

Housing, Communities and Local Government Committee

Oral evidence: Local government and the path to net zero, HC 45

Monday 20 September 2021

Ordered by the House of Commons to be published on 20 September 2021.

[Watch the meeting](#)

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

Questions 194 - 262

Witnesses

I: Eddie Hughes MP, Parliamentary Under Secretary of State (Minister for Rough Sleeping & Housing), Ministry of Housing, Communities and Local Government (MHCLG); Lord Callanan, Parliamentary Under-Secretary of State (Minister for Business, Energy and Corporate Responsibility), Department for Business, Energy and Industrial Strategy (BEIS); Emma Fraser, Director, Housing Markets & Strategy, MHCLG; Siobhan Jones, Director, Local Government & Communities, MHCLG; and Ffiona Hesketh, Deputy Director for Home Decarbonisation Policy and Strategy, BEIS.

Examination of witnesses

Witnesses: Eddie Hughes MP, Lord Callanan, Emma Fraser, Siobhan Jones and Ffiona Hesketh.

Q194 **Chair:** Welcome, everyone, to this last session of our inquiry into local government and the path to net zero. As is always the case, our inquiries finish with a session with the relevant Ministers, so Eddie Hughes and Lord Callanan, welcome to the Committee.

I am just going to ask Members to put on record any interests they may have that are relevant to this inquiry. Then I will come over and ask you to introduce yourselves and your officials who are with you today.

I am the Vice-President of a Local Government Association. I will just go around the table.

Ian Byrne: I am still a city councillor in Liverpool, Chair.

Rachel Hopkins: I am a Vice-President of the LGA and I employ a councillor, Chair.



HOUSE OF COMMONS

Ben Everitt: Nothing for me.

Brendan Clarke-Smith: I employ councillors in my office, Chair.

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

Andrew Lewer: In addition to my entry in the register of interests, I am a Vice-President of the LGA as well.

Chair: That is on the record. Now over to the important people, our witnesses today. Minister Eddie Hughes, could you introduce yourself?

Eddie Hughes: I am Eddie Hughes, the Minister for Rough Sleeping & Housing. Emma and Siobhan will introduce themselves.

Emma Fraser: Emma Fraser, Director for Housing, Markets & Strategy.

Siobhan Jones: Siobhan Jones, Director for Local Government & Communities.

Lord Callanan: I am Martin Callanan, Minister for Business, Energy and Corporate Responsibility.

Ffiona Hesketh: Ffiona Hesketh, Deputy Director, Home Decarbonisation Policy and Strategy.

Chair: Thank you very much. Generally speaking, we would expect Ministers to answer questions but obviously you have officials here if you have particular technical issues that you need to call on them for. We appreciate there are some quite complicated technical issues in this that we need to get right.

Could I begin by looking at the role that MHCLG plays in terms of relationships with local councils? All the evidence we have heard so far is that local government will play a very important role in moving us towards net zero. If we are going to achieve it, we will achieve it with a lot of work and support from local councils.

Aaron Gould, the head of Local Government for Climate Change at MHCLG, told the *Local Government Chronicle's* climate change conference there was "no coherent strategy" joining up the work of different Departments. We have two different Departments here but, as an official in MHCLG, his view was that what was going on in government was a bit disparate and scattered. Do you recognise that—Minister Hughes first?

Eddie Hughes: I guess we are all entitled to our views. No, I would say it certainly feels to us departmentally that we are clear with regard to the delineation of responsibility. I guess part of our role as Government is, if anybody feels that things aren't clear with regard to Government strategy, we should be working to bring clarity. One of the great things about the position that we are in with regard to COP is that it is focusing minds and plans are being drawn up and finalised, no doubt as we speak.



If anybody felt that there was a lack of coherence previously, first of all, perhaps we need to communicate better because it feels like we do have coherence; but secondly, any final details are going to be brought as new strategies are produced. The net zero strategy, which will be produced before COP, I think will bring the final clarity that anybody else will be looking for.

Q195 **Chair:** Perhaps Lord Callanan could indicate the extent to which BEIS liaises with MHCLG. How is the liaison and the co-ordination done in practice?

Lord Callanan: Sure; I am happy to do that. First of all, it works at a ministerial level. Eddie and I know each other well. Despite him being a commoner, I definitely consider him a friend. We worked together in DExEU, so certainly at a ministerial level we liaise closely. In fact, we are doing a couple of visits together, I think, to visit some of the projects in London.

At official level, there is widespread contact between officials at different levels. Obviously MHCLG has the responsibility for direct funding and monitoring of local authorities. We have responsibility for helping it to do that. We have responsibility overall for net zero and for the work that we do. For instance, minimum energy efficiency standards is a BEIS responsibility, but of course, as key interlocutors with local authorities, we are working closely with local authorities to attempt to deliver that.

Q196 **Chair:** Last week Lord Deben, the Chair of the Climate Change Committee, came to us and was fairly forthright in his views. I think he was a bit sceptical that MHCLG recognises the important role that that Department has to play in delivering net zero. If you go and ask the public what goes on with net zero in government, they might mention BEIS, DEFRA and the environment or transport. Very few would mention MHCLG as having any real role but it might be key, might it not?

Eddie Hughes: It would be key, but there might be a very good reason they may not necessarily mention us. That is because of one of the delineations, which is that we are responsible for new build, whereas BEIS is responsible for existing housing stock with energy efficiency, for example. Let's say for the sake of argument, if you have a well-informed buyer who is environmentally aware and environmentally concerned, they might be interested in what the Department is doing with regard to making sure that new homes are environmentally efficient and low-carbon.

I would say this, wouldn't I, Chair? I started life as a civil engineer and I spent a good part of my life building new houses, so I am excited about the role that MHCLG has with regard to things like the Future Homes Standard and the Future Buildings Standard, and even for people like me the technicality of the part L uplift in the building regs that is going to come in as an interim measure. So I think as a Department, and for me



HOUSE OF COMMONS

personally as a Minister, we are kind of excited about the role that we are going to be playing and I think we know what that role is.

Q197 **Chair:** We can come on in due course to the different aspects of different tenure in housing and who does what, but maybe you have hit the nail on the head. There is some confusion, isn't there? People would think, "Housing, that is the Ministry for Housing" but then actually most of the money that will be spent on zero carbon is spent on existing homes and it isn't you. Isn't there an element of confusion, even I think among the general public, who would not be clear who does what? We will come on to look at particular aspects of tenanted and owner-occupied housing in due course, but it does not add to clarity, does it?

Eddie Hughes: There is a part of me, Chair, which feels that to a degree perhaps the general public doesn't need to know too much about what goes on underneath the bonnet. They need to know that the Government are dealing with lots of these elements. I would imagine lots of members of the public don't even know what the initials BEIS stand for, because actually they don't need to know; they just need to know that stuff is being done by the Government. But the technical people who do need to know—such as local authorities—would understand the delineation.

Lord Callanan: That is quite a fair point. If you are living in a house in Sheffield and are receiving funding via one of the various schemes, whether it be ECO, local authority delivery, SHDF, etc., you probably would not know which bit of Government it comes from. You probably would not even care as long as somebody was delivering it to the appropriate standard and to the appropriate quality.

Q198 **Chair:** We might come on in a minute to whether people are delivering it, which will be another interesting question. It is interesting: they might not know BEIS's Minister, but would they know what LupHC is, or whatever it is now called?

Eddie Hughes: They will, once we have settled on our strong branding strategy, which will no doubt come under the strong leadership of our new Secretary of State. I hope he is watching and heard me say that.

Chair: No, it is all right. The reshuffle was last week.

Eddie Hughes: It is a good point, Chair. My position is safe for now.

