

# Powering Up Britain: What did we learn from the announcements?

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## Overview

On 30<sup>th</sup> March, 2023, the UK Government [announced](#) a wide range of policies and strategies relating to the UK's path to net zero on what it called 'Energy Security Day.'

The unprecedented volume of policies - many of which will have significant impacts on the built environment - has led UKGBC's Policy team to develop this briefing of the key developments, organised by sector and by theme.

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## The big picture

The Government has doubled down on clean energy generation but has not published a comprehensive national plan to insulate homes and buildings. Without a this, we're trapped into unsustainable demand for heat and electricity. You can read the full response from UKGBC Chief Executive, Julie Hirigoyen, [here](#).

Energy efficiency installations collapsed after 2012 when the government withdrew support. UKGBC recently produced a [scorecard of government policy progress](#) on decarbonising buildings and found that it was piecemeal and unambitious. This was a chance to put that right. The announcements today fall short of what we know is needed to deliver a net zero future for the built environment.

The documents published acknowledge that the plans do not put us on track to hit our legally binding climate commitments.

The Government's narrative on energy saving remains strong, posing energy efficiency as one of the *"best way of protecting households and businesses"*. But we're still a long way from the clarity and certainty that Chris Skidmore MP recommended to grow the green economy. A nationwide retrofit programme would deliver a huge boost to the UK's green economy worth £56 billion and 500,000 skilled jobs in a decade and save households £8 billion every year.

Important opportunities to get on track are:

- The Government's new [Energy Efficiency Taskforce](#) bringing together major industry players to identify significant quick wins that can deliver at least 15% energy saving by 2030. UKGBC sits on the Taskforce.
- The Levelling Up Bill currently going through Parliament, which could be amended to make the planning system a driver to deliver climate and nature commitments.
- The Autumn Statement - Chancellor Hunt wrote in the Times that he is working on plans to ensure the UK has a competitive green economy with a 'pro-growth regulatory regime' but has rejected the approach of the US and EU to invest heavily to stimulate rapid progress.

## What was announced and what's missing?

### I. Great British Insulation Scheme

- The new retrofit funding scheme (previously known as ECO+) was confirmed and [details published](#) following a consultation that [UKGBC contributed](#) to raising significant concerns.
- The scheme is welcome but is only designed to support 300,000 households. That represents just over 1% of the 27.3 million homes that need retrofitting.
- Only 20% of the support available will be for low-income and vulnerable households. We called for a minimum of 50%.
- The scheme risks being expensive to deliver because it uses the challenging PAS 2035 approach rather than the lighter touch PAS 2030 (2017).
- Households will be asked to contribute 10% of the costs consumer which could put fuel poor households at a disadvantage or land them with more debt.
- The original launch date of April 2023 has been pushed back as the government plans *"to lay legislation by the summer to take it forward"*.

### II. Government investment

- The Government has still not allocated [2.1bn](#) of the funding they pledged in their manifesto to energy efficiency and clean heat for this parliamentary term. The £6bn over 3 years pledged for after the election, still falls far short. We need to see at least £6bn

every year over the next decade or so.

### III. Private rented homes

- The Government has failed to come forward with measures to upgrade rented homes despite consulting on this 2 years ago. Rented homes are often some of the worst insulated and most expensive to heat and it is urgent that they are brought up to basic decent standards.
- The Government consulted on tightening minimum energy efficiency standards for the Private Rented Sector to EPC C 2.5 years ago. The Heat & Buildings Strategy said a response would be published 2021. Late year the Government said it would publish plans for all tenures and building types by March 2022. The Plan indicates the Government will publish a “review of responses” later this year.

### IV. Owner occupied homes

- There is currently very little policy to drive energy efficiency in owner occupied homes. The Plan says the Government is “*planning to consult by the end of this year on how to improve the energy efficiency of owner-occupied home*”. This is welcome.
- UKGBC would particularly encourage the Government to explore an Energy Saving Stamp Duty as a market incentive with minimum energy efficiency standards signalled soon to be introduced at a later date as a backstop.

### V. Future Homes and Buildings

- The Net Zero Research and Innovation Framework Delivery Plan highlighted the Government's intention that, from 2025 all new-build homes will have low carbon heating and high levels of efficiency.
- UKGBC will be contributing to the forthcoming Future Homes and Buildings Standard consultation recommending a presumption for solar panels and efficiency levels consistent with the Future Homes Hub report contender specifications 4 or 5 with appropriate transitional arrangements. We will also urge the government to ensure new homes actively support electricity grid balancing, drive down embodied carbon and are resilient to our deteriorating climate.

### VI. Commercial buildings

- Long awaited announcements on minimum energy efficiency standards for commercial buildings were missing. Bu are now expected 'by the end of the year'.
- Likewise we saw no proposals on facilitating owners and lease holders to share data and responsibility to upgrade commercial buildings.
- Information, training and tax incentives to support needed especially for SME commercial building owners are still missing.

