

Creating good local retrofit jobs – a role for local Works and Training Organisations?

A report for MCS Foundation

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Summary

At least 200,000¹ skilled workers are required across building fabric improvement, rooftop solar, and low carbon heating to meet health, energy and net zero targets. But the UK's Repair, Maintenance and Installation (RMI) sector workforce is [getting older](#) and the skills system is failing to deliver enough new plumbers, heating engineers and builders.

In its General Election manifesto, Labour [identified](#) that local authorities will play an important role in delivering retrofit through a new Warm Homes Plan, delivering “good skilled jobs for tradespeople in every part of the country.” However, our interviews with commissioners of retrofit projects suggest that so far government-funded schemes have not delivered sufficient new local jobs and training. Whilst short scheme delivery timescales provide some explanation for this, wide-scale use of sub-contracting in construction can discourage skills development, particularly of installers.

Could new local organisations with a combined focus on construction and skills development help fill the training gap? This report, informed by nine interviews with expert practitioners from across the retrofit sector, considers this opportunity.

A handful of ‘Works and Training Organisations’ or ‘WATOs’ undertaking retrofit work have emerged, taking different forms. In Greater Manchester, B4Box combines multi-trade skills training with permanent employment to deliver a wide range of construction services. Glasgow City Building evolved from the council’s Direct Labour Organisation (DLO) and has over 200 directly employed apprentices, some undertaking retrofit. At a smaller scale, Canopy Housing trains volunteers to retrofit derelict homes in Leeds.

Advantages of a WATO include:

- Provides a more attractive job opportunity to new entrants by offering full-time employment and so could help increase the size of the retrofit workforce
- By delivering on-the-job training and a more supportive learning environment the learning outcomes are of a higher quality
- Provides a more supportive working environment than the traditional construction sector which could help to increase diversity within the workforce and attract new entrants from disadvantaged groups

Strengths, weaknesses, threats and opportunities of a WATO model are summarised below.

¹ Figures are based on industry groups’ estimates that between 150,000 and 250,000 people are working in trades relevant to retrofit / the RMI sector (figures from Parity Projects & Retrofit Academy). The New Economics Foundation has estimated that 429,000 retrofitters will be needed, this means that there is a gap of approximately 200,000 people. Other bodies have found that the need may be even greater than this, Historic England, for example, estimates that an additional 105,000 full-time workers will be needed to retrofit historic buildings each year through to 2050.

Strengths	Weaknesses
<ul style="list-style-type: none"> • More on-the-job learning provides better training outcomes • Good working conditions result in better recruitment and retention • Increased local economic impact through local labour economic multipliers • Potential for reduced cost of works by shortening the supply chain through removing Tier 1 management firms and eliminating subcontractor margins. 	<ul style="list-style-type: none"> • Dependence on public support or philanthropy to deliver social outcomes • Limited economies of scale in each distinct locality • Direct employment results in higher fixed costs • Higher staff support costs
Opportunities	Threats
<ul style="list-style-type: none"> • Protection against rising contractor costs through attraction of new talent reducing labour inflation • Appeal to older construction workers • Access to Shared Prosperity funding/social value • Private Rented Sector retrofit 	<ul style="list-style-type: none"> • Intermittent workflow • Conservative retrofit procurement • Competition for teaching staff/learners • Trained learners leave retrofit for opportunities in general construction

There are various routes to creating more WATOs such as franchising the B4Box model or expanding the remit of wholly-owned housing association retrofit businesses to include training. Alternative approaches which may achieve similar results to setting up a WATO include building a long-term housing provider/contractor/training provider partnership or skilling up Direct Labour Organisations (DLOs).

A WATO will need set up funding, and ongoing revenue. Shared prosperity funding and/or philanthropy could cover set up costs, with revenue arising from government training grants and construction works. It may be possible to unlock additional funding through social value obligations on Tier 1 contractors and Planning Agreements with developers.

To avoid the stop/start nature of government retrofit funding, it makes sense for the construction offer to be broad including aids and adaptations for disabled residents, general repairs including social housing voids as well as energy efficiency work. The social housing sector is easier to service than the private sector where individual customer choice over materials, measures and timing is greater, leading to fewer economies of scale and potential cash flow issues.