Chair: Let's move on and look at the national framework for net zero, which is something else that was raised with us by Lord Deben last week.

Q199 **Andrew Lewer:** The recent report by the Climate Change Committee, which was called "Local Authorities and the Sixth Carbon Budget", recommended that the national net zero framework, incorporating both local and national action, be included in the net zero strategy—the strategy that the Government have promised to publish before COP26. Is MHCLG drawing up that framework to clarify the role of local authorities?



HOUSE OF COMMONS

Eddie Hughes: I think the best thing to say would be that MHCLG—or whatever we are called now—is contributing towards the net zero strategy as all Government Departments will have done, so a kind of constituent element of that isn't important. What is important is that the Government have come to us and asked us for our thoughts and our contribution to it.

Lord Callanan: If I may add to that, it is very clear that local authorities do have a considerable role to play, whether it be in planning framework, whether it be in helping to deliver various schemes that my Department is running. We will certainly be having some more to say on their exact role in the net zero strategy, which will be published before COP.

Q200 **Andrew Lewer:** So far there hasn't been any direct or official engagement with local government about their role within the net zero framework; that is still an aspiration?

Lord Callanan: We have loads of engagement with local government in terms of helping to draw up their possible engagement, but certainly the detailed design and delivery of the various schemes. I have sat in a number of seminars myself consulting with local authorities, getting their feedback on the various schemes and encouraging them to bid for the various pots of money.

Q201 **Andrew Lewer:** How much would both of you say that that is a two-way process in creating a coherent framework between ensuring that the views and concerns of local government are incorporated in what is going on, or is it really just more a case of Departments telling local government what they expect them to do?

Eddie Hughes: I would say the Department in no way tells them what to do. That is the beauty, I think, of local government—that they are best placed to understand their local area and the challenges they face and therefore come up with plans to help. Some authorities we know have really embraced this, others perhaps slightly less so. We know there are great organisations, like the UK100. I know that because I spoke at one of their events during the summer. For example, Andy Street, as Mayor of the combined authority in the West Midlands, strongly engaged in that.

We have seen some great activities from local authorities and from mayors in terms of what their expectations are locally. I think they look at us perhaps sometimes as a kind of conduit where information flows between us and BEIS or other Government Departments, to act as, yes, the conduit between us and the Department for Transport and so on. This is partly, not our problem, but just the reality: our Department is not responsible for lots of these things but it is our job to liaise between local authorities and mayors and those other Departments to help ensure that information flows smoothly in both directions.

Lord Callanan: I don't think I have a lot to add to that. I think Eddie is absolutely right in terms of the key role of local authorities. There is



HOUSE OF COMMONS

extensive engagement that goes on, in my case, at ministerial level. I certainly know that officials speak regularly to local authorities. We do try to adjust the various programmes based on some of their feedback.

I can give you an example. When we did the first phase of the local authority delivery schemes, a lot of the local authorities came to us and said there were problems—that it was too tight a programme in terms of delivery. For the next phase we tried to allow a slightly longer programme for the bidding phase and we tried to work with them to streamline some of the schemes.

Q202 Andrew Lewer: Do both Departments have specific teams that provide that specialist and technical support to local authorities, or is that expertise more diffused across the Department staff?

Lord Callanan: Obviously officials will provide policy support to local authorities. We have set up a technical assistance facility—which is currently run by the Greater London Authority—to help with local authority bids for the work that they need to do under the Social Housing Decarbonisation Fund. BEIS funds a series of regional energy hubs in all of the different regions to help local authorities to work out what their stock is and what work is needed and to put together the technical specifications for their various bids.

Q203 Andrew Lewer: Does MHCLG have that specific team for net zero or carbon advice or is that more generally spread through the Department? It may be one for your team to answer.

Eddie Hughes: Yes. I think that specialism comes from other Departments, as I said, given the fact that they have responsibility for these things. For example, one of the things that we have done on the GOV.UK website is provide a landing page that draws together all of the relevant information and that helps local authorities to be able to navigate the information that is available from Government.

Q204 Andrew Lewer: Just finally for now, before you joined us today, we have heard some evidence that some councils are not working together successfully in tackling climate change. The Royal Town Planning Institute has called for there to be Green Growth Boards to co-ordinate local action by local authorities and the other partners like mayors and so on. Is that an idea you are looking at, or are you concerned that that should be the main job of growth boards rather than it being separate or yet another structure?

Eddie Hughes: I hope you will forgive me if I don't quite accept the premise of the question, only given the fact that, as I said, I spoke at the UK100 event. I got a lot of enthusiasm from those people. I am not familiar with their full membership but, as I said, it definitely includes the Mayor of the combined authority, Birmingham Council and Liverpool Council. So it covers a significant chunk of the whole of the country. I appreciate that is not everybody but that shows a strong level of engagement from those local authorities. I appreciate that does not cover



HOUSE OF COMMONS

everybody, which is where I guess our job is to get other authorities drawn into that kind of enthusiasm that exists elsewhere in the country.

Q205 **Andrew Lewer:** Yes, it is always the ones you don't hear from, isn't it, in a sense?

Eddie Hughes: That we need to be most concerned about perhaps.

Q206 **Andrew Lewer:** Yes. How about Green Growth Boards, though, or do you think that it should just be the job of growth boards, rather than being yet another body?

Eddie Hughes: I don't think we need another bolt-on bit. Rather than anybody being prescriptive about what is being required, it feels to me that, broadly, local authorities have been agile and inventive enough to create their own direction and momentum.

Chair: Ian Byrne has a follow-up question on this issue.

Q207 **Ian Byrne:** Some of the evidence that we have received is basically saying that, without local authorities' input, net zero will be impossible to achieve. In light of your answer, Eddie, about framework, without a framework how are we going to make sure that local authorities work together with the Government to achieve where we need to be going? Listening to your answer, it is a real worry that we don't have that infrastructure framework in place so local authorities can now start putting plans in place. It does make me think it was a deliberate act to remove local government from your new moniker because you just sought to put responsibility on to other Departments. An answer, please, on the framework.

Eddie Hughes: I would say two things. First of all, I will refer back to the point that lots of the responsibility for these things does not necessarily sit with our Department. By "framework", I presume you mean overall strategy, and the Government have committed to providing that net zero strategy pre-COP. I completely understand impatience with regard to getting these things done, but it is a significant piece of work that requires input from lots of different Departments and stakeholders, so these things are complex. That strategy that you are talking about will come in terms of overarching.

The other thing I would say is, the transport decarbonisation plan from the Department for Transport already exists and local authorities will be working with that already. That does not need our Department to help them. They have got that strategy from the Department for Transport and will be working to it; it needs limited or no involvement from us to do that. But I completely accept your point. I understand you are keen to see the Government progress these things and that strategy will be available very soon.

Q208 **Chair:** Perhaps I might follow up a little bit further on this. Agreeing that local councils are going to play a really key role in delivering the overall



strategy and the overall framework for the net zero strategy—we have established that—clearly they are going to be referred to, I hope, in the framework, in the strategy when it is produced. Are they going to be told in that strategy what they are expected to do, or have they been consulted and involved in the drawing up of those elements of the strategy that they will be affected by?

Eddie Hughes: It might be hard to narrow down which bits were consultation. Our communication with local authorities on a whole range of topics is ongoing, frequent and involved. So we would have been working with them to discuss elements that will likely form part of the strategy, but it wouldn't have been consulted in those terms. We would not have gone to local authorities and said, "We are thinking of putting this piece into the strategy" or, "We would like this piece to be considered for the strategy; what do you think of it?" because there are too many variables as to how that ends up in the strategy. Would we have spoken to them about lots of things that are going to end up in the strategy? Yes, I am sure that will prove to be the case.

