

Retrofit Skills Discussion Paper

Purpose of report

For direction.

Summary

This report sets out the current context of retrofit and the skilled workforce needed to reduce energy usage and tackle climate change. Local government has ambitions to achieve net zero and reduce the external impact of energy prices, especially for the most vulnerable communities. This work is the first part of the Board's focus on developing wider green jobs and skills.

The report highlights the role of the Green Jobs Delivery Group and the intention for the LGA to develop partnerships with other sector bodies to influence government policy with the aspiration to develop a publication on progress on retrofit skills which has contributions from sector partners to influence future government thinking.

Summary

Is this report confidential? Yes No

Recommendations

The report recommends the Board develop a retrofit jobs report to understand the progress of national government ambitions to develop the retrofit skills workforce. This would be informed by discussion and potential collaboration with relevant partners.

Action/s

Members are asked to comment and agree the next step actions as summarised in paragraph 36.

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Retrofit Skills Discussion Paper

Background

1. At the last Board meeting, members identified the need for there to be a step change in retrofitting homes to support councils to deliver net zero commitments, tackle the cost-of-living crisis and fuel poverty and keep homes warm. Members directed officers to focus on ensuring there is the qualified workforce available to deliver the scale of retrofit needed, and that this needs to be developed at the local level. Local government has real ambition to deliver net zero, and therefore needs a localised, place-based approach to deliver retrofit, which should include an integrated employment and skills offer that is tailored to local need.
2. This paper provides an update to members on the urgency of the situation as well as the activity councils and the LGA are undertaking to develop the investment structure and skills collaboration needed to address the retrofit challenge. This is the first element of the wider work on green jobs.
3. It sets out proposed next steps in developing a set of roundtables building on the Green Jobs Delivery Group, a BEIS led group of partner organisations to look at developing green skills and jobs. This would enable the LGA to collaborate with wider partners to try and shape any future government retrofit skills initiative to be localised and place based. In the longer term, we can utilise the work of the roundtable partners to understand the progress of developing the retrofit workforce, what barriers remain and how any future government initiatives are faring. It could build on the success of the [LGA green jobs report](#).

The urgent need to address the retrofit challenge

4. With over 300 councils declaring a climate emergency, net zero has become a key priority for the sector, which is gaining more traction as the negative effects of climate change become apparent. As place leaders, councils have an influential role to support the reduction of carbon emissions, with the ability to impact on more than a third of emissions across villages, towns and cities in areas such as housing, transport and the natural environment.
5. Household energy bills have increased significantly with a 54 percent increase in the energy price cap in April 2022. This is expected to significantly increase energy bills in October to £3,250, moving an estimated 8.2 million households into fuel poverty¹.

¹ [8.2 million households could be in fuel poverty from October | NEA](#) Accessed 19/08/2023

6. This will have a significant impact on household budgets at a time where there are wider inflationary pressures on food, transport and other essential commodities. Consumer Price Inflation is at 9.9%², in the context that there has been 5.2% growth in regular pay³. The [cost-of-living crisis](#) will combine with existing disadvantage and vulnerability within our communities to put many households at greater risk of both immediate hardship and reduced opportunity and wellbeing.
7. To reduce energy consumption and tackle the rising energy costs in some of the most vulnerable households, there needs to be a step change in delivering retrofit measures. LGA research estimates there is the potential that over 1000 homes a day could be retrofitted⁴. This will help create the warm and comfortable homes that would reduce costs to the NHS by £1.9 billion and support almost 31,000 new, skilled jobs in the construction and retrofit industries.
8. A study by the Green Financing Institute and Bankers for Net Zero found that to achieve net zero by 2050, the retrofit industry will need to increase ten-fold⁵, therefore needing to ensure that there is a qualified and skilled workforce to deliver such change.

Local government leadership in addressing the retrofit challenge

9. The local government family has ambitions to retrofit their communities to support net zero and reduce fuel poverty. For example, combined authorities, such as Greater Manchester Combined Authority's (GMCA) Skills for Growth Programme, which awarded [£1.1 million of ESF monies to North West Skills Academy](#) to upskill in retrofit skills over 1000 people in construction and other relevant industries.
10. Councils, such as Devon County Council and Chesterfield Borough Council, have utilised the Community Renewal Fund and other funding sources to develop models to provide the skills and employment pipeline needed to address the retrofit and wider construction challenges. Using the Community Renewal Fund, Devon has developed lecturer training, sector specific qualifications/units and employment programmes. Through the Staveley Town Deal, Chesterfield and partners will develop a Constructions Skills Hub, which intends to offer training in retrofit and other green technologies⁶.

² <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/august2022>
Accessed 14/09/2022

³

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/september2022> Accessed 14/09/2022

⁴ <https://www.local.gov.uk/delivering-local-net-zero>

⁵ [Tooling-up-the-Green-Homes-Industry_FINAL.pdf \(volans.com\)](#)

⁶ <https://www.chesterfield.gov.uk/home/latest-news/staveley-town-deal-project-aims-to-build-skills-for-the-future.aspx> Accessed 14/09/2022

11. As part of their [Climate Emergency Action Plan](#), the West of England Combined Authority (WECA) developed a [Green Skills Report](#), which included local [Retrofit Skills Market Analysis](#) and [Green Skills Market Analysis](#) to understand the supply chain issues and skills needs to deliver on their local net zero ambitions, as well as positive examples of action, such as the [Green Futures Fund](#), to support the education of green skills in schools and other academic institutions.

