# UK’s lost decade in home heating retrofit risks net zero targets and economic gains



In a recently published report, the Energy Security and Net Zero Committee has highlighted the detrimental impact of poorly conceived governmental programmes on the UK’s decarbonisation of home heating. The report outlines that persistent issues such as ineffective retrofit schemes, a lack of skilled workforce, and failures in quality assurance have significantly set back efforts to reduce energy bills and achieve the nation’s clean energy targets. As the UK grapples with these challenges, the MPs advocate for immediate reforms, urging the establishment of a national Warm Homes Advice Service. They argue that such a service, which would direct consumers to reliable installers and financial support, could yield an impressive return of £15 for every £1 spent.

The urgency of the situation is underscored by the fact that the vast majority of homes that will be occupied by 2050 have already been built. With four in five homes requiring retrofitting to incorporate low-carbon heating systems and energy efficiency improvements, the report estimates that approximately 29 million homes must undergo retrofitting to meet the government's emissions reduction targets. The report claims that upgrading insulation and heating efficiency to achieve at least Energy Performance Certificate (EPC) level C could generate £40 billion in economic benefits over the next five years alone, alongside potentially saving the NHS £2 billion by 2030 by reducing illness associated with cold homes.

However, progress has ground to a near halt; as noted, there are 98% fewer energy efficiency measures being implemented today compared to the trajectory established in 2010. Therefore, restoring consumer confidence is paramount, and the Committee's findings suggest that reducing electricity costs relative to gas could be a critical first step. Currently, households pay nearly the same amount for gas as for electricity, despite relying on gas at a significantly higher rate, a situation that disproportionately affects vulnerable consumers relying on electric heating.

The responsibility for the current state of affairs cannot be overlooked, as a history of short-term governmental support measures, numbering at least ten since 2013, has failed to provide firms and consumers the stability required for substantial market restructuring. This uncertainty has adversely affected both installers and investors, inhibiting the necessary workforce development. Many homeowners, for example, have reported issues with inadequate retrofit installations which have not only impacted their health but have also resulted in substantial repair costs.

To combat these challenges, the Committee is calling for a national workforce accreditation scheme to affirm the trustworthiness of installers, which aims to alleviate the burden on consumers wary of incurring further remediation costs. Bill Esterson MP, Chair of the Committee, articulated these fears, stating, “The UK’s disastrous lost decade for clean, secure energy is nowhere more evident than in the project to decarbonise and reduce costs for home heating.” He emphasised that swift action is essential to lower energy costs, particularly advocating for a re-evaluation of how energy policy costs are levied.

This aligns with broader considerations urged by industry leaders and policymakers regarding economic investment in green energy. Recent appeals from over 50 companies, including prominent trade bodies, have advocated for the UK government to uphold its £6.6 billion commitment to improve energy efficiency in five million homes. Cuts to this funding, they argue, could risk thousands of skilled job losses and detain investment crucial for the green sector.

Moreover, comprehensive recommendations from the UK Climate Change Committee reinforce these calls for substantial reforms in home heating systems. A shift towards electrification, alongside aggressive emission targets, suggests that improvements need not only concentrate on energy efficiency but also adopt innovative heating solutions such as heat pumps. The CCC proposes that by 2040, these solutions could account for a significant proportion of emissions reductions, rendering the push for energy efficiency upgrades even more critical.

Amidst a mounting urgency, the government’s forthcoming financial decisions will play a pivotal role in steering the UK’s energy landscape towards a sustainable and economically viable future. As the nation navigates its path to net zero emissions by 2050, both consumers and the broader supply chain await clear signals and decisive action. The time for these crucial elements is now, to reinvigorate the UK's efforts and ensure that the transition to lower-carbon heating systems is not just a goal, but a reality.