For the WATO model to succeed, social housing procurement for retrofit work needs to change, which can only happen with long-term government funding. This funding certainty would enable social housing providers to implement strategic, combined asset management and retrofit programmes. In turn, providers could enter into long-term contracts with a WATO, paying for training outcomes through a B4Box-style 'works and training' contract.

Introduction

The government has committed to upgrading 5 million homes through its Warm Homes Plan by 2030, and a further 15m homes will need to be retrofitted by 2050 to meet health, fuel poverty and net zero targets. Skilled workers are required across building fabric improvement, rooftop solar, and low carbon heating with at least 200,000 new entrants to the workforce² required alongside a substantial upskilling effort across the country.

Many contractors are reporting labour shortfalls, for example 30% of contractors that responded to a survey conducted by Efficiency North ahead of its [Retrofit Growth Skills Summit](#) (July 2024) reported that they lacked the skilled workers to deliver their current pipeline of retrofit work. Recent reports from the [Northern Housing Consortium](#) and the [London Homes Coalition](#) also note retrofit skills shortages. This skills gap is likely to widen, given that the new government has committed to double previous spending on retrofit and has ambitious plans to increase housebuilding.

This report considers the potential role of organisations that combine training provision with construction, “Works and Training Organisations” (WATO) to ramp up retrofit skills in local areas, delivering good jobs and high-quality installations.

This report is informed by nine interviews from across the retrofit sector conducted during Summer 2024 (see Appendix A for interviewees).

Context – why now?

The UK’s Repair, Maintenance and Installation (RMI) sector workforce is aging, and the skills system is failing to deliver enough new plumbers, heating engineers and builders. Although there are around 100,000 learners taking construction courses in further education each year, [according to the Construction Industry Training Board](#), three in five do not enter the sector. Our interviews indicated many reasons for this. On the employer side there is little engagement with colleges and a reluctance to offer apprenticeships. On the training provider side there is variable quality of training driven by instructor shortages. Then there is the low appeal of the sector exacerbated by low apprentice starting salaries.

Since 2021 the government has invested in home retrofit through schemes such as the Local Authority Delivery (LAD) Scheme and the Social Housing Decarbonisation Fund (SHDF), now the Warm Homes Local and Social Housing Fund. But this investment has not resulted in a major uplift in training. Councils and housing associations report that contractors are competing for the same pool of skilled labour, resulting in price rises.

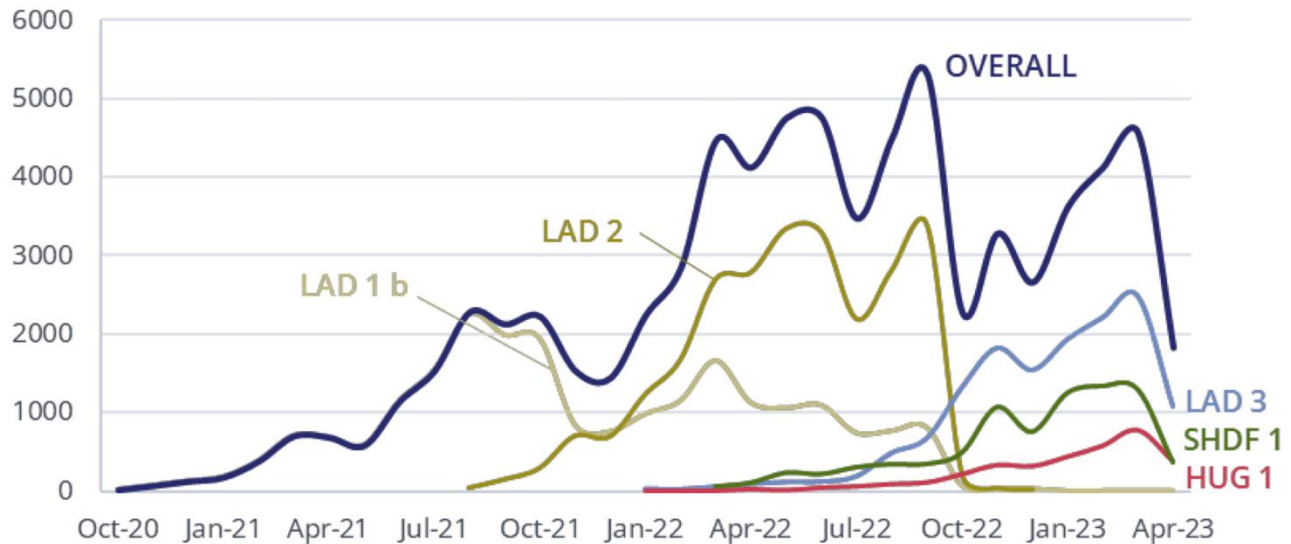
² Figures are based on industry groups’ estimates that between 150,000 and 250,000 people are working in trades relevant to retrofit / the RMI sector (figures from Parity Projects & Retrofit Academy). The New Economics Foundation has estimated that 429,000 retrofitters will be needed, this means that there is a gap of approximately 200,000 people. Other bodies have found that the need may be even greater than this, Historic England, for example, estimates that an additional 105,000 full-time workers will be needed to retrofit historic buildings each year through to 2050.

