPC metrics. I have been banging on about EPC reform for a long time. What is the best way of designing those to drive down real bill reduction—both bill reduction and carbon savings? We know one of the problems at the moment is you put a heat pump in and it does not improve your EPC rating.

Peter Smith: Briefly, on your previous question, I think you need to set a new reporting mechanism as well for local authorities to understand what capacity and resources are being channelled towards enforcement teams of housing standards and how much compliance is actually taking place in an area. We do not have that visibility at the moment. You could get that through a new HECA framework, for example, which would be great, but different routes.

On the metric, HEMS—home energy methodology or whatever it is; perhaps someone will help me out—is completely opaque at the moment, in terms of what that will be. There is a consultation. It has taken a long time to review EPC—



Ms Polly Billington: What would you have in it?

Peter Smith: I think just a very clear metric. There is talk about these two metrics now being adopted; one is carbon-based and one is energy saving-based. You could have a tech metric. All that seems over-complicated, particularly if you are a compliance officer. You just need to know what the EPC is and what it currently is, and do the two match? So just a really clear metric, not over-engineered.

I think there are a lot of assumptions that go into EPCs that are very generic. It is right to look at the sophistication of those and override them but let's not get too complicated about it. In particular, in situ EPCs could be devilishly complicated things to measure and to then report on, and for an enforcement team to have any clue about.

Q35 **Ms Polly Billington:** I am also thinking about the people you stand up for, Dion—the enforcement teams are important but also, if you are buying or renting a home, particularly when you are going to start to worry about those things as you get older because of your need to keep warm and comfy, and the complexity of all this new kit, which, frankly, you do not want to be bothered about. How do we make sure that this system is easy for consumers, too?

Dion Tickner: This really speaks to your previous question. I should say from the outset that we are not close to the technical detail on EPC reforms, so I will not comment too much on that. One of the things we think needs to happen—and quite quickly, alongside getting the MEES regulation up and running—is developing what landlords will have access to in terms of information, encouraging them to take an approach that puts the tenant at the centre when they are assessing the fabric condition of the home, the heating suitability of it, and what needs to happen to get it up to an EPC-C or spend £10,000.

You might look at examples like what they are developing in Scotland—I think it is the heating and energy efficiency technical suitability assessment, something with a really horrible acronym. The point is that it is separate to an EPC assessment done beforehand, not only to consider the condition of a property and what needs to be done but to consider the logistics and the conditions of the people living within the home, and particularly whether there is any vulnerability and what measures might work in the interests of those tenants. So when it comes to actually installing measures, it can be done effectively without any potential disruption, and also considering, after the fact, what aftercare there might need to be for the tenants to make sure that they are—

Ms Polly Billington: That sounds like it is additional to EPCs, which concerns me. This is like what we have already talked about, when you said that there were eight different certificates and 32—I was just like when I am renting a place, at the moment I go, “Oh, great, it is an EPC-C”.



HOUSE OF COMMONS

Dion Tickner: I do not think it needs to be anything too rigid or too formal. Realistically, it is just an idea to do something before you actually invest £10,000 in your property that says, "Okay"—

Q36 **Ms Polly Billington:** Would this be the responsibility of the Warm Homes Agency?

Dion Tickner: I think it should be a responsibility of the Warm Homes Agency, yes, although I would say it would take time to set that up and we need to move quite quickly.

Chair: We will come back to that because Mel is going to ask you about that.

Q37 **Melanie Onn:** Yes, I am. Exactly what functions do you think the Warm Homes Agency should have, Dion?

Dion Tickner: I mentioned that I think it will have a huge role to play in providing that information to the general public so that they are aware of what support is being provided by Government policy. We also think that due to the short timeframe we have to upgrade 5 million homes and lift 1 million out of fuel poverty, they will need to establish partnerships quite quickly with organisations that are already embedded in communities that can provide potentially in-person advice, rather than just having—

Melanie Onn: Having the partnership activity, so that they are not going to be required to engage with the public directly necessarily if they can use agencies and organisations like yours.

Dion Tickner: I think it would make the job easier, because right now the focus seems to be to enable digital access to information on a website, maybe to have a phone line, but I don't necessarily think that will be enough to allow for it.

Q38 **Melanie Onn:** Do you think anyone will use it? Do you think anybody will know that the Warm Homes Agency even exists if it has not got an office on the high street or—

Dion Tickner: It depends on the extent to which they get the word out. It is an alphabet agency no one has really heard of yet, so it is not going to quickly pop into people's minds. It needs to work with people already established within communities, potentially get leaflets into GP surgeries as well and that kind of thing, but leapfrog off what already exists.

Melanie Onn: I wonder why people always think that leaflets in GP surgeries are the ideal thing for communication with people. It is a strange thing that people think that that is the way to do it or pin something on a notice board. Okay, so—

Dr Boardman: Can I add a bit?

Q39 **Melanie Onn:** No, I'm sorry—I have eight minutes. In terms of the Warm Homes Agency and its role in improving consumer protection, co-



HOUSE OF COMMONS

ordinating local delivery at scale, how do you think that it can do that, Brenda?

Dr Boardman: I think the Warm Homes Agency has a horrendous range of tasks. I do not know how it is going to be able to do any of it properly. In terms of consumers, I would endorse what Dion said. It would be wonderful if there could be a greater link between personal advice face to face and in-the-home advice to individual householders, particularly the fuel poor, because they need a lot of hand holding before any measures are put in, even if it is with the landlord, and afterwards to make sure that they work properly.

Q40 **Melanie Onn:** Thank you. Dion, what steps do you think are needed for trusted, accessible advice for older people and digitally excluded groups and renters?

Dion Tickner: For me, to do this quickly in the timeframe before 2030, again, I think it is about playing on what is already there in the community. From the beginning, it is about getting the information out about the support that is available to renters, to homeowners and even directly to landlords—to the discussion we were having about making sure that they are thinking about their tenants and what installations will actually work for them. The best way of doing that is probably to work directly with organisations that already reach deeply into communities and can put those Warm Homes Agency branded—

Q41 **Melanie Onn:** I do not know then how the Warm Homes Agency remains accountable for any of this if it just rolls everything out through organisations, because then its ability to keep track of what other third parties are doing becomes more difficult.

Dion Tickner: Ultimately, someone needs to be accountable for the information that is out there in the public domain. Right now, as I have mentioned before, there is a low level of awareness of what energy efficiency support is available. It is about having responsibility for creating that information and pushing it out through trusted networks, not just anywhere you can get it through a letterbox. It is about working with organisations that are already embedded in those communities.

Q42 **Melanie Onn:** Okay. Peter, in terms of trying to avoid the past retrofit quality issues, how can performance testing and accreditation be strengthened? Do you think that that is something that the Warm Homes Agency will be able to do, roll out and deliver successfully?

Peter Smith: I don't know if it should be charged with that responsibility, per se, but it has a huge role to play in building confidence with consumers. It is about the outcomes that can be achieved through positive retrofit experiences. If we do not address the very negative stories that there are at the moment, and the underlying quality issues, people will not go for it. If they do not go for it, there is no need for an agency. It is also vital that we do not create a huge hiatus waiting for this



HOUSE OF COMMONS

uber-monolith agency to be created and solve all these problems. Things need to be sorted out on quality assurance and—

Q43 **Melanie Onn:** Will it be uber and monolith? How big do you think it will be?