Q209 **Chair:** Have you asked local government the simple question, "What would you like to see in the strategy?"

Eddie Hughes: Sorry, are you saying that is what we should have done?

Chair: Have you asked local government what they would like to see in the strategy?

Eddie Hughes: Not in a prescriptive sense, inasmuch as—

Chair: No, in an open question, just asking them what they would like to see and what powers they would like.

Eddie Hughes: As I say, I could refer you to my Q&A at the UK100, where they were very clear about sharing thoughts as to what they would like to see. I guess the other thing is, Chair, if you ask 300 local authorities what they would like to see, the chance is you will get 300 different answers, because each is different depending on the demographic that they serve.

Q210 **Chair:** Of course, but the Local Government Association represents local councils. Have you asked them?

Eddie Hughes: We have regular conversations with James Jamieson, the lead at the LGA.

Q211 **Chair:** If Councillor Jamieson came into this session after you and I asked him, "Have the Government had a conversation with you, detailed discussions about what you, as the representative body for local councils, would like to see in the net zero strategy?" would he say, "Yes, we have had regular meetings on this and we have given a great list of things that we would like to see and we hope the Government are listening to them"?



HOUSE OF COMMONS

Eddie Hughes: He might not necessarily say the last bit, but he would definitely say the first bit. He would definitely say, "We have had regular meetings and discuss this frequently with the Government."

Chair: We may well follow that point up, because I think we all want to see local government very much involved and listened to in this. I am sure you do as well, Minister, and that is absolutely right.

The other issue that is really quite important in this is money. Often things come down to money. Rachel Hopkins, you are going to deal with the funding issues.

Q212 **Rachel Hopkins:** I take your point when you said you would not tell local government what to do as they are best placed, but in fact, with so much funding being contingent on bidding and meeting certain criteria, it could be suggested that you do somewhat. Because this reflects on one of the biggest messages we have got when taking evidence from various stakeholders—that they want funding to local authorities for climate action to be long-term, consistent and not dependent on a competitive bidding process. Are those the principles that will underpin future Government funding for net zero?

Eddie Hughes: I would say I think lots of different people would like long-term and consistent funding. Obviously we have been through a pretty traumatic two years and so it has been understandable that there hasn't been long-term funding, but my understanding of the current Spending Review process is that that settlement is going to be for multiple years, so hopefully that will bring certainty. I also think that a significant amount of the funding that local authorities use towards their net zero stuff comes from the standard funding settlement that they get through Government, so they decide how to prioritise the money that they have and use that money towards their net zero stuff.

An example I have heard previously is that of Bristol Council, which employs a significant team of people who are tasked with this work particularly and that comes from their general funding settlement. I think as much as 70% of the work that they are doing might be funded through that figure. The idea that we would then provide funding through other targeted areas that people would bid into doesn't seem completely inappropriate to me. It seems appropriate that there would be a balance between the funding that they would get as part of their core settlement and then things added to supplement that. On your main point with regard to funding certainty, I think everybody would welcome that and I am hoping the Spending Review brings it.

Rachel Hopkins: I would like to have a bit more than hope that the Spending Review will bring that.

Eddie Hughes: Sorry, yes: good point. I think the fact that I am not—

Q213 **Rachel Hopkins:** Is the MHCLG asking the Treasury for more money in the Spending Review to help fund climate action by local authorities?



Eddie Hughes: To my previous point, it would be money that they will be getting through their funding settlement and they will determine how to best use that money. That is not for us to be prescriptive about.

Rachel Hopkins: Are you asking for more money from the Treasury, as part of the Spending Review, for local authorities to choose how they can spend it?

Eddie Hughes: I think Lord Callanan is about to save me.

Lord Callanan: I am not sure I am about to save you because, of course, it would be remiss of me to comment on what might happen in the Spending Review. But you can see from some of the existing programmes that BEIS is offering—the LAD scheme, the social housing delivery fund and so on—that we are funding a number of the net zero projects that local authorities take advantage of. These are purely grant funding; there is no local contribution. Yes, it is allocated by a competitive bidding process. I think that does have some value.

There is a tremendous difference in the quality of the bids and there is a difference in how good some of the local authorities are at delivering these schemes. At the end of the day, we are tasked with the Treasury with delivering value for money. If you have more bids than you have funding available, I think it makes sense to fund the best quality bids that are able to deliver the best value for money for the taxpayer.

In the spending round, obviously we would like to carry on with some of these projects and some of this funding, but it will be entirely dependent on the Spending Review and the decision of the Chancellor.

Q214 **Rachel Hopkins:** Thank you for that intervention there. I hear what you are saying around councils, best value for money, quality applications, but when councils have lost six pence in every pound over the last 10 years—for example, my own council of Luton spends 83 pence in every pound on social care—if we are going to be serious about tackling climate change, there needs to be specific action and direction of travel directed to local authorities so they can do that. Hearing what you are saying around, “Oh, it has to be good quality,” well, there are plenty of good quality applications, but when the pressures on local government are such, it is about having the resources to do it. That is why we are pushing on: is there a specific ask going through into the Spending Review? I am not hearing assurances that there will be. What do we then all say to our constituents about that key role that local authorities will be playing to tackle climate change?

Lord Callanan: Their core funding is a separate issue to the additional funding that we have been providing through grant funding, which is additional work on top of their normal work—which Eddie talked about earlier—as part of their normal grant funding process. I think a competitive bidding process has a value. We try to distribute funding around the country as best we can, but if we have some very high quality



HOUSE OF COMMONS

bids from some councils and some poorer quality bids from other councils, we are obliged to allocate the funding to the better quality bids. Of course, I would love to sit here and say, "Yes, of course we will distribute great largesse to everybody" but that is not the world we live in, unfortunately.

Rachel Hopkins: We won't have much of a world left if we are not tackling climate change fundamentally, so if you are saying it is okay that some places will not have money to help them meet what they want to be doing to tackle climate change, that is what I am hearing from you. I don't know if I can pursue much more, Chair. I have tried, but thank you for your answers.

Chair: Ian Byrne wanted a follow-up.

Q215 **Ian Byrne:** I have two questions, the first one to Eddie. Painting a picture here, Eddie: Liverpool 2010 to now, 68% cuts, another £25 million-worth of cuts getting talked about, the city completely on its knees, worried about statutory duties, including adult social care and how we keep that going and libraries open, keeping hope, keeping anything in the city open. You are telling me that net zero funding will not be ring-fenced and will not come from the Treasury; it will come from the central government receipts that we get to keep these services open. It is not going to happen. It is not going to happen without funding specifically for this issue. You cannot expect cities like Liverpool and many others across this country, which have been absolutely cut to ribbons, to deliver what we are talking about. We do not have a framework. We will have whatever the Government come up with. That is the first point. That is going to be a realisation.

The second point, to Lord Callanan, competitive bidding favours richer councils that have the ability to put teams together, to put bids together, that will win the competitive bidding. The poorer councils who have been cut to ribbons, hollowed out, do not have the opportunity to put a team together, to put up a bid that matches the richer councils' bids. How the hell are we going to have a levelling-up process throughout this country? It is so stacked against the councils who have been the worst treated by this Government. Those are the questions. I would like a couple of answers, please.

Lord Callanan: I am afraid to say that is just not true. I can tell you that your own local authority in Liverpool was allocated £1.4 million, one of the largest grant totals in phase 1 of the Local Authority Delivery scheme. Lots of other councils did not get allocated funding. That was because, to its credit, Liverpool put in a good-quality bid, so it was funded. It is an example of a council from a deprived area that did not get—

Ian Byrne: Last week we heard evidence from—

Lord Callanan: I have lots of other authorities from prosperous areas of the country that come to me and say, "We would like to be funded" as well.



