HOUSE OF COMMONS

Housing, Communities and Local Government Committee

Oral evidence: Local government and the path to net zero, HC 34

Monday 21 June 2021

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Watch the meeting

Members present: Mr Clive Betts (Chair); Bob Blackman; Ian Byrne; Brendan Clarke-Smith; Florence Eshalomi; Ben Everitt; Rachel Hopkins; Ian Levy; Andrew Lewer; Mary Robinson.

Questions 1 - 51

Witnesses

I: Councillor Rachel Blake, Member of the Environment, Economy, Housing and Transport Board, and Deputy Mayor for Regeneration and Air Quality for Tower Hamlets, Local Government Association (LGA); Polly Billington, Founder, UK100; Polly Cook, Chief Officer, Sustainable Energy and Air Quality, Leeds City Council, ADEPT.

II: Colm Britchfield, Researcher, E3G; Philippa Borrowman, Policy Adviser, Green Alliance; Andrew Forth, Interim Director, Policy and Public Affairs, RIBA.

Examination of Witnesses

Witnesses: Rachel Blake, Polly Billington and Polly Cook.

Chair: Welcome to this afternoon's session of the Housing, Communities and Local Government Select Committee. This afternoon we have our first evidence session, with two panels, looking at the issue of local government and the path to net zero. We can all see the importance of climate change and how we respond to the challenges ahead. Particularly, we are going to be looking in our inquiry at standards for new homes, so that they emit less carbon; at existing homes and how we make them more carbon-neutral; and at the wider role of local government in matters such as planning and transport. There are a number of issues for the Committee to consider, and we have two panels this afternoon to assist us.

Before we come over to the panels, I am going to ask members of the

Committee to put on record any interests they may have that may be relevant to this inquiry. I am a vice-president of the Local Government Association.

Ian Levy: I am on the Blyth town board and I employ two councillors in my staff team. I am also a member of the chamber of trade.

Brendan Clarke-Smith: I employ a councillor in my office.

Ian Byrne: I am a sitting councillor in Liverpool.

Bob Blackman: I am a vice-president of the Local Government Association and I employ a councillor in my constituency office.

Rachel Hopkins: I am a vice-president of the LGA and I employ a councillor in my office.

Mary Robinson: I employ a councillor in my staff team.

Andrew Lewer: In addition to my entry in the register of interests, I am on the Northampton Forward board and am a vice-president of the LGA.

Florence Eshalomi: I am also a vice-president of the Local Government Association.

Q1 **Chair:** Thank you all for those declarations. Now we move on to the important people today, the first of our two panels. I am going to ask you to introduce yourselves and say a little about the organisations you are representing.

Rachel Blake: Good afternoon. I am Councillor Rachel Blake. I am deputy mayor in the London Borough of Tower Hamlets. I am representing the Local Government Association from the environment, economy, housing and transport policy board.

Polly Billington: My name is Polly Billington. I am the chief executive of UK100, which is a network of locally elected leaders who have made a commitment to act on clean energy, clean air and climate. We now have more than 100 members.

Polly Cook: Good afternoon. I am Polly Cook. I am the chief officer for sustainable energy and air quality at Leeds City Council, but today I am representing ADEPT, which is the Association of Directors of Environment, Economy, Planning and Transport.

Q2 **Chair:** You are all most welcome. Committee members may ask a question specifically to one of you and then go on to others on the panel. If you agree with what one of the other witnesses has said to us, please just say you agree rather than going to lengths to repeat it, because we have a lot of issues to get through and we want to hear about all of them in our inquiry today. Once again, thank you for coming.

Let us begin with the first question, looking at new housebuilding. The Government set a goal of achieving 75% to 80% reductions in carbon emissions from new housing built from 2025 onwards. Going to Rachel Blake first, is that target ambitious enough?

Rachel Blake: The Local Government Association would always want to see more ambitious targets for reducing carbon emissions from homes. We estimate that, just in terms of housing revenue account investment, we need £1 billion annually over a period of 30 years just to get council homes up to the right standards. We estimate that close to 28 million homes will need to change how they use energy. The future homes standard is just for new-build homes.

We need real clarity and a timeline as soon as possible for that future homes standard, because, if the standard is coming in in 2025, those homes will start to be thought about now by developers, housing associations and councils that are bringing forward new, desperately needed homes. We need absolute certainty about the timeline for those homes coming forward, because they will soon be designed and go into the planning process. If we are to give certainty to the market in terms of standards, we need a certain timeline for the implementation of the policy as soon as possible.

Polly Billington: I agree with Councillor Blake that we need that timeline and certainty. The thing is that, the longer we delay, we are building homes that will need to be retrofitted by the people who buy them. It is worthwhile pointing out that we already have a problem and a challenge with leaseholders and the scandal over cladding. Can you imagine what that is going to be like with the homes that are being built now? About 70% of the homes in which we are going to be living in 2050 already exist, so there is already quite a big amount of retrofitting that needs to be done. Why on earth would we continue to build homes that are going to need to be retrofitted?

The sooner we get that set in stone, and that pathway and those milestones, the better for certainty for the construction industry, for developers, for local authorities—and planning authorities in particular—and also for the skills that we are going to need. The sector is going to need to skill up and have people who are able to use new measures, achieve different and better performances in terms of energy efficiency, and use different technologies. I cannot emphasise how much quicker this needs to be, if we are to be able to meet our targets.

It is fantastic to have an evidence session where we are looking at this from a local government perspective, because the national target of net zero cannot be achieved without collaboration with local government as a co-designer and a delivery partner on these things, because they know their housing stock best—not just the housing stock they own but the housing stock overall in their communities—and they know their communities best. Designing solutions that meet the needs of different demographics, income groups and tenures is really important. If you start off now with a future homes standard that builds in costs for people who will probably be really stretching their personal finances in order to be able to get on the housing ladder, that is something we really have to

think about, and that is why I would argue for it to be happening sooner and going further.

Q3 **Chair:** So you are arguing both for the target to come sooner, before 2025, and for the standards in the target to be improved as well.

Polly Billington: Now that the future homes standard is a minimum rather than a maximum, that is definitely better. What we first had with the proposal was that it was creating a ceiling. That caps ambition and innovation, and it fails to create a market, so the fact we now have a minimum standard means that at least we can have something that we can leap off from.

A market is not created simply by edict from Government; there needs to be a pathway and plan for how to get there. Having that minimum standard in place is great. Now we need to see what those targets and milestones will be, so that all those sectors can start saying, "We have to get to that by then," and we need to be able to make sure that is possible. Creating a market is really important, but so is making sure that you can enforce the standards. That is something local authorities are well placed to do.

Q4 **Chair:** Polly Cook, could you also look at the issue of transitional arrangements that officers in local government are going to have to deal with, to a degree? How should they be implemented? Could we get to a situation where you have different standards of homes built almost at the same time on the same building site? Is that going to cause problems in terms of initial design and things like communal heating schemes?

Polly Cook: Before I go on to that, one point I wanted to make is about the issue we were already seeing before this standard came in, which was about developers not building out sites: getting planning permission, building some of them out, and then sitting on them and not finishing. When they are built out, they are built out with standards that could be many years out of date. There is a risk, with the future homes standard coming in, that people try to get in before that date, and we end up with houses being built in three or four years' time, after 2025, that are of a lower standard. That is also a real risk that needs to be considered, to ensure that, when planning is given, there are time limits on when people have to build out, or they have to comply with the newer standards.

Q5 **Chair:** Basically, you want the time limit to relate not to the planning permission, which could have been years ago, but to a particular date, and anything constructed after that date has to meet the standards.

Polly Cook: Yes, because it stops people just holding on to land. Like Polly said, you end up in a position where you have houses that we are then going to have to pay to retrofit, which is much more expensive than building them right in the first place.

In terms of transitional arrangements, I will be totally honest: I am not as well versed on that. I do not know if either of the other two is better placed to answer that.

Q6 **Chair:** Do Rachel or Polly Billington want to come back on the issue of transitional arrangements?

Rachel Blake: My understanding is that they are coming forward with a final version in 2023, with a view to legislation in 2024. That will be quite a long wait, if you think about the designs that are taking place right now. As Polly Billington was saying, new homes are being built that will need retrofitting. My understanding is that the transitional arrangements at the moment are on the 2023-24 timescale.

Chair: In the meantime, houses are being built without any recognition of them.

Q7 **Brendan Clarke-Smith:** Councillor Blake, our written evidence contains sharply differing opinions about whether local authorities should be able to set their own standards on carbon emissions, for example, with new homes. What is your view on this?

Rachel Blake: The Local Government Association welcomes the fact that local authorities are still able to set their own standards on this. The reason is that local authorities are best placed to understand their places and the capacity that their local high streets, town centres, villages and towns can accommodate within the built environment—for example, the availability of district heating networks or the scope to install alternative, hyperlocal energy systems into an area. The local planning system is the best place to set some of those standards, because it ensures innovation at a local level and recognition of local capacity, infrastructure and needs for future investment.

Q8 **Brendan Clarke-Smith:** Just following on from that, it has been suggested that the general definition of a zero-carbon home is not broad enough. That has included concerns about things like energy performance certificates, the inaccuracy of those and so on. In your view, do the current metrics need to change? If so, how?

Rachel Blake: From a Local Government Association perspective, there is a need to consider the impact of decarbonised electricity coming into homes in terms of the methodology around EPCs—that is our view going forward—so that the impact decarbonised electricity can have is recognised in the EPCs. In terms of other metrics, we would look to work with other organisations around measurement for more detail.