“SHDF, private sector, Energy Company Obligation are all chasing the same contractor base, prices are going up all the time.” Council Officer, Cambridge City Council.

“Everyone seems to keep nicking everyone's each other's staff basically.” Net Zero Manager, Further Education College.

So why aren't contractors training more workers to meet the additional demand? Anecdotally, there may be some commercial advantage to contractors in having greater demand than supply. But there are good reasons for underinvestment in training. The competitive nature of government funding does not give local contractors the certainty to invest, there have been peaks and troughs in the funded pipeline (see below, from [E3G's Enabling Locally Led Retrofit](#) report, July 2023) and timescales have been short which preclude apprenticeships. There is also the nature of modern construction work, with multiple layers of sub-contracting so that the Tier 1 contractor rarely employs those who do the retrofit work.

Locally led retrofit in measures per month



Source: UK government official statistics



Tradespeople who work in the private sector are also not getting trained up. Surveys and focus groups of tradespeople undertaken by [Public First](#) and [FMB/CREDS](#) report multiple obstacles including full pipelines, perceptions that “green is just a trend” and the absence of mandatory accreditation for private work.

The new Labour government has [committed](#) to spending an additional £6.6bn in this Parliament on home upgrades and to re-instating Minimum Energy Efficiency Standards (MEES) for the Private Rented Sector, resulting in “good skilled jobs for tradespeople in every part of the country”. Policy details are emerging including a more flexible and long-term Warm Homes Local fund to replace previous local authority delivery schemes along with a consultation on MEES. Skills England’s [first report](#) suggests combined

authorities will play a major role in skills development. There is potential to build on local approaches that work, including the WATO model.

What is a Works and Training Organisation (WATO)?

Many construction companies, particularly large ones will have some kind of in-house training programme to upskill their staff. However as set out above, most of the larger firms will sub-contract out installation work, so training mostly focuses on management and professional roles. The trades people that actually undertake retrofit work almost all work for SMEs, most of whom are disassociated from the skills system.

A works and training organisation is different with a combined focus on construction and skills development, with a particular focus on installer roles. We are defining a WATO as:

- An organisation delivering services and training for those delivering the services.
- For the purposes of this report we are interested in domestic building services.
- Training is delivered in-house and may or not provide employees with formal qualifications.
- Training is delivered on-the-job and in workshop and classroom training environments.
- Training is delivered by senior employees who also deliver services.
- Employees are paid whether they are being trained or delivering services, but the level of pay can differ between WATOs.
- Employees are offered full-time contracts from the start.

The advantage of a WATO is:

- Provides a more attractive job opportunity to new entrants by offering full-time employment and so could help increase the size of the retrofit workforce
- By delivering on-the-job training and a more supportive learning environment the learning outcomes are of a higher quality
- Provides a more supportive working environment than the traditional construction sector which could help to increase diversity within the workforce and attract new entrants from disadvantaged groups

There are a few examples of these, each with different models.