HOUSE OF COMMONS

Ian Byrne: I would love to see that in writing. I would love to see the balance of bids that have gone in from local authorities and let's have a look at how the richer authorities—

Lord Callanan: The allocated totals are published. I am happy to provide you with them.

Ian Byrne: I would like to see that.

Lord Callanan: It is just not true to say that more-deprived areas—I come from the north-east and Eddie Hughes comes from the West Midlands. I am personally very keen to see as much funding allocated to northern areas as possible. My colleagues in the south may not be so keen but we try to do it on a competitive basis for the best-quality bids. If you are trying to say that it is just the councils from the “better-off” areas that receive the funding, that is just not true.

Eddie Hughes: Not exactly directly linked to this question but, with regard to the Levelling Up Fund, the identification of people being in different categories and the Government providing money to those councils to help them draw up their bids, our intention is that things that are funded through the Levelling Up Fund are also aligned to our net zero strategy. There are other opportunities for funding where the Government are mindful of the fact that some councils might not necessarily have the capacity to create a bid and so we have provided funding for that.

Q216 **Rachel Hopkins:** I hear what you are saying from BEIS about bids, and I hear what you just said there, Minister, about bids for levelling up, but fundamentally the point is that in the all-round funding settlement, there is no ring-fenced funding. You either have to bid for it, if you can—and I appreciate the comments made about some authorities getting it all—but it will be the Levelling Up Fund again, which is a competitive bidding process. Is the greater ring-fenced money that is allocated to local authorities to tackle climate action, because they are best placed to do it, going to be forthcoming out of the Spending Review?

Lord Callanan: Again, the premise of the question is not quite correct. Yes, a lot of it is based on competitive bidding processes but on subsequent rounds as well, through the local energy hubs, where we allocated a subsequent range of funding, we provided lots of technical help, lots of assistance, to many local authorities that were not able to access the funding under the first few rounds, to make sure that money was spread more widely. Even councils that perhaps did not have the knowledge of their housing stock, did not have the specialist officers, and so on, were provided with assistance to help them access some of these funds.

Q217 **Rachel Hopkins:** I appreciate that but I am reflecting on the comments that were made by the Minister here about it coming out of—



HOUSE OF COMMONS

Eddie Hughes: There are definitely examples of councils up and down the country that have been able to commit significant resource to that, and they are not necessarily councils that would be categorised as wealthier. I guess it is to a degree a question of prioritisation.

Rachel Hopkins: I will leave it there, Chair.

Q218 **Chair:** We do have to move on but, to summarise, we are not going to save the planet, are we, if we rely on local authorities' current expenditure, without addition, or bidding for a series of pots of money? We are not going to save the planet on that basis, are we?

Lord Callanan: There has to be a combination of different policies. The biggest sector is the private sector and we will need to look at what regulatory solutions we can adopt there. We are funding work in social housing. We are imposing standards on the private rented sector. The Climate Change Committee estimated that the cost of decarbonising building is going to be £250 billion. Whether that figure is accurate or not, there is no way that the taxpayer is going to be able to afford it.

Chair: We are going to move on to look at some of those issues. We are going to move on now to something that is the responsibility of your Department, Minister: new homes. Andrew Lewer will explore that.

Q219 **Andrew Lewer:** In 2015, the Government scrapped the requirement for new homes to be carbon zero from 2016. When we heard from Lord Deben the other day, he emphasised that roughly a million homes that have been built since then will need to be retrofitted. That was his view. The overwhelming majority of respondents to the consultation on the Future Homes Standard that has been under way concluded that it was not an ambitious enough target for so-called carbon-ready homes. Why not either bring forward the target or revert to net zero homes?

Eddie Hughes: First, on retrofitting, I would say that we have moved on considerably with regard to the design of houses and the standards, even if we go back to 2013. I strongly feel that the level of retrofitting required would be minimal, particularly as we decarbonise fuel supply through such things as sustainable energy. I understand the point and I understand the ambition that people feel to move as quickly as possible, but to a degree we have to balance that with some other things. For example, we need to have those houses built. We have an urgent demand for more homes in this country across all tenures. We need to make sure that we do not in any way have the unintended consequence of building far fewer homes because we are meeting unnecessarily strict targets, not least when we know that the glide path towards the Future Homes Standard is 2025 and still gives us 25 years before we end up at the 2050 target.

I would say, first of all, that the homes that have been built are pretty efficient and the requirement for retrofitting will be fairly insignificant, or far less significant. Secondly, looking at the Future Homes Standard, by



2025 we will have the Part L uplift in the building regulations on energy and ventilation, so we already have a staging post in the meantime.

Finally, we need to be mindful of the supply chain and the process that goes into creating the constituent element of those homes, making sure that the building sector in totality is prepared for the changes that we are imposing upon it. It does not seem completely unreasonable to me that we have taken those things into account.

Q220 Andrew Lewer: Talking about changing regulations and tightening up and type L, and so on, that have already taken place since that change, one of the concerns that we heard—particularly from the Royal Institute of British Architects—was about the gap between the theoretical and the actual energy efficiency of homes: the performance gap, as it is called. The Institute's view was that the favoured way of closing that performance gap was a post-occupancy evaluation, wherein a property is visited to see how it is performing compared with how it was supposed to be performing. Is that an approach that you endorse or support?

Eddie Hughes: I don't think I would endorse the wholesale approach of applying that, but certainly post-occupancy evaluation has a role to play in helping understand how people occupy their buildings. One of the challenges is one of the problems that we frequently find in social housing. If people don't open the doors and windows frequently enough to air the house, the houses end up damp. By the same token, if you are leaving your windows open all the time, the home is not very efficient. Airtightness tests are not looking for perfect airtightness in the property because you still need to allow for ventilation. It is important to design properties based on the way that they will be used rather than just some academic, desktop study of: this is how we achieve the energy efficiency that we are looking for.

Do I think there is value in post-occupancy evaluation to help inform how we design properties in future? I think it is essential. Do I think it should 'be mandatory? I definitely do not. Do I think the process of house design is going to be an evolutionary one? I certainly do because, at the moment, we don't know how technology might adapt. For instance, we are all talking about ground source and air source heat pumps, but there might be other methods of heating, such as with hydrogen blends or pure hydrogen. Depending on what happens with other bits, I think we will need to finesse our approach to building regulation standards and the 2025 Future Homes Standard will not be the last iteration. I think there will be an ongoing process to develop it.

Chair: Moving on to existing homes—there are a lot more of them than we are likely to see new homes up to 2050, so a very important area—Ian Byrne is going to pursue that.

Q221 Ian Byrne: Decarbonising the existing housing stock is crucial to delivering net zero. The Government have allocated £500 million to the Green Homes Grant Local Authority Delivery Scheme to improve the



HOUSE OF COMMONS

energy efficiency of houses of low-income households. What progress has been made to date? How much money has been spent and how many houses have been retrofitted?

Lord Callanan: Phase 1 allocated £200 million and we expect that to upgrade 20,000 to 25,000 homes. The reason for the variation in that number is that, of course, some of that work is ongoing now and is obviously subject to price and the measures installed. Phase 2 allocated £300 million. That was the scheme I talked about through the local energy hubs. We expect that to upgrade roughly 30,000 homes.

The third phase of the local authority delivery scheme is £200 million. We are currently evaluating bids for that at the moment and we should be making some announcements about that shortly. I do not have a final number. The number of homes that will be upgraded will depend on the allocations to the different local authorities.

Q222 **Ian Byrne:** We do not have a final number, a running total, of how many houses have been retrofitted so far?