Q9 **Brendan Clarke-Smith:** Would you say that local planning authorities have the skills and resources to understand that more technical detail, or is that where you would bring in others?

Rachel Blake: In terms of the measurement, local authorities do have an issue with skills, which Polly Cook might come on to. In our surveys of local directors, 88% have said that a skills shortage is part of the barriers

to us dealing with climate change. In terms of the ability to use the current metrics, the skills are there. We need more of them and we need there to be a wider availability of them.

Polly Cook: There is a really big focus on net zero in the sense of the performance and operation of the house, and less so in terms of the embedded carbon that we are building in. We are starting to see examples of that happening, where people are measuring the carbon footprint of the house that they are building, but it still is not so much at the heart of things.

In terms of the skillset to do that, that is something that is still in development and would be more challenging. A lot of technical consultants are starting to develop that when they do infrastructure projects. If we want to look at carbon holistically, we need to think about the performance of the property. The view was that building control is probably best placed in terms of being able to do that energy measurement, and they do have the skills to do that. Embedded carbon is definitely something that is quite new, and there would need to be upskilling of staff to be able to deal with that.

Polly Billington: On EPCs in particular, we do not think they provide a good representation of the carbon performance of the building, which is a little bit of what both Rachel and Polly Cook have said. It tends to be a bit of a tick-box exercise, based on the presence or absence of building or energy supply elements. Quite often, the recommendations are not technically suitable for traditional and rural properties, so they are not really fit for what is required. We need to be thinking about requiring all properties that have major renovations to have a new EPC issued on completion, because, at the moment, they do not need to be done. You could have a higher standard of energy efficiency that is not replicated in the EPCs.

When it comes to building controls, what we have found with the cladding issue is that it has been outsourced to a third party, which means you do not have the opportunity to have those building controls locally. If you had them locally and created an income for the local authority for enforcing them, you could create greater opportunities along the line for local authorities to be able to have those skills and expertise. There is something about making sure that, locally, they have the capacity to create those standards.

Going back to what Rachel Blake said, it is great for local authorities to have that flexibility, but the reality is that national regulatory and legislative things get in the way of where local authorities are. You can sometimes have really ambitious sustainable planning ambitions and the national Planning Inspectorate will come along, rip it out and say it is a drag on the market. That is crazy. We should be creating a market that is more environmentally sustainable, so we need to ensure that the more ambitious things are supported rather than dragged back. That is why a

national framework is required, not only to permit but to enable and drive greater local action on these things, in terms of the capacity in-house to be able to establish building controls, and to make sure that the EPCs work better and that the powers that local authorities have can really be used to drive the kind of transformation that we are looking for.

Q10 **Andrew Lewer:** I will ask this first to Rachel from the LGA, but, if other witnesses want to reflect on it when they have heard the answer, that is fine. The LGA has called for a review of the standard assessment procedure that is used to enforce building standards. What specific changes does the LGA believe are required?

Rachel Blake: The issue about the standard assessment procedure comes down to our capacity to assess. We have found that the resources for local authorities to look into poor-quality homes have significantly reduced. About £13 per private rented property was spent on enforcement on those homes; it has now gone down to about £9, so our overall capacity to investigate the environmental performance of private rented homes, where there is some of the worst fuel poverty and some of the worst standards, is constrained by our overall investment capacity.

Q11 **Andrew Lewer:** Are there any other measurements that local authorities should have to effectively enforce reformed homes and building standards? Do you feel that performance standards are being met on those very tight budgets that you outlined, or do you feel that they are now not being met?

Rachel Blake: With such scarce resources, you will all recognise, as experienced representatives, the pressure that local authorities are under. Those resources are general funds and not ring-fenced, and so there is ongoing pressure on those resources. The procedure needs to be reviewed to better account for more ambitious standards than the current building regulations, because they are quite limited in enforcing those higher energy-efficiency standards. Those are the elements where we would really like to see a change.

Polly Billington: The standard assessment procedure is inadequate. It goes back to my point that you need to have building control being properly resourced. This is not just a beg by local government for more resources. The consequences of not having building control properly resourced and, arguably, being administrated by local authorities is that you get something like the cladding scandal. It is evidence of what happens if you do not have better checks on construction standards.

Just to flag, something that has already been proposed by BEIS is to link mortgages to EPC ratings. That is fine, but think about those people who are buying new homes now. They could be in a very vulnerable position when standards are expected and they have to shoulder the costs. Maybe if those EPC ratings were assessed by local authority building control, it could provide an income stream for the public purse rather than leaving it

in the hands of third parties, and the costs of audit could still be placed on the public.

There is something where we need to ask, "If we are going to create something that protects the consumer in a new market, what is the role of local government in de-risking some of the things that are going to have to happen?" In terms of what BEIS is thinking about and proposing in relation to mortgages, we know there is going to have to be private finance to get this stuff done; therefore, what is going to be the thing that will help that happen and de-risk it for the consumer is a very important thing for us to consider.

Businesses are better protected than householders, because there is more stringent regulation regarding the declarations of energy efficiency on commercial real estate. There are millions of homes, and therefore millions of homeowners, and we need to think about how we are going to make sure that they are going to be okay.

Q12 **Andrew Lewer:** This is a slightly leading question, but do you feel that MHCLG and BEIS are not connecting their respective sets of standards and expectations over climate change in a very sensibly aligned way at the moment and that some more work on this may be helpful?

Rachel Blake: We definitely think that from the Local Government Association's perspective. We are asking for a national framework that sets out national responsibilities, requirements through the regulatory system, whether planning or taxation, and also local responsibilities. There is layer upon layer. As Polly Billington has said, sometimes the national regulations are holding back and undermining local ambition and innovation, so we are calling for a national framework to address the climate change emergency.

Polly Billington: That is a really good question, Andrew. I totally sympathise with civil servants and, indeed, Ministers in Whitehall. I have been there, and you get your responsibility for your Department. The idea of having a landgrab or a land-tussle with somebody else just feels like one step too many; you have enough on.

However, you have the Ministry for Housing, Communities and Local Government, where so much of the climate action is going to be needed, and yet climate does not seem to be as much of a priority in that Department as it should be. In fact, one of the officials said there is a lack of coherent strategy in MHCLG when it comes to climate. That is a real shame, because there is so much that can be done in that Department, but it needs to be joined up with others—not only BEIS but also the Department for Transport.

BEIS has responsibility for heat, MHCLG has responsibility for homes and planning and the Department for Transport has responsibility for transport. Planning is about whether you are making sure that you can reduce dependency on the car in the developments that you make, which

is really important. Are you making sure that, in all your planning frameworks, you are supporting net zero action? Where does the responsibility for heat, which sits within BEIS, fit in with your permitting development or enabling local authorities to deliver on heat networks or to retrofit?

I noticed the ministerial responsibilities in MHCLG. The Minister for Housing has all the housing and planning, and the Minister for Local Government and Devolution has climate. I am delighted to see climate sitting with local government, but I am slightly concerned that all the powers that local authorities have, particularly when it comes to planning and homes, sit separately from where climate is. There is so much that needs to be integrated.

When we did our piece of research, *Power Shift*, which is a comprehensive analysis of all the powers that local authorities have when it comes to climate, the big levers that they have are planning and procurement. We really need to make sure those are fully used by local authorities and that they are seen as useful levers. We need to make sure that the national framework that Rachel was talking about facilitates that use, rather than hampering it, and we still have significant limits on that from national regulatory rules and laws.

Polly Cook: One of the key things is around the funding streams as well, in the sense that, for everything we have talked about up to now, we need the jobs and the skills in place. A lot of that would come through steady funding packages, and we are still seeing a reactive six months of funding for housing grants and six months for PSDS. The public sector and local authorities have a real role in starting to establish some of the private sector supply chains and making them ready for what the private development side wants to do. Some of those opportunities are being lost at the moment because funding is being provided in a very immediate way and does not allow for longer-term planning.

It ties in with one of the building blocks that we are trying to put in place. There are practical examples where we have had grant funding from MHCLG and then we struggled to get bits signed off, because parts of other things that we have done have been with BEIS on heat, like Polly Billington said. There is a practical, detailed side that still needs to be sorted to make some of the grant processes and things go more smoothly.

Andrew Lewer: I would reflect that the timescales on abolishing gas boilers in terms of home standards versus hydrogen provision so that you do not have purely electrical provision excessively draining the national grid between BEIS and MHCLG do not seem to be joined up at all at the moment.

Chair: Shock, horror: government is not completely joined up.

Q13 **Ian Levy:** I will direct my first question to Polly Cook. How would you go

about accessing the experience of local authorities in receiving funds to promote retrofitting? Are there any tips that you could give the Committee about what we should be pushing for?

Polly Cook: If I take an example of what is happening at the moment, three different funds are being released from Government, and they are happening on different timescales. Some are aimed at private tenure and some at social housing. The way we would like to approach that in Leeds is to look at one place and deal with all the tenures within it. Rather than looking at private sector in one area of the city and social housing in another, we would like to do something that is place-based; however, the timescales and criteria for those funds are different. We do not have certainty of what the social housing fund will look like exactly. It means you cannot come up with an optimum scheme.

In the last six months, my team has probably put in about 11 bids for funding. Fortunately, we have been really successful and have probably got about £45 million from those. However, we have had to do repetitive bidding all the time. Working to establish longer-term programmes and to build on programmes that exist, rather than spending time on bidding, would be much more productive.