Social Enterprise with anchor social landlord client(s): B4Box

Since its launch in 2008, B4Box has combined multi-trade skills training, such as joinery, plastering, tiling and roofing with the delivery of these services. Training is delivered in-house and B4Box offer a mix of accredited qualifications and skills bootcamps. Trainees are directly employed to deliver a wide range of construction services including retrofit to clients such as Stockport Homes and Oldham Council. B4Box have flipped the procurement process with Stockport Homes, so that the housing ALMO buys training, within a construction context, with B4Box renovating Stockport's void homes. A main motivation for Stockport Homes is creating good long-term employment for local residents. In addition to its work on social housing, B4Box is undertaking the installation work for private homeowners as part of Carbon-Coop's Levenshulme area-based retrofit scheme, supported by the MCS Foundation.

Council-owned: Glasgow City Building

Evolving from Glasgow City Council's Building Services Department, Glasgow City Building is now co-owned by Glasgow City Council and Wheatley Homes. It delivers repairs and maintenance (including retrofit) and other construction work to both public sector and commercial clients. It has a large training academy with 245 directly employed apprentices. The majority of its work is undertaken for Glasgow City Council and Wheatley Homes, so its services are procured under Teckal arrangements (see section on Teckal below).

Volunteer-supported, led by small-scale social landlord: Canopy Housing

Canopy Housing, a social landlord, have bought derelict back-to-back homes in Leeds and is retrofitting them to AECB CarbonLite standards, so they can be let out to local people at affordable rents. Retrofits are undertaken by a mix of paid "Property Workers", similar to site managers, and local volunteers who receive training. With 80 homes, Canopy has around 100 volunteers recruited locally, 1/3 of which will go onto construction work or related training. Canopy acts as a 'funnel' to more formal training and paid work.

Tier 1 or Tier 2 contractor with anchor social landlord client(s): RE:GEN

Based in the North East of England, RE:GEN is a Tier 2 construction company specialising in retrofit and regeneration for the social housing sector. The Group recently entered a four-year ['be-ONE' strategic partnership](#) with believe housing, a housing provider in the North of England, and three local SMEs to deliver renovation and retrofit work across 5,600 homes. The length of this contract and the collaborative approach is enabling RE:GEN to deliver real social value within each community through its RE:GEN Academy.

The RE:GEN Academy is an employer-led skills provider helping businesses in the sector to upskill, reskill and bring new skills into their business. By partnering with businesses, RE:GEN Academy brings learners on a journey through their funded Skills Bootcamps, helping people gain CSCS cards, practical experience on site as well as support with driving lessons. The Academy has helped social housing tenants secure full-time employment and apprenticeships through its varied delivery programme.

Characteristics of a successful WATO

To achieve lasting impact in growing the local retrofit workforce, any local WATO would benefit from meeting the following criteria:

Fair employment

There are various "Fair employment charters" such as [this one](#) from Liverpool City Region which set out what fair employment should look like. At a minimum, there should be a commitment to fair pay and hours and support for career progression. Apprentices should be paid the [Real Living Wage](#) from the start.

Inclusive

Women and people from diverse backgrounds have traditionally been underrepresented in construction. In addition to providing fair employment, the WATO must create a welcoming culture for people from all backgrounds. This includes offering flexible arrangements for those with caring responsibilities, addressing inappropriate behaviour like 'laddish banter,' and building strong connections with local communities, including faith groups. A good WATO will have strong leadership that builds an inclusive culture through internal training including safeguarding.

Accessing hard-to-reach

Even in areas of high employment, there are [significant numbers](#) of people who are economically inactive, varying between 19.2% in the South East to 25.7% in the North East. Given the number of skilled installers required and the recognised social value of getting people back into employment, it is worth making the extra investment to support people who have been out of work for a while. Whilst some of these people may not be interested or suitable for jobs in retrofit, there are many that are. Interviews with B4Box, Canopy Housing, Believe Housing and Liverpool City Region reveal successful engagement with the following groups:

- military veterans,
- people who've been unable to complete previous construction courses or apprenticeships,
- single mothers who can only spare a few hours a day,
- recent migrants,
- pupils leaving alternative provision,
- people who have had contact with the criminal justice system including [prisoners](#),
- older construction workers who no longer want self-employment and to run their own business.

Good quality construction

The quality of construction services offered must be at least as good as other contractors, and processes should be in place to ensure all works are done to a high standard. During the Ashden Awards assessment process, John Bowker, Executive Director of Operations, SHG, noted: "B4Box are our key construction partner and their objectives of being more than a housing provider by also transforming lives and adding social value align with our values plus the quality of the work carried out is exceptionally high."