The LGA's work to support local government address the retrofit challenge

12. The EEHT Board is commissioning two pieces of work. First, demonstrating the benefit of local leadership in decarbonising buildings and transport at the street or neighbourhood level. Second, the designing of an approach whereby local and national government work together to further enable decarbonisation of heat and buildings up to 2050, building on existing local strategies and bringing them together into a single national programme/framework.
13. The LGA is also providing significant improvement support for councils to step up to the retrofit challenge. Building on the [LGA green jobs report](#) (2020), [Leading and Learning sessions to create local green jobs](#) (2021) and [Building Housing Retrofit Skills Leadership](#) (2022), the Local Retrofit Action Planning programme will bring together retrofit leads from across local government, to deliver a package of training, resources and guidance, to support the development of localised action plans.

Government response to retrofit challenge

14. In 2020, the government launched a £3 billion funding stream to retrofit homes and public buildings across the UK. £1 billion of this was allocated to improving the energy efficiency of public buildings, such as schools and hospitals through the Public Sector Decarbonisation Fund.
15. £2 billion of this was allocated to the Green Homes Grant Voucher Scheme. This offered homeowners the opportunity to apply for up to £5,000 funding (£10,000 for low-income households) to install energy efficiency improvements and low carbon heat measures in their homes. Homeowners were expected to identify a certified installer and apply for vouchers with the installer receiving the grant funding once they had fitted the measure.
16. However, the NAO has established that the Green Homes Grant Scheme has been underwhelming⁷. It showed the delivery and implementation of the scheme was rushed, reducing the intended benefits of the scheme. There was frustration for homeowners and installers with the scheme, and it had limited impact on longer term job creation. The fast-paced procurement process added with the short-term nature of the scheme made it harder for installers to mobilise to meet demand.

⁷ [Green Homes Grant Voucher Scheme - National Audit Office \(NAO\) Report](#)

17. The experience of the scheme demonstrated challenges of investing in a new market without developing a skills pipeline and the investment to support it. In addition, it shows the lack of a strategic, long-term approach in developing the workforce needed. The independent Committee for Climate Change has recently raised concerns about the progress of developing the skills pipeline to meet the challenges ahead. The lack of a Net Zero Skills Action Plan, the need for improved data on workforce in relevant operations and the need to build confidence in the business sector⁸.
18. The multiple pressures identified above could see a greater emphasis on investment in retrofit from the next Prime Minister and the new cabinet. The approaches that have previously undertaken so far show there has been a centralised, short-term approach to developing the skills needed for retrofit, and not bringing together the supply chain, workforce and systems are in place that are needed. This can only be achieved through the collaboration of national and local government, as well as business and the voluntary sector, which will need to come together as quickly as possible to develop the workforce needed to deliver this priority.

Challenges and opportunities in rolling out retrofit

19. Conversations with councils and stakeholders over the summer have supported the development of some draft policy positions the Board might wish to explore further. The topics listed below could also be included in the proposed roundtables as an opportunity to develop shared lines with partners.

Managing capacity to meet the retrofit challenge

20. There has been great movement towards place-based approaches led by local government to developing the workforce and supply chains needed to deliver retrofit and net zero ambitions. The York and North Yorkshire devolution deal includes a commitment to explore the potential benefits of and design options for a place-based approach to delivering retrofit measures, and we understand this will be likely included in other devolution deals. There is less clarity for non-devolved areas.
21. In a scenario where there is sudden investment in retrofitting homes from national government, it is likely that there will not be a large enough skilled workforce available to deliver the scale of investment, repeating the experience of the Green Voucher Scheme. This may undermine the local place-based model that local areas are keen to continue to develop.
22. The government should develop strategy and provide funding on a longer-term basis. This will enable local areas to use the current skilled workforce to prioritise those properties with the most vulnerable communities in the short term. But also have the time, space and resources needed to developing partnership, resourcing, private funding

⁸ <https://www.theccc.org.uk/publication/2022-progress-report-to-parliament/>

and careers pathways needed to develop the retrofit workforce for every household in their community.

Developing good jobs through retrofit career pathways

23. Developing retrofit skills provides an opportunity to develop clear career pathways that create employment routes into the sector and effectively reskill and upskill the current workforce. Current salaries in the sector show that there is an opportunity to develop highly skilled vocational roles which increase individual incomes above the average national salary⁹. These roles can help tackle the cost-of-living crisis and provide opportunities for individuals in communities that experience disadvantage and limited access to well paid jobs that are needed in the longer term to achieve net zero and support the delivery of levelling up aspirations.

Supporting the private sector to develop retrofit skills

24. In the UK, the market for retrofit mainly comprises of SMEs, which creates a fragmented market compared to other European countries¹⁰. Increasing the demand for retrofit could grow and investment in skills by companies will follow. With resource prices fluctuating and energy costs spiralling, the market is likely to concentrate on short-term issues.

