

Energy Security and Net Zero Committee

Retrofitting homes for net zero: Government Response

First Special Report of Session 2024–25

HC 1260

Energy Security and Net Zero Committee

The Energy Security and Net Zero Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Energy Security and Net Zero and its associated public bodies.

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Publication

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First Special Report

The Energy Security and Net Zero Committee published its First Report of Session 2024–25, [Retrofitting homes for net zero](#), (HC 453), on 22 May 2025. The Government Response was received on 21 July 2025 and is appended below.

Appendix: Government Response

- 1. The Government must announce a long-term programme for how it plans to support home retrofit beyond 2026 in its Warm Homes Plan. This should include a reduction in the number of schemes offered; significantly relaxed eligibility criteria to prioritise uptake; funding commitments until at least 2035; and a strategy to facilitate area-based retrofit.**

The government recognises the need to set long-term programme of support for home retrofit to transform our ageing building stock into comfortable, low-carbon homes that are fit for the future. The Warm Homes Plan will set out how the government will fulfil the manifesto commitment to upgrade 5 million homes over this Parliament.

£13.2 billion has been committed to the Warm Homes Plan over the years 2025/26 to 2029/30. Investment will be allocated across schemes that support households to upgrade with heat pumps, energy efficiency measures and low carbon technology like solar and batteries, and will ensure families can benefit from homegrown energy and the mission for clean power by 2030.

Further details on allocations for individual programmes will be set out by October this year. Delivery is currently supported through schemes such as the Boiler Upgrade Scheme, Warm Homes: Social Housing Fund, Warm

Homes: Local Grant and the Energy Company Obligation. We are working closely with local mayors and supporting individuals to participate in schemes they are eligible for.

The Government has taken steps to simplify eligibility criteria for schemes. The Warm Homes Plan will support the area-based retrofit and continue to draw on previous local authority-led retrofit schemes and feedback received about them. Government is keen to take an area-based approach to the WHP, by working closely with Local Government, local leaders and other key stakeholders and learn from previous schemes such as the Local Authority Delivery scheme, Home Upgrade Grant and the Local Energy Demonstrators.

The government is learning from previous and current schemes regarding local authority funding allocations to reduce administrative burdens. This will be used to inform future programme design.

Further details will be set out in the Warm Homes Plan.

- 2. We recommend that the Government establishes a national warm homes advice service for England to signpost consumers to independent advice, trusted installers and financial options. This should be available online, over the phone and in person. While it may be publicly-funded at first, it should be affiliated with a retrofit workforce accreditation scheme that can signpost consumers to trusted installers and provide a model for the service to become financially self-sustaining over time. A pilot should be launched ahead of winter 2025.**

The government recognises that access to trusted and impartial energy efficiency and clean heat advice is crucial. The government runs several digital services on GOV.UK, supported by a national phoneline, aimed at households.

The government is now streamlining these services into a single digital user journey, again supported by a national phoneline, to make it even easier for households to access information, including funding options and trusted installers. We are also looking at opportunities to work smarter with local advice services, to provide a more holistic approach, that best supports homeowners to act.

We will look to set out further steps in the Warm Homes Plan.

- 3. This report highlights the high and stagnating levels of energy poverty in the UK and the current disincentive that Energy Performance Certificates have on low carbon heating options due to price concerns. We therefore recommend that the Government reforms the Energy Performance Certificate metric with a renewed focus on**

both emissions and energy costs. This should be used to recommend home improvements to households who should then be signposted to independent advice following an assessment.

The government is reforming Energy Performance Certificates (EPCs) to better align them with our key policy objectives, including achieving Clean Power by 2030 and accelerating progress towards Net Zero. The consultation on EPC Reform, developed jointly by Department for Energy Security and Net Zero and Ministry of Housing, Communities and Local Government, outlined proposed reforms that will support the effective delivery of the Warm Homes Plan, aiming to reduce household bills and tackle fuel poverty.

The consultation set out proposals for updated EPC metrics to more fully reflect a building's energy performance and show clear information on emissions and cost. The Government expects that changes to the EPC metrics will be introduced in 2026 and new and amended metrics will be introduced for domestic buildings under the Home Energy Model (HEM). The Ministry for Housing, Communities and Local Government are currently analysing responses to the consultation and will publish the Government Response in due course.