Peter Smith: There is a risk that you pin things on to it, and as long as the process continues to take a long time to establish it, people say, “Well, that is what the agency will do”. Things need to happen sooner than that. There was the big Energy Saving Network, which is a simple grant to community-based organisations. It could be rolled out by the Department tomorrow if it used even a fraction of that money. Or it provides, embedded within the guidance to local authorities, a requirement for a hand-holding service for the engagement with community-based organisations. There are lots of things that could be done in the interim before setting up this agency.

We hope it is comprehensive. After all, as National Energy Action has campaigned for warm homes for 45 years, it is great that there will be a bespoke agency, and we hope that it is very successful.

Q44 **Melanie Onn:** I am taking it as quite tongue in cheek that you hope it will be very successful, because everything that everybody has said so far is that it will be too big, everybody will put too much on it, it will take too long, and we already have lots of organisations in place that can certainly do better engagement at a grassroots level.

Peter Smith: It probably needs a bit more clarity from the Government about its exact functions. I think that was a pretty sketchy part of the plan. As that detail emerges, I think people will understand how they can relate to that agency’s day job.

Q45 **Torcuil Crichton:** Thank you all for coming in and for your evidence so far. Brenda, you dubbed the Warm Homes Plan the “we hope plan”. I quite like that. It depends on people moving from gas, for which you say there is no limit on turning off gas boilers—no one is going to proscribe you from having a gas boiler—and moving to electricity, but electricity is three or four times more expensive than gas. How will this work? How is the Warm Homes Plan going to deliver at scale on time if heat pumps are more expensive than gas?

Dr Boardman: The price of energy is crucial in all of the debate about fuel poverty. A lot of it depends on what the Government and DESNZ do in terms of reforming the energy market. They have this thing called REMA, which is reforming the energy market. At the moment, there is no certainty that they are going to get rid of marginal cost pricing. That means that the price of electricity will stay high in the foreseeable future and the profits of the energy companies will stay high in the foreseeable future. That means we will need a very substantial windfall tax.

By far the biggest contribution that could be made to reducing fuel poverty is to reduce the cost of energy, particularly electricity, and we



HOUSE OF COMMONS

have still not recovered from the first oil crisis from 2010 and 2022, thanks to Russia. We are still £700 more expensive annually, and that was perhaps £500 in real terms. Okay, the Government are giving £150 back in a warm home discount, but we still do not have energy prices back to the level that they were in relative terms in 2020, and goodness knows what will happen in the next few months.

Q46 Torcuil Crichton: Indeed. You mentioned something earlier, Brenda, about people paying 14p per unit for their storage heater, yet the middle-class, upper-class family with a Tesla are paying only 7p. What needs to happen to even up that market?

Dr Boardman: Well, it would help if Ofgem did their job properly.

Torcuil Crichton: Okay, thank you.

Q47 Chair: Can you explain what you think they should be doing differently?

Dr Boardman: Well, the short answer is I don't know. What is a little bit worrying is that the wonderful Jonathan Brearley, the head of Ofgem, is now going to be the permanent secretary at DESNZ, so I only hope he has slightly higher standards at DESNZ.

Peter Smith: You have a chance to grill him potentially, don't you?

Q48 Chair: Well, we do, yes. I am curious what you mean by that, Brenda. It is quite a—

Peter Smith: Feisty comment.

Chair: Yes, thank you.

Peter Smith: This is classic Brenda.

Dr Boardman: It is so sad that energy companies make fuel poverty worse in a lot of different ways, and somehow, somebody needs to start reversing that trend.

Q49 Chair: Yes. Your point is that the energy companies have been allowed to get away with not looking after their fuel-poor customers?

Dr Boardman: Totally.

Chair: Thank you.

Q50 Torcuil Crichton: Peter, are tariffs part of the solution? Are smart tariffs or smart metering part of the solution?

Peter Smith: Specifically, Ofgem could introduce a fairer rate for off-peak and on-peak units under Economy 7 and its kin. It could stop increasing the differential for those tariffs every time it is increased and allowed under the price cap. It could ensure that there is greater parity between those tariffs dedicated to EVs and heating technologies by mandation. There is an incredible amount that Ofgem could do to regulate the outcome. At the moment, we just seem content that one



HOUSE OF COMMONS

supplier is doing rather well in that market and letting them get on with it. There is a time and a place for a bit more stick and regulation every now and again. Sorry, I have completely dodged that question, haven't I?

Q51 **Torcuil Crichton:** Which was whether meter tariffing and smart meters are part of the decision.

Peter Smith: They have to be.

Q52 **Torcuil Crichton:** What is the danger of people being left behind in that—

Peter Smith: Smart meter roll-out sits behind all this work as the quiet brain in the operation. Unless you build accurately, unless there is transparency about the energy use data, things like half-hourly settlement, time-of-use tariffs and other arrangements we are hoping will happen in the future are all not going to happen.

Q53 **Torcuil Crichton:** I am running out of time. We will come back to you, Brenda, but, Dion, I want to hear from you as well.

Dion Tickner: Yes, I will make a very quick couple of points. I think both demand-side flexibility and smart tariffs can amplify the results of the Warm Homes Plan. The data in the plan says that the regulation does the heavy lifting. When you take minimum energy efficiency standards in social and private rented sectors, and add it on top of an expanded warm home discount scheme, supposedly 980,000 households will be lifted out of fuel poverty.

That is really before doing anything with energy prices. I guess it is based on a presumption that energy prices will stay similar, which is not really what we are seeing right now, so it is a little bit uncertain. That does amplify the point that there is not really anything in this plan about utilising smart tariffs and demand-side flexibility and making sure that people are not left behind. That is certainly an addition that is missing.

The other point is around enhancing the support available for households in fuel poverty, which I think is critical. It is not just about lowering electricity bills but making sure that initiatives like the warm home discount are as best targeted towards fuel-poor households as they possibly can be.

Q54 **Torcuil Crichton:** That segues into a cheeky question I was going to ask you—which is off agenda and off grid—about fuel oil. Many of the Age UK pensioners will be sitting and wondering how they are going to fill their tank. What can the Government do to help consumers in poverty who face rising fuel oil prices this week?

Dion Tickner: Absolutely. It is also worth just highlighting that we are already seeing those calls come through to our local Age UKs as well as our national advice line, and it is really worrying.



On a national level, the Government, unfortunately, have not progressed the ability to target households very well compared with where we were back in 2022, which means that options like the alternative EBSS—Energy Bills Support Scheme—might be the ones we need to look at again. I would also point to the crisis and resilience fund, which comes effect from April, to be delivered by local authorities. It might be the case that local authorities with high levels of off-grid households relying on oil heating can see a temporary or short-term uplift in the amount of money they receive, so they can help people who are—

Q55 **Torcuil Crichton:** There is no short circuit we can do with the warm home discount?

Dion Tickner: It is hard to target off-grid households. I do not think energy suppliers necessarily have that information.

Q56 **Torcuil Crichton:** Brenda, you have the last word.

Dr Boardman: Thank you. What is worrying me is that there is something in the region of £40 billion of infrastructure investment required to upgrade the grid. I do not know if that is the right figure. I have found it very difficult to find an accurate, confirmed figure. I do not understand who is going to pay that £40 billion. I have a suspicion that it will be put on to us, through our standing charges and unit rates, rather than on to the energy companies, and I think that really should be questioned.