To repeat my earlier point, we got £25 million from the public sector decarbonisation scheme, which was fantastic. We are retrofitting about 40 commercial or public sector buildings; however, we had six months to deliver that, so we are unable to build in apprenticeships or to go out to procurement from scratch, so we have had to look at where we can use frameworks. It limits the benefit we get from that as a country. We need steadier, more thought-through and bigger programmes and an understanding of some of the caps and limits that are put in place.

If we take, for example, the one that is coming out at the moment, because of the new PAS 2035 standard on retrofit, we will be in a position where, for every house for which we apply for EWI—external wall insulation—we have to apply for two houses for solar; otherwise, we cannot get the cap of £10,000 to work on households with low income. That is the only way that we can meet the £10,000 cap, whereas the fund is set up for the decarbonisation of heat or fabric first. Sometimes the ways the schemes are set up does not work in practice, and looking at that evidence base is really critical, as is looking at schemes and working that through.

Q14 **Ian Levy:** Councillor Blake, I would like to look at what needs to be done in the way of training so that we make sure we have enough qualified people coming through. When we are going to be installing heat pumps and hydrogen boilers, we have to make sure this is done safely. What role are local authorities playing in this in terms of education, university technical colleges and anything like that? Could you fill us in on that one, please?

Rachel Blake: We have already seen that green jobs in terms of retrofit are a way through for people as part of the Covid recovery. There are great examples in Manchester, where people are coming out of working in theatres, and moving from theatre construction into retrofit. We know there are important skills out there. We also know there are some really big skills gaps. To move forward with this, local authorities need to be working in partnership with the private sector to identify the types of skills that are necessary.

We also need to see this as part of a just transition, where those who are vulnerable and most likely to lose out economically from any of these transitions are supported, and that the benefits of reducing emissions are shared widely. Local Government Association research and analysis finds that 700,000 direct jobs could be created by 2030, and this goes up to 1.18 million. The way in which we think this can be done is by supporting supply chains right from the start and supporting people into apprenticeships through our own locally grounded employment and training schemes that function either in-house or in partnerships with local colleges that are grounded in their places and in local authority understanding of their communities.

Ian Levy: Like you say, the training has to match the jobs to make sure that we get these levels of safety and get that right.

Polly Billington: On the jobs and skills element, we are very aware that our local authorities are making declarations about climate. They also want to make sure there are jobs and a skilled workforce to fill them, thinking about kickstarting the recovery. They go to their FE colleges and ask, "How are you set for getting the skills training available for these kinds of jobs for our young people and for people who are mid-career?" As Rachel has pointed out, there is a just transition issue here. It is not just about homes, as I keep pointing out. What are you going to do with the car mechanic under the railway arch if suddenly everybody is in EVs? Somebody has to do some thinking around that. That has to be the skills sector.

We talk to the FE colleges and they say, "The private sector is not yet sure that it will be able to take those skilled people into those jobs, because they have not had a strong signal from Government." What is interesting about what happened with the green homes grant is that £1.5 billion had to be spent in six months. That is a lot of money in six months, which therefore did not get spent. Local authorities do not necessarily want a lot more money; in fact, they would say that if you spent the equivalent of that kind of money over three years—£10 billion over three years, which is a little more than £1.5 billion for six months—you would get much more bang for your buck, because you would have confidence to develop your business, to set up the skills frameworks and to hire the people. Local authorities could start procuring things with contracts that were long enough and developing the workforce.

The important thing is that, particularly in communities like yours, Ian, these are not jobs that can be outsourced. They literally have to go door to door. They might not be super-skilled jobs at the beginning, but they are the beginning of a path into a career. If you start by doing the insulation or the retail element—there are going to be loads of people who used to be in retail and who are now going to be struggling to find a job—and talking to them about whether they have thought about doing this, that or the other with their house, they can then be skilled into supporting people to make choices about their heat as well as their energy efficiency and electricity.

There is the potential for an industrial national mission, let alone an industrial strategy. We have missed a real chance here. Out of that £1.5 billion from the green homes grant, local authorities did really well in spending that money. They need to be seen as vital partners in this.

Q15 **Ian Levy:** It is about linking that up. In Blyth Valley, we have a lot of offshore wind industries and we are seeing people making the transition from the oil and gas industry and coming to work in offshore wind. It is good to harness that. You get them now, but you have to make sure that you have new people coming through as well, so we have to start the education.

Councillor Blake, are local authorities practising what they preach in the way of retrofitting existing council buildings?

Rachel Blake: Yes, many of us are. Stoke-on-Trent has just installed a 90 kW closed-loop ground-source heat pump in one of its local service centres. Rochdale Council has been upgrading its existing leisure complex with roof-mounted solar panels. Sutton Council has built a Passivhaus secondary school that generates more energy than it uses. Local authorities really are stepping up. My own local authority uses planning gain funding in order to improve its energy-efficiency performance, so local authorities are really innovating and finding ways to take some of these steps.

I would emphasise Polly Cook's point about consistency of funding, regulation, policy and standards in this area. If we are expected to have a Forth Bridge approach of constantly surveying, bidding for new funding and surveying our own buildings, we will be wasting the scarce resource that local authorities have on bidding and planning programmes, rather than getting on with the job and making our buildings more energy-efficient.

Q16 **Mary Robinson:** Polly Billington, you mentioned the important role of local authorities, saying that they should be seen as co-designers and delivery partners. I want to look a little further at what local authorities can do besides decarbonising housing. What else can local authorities and local government do to help the UK to meet its net zero target?

Polly Billington: I know that you do not want to read it, Mary, but it would be useful for the Clerks of the Committee to read our *Power Shift*

report, which has the analysis of what local powers local authorities already have and where the limits are.

Mary Robinson: A synopsis would be great.

Polly Billington: Exactly, a synopsis would be great. The two biggest levers they have are procurement and planning, where they have planning powers. Planning includes impacting on transport. We have had these conversations. We have established the Countryside Climate Network, which is a sub-network of our members, which are mainly but not solely big county councils; we also have district councils in it.

When they started off, they said, "But it is really difficult. We want to do this and we want to do that." I said, "Listen, all the things you want to do as a responsible county council or district council—to build developments from which people can easily get to a GP surgery or a school, or walk into town, without depending on their car, with a bus at the end of the street—are things that the Government need you to do in order to be able to reach net zero. You design those things into your planning and, suddenly, when anybody says, 'That is a bit tricky,' you can say, 'Do you want us to meet net zero or not?' Those are the things that you can do."

There is also quite a lot of stuff on waste. There are some challenges on waste between district councils that are collecting it and county councils that are managing it, and we need to look further at what Defra has explored about the "polluter pays" principle. What happens is that the local authority takes on the burden—it is effectively socialised waste—of dealing with waste, when the people who produce it, mainly the corporates, need to think more about that. It is not the consumers; the consumer does not have very much choice in it.

We need to be thinking mostly about procurement. That is also about, "How are you securing your contracts? Are you thinking about this in terms of sustainability? How are you retaining value within your own communities?" There is so much about keeping things close to home, which reduces the carbon that is emitted from any given project, and retaining economic value in the community.

We also need to be thinking about what else they can do in terms of access to finance. The UK Infrastructure Bank is a massive opportunity, and it is really good that it is going to have the competence to work with local authorities. What we particularly want is for them to have access to development capital, because that will enable them to do more.

The great thing about local authorities—and so many of you on this Committee know this, because you are or have been councillors—is that they have convening power. It is about bringing the private sector and local businesses together with other parts of the public sector, such as the NHS and so forth, and asking, "How are we going to design our community? How are we going to support our smaller businesses to be able to become more sustainable? How do we create an environment in

which your supply chains are better, more secure and have cleaner energy?"

There is a lot that can be done. What has been interesting is that we have found that, when people first start on this journey, they go to the thing that they do not necessarily have statutory obligations on, like energy, and work back to where they have power. That is where they start to get a really good and integrated plan.

In itself, energy is something that can secure income, so there is a great opportunity there. Cambridgeshire has been really innovative in this. It goes to some of the things that Polly and Rachel said: sometimes what you have is a bidding for grants that produces amazing, innovative projects. We have lots of them that we can cite, but they stay innovatory if they are entirely dependent on a grant where you are fighting for a small amount of money. How are we supporting local authorities to design business models to access private money?

That is where the UK Infrastructure Bank has a real opportunity, and I would be really keen for recommendations from this Committee to be directed towards the UK Infrastructure Bank about how it is going to see, particularly, retrofit as part of an infrastructure obligation for the country that it should be thinking about how it will finance, particularly crowding in private finance to make it work.

Q17 **Mary Robinson:** Rachel, do you have any comments on that? Many councils have adopted climate change action plans. I would like your view on whether they are ambitious enough and how confident you are that most councils will meet the targets that they have set themselves.

Rachel Blake: Two thirds of our members have now declared climate emergencies and are aiming for carbon-neutral positions 20 years before the national Government target. As an organisation, we have declared a climate emergency. Once that has taken place, councils start working on their action plans in order to get to net zero carbon.

In terms of the things they are doing, I have described examples of convening that funding, as Polly has described, and bringing different organisations together to tackle their own public buildings. We also have really good examples of where local authorities are trying to achieve behaviour change. Peterborough Council has established a circular economy campaign, where people really understand the impact of their waste and how they can recycle it.