Lord Callanan: Under phase 1, it was between 20,000 and 25,000; phase 2, 30,000. We are still going through the bids in this final phase. We have not yet allocated the money. I will be happy to provide you with a figure when we can. Obviously, that will depend. Throughout the phases of delivery, we have found that some authorities do better than they predict and we manage to get more homes upgraded for the money spent, but there are significant supply problems in the industry at the moment. Prices are rising. There is difficulty with getting raw materials, and so on, so it is hard to put a precise number on it.

Q223 **Ian Byrne:** Why is that? What is the difficulty in getting the raw materials? What is the issue at the moment?

Lord Callanan: There is a range of issues, from the Suez Canal to the pandemic, to shortages of HGV drivers, and so on. The building industry generally is reporting supply shortages.

Q224 **Ian Byrne:** How much do you estimate it will cost to decarbonise all the homes that qualify for the local authority delivery scheme?

Lord Callanan: I cannot give you an exact figure on that.

Q225 **Ian Byrne:** Do you have a ballpark figure for how many homes in the country would qualify for the scheme?

Ffiona Hesketh: We have the £2.5 billion that has been announced in the manifesto for the home upgrade grant and the £700 million that has gone through the local authority delivery scheme, which gives you a sense of the order of magnitude. Once we get through the Spending Review, we can evaluate where prices are heading, what the Spending Review settlement is, and come up with better estimates of numbers of houses that would be eligible and the sorts of money that would be



HOUSE OF COMMONS

required to retrofit them. At this point, however, we have those numbers to give you, and a sense of the scale.

Q226 **Ian Byrne:** But we don't know the numbers for the scale. For people watching the evidence session, how many houses in this country are we talking about that would need—?

Lord Callanan: The schemes are targeted to low-income households and the definition of that is with a household income of below £30,000 a year but I do not have an exact number of homes that would qualify under the criteria. I suspect it changes a lot with economic circumstances.

Q227 **Ian Byrne:** It is never more important, when we are seeing gas prices rise as they are now for these houses and in that income stream.

So local authorities have the powers to enforce minimum energy efficiency standards on private-rent houses. However, the UK Green Building Council and the energy company E.ON were among those who emphasised to us in written evidence that local authorities cannot enforce these standards, due to a lack of resources, which goes back to earlier questions. How much additional funding do your Departments think is needed to enhance local authority enforcement?

Lord Callanan: This is a subject we are talking to local authorities about. I can tell you that so far we have run some competitions for enforcement through local authorities. We have allocated £4.3 million to 59 local authorities and any future allocation of separate funding for enforcement—I am sorry to say again—is a matter for the Spending Review.

Eddie Hughes: There is another interesting thing with regard to us looking at the private rented sector. The Government and our Department are considering ways to improve the deal for both tenants and landlords. One of the things that we are looking at is a landlords' register. I feel we are late to the game. They already exist in Scotland and Wales.

The idea is that, at least if we had a better idea of who the landlords are, nationally, and hopefully perhaps get them to provide some minimum details about the types of properties they have and their EPC levels, just so we have a better overall view, it would help councils to focus on where enforcement is necessary. You are absolutely right: councils have a limited resource. We need to make sure they are able to use it as effectively as possible, and a landlords' register might be one way of helping.

Q228 **Ian Byrne:** How are your Departments ensuring that we will have enough qualified people to undertake the retrofitting of the existing housing stock, for instance, through apprenticeships? What do we have in place to ensure that we have the people to do the work?



HOUSE OF COMMONS

Lord Callanan: Training is a huge matter. DfE is spending £2.5 billion, I think, on training for this particular type of work, electrification of heat, and so on. We had a skills competition under the LAD scheme that I referred to. We allocated about £7 million approximately, £6.9 million, for about 8,000 training opportunities within that particular scheme.

We are continuing to work with MHCLG and particularly with the DfE, which has responsibility for skills because, in the years to come, there is going to be a massive number of opportunities for these various delivery schemes, both publicly funded and privately funded. A lot of private companies are also investing a large amount in skills. For instance, I heard that the energy company Octopus is opening—I think later this year—a £10 million training facility in Slough, precisely to train fitters, installers and others in these various green measures.

Q229 **Ian Byrne:** Will we be leaving it to the private sector? I'm thinking about funding to councils for training centres. Is that something you have thought about?

Lord Callanan: In total, the Government are investing £2.5 billion in various training opportunities in the National Skills Fund, so yes within that. The figures I gave you were for specific competitions that we have held but, in addition to Government funding, there are some great initiatives in the private sector, which I think are worth recording.

Q230 **Ian Byrne:** Finally, the Northern Housing Consortium told us that "Only 29% of owner-occupied dwellings are in EPC Bands A-C, compared with 56% of socially rented homes and 33% of private rented homes". What is your plan for addressing these low levels, particularly among owner-occupiers, who have less direct oversight from local government?

Lord Callanan: Owner-occupiers, of course, is a particularly politically challenging area. We did say in the ten point plan that we would be consulting on exactly how we would go about this and we will do that later in the year.

Q231 **Ian Byrne:** How will that be outlined later in the year? How are you going to implement it?

Lord Callanan: This is something it is important that we work with people on—that we do not try to impose a solution on people. We need to take the public with us. You are talking about their homes and us potentially requiring them to do certain things to their homes. It is a difficult area so, in my view, we have to proceed very cautiously. Before we do anything, we would want to consult widely—particularly of course with MPs, local councils and others, and the home owners themselves—before we took action in this area.

Chair: Andrew Lewer has a supplementary question.

Q232 **Andrew Lewer:** Rewinding a little bit, I want to get this on the record, given its potential importance. Has either Department consulted with DfE



HOUSE OF COMMONS

and other partners about the importance of modular homes, both in terms of housing numbers and the potential beneficial impact they could have on achieving net-zero, carbon-friendly housing?

Lord Callanan: You are talking about new housing, I guess, are you?

Andrew Lewer: Yes.

Eddie Hughes: With the new strategic partnerships that we have announced with regard to the Affordable Homes Programme, there will be a presumption that 25% of housing stock is created through modern methods of construction. This plays to a significant development in housing in this country.

Lots of people are investing significant amounts of money—the private sector, insurance companies and so on—because everybody sees that this is going to be a significant contribution: first, to our productivity in housing in the future, and secondly, to being able to make sure that we have energy-efficient homes, not just in terms of the way that they are operated and used but also in the way they are constructed, and the materials from which they are constructed. That is why, through the Affordable Homes Programme, we are going to be having that significant influence on people to drive up the number of homes that are created in that way in the future.

Emma Fraser: Could I add, Chair, in the Spending Review last year the Treasury announced funding for an MMC taskforce, which we will be announcing more details on shortly. One of its tasks will be to look at exactly the sorts of issues that you have described: skills, capacity and so forth.

Q233 **Chair:** Is the Treasury leading on that?

Emma Fraser: We are working jointly with the Treasury on the issue of modern methods of construction.

Q234 **Chair:** Also, the skills issue? The Northern Housing Consortium, which Ian Byrne referred to, also drew attention to the fact that currently there are 100,000 gas engineers in this country, and 600 accredited heat pump installers. We have a long way to go, haven't we?

Eddie Hughes: At the moment, 36,000 heat pumps are installed annually and I imagine the number of boilers installed is hugely greater than that. We need to redress that balance. What Government are doing through things like the Future Homes Standard is demonstrating intent so that the market knows that it is safe to follow.

Q235 **Chair:** Is the Treasury also going to lead on the skills issue, the gap?

Eddie Hughes: Outside of my area.

Lord Callanan: It will be the DfE on the skills issue but clearly both Departments work with the Treasury. We certainly work with the Treasury. As Eddie said, we currently install 36,000 heat pumps a year.



HOUSE OF COMMONS

The Prime Minister has given us a target in the ten point plan of installing 600,000 heat pumps a year by 2028 so we clearly have a long way to go.

