

Bill Esterson
Chair of Energy Security and Net Zero Committee
Houses of Parliament
London
SW1A 0AA

Miatta Fahnbulleh
Department for Security and Net Zero
3 Whitehall
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14th February 2025

Dear Chair of Committee and Minister Fahnbulleh,

Following the evidence which was provided at the Energy Security and Net Zero Select Committee hearing on 12th February 2025, we would ask that you consider the following details and clarifications from The Cavity Insulation Guarantee Agency and The Installation Assurance Authority, especially as questions and comments were raised regarding these organisations and it was not provided with the right to reply.

The Installation Assurance Authority has taken over operations from The Cavity Insulation Guarantee Agency as a subsidiary of the CIGA Group, and is a PAS Certification provider, a MCS Certification provider, a TrustMark scheme provider and an approved Guarantee provider.

Firstly, we wish to extend our sincere condolences to Mr Ashraf and his mother, and Ms Hoyles, for the position they find themselves in following the installation of insulation at their properties. No one should be left in such a situation with their home, and we understand how distressing this situation has been for them, and others who find themselves in a similar situation.

The Cavity Insulation Guarantee Agency (CIGA) and more recently The Installation Assurance Authority (The IAA) have always strived to improve standards for installers and protections for consumers when energy efficiency measures are installed in their homes. As an organisation we have published Technical Guidance documents for installers to adhere to and took the decision to undertake the role of a PAS Certification body when it became apparent that others in the industry were not fulfilling their surveillance responsibilities to verify the quality on installations. The IAA has taken forward a unique operating model by extending its scope to cover the initial property suitability assessment, as well as surveillance of installations at the pre installation, during installation and post installation stages.

As an organisation we mandate that those under our certification exclusively use the appropriate IAA guarantee and use this mechanism to calculate accurately the level of surveillance required of installers. Where those installations are below the acceptable quality the robust application of our terms and conditions ensures that installers correct their works.

For installers, we are not the easy option in the marketplace and as such operate with those who are prepared to go beyond the normal standards.

The IAA undertakes investigations into installers where quality is identified as not acceptable and sanctions or removes membership where necessary. We are not shy in removing membership and list the installers along with the reason for termination of membership on our website in the public domain. We also undertake stringent checks on installers before admitting them into membership, which includes financial checks and both office and onsite audits, where we see them actually installing measures and can assess the quality of their work.

There are a couple of points in the hearing which we would like to specifically address.

1. Mr Mercer named Mr Donohue, the CIGA CEO, in his response to a question and made a number of unsubstantiated claims about failure rates in cavity wall insulation.

The committee may be aware that Mr Mercer as a former British Gas manager was responsible for the acquisition and delivery of cavity wall insulation into many properties and subsequently saw an opportunity to set up an extraction company aligned to the then very buoyant claims company market and sometimes fair criticism of some of the installers work quality at that time.

Mr Mercers suggestion that CIGA is Mr Donohue's business is factually incorrect, The CIGA Group are a not-for-profit organisation which was established at the request of Government in 1995 and Mr Donohue is its current Chief Executive Officer.

Mr Mercer seriously inflated the alleged failure rate of Cavity Wall Insulation at 14 million homes effected however it is worth noting that CIGA have issued 6.1 million guarantees with over 80 percent market share since 1995 and have a claim rate of 0.4% overall. The suggestion that the guarantee is inadequate is ill informed as the CIGA and more recently IAA guarantees are the only products in the market that offer full remediation and step in regardless of the trading status of the installer. It is however recognised that failure to maintain the building fabric over the 25 year life of the guarantee can invalidate a claim as the guarantee exists to address failures in materials and workmanship at installation.

2. A question was asked if CIGA and The IAA were fit for purpose and rather than being directly answered by those giving evidence was used as an opportunity to position for their own personal agendas.

In Mr Rippin's response he confirmed that Insurance Backed Guarantees were not providing adequate consumer protection. He failed to mention that CIGA and The IAA do not fall under the umbrella of an Insurance Backed Guarantee, and that currently The IAA is the only organisation which provides a guarantee which will fully meet the requirements of the new MCS 2.0 requirements. We would hope that Mr Rippin will correct his evidence so that the committee is better informed as to The IAAs fitness for purpose.

Mr Ayres also responded to the question stating that financial protection was being reviewed with others including the building safety regulator to define the standards for a warranty, regardless of the mechanism that warranty is provided under, and that it should cover items such as "cease to trade" and "failure to remediate by the installer".