I also wanted to mention some of the work that rural local authorities are doing in terms of their bus networks and electric vehicle charging, because those sorts of challenges can sometimes be overlooked when we are focusing just on some of the denser places, where public transport, or even walking and cycling, might be more straightforward. We have conversations at the Local Government Association in terms of authorities in particularly rural settings and the challenges that they face. It is only

local authorities that know their communities, and know how they can deliver innovation and can convene some of those funds that will make the difference.

The last examples I wanted to give were of development case studies in London, where local authorities are working with the private sector and with utilities providers to make sure they are digging up roads only once in order to get all the pipework in at any one time. I will be sharing with the Committee some examples of how that is working, because that is breaking down some of the institutional and organisational delivery barriers to reducing energy emissions by demonstrating how different authorities working together can reduce some of the disruption of development, which, overall, will encourage zero-carbon development.

Polly Cook: I am not going to repeat anything that has been said, but one thing worth re-emphasising is community engagement. If you were to talk to a lot of the general population, they would understand climate change as an issue. They would not necessarily understand what actions they need to take. They certainly would not understand that, when their gas boiler breaks, they need to replace it with something different. With the work that is going on through some of the different grant funding in social housing, local authorities can really try to bring that to life in local communities, using local people to show case studies of what has happened, and try to normalise some of the new technologies that we want to bring in and which, in other countries, have been around for 20 or 25 years. They are still seen as new here, so there is that bit around bringing the public along with us from a confidence point of view. That is really important.

Again, in terms of convening, in Leeds, Yorkshire and other places across the country, there are climate commissions, which are critical in the sense of bringing people together to focus on problem-solving. That is the public sector, the private sector and the third sector coming together.

You asked about the targets they have set themselves. Most local authorities would probably acknowledge that the targets are very ambitious, because they are earlier than the national target, and there are elements that are difficult to deal with. For example, if you look at housing, local authorities do not have the powers to force a private owner-occupied property to take action. We can help those on lower incomes if we get the grants that are directed. There will be parts of it that are outside of our control, but we can look at the potential funding packages. We can work with the different organisations that are considering how we make that more attractive and start to work out the building blocks for that. There is certainly a role for the national Government in looking at some of those sections and working with local authorities to come up with the right solution.

Q18 **Mary Robinson:** Polly, you mentioned Government and local authorities working together. The LGA said that the Government should work with

councils and businesses, as you have said, to establish a national framework for addressing the climate emergency. Without such a framework, are declarations of climate emergency by local authorities rendered ineffective?

Polly Cook: It is not so much the framework; it is more the fact of the specific items underneath it. I will use the housing example. We break down housing across the city. We have a plan for our social housing. We are watching closely what is happening with the private rented sector standards. Ultimately, we can help the local education sector skill up and make sure that that part of it is getting ready and prepared, but I cannot go and force a certain houseowner to do anything. There has to be that framework on those specific actions.

The same goes for transport. If there is not that emphasis for bus companies to move to electric buses, when local authorities do not have powers over bus companies, there are always going to be limits. It is about recognising what needs to happen in those different sections. I suppose the answer is that, yes, they become very challenging; however, local authorities have a lot of tenacity, so we will keep going and keep trying to find ways around it.

Polly Billington: Our members make big commitments. A lot of them have made a commitment on their own assets to get to net zero by 2030 and across the whole community by 2045, ahead of the Government's target. They acknowledge that they will not be able to get to the whole community by 2045 unless there is national change, but their commitment to do it is an offer of partnership with national Government to be able to achieve that. That is really important. The Climate Change Act was deliberately designed to be top-down; otherwise, these things were not going to happen. Now that we have those carbon budgets, they have made a massive difference to the way we have been able to decarbonise the power sector, for example.

We also have to think about where the powers are locally to be able to really do this transformation. The climate emergencies create political space and generate the opportunity to do more, because they force people to think about how they use the powers that they have. They understand where the limits are, and then they can come to Parliament and Government and say, "If this is what the national mission is, this is what needs to change in order for us to be part of it." That is really important when you look at the declarations and commitments that people are making.

Q19 **Mary Robinson:** Staying with you briefly, Polly, we are talking about what local authorities, Government and businesses can do. Without public support, where do we go with it? Is there enough public support for some of the measures that might be necessary, for instance changes to travel, particularly car usage, and all the other things that people may be asked to do to get to where we want?

Polly Billington: I have been doing this for a long time, and what is really interesting is that a long time ago it was all, "Act on CO_2. Turn down your thermostat. Put on a jumper," and I got really cross about that. I just thought, "I am not telling old ladies to put on jumpers and turn their thermostats down." This is not about individual changes that are going to be able to transform our whole country. We have to do big things. Do you know what? We have done big things. We have decarbonised the power sector quite considerably, but we have a lot further to go. We have to think about the role of Government in making those choices easier for people.

There are fewer cars in parts of London. Why? Because people can get on a bus and rely on it, and it is affordable. Whenever I talk to young people outside of London, they are staggered at how little it costs in London, because it always costs £4 or more to get into a town centre outside of London, each way. If you are working in a minimum-wage job, that is at least most of your first hour gone, if not more, just getting to and from work, if the buses work for you. That is why it is so important for us to start thinking about public transport in a way that really connects people to opportunities, as well as decarbonising them at the same time.

If you do those things together, that is a levelling-up agenda. You will get much better levelling-up outcomes if you think about doing this in a decarbonised way. There are loads of really exciting things that we can do, but we will not be able to build up public consent and support for what is happening unless we make it a rational decision. Why get on the train when it costs twice as much as using your car? People make those rational decisions and we need to create a market where you make sure that they are able to do the right thing, rather than the thing that creates more pollution.

Q20 **Mary Robinson:** In all of this, is there a danger that it could be something that we do to people, rather than bringing them with us?

Rachel Blake: Building on Polly's theme about collective action, in 2019 the NHS spent £2.5 billion a year treating people with illnesses directly linked to living in cold, damp and dangerous conditions. There are intrinsic links between investment in good-quality homes and reducing costs to the NHS.

If we can have an open conversation about bringing people around to this kind of investment at this point, rather than telling those older people who Polly was talking about to turn their thermostat down; if we collectively make this investment in the homes that people need; and if we collectively agree that, if we walk and cycle for a few more small journeys in cities where it is possible, we can bring down air pollution, which reduces the overall public health costs of asthma and the reduced lung capacity of children in polluted areas that are often some of the most deprived, then we would really be having a joined-up conversation about why this investment matters. The benefits of investing in good-

quality homes and spaces that are not polluted are so significant to community health that they should not be overlooked any longer.

Q21 **Mary Robinson:** Polly Cook, do you feel we have the public's support?

Polly Cook: The benefit of working with local authorities is that we can do that groundwork to get the public ready for some of the changes. With things like clean-air zones, it is about making sure that national and local come together, with national messages being delivered in a local way. With some of the work that we are doing—for example, upgrading some of our leisure centres or schools—a key part of that is getting the messages out about what is being done in that building and what changes it will make. It is about normalising technologies and getting people used to things, so that, when people are asked to make changes, it is something they are familiar with.

At the moment, there is a bit of a gap, but one of the things that we have committed to this year is to do more hyperlocal communication. If I am having solar panels put on my house, we would communicate that in the local Facebook group, so that everybody in that neighbourhood knows and it starts to become more of a community conversation. That is where local authorities can really shine and support Government.

Chair: Thank you to our witnesses for some excellent and thought-provoking evidence that has kicked us off in just the right way for our new inquiry that we are beginning today. Thank you all very much for coming and giving evidence to the Committee.

Examination of Witnesses

Witnesses: Colm Britchfield, Philippa Borrowman and Andrew Forth.

Q22 **Chair:** We will move on to our second panel of witnesses. You are very welcome. Thank you for coming to the Committee today. I will begin by asking you to introduce yourselves and say a little about the organisations you are representing.

Andrew Forth: Good afternoon, everyone. I am Andrew Forth, the interim director of policy and public affairs at the Royal Institute of British Architects.

Colm Britchfield: I am a researcher at E3G. We are an independent climate change think tank. My focus, as part of our UK place-based transition programme, is on energy efficiency and heat decarbonisation. At E3G, our focus is on the politics and policies of the transition, and on the financial products and measures needed to support it. In that capacity, I also work with the Green Finance Institute's Coalition for the Energy Efficiency of Buildings and the Energy Efficiency Infrastructure Group.

Philippa Borrowman: Hi, everyone. I am Philippa Borrowman. I am a policy adviser at the think tank and charity Green Alliance. We focus on leadership for the environment, and my particular focus is on low-carbon policy. I look at transport, air quality, housing and local authorities; those are my main focuses. Thank you for having me.

Q23 **Chair:** Thank you all for coming this afternoon on this very important subject. Let us begin with the first question. The Government have set, with regards to building new homes, a target of 75% to 80% reductions in carbon emissions from housing by 2025. Is that target ambitious enough?

Andrew Forth: It is a lot better than a lot of people feared it would be. The Government's track record on this issue has not been great. Getting rid of zero-carbon homes during one of the previous Parliaments, for example, was a really retrograde step. In and of itself, reducing carbon emissions is probably not enough. There are some real gaps in the target, particularly around embodied carbon, so the carbon outputs of materials that are in there.

Focusing just on the carbon misses a trick. What happens when we have decarbonised the energy grid to a significant degree? Will we have a problem with homes that are still using a lot of energy? Even if it is relatively lower carbon than it is today, people could still find themselves with really significant requirements around heating and cooling their properties.

