

Retrofit Skills and Employment

Purpose of report

For discussion.

Summary

EEHT, City Regions and People and Places Boards were presented with a Green Skills and Employment report in November 2021, followed by a next steps paper in January 2022. Building upon that work it was agreed that a paper focusing on retrofit should come next.

This paper sets out the current barriers to the retrofit sector, the implications that retrofit will have on the work undertaken by councils, and changes that could be implemented to support retrofit skills and employment to develop effectively and at speed.

In parallel, EEHT officers are looking at approaches to 'whole-place' street /neighbourhood decarbonisation, including buildings and transport. Their work will make recommendations to policy makers, national and local partners, and local authorities across the UK. Both pieces of work will give the LGA a clear policy position and strategy for retrofit. We would then seek the boards' views and agreement on the directions outlined in both papers.

Is this report confidential? Yes No

Recommendation/s

For Members to provide a steer on paragraphs 22-29, 37

Action/s

As directed by Members.

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Purpose

1. The aim of this piece of work is to develop a place-based employment and skills approach to deliver retrofit, in advance of, and to inform, any new Government policy.
2. Local government is ready to bring together key partners such as the private sector, private homeowners, housing associations and local training providers, to design local skills and employment pipelines that deliver on the sector's need and growth.
3. Energy efficiency of buildings / retrofit is a sub sector of construction, aimed at improving the efficiency of the UK's housing stock, supporting the transition to net zero. The work required for this to happen will have clear roles for local government and should be a high priority. This is due to local government having its own housing and office stock which requires retrofitting, as well as their role as place leaders and employers, through their statutory duties and in delivery of provision such as the Social Housing Decarbonisation Fund.

Current barriers to the sector

4. Urban and rural areas and different parts of the country all have [diverse housing stock](#) requiring varying retrofit methods. Financial costs and outputs will vary across the country, requiring a localised joined-up approach to avoid extra cost being incurred through delivering more infrastructure than necessary. This makes a one size fits all retrofit package difficult, emphasising the need for a local approach to meet net zero targets, while also ensuring the packages delivered and jobs created are the most cost effective for the resident and the supplier.
5. The current funding available has created a complex range of provision that makes it difficult for local government to plan how they can effectively support the development of the retrofit sector. Especially as local government must bid for funding, leaving them unclear on what elements they will be successful in securing. This makes it challenging to plan how to resource and successfully support both the short- and long-term development of the sector in their region.
6. Retrofit is a large sector that includes many different pieces of work. While we are using it here for brevity, we acknowledge that to make the most of these opportunities there is a need to consider taking a more nuanced approach to growing the sector. This would allow each sub sector to have more chance to develop, by making the private sector and people aware of the business opportunities and the employment and skills needed.
7. Businesses have expressed hesitancy at moving into the market, due to fears that the current technology and methods will be short lived. An example being, that heat pumps will not work in some old housing stock, with hydrogen heating being suggested as a solution. Businesses require a clear commitment before they will agree to spend money on training staff and reducing delivery when there is not a clear business case to do so.

8. The underwhelming impact of the [Green Homes Grant Voucher Scheme](#) has shown that the sector does not yet have the training and qualifications in place, or the companies with large enough work forces to meet the increase in demand. We are also yet to fully understand all the jobs that will be created by the sector, as these have not been fully mapped out in their entirety and tested.
9. A national approach will make it difficult for local government to work with the private sector to ensure long term work and employment pipelines are created in their area. This is due to national contracts tending to work across multiple regions, making them only viable for large national companies with a workforce capable of delivering across large geographies.
10. Discussions with the Construction Industry Training Board and the Federation of Master Builders have highlighted that most construction supply chains, direct labour organisations and tradespeople currently have projects in place that mean they are not actively seeking new work. With some notable exceptions, the current construction workforce will require training to be able to decarbonise a building. The sector has also seen the largest rise in salary of any other sector in the [UK](#). This makes the development of new entrants for the retrofit sector important if we are to meet our net zero targets. For this to happen the retrofit sector will need new workers, coming from school leavers and those workers transitioning into a [new sector post-pandemic](#).
11. Though there has been an increase in the number of qualifications available to the retrofit sector, what is currently available will not enable pathways to all the roles required. This is due to the sector still developing, meaning that roles are still being created to meet the sector's need. This will require qualifications to be developed in a timely fashion to meet roles as they come online.
12. The current post 16 funding structure sees funding follow students onto the courses they choose. This creates a challenge for FE colleges, where new [subjects](#) and courses take time to gain the attention and applications from young people, required to make them financially viable. This leaves FE colleges having to take educated risks with their finances to deliver courses. Decisions that have been made even harder through [funding cuts](#). An example is Camden council having to explore a sub-regional approach, as colleges cannot justify delivering retrofit training. Without a sub-regional approach there will not be a retrofit offer available to those that live in the region. By working with other London councils, they plan to develop, fund, and deliver a retrofit training programme that can support both businesses and college age students.