Torcuil Crichton: Thank you all.

Q57 **Ms Polly Billington:** Can I follow up on Torcuil's question about the energy market reform? We will obviously need some energy market reform, especially if we are going to shift away from fossil fuels on to more electricity. Interestingly, we were talking about data and smart metering and so forth. I have been campaigning for an energy social tariff, but my concern about an energy social tariff is that everybody seems to think that it has to be really clunky, like in the 1970s when we had NHS glasses. Everybody knew you had your glasses from the NHS because they were the rubbish ones.

Should we not have an energy social tariff that has all the possibilities of demand-side flexibility, smart metering and, indeed, passporting towards the warm homes package that we are talking about? Would that enable us to be able to tackle some of the problems about fuel poverty while we are reforming the market?

Dr Boardman: If we have a social tariff that actually reduces the costs for low-income households, and it puts those costs on to the profligate households, you almost have a policy that will be preventing the growth of all electric homes. It is very difficult to get a social tariff and increased electricity use in the home to work together. If you look at the other side of the coin, as I was with marginal pricing, there are different ways in which we could have a market. I do not know which is the right one—I do



HOUSE OF COMMONS

not think we are looking for the right ones at the moment—but you can have a situation whereby the energy company is paid what it bids, as opposed to the highest price that is bid.

There is a wonderful suggestion, which I happen to be a great fan of, called a green power pool, which comes out of Michael Grubb and University College London, whereby the present market is subdivided into a green market, which is clean and cheaper, and a dirty market, which is more expensive. So there are two markets out there, and the green power pool is given to the fuel poor. It is all the targeting problems that we were mentioning. There are different solutions out there and we are not getting to them.

Peter Smith: Briefly, it is important to target households that are not on means-tested benefits for support. That is the key flaw with the current warm home discount scheme. The virtue of the warm home discount scheme is that it is invisible and does what you said, really—it works in the background. It does not need to be applied for. It provides an automatic rebate off your energy bill without you needing to know about it. It is vital that we provide that support going forward to households. If you are able to reduce the cost of energy, provide a discount or a unit rate reduction, you are much more likely to have those conversations with households about the other areas you have mentioned once their basic needs for warmth and a healthy home are taken into consideration.

Dion Tickner: Yes, I agree. In a nutshell, we have a social tariff with the warm home discount. It is just a targeted discount on a particular good or service for particular people. The question for us at Age UK is how you make a limited pot of funding, given that it is cross-subsidised, go as far as—

Ms Polly Billington: It does not change behaviours, though.

Dion Tickner: No, it doesn't.

Q58 **Ms Polly Billington:** If you are looking to change behaviours and shift away from gas and dirty fossil fuels to electricity, and at the moment the market is distorted so electricity is more expensive than gas, we need to support people into making that shift—

Dion Tickner: Absolutely.

Ms Polly Billington: And the warm home discount does not do any of those things.

Dion Tickner: Yes, I fully understand and appreciate that. The point I am generally trying to make is that, for us, it is a matter of targeting it as effectively as possible at households that probably will benefit the most from those changes. Once you get the support to those people, as Peter said, you can engage with them on subjects like what improvements can be made to the home. If you are targeting by income, you probably have a good basis to assess whether they are eligible for grants to improve the



HOUSE OF COMMONS

home, particularly in the case of homeowners who will not be covered by MEES, for example. It is a foundation from which you can attach it to other policies and create a more holistic approach.

Ms Polly Billington: It could be a passport.

Dr Boardman: Can I come back on electricity prices being distorted? Electricity will always be expensive if you have to have a large piece of capital equipment to generate it, whether that is a wind turbine, a thermal power station, a nuclear reactor or whatever. Only one unit comes out for every three that goes in with a thermal power station. It is not that it is distorted—with respect, it is that it is an expensive fuel. That is why it is better if we have a heat pump and start correcting that imbalance, because you have a coefficient of performance of three. Three go in, one comes out, and then you get three lots of unit of heat and you are back to square one. With gas, it just comes in a pipe. You do not need a big power station. So the idea that we are going to get parity between electricity and gas is probably not realistic.

Ms Polly Billington: Thank you.

Q59 **Chair:** Brenda, as you mentioned the very high costs of the grid upgrade, something we have been increasingly hearing is the potential for using more battery storage, whether that is individual households or, if they do not have the space, more communally. Do you see that as part of the answer to the very high capital costs of the grid upgrade?

Dr Boardman: It will certainly help, and if you get the right heat pumps, that will help, too. If you have a ground-source heat pump, it is much better than an air-source heat pump for the grid. That is true. One of the difficulties for the fuel poor is that I am not sure where some of these schemes to help the fuel poor will go. There is a scheme called Tenant Power, and what it means is that a tenant with a landlord is given PV on the roof. The actual amount of benefit that they get is very small; it is about a 20% discount on a small amount of electricity that is generated for their flat, whereas, perhaps, the landlord gets all the communal lighting paid for. So there are some difficulties with some of these schemes.

Batteries are an excellent idea, in terms of helping the grid. I would say I am not actually sure how much the grid knows. I am in the process of having PV panels going on the house at this precise moment, and we have just put in a battery, but I do not know that the grid knows we have done it. I do not know that the grid has taken that into account at my local substation. So if I go to them and say, “I want a heat pump”, they will say, “There is no capacity”, but I have provided my own capacity. I don’t know how tied up that gets.

Q60 **Melanie Onn:** They would notice your energy consumption reducing, presumably, if you are smart-metered?

Peter Smith: Not your network company. Your supplier would.



Melanie Onn: But is there a way of gathering that data?

Dr Boardman: I hope so.

Peter Smith: With the data, yes, absolutely. Some of them would have visibility of it, and when there is the half-hourly settlement, the DNO will have to have visibility on it, because they will have to recover their DUoS charges in a different way.

Chair: Thank you all very much for your evidence and the short consultation we had there, which might be a forerunner of how the Warm Homes Plan could be implemented. That is the end of the session. We will change over to the next panel now.

Dr Boardman: Thank you. I hope we have helped.

Examination of witnesses

Witnesses: Sam Perry, Louise Shooter and Joanne Wheeler.

Q61 **Chair:** Welcome back to this afternoon's session of the Energy Security and Net Zero Select Committee and our one-off session on the Warm Homes Plan. Welcome to our second panel. You can introduce yourselves starting on this side, please.

Sam Perry: I am Sam Perry. I am policy lead for the heat workforce at the Trades Union Congress.

Louise Shooter: Good afternoon. I am Louise Shooter, the head of heat decarbonisation at Energy UK.

Joanne Wheeler: Good afternoon. I am Jo Wheeler, the co-head of policy and places at UK Green Building Council, which is a charity and a membership organisation.

Chair: Thank you all very much.

Q62 **Lizzi Collinge:** I want to ask a bit about the workforce and supply chain for the Warm Homes Plan. The Warm Homes Plan says that it will deliver a projected 180,000 high-quality jobs by 2030, but we have also heard evidence that ending the ECO scheme is now leading to current job losses and a current loss of skill. First, how can the Government create business certainty and the ability to deliver the Warm Homes Plan, and what else is needed to ensure that those jobs are delivered as well?