## VII. Electrification of heat

- The Government announced a very welcome extension to the £5k Boiler Upgrade Scheme household grant for heat pumps to 2028 and re-stated it's £30 million boost to the heat pump manufacturing industry in the UK and its Heat Training Grant.
- We need to move quickly from heating our homes with gas to electricity made from clean renewable sources. But the roll out of heat pumps, which have replaced around 20% of boilers across Europe, has been far too slow. The UK has just 280,000 heat pumps installed. France has 3.1 million and Norway has 1.3 million.
- The Green Finance Strategy announced that a net zero investment roadmap for heat pumps will be published shortly.
- A new consultation has been published on implementing the Clean Heat Market Mechanism in 2024 (closes June 2023).
- The Government will further consider Chris Skidmore's Net Zero Review recommendation to bring forward the end date of gas boiler sales to 2033, from the current 'ambition' of 2035. UKGBC's Roadmap shows gas boiler sales must end by 2030 at the latest.
- The Government didn't respond to its consultation on phasing out new and replacement fossil fuel heating systems for off gas grid properties – some of the most carbon intensive. This is now to be expected 'in due course'.
- The artificially low price of gas to electricity is a drag on the shift to electrification of heat. The government commits to set out an approach to rebalancing gas and electricity prices by the end of 2023/4 to "*generate the clear short-term price signal necessary to shift both households and businesses to technologies like heat pumps*". Measures affecting relative prices to be implemented by the end of 2024.
- Progress on heat networks through funding schemes, advancing regulatory frameworks and introducing heat network zoning is to be expected by 2025.

## VIII. Planning

- It is a critical weakness of the Government's policies that they did not introduce a net zero test for the planning system – a key recommendation from Chris Skidmore's Mission Zero Review.
- Without a net zero test, local decision-makers cannot ensure that their planning decisions are contribution to our carbon budgets and helping us on the path to net zero. Excluding this test is another squandered opportunity to get serious about levelling up the green economy.
- The Government has published new National Policy Statements - these include five revised energy NPS covering Renewables, Oil and Gas Pipelines, Electricity Networks and Gas Generation, and an overarching Energy Statement for consultation.
- Elsewhere, it only signposts to existing initiatives (NPPF review, LURB Bill, review of conservation areas, non-domestic solar).

## IX. Nature

- The Government published a new Nature Markets Framework, which sets out principles and priorities for the development of markets to enable farmers and land managers to attract investment in natural capital, and plans to develop nature investment standards.
- However, markets for investment in nature must be supported by credible standards, policies, protections and regulation. The Government must ensure it's Retained EU Law (Revocation and Reform) Bill does not undermine protections for nature. Likewise it must close worrying loopholes in plans for biodiversity net gain and ensure a stronger status for Local Nature Recovery Networks/Strategies in planning.

## X. Green Finance Strategy

- The Government has updated its Green Finance Strategy, with key announcements including:
  - a planned call for evidence on how the government can support scope 3 reporting, particularly for SMEs;
  - a Transition Finance Market Review that will consider what the UK financial and professional services ecosystem needs to do to become a leading provider of transition financial services and innovative instruments on the pathway to 2050.
  - a consultation on whether regulation for providers of ESG ratings should be introduced, and on the potential scope of a regulatory regime
  - consulting on the introduction of requirements for the UK's largest companies to disclose their transition plans
  - Plans to update the Environmental Reporting Guidelines, including for Streamlined Energy and Carbon Reporting
- The Transition plan Taskforce (TPT) will consider in more detail how nature's recovery, climate adaptation and social impacts can be incorporated into transition plans. The TPT will also begin work to develop sector-specific transition plan guidance.
- on the Government confirmed that it will consult on the UK Green Taxonomy in Autumn 2023 - to provide investors with definitions of which economic activities should be labelled as green. This will support the quality of standards, labels and disclosures used in the industry for green finance activity.
- Whilst we welcome progress and consultations announced, it is vital the Government sticks to its timetable for Sustainability Disclosure Requirements (SDR), and supports the timely delivery of comprehensive, credible, mandatory, science-based reporting requirements.

## XI. Skills:

- We welcome plans to publish a Net Zero and Nature Workforce Action Plan in 2024 that will outline the headline actions and solutions needed within the UK workforce to deliver net zero, split across government and industry.
- The Government will monitor the plan on a regular basis, alongside publishing bi-annual updates from the Green Jobs Delivery Group (GJDG) co-Chair, beginning in Spring 2023. The Government have published head start actions for a joint government industry Net Zero Power and Networks Workforce Action Plan. Further detail is coming later in the Spring.
- This will form part of the £3.8 billion DfE is investing in skills by 2024-25.
- Plans must be backed by sufficient resourcing and training, particularly to upskill and support local planning authorities.
- Pump priming skills with Government investment is critical, but without the long term regulation and incentives to build markets at scale, the approach is unlikely to be successful.

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