Implications for local government

13. Councils have their own housing stock and office buildings that they will need to retrofit. To ensure that this is done effectively there will be a need to develop roles within council

housing departments that specifically focus on retrofit standards and deliver retrofit programmes.

14. To deliver a place-based retrofit model councils and combined authorities will need to employ staff able to deliver the required programmes. This will see councils having to employ maintenance teams, assessors, advisors, and project managers, as well as other relevant delivery roles as required. This is something that London Councils is in the process of undertaking; their current estimates for getting this work in place and delivery starting is between 3 to 5 years.
15. The current funding models require councils to use valuable resources to attempt to secure funding to support the retrofit sector. As an example, Devon County Council are currently working with a range of partners from the private sector, training providers and [voluntary and community sector](#) and using 5 different funds to develop the skills and employment pipelines needed to ensure the sector can grow at scale. To put this in place takes a great deal of staff time, focusing on strategic planning and application writing for funds, without any guarantee that these will be successful.
16. If the sector is developed using a place-based approach, economy, skills and employment departments will be able to support businesses to effectively pivot into the market. Retrofit support can be aligned with the work they already undertake in supporting and developing businesses in their region. This work will support people to gain employment in the sector, through targeted employment support; for those who wish to pivot into the sector; or are seeking employment. Supporting two of the levelling up missions through, increasing employment and pay, while supporting the “significant” rise in the number of people completing high-quality skills and training.

Wider benefits of retrofit

17. Retrofit will support councils’ health departments with the work they undertake, through creating better insulated houses for the most vulnerable in their communities. This will lead to a reduction in certain health issues, which can be caused from damp and poorly ventilated housing. These living conditions have been proven to [cause](#) respiratory related illness and reduced general health. This is reflected in the work delivered by the [Carbon Co-op](#), where customers feedback highlighted their “improved health conditions such as allergies, asthma and eczema, as well as their own mental health and wellbeing.” These health improvements can support the governments levelling up ambitions, to narrow healthy life expectancy between the UK areas where it is highest and lowest.
18. The work delivered by children’s and young people departments will be supported by the retrofitting of housing stock. [Children](#) and young people are far more susceptible to respiratory illnesses and wider mental health issues caused by living in poor accommodation. This can influence their educational attendance and long-term health,

reflected in a study by the [National Centre for Social Research](#) which found that of those children persistently living in accommodation in poor state of repair, 25 per cent had a long-standing illness or disability. 29 per cent had been bullied inside or outside of school, while 5 per cent aged 8-18 years had been in trouble with the police in the past. These results all reduced substantially for young people who lived in this type of bad housing on a short-term basis, let alone those who have never lived in bad housing. Though not a silver bullet, retrofit can play a part in ensuring we improve our housing stock by creating better insulated houses, leading to more young people living in accommodation that supports them to meet their potential.

19. The work delivered by children's and young people departments will be supported by the retrofitting of housing stock. [Children](#) and young people are far more susceptible to respiratory illnesses and wider mental health issues caused by living in poor accommodation. This can influence their educational attendance and long-term health, reflected in a study by [Virginia Community University](#), which found that children with asthma and other chronic illnesses may experience recurrent absences and difficulty concentrating in class, leading to educational setbacks. Though not a silver bullet, retrofit can play a part in ensuring we improve our housing stock by creating better insulated houses, leading to more young people living in accommodation that supports them to meet their potential.
20. Retrofit will reduce fossil fuel usage, by improving the heat efficiency residential, commercial and industrial buildings, leaving them requiring less energy to heat them. This will be a key step in helping [councils'](#) climate change departments to meet their net zero targets and any targets attached to the climate emergencies they have called. This could be further supported with advancements and delivery of solar energy and battery storage, seeing houses create their own energy and reducing their reliance on the national grid.
21. Through improving the efficiency of heat retention in our building stock, residential, commercial and industrial buildings should see their energy bills reduced. Lower energy costs should see a reduced number of people suffering from fuel poverty. It should also lessen the impact of fluctuations in the energy market increasing the number of people in fuel poverty. The Future Generations Commissioner for Wales has called for a [£15 billion retrofit investment plan for homes](#) using the retrofitting of houses to eradicate fuel poverty, while also saving a predicted £8.3 billion in energy bills by 2040. Such improvements will support the health, children's and young people, climate change and housing departments in councils towards their net zero targets and in supporting their communities to live healthier happier lives.

What changes are needed

22. There is the need for a long-term investment and delivery plan for the retrofit sector. **The LGA would call for this to be developed through a co-design model between government, local government, and the private sector.** This plan would go some way to assuring the private sector that the funding is forthcoming, creating investment in the skills and employment needed.

23. The plan should outline:
- 23.1. The expected cost of retrofitting both homes and commercial buildings.
 - 23.2. The funding that government will make available to support the sector and the match funding that will be required from the private sector.
 - 23.3. The role that private house owners, private landlords, housing associations and councils will have in retrofitting properties.