Louise Shooter: I think the scale of the opportunity is welcome and matches the ambition of investing a significant amount of money into the sector. In terms of the particular targets around clean heat, there is an aspiration to create 18,000 jobs for the heat pump sector, up from around 8,500 MCS-accredited installers currently. Similarly, on the heat network side, there is an 18,000 new jobs target from a base of around



4,000 skilled contractors currently. It is true that the hiatus created by the end of the ECO scheme and the delay in new funding streams coming forward has created a significant impact on the sector. That was very well put in the previous session. The Insulation Assurance Authority estimates that around 12,000 people have already been made redundant as a result of the hiatus.

The sooner that clarity on the shape and the objectives of future schemes can be provided, the more helpful that will be for the sector. The commitment around prioritising procurement from the existing ECO supply chain for other Government grant schemes is very welcome. Essentially, while the investment is extremely important in creating and building that nascent market, what is really needed is the broader enabling environment to create a long-term pipeline of demand.

Q63 Lizzi Collinge: What do you mean by “enabling environment”? What does that mean in practical terms?

Louise Shooter: I mean further action to reduce electricity prices, strengthening regulation around the trajectory of decarbonising heat and more developed for the green finance sector as well, so that we eventually create a sector that is self-sustaining and organic.

Lizzi Collinge: Thank you. Are there any further comments?

Joanne Wheeler: I would agree with all that. We need solid plans in place as soon as possible, because after the ending of the ECO4 scheme, there was no functional successor in place. We need those plans to be being done right now so that we do not have that hiatus and so people do not leave the industry, because we are hearing that people will leave and will not come back. They will go to other sectors that they perceive to be a bit more stable—perhaps new-build, perhaps the non-domestic retrofit sector—and all the skills that have been built up over the last three decades will be lost to the housing retrofit world if we do not get on with it very quickly.

Q64 Lizzi Collinge: Sam, perhaps I could come to you for a TUC view on how that workforce transition can be managed, particularly when we are thinking about skills bottlenecks and retention of skilled workers. What are your views there?

Sam Perry: Obviously, the workforce is hugely important here in the ECO. The problems that have been caused by the lack of certainty are obvious and have been spoken to. We welcome the Warm Homes Plan because it provides more of that certainty in the policy space, and also in terms of investment, training and things like that. Without that, we would be in a far more difficult space, so we are very pleased with the direction we have found ourselves in.

There are tens of thousands of workers already in adjacent spaces. ECO is part of that, but the whole industry is a lot wider. We have home improvements, RMI, heating services, and so on. Gas has a huge number



of workers, many of whom are in very good jobs. This does need to be a story of preserving and celebrating good jobs, not only creating jobs for jobs' sake. I think the story of transition, the story of warm homes, needs to be about using that workforce as much as possible, and helping them through a process of professionalisation and a process of upgrading and securing jobs. New admissions are part of that, but given that there are tens of thousands of folks already in this space, our priority is to make sure that they are protected through this.

I did mention gas workers. We have 150,000 Gas Safe registered workers who do not necessarily have a place within the Warm Homes Plan at the moment. The transition mechanisms, getting them from servicing or fitting gas boilers into servicing of—

Q65 Lizzi Collinge: Do those workers currently have any idea about how they move from gas on to newer technologies? Is that clear to them?

Sam Perry: In one word, no, but some will. It depends on the firms that they are with. Some larger, more professional firms that are thinking about strategy in the longer term have already diversified into heat pumps and other technologies and—with some union pressure, it must be said—are supporting workers to transition in a handful of cases. That is not the general story, and in this fragmented industry, where we do not have a lot of very good, secure employers across a lot of it, the need is clearly there. If you look 10 or 15 years down the line, maybe not so many gas engineers will be needed. The mechanisms for them doing that are not there. We would very much encourage Government to work with firms, trade unions and others to make sure that those mechanisms are there.

Q66 Lizzi Collinge: Thank you. I want to ask about the manufacturing side rather than the fitting side of some of those newer technologies. There is a target for 70% of heat pumps to be domestically manufactured by 2035. It has been described by Regen as an ambitious target. How realistic is it?

Joanne Wheeler: Our members' view is that the 70% target is achievable and actually potentially deliverable earlier if the UK market scales as expected. The UK already has a significant manufacturing capability, and existing facilities could supply a large share of domestic demand, but only if the market grows consistently. The biggest determinant of domestic manufacturing will be market certainty rather than technical capability.

Q67 Lizzi Collinge: Is that market certainty currently there? Are firms investing in it?

Joanne Wheeler: I would say not enough, no. We need policies that encourage UK production and supply chains, clear incentives and signals that they should invest. Otherwise, imported units may continue to dominate even if the UK domestic capacity does grow.



Members also told me that there is currently significant heat pump manufacturing overcapacity in Europe, following a rapid factory expansion after the energy crisis. Several new European factories have been built and are currently operating below capacity due to slower than expected market growth. This means that companies could still be importing heat pumps even if we were concentrating on UK factories.

Louise Shooter: I want to support the point that the heat pump manufacturers among our membership also welcome this target. They see it as both ambitious but realistic at the same time. They tell us that the most important driver for growing capacity in the manufacturing sector is the implementation of the Future Homes Standard, which promises to require solar and clean heat and high efficiency as standard. That will be essential for a baseload of demand as we grow demand in the retrofit sector for clean heat.

Q68 **Graeme Downie:** Sam and Jo have alluded to the need for market certainty to grow businesses. Is the expanded boiler upgrade scheme funding sufficient to meet increases in demand while keeping costs manageable as well? Joanne, can we start with you?

Joanne Wheeler: The boiler upgrade scheme has really helped to stimulate demand and grow the installer base, but our view is that grants alone cannot scale to the 600-plus installations a year that will be needed in the 2030s.

Q69 **Graeme Downie:** What else would be needed?

Joanne Wheeler: We need Government money, Government subsidy, to be directed at those who need it most, as we heard in the previous session. To drive take-up of heat pumps, we need structural reforms—in our view, things like, as has been discussed, fixing the price imbalance between gas and electricity. The MCS Foundation estimates that moving policy levies off electricity on to general taxation could save heat pump households up to £500 a year, providing fiscal incentives to drive uptake of retrofit and purchase of heat pumps and other technologies to maintain a long-term, self-sustaining market.

I talked in my previous evidence session about the need for a warm home stamp duty rebate, where householders, if they undertake retrofit within a certain period of time after moving in, get a tax rebate on their stamp duty. This is to make it an attractive thing that people think about at that point when they are most likely to do up their home, which is prior to moving in. If you miss that trigger point, it can be years before people want to go through the hassle, frankly, of retrofitting again.

Q70 **Graeme Downie:** We heard in the last session—you just mentioned this again, Jo—about the necessity to target those fuel poor or in fuel poverty. Is there enough consumer knowledge and confidence about heat pump technology that would necessitate that upward drive, so people asking for it as well? Or is that something the Government need to work on as well?



Sam Perry: No, there is not. There is not enough public awareness of this, and I think this is a key element of consumer demand. BUS, the boiler upgrade scheme, is incredibly important and will drive a lot of demand, so we are very much in favour of that as long as the levels are continually reviewed, and so on. Yes, consumer demand is hugely important. When I speak to workers who go into people's homes, folks are not aware of this as an option.