Training provision that leads to competence

The quality of retrofit training varies widely, partly because there is a shortage of experienced instructors. Colleges and other training providers often use instructors with little or no hands-on experience in retrofit projects.

To ensure that training is relevant, the WATO's construction professionals will also be its trainers. They will be people who are empathetic to the needs of different learners with a wide variety of backgrounds. Interviewees emphasised the importance of teaching functional Maths and English skills in a way that engages people who have struggled in an academic background. Offering accredited qualifications and practical teaching which gets learners out on site as soon as possible are important, as well as getting learners used to structured work days.

Strong local relationships, including links to colleges

To recruit from under-served communities a WATO will need strong local relationships with job centres, housing associations' employability teams, pupil referral units and local charities. Aileen McDonnell from B4Box previously founded and ran the charity Manchester Care and Repair which established her reputation and connections locally. Canopy Housing has a long relationship with local charities such as Women's Aid. Good links to colleges can provide new trainees as well as links to further training.

Strengths, Weaknesses, Opportunities and Threats (SWOT) of a WATO

The following SWOT analysis has been undertaken for a WATO set up on the B4Box model. Most of this analysis is likely to apply to other forms of WATO, with some minor differences.

Strengths

Reduced cost of works through eliminating sub-contractor margins

Most public sector clients procure retrofit work using a framework of Tier 1 or Tier 2 contractors who then sub-contract the work. Margins are paid to each contractor in the chain, along with a framework fee, and this can make construction work more expensive than direct procurement (though it does reduce procurement staff costs). A direct contract such as the one between Stockport Homes and B4Box eliminates these margins. It is worth noting that there are now examples of housing associations that have either purchased retrofit contractors ([Regenda](#) in Liverpool who have purchased [EcoGee](#)) or have set up their own ([Raven Housing Trust](#) who have set up [Raven Renewables](#)) - presumably a primary motivation is shortening the supply chain, although these organisations don't seem to have an explicit training objective.

Procurement costs can also be reduced by using a DLO for retrofit work, or a Teckal arrangement as in the case of Glasgow City Building.

Better training outcomes

A WATO can design the training as needed (subject to funding), offering a range of on-site experience, teaching methods, and materials delivered by retrofit construction practitioners to fully align with site requirements - something a construction contractor using a private provider or college can't do.

Better local recruitment and retention

A well-connected local WATO can tap into labour pools that traditional construction companies may not have the time or motivation to reach, including veterans, those out of employment for some time and ex-offenders. Local work is also likely to be more appealing to potential recruits, reducing the need to travel for work which, anecdotally, is common as contractors move labour teams around the country.

With good working conditions including mentoring and support, retention should be better than with alternative provision such as FE colleges. B4Box has enjoyed a 96% apprentice completion rate, much higher than the [construction industry average](#). When employees do move on, other local construction firms will benefit.

Provides jobs

A WATO offers jobs to its trainees, unlike most training providers. For instance, Further Education learners are expected to find their own apprenticeships, which are often in limited supply.

Weaknesses

Dependence on public support/philanthropy to deliver social outcomes

Current procurement processes for retrofit and renovation work often overlook the value of training. Social value clauses are typically added on, missing the chance to make training a core part of the project. B4Box has an innovative procurement model that invests in training outcomes, but it depends on Stockport Homes providing additional social value funding.

Limited economies of scale

A key strength of a WATO is its local connections, but this limits its ability to grow and benefit from economies of scale. Franchising and sharing common services are more likely to drive sustainable growth, while still maintaining the benefits of strong local relationships.

Higher fixed costs

A direct employment model will result in more fixed costs, which could leave the WATO exposed to intermittent demand for its services.

Higher staff support costs

People that have had challenging starts to life may take more mentoring and support, and this can incur higher costs. Early interventions can mitigate this though providing work experience early to get people used to working on sites, supporting with transport costs, and additional flexibility if trainees are struggling. It may be that initially a WATO will need to focus on staff with lower support needs until sufficient reserves are built.