Skills and employment policy asks and offers

24. Retrofit offers an opportunity to support people in England to gain well paid stable employment. For this to happen the sector requires relevant qualifications, delivered in a flexible way to ensure they are accessible. Currently local government are having to work within the confines of the national system. Below are suggestions on what could be asked of Government to create flexibility within the current system, or through the introduction of new provision to deliver retrofit and support employment opportunities in other green and net zero sectors as they come online. As this sector develops, it will be important that EDI is factored into the opportunities it creates locally and nationally. As an example, construction which is a key component of net zero efforts has struggled, with the [Labour Force Survey](#) showing that just 5.4 percent of construction workers were BAME.
25. The reduction in funding for adult skills to Level 2 (equivalent to GCSE), which has been reduced by 50 per cent over the last decade has reduced the options available to maximise employment opportunities in green and new sectors. To make the most of these opportunities the LGA has already said it would like to see **the adult education budget (AEB) [restored to its 2010 levels](#) as a minimum. This should then be fully devolved to LAs and MCAs to target and deliver short courses, enabling people to pivot into the sector, or start on their journey to employment.**
26. Place leaders are currently having to apply for funding and then piece together successful bids to create a retrofit programme. This means that not all parts of the country have had the same ability to plan effectively, which has implications for the national market. This is further compounded by regions only being able to secure short-term funding to deliver their long-term ambitions for the sector. We propose Government work with local government and the private sector on a **co-designed model of funding, aimed at streamlining what is already in place to test different delivery models. This should include longer term funding aimed at supporting the sector to develop, reducing business hesitancy, and increasing private sector funding.**
27. A key element of the co-design should focus on local government and the models they have in place or planned for developing the retrofit sector, specifically the skills and employment pipelines needed. This would allow government to understand what is currently happening across the country, allowing them to **bring forward trailblazers offering areas the funding and timeframes required to enable local government, the private sector and the third sector to deliver retrofit skills and employment provision aimed at stimulating the local market.**

28. To ensure that the learning is maximised, and best practice is disseminated, part of the co-design should look at how **current provision, such as the work already done by the LGA's [productivity team](#) could be used to capture best practice, learning and support that is happening in the sector, ensuring all areas of the country have the best chance of success.** This could be an area of work that is expanded if these are joint priorities for the LGA and DLUHC.
29. The [Youth Unemployment Committee has recommended](#) that the Government should consider a new funding model for FE. At present, the caps on student numbers for certain courses remain a significant barrier to addressing regional and sector specific skills gaps. FE colleges require support to enable and deliver training for new sectors. The LGA would make the case for a **green and net zero support fund for FE colleges**, which could be supported by **DfE adopting a multi-year prospectus approach to FE capital funding**. This would enable local government to work with FE providers across a place to assess facilities needed to meet local growth need, creating the basis for a discussion with DfE about funding contributions while reducing the risks to FE colleges. This would ensure young people have the chance to train in subjects and gain employment in sectors that are crucial for England's future economy.
30. Research undertaken through the LGA's Work Local campaign has shown the value in creating single place-based pots for employment and skills that would use funding flexibly to prioritise local need to help people increase their skills and support them into work. This is reflected in our Work Local Cost Benefit Analysis which will be published shortly.

Support for the homeowners and tenants

31. One key issue that needs addressing to get the retrofit market to develop, is the "able to pay" private house owners. [Regen](#) and the [UK Green Building Council](#) found that, though aware of the need to retrofit their homes, the public have not been given the information and support to enable them to make decisions, leaving them unsure of what is best for their homes and how to help the country to meet our net zero targets. **The LGA would call for funding to enable local government to work with community groups, training providers and other key partners and stakeholders to deliver community education on why and how people can support the transition to net zero.** The funding will enable training and communication plans to be developed to engage the public in the country's transition to net zero, with one of the objectives being to increase retrofit investment from private homeowners.
32. All homeowners and residents should have confidence, that what has been installed in their home is done to a high standard and will work effectively for as long as possible. To ensure this happens we will work with government and the private sector to develop appropriate mechanisms, ensuring that standards and regulations are considered, and where required provision is developed to support.

Equalities Implications

33. In addition to the specific points outlined above, while developing policy work on retrofit employment and skills, we will seek to outline the challenges and opportunities faced by specific communities.

Implications for Wales

34. While employability is a devolved matter, the LGA and WLGA liaise to share approaches on the level of local / national collaboration.

Financial Implications

35. All activity highlighted falls within existing LGA policy budget for 2022-2023.

Next steps

36. The combination of this retrofit skills and employment paper and the complementary work being undertaken through the EEHT board to investigate, capture, and present approaches to 'whole-place' street / neighbourhood decarbonisation, including buildings and transport will help develop the LGA's policy position and strategy for retrofit.

37. The Board may also wish to consider whether the LGA should reach out to the private, public and third sectors to develop potential principles for growing the retrofit sector in a sustainable and inclusive way.

38. Currently there are many strands of work focusing on retrofit, across a range of stakeholders, and work is needed across the LGA to bring these together. At an appropriate time later in the year, the LGA could host a roundtable with the aim of joining together the strands of work and developing key principles.