That is important, and it speaks to the point that was made that a lot of home heating decisions are made under duress. People are already in a stressful situation where it suddenly needs to happen. These are not necessarily long thought-out plans, so we need—workers tell me this all the time—to grow public awareness. Perhaps this is a role of the Warm Homes Agency—it has a long list—or of other agencies to make sure that people are aware that this is something that happens, and they can forward plan to make sure that when they need to go through this sudden change, this sudden upgrade, which is where a lot of this stuff will be happening, they know the options available.

This also potentially speaks to the need for policy certainty in this space. The Warm Homes Plan provides some clarity on the direction that is being taken. We would like to see more of that, and with the dates of the various other schemes that were talked about in the previous session, clarity on exactly when those will come into place. We are awaiting a decision from Government on what way they will go with hydrogen for home heating. Before we have that, there is worry within the sector about where to invest, and that also feeds across to the consumer base as well—not knowing the options available to them.

Q71 **Graeme Downie:** This might be one for Louise, but anyone else can chip in. Do you think the Government are right that up-front costs of heat pumps will fall in the future as this expands? Have they got that right? If not, how do we make sure that the costs come down faster?

Louise Shooter: Yes, this is a challenging area, because it is a mature technology. It is used in the majority of homes in many of the coldest countries in Europe. In fact, we are seeing new standards introduced that, if anything, will increase product standards around smart capability. Potentially, the area in which we can see reductions on the up-front cost is related to growing the installer supply chain. Having more availability of skills and experience of installers working in the teams needed to make the switch from a gas system to a heat pump system is potentially where we will see some of the cost savings. There is this ambition in the Warm Homes Plan for a three-day install.

However, it is important to think about this switch from majority gas-fuelled homes to electrification as an infrastructure investment that is needed to protect consumers from volatile prices and to ultimately bring down bills and support energy security. Therefore, subsequent upgrades or changes to the initial heat pump unit after 15 years will be much lower because the system is compatible now with that system. There are



HOUSE OF COMMONS

references in the plan to the switch to town gas in the 1960s and 1970s, and this is an infrastructure investment that will generate much bigger savings for the individuals and everyone benefiting from the system.

Q72 Graeme Downie: Finally, as I alluded to in the last session, is there any evidence that scrapping the boiler upgrade scheme could see money saved on energy bills, as we have seen proposed this week?

Louise Shooter: Energy UK has done some analysis around how rebalancing policy costs on energy bills to lower electricity prices would reduce the lifetime cost over a 15-year period of an air-source heat pump relative to a gas boiler. That would enable a reduction in the initial grant for the up-front cost because you would be able to spread out that cost over the 15-year period with the right finance products in place. However, yes, there is support that will continue to be required to drive this change and to help households afford these technologies and benefit from them.

Q73 Chair: Thanks very much. Louise, you mentioned the switch from town gas to natural gas, and I am just thinking about what Sam said about ensuring that consumers plan ahead for the switch. Are there good lessons for us in how that switch happened that we should apply to this transition?

Sam Perry: I think there definitely are. It was a national roll-out that created a huge number of certain public jobs to make what was essentially quite a small change to people's systems, but it was carried out in a very systemic way. People knew when it was coming and could factor that in. In my understanding, it was a lesson in the "visit once" thing.

Chair: Yes. Having been through the process, it is not quite like that.

Sam Perry: Maybe not. I wasn't there, but—

Q74 Chair: I do not remember the last one either, just for the record. Getting it down to three days would be an achievement. It is a bit more than that at the moment, but it is quite intrusive. So what are the lessons from town gas for us?

Sam Perry: It is about engaging workforce early, clear public direction, and liaison with communities or consumers in advance so they know exactly what is happening. I think that is done in many cases by local authorities or combined authorities with their local grant schemes and the social housing schemes. It is less co-ordinated, for obvious reasons, with BUS upgrades or with ECO upgrades and things. The key lesson is probably a clear public delivery spirit.

Joanne Wheeler: I just wanted to mention the soft skills that are needed in retrofit. The role of the retrofit co-ordinator is vital here—so someone who goes into the home, walks the person through what will happen, liaises with the contractors and sorts everything out on behalf of



the householder. That hand-holding process is key if we are going to encourage people to get a heat pump. Having been through the process without a retrofit co-ordinator, it can involve several visits and can be a bit confusing, even when you know about the technology. That hand-holding support is crucial.

- Q75 **Claire Young:** I want to talk about heat pump targets, because the Warm Homes Plan has a target of 450,000 heat pumps to be installed annually by 2030, including new-builds. The Seventh Carbon Budget Balanced Pathway envisaged 450,000 plus an estimated 200 new-build homes. The first question is: do you think the revised target of 450,000 will be sufficient to meet the UK's climate commitments?

Joanne Wheeler: I am just looking for my notes on this—excuse me.

Louise Shooter: The Climate Change Committee's Balanced Pathway talks about the need for 600,000 heat pumps installed by 2028. The boiler upgrade scheme has expanded the scope of technologies that it now supports, including air to air and heat batteries. There may be an acceleration of the adoption of other technologies that helps progress heat decarbonisation—and heat networks added into that as well—but yes, the 450,000 does not align with the CCC's estimations.

- Q76 **Claire Young:** Okay. Those other forms that are coming up are not covered by the Warm Homes Plan. They are just coming up spontaneously by people who can afford to pay for them.

Louise Shooter: Sorry, is this about heat batteries and the air to air that I mentioned?

Claire Young: The heat batteries.

Louise Shooter: They are mentioned in the Warm Homes Plan as part of the solution, particularly for space-constrained properties that maybe are not suitable for an air-to-water system. These properties would also be suitable for a heat network as well in city-centre, densely populated areas.

Joanne Wheeler: I want to make the point that the 450,000 target includes both new and existing buildings—so 200,000 for new-build homes and a 250,000 target for existing homes, as I understand it.

Claire Young: Yes, that is what I was saying.

Joanne Wheeler: Sorry.

Claire Young: It is 450,000, including new homes.

Joanne Wheeler: New-build, yes.

Claire Young: Whereas the Balanced Pathway is 450,000 plus.



HOUSE OF COMMONS

Joanne Wheeler: Exactly. We would agree with the Committee on Climate Change that no, it is not enough.

Claire Young: Do you want to add anything, Sam?

Sam Perry: No.

Q77 **Claire Young:** Okay. If there is this projected shortfall of installations, how can we address that? I will start with Louise because it sounds like that might be through alternative means.

Louise Shooter: There is a role for improving the uptake of a range of technologies. On the heat networks point, there was a lot of ambition in the plan around accelerating development of this new town-centre, city-centre infrastructure. It will start to scale from 2030, but it is important that we start the enabling framework now to help support that growth. Zoning plays a role in that, the new consumer protections, and there was some capital grant, which is helpful to see. It is important that we have local authorities supporting this as they will be the zone co-ordinating role.

Q78 **Claire Young:** Are you concerned at the moment that they do not have the expertise to support?

Louise Shooter: It is certainly a concern because it is not going to be a statutory duty of a local authority to perform the role of the zoning co-ordinator body. Under the advanced zoning pilots that have preceded this new regulation, there has been more centralised capacity building done through the net zero hubs. It is important that that capacity building continues to roll out as the zones start to be designated from this year, because local authorities are being asked to do quite a lot as part of the Warm Homes Plan, in terms of the means enforcement that was discussed in the previous session, the zoning and so on.