### Reference Map

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Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.installeronline.co.uk/heating/failures-of-previous-governments-have-set-back-efforts-to-decarbonise-home-heating-mps-say/> - Please view link - unable to able to access data
2. <https://www.ft.com/content/fce6a820-f917-402c-a43d-8e6d3780bb38> - Over 50 companies and trade bodies, including Nationwide and E.On, have urged the UK government to maintain its £6.6 billion pledge to improve energy efficiency in 5 million homes, warning that cuts could result in the loss of 3,000 skilled jobs and deter investment in the green sector. This funding, part of the Warm Homes Plan, was a key pre-election promise by Prime Minister Sir Keir Starmer, intended to double the program's budget to £13.2 billion over five years. Chancellor Rachel Reeves previously committed only £3.4 billion over three years in the October Budget, raising concerns of underfunding at the upcoming June spending review. Businesses argue that consistent investment is essential for job creation and UK energy security, with the potential to generate 12,000 new skilled roles and stimulate domestic manufacturing and training. Climate think-tank E3G emphasizes that such investment is crucial for economic growth, reducing energy bills, and achieving the UK's net zero targets. It also warned that cutting funds could jeopardize growth in politically sensitive constituencies. The final budget decision will be announced on June 11.
3. <https://www.ft.com/content/93620fc7-14c8-4f3f-be50-632eb993f605> - The UK Climate Change Committee (CCC) advises that one-third of the emissions cuts needed by 2040 must come from consumers, emphasizing an overhaul of home heating systems and potential higher airfares. The CCC report outlines the necessary changes across the economy from 2038 to 2042, aiming to make Britain more resilient by reducing dependence on international fossil fuel markets. Recommendations include increased adoption of heat pumps and electric vehicles, curbing meat and dairy consumption, and reflecting the cost of decarbonizing aviation in flight prices. Electrification and cleaner energy could account for 60% of emissions reductions by 2040, and the net cost of achieving net zero by 2050 is estimated at 0.2% of UK GDP annually. The committee suggests a significant reduction in livestock to reduce methane emissions and supports less reliance on bioenergy with carbon capture (BECCS) than previously advised. The shift is expected to create new job opportunities in sectors like heat pump installation and green finance while challenging industries such as oil, gas, and certain farming sectors.
4. <https://www.reuters.com/sustainability/climate-energy/britain-needs-huge-switch-evs-heat-pumps-eat-less-meat-hit-net-zero-2025-02-26/> - Britain must shift to electric vehicles, heat pumps, and reduce meat consumption to achieve its 2050 net zero emissions goal, according to the Climate Change Committee (CCC). The CCC's seventh carbon budget outlines the challenges and recommends an 87% reduction in emissions by 2040 compared to 1990 levels. Despite a 53% drop in greenhouse gas emissions by 2023, significant actions are required in transportation, buildings, industry, and farming. The report suggests that 80% of cars should be electric by 2040, with most new car sales being electric from 2030. It also targets more than half of homes to use heat pumps, up from the current 1%. To meet these targets, renewable electricity must double. This transition could lead to household savings by reducing energy bills by 700 pounds by 2050. Additionally, meat consumption should reduce by 25% by 2040 and 35% by 2050. The government, which has adopted previous carbon budgets, will need to address these recommendations to meet its legally binding climate targets.
5. <https://publications.parliament.uk/pa/cm5804/cmselect/cmpubacc/653/report.html> - This is a House of Commons Committee report, with recommendations to government. The Government has two months to respond. The Department for Energy Security & Net Zero (DESNZ) has overall responsibility for achieving net zero, including decarbonising home heating in England and meeting interim emissions reductions targets for five-year periods known as carbon budgets. Heating the UK’s 28 million homes accounted for 18% of all UK greenhouse gas emissions in 2021. The main source of these emissions is from burning natural gas to heat homes. Reducing emissions from heating homes is a key component of the government’s overall target to achieve net zero emissions by 2050. Households using fossil fuels, such as gas boilers, will need to switch to a low-carbon alternative. This could involve installing a heat pump, which uses electricity to generate heat; connecting to a low-carbon heat network – a communal source of heating delivered to multiple dwellings; or potentially using hydrogen instead of natural gas. The suitability of these alternatives depends on factors including regional geography, house type and the heating system currently in use. Emissions from heating homes can also be reduced by improving energy efficiency, for example by improving insulation, to reduce energy usage and emissions. In October 2021, the government published its Heat and Buildings Strategy. The Strategy stated the government’s ambition to end the installation of new fossil fuel boilers by 2035. It also committed to growing the supply chain for heat pumps to a minimum market capacity of 600,000 heat pump installations per year by 2028, and developing the evidence base to inform strategic decisions in 2026 on the future role of hydrogen in home heating. DESNZ must reduce emissions while also meeting statutory fuel poverty targets. The government has committed £6.6 billion from 2021–22 to 2024–25 for schemes to improve energy efficiency and install low-carbon heating, and an additional £6 billion from 2025–26 to 2027–28. This includes the Boiler Upgrade Scheme, which provides households in England and Wales with an up-front grant of £7,500 to help cover the cost of replacing fossil fuel heating with a heat pump or biomass boiler. This is an increase from the £5,000-£6,000 grant that had been available between May 2022 and September 2023.
6. <https://www.ft.com/content/02126584-297a-497c-973c-115c59780f85> - Piers Forster, interim chair of the UK's Climate Change Committee, advocates for reducing electricity costs to help achieve the country's green targets. The high cost of electricity is impeding the adoption of electric heating and transport. Forster suggests that lowering electricity prices would make heat pumps and electric vehicles more attractive compared to gas. The UK still has the highest electricity prices among the OECD countries, largely due to the current marginal pricing system and additional levies on renewable energy subsidies. To encourage greener energy use, the Climate Change Committee has proposed redistributing levies and considering discounts for those switching to greener energy options. The Labour government has shown some flexibility by cutting fines for failing heat pump sales targets and contemplating relaxed rules for electric vehicle sales. The Department of Energy and Net Zero aims to ensure that bill payers benefit from clean and homegrown energy, exploring efficient ways to reduce electricity costs relative to gas.