25. Economic Growth teams and business support functions within local government could support local retrofit markets. The removal of funding silos between economic growth and skills and employment schemes will help as business support schemes that incentivises SMEs to upskill and develop workforce will support the supply chain issues. 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.

Greening the workforce

26. In addition to the focus on retrofit, we are exploring the challenges to develop the local government workforce and skills needed to green local economies and places. This will cover a range of areas, including the development of the workforce for the natural environment, farming, and the planning function. Members may wish to explore the workforce needs to develop infrastructure to deliver net zero, as part of wider local infrastructure investment. For example, the investment in hydroelectric renewable energy as part of the development of free ports and how it can support job creation in coastal communities.

The Green Jobs Delivery Group

27. One avenue available to influence government policy is the BEIS led Green Jobs Delivery Group which explores the skills and training needs to achieve net zero. Local

⁹ [Salary: Retrofit Assessor \(August, 2022\) | Glassdoor](#)

¹⁰ [Tooling-up-the-Green-Homes-Industry_FINAL.pdf \(volans.com\)](#)

government is represented on the Green Jobs Delivery Group through the Chief Executive of Cornwall Council, Kate Kennally. The organisations that participate in the group represent professional institutions, environmental groups, energy companies, business organisations, employee groups and education and training providers.

28. The Group has recently agreed their workplan and the issue of retrofit skills and the local approaches needed will be the focus of its next meeting in October. The LGA is supporting Kate at these meetings, which is a great opportunity to land key messages, including:

28.1. Local government has a unique leadership role to join up the collective action of partners, businesses and communities as 230 councils declared a climate emergency, and two-thirds of England's councils aim to be carbon neutral by 2030.

28.2. The Government should bring forward a place-based package of targeted public investment to decarbonise / retrofit social housing and public buildings alongside skills and employment funding to make this happen.

28.3. All of local government can work shoulder-to-shoulder with Government to join up careers advice and guidance, employment, skills, apprenticeships, and business support services to create an integrated skills and employment system tailored to local needs, as outlined in Work Local.

29. A meeting will be taking place between local government representative and lead members from People & Places, City Regions and EEHT Boards to discuss the broader green jobs work programme and the need for greater representation of local government. This meeting will be held in advance of the next Delivery Group meeting in October.

Retrofit Workforce Cross Sector Roundtables

30. To take our work forward we are reaching out to the other partners of the group to expand our stakeholder network and explore collaboration opportunities. Throughout the summer, we have been strengthening connections with partners to take forward our aims. This includes Institute for Environmental Management and Assessment, the Institute for Apprenticeships and Technical Education, the Green Alliance, MakeUK and Federation of Master Builders.

31. We are also keen to explore how we can collaborate and share thinking within and beyond the Green Jobs Delivery Group, including with SMEs, with the possibility of developing collective messages through a set of member-led roundtables.

32. The roundtables could then be used to be used to assess what progress is being made to address the retrofit skills challenge in the longer term in order to:

32.1. Shape any new national government scheme or policy to develop the retrofit workforce, so it meets the needs and demands of local places.

32.2. Identify areas that are not being addressed by any new national government scheme or policy.

- 32.3. Consider the challenges and opportunities discussed earlier in this paper.
33. This would provide an opportunity to gather further evidence to develop a document that leads on from the [LGA green jobs report](#) with a particular focus on retrofit skills with the attempt to influence government thinking and encourage longer term planning. It will enable the sector to identify systemic issues that the government needs to address in advance of winter 2023, as well as explore the type of retrofit jobs that are available and if they meet the aspirations of local places.
- 34. We would welcome members' steer on the membership, format, purpose or content of the retrofit skills roundtable model outlined above.**

Next steps

35. Officers will
- 35.1. Provide an opportunity for lead members to raise issues through the local government representative on the Green Jobs Delivery Group
 - 35.2. Develop a roundtable with relevant partners from the Green Jobs Delivery Group to explore collaboration in messaging to government.
 - 35.3. Support the ongoing collaboration with the roundtable stakeholders which could include exploring developing outputs such as a retrofit jobs report.
 - 35.4. Develop further policy lines incorporating any member feedback.

Implications for Wales

36. This report highlights the activity of the LGA in relation to retrofit skills in England. The LGA will be working closely with the WLGA, as well as NILGA and COSLA on approaches to retrofit.

Financial Implications

37. There are no additional financial implications as activity is funded through LGA work.

Equalities Implications

38. Low-income households and those communities which are more likely to experience poverty are more vulnerable to the increase in energy costs which could have knock on effects for health inequalities. The characteristics of the most vulnerable households will vary between local areas with different implications for households in both urban and rural areas.
39. Developing a skilled vocational career pathway in retrofit will provide additional opportunities for individuals in lower paid jobs to access stable, well-paid careers. This will in turn will help reduce inequalities.
40. Through this work, we will recognise that some communities are less likely to work in the relevant industries or take up relevant qualifications. Local areas know their communities

best and will explore where there may be barriers to enter professions for certain groups.
This is a key strand of the work programme of the Green Jobs Delivery Group.