

TRAIN LOCAL, WORK LOCAL, STAY LOCAL

RETROFIT, GROWTH, AND LEVELLING UP



SUMMARY

The UK is facing the worst energy bill crisis in at least 50 years. The price cap freeze and total of £550 in support to households is welcome but temporary. While households will now be shielded from the worst increases, gas prices are projected to remain high for several years.

In a crisis like this, the government should be pulling every possible policy lever available to it, to reduce energy consumption, move away from gas permanently and ensure the government is not subsidising UK energy bills for years to come. This will require an enormous increase in the pace of retrofitting people's homes with insulation to cut energy bills and upgrading their boilers to heat pumps to get them off the gas grid and protect households from future price shocks.

Retrofitting the UK's leaky, cold, and damp homes has always been about more than just meeting net zero targets but in the current dire economic context, it is now a critical lever in securing economic security. Retrofitting homes with good insulation and a heat pump as part of a whole-house approach could save households up to £430 on energy bills when the price cap freeze comes into force.¹ As the proportion of renewable generation on the electricity grid increases, these savings will only rise.

To deliver these upgrades, previous IPPR research has argued for a coordinated policy approach that includes substantial grant and loan funding for retrofit upgrades for households coupled with a nationwide awareness raising campaign. This is consistent with other blueprints for a comprehensive, long-term approach to retrofit, including the Construction Leadership Council's National Retrofit Strategy, supported by over 50 organisations including the Federation of Master Builders, UK Green Building Council, Construction Industry Training Board, and Shelter.

In addition to cutting household energy bills, **the government could make retrofitting the cornerstone of its levelling up strategy** by creating jobs that can be trained for and filled locally and have a substantial impact on local economies across England.

New analysis from IPPR finds that **a retrofitting programme of £7 billion per year in England could sustain over 400,000 direct jobs and 500,000 indirect jobs by 2030 and over 1.2 million direct jobs and 1.5 indirect jobs by 2050.**² Crucially, the distribution of retrofitting jobs fits particularly well with the government's levelling up strategy since those constituencies with the highest demand for installers tend to be current or **former industrial centres** and **coastal communities** outside of London and the South East.

Benefitting the most are **coastal constituencies** across England like Clacton, North Norfolk, Wallasey, and South East Cornwall, along with former industrial centres like Doncaster North and Sheffield Hallam. A nationwide retrofitting programme could also be particularly beneficial to **so-called red wall seats**³ like North West Durham, Birmingham Northfield, Stoke-on-Trent North, Rother Valley, Don Valley and Gedling, all of which are among the top 50 seats with the highest Location Quotient score – a measure of the importance a sector has to a local economy compared to the national average.

However, creating jobs that are trained locally is not guaranteed. This is because existing jobs in the repair, maintenance, and improvement (RMI) sector⁴ – the sector of the everyday builder and backbone of the construction industry, in which these jobs will primarily be created – do not match well with where retrofitting will be needed most. Additionally, there are a series of structural challenges with training and recruitment in the RMI sector and broader construction industry which the government will need to address, including challenges in retraining the existing workforce; challenges in attracting new workers to the industry; and issues over training standards and training practices.

1 Previous estimates from the Construction Leadership Council's National Retrofit Strategy suggest energy efficiency alone could save households £436 per year on average (CLC 2021)

2 These job figures represent a substantial expansion to the retrofitting sector, but our analysis does not assume that they will all be additional to the economy. For example, some job positions may be filled by workers re-training from other construction jobs rather than new labour market entrants. Nevertheless, it is likely that a large proportion of these jobs will be additional. Separate estimates from the Construction Industry Training Board suggest that over 200,000 direct jobs will be needed in the installer industry over and above the industry's natural turnover rate (Oswald 2021). Similar estimates to our analysis are also found in the *National Retrofit Strategy* which suggests 500,000 direct jobs and 390,000 indirect jobs could be sustained by 2030.

3 As defined by Kanagasooriam and Simon (2021)

4 We define the RMI sector based on using the following SIC codes: 43210, 43220, 43290, 43310, 43320, 43330, 43341, 43342, 43390, 43910, 43991, 43999, 71111, 71112, 71122

Consequently, to make a substantial contribution to cutting household energy bills, driving the government's levelling up strategy and meet net zero targets, this paper sets out a series of recommendations to address skills bottlenecks and prepare the industry. Our five key recommendations call on the government to:

- **Improve training and jobs standards by introducing a whole-house heating standard** to bring together energy efficiency and low-carbon heating supply chains so that upskilling everyone in the industry means giving them a holistic understanding of heat loss, thereby improving the customer experience, and reducing hassle. Improvements to training standards should also be coupled with the government developing high-quality job standards with industry to increase the attractiveness of the RMI sector.
- **Increase practical and local on-site training** to ensure new installers have the practical experience which many employers demand by following the lead taken by the CITB's on-site testing hubs and increasing the number of testing facilities provided by local colleges. In this way training for a retrofitting job should become more like taking a driving test, combining both theory and practical tests.
- **Improve quality assurance of training by banning the 'pay to pass' model** of training and increasing TrustMark's resource to clamp down on certification schemes that do not have a robust quality assurance regime in place.
- **Provide support for local training courses** to deliver on the recommendations above by allocating minimum of £160 million per year to 2030 for low-carbon heating and energy efficiency training course costs for both existing workers and new labour market entrants. This funding should be in addition to the new lifetime skills guarantee, as part of an annual £1.1 billion Green Training Fund.
- **Reintroduce skills academies** to distribute funding and coordinate the rollout of high-quality training. The key tasks of these academies would include the following.
 - **Working with key stakeholders** including trade unions, local employers, local authorities, and skills advisory panels to identify local upskilling, reskilling and new skills needs; ensuring training leads to high-quality jobs.
 - **Supporting TrustMark and MCS to accredit, monitor, and evaluate training providers.**
 - **Providing an easily accessible online platform of accredited providers and an over-the-phone advice service** for installers or individuals seeking training and raising awareness of training opportunities.
 - **Financing companies and individuals applying to access this training** through the Green Training Fund or existing skills funding.
 - **Developing 'skills passports' for workers with existing transferable skills** to remove the burden of paying for certification of skills that they already have.

SKILLS ACADEMIES CAN HELP BUSINESSES, INDIVIDUALS AND NEW LABOUR MARKET ENTRANTS ACCESS FUNDING FOR TRAINING AND CONNECT THEM WITH ACCREDITED TRAINING PROVIDERS