Philippa Borrowman: It is definitely a good start. The biggest concern for us is that, because it comes in in 2025, we are locking in a lot of houses that will not be net zero-ready, particularly as there is a big push to build more homes and more affordable housing. That is a lot of houses that might need retrofitting again in the future. In terms of the costs of that, when you look at retrofitting and putting in a heat pump in 2030, that could cost £25,000 or more for the homeowner, in comparison to building it now or in 2020, where it would cost only an additional £5,000. That is putting a huge burden on the homeowner in less than 10 years' time, and we know it is going to be really difficult to persuade people to do all of this. As the last panel were saying, it is going to be tough to put policies in place to get people to make those changes. We are locking in something that is going to be very difficult in a few years' time.

In addition to that, it is really important that we do this now. In terms of fuel poverty, we need to be building homes that are cheap to run, and they need to be in places that are easily accessible, not by car. We need to ensure that everything is part of an affordable lifestyle, not just an affordable housing roll-out.

Q24 **Chair:** Are you saying 2025 should be brought forward, because, if not, we will be building homes that need retrofitting very quickly? What date would you choose?

***Philippa Borrowman*:** We would probably say to bring that date forward to as early as possible, just to ensure that we are not locking in houses that need to be retrofitted again.

Q25 **Chair:** Colm, your organisation has argued that we should be bringing the date forward. Could you tell us why? Have you thought through the practicalities of that? For example, there are not the skilled people, are there, to do new forms of energy in homes that will be needed?

***Colm Britchfield*:** I agree with much of what Andrew and Philippa have said. We would have liked to have seen the future homes standard brought forward. That is something that 84% of respondents to the Government's initial consultation agreed on. It is worth emphasising that these standards are essentially nine years late. The 2016 scrapping of the zero-carbon homes standard did set things back.

That said, we are supportive in general. We think 75% to 80% emissions reductions would be significant if they are achieved. The Government have said that they have laid out their timetable, and it is within the letter, if not the spirit, of the CCC's recommendation that they legislate for the new standards well ahead of 2025. Perhaps more important than moving that date now would be the Government making provision and even incentivising and rewarding housebuilders who want to be proactive and go earlier. One of the ways we can develop the skills and fill those skill shortages is by bringing the consultations forward and giving a clearer sense to those proactive housebuilders of what is expected of them. That would be one way around this slightly disappointingly late date.

Q26 **Chair:** You want clarity as soon as possible about what it is going to mean. What incentives would you be thinking about?

***Colm Britchfield*:** We may come on to this later, but if you look at something like post-occupancy evaluation and real performance measurement, there are firms that would potentially be ready to start bringing that in. I probably do not have a full sense of what the incentives would be, but this is something that the Mineral Wool Insulation Manufacturers Association has called for, to allow its members to start producing this post-occupancy evaluation earlier than is currently envisaged, to help certify that emissions reductions are being met.

Chair: We can come on to that in more detail in due course. Thank you very much for that evidence. We will move on now to the issue of enforcement. Having standards is one thing, but getting them implemented is quite another.

Q27 **Ben Everitt:** My first question is to Andrew and is about enforcement and post-occupancy evaluations of new buildings. RIBA has been pushing this. I am interested in how it would work. Who would conduct these evaluations and who would pay for them? What would happen if a resident refused to have one take place?

***Andrew Forth*:** Those are all very good questions. One of the things we are clear about is that the long-term benefits of post-occupancy evaluation are such that the cost is much lower than the benefits. One of the things we have been pushing is that anything that gets public sector funding should have a post-occupancy evaluation as a requirement, so not just new housing but anything that receives funding through Homes England—housing, hospitals, schools, et cetera. That is part of the question. The taxpayer will end up funding some of it, because the taxpayer is a huge client of the construction sector.

In terms of who can do it, there is not a straightforward single answer to that, because it really relates to what sort of building we are talking about. At the moment, there is a huge issue with the quality of new housing. Anything that improves the product would be beneficial. Architects, clients and surveyors like doing post-occupancy evaluations. I am sure there is a huge range. It is not just numbers. The Department for Education is doing some really good work in terms of post-occupancy evaluation on new school buildings and how that impacts on learning or on the cost of running a school building. There are a whole range of professions that could help. We did some calculations, and we think it adds about 0.5% to the cost of the average public sector project; you are spending a tiny amount of money, hopefully to secure long-term gains.

The final point is that we have a huge gap between how we think buildings will perform and how they actually perform. Unless we can do something to increase the knowledge of everyone, we are not going to tackle that gap. It makes the Volkswagen emissions scandal look like an absolute drop in the ocean.

Q28 **Ben Everitt:** That is a very good point, which leads me to the follow-on question: are we measuring the right things in order to understand whether we are doing the right thing?

***Andrew Forth*:** In the future homes standard, the Government asked whether primary energy should be the principal metric for assessing energy performance, and only 16% of respondents said that. Whereas 76%, an overwhelming number, said that we need to look at other things. While we have said the standards are okay, they are not measuring the big elephant in the room. As I said, that includes embodied carbon, the total energy usage and a whole range of other things, which I am sure Colm and Philippa know more about than I do.

***Colm Britchfield*:** I certainly would not say that I am able to offer a huge amount more than Andrew has. I agree with much of what he has said. On operational performance, it is worth drawing attention to the fact that, in its 2019 report on housing, the CCC said it was in favour of, eventually, an overhaul of the compliance and enforcement framework so that it is outcome-based. The only way to make it outcome-based is to do real performance measurement.

The Government's EPC action plan acknowledges that this is the direction of travel. It is something that people broadly agree should happen. It is just when you are able to get it. If you look at the smart meter enabled thermal efficiency ratings—SMETER—innovation programme, the first phase is finished. There have been eight published projects that are successful. The signs are that, from a technical and engineering perspective, this is all possible.

It is worth pointing out as well, just on the finance side of things, these performance measurements are a significant tool for de-risking investment. Institutional investors will be much more easily able to assess climate risk in their portfolios. Real performance measurement could really help investment, including by developers themselves. There are significant benefits to be unlocked; it is just how you enable those innovative companies to scale up what they are doing quickly so that future iterations of building regulations can be outcomes-based.

Q29 **Ben Everitt:** Philippa, hopefully there is stuff left for you to say. Are we measuring the right things? If not, what should we be measuring? If we put those metrics in, will it trickle backwards through to the planning system, and ultimately through to the industry, to make sure we are building the right houses to the right environmental standards?

***Philippa Borrowman*:** I do not have too much to add to Andrew and Colm, to be honest. In general, the way we measure things at the moment is definitely outdated. We really need to move to a more digitalised system. When we are shifting to net zero, we need to shift to net zero while joining that up with smart technology, because if we are not measuring things properly, we do not know if we are getting there or not. For things like in-use energy performance, that is so vital for transparency and accountability, and it makes sure that people who are buying these properties know what they are buying.

More generally, EPCs are outdated and rely a lot on a tick-box exercise, which could potentially go wrong. When we are basing our entire housing stock on this one energy performance certificate, we need to revisit that a bit. Digital technology for that will also be really important.

Ben Everitt: I totally agree on transparency with the digital applications of the metrics and technology, and Andrew's point about the Volkswagen scandal will probably make it to whatever report we make. Thank you very much, all three of you, for your time.

Q30 **Ian Byrne:** Colm, what should be the balance between the roles of local government and national Government in the move to net zero?

***Colm Britchfield*:** It is a really important question. As we get into deeper decarbonisation and the sectors that are much closer to people's lives, such as heat, transport and food systems, there will need to be a much bigger role for local government in both planning and delivery. There are two lenses through which you can answer that question. The first is about what local authorities' role should be now; the second is looking ahead to

a redesigned UK infrastructure planning system and what local authorities' role should be there.

We are in need of a more coherent national policy framework, particularly on heat, for example. It is great that there are funds that local authorities can bid into. In the last evidence session, we heard that it can be hard to join those up in an area-based way. We do not have to look particularly far for a system that works a bit better. The Scottish Government have been doing things differently for about 20 years. They have an EPC C-rating target for all homes by 2040, and they have a national fuel poverty scheme, which is also married up to an area-based delivery mechanism that removes this false dichotomy between local and national delivery. That is a brief outline of the Scottish system; it is not perfect but is one that should be looked at by the English Government.

There is a nationally funded energy advice service, Home Energy Scotland, which delivers advice but also loans and schemes for self-funding households, for both retrofit and low-carbon heat. There is then the fuel poverty programme, which is nationally funded. It works in the private and social rented sectors, with referrals through that advice system. There is also ring-fenced funding for local authorities, which is allocated according to a formula that takes into account rates of fuel poverty and style of building stock, called the Home Energy Efficiency Programmes for Scotland. That can be blended with ECO funding and a few other sources. That, as I say, is ring-fenced and area-based, which is something that one of your previous witnesses was saying would be helpful.

There is a more coherent model out there. As part of a long-term plan, in this case for heat, the Government need to think about how the various pots of money that they are announcing fit together in a package that can be drawn on in a consistent way that delivers the most value for money, rather than having this stop-start system that is not particularly good for anyone.

***Andrew Forth*:** I was trying to think of whether there was a single answer to this one; you will be shocked to hear that I do not think there is, so it needs to vary a bit. There are some broad categories where we will not get to net zero without national leadership, particularly around things like new buildings and some of the lifestyle factors that we have talked about.

