# UK energy efficiency investment cuts threaten thousands of skilled jobs and climate targets



More than 50 companies and trade bodies, including prominent names like Nationwide and E.On, have raised alarms regarding potential job losses and postponed investments in response to looming cuts to a significant government investment aimed at enhancing energy efficiency in UK homes. The Treasury is currently deliberating over a £6.6 billion investment pledge, originally promised by Sir Keir Starmer during the lead-up to last year's election. This financial commitment was part of a broader initiative to implement insulation and other energy-efficient measures in approximately five million homes across the country.

The anticipation surrounding the final decision on this pledge, expected during the upcoming spending review in June, reflects the government's ongoing struggle to balance tight public finances against a backdrop of pressing demands for investment in diverse areas such as defence, health, education, and climate initiatives. In a letter addressed to the Treasury, industry stakeholders, including the National Housing Federation and Velux, implored the government to honour this manifesto commitment, arguing that it is essential for stimulating growth among businesses that play a crucial role in helping households reduce their energy expenditures.

Companies in the sector are grappling with what they describe as "boom-bust government policymaking," which has created an environment of uncertainty detrimental to long-term investments. They assert that without a further commitment from the government, a loss of 3,000 skilled roles is imminent, whilst meeting the national commitment could pave the way for the creation of 12,000 new multifunctional jobs in the retrofit workforce over the coming years.

Echoing these concerns, the Institute for Public Policy Research has highlighted a stark funding disparity in the UK's approach to energy efficiency measures. The organisation calls for an immediate infusion of £5.8 billion into retrofitting initiatives, which could yield annual savings of approximately £500 per household and combat the escalating cost-of-living crisis. Meanwhile, the energy think-tank E3G warns that improving the energy efficiency of Britain’s housing stock is critical—not just for reducing domestic energy bills but also for meeting legally binding targets to achieve net-zero greenhouse gas emissions. Their analysis suggests that a full £13.2 billion investment could generate around 37,000 jobs and significantly decrease gas demand across the UK, further insulating households from fluctuating energy market prices.

Nevertheless, the government's commitment to these initiatives comes under scrutiny following the abrupt disbandment of its Energy Efficiency Taskforce just six months after its inception. This taskforce, designed to accelerate home insulation and boiler upgrades, failed to produce tangible recommendations despite multiple meetings. Critics, including members of the task force, have expressed concern that this move undermines governmental assurances toward enhancing energy consumption reduction and supporting households amidst soaring living costs.

In a wider context, the Great British Insulation Scheme has faced criticism for its drastically diminished pace of implementation, with numbers plunging from half a million insulated homes in 2013 to merely 60,000 in 2022. This trend raises significant flags regarding the government's ability to meet insulation benchmarks necessary for achieving its climate goals.

The House of Lords Library’s recent report reinforces the need for long-term policy certainty to create lasting employment within the low-carbon sector, estimating a potential net gain of between 135,000 and 725,000 jobs by 2030. However, this projection hinges on consistent regulatory frameworks and skilled workforce availability. The onus remains on the government to take decisive action during the forthcoming spending review to not only fulfil pre-election commitments but also to secure a sustainable future for UK households and the broader economy.

In conclusion, the present discourse surrounding energy efficiency investments in the UK is characterised by tension between economic prudence and the urgent need for climate action. It underscores the necessity for policymakers to carefully navigate this landscape to avoid jeopardising both job growth and climate commitments in an increasingly precarious situation.

### Reference Map

1. Paragraphs 1-3
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## Bibliography

1. <https://www.ft.com/content/fce6a820-f917-402c-a43d-8e6d3780bb38> - Please view link - unable to able to access data
2. <https://www.ippr.org/media-office/uk-is-falling-billions-short-of-investment-needed-in-current-parliament-for-energy-efficiency-and-clean-heat> - The Institute for Public Policy Research (IPPR) highlights a significant shortfall in the UK's investment in energy efficiency and clean heat. The government is urged to bring forward £5.8 billion of planned investment to address the cost-of-living crisis and boost the economy. Retrofitting homes with energy efficiency measures could save the average household £500 annually. The report also emphasizes the need for a 'GreenGO' scheme to assist households in transitioning to cleaner energy solutions.
3. <https://eandt.theiet.org/2023/09/25/government-ditches-energy-efficiency-taskforce-six-months> - The UK government has disbanded its Energy Efficiency Taskforce, established six months prior to accelerate home insulation and boiler upgrades. The taskforce, chaired by Lord Callanan and NatWest CEO Alison Rose, had met four times but made no formal recommendations. The decision has raised concerns among members about the government's commitment to reducing energy consumption and supporting the cost of living.
4. <https://en.wikipedia.org/wiki/Great_British_Insulation_Scheme> - The Great British Insulation Scheme (GBIS) is a UK government initiative aimed at enhancing energy efficiency in residential properties. Launched in July 2023, the scheme focuses on improving insulation and promoting the use of heat pumps. However, it has faced criticism for a significant reduction in implementation, with the number of insulated homes dropping from half a million in 2013 to just 60,000 in 2022. Concerns include potential delays in meeting insulation goals and the net-zero target.
5. <https://www.e3g.org/news/no-credible-plan-for-growth-in-the-uks-2024-spring-budget/> - E3G criticizes the UK's 2024 Spring Budget for lacking a credible plan for green growth. The budget fails to provide new support for households to reduce energy bills and lacks a Net Zero Investment Plan. While it includes an increase in oil and gas profits tax, it also offers substantial subsidies to the declining oil and gas industry, undermining investment in the clean energy transition. The report calls for a major ramp-up in green public investment to boost UK prosperity and energy security.
6. <https://lordslibrary.parliament.uk/government-climate-policy-economic-impact/> - The House of Lords Library examines the economic impact of the UK's climate policy. The Climate Change Committee's 2023 report, 'A net zero workforce,' estimates that between 135,000 and 725,000 net new jobs could be created by 2030 in low-carbon sectors. However, achieving this net increase in employment is not guaranteed and depends on the availability of skilled workers and long-term policy certainty and regulations.
7. <https://en.wikipedia.org/wiki/Spending_Review> - A Spending Review is a process by which the UK government allocates public spending over several years. The 2010 Spending Review led to a loss of about 490,000 public sector jobs by 2015. The National Health Service (NHS) saw a 0.4% increase in spending in real terms over the following four years. The Office for Budget Responsibility predicted that the spending review would result in significant public sector job losses.