Opportunities

Protection against rising contractor costs

Supply chains have not grown enough to meet the demand for government-funded retrofit work, causing prices to rise. If the government shifts to longer-term funding, regional actors like combined authorities and housing providers are likely to take the lead in developing local supply chains. This will create local jobs and could help keep labour costs down. A WATO could be part of this strategy, but its ability to protect costs will depend on how well it manages its own expenses. Housing associations like Regenda and Raven, who have set up or acquired retrofit contractors, are likely motivated by the desire for more control over local supply chains.

Appeal to older construction workers

With a [third of the construction workforce over 50](#), a WATO may be able to offer more flexibility for older workers who want to do fewer hours, and a more varied work pattern, perhaps balancing construction work and delivering training.

Access to government and impact funding

WATOs may be able to access funding through government schemes such as the UK Shared Prosperity Fund which provides funds to local authorities for people and skills (although this is less generous than prior European Social funding). Local businesses may also be able to offer funding either through direct investment, philanthropy or organisations like Business in the Community. It may be also be possible to unlock additional funding through social value obligations on Tier 1 contractors.

Private Rented Sector retrofit

The new government is consulting on new Minimum Energy Efficiency Standards that would require all private landlords to upgrade their properties to EPC C by 2030. Whilst it is unlikely to be profitable for a WATO to engage with individual private landlords, it could engage with local letting agents that manage an increasing portion of rental homes.

Threats

Intermittent workflow

The policy environment to date has resulted in an intermittent flow of government-funded retrofit, so that a WATO relying on local government grant-related work could face ‘feast and famine’. This threat may diminish with longer term funding agreements, but a WATO may want to mitigate this risk by undertaking renovation and or aids/adaptations work alongside retrofit.

Conservatism in retrofit client procurement

A WATO requires a different procurement approach, and public procurement has become more risk averse as the Public Accounts Committee [has recently reported](#), with an increasing use of framework agreements. This is compounded by cash-strapped procurement officer time.

“Resources and capacity are so constrained that their (procurement officers) ability to do complex/novel procurement is limited” interviewee, Efficiency North EN:Able Communities.

Competition for teaching staff/learners

Construction teachers are in short supply and conversations with private training providers indicate that they are paying up to £400-500 per day for tutors. WATO trainer pay would need to be competitive, although a WATO would be expected to deliver non-financial rewards such as higher job satisfaction.

Routes to setting up a WATO

Replicating existing models B4Box Franchise model

Under this route, a new ‘B4Box’ would be created. Start-up costs would include physical premises for a training centre, and recruitment of the initial team, including a CEO with a construction background and excellent connections to local retrofit clients. This could operate as part of a network of B4Boxes, perhaps even under a franchise model. A franchise model would offer several advantages over setting up from scratch – B4Box could offer training on operational plans, processes, tools, job descriptions, and template contracts.

“I’m a strong believer in an Institute for Social Replication – there could be a franchising model for B4Box, like McDonalds, creating more B4Box type models across the country, but building on strong local relationships” Founder, retrofit cooperative.

There could be different ownership models. A council or housing association could set up a wholly-owned trading company, like Enfield Council’s [Energetik](#), set up to develop and run its district heating networks, or a Joint Venture with a local construction company. Alternatively local residents with the right background could set up a social enterprise, possibly convened by the council, with start-up funding. The form chosen will depend on the capacity, capability and interest of local councils and housing associations.

A pre-requisite for success of a new B4Box, would be a housing association, council, or consortium willing to enter into a long-term contract for construction and training.

Adding a training function to existing service

Housing Associations like Regenda and Raven Housing Trust have either purchased or created their own retrofit businesses. A possibility could be to expand the remit of these businesses to include training. It could be that multiple subsidiaries of these businesses are set up to meet the needs of local areas.

Building a housing provider/contractor/training academy partnership

Another alternative to setting up a new works and training organisation would be for a housing provider to offer into a long-term partnership with a contractor, training academy and local SMEs following the model of Believe Housing. This would rely on a local Tier 1 or Tier 2 contractor seeing the value in training up a local workforce and working with its supply chain to offer good employment conditions, as set out in the ‘Characteristics of a WATO’ section above.

Training up the DLO

Some housing associations and councils are looking to skill up their DLOs. Berneslei Homes have trained their electricians to install batteries, and HACT report that Broad Acre, a housing association with 6000 homes in North Yorkshire have created a long-term plan to upgrade all their homes, using their own DLO. Cambridge City Council are looking at the business case around building up their DLO to undertake works and training. The main challenge here is building a long-term pipeline of work to make the training investment worthwhile – it is interesting that Broad Acre’s plan is not dependent on successful bidding for SHDF funding.