Where it comes down to local government is the scale of the challenge we have, particularly with existing buildings. There are about 19 million homes that need to be upgraded to reach the EPC C-rating target; that is an awful lot of money that is going to need to be spent. We are going to need to have a conversation, at some point soon, about how much more of this transition can be done without a significant increase in public spending, whether that is direct, in terms of grants, or indirect, through tax incentives, for those who are able to pay. At the moment, local

government does not have the ability to raise the money to pay for these things, and it is not getting the money from central Government. It is a bit of a question as to how you get there.

Q31 **Ian Byrne:** Where is it getting the money from, then?

***Andrew Forth*:** We published a report a while back that suggested we should be looking at how we are taxing housing in the current system, through stamp duty, inheritance tax, business rates, council tax and things like that, to encourage people to make decisions about how to improve the energy efficiency of their home at times when it is sensible to do so. Nobody wants to have six months of building work done when they are living in their house, but if you do it when you are buying the house from the existing owner, it may become a more palatable thing to do. That has to be one part.

We have some of the cheapest energy per unit in Europe but, equally, some of the most expensive domestic energy bills. Unless we are going to cut the price of fuel dramatically, we are going to have to do something to make people's heating bills better, unless we can make their homes more efficient.

***Philippa Borrowman*:** In terms of local versus national policy for net zero, we have done some really good top-down policies to date, such as in the power sector, which have been really effective, but when we are starting to move to sectors such as transport and housing, they are very personal issues; it will be hard to encourage people to make that shift. Local authorities have a much better position to be able to influence people, in a way that national Government may not be able to do.

In terms of their ambition, when we were doing research, we found they were really ambitious to do this; they just did not have the funding or the powers to be able to do it. There is a lot that national Government can utilise in this. We need to decarbonise transport and housing a lot to reach net zero, and local authorities have the ability to convene businesses in the area and to engage with the community. You cannot measure how important these things are; we cannot put stats on it. When it comes to it, they will be crucial in empowering local people to make these changes, particularly the behavioural changes, where it is going to be tough.

Q32 **Ian Byrne:** I wholeheartedly agree. Sometimes local government is missed by national Government, as we have seen in a few evidence sessions on planning.

Aaron Gould, head of local government for climate change at MHCLG, told the *Local Government Chronicle*'s climate change conference that there was no coherent strategy joining up the work of different Departments. Do you think the Government's approach is joined up? For instance, are the wider planning reforms and the proposed new design codes in line with the net zero objective?

***Philippa Borrowman*:** Currently, no. There is a lot more that needs to be done in the planning reforms and the upcoming Bill to make sure the environment is put at the heart of this. This is a turning point for planning, and we could make good use of this. We could make sure that every single house that is built does not need a car. We could make sure that every house is ready for net zero and does not need to be retrofitted in the future. The environment needs to be much more central.

At the moment, in terms of a lack of a coherent strategy, there are massive housebuilding targets. If we try to do all of this at once, we will not be able to build them to the highest energy efficiency standard. We have roadbuilding schemes coming out at the moment that completely contradict the air quality targets. There needs to be a lot more join-up.

For local authorities specifically, as was said in the last session, we also support the idea of a framework set at a national level, agreed on between local leaders and national Government, which gives clear targets and clear ways to get to net zero. That also needs to be fed into by all the Government Departments. At the moment, there is funding coming from all the different Departments, it is not joined up and it is really hard to navigate.

***Colm Britchfield*:** I agree with all of what Philippa has said. Clearly, it is not news that joined-up government can be difficult to get, but there is a real need for No. 10 and the Treasury to take an interest in this that is not just about announcements but is coherent. The spending review is a good opportunity to do that. As was mentioned in the last session, there are clear links between the Government's wider agenda, including on levelling up, and many of the opportunities that decarbonisation will bring. It is a natural marriage, but it requires that interdepartmental co-ordination, as well as co-ordination between national Government and local government.

***Andrew Forth*:** There are two points I would like to add. The design guidance that has been produced and the joined-up-ness of MHCLG's thinking on this are not great, to put it mildly. Just to give you one example, the design guidance seems very focused on the external appearance of buildings, but in terms of energy use, for example, a beautifully designed exterior of a building could lead to all sorts of mess if it is put in the wrong place on a building plot, if it is oriented the wrong way or if you put windows on it that are too large or too small. It does not factor in those big-picture things.

The planning reforms are important, but they do not really touch on one of the biggest challenges in the planning system, which is that there is a race to the bottom. If you are a housebuilder competing for land with another housebuilder, you know that, if they are willing to build something rubbish, which barely meets the minimum standard, they will be able to pay more for that piece of land. That is driving standards down, because no development is being refused because it looks rubbish

or because, when the Department and the planning inspectors look at the development, they go, "There is no way that is going to meet energy efficiency standards." The reality is that it costs a little more to do quality, and the system does not protect those who want to do it from those who do not care about it and just want to make a fast buck.

Ian Byrne: Those were all good answers.

Q33 **Bob Blackman:** Thank you very much to the witnesses for your answers thus far. As we are talking about domestic heating in particular, I wanted to concentrate on how we are going to get people away from their use of traditional gas boilers or other forms of heating. We have had different evidence about whether heat pumps or hydrogen heaters and boilers are the right way forward. Do our witnesses have a particular view on what we should be concentrating on, or should we just leave it to consumer choice?

***Colm Britchfield*:** We do not want to close off options unnecessarily. At the same time, we are in a decade that has been earmarked as a crucial one for delivery. The key thing is not to let any of the options be a blocker for that delivery. In terms of what we can deliver now, it is about heat pumps, electrification of heating and low-carbon district heating. Those are what we need to be scaling up in this decade. Combined research from UKERC, the CCC and many others has laid out that that is what needs to happen. There are a whole host of ways that you can get there, and not just through grants and subsidies, although that will be important, particularly early on.

Costs are going to fall. Heat pumps are a really good manufacturing opportunity. They are likely to be the best option, and not just for consumers. In the CCC's least-cost pathway, the bulk of heating comes from heat pumps, because they are the most cost-effective way, both at a system level and at a consumer level. That is not to say that hydrogen can never have a role; particularly around industrial clusters, there may be a case, where hydrogen is being used for other purposes, to use it also for heat.

The problem with hydrogen is not the cost of installation of kit, which is clearly cheaper than a heat pump at the moment, because that is essentially a simple switch of part of the boiler; it is about where you are getting the hydrogen from and how you are getting it to homes. At the moment, grey hydrogen is produced in a way that is not low-carbon. Blue hydrogen, which is the carbon capture and storage, has not been shown anywhere at scale yet; also there would not be complete carbon capture and there would be methane leakage, so it is not clear that that is a decarbonisation pathway.

Green hydrogen, produced with renewable electricity, is a potentially very useful resource, but is its best use domestic heating? We would suggest that its better uses are things that require very high heat, such as industrial processes like steel manufacture. For lower-heat things,

hydrogen is going to be costly to produce. It has something like three times lower energy density than natural gas, so it would be more expensive to pump into homes.

On a primary level, the switchover of the kit in your home is easier, but production and transmission are very difficult. If hydrogen is to be a scarce resource that we want to use effectively in the 2030s and 2040s, we should target it at those industrial uses that really need high heat, which cannot be done with electrification. That was a slightly long answer.

Q34 **Bob Blackman:** That is a perfectly reasonable answer. One of the objections to heat pumps appears to be that they will not get hot enough. They will not be able to heat domestic premises to the sort of temperatures that people have been used to previously. Do you agree with that? That is some of the evidence that we are receiving.

***Colm Britchfield*:** That is not the case to my knowledge, from lots of the research that is out there. It is true that a heat pump does not operate in exactly the same way as a gas boiler. People will need, on installation, to adapt their heating patterns slightly, but it can be much more comfortable, because you are able to have heating on more of the time; the heat transfer can be more efficient as well. There are lots of advantages to heat pumps, which would be suitable for all temperatures in the UK.

At this point, when very few people have a heat pump, that lack of understanding is totally understandable. As they become more commonplace—the future homes standard will have a big part to play in that—they will be more widely known about and the consumer transition will be easier.

***Philippa Borrowman*:** I agree with most of what Colm just said. The only thing to add is that heat pumps have to be done alongside improved fabric efficiency. You cannot just put them in our homes currently. That is the issue at the moment, but we have to do that anyway, so they have to go hand in hand, together.

I agree with Colm on saving hydrogen for industrial purposes. We now have the heat pump technology and it is the cleanest option. We should be getting on with it, because we have a lot to do.

Q35 **Bob Blackman:** What about the huge number of houses where you cannot do anything about the fabric?

***Philippa Borrowman*:** I do not have an answer to that. It is definitely an issue.

***Andrew Forth*:** The last point you made is one of the crucial ones here. There are a lot of homes for which there are no straightforward ways to make really significant improvements to energy efficiency. If you live in a 16th-century farmhouse in the middle of Dorset, your options are limited.

Equally, some of them are informed by a lack of awareness in the public, and within the construction and architecture sectors, to a degree, around what can be done and how you can improve energy efficiency in an effective way.

We do not have a view either way on hydrogen or heat pumps. The main thing we would say is that there is a lot that can be done, through how you design new buildings, to minimise the amount of energy that is used. To touch on a point that Mary Robinson raised earlier about whether we are taking people with us or whether we are pushing them to change their behaviour in a way that they may not want, there is a lot to teach people about how to use their houses in a more energy-efficient and environmentally sustainable way. There are some good examples of new Passivhaus schemes, where they have had to spend quite a lot of time working with residents, to say, "This is how the system works best. This is how you can keep the temperature hot or cold." Those are not necessarily the most expensive or significant interventions to make, but it can make a huge difference.