Joanne Wheeler: Obviously, the target is important, but it is almost less important than the mechanisms that enable the whole retrofit ecosystem to happen and that we do not have at the moment. Priority needs to be given to creating that long-term policy framework, certainty and consistency that will allow installation rates to scale consistently and sustainably.

In terms of the implementation of the Warm Homes Plan, it is our strong feeling that it needs to be very much co-designed with industry, which has a lot of expertise and experience of delivering retrofit programmes—what works, what does not and what can go wrong—and with communities and householders to bring them into the conversation as well, so that we know what is preventing heat pump adoption. It is about sitting down with people and asking them, because there is a lack of research there.

Sam Perry: The heat pumps are a key focus of the Warm Homes Plan and CCC reporting. We are a little more technology-agnostic, in that a



key focus needs to be fuel poverty alleviation or cost of living crisis alleviation more generally. We would like to see further options considered and not taken off the table. There are newer approaches to heat pumps, like the air to air or mixed systems within homes, that the Warm Homes Plan supports without it feeling like it is the perfect being the enemy of the good. When we talk about retrofit, the ideal is often that the whole house is gutted and you start afresh, and that is not realistic for a lot of people. If we could do this piece by piece, making it better in whatever way is reasonable and available to individual households, that is a strong space we should be in.

- Q79 **Claire Young:** We have talked about alternatives like heat batteries. Louise, you mentioned that in dense city-centre locations heat networks would potentially be a good use, yet we are still not really seeing any action on that. Is that something you feel should be approached through the plan, or will it have to be dealt with separately?

Louise Shooter: In terms of supporting heat networks to develop?

Claire Young: Yes.

Louise Shooter: One of the challenges for low-carbon heat networks is that they are purchasing electricity or generating electricity as non-domestic suppliers, so the non-domestic electricity cost is passed on to consumers. That makes it proportionally more expensive than a gas counterfactual. It is important that the Government progress the intention stated in the plan to look at reducing non-domestic electricity costs, as that would help enable the transition and make it much more economically viable for the city-centre buildings, flats, offices and commercial buildings to make the transition.

- Q80 **Claire Young:** What policies would accelerate cost reductions and reduce reliance on the volatile electricity price ratio?

Louise Shooter: Is this for the sector broadly and domestic consumers?

Claire Young: We are thinking domestic consumers on this.

Louise Shooter: From our perspective, reducing electricity prices is at the core of making the most of the £15 billion investment, and helping people to switch from gas systems to electric systems, protecting them from the volatility that we are seeing. There are many ways that reducing electricity prices can be done. Energy UK published a paper last year looking at levers that can be pulled across the sector. Ultimately, policy costs and levies are disproportionately loaded on to electricity prices, so that is one of the main ways we can lower electricity prices effectively and quickly.

Joanne Wheeler: We would agree with the need to rebalance electricity prices. Fabric is another obvious way of bringing down electricity prices. Heating systems work best in efficient homes. Without fabric upgrades, heat pumps risk being oversized and more expensive to run for bill



HOUSE OF COMMONS

payers. One of our worries with the Warm Homes Plan is that it does not recommend the independent whole-house assessment to get the right measure for the right home at the right time. We need a certain amount of insulation for the heating systems to work.

- Q81 **Chair:** Before I bring Torcuil in to probe further on what you just said about fabric, Joanne, you talked before about the factors that prevent the adoption of heat pumps. It was not clear whether you had some evidence to share with us about what those are. If you have, please do.

Joanne Wheeler: There is some evidence but there is not enough. There has not been that national conversation with householders yet about the switch to heat pumps and how people feel about it. There are those of us who are enthusiastic about this, such as myself, who has one, and it is working great and I am an advocate for them. A lot of people have not realised that they will no longer be able to have a gas boiler over the next 10 to 15 years, as was said in the session before.

- Q82 **Chair:** So you think that resistance comes from the fact that people do not know that this is going to happen, or do you think there is something more about people thinking it is a bad idea?

Joanne Wheeler: It is a combination. Some people do not know and have not paid much attention to it; they just have their gas boiler and it works so they have not thought about it. It can then be a distress purchase as we heard earlier. There are others who have been put off by negative media stories about heat pump bills being massive and, where they have been installed badly, people having a bad experience with them. Of course, there is then the electricity price issue.

Sam Perry: I do not disagree, but the energy price issue is very significant. This applies to electricity and gas bills. We desperately need to bring those down for domestic consumers and industry. If it can be shown that what we are looking at is not a nice-to-have or a shiny new piece of kit, or something the Government want you to have but something that will save you money, that is the space we need to be in. Public information is a key part of that.

- Q83 **Chair:** So make it financially compelling is your advice?

Sam Perry: Yes.

- Q84 **Graeme Downie:** When Joanne and Sam mentioned the need for more public education, do we need to make sure that we are being open in the beginning about how much this costs? If so, what window or bracket should we be saying? For example, this will cost you X and save you X—certainly the first part, maybe the second part is a bit harder. But in the first part, how should we be saying to the public, “This is a good thing and will do this job, but it will cost this amount”? I will prioritise back the questions I was asking about the upgrades leading to.



Joanne Wheeler: That is a “how long is a piece of string” question, because it depends on what standard your house is in the first place and what technologies you are going to put into it. Are you going with the full heat pump, solar battery and insulating the whole thing? That would be expensive.

Q85 Graeme Downie: What do you mean by expensive? I know it is difficult, but it is important that we have some definition; otherwise, the risk is people will say it is too expensive. They will put a larger cost on it.

Joanne Wheeler: It depends on whether you are talking about a Georgian property or a 1950s property. The standard of the house in the first place affects the price so much. We are talking over £10,000 and probably more like £20,000, as a “how long is a piece of string”, if I am pushed on an answer. It is difficult to talk about payback time with these technologies. I cannot tell you how much nicer my house is since we got rid of our oil boiler and put in a heat pump and battery. It is lovely and efficient to run and our whole life experience is transformed, but putting a price on that is very difficult.

I would do it again because the co-benefits of doing it have been brilliant, even if my payback time of spending that up-front capital will be quite long. The hope is that when I sell my house, the purchaser will recognise that as well, and that comes back to the idea of the stamp duty incentive. If you move into a house that has already had this work done, you automatically get the rebate because you do not need to retrofit it. Those incentives drive the market.

There is no shortage of owner/occupiers able to pay money going into houses. We estimate about £13 billion to £15 billion is spent each year on new kitchens. So it is not like the money is not there to spend in a home where the owner/occupier is able to pay; it is just that they are not thinking to spend it on this technology.

Chair: I would encourage our media people to clip your last section with your glowing endorsement of why this is such a great thing and play it. Get the Warm Homes Agency to use your evidence, Joanne, with no disrespect to Sam or Louise who are doing a fine job as well. That just encapsulates it.

Q86 Melanie Onn: Are your bills lower?

Joanne Wheeler: January is expensive—there is no getting away from that. I have done the whole thing of solar battery and heat pump. The January bill was quite high, but last summer I was positive because I was exporting to the grid. Over the year, it is not expensive, and cheaper than when I was on oil.

