

Supplementary written evidence submitted by Luton Council (RFH0056)

Key Points for DESNZ Commons Select Committee

- Welcome the ECO4 and GBIS schemes
 - £4 Billion funded by the public (levy on energy bills)
 - Important to acknowledge there are good installers working in the industry
- Identifiable setbacks under the current ECO4 scheme – systematic throughout the supply chain
 - Targets for Energy companies, DESNZ and Ofgem
 - Revenue generation for TrustMark, Accreditation Bodies, Funders and installers, training providers
 - Accountability when things go wrong is non-existent, first hand experience
 - Lack of policing of the PAS 2030 or quality management system
 - 2013 Fishwick Preston 386 homes impacted – key lessons not taken into account. ECO is a national scheme.
 - EWI courses need to be better regulated, currently theory based
 - Lack of Technical monitoring of Installers

Impact on Local Authorities

- Local Authorities informed that the ECO scheme will be managed by external bodies and no need to LA's to be involved.
- Residents are being misled and told works are funded by the council.
- Issues with EWI first reported in early 2023 by residents. Issues reported included, additional costs, poor workmanship, Installer company unknown, alleyways over insulated and blocked, rubbish not cleared, fly tipping, scaffolding illegal and left for months leaving homeowners in a vulnerable position. When things went wrong they didn't know who to contact. Even when they contacted companies their concerns were ignored. On going for 2 years
- Lack of checks for party wall and planning.
- Warranties and guarantees not supplied after works are completed.
- Workers no H&S, no qualifications or identification cards. Not forthcoming with information when carrying out spot checks due to complaints.
- Email sent to DESNZ, Ofgem, TrustMark highlighting issues in May 2023 (see attached email evidence)
- Informed to report issues to Trading Standards and Citizens Advice.
- Investigation into money laundry in June 2023. Installers claimed funding came directly from the council. Installers companies are repeat offenders. (see attached email evidence)
- Lack of accountability from any organisation into complaints highlighted.
- Additional costs to LA's due to fly tipping
- Hours of officers time spent in investigation complaints along with our building control, trading standing and neighbourhood services teams.
- Undermines the trust in the grant schemes and vulnerable people are being affected living in cold homes.

Cost to the economy for poor insulations works

- Health impacts additional cost and strain on the NHS due to residents living in a cold home due to poor workmanship.
- Unauthorised building works (Non-Competent Person Scheme installer company) cost to homeowner £1,000 for building regs inspection
- Increase in Council Tax due to all the fly tipping and additional council resources
- Increase on insurance premiums, house insurance, indemnity insurance for good installers
- Buildings insurance policies voided or invalidated if insurers see breach of policies with EWI
- Impact on Mortgages and selling of homes, issues already reported homeowners trying to sell their home with EWI and asking the council for the building control sign off when works are carried out under the ECO scheme.
- Cost to public to rectify homes (further increase on energy bills)

TrustMark

Suspended installers belong to following accreditation bodies NICEIC – 12, NAPIT – 8, BAB- 10, IAA – 5, Simply Certification – 8. When engaging with the Accreditation bodies they've not taken complaints seriously.

BBC report – TrustMark since have engaged with Luton council and we have looked at the number of EWI installations carried out in Luton and how many have actually been notified to our building control under the competent person scheme (CPS)

Building control CPS – 4,215 Total EWI in Luton (2020-2024). Notified to Luton Council 782

3175 EWI installs are not CPS and deemed illegal. By law (building regs) resident is accountable for registering the fabric upgrade to the property.

Luton Council has received approximately 100 complaints in past two years.

Recommendations for improvement to ECO scheme

All installers registered with councils to deliver the ECO scheme in the local area. This will ensure residents are only using trusted installers on a verified list. Councils currently on board installers to deliver the ECO4 Flex scheme locally. Part of the administration costs can be paid by the installer to on board with the council i.e. set fee £500 first application fee, renewal fee £250 per year thereafter. Standardised on boarding process

Local Authorities can help police the installers, where a number of complaints are received for a particular installer these can be escalated to TrustMark and the relevant accreditation body. Installer will be removed from the council list and potentially other councils they are registered with.

To help with this council should be given budgets to administer and manage this process.

Having a performance metric will ensure that installers are constantly monitored to ensure they have followed all the correct protocols as required by PAS 2030.

The customer experience, example questions.

- Did you receive a welcome pack from the installer?
- Did the installer go through the works in detail, explaining what the scheme requirements are and the works they will be carrying out.
- Did the installer contact you prior to arrange for dates for visits and notify you when works will be carried out.