Q36 **Bob Blackman:** There is the issue of local impact, where a local campaign can make all the difference. Should local authorities be saying, "We recommend you do this," maybe even making it a condition of planning permission that new properties are built with a particular type, either heat pumps or hydrogen—whatever it may be, but new technology—and doing that now, rather than waiting for gas boilers to be effectively outlawed?

***Andrew Forth*:** That would definitely be an interesting one. I imagine the Planning Inspectorate would have some views on whether that would be doable. The more that can be done to encourage it now, the better. Hopefully that would not be the only thing in their local plan that is talking about environmental sustainability. The new local plans are a big opportunity to embed sustainability in the planning system, whether it is heat pumps, hydrogen, transport or biodiversity. It is important that local authorities can be encouraged to think about the broadest range of things. It makes it slightly worrying that the Government are so keen on local plans being adopted very quickly, because we may not have time to do all these things.

***Philippa Borrowman*:** They are definitely well placed to do that, particularly because they know the housing stock in their area and the level of fuel poverty, so they will know what is best for the local circumstance. In their current capacity, they need a lot more support on knowledge and understanding of these technologies, particularly the less-resourced, smaller local authorities, which might not have that expertise to understand issues around heating. That is definitely a big barrier for a lot of things on net zero for local authorities. There is just that very technical expertise that a lot of them will not have at the moment.

***Colm Britchfield*:** Certainly, local authority leadership is valuable. BEIS is consulting on heat network zoning planning. Zoning can be a useful

way for local authorities to get on the front foot and aggregate demand for these new technologies.

Looking more broadly, there have been calls for local government to have statutory responsibilities for drawing up local energy transition plans as energy becomes more decentralised and local energy markets emerge. It is valuable for those local plans to move away from one-off projects and towards a joined-up approach and a pipeline of infrastructure projects, but there needs to be more of a role than national Government have yet articulated to support the delivery of those plans. If we are asking local areas to plan their own energy systems, first, they will need technical assistance doing that; secondly, there needs to be a common assumption about what the future broadly looks like, because it is no good if two neighbouring regions have very different assumptions about what the grid looks like in 2040. As national Government ask more of local authorities, they also need to be there to provide that delivery support.

Q37 **Chair:** On the issue of looking ahead and trying to get an idea of what the future holds, previous witnesses have raised concerns about the issue of funding. What are your views about the current funding arrangements? The criticism has been that there are so many different funding systems available, often they have not been available for very long and local authorities are responding to the funding bids that become available rather than looking at a longer-term plan. Is that a fair criticism?

***Philippa Borrowman*:** Yes, I would completely agree with that. One of the biggest issues at the moment is the fact that a lot of the decarbonisation policies are coming in the form of funding bids. They have very short timelines on them; there are often only a few months to turn them around. Also, the fact it is a bid means that not everyone will win. Some are wasting a lot of time applying for this funding and not necessarily getting the money at the end. It cuts out a lot of local authorities that just do not have the capacity to do it anyway, and it means that some waste a lot of money on it. I have heard that some of the larger bids can cost up to £100,000, depending on staff capacity. It is a huge waste of resources.

In terms of planning for net zero and being able to join up all of the different polices, having a longer-term funding stream will make sure that local authorities have time to plan it properly to be able to target support where it is most needed, being able to join up different issues, such as air quality, and targeting it at the right roads. It takes a long time to plan these things properly. Having to rush them through could just lead to them collapsing. In general, they need longer-term support. At the moment, with the short turnaround times, it is just unsustainable.

Q38 **Chair:** It needs to be longer term, but what sort of funding streams would you like to see? What principles would you like to apply to the longer-term funding you are looking for?

***Philippa Borrowman*:** It ties into the framework recommendation as well. They just need a lot more support on delivering for decarbonisation. About three quarters of them have declared climate emergencies, and they need that support to be able to deliver on it. They have that connection with local people and businesses that the central Government just do not have. With energy efficiency, for example, if they had funding to be able to support people in fuel poverty significantly more, that would be a good place to start. In general, every area of net zero needs a lot more funding if we are going to get there.

Q39 **Chair:** Should this be local authorities simply being given a block of money and some general principles about how they should go about delivering schemes in their area?

***Philippa Borrowman*:** I would have to think about the question, because I am not sure. Let me have a think. I will get back to you.

Q40 **Chair:** Colm, I saw you nodding at the first point, about the short-term nature of many of the funding streams; obviously you agree with what Philippa said there. What sort of principles and schemes should be put in place to make it work better?

***Colm Britchfield*:** First, in the immediate term, the spending review is an important opportunity to put some of the schemes that we have seen be successful, like the local authority delivery scheme element of the green homes grant, on a longer-term footing. At the Energy Efficiency Infrastructure Group, we have estimated that there is a gap of about £6.9 billion, in this Parliament, in terms of grant funding for energy-efficiency retrofits. Some £3.5 billion of that is met by existing commitments in the Conservative manifesto. If that is laid out at the spending review, that would be really positive, and then there is a gap of about £3.4 billion more to reach.

More generally, there will be a big role for the UK Infrastructure Bank. They have an explicit mandate, both to lend to local authorities but also to support local authorities in producing investable pipelines and crowding in private investment. Private investment is going to be really important in delivering energy-efficiency retrofits and low-carbon heat, not just for homeowners but also for local authorities. The UKIB could play a big role in that.

As an example, the German national infrastructure bank, KfW, has shown that, basically, for every euro it invests in retrofit financing, it mobilises €6 more of private finance. To take one practical example, you could have a system whereby standard lenders, banks and building societies, lend for retrofits, but the UK Infrastructure Bank underwrites the interest rate and makes it 0%. Per loan, it is a relatively small fraction of the overall cost, but it does a lot to make them attractive to consumers. There are a lot of other green financial innovations that will be coming on-stream. Part of the benefit of the Government setting out this long-term funding is not just the funding that they confirm, but also the

direction of travel that they send to financial institutions and mortgage lenders.

Q41 **Chair:** Let us play devil's advocate. You have someone in their own home, who is probably quite interested in being part of the general agenda of tacking climate change. You say to them, "You can have a new hydrogen-powered boiler or heat pump, and you can do your bit to save the planet. Here is the bill, but we have given you a lower interest rate to pay for it." They are going to say, "Thank you very much, but we will carry on with our existing boiler," are they not?

***Colm Britchfield*:** It depends on the surrounding policy framework. For example, if that loan were attached to a stamp duty rebate, which is something that the UK Green Building Council has suggested, it can be part of the overall mortgage process, and you might be paying it back. There are also lower energy bills to take into account. As these technologies and products spread, there are advantages beyond just climate change, which obviously is what we are all interested in, in having more efficient and electrically heated homes.

At the trigger point at which people are already potentially borrowing, such as on a mortgage or for more renovation work, it is not such a leap to say, "Here is an additional bit of finance, and here is what you will get for it."

Q42 **Chair:** A hydrogen boiler is not going to be cheaper to run, necessarily. Is it? I do not know. Maybe it is going to be cheaper to run than an existing gas boiler. A heat pump is only going to be cheaper to run if you put lots of energy-efficiency measures in. Are the householders going to pay for those as well?

***Colm Britchfield*:** On current predictions, hydrogen boilers would be quite a lot more expensive to run. It is true that energy efficiency is a big part of making heat pumps cheaper to run, but there is also demand-side flexibility. As we have a smarter energy system, flexible tariffs make a big difference. If you are on a flexible tariff, that can reduce costs by 50% already.

The other thing to bear in mind is that we clearly need grant funding at this point in the able-to-pay sector for heat pumps, because they can be prohibitively expensive for what they are. A lot of manufacturers and suppliers say that, as the market grows and as there are natural efficiencies and innovation, the costs are going to come down quite a lot. We have certain companies in the market saying it could be £5,500 in some homes within 18 months. At that point, you are getting closer to the cost of replacing a boiler today.

We also need to bear in mind that when we are talking about 2030 and 600,000 heat pump installations a year, they are not going to cost what they cost today.

Q43 **Chair:** Andrew, you heard the conversation we have been having about

how we get the funding right to make sure we get these programmes delivered. What are your views on the subject?

***Andrew Forth*:** The reality is that, whatever happens, it is going to require public money to be spent to address a significant chunk of this. At the moment, we have two options. We get a significant amount of money from the tax system from property. We get about £9 billion or £10 billion a year, in a normal year, from stamp duty. At the moment, that just goes into the general pot. Is there a way we could repurpose that?

There is a question around whether we should just give money to local authorities. In some areas it is going to be very different. If you are a council that has kept its social housing stock, that is quite different from areas that may not have large-scale social housing, so rural councils, for example, or places that have transferred their stock to a housing association.

It is not going to be easy to get people to do it. My heating bill is about £200 a year. I live in a not particularly energy-efficient terraced house. If money is my incentive at the moment, I am not going to spend that money to put a heat pump or a hydrogen boiler in my house. I am going to keep doing what I am doing, because it is not financially sensible for me to do.