The Future Homes Standard will give a boost to the market. There is no precise instruction but certainly the standards that we will have to meet under the Future Homes Standard will probably predicate the installation of heat pumps from 2025. The market is being told that this is where we need to go. A lot of money is being spent by us, by the DfE and others, and indeed the private sector, as I indicated to Ian Byrne, to try to drive up the number of installers.

Q236 Chair: One further point: Minister Hughes, you mentioned a very interesting idea—that local authorities need to know who the landlords are, so you are going to get registration in progress. Will that require landlords to register with their local authority and will there be penalties if they do not?

Eddie Hughes: We are consulting on it at the moment.

Lord Callanan: We consulted under the review of the private PRS regulations and we will have some more to say on that shortly. We have not made a decision on that yet.

Chair: Maybe the Committee will have something to say on it as well, as part of that. Thank you for raising the issue; I think it is a helpful one.

We move on now to look at another aspect of decarbonising existing homes.

Q237 Mary Robinson: It is fair to say that previous schemes to address and promote retrofitting, including the recent Green Homes Grant scheme, have not been as successful as may have been hoped. What lessons have your Departments learned from that, and I would include HM Treasury if you have a view on that? I will start with you, Lord Callanan.

Lord Callanan: I have lots of views on the Treasury but I will let them draw their own conclusions from that.

It is fair to say that the Green Homes Grant has not been one of our finest success stories. A lot of work went into it. We did gain a wealth of experience and knowledge, but clearly it did not fulfil the high expectations we had of it originally. There was a report by the National Audit Office and indeed one of your fellow Committees, the Public Accounts Committee, is taking evidence from the BEIS Permanent Secretary, as we speak I think, on the subject.

Nevertheless, the scheme delivered some notable improvements. We have issued almost 80,000 vouchers. We will be spending probably in the order of £250 million when all the final bills under that scheme come in. We have learned a lot from it. We have learned what measures people are interested in. We funded a number of training opportunities under the scheme and of course the other part of the scheme, which was the local authority delivery elements, have delivered extremely well. Nevertheless,



HOUSE OF COMMONS

I totally accept the premise of your question—that it did not deliver as we expected it to, for a combination of reasons. The NAO report indicated that some of the timescales that were imposed initially were probably unrealistic and the scheme was probably too complicated.

Q238 Mary Robinson: Thank you for that. Are those indications, and the reasoning around them, the entirety of the lessons learned or are there any more lessons that will be taken forward

Lord Callanan: We try to learn the lessons from all our schemes, and we try to make any future iterations better, more effective, more targeted and more consumer-friendly.

Q239 Mary Robinson: Given that the NAO report that you referred to did attribute to HM Treasury several of the reasons why the Green Homes Grant scheme failed, will your Department then be taking a greater role in designing future schemes?

Lord Callanan: Obviously we always have to work with the Treasury when we are spending large amounts of public funding, so, yes, we want to work Treasury on future schemes—if we have the opportunity to do so—in the same way as we worked with the Treasury on that scheme. We did our best as a Department to deliver the fairly challenging timescales that the Treasury wanted us to work to. Perhaps next time, if we take a bit more time to design a scheme, if we maybe pilot it first, we might have more success.

To be fair, though, we were in the middle of the pandemic. The Chancellor wanted a very rapid economic stimulus scheme and parts of it, for which local government was responsible, the LAD schemes, have delivered very well. I indicated earlier the numbers that have been delivered under those parts. However, the main consumer offer, which was the voucher scheme, did not deliver at the rate or pace that we expected, which is why we ended it.

Q240 Mary Robinson: There is an expectation that something else might be rolled out in the Spending Review. What sort of lessons will you be taking forward and what sort of learning will you be putting into it?

Lord Callanan: Perhaps a little bit more time to design the scheme properly. I think it needs to be simpler, more focused, and it would probably make sense to pilot it in one or two areas first before rolling it out nationally.

Q241 Mary Robinson: It seemed to me that the scheme was well accepted by members of the public, who did want to take part in it. Is there any chance of people being asked to give their views on what should happen in designing a new scheme?

Lord Callanan: At the last count I had had about 900 letters about it from Members of Parliament who have kindly written to me with their



constituents' complaints about it. I can assure I am not short of contributions on how we could do it better next time.

Q242 **Mary Robinson:** You have heard the voices?

Lord Callanan: I probably had a number from you, in fact. I hope you have had replies to all of them. I spent a lot of time going through them all. I can assure you that they are imprinted on my brain.

Chair: Yes, I did have a reply, so you are safe there.

Lord Callanan: Thank goodness for that. That is a relief, Chair.

Q243 **Chair:** When we had our conversation with Lord Deben last week, needless to say he was very exercised about the importance of planning in helping us towards net zero and particularly the role of local authorities in that. You will recognise his interest there, as a previous Secretary of State.

Given the obvious interest of the new Secretary of State in planning matters—apparently, so I read in the media; the Minister obviously will know better than we do about these issues—it has been flagged up by the Government that they want to strengthen the references to climate change and net zero in the national planning policy framework. When are we likely to see that? Is it possible, as Lord Deben advised us, that we could see some changes to the planning proposals in a future planning Bill, strengthening councils' powers around climate change?

Eddie Hughes: I think the answer to that question might be, yes, you will see those changes but, in terms of the detail, it feels like we are in a state of flux at the moment. Clearly we do not have a planning Bill. We have a Planning for the Future White Paper. We have consulted on that and I think we will be publishing the consultation on that first.

It feels to me that a full review of the NPPF would be something that would naturally go side by side with that but we have not done that full review yet and we have not published the planning Bill. At the moment, unfortunately, while I agree with the drive of the question, planning is at the heart of how local authorities might be able to tackle the climate change issue, we are still finalising the details on a number of points and so it would be difficult for me to comment.

Q244 **Chair:** I think we can appreciate that but the general indication that this is an issue that the Government want to pursue, with the revision of the NPPF and looking at it in some form in the planning Bill eventually, I think is a helpful sense of direction, which we can pick up on.

Lord Deben also said—and I think it is relevant—that councils often feel very frustrated that they cannot insist on higher sustainability standards from developers. They try to tell developers that they ought to produce homes that are nearer to zero-carbon but they can't. Should we give local authorities more flexibility to drive sustainability on individual schemes?



Eddie Hughes: I think the NPPF already has that kind of assumption in favour of sustainable development, so it feels to me that there is a question of interpretation as to how councils might apply that. There is certainly some latitude for them to be tougher within the existing framework.

Emma Fraser: We have already made it clear that we will not amend the 2008 Planning and Energy Act to take away councils' discretion to set higher standards on energy efficiency if they want to—although we think that, with the roll out of the Future Homes Standard in the future, it is unlikely that many councils will want to continue to do that.

Chair: But they will be able to?

Emma Fraser: They will be able to, should they wish to.

Q245 **Chair:** That is helpful. On the wider issue of where developments take place, they are often situated in places without good public transport. Therefore, we know everyone is going to get into their car and commute, adding to potential problems. Should councils be allowed to take up those wider issues when looking at a planning application? Better still, should councils take account of those wider issues when drawing up their local plans?

Eddie Hughes: That is an interesting point. I would say that councils should already be taking account of things, such as local infrastructure, when trying to determine where it is appropriate for developments to take place, and therefore that would inform their local plans. Of course, we need to make sure that all councils have an up-to-date local plan. That would be a step in the right direction.

Chair: It certainly would. I think the Committee completely agrees with you on that point. It is something that we will no doubt be looking at further, once the Government produce their response to the report we produced on the planning proposals. In our comments, we were strongly in favour of local plans.