- 4. We recommend that the Government, by the end of 2025, considers reducing the policy cost difference between gas and electricity bills, creating an incentive for households to adopt electric heating systems. The Government should do this carefully, recognising that almost all gas use is for essentials such as heating and cooking, differentiating gas from electricity. During this process, the Government must provide support for those who lose out due to the policy cost changes.**

For the government to achieve the clean power 2030 target it is critical that our electricity price reflects the cheaper wholesale price of clean energy. As the Committee concludes, the current distribution of policy costs means that the cost of low carbon technologies is artificially inflated compared to fossil-fuel powered alternatives. The price disparity between electricity and gas needs to be addressed to make it more attractive for consumers to install clean technologies like heat pumps.

Over this Parliament the government will be working relentlessly to translate the much cheaper wholesale costs of clean power into lower bills for consumers. This will be core to every decision we make.

This is a complex issue and there are difficult decisions to be made which must be informed by robust research and analysis. We are determined that we deliver on both fairness and affordability.

- 5. The Government must produce an engagement strategy to set out the costs and benefits of electric heating and build confidence for consumers, installers and the supply chain. This should include a plan to tackle misinformation and introduce consumer and workforce champions who can share experiences of electric heating systems. Measures must be focused on supporting and encouraging those least likely to be able to afford a transition, low income households.**

This government is focused on incentivising moves to cleaner, affordable heating and making this attractive and easy for the public. Through our Warm Homes Plan we have already announced a range of measures to support investment in heat pumps and other energy efficiency upgrades to help cut bills.

We want to give households and consumers as much choice and support as possible. More detail will be set out in our Warm Homes Plan in due course.

- 6. We urge the Government to take a decision on the possible role of hydrogen for domestic heating no later than summer 2025, alongside the publication of its Warm Homes Plan. This should be informed by the existing evidence gathered through trials and independent analysis.**

The government wants to provide strategic clarity on decarbonising home heating as soon as possible in order to best support our mission to make the UK a Clean Energy Superpower. To support this, the government is assessing the latest evidence and will consult later this year on the role of hydrogen in home heating.

The Health and Safety Executive (HSE) is carrying out an independent review of the safety evidence on hydrogen heating produced by industry. The conclusions of HSE's assessment are expected later this year.

- 7. The Government must provide consumers, installers and the supply chain with certainty that most home heating will be powered by electricity in future. It must also set out its view on whether new on-grid and off-grid fossil fuel heating systems should continue to be installed in homes from 2035 and explain how it will minimise the use of fossil fuels in homes by 2050. This is crucial to keep the UK on track with the Climate Change Committee's recommendations in its Seventh Carbon Budget, while also providing a stimulus for the uptake of electric heating systems.**

This government is focused on incentivising moves to cleaner, affordable heating and making this attractive and easy for the public. Through our Warm Homes Plan we have already announced a range of measures to support investment in heat pumps and other energy efficiency upgrades to help cut bills.

More detail on these issues will be set out in our Warm Homes Plan later this year.

- 8. The Government must set out comprehensive plans and an analysis of the costs and benefits for repurposing the gas network and clarifying who would bear the costs. It should set out a preliminary analysis by the end of 2025, including a clear timeline and a progressive approach to funding the costs.**

As we make the transition to become a Clean Energy Superpower, the government welcomes the Committee's recognition of the need to consider the future of the gas network. This is set out in more detail in the government's recent [Midstream Gas System Update to Market](#), which identifies managing a planned and orderly operational transition as one of the three key strategic challenges for the future of the gas system.

There are various options for the future of gas networks, including its continued use with carbon neutral or negative gases like biomethane, and repurposing part of the infrastructure for other energy uses, such as the conveyance of hydrogen or carbon dioxide. Any repurposing or decommissioning approach needs to be consistent with enduring natural gas demand, for example, peak power generation, as an industrial feedstock, and, in the longer term, the production of blue hydrogen.

Given the critical role the gas sector plays in the energy system, it is essential that the government first builds a comprehensive evidence base and engages with regulators and industry prior to setting policy direction. The department therefore anticipates a longer timeline to be needed than the Committee's recommendation but recognises the urgency of this work and will be publishing a Call for Evidence in 2026 that seeks views on the optimal operational transition of the gas system, to ensure it is fair, safe and orderly. It will also explore how to best use the gas network in the future, considering a range of options.

We recognise that the government will need to play a key role in planning what this phased, well-paced transition might look like and work closely with consumers, industry and stakeholders across the energy system to understand the key risks and opportunities, provide clear communication, minimise any impact or disruption and ensure there is sufficient support throughout the transition.