Could the RetrofitWorks model be extended?

RetrofitWorks is a cooperative of installers and community groups set up in 2013 to design, manage and implement local energy efficiency schemes. Providing CPD to existing installers has always been important to RetrofitWorks, but getting new people into the sector has not been a focus area, and it is not set up to provide training for new entrants. RetrofitWorks could set up a central training facility, but there might be limited incentives for installer members to take on new people, without a long term contract with a client as in the Be One model above.

Business model

Sources of funding

A WATO will need set up funding, and ongoing revenue. Set up costs would include premises rental, and salaries for a CEO and trainer, depending on the location costs could be in the range of £150K to £250K. In relation to set-up costs, these could be funded through shared prosperity grants from local/combined authorities and local/national philanthropy.

Revenue would come from construction work and training grants like Skills Bootcamp funding. To provide additional funding, including for the extra support that learners from challenging backgrounds might need, there are several options:

- a WATO may be able to access social impact funding – HACT mentioned the possibility of using Retrofit Credits, and Shared Prosperity funding, and philanthropy are also options.
- A housing association could follow the model of Stockport Homes, using funds ringfenced for the development of resident skills to help fund the WATO.
- A housing association could require the Tier 1 construction firm undertaking renovation/retrofit to support a WATO through social value clauses.

As noted below, there may be further funding opportunities arising from skills reform by the new government.

The training offer

Construction training is primarily undertaken by further education colleges and private training providers, with FE primarily focusing on 16-19 education, and private training providers running both apprenticeship programmes and upskilling for people that are already working in construction.

The training offer from a WATO will be determined by the funding and qualifications available. B4Box initially offered the Building Maintenance Multi-trade apprenticeship, but this is no longer funded, so B4Box now mostly offers shorter Skills Bootcamp-funded training such as L2 Construction Multi-Skills, or L3 Energy Efficiency for Older and Traditional Buildings to those aged 19 and over. Whilst apprentices represent the 'gold standard' for construction, the focus for a WATO might initially be shorter funded training with a broad focus on RMI skills as well as retrofit.

There is some drive from the retrofit sector for a new Multi-skill General Builder apprenticeship which would have several advantages for renovation and retrofit work, this may be worth considering in the longer term. It is also expected that the funding and qualification landscape will change significantly following the introduction of Skills England and apprenticeship levy reform.

The construction offer

To avoid the stop/start nature of retrofit funding, it makes sense for the construction offer to be broad including aids and adaptations for disabled residents (which can be funded through [disability facilities grants](#)), general repairs including voids as well as energy efficiency work. Even with a broader range of work, it is likely that the flow of work will be intermittent – this is why Stockport Homes procure both training and construction, so that there is a constant income stream for B4Box.

In relation to tenure, Michael Dickinson from B4Box noted that the social sector is easier to service than the private sector because of aggregated pipelines of projects and standard specifications. Materials tend to be standardised, and residents have fewer customisation options and choice on the timing of upgrade work. Contracting is also simpler in the social housing sector, with just one contract across many homes, and with lower risk of non-payment. If a WATO did want to offer services to the private sector, it may want to offer standardised, less disruptive measures such as loft insulation or draughtproofing. Extra costs and risk could be overcome by the WATO charging higher prices to private clients, and/or partnering with another organisation that can market to and contract with private clients (as [B4Box and Carbon Coop are doing](#) in Levenshulme).

Procurement considerations

Procurement will need to change

Long-term funding for retrofit schemes is a clear pre-requisite for the success of a WATO. But it is not sufficient – housing providers also need to change the way that they plan and procure retrofit and repair work.

The Farmer Review [Modernise or Die](#) (2016) pointed out that competitive tendering where commissioners of construction projects fixated on lowest cost hindered the achievement of value, including skills outcomes. More recent reports e.g. [Mission-based procurement and market shaping](#)³ argue that while the Public Services (Social Value) Act 2013 has made some difference, social value is still treated as an add-on rather than core to the delivery of services. Authors Mazzucato and Wainwright call for a public value approach which examines how procurement can contribute to “long term mission outcomes” such as skills and jobs.