We now move on to transport infrastructure and its importance.

Q246 **Brendan Clarke-Smith:** Minister, how are you working with the Department for Transport to help local authorities reduce their transport emissions?

Eddie Hughes: I feel like a bad person when I deflect the responsibility elsewhere—I would love it, and maybe under our new, meaty, more muscular guise, we will absorb responsibility for lots of these things in future—but at the moment the Department for Transport has responsibility for the transport plan, the decarbonising transport plan, and our job is to act as the conduit through which information flows.

We work with the Department for Transport and local authorities and try to make sure that each understands the demands and challenges they face. Our role is a kind of convening, facilitating role.



HOUSE OF COMMONS

Q247 **Brendan Clarke-Smith:** You said in your written submission that you would be co-ordinating local transport funding by engaging with local areas on their investment priorities. Do you feel you are doing that at the moment?

Eddie Hughes: I would say yes, wouldn't I? Just off the top of my head, I would think of things like the funding that we are giving to electric vehicle charging points and doing that at scale. That is one thing. I think £90 million has been given to help local authorities with that work, but that is part of the Government's £1.2 billion plan to roll out charging points at places such as motorway service stations. So, yes, we have a role with things such as electric vehicle charging points because, let's face it, that is going to be hugely significant and is a strong role for local authorities to play.

Q248 **Brendan Clarke-Smith:** The Government have described a modal shift from cars to walking and cycling as one of the most cost-effective ways of reducing transport emissions. Do you agree, and what is MHCLG doing to help local authorities incentivise active travel?

Eddie Hughes: Referring to an answer I gave previously, it is up to local authorities. They are best placed to determine local needs. In my local area of Walsall, I have seen cycle lanes appearing in different parts of the borough because the local authority thinks that is an appropriate route to take, and the encouraging of schools to engage in walking buses and things like that. It is down to the council to determine what is appropriate for their local needs and they do that really well.

Q249 **Brendan Clarke-Smith:** Finally, you said you had had conversations with the Department for Transport. What conversations have gone on to secure long-term funding for active travel infrastructure?

Eddie Hughes: It has been quite an experience for me to live through a Spending Review cycle to see just how much co-ordination and discussion goes on among different Departments in preparing their bids. Whichever Department leads will have the lead in submitting the bid but will find that the strength of their bid—as far as the Treasury is concerned—seems to be stronger if it has buy-in from other Departments. There has been a lot of that kind of horse trading going on behind the scenes. It has been fascinating to see it.

Q250 **Andrew Lewer:** Following up on that, in your Departments' roles I am assuming the BEIS would accept MHCLG's definition of being a conduit, being helpful. In terms of the impact of some of these travel schemes on business and on communities, have both Departments been willing to express some of the concerns that local authorities have had about the rush of these schemes and the impact that they have had, which has not always been just about creating net zero but has also been about creating huge queues of traffic and cordoning off half of peoples' streets? Is that something that you have been able to be a useful conduit to Transport for, given your respective responsibilities?



HOUSE OF COMMONS

Eddie Hughes: For my part, our regular contact with people like the LGA means that we have heard their messages about what works well and what does not, and we have fulfilled our duty as being the conduit through which that information would flow.

Q251 **Andrew Lewer:** Similarly BEIS, given the impact on business that this could have had?

Lord Callanan: I am not aware of any specific concerns that we have had and passed on—certainly not at a ministerial level—but officials obviously have regular contact and dialogue so if businesses in certain areas were raising concerns, I am sure they would be passed on.

Chair: When the Climate Assembly UK did its report to the six Committees that commissioned it, it raised as key issues engagement with the public, listening to the public and educating. Ben Everitt, do you want to explore that?

Q252 **Ben Everitt:** Leading on from that introduction, I will start with you, Lord Callanan. How is your Department communicating with the public about the actions that the public need to take, as well as the actions that Government and the private sector need to take, to get to net zero?

Lord Callanan: Again I am telling you to wait a bit, but we will be having more to say about a public engagement strategy within the net zero strategy. It is very important. We want to take the public with us on this. We want to engage with them. We do have a number of campaigns. We have the Together For Our Planet campaign—which we launched last year in the roll-up to COP—to encourage individuals to get involved.

We have a number of net zero champion companies involved in the run-up to COP to try to encourage businesses alongside individuals to make the changes that they will need to make, but we need to do it in a consensual way. We need to take people along with us, in my view.

Q253 **Ben Everitt:** Are we expecting more of a reboot to the current streams of campaigns, maybe under the COP banner? Is that the sort of thing that we would be expecting?

Lord Callanan: It would be setting out a longer-term strategy. It will not just be up to COP, which of course is in six weeks' time, but we will want to do it through consultation and again I would not like to think there would be huge amounts of money available to spend on it, but we will do what we can to try to engage with and educate the public. We do it through a variety of means and government communication channels. We have the Simple Energy Advice website to provide people with information on changes that they can make and positive improvements that they can make to their homes, etc.

Q254 **Ben Everitt:** I recognise the challenge. As you say, it needs to be consensual so the public need to come looking as well.



HOUSE OF COMMONS

Eddie Hughes: This is so vitally important. What we need to do with our message to the public is say, “You don’t have to go out and buy an electric vehicle or have a heat pump fitted in order to make your contribution.”

This is a trivial point, Chair, and I apologise for that. When Allegra Stratton said, “You don’t need to rinse your plates before you put them in the dishwasher” it was a revelation to me, and one that I did not feel I could test because I thought, “I’m going to put my plates in there, put the dishwasher on, and they are going to come out really dirty and I don’t want that.” Anyway, I tried it and it works.

My point is that, if people walk occasionally instead of driving their cars, they don’t necessarily immediately have to change their car. If they spend a little bit less time in the shower, if they don’t rinse their plates before they put them in the dishwasher—the point that I am trying to make, Chair, is that it is so incredibly important that we bring the public with us on this journey rather than doing things to them. The public have to buy in to it.

We have seen how it works when the public do engage, which is why for example we now have local authorities up and down the country that have multiple bins to collect every week, because the public have understood now that recyclable waste can be collected separately from other waste. It is an important story to tell and, as Government, we need to work harder to make sure the narrative is strong and compelling.

Q255 **Ben Everitt:** Excellent work, on the use of your dishwasher. You made reference to heat pumps and decarbonisation and I will come back to Martin in a minute.

I will stay with you, Minister Hughes, for the moment. In the move of part of MHCLG to Wolverhampton, is there something that the Government could be doing to encourage staff to travel sustainably between the two? Is there an internal campaign to make sure that staff use public transport to get between London and Wolverhampton and wherever they start their journeys?

Eddie Hughes: In an ideal world they will not be travelling very far at all. Just to make this point—this is not a net zero point—the point of that office is to have people from the West Midlands and preferably from Wolverhampton working for the “Department for local government” rather than employing people down south. So the intention has been to use Wolverhampton University as the basis for much of our recruitment so that we can identify and source quality staff very locally.

We had the official opening of the building just under two weeks ago. I went and met a number of the staff who are going to be working there—we have had them temporarily housed at Wolverhampton’s council building—and a lot of them cycle in or travel by bus because they live in close proximity. That is the model that we should be driving, and not just there. Our Beyond Westminster approach will have the Home Office



based in Stoke and we are going to beef up our staff presence across the country in other offices. It is important that people can then use public transport to get to work.

Ben Everitt: I have previously mentioned that Milton Keynes is a great place to live and work and to move an office to.

Eddie Hughes: I will bear that in mind.

Q256 **Ben Everitt:** I will come back to you now, Lord Callanan. The Climate Assembly UK—which the Chair made reference to in the introduction to this final segment of our session today—has emphasised the importance of the public having choice over the options to decarbonise their homes. Public choice is very important, but is there a danger that there is too strong a focus on heat pumps, and that that might remove parts of this important decision from the public?