Q87 Melanie Onn: Had you already done lots of retrofit beforehand to make sure your house was properly insulated and double glazed?



HOUSE OF COMMONS

Joanne Wheeler: I had insulated, yes, and I had a loan to do so from my local authority.

Chair: This is getting better.

Q88 **Torcuil Crichton:** Joanne, to pick up on what you said about your personal experience, as well as your professional experience, all the heat pumps in the world make no difference if you are losing energy through your windows, doors and walls. Is there a risk with the Warm Homes Plan of underplaying that fabric-first approach of making sure that your home is sealed first?

Joanne Wheeler: Yes. Historically, UK retrofit policies emphasised a fabric-first approach—insulation, airtightness improvements, reducing heat demand—before installing the low economy heating systems. The Warm Homes Plan places greater emphasis on the heating technology deployment. As I mentioned, the key thing is getting the right solution for the right home. That does require a whole home assessment, because each home is different—so coming into each home, doing an assessment of the property and looking at what that particular property needs by way of insulation to make it efficient enough.

Q89 **Torcuil Crichton:** Would the cheaper, quicker way of saving the planet be to allow people to just insulate their homes without having to do the solar storage battery and so on?

Joanne Wheeler: Yes.

Louise Shooter: I would like to offer a slightly different view. From our perspective, we welcome the pivot from fabric first to low carbon technologies, because from a bills perspective, that combination of clean heat, solar and a battery derives much more significant bill savings immediately for a household than relatively long payback periods for insulation.

We did some research last year across four different archetypes of typical homes of middle-income families—flats, detached, semi-detached and terraced—looking at the most cost-effective measures for investment versus bill saving. In only one of those scenarios was fabric one of the measures that was cost-effective to do in terms of the bill savings, and that was cavity wall. Across those four different archetypes, the average bill saving was 44% to 64%. We also modelled the use of finance in that over a 10-year loan, and after that 10-year period is when they would see those significant savings.

We do welcome it from a bills perspective. There is an ambition in the plan to see 1 million fabric measures installed, primarily driven through the minimum energy efficiency standards.

Q90 **Torcuil Crichton:** More people would do that if there was not such a scandal about bad delivery of insulation, particularly solid wall insulation. What can be done to incentivise that again, give people faith in the



market and bring costs down, because you are talking about a lot of money for low-income households?

Louise Shooter: That shows that the role of advice is crucial across all this. In the previous session, the witnesses talked about the importance of the Warm Homes Agency in providing a centralised digital platform that complements the many advice providers that are already in the market. The Welsh investment bank did an interesting piece of research a few years ago where it looked at providing a loan, and it was only effective when they did it in combination with advice, so that people felt trust in the decision they were making, in terms of not only the measures but the installer they were working with. They were able to compare quotes and were supported to do so.

Q91 **Torcuil Crichton:** How do the Government build trust into the system? What do they have to do?

Louise Shooter: The Government have committed to reforming the consumer protections framework, and that is the biggest driver, in terms of people feeling secure and confident that they are hiring an accredited installer to do their work and, crucially, that there is a clear pathway to redress for them if something goes wrong.

Sam Perry: Poor-quality work often results from folks who do not know what they are doing. That is our concern in every space. If we target good, secure, professional jobs, where people know what they are doing, and are well trained and supported to keep one job and be able to reliably live on that and make it a profession, the work that comes out on the back of that is of a higher quality. I touched on this earlier: we have a large number of firms who are not supporting workers in that way, but it is a very fragmented and variable industry.

Unfortunately, we get results that come naturally from that position of untransparent supply chains or poorly trained workers who are not able to do what we all expect them to do. If they were properly trained and supported, they would be able to do high quality work that cuts bills, makes people's homes comfortable and retains their value.

Q92 **Melanie Onn:** Can I just ask about the transition from ECO4 and what that means for the existing ECO4 workforce? This is a challenging period. The previous panel talked about the loss of skills and business, and fragmentation. What are your views about how the Government propose to manage that move away from ECO4 and into the Warm Homes Plan?

Sam Perry: It is a worrying development because there are lots of jobs on the line. Unfortunately, what I said there applies to a lot of these firms, but it is obviously a loss. The plan has already been put in place to ensure that firms facing a loss of work as a result of this are favoured for future work. That is an important thing to do. We would like that to come with conditionalities so that we are not perpetuating fragile firms that are not producing the best jobs they could. We would like this to be a process



HOUSE OF COMMONS

of upgrading and professionalisation as firms move from supporting ECO to supporting other aspects of the Warm Homes Plan delivery.

Q93 **Melanie Onn:** Would they do that themselves, in terms of their ability to demonstrate that they have upgraded their skills?

Sam Perry: Yes. Firms are in dialogue with their trade unions and should be taking a key role in upskilling their workers and protecting them to provide good services on the back of that. It is worth saying that this industry does not necessarily do that as much as adjacent industries.

Q94 **Melanie Onn:** You do get a lot of subcontracting—that tends to be a thing. You are talking about firms, but very often it can be sole traders or microbusinesses.

Sam Perry: That is right. There is an accountability at that top tier, or the higher tiers of firms, that they are deliberately, sometimes, not engaging in—they do not want to know what happens in the murkier regions of their subcontracting. The responsibility could be on firms to make sure that that does happen. The point I was going to make is that the UK is a bit of an outlier in how much we often put in to training workers and supporting them. Almost every comparison with a European country shows that firms are just not supporting workers in the way that is the western standard. We can ask a lot more from firms in this space.

Joanne Wheeler: I agree. The feeling of our members is that strong enforcement and accountability are needed to remove those poor-quality installers to restore trust in the retrofit market. I am thinking about things like spot checks—so random inspections of installations of a percentage of projects, say 5%—or a two-strike rule where installers who are repeatedly failing quality checks lose their accreditation. There needs to be a form of jeopardy for getting this wrong, and businesses know that they will lose their licence if they are not delivering properly. The problem is that poorly delivering businesses can undercut those who are doing a good job and then give the whole sector a poor reputation.

Chair: I am conscious that we may well have votes in a moment. Lizzi, you have quite a lot to get through.

Q95 **Lizzi Collinge:** I will do my best. The things I want to ask about follow on from this conversation. I wanted to talk about the Warm Homes Agency and accreditation. This Committee has recommended that the Government should explore a retrofit workforce accreditation through the Warm Homes Agency, and licensing based on something similar to the Gas Safe Register. We heard Dr Boardman say something similar in the first panel. Can I take it from previous comments that the panel would agree with having an accreditation and licensing scheme through the Warm Homes Agency, or would you have a different model?

Louise Shooter: A lot of the Government-funded measures we are going to see through the plans—that will primarily be microgeneration, heat pumps and so on—typically require MCS. Most firms will already be



seeking an accreditation in that way. Whether it is mandatory or driven through grant, the most essential thing is what Joanne talked about on the auditing and monitoring regime, and the realistic prospect that you will not be able to continue if poor work is discovered.

- Q96 **Lizzi Collinge:** There are some parts of the workforce that do not have accreditation licensing; for example, quite a lot of the building trade. That is correct, isn't it? There are elements, particularly on the fabric side, where there is essentially no centralised quality control?