The CIGA and The IAA guarantees have always included these provisions. In 2012 the guarantee market was opened up to Insurers. The IAA guarantee will take over the liability if the installer fails to remediate and does not wait until the installer enters liquidation, it is remediation based and does not offer compensation, guarantees to the maxima in every case, does not require an excess to be paid by the homeowner, and does not require the homeowner to be in possession of the original contract between them and the installer. Insurers tend only step into the liability once the installer has entered liquidation, guarantee to the contract value or maxima whichever is the lesser, and require original contract documentation to be produced even when a previous homeowner may have instructed the contractor.

We find it disappointing that CIGA and The IAA were singled out as financial protection providers, when other less robust insurance backed financial protection providers were not similarly named.

The debate also failed to sufficiently challenge the role that Trustmark has played in regard to the current situation regarding solid wall insulation. Had the committee chosen to ask Trustmark how long they have known about the current problem or indeed what proactive steps they have taken to work with their certified schemes to address it I am sure Mr Ayers would have struggled to provide confidence to the committee of the rigour applied by his organisation.

The IAA have written to DESNZ, and Trustmark along with UKAS as early as October 2021 raising significant concerns about the lack of data sharing by Trustmark and the ability for installers to hold multiple Trustmark and PAS certifications for the same measure, allowing them to under declare on their physical activity and operate below the inspection and surveillance radar. Equally The IAA as the only organisation to meet the proposed standards presented in the CMA review into consumer protection has consistently asked for a review of consumer protections and singled out Trustmark for its failure to provide effective oversight and enforcement at all levels.

Many calls were made in the hearing for single body which is responsible for consumer protection from Mr Hussain, Mr Manning and Mr Ayres. Whilst we accept that the arena is complex, we are concerned that TrustMark are presenting themselves as the appropriate organisation to take this on and frankly it is simply not the case when considering their performance since taking on responsibility for technical monitoring from Ofgem.

We have concerns that TrustMark, as noted by Mr Ashraf, have not been undertaking suitable consumer protection during their tenure as the Government Appointed Quality Mark and as stated The IAA has been raising concerns and requests for some time with TrustMark covering the following areas:

- No sharing of failure data to its Scheme Providers, the current EWI failures were identified by TrustMark 18 months before they notified the Minister, and at no point before this were the scheme providers or system designers notified of the issues.
- Not publishing Technical Monitoring data. Despite Ofgem previously publishing this data, TrustMark has failed to provide data on failures, or any analysis if these are due to a particular measure, system or installer.
- Not publishing when an installer is removed from a certification body and allowing the installer to rejoin under an alternative certification body.

- A lack of action in suspending members who do not meet the quality standard. The EWI suspensions are such new territory that TrustMark do not have a procedure for reinstatement of those installers who have corrected their failings.
- Not applying its own standards in relation to financial protection, allowing guarantees with unacceptable terms to be approved, for example in the case of BlueDrop.

It is notable that in the case of the reported solid wall insulation The IAA are the only certification body to have fully complied with its requirements to carry out surveillance as determined by PAS 2031 and having also completed an additional 20 percent surveillance since we were notified by Trustmark of their concerns (a week before the Minister was notified) we have reported a major failure rate of 12 percent. We recognise that this is totally unacceptable but by no means an indication of a systemic failure rate as reported by Trustmark.

Having been approached by Mr Esterson in January where you requested information regarding poorly insulated homes, and providing a response introducing our organisation and welcoming a meeting or discussion to further understand your needs so that we could support you, and to better explain our quality journey, we received no further communication, and the points we raised in our response were not covered in the hearing.

We would again extend our invitation to Mr Esterson and the committee to engage with our organisation. We would be honoured to host an industry meeting at our National Energy Efficiency Centre in Leighton Buzzard so you can witness at first hand our personal investment in developing an environment for training and development aimed at improving the competence of the industry and delivering the skilled workforce required for the delivery of Net Zero retrofit. It is important that MPs witness at first hand a side of the industry that is going to work every day to do a good job despite the failings of a number of bad actors.

We fully support a full and transparent review of the compliance and consumer protection system which we believe has failed consumers in many areas under the introduction of Trustmark as part of the former Governments commissioned review delivered by Dr Peter Bonefield under "Each Home Counts". As such we are at the Ministers and the Committees disposal and are happy to fully cooperate with any deep dive into the currently identified failings in retrofit insulation.

Yours Sincerely



Nigel Donohue
CEO of CIGA Group consisting of The IAA Federation, The IAA and The IAA Commercial Services

CC: Selvin Brown
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