Lord Callanan: You are quite right. I can't remember which American politician said it first, but there is no silver bullet that can solve this; it's going to need silver buckshot. There is going to be a range of different solutions, given the multiplicity of different buildings, house types and everything else that we have in this country.

It is clear that electrification will play a major role and the one electrification technology that we know works well and works efficiently is the heat pump. The use of heat pumps is not so widespread here; they are fairly widespread in the rest of Europe, where many countries have been using them satisfactorily for many years. They will be one potential option if we are going to get fossil fuels out of heating. Heat networks will also play a massive role, particularly in higher-density housing.

By the middle part of the century—2025, 2026—we should be able to take a decision on whether hydrogen is feasible. As you are probably aware, we announced a hydrogen strategy for the generation of 5GW of low- or zero-carbon hydrogen by 2030. That is a hugely exciting technology but it is fairly unproven at the moment. We are funding a number of trials. All the big boiler and hob manufacturers and so on are working on producing hydrogen boilers, hydrogen hobs and hydrogen gas fires.

We have two demonstrator homes in my own neck of the woods, in Gateshead, that have just opened, that are entirely fuelled by hydrogen, so the technology does work but it is still very much in its infancy. Of course, we need to look at how we can generate hydrogen at a sufficient scale or volume in order to at least play some of the role of natural gas. So there will be a range of solutions and it is very important that we do not dictate one particular method to consumers.

Even more important than what method people use to heat their homes is the fact that we need to do more in terms of insulating them in the first place. We need to take a fabric-first approach. Whatever solution we end up with for heating, insulating and making homes more efficient,



preventing heat loss, getting people's bills down, warmer homes and so on, is a complete no-regrets option. We should be doing that. Indeed, we are doing that in many of the schemes that we help to fund.

Ben Everitt: It comes back to communication of the marginal gains, as highlighted by the dishwasher analogy. Thank you very much.

Q257 **Mary Robinson:** You have part-answered the question about public engagement that I was going to ask but you are talking about so many different things that are going to be available, possibly hydrogen, and people have heard about heat pumps. How much more needs to be done, though, on public engagement? For a lot of people, the only type of heating they have known has been gas or electric. This is quite a confusing new world that is facing people in quite a short timeframe. Are you satisfied that people will really understand what they have to do? They will understand the importance of it but it is quite a big ask for a lot of people.

Lord Callanan: That is a very fair point. All we can do is try to educate people, try to provide people with the information they need. Earlier I mentioned the Simple Energy Advice website and we will feed information through Citizens Advice and other organisations. But of course, there are always charlatans in the market who will try to persuade people that they need to go down one particular route. Our role in government is not to advocate one particular technology or one particular product but to provide a variety of solutions to indicate to people that there is a range of options.

A number of exciting technologies are coming along. We are funding a couple of schemes, again in my neck of the woods, the north-east, extracting water from abandoned mines. The water can be extracted at about 20°C and put through a heat exchanger. We are funding a project in County Durham that will heat a whole new village from this waste mine-water. Gateshead is doing some geothermal drilling to access old mine works, again to extract the heat from the water in them. Geothermal drilling, even deeper, to hot rocks is another potential solution for the future as part of a heat network.

A lot of these technologies are in their infancy; they have not yet been proved at scale, but there will be a variety of solutions. The point is that it is not a change that we are asking people to make immediately. This will be over a 10 to 15-year timescale. Nobody will be asked—despite the scare stories—to remove their gas boiler immediately or not to replace it or be forced to take it out, or anything like that. That is not going to happen. We are very conscious of the fact that we need to take people with us on this journey, explain to them why it is necessary, and provide them with the help, the assistance and guidance to enable them to make the transition.

Ffiona Hesketh: Government will be shortly publishing a consultation on heat network zoning. I raise that because it will be proposing to give local



HOUSE OF COMMONS

authorities new powers to grow local low-carbon heat networks, which may be of interest.

Lord Callanan: That is due in the next day or two, isn't it?

Ffiona Hesketh: Yes.

Q258 **Mary Robinson:** Are we convinced that people will be able to take up these options and not hurt their pockets?

Lord Callanan: That will be the key challenge. Obviously most of the schemes that we have funded so far have been targeted towards people on lower incomes, people living in fuel poverty and so on. Again, we have to make sure that the changes are fair and affordable across the range. That is going to be the key political challenge. I indicated earlier some of the vast sums that we are talking about. It is unrealistic to think that we can fund all of this from the taxpayer, so we are going to have to make the changes gradually over time, giving the people the option, taking them with us, and making sure that they can afford it.

Q259 **Chair:** Some very important points came out there, Minister. In terms of making the public aware, I agree that they will not have to get rid of their gas boilers tomorrow, but if I went outside and said to people, "Do you know anything about not being able to use diesel and petrol cars, or buy new ones, in the future?" they would say, "Yes, we think that is going to happen"; but if I said, "At some point in the next 15 years you are not going to be able to have a gas boiler" they would look at me as though I was talking a foreign language. I don't think the message has got out to most members of the public and it is a massive issue. What more can the Government do to get the message across that change is coming, if not immediately?

Lord Callanan: On cars, of course that was a message that was got out gradually. There was a lot of public debate about it over the years. There is a regular cycle of replacement of cars and the same will apply to gas boilers. We have not said when this might be or whether indeed it will happen, but at some stage during the normal replacement cycle we want people to have options about how they replace their fossil fuel system with a cleaner system.

There are a range of potential options. It could be that hydrogen will take off massively, that a great new technology will intervene and we will be able to produce large amounts of clean hydrogen at scale. We don't know that yet. Heat pumps are currently an electrification measure that we know works and we know exist. However, they are complicated. They are quite expensive and we need to get more installers on board for them. I indicated some of the other technologies that are in their infancy—heat networks, for instance. There will be a range of solutions for private dwellings, and let's not forget commercial buildings.

Q260 **Mary Robinson:** You have not mentioned nuclear, the modular reactors. They could be an interesting part of MHCLG because local authorities



HOUSE OF COMMONS

would have to be involved in the planning. Are they part of the solution?

Lord Callanan: They are certainly part of the solution in terms of producing more electricity; yes, absolutely. Certainly, in BEIS, not connected with the local government inquiry here, we are very much committed to advancing nuclear, yes. Nuclear, SMRs, will play a key role. Rolls-Royce have some exciting technology in this area, which we want to encourage and support.

Q261 **Mary Robinson:** I asked because rarely has nuclear been mentioned as part of this net zero debate. How relevant is it?

Lord Callanan: It is certainly relevant in terms of producing the large amounts of extra electricity we will need to power heat pumps, to electrify heat, to power electric cars, the electrification of public transport, and so on, so yes, of course. It is part of the energy mix that we will need to take forward.

Q262 **Chair:** I suppose another question is: who is going to pay for the replacement of all the boilers? It is one you have alluded to but it is going to be a major challenge.

Lord Callanan: Absolutely. It is the key political question. The total cost, which I think is an estimate produced by the Climate Change Committee—and that is not just for the cost of replacing the boiler but is for the whole of the insulation and so on, across the piece—is a huge sum. It will need to be done gradually, over decades, but it is going to be expensive.

Chair: Finally I want to welcome two of your comments: first, on the small modular reactors because Forgemasters, in my constituency, can make the key parts for those reactors. So, there we are, and the hydrogen strategy, which I was very pleased to hear you refer to, was of course launched by the Secretary of State at ITM Power, again in my constituency, so we are doing quite well as we finish.

Ministers, thank you both very much indeed for coming and answering a range of questions on this very important subject.