Louise Shooter: Yes. TrustMark is the Government-backed standard form of that fabric measure side. With that already in place, the question is also whether there is consumer awareness, in terms of being able to ask, "Are you a TrustMark registered business?", going on TrustMark's website and corroborating that logo on its website, for example.

- Q97 **Lizzi Collinge:** We know that there have been huge problems, particularly with insulation installation. The current picture has not worked under certain schemes. Do you think that it is about enforcement or consumer knowledge about the current TrustMark scheme, or do you think something additional is needed?

Louise Shooter: Whether it is a mandatory scheme or not, the most important element is enforcement, and consumers knowing that they need to ask for this accreditation and to verify that on the website.

Sam Perry: There have been problems with TrustMark that have been borne out in the ECO thing. There have not been in MCS. There is a big contrast in the schemes. We would like the Warm Homes Agency, or an accreditation scheme through this, to take the best elements of what works. We also could see elements of the past 2035 and 2030 schemes, where that oversight to works is carried out. This could be more universally applied. The move towards more local authority-led/combined authority-influenced delivery could be a key part of that and would tie in the conversation that was had earlier about MEES future homes standards.

A related point that touches on what I mentioned earlier is that these are outcome-orientated accreditation, so there are routes to complain about when it has gone wrong. They are not routes to set up good jobs that perform well, to professionalise this sector. So there is a space in this—and TrustMark had this ambition to some extent to professionalise, but it has not quite worked in the intended outcomes. There is a lot of work that could be done in that area.

- Q98 **Lizzi Collinge:** I want to move on to testing after installation to make sure that households are getting the performance they want. Joanne, you were talking about random testing and two-strike rules. Could you expand on that? If there are any other suggestions from the panel, that would be helpful.



HOUSE OF COMMONS

Joanne Wheeler: As I was saying, there needs to be some jeopardy involved in getting it wrong and to root out those poor installers. Crucially, we need to be verifying performance so we know that what is going in is working. Performance monitoring should be built into retrofit programmes from the start. There are simple technologies, such as heat meters and temperature sensors, that show the amount of heat being delivered into the home and how the fabric is performing.

The inclusion of those in policy can give an accurate picture of how the measures are working and allows the industry to mark its homework, especially if that data is open to scrutiny by independent assessors. We have to open this up and make it easier for us to see whether these technologies and insulation measures are working, and that they have been installed properly.

Louise Shooter: On the heat side, the MCS is undergoing some redevelopment around the way it works with installers and protects customers. One of the welcome things that it is doing as part of that is expanding the programme where it calls everyone that has had a BUS-funded heat pump to all MCS accredited heat pumps, so that would include those under the low-income schemes as well. That would address some of the instances that we have seen under ECO where there is multiple sub-contracting and poor regard for the homeowner in their home. That is positive.

One thing that would be interesting to trial, specifically to the point you were making about monitoring the effectiveness and efficiency of the system post-install, would be looking at a minimum seasonal co-efficient performance for the heat pump system. Currently, the BUS requirement for the 2.8 minimum SCOP is a product standard metric rather than something that is measured in situ in the home following installation. It would be much more expensive to introduce that monitoring regime, so perhaps it could be trialled or done on an auditing basis. It would be interesting to consider, to make sure that people are getting the best out of these systems.

Q99 **Lizzi Collinge:** I wanted to ask you about longer-term delivery of the Warm Homes Plan. There are funding cycles that come from the Government. What key design and co-ordination decisions do you think are needed to make sure that the Warm Homes Plan translates into effective delivery on the ground?

Joanne Wheeler: I mentioned this before, but it is about proper co-design of delivery systems with installers, local authorities and housing providers to shape real delivery and build on that experience of delivery—so proper policy co-development rather than, “Here is what we think. Do you agree?” Place-based delivery can be very effective. Local authorities and regional bodies are well placed to co-ordinate delivery across their area. They can work out what the demand is and then ensure that they have the skilled jobs in place to meet that demand. The whole local and place-based delivery is an important aspect.



HOUSE OF COMMONS

Q100 Lizzi Collinge: I want to think for a moment about SMEs and specialist contractors, and how we ensure that SMEs can access this work so we can broaden the delivery model and get a full range of delivery models. Are there any comments on how we do that?

Joanne Wheeler: Recognising the importance of SMEs in this market is crucial. Most retrofit work will be delivered by small or medium-sized contractors who are already embedded in the local community. What they need is that secure, long-term pipeline of work. They are unable to invest in the skills, equipment, accreditation and so on that they would need if the policy is consistently shifting. It is about long-term certainty that there will be a business for them.

Sam Perry: I would echo that but also stress that local co-ordination is a key part of this. There are some good examples of local authority and combined authority bringing SMEs together to support those that are delivering very good work and delivering good jobs, using things like one-stop shops to funnel this through. I wonder if there is a place for the Warm Homes Agency to do that at a larger scale or to network those so that we get those benefits across the country.

Q101 Lizzi Collinge: I want to talk about what is not in the Warm Homes Plan. We do not have commercial or non-domestic buildings in the Warm Homes Plan. It has also been pointed out to me that the Government have not committed further to the public sector decarbonisation scheme. First, is the exclusion of commercial and non-domestic buildings quite a serious gap in policy? Should the Government recommit to the public sector decarbonisation scheme? What is the impact on the delivery of the Warm Homes Plan, whatever policy choices are made?

Louise Shooter: This is particularly challenging for the heat network sector. They are large infrastructure projects that deliver excellent efficiencies, but that depends on economies of scale. Sharing shared generated heat across a large range of buildings in city centres typically does require a coherent plan for commercial, non-domestic, public sector and residential buildings to be able to make the schemes viable.

The end to the public sector decarbonisation scheme is particularly challenging because there is no immediate alternative for these institutions to decarbonise. For example, finance is not always an appropriate option, so that is challenging, particularly for the public sector experiencing high and volatile energy prices. This is a particular challenge for heat network development.

Joanne Wheeler: I agree. The exclusion of commercial buildings from the Warm Homes Plan was a big missed opportunity to talk about how we decarbonise the whole building stock and the importance of doing that. Looking at my notes, 2.1 million non-domestic buildings in the UK are consuming very large amounts of fossil fuels. Without a clear pathway and policy signals, they could be investing in gas boilers that then lock them into fossil fuels for 15 to 20 years. We think that there needs to be



clear regulatory signals for non-domestic buildings around MEES, the minimum energy efficiency standard. The industry is ready and waiting for those to be published but we have not had them for years.

It is also about support for the SME asset owners so that they can access the finance that they might need to upgrade their home. Treat them more like households, giving them financial support and retrofit co-ordination so that they know what is needed in the home and in the building.

Q102 Lizzi Collinge: On the public sector decarbonisation scheme, as the Government have not committed to the next round of that, is that having an impact on business certainty in the same way that we were talking about the pulling off of ECO? Or is that being diverted into home decarbonisation instead?

Louise Shooter: It is particularly challenging from the heat network developer perspective because a public sector institution, NHS trust, represents a huge demand load for that to secure the investor confidence to put the pipes in the ground and for the surrounding smaller businesses and residents to benefit from that efficiency. It is extremely challenging in terms of the viability of those projects.

Q103 Lizzi Collinge: So there is a specific impact on heat networks in particular?

Louise Shooter: Yes.

Chair: Thank you very much for your evidence. If you have additional comments, please write to us. That is the end of our session.