Stockport Homes turned traditional construction procurement on its head, by purchasing both training and construction outcomes, rather than adding in a social value clause. Stockport Homes also procured B4Box directly rather than going through a supply chain and offered them a long term 5 year contract.

For a WATO to succeed, good social housing clients are needed, with the following characteristics:

- Run an integrated long-term asset management and retrofit programme – so that flow of work to the WATO is not subject to short-term government-funded retrofit grants.
- Willing to contract directly with the WATO, or establish a long-term partnership between itself, its Tier 1 contractor and the WATO. An alternative could be to set up a ‘virtual WATO’ of Tier 1 contractor, training provider and local supply chain, along the lines of the Be One partnership in the North East.
- Able to raise funding to support the WATO’s training work (e.g. through Retrofit Credits or philanthropic funding).
- Prepared to set conditions for good employment as set out in the ‘Characteristics of a WATO’ above in procurement, and to monitor these.

³ Mazzucato, M. and Wainwright, D. (2024). Mission Led Procurement and Market Shaping: Lessons from Camden Council. UCL Institute for Innovation and Public Purpose.

One option could be for the housing provider to set up a Dynamic Procurement System, whereby part of the provider's retrofit or asset management programme (e.g. 10% of homes) is kept outside of the main procurement programme to allow bids to be opened to smaller organisations including the WATO. This percentage could grow year on year. A similar arrangement is used by Believe Housing, where the amount of work undertaken by SMEs in the partnership grows each year, whereas work undertaken by the larger Tier 2 contractor RE:GEN falls.

Teckal considerations

The 1999 judgment of Teckal established an exemption from public procurement for the award of contracts by a public authority to a separate entity provided the contracting authority exerted sufficient control over the separate entity, and that 80% of the separate entity's activity was for the owner authority.

If a council were to set up a WATO it would be subject to Teckal rules. The council could use the WATO without going through a procurement process to retrofit its own homes, and those of any ALMO, but the WATO would only be able to trade with other entities such as a local housing association up to 20% of its turnover.

One approach could be to set up the WATO on a Teckal basis in the short-term, perhaps awarding a 4 year contract to the WATO. This could then be reviewed, and moved to a non-Teckal arrangement so the WATO can grow its contracts with non-council entities. To provide a certainty of work for the WATO, 4 years would be a good minimum contract length for an initial contract. One area that would need legal advice would be any subsidy (e.g free premises) that the council provides to the WATO, as this could jeopardise any Teckal arrangement.

Conclusions

The UK's Repair, Maintenance and Installation (RMI) sector workforce is getting older and the skills system is failing to deliver enough new plumbers, heating engineers and builders to retrofit 19m homes. A well-run WATO can provide the means to engage with and retain a more diverse workforce, providing both training and good jobs. The key risk for a WATO is an intermittent workflow, particularly if servicing the nascent owner-occupier market. However, this risk can be mitigated if the WATO has a broad construction offer including general repairs including voids as well as energy efficiency work.

But for the WATO model to succeed, social housing procurement of retrofit work will need to change, and this can only happen with longer term funding from government. Long term funding certainty would allow social housing providers to undertake strategic combined asset management and retrofit programmes. In turn, housing providers could enter into a long-term contract with a WATO, paying for training outcomes through a B4Box style "works and training" contract. Alternatively, they could enter long-term partnerships with a Tier 1 supplier, a training provider and a local supply chain.

For either model to deliver a steady stream of competent retrofit installers, fair employment, career progression and inclusivity are essential.

Appendix A - Interviews

Michael Dickinson, Director	B4Box
Michael Huth, Net Zero Hub Manager	Abingdon and Witney College
Ruth Dent, Director of Assets & Compliance	Believe Housing
Paul Amann, Principal Officer Employment and Skills	Liverpool City Region
Matthew Grenier, Business Development Director Antoine Pellet, Head of Retrofit Credits Rebecca Rieley, Head of Communities and Projects	HACT
Jo Dicks, Environmental Quality and Growth Manager	Cambridge Council
Jonathan Atkinson – Co-founder	People Powered Retrofit
Simeon Perry, Head of Operations	EN:Able Communities, Efficiency North
David Nugent, Chief Executive	Canopy Housing