- Did contractors show you proof of their identification and qualification card.
- Was the complaints process explained to you.
- Did you receive all the insurance warranties after the works we're completed.
- Did you experience any issues or concerns which you would highlight.
- Did you have to pay for the works?

Where installers are constantly failing, this will easily be identifiable and can lead to them being suspended. Once installers are aware this system is in place, they will either up their game or be struck off. Even if an installer decides to open a new company with a different name / director, the performance metric will help to alleviate the poor performing installers. This could potentially form part of when funders pay the installer once these checks and balances have been carried out.

EWI check list. Prior to any funding released to the installer company a standardised checklist list which installers must complete and show evidence of. Warranties, Building Reg notification, planning check, party wall check, EWI design verification, pre and post technical monitoring reports send by the retrofit designer and final EWI sign off from the retrofit co-ordinator and TrustMark.

Money laundering is a key issue. HMRC should be notified of how much grant funding a company is receiving every 6 months. If a company has received £1 million in funding and only declaring £50,000 then they should be investigated further.

Installer companies need to declare all the sub contactors they are working and ensure they are registered with companies house.

Move towards a licensing scheme, similar to the MCS scheme where installers, retrofit Assessor, Coordinators and training providers are licensed providers. Managed by TrustMark who will be responsible to carry out inspections before approval of funding is released to the installer company. Any complaints should then be sent to TrustmMark in the first instance so they can follow these up directly and liaise with the accreditation bodies.

Training providers to deliver both practical and theoretical courses for insulation measures. Qualified individuals provided with CSCS cards as proof of identification and qualifications. Gas Safe and MCS equivalent for all other measures.

All fabric measures to be reported to building control, not just EWI under a competent person scheme signed off by a third party. Installers should not be allowed to mark their own 'homework'.

ANNEX – correspondence about installers

Correspondence between Shabir Hussain and BEIS, 5 - 11 May 2023

5 May 2023 (from Shabir Hussain)

As a Local Authority, we've been receiving a high number of calls in relations to the ECO4 funding, especially in regards to External Wall Insulation (EWI). I'm sure we're not the only LA that is receiving complaints in regards to the EWI installation that are currently taking place.

There are a vast number of ECO4 installers that have targeted the Luton area and have been approaching our residents miss informing them of the ECO4 grants. Residents have been told that the grants will fully fund the installation of EWI at no cost to the resident. Once the works have been completed, residents are being told they need to pay anything from £1,000 up to £4,000 by the installer company with no agreement in place.

As you're fully aware, many of our residents are living in fuel poverty, with the cost of living impacting millions of families across the UK. Further to this, the installers are miss abusing the ECO4 grant scheme and putting residents into further difficulty and vulnerability. On average I'm receiving 2-3 calls per day from residents stating that the installer which has carried out the works is demanding money and that they we're never informed at the beginning that there was a contribution required. This is very similar to when the Government ran the Green Homes Voucher scheme and it was open to abuse by the installers. Many hundreds of vouchers which were issued, which we're not honoured, as installers were picking and choosing those residents that we're willing to pay the addition costs.

As you're fully aware the ECO4 scheme has nothing to do with councils, though we are being put in a very difficult position. We've referred residents to TrustMark or onto the accreditation bodies. Residents are then are calling us back saying these bodies can't help and they need to refer this to the local council which are already stretched to capacity.

Having worked in the energy efficiency sector for over 20 years, I strongly suggest that DESNZ and Ofgem to re-evaluate the current ECO4 grant scheme, especially with the EWI installations. Below are my proposed recommendations.

ECO4 works for EWI to be stopped with immediate effect until the following processes are in place:

1. A central point of contact call centre for residents to send complaints.
2. TrustMark, Funding bodies and Accreditation Bodies to take a more serious actions against installer companies.
3. All installer companies must register with LA's to deliver both ECO4 and LA Flex scheme within their regions. Funding bodies can check to ensure the installers are registered before approving any funding.
4. Funding bodies to be sent evidence of any additional costs for EWI or any other measure which has been agreed and signed by the resident. LA's could help in approving this, before it's sent to the grant funder.
5. Checks and evidences that works are delivered by qualified staff. I've spoken to one independent inspector that has informed me that he has failed over 200 EWI inspections already as these have been incorrectly installed by unqualified staff. The ramification of substandard work will cause damage to many properties in the long term. Warranties will then become invalid as the EWI installation has not been carried out to the manufacturer standard.
6. All EWI works must be independently inspected by the grant funder, before any funding is released.
7. Post EPC's lodged onto the register to give more realistic picture of number of homes that have benefitted from the ECO4 schemes.

My concern is with the launch of the Great British Insulation Scheme in due course, if the above recommendations are not taken seriously, then the GBIS will also be open to abuse, those residents which are in dire need will be put into further financial difficulty.