We need to look at how we can get people to value this. If we can get them to value it, in and of its own right, that is great, but can we encourage them through the tax system? We encourage all sorts of things through the tax system. We tell you to drink more, smoke less or whatever you want to do. We encouraged you to move house recently. We said, "Here is a stamp duty holiday." Why should we not be looking at how we can use the tax system to encourage you to make your home greener and make it a better and more affordable place for you to live? Who knows? You might even be able to encourage private landlords to improve the quality of their housing.

Q44 **Chair:** You just anticipated my final question. What can we do, because the private rented sector often lags behind in these matters? Some landlords are very good at it, but a lot of them are not. How are we going to encourage the private landlords to retrofit their properties and get them up to a reasonable standard? Is it the tax system again?

***Andrew Forth*:** There is already quite an extensive set of tax breaks available for private landlords in terms of works on your house, and there are already quite a lot of VAT reductions available for energy efficiency-related work on a house. There are some things that could be done around looking at the tax reliefs. The element of compulsion is going to be important in some of this, making it harder for people to rent out really inefficient homes in areas where they can be made more efficient. Hopefully, we can encourage an alternative to crap private rented homes.

The impact that some of the purpose-built, institutional investment private rental accommodation built in recent years has had on local housing markets is noticeable. Landlords have realised they cannot get away with renting out really shoddy housing because there is no market for it anymore, because you can have something better at a more reasonable price.

Chair: Philippa, you were nodding in agreement with some of that. Do you want to comment a bit further?

***Philippa Borrowman*:** In general, I agree with everything that has been said. The only thing I would add is that we also need to make sure we monitor them. At the moment, there is no central database for landlords. If they make these improvements, we need to make sure we know that they are actually happening, and that they are being properly regulated. I agree with everything that Andrew said. I have nothing else to add.

Chair: Colm, do you have anything to add to those comments about the private rented sector?

***Colm Britchfield*:** I agree with both. Enforcement is very hard but important.

Q45 **Mary Robinson:** On the wider issues for local government in achieving net zero, we know that many councils have now adopted climate change action plans. In your view, are these action plans ambitious enough? We have spoken about housing a lot, but besides decarbonising housing, what more should local government be doing to reduce the UK's carbon emissions?

***Colm Britchfield*:** The plans are ambitious, and they go with the declarations. They are useful motivating and enabling tools for authorities to have, but I would refer to my previous answer: central Government need to provide more delivery support functions if these local plans are going to be deliverable at scale and coherent. I am happy to provide more evidence to the Committee on that in written form. As my main expertise is heating, I will pass on to the other witnesses to speak about that.

***Philippa Borrowman*:** They are critical for so many sectors. Transport, waste, economic regeneration, planning and energy efficiency are all huge areas that they can influence. Their climate change actions plans are ambitious enough, but they are completely unachievable with the current funding they have, unfortunately. We interviewed about 15 local authorities in our research, and all of them found that they just would not be able to achieve it. Although they have these plans in place, and they do want to do it, they just cannot in the current context, unfortunately.

The fact that they are at that local level means they can join up so many different sectors, and they have a powerful way of doing it, connecting housing, transport and waste, making sure they all tie in properly together. A national policy may not be able to have that impact.

Q46 **Mary Robinson:** Do you think they are doing enough in terms of those things that are within their control, such as waste, recycling and air quality? These are things that are also going to play their part, and they sit quite firmly with local government. Are they doing enough?

***Philippa Borrowman*:** It varies completely, depending on the council. Another issue is that there is such a big disparity between some local authorities and others; we need to level up the local authorities among themselves to make sure they can all deliver on these issues. Some are really ambitious. For air quality, for example, Birmingham has pushed forward on its clean air zone plan and has been pivotal in that; for others, they will not have the capacity and knowledge to do it, and they will still just be doing their basic functions without taking that next step forward. They all need the support to be able to deliver on all of these issues.

Q47 **Mary Robinson:** Transport is an obvious area where local government can help in this. Should this be about decarbonising public transport or reshaping communities to reduce the need to travel in the first place?

***Philippa Borrowman*:** It is both. Their role in ensuring there are not car-dependent households is important. If we are going to reach net zero, we have to cut down on the number of car miles. There is no other way we are going to get there. We have a big focus on electric vehicles at the moment, which is obviously important, but we need to start rolling out a lot more public transport that is affordable, digital and modern, and that properly functions for the local community.

Things like 15-minute neighbourhoods are going to be important, building new homes where you can just walk to the local shop. That is a key part of reaching net zero, but it is also a nice way to live. We also want to build beautiful places. Building beautiful is a central part of the planning reform. That completely ties into being green, living locally, having green access and all those things. It is about having public transport, but we also want to create nice communities that are good to live in.

Q48 **Mary Robinson:** Andrew, is it about design and shaping communities, more than decarbonising the actual transport that we use?

***Andrew Forth*:** There is a very large role for design, which we have not fully explored yet, but to enable that we need to look at how local authorities can influence the factors in a more general way. The metro Mayors offer an exciting opportunity, because they have that ability to combine health, planning, transport and all of the factors that go into making a sustainable community. At the same time, lots of places do not have those powers and probably never will. I grew up in a farming community. It is unlikely that is ever going to be part of a broader metro mayoralty that has lots of power.

To return to your previous question, there are a lot of things they could be doing that they still are not. Procurement in local government is a constant source of frustration to our members. We hear about the race to the bottom in terms of cutting costs and getting the cheapest thing we

can now, with no mind to what is good value in the long term, let alone what is sustainable in the long term. There are lots of little things that local government can and must do now, but, ultimately, the action probably needs to be on a bigger level, whether that is regional, national or both.

***Colm Britchfield*:** I would echo everything the other witnesses have said.

Q49 **Mary Robinson:** Finally, are we going to be able to take the public with us on this? Do you think there is enough public support for the lifestyle changes that are needed to do what you think will be required to meet the target?

***Colm Britchfield*:** The answer you received from Polly Billington on your previous panel was really important. It cannot be about telling people how they have to change their lives and make them worse. A lot of what Philippa was just saying, about making communities nicer places to live, has to be part of it. You have to build in and make the zero-carbon transition something people actively want to do.

There is a good level of support at the moment, but there is clearly a job for all actors in this space, including local government, to continue that education, engagement and accountability task. Another advantage of local government action is that people are able to access local government far more easily than they are BEIS. The more that can be devolved there, the better.

Finally, it is also important to build in this idea of a fair transition on jobs. In so far as local authorities can help local small businesses through procurement, like Andrew says, as part of their decarbonisation efforts, that will be another good way of securing public support.

***Philippa Borrowman*:** I agree with everything Colm just said. The only other thing I wanted to add is around uptake of jobs. Obviously, we need to shift to green jobs. We have to shift to a green economy and green jobs, but at the moment there is not the awareness of what that means. The large majority of people still just want a job that pays them well and puts food on the table. Most people are not passionate about it; that is fine, but we have to raise awareness about what these jobs actually mean. For things like energy efficiency, we need to give that sector the confidence that making the switch and investing a lot in those skills is worth it for the long term.

Some of our research on jobs in nature, which still applies, showed that people are worried that environmental issues are just this Parliament, and the next election will come along and they will lose those jobs. We need to make sure people know that this is a long-term, sustainable thing that we are doing. I do not think that awareness is there at the moment, unfortunately.

Q50 **Mary Robinson:** Do you see any points of friction on the horizon, where, in terms of public support, people may start to find that this is too difficult for them?

***Philippa Borrowman*:** Yes, it is obviously a concern. With things like transport, it is already becoming a bit of an issue locally; it is cycle lanes versus cars, and there is that conflict. We need to have a just transition. We need to make sure everybody is benefitting. If we do not do that, that is where you start to see the conflict. You need to make sure every community sees the benefits. If we start doing stuff that benefits some people and not others, they will not understand why we are investing in it. Every single person has to benefit from the longer-term investment.

***Andrew Forth*:** I do not want to end on a pessimistic note, but this issue really worries me, because at the moment there is an unwillingness to debate whether some of the things that we need to be doing are going to be more painful than we think they are going to be. I am sure a number of the Committee will have had low-traffic neighbourhoods put in their constituencies. Even the former Green party councillor who lives opposite me is very against low traffic neighbourhoods. You have someone whose policy positions are in other ways so green, but they have not thought about it. At the moment, it is all presented as either there are these mythical green jobs that we will create, which people do not necessarily believe in, or it is all going to be awful and the end of the world.

Our politicians need to help us have a more sophisticated debate about it. I know sophisticated debate and politics do not always go together, but there are going to be changes that we need to make to our lives if we want to have a zero-carbon lifestyle, and some of them may be difficult. It is pretty hard to get people to focus on anything other than tomorrow at the moment. Life is pretty hard for a lot of people, and telling them they also have to worry about this thing, or this other thing, is going to be a real challenge. Hopefully, getting more people, whether it is local government or Members of Parliament, to speak about this, encourage and say what they can do can help, but it is as big a challenge as the money.

Mary Robinson: Thank you to all of you for taking part in what I hope is the start of a sophisticated debate.

Q51 **Chair:** I want to follow up on what Andrew just said. You can see the concern, that some people who are on very low incomes or are struggling to pay their rent and food bills are suddenly being told, "Sorry, the only car you can afford is now going to be scrapped, and please find lots of money to put in your new heating system." Is that where public money has to come in, as you were talking about before, to help the process through, because otherwise some people will feel this whole process is against them?

***Andrew Forth*:** Yes, absolutely.

Chair: Thank you very much indeed. That has been a really helpful

contribution to us today on a wide range of issues. The Committee really appreciated it. Thank you all for coming and giving evidence to us.