On a side note, our next ECO4 therapy meeting will be taking place on the 24th May at 12 noon. We would like to invite yourself and your colleagues to the meeting. There are only a small number of LA's in the group, which we help and discuss a variety of topics. Please do let me know if you or your colleagues can attend, Bill will forward on the meeting invite.

Thank you for your time in reading this email, I know it's long winded though as a LA we are being put into a difficult position and our key goal is to help as many of our residents. Though at the same time ensure they are not being abused by a grant funding programmes which is meant to be of benefit.

BEIS to Shabir Hussain – 9 May 2025

Thank you raising your concerns regarding EWI practices within the Luton area with me.

I have not been made aware of any particular issues in other areas, nevertheless the issue you raise below are concerning. It would be helpful if you were able to inform us of the installer's names, this is something that we can take forward with Trust Mark. It also appears from your email that households have not entered into any financial agreement with the installer prior to installing the EWI so I am unsure on what basis they think they can subsequently charge householders, do you know if any householders have paid and whether Trading Standards have been involved?

In terms of your recommendations below, there are steps in place for householders to follow where there are unhappy following an installation, as you may know any work carried out is funded by an obligated supplier rather than being grant funded by the government, so unlike the Green Homes Voucher scheme a single contact centre has not been put in place as delivery is supplier led. LAs are free to work with installer of their choosing, so are not obligated to sign declarations where they have identified known issues and in the cases you have identified below I wonder if there have been any further conversations with the installer themselves?

Shabir Hussain to BEIS – 11 May 2025

As far as I'm aware, the homeowners have stated they've not entered into a financial agreement. Installers are asking anything up to £1000, just for the scaffolding to be erected, under a verbal agreement. Trading standards have not been made aware as yet though, I will ask our trading standards team to investigate the matter further.

Some of the company names I've been given are:

[REDACTED three installation companies]

There are other companies, which have been mentioned in the past which I don't have the details.

The issue councils are facing is that under ECO4, any installer company can work within any region across the country. It's only under the ECO4 LA Flex scheme, councils are requesting installer companies to register or to on board with them directly as we need assurances they are fit for purpose before we issue a declaration. If we receive complaints against any installer on boarded under the ECO4 LA Flex scheme, we do then have all the information to report them to the relevant bodies and to remove them from our list of installer network. For consistency, I would recommend all installer

companies must be registered or on boarded with the council's regardless whether it's under ECO4 or ECO4 LA Flex schemes.

Thank you for confirming you can join us at our ECO4 Therapy meeting on the 24th May

Shabir Hussain, internal local authority email 9 June 2023

I had a call from Leicestershire Police who are carrying out investigations on a number of installers companies which could be linked to money laundering. Leicestershire police were told monies sent to a certain individual from the installer companies listed below, are for works which the council has approved for the installation of external wall insulation. I confirmed that we didn't approve the works and neither do any of the companies listed below are registered with Luton council.

They've asked me to help assist them where possible to understand more about the installers and the ECO4 grant scheme. They stated I won't be called in further, they just need some help to understand more about installers and how the works are being carried out at a number of Luton addresses.

The following companies are being investigated.

[REDACTED – five installation companies].

Just to add to my woes, I've now received another major complaint against another two installer companies which have been taking payments from residents.

[REDACTED – one installation company].

I've got a meeting with DESNZ, the government department managing the energy grants on Tuesday. I will inform them of the investigations that are going on with the installers companies as they won't take heed in anything I say.

I'll keep you posted on any further developments.

Shabir Hussain to Ofgem – 14 July 2023

DESNZ has asked me to email you regarding an ongoing investigation by Leicestershire police force into money laundry by a number of installers companies.

Leicestershire police force contacted me last Friday asking questions regarding a number of properties which had energy efficiency works carried out. The suspect they have in custody claimed that the works were through Luton Council and he worked for all the installer companies listed below. There is a substantial amount of money being transferred to an individual from each of the companies listed below. I confirmed to the police that none of the works were approved by Luton Council and this was all carried out under the ECO4 scheme via the benefit eligibility route.

I've included some summary for each installer company.

[REDACTED – details of six installation companies]

As I explained to [DESNZ], the council is being in an dated with complaints regarding EWI works which are currently taking place in the Luton area. Many of the installations are being carried out by

unqualified staff and residents are forced to pay thousands of pounds when they we're told the works we're free.

I've spoken to TrustMark and the accreditation bodies and I just get brushed off.

The ideal solution would be to have a list of the funders for each of the installer company which council can contact so they can hold back any payments if complaints are received. It would be good if all installer companies would have to register with all the councils, though I know not every council would be able to manage this.

March 2025