- 9. The Government should review and assess measures designed to shape and influence the clean heat market, including but not limited to the Clean Heat Market Mechanism, to determine if they remain the most effective ways to increase heat pump uptake.**

The government closely monitors the development of the market for clean heating appliances like heat pumps, and the impact of measures to support this. Certified heat pump installations were 43% higher in 2024 than 2023, and deployment growth has continued year-on-year in the first part of 2025.

The government is working with industry to develop a thriving market and supply chain for clean heating technologies includes action to develop consumer demand, support installer training, and invest in UK manufacturing. Through investment in schemes like the Boiler Upgrade Scheme, the government is supporting more households to install heat pumps, while the Heat Pump Investment Accelerator Competition is boosting UK heat pump manufacturing. The Clean Heat Market Mechanism is also an important part of this work, providing manufacturers the confidence to invest in the transition; we recently consulted on heat pump targets for Year 2 of the scheme and will respond in the Autumn after assessing responses.

Regular monitoring of each scheme is complemented by a programme of third-party impact evaluation to inform future decisions. In addition, thorough public and stakeholder consultation helps to inform decisions on schemes' design and direction at each phase – for instance, a recently concluded consultation on proposed adjustments to the Boiler Upgrade Scheme.

In June this year, the Chancellor announced £13.2 billion for the Warm Homes Plan, and Government confirmed funding to the Boiler Upgrade Scheme will increase each year to 2029/30. The publication of the Warm Homes Plan will set out the full range of steps that the Government will take to decarbonise homes and develop the market for clean heating, informed by the latest evidence on market trends, barriers and enablers for accelerating the transition, and the impact and lessons from policy measures to date.

- 10. We recommend that the Government resumes work undertaken by the previous Government to prepare a Net Zero and Nature Workforce Action Plan. This should be published by the end of 2025 and include a specific roadmap for meeting the skills needs of the home retrofit sector, including via the Growth and Skills Levy mechanisms. It should also ensure that training courses and qualifications for heating engineers cover work on low carbon heating technologies as part of the core curriculum, rather than an add-on. This should be a cross-government endeavour with the Skills Minister accountable to ensure full engagement between the Office for Clean Energy Jobs, Skills England, the Department for Energy Security and Net Zero and the Department for Education. Once it is fully established, Skills England should also prioritise the skills needs of the low carbon retrofit sector.**

The government recognises that a skilled, competent and robust supply chain is needed to deliver the necessary upgrades to buildings. Growing this workforce requires certainty, via government funding or regulation, so that companies can make the investments needed and individuals can obtain retrofit skills. The £13.2 billion committed to the Warm Homes Plan for schemes that support households to upgrade with heat pumps, energy efficiency measures and low carbon technology provides a clear forward trajectory to underpin this workforce growth.

In April, the Department announced plans to train up to 18,000 skilled workers to install heat pumps, fit solar panels, install insulation and work on heat networks through the extension of the Heat Training Grant and launch of the Warm Homes Skills Programme. We have also been working with the industry to develop apprenticeships to support retrofit careers including a Level 2 Insulation Installation Operative, a Level 3 Insulation Technician and a Level 5 Retrofit Coordinator. This is in addition to the existing Low Carbon Heating Technician apprenticeship.

The Department is also working with industry, the Department of Education and Skills England to deliver flexibility for employers and learners, making the skills offer more attractive to a wider group of learners to enable growth of the necessary skilled workforce. Skills England is also working to tackle the UK's growing skills gaps, aligning training with industry needs, and expanding opportunities for people and businesses across England. Together with the Office for Clean Energy Jobs, Skills England will support this effort by tackling workforce and skills challenges specific to net zero sectors, including retrofit, ensuring that clean energy jobs are good jobs.

We will outline further initiatives to support the sustainable growth of retrofit supply chains across the country in the Warm Homes Plan.

- 11. The Government should increase the value of the Heat Training Grant to provide workers with full compensation for lost earnings when taking time off work to upskill on low carbon retrofit. This should take effect until market demand provides sufficient incentives for the workforce, supply chain and employers to self-fund training.**

The government continues to work with training providers and industry to ensure the Heat Training Grant offers the best value for money. The Heat Training Grant helps to overcome the barriers that existing professionals face when upskilling to become a heat pump installer or work in heat networks. In heat networks, the scheme enables new entrants and those transitioning from other sectors to become part of this growth opportunity. Industry estimates suggest we need to train at least 6,600 installers a year until 2028. In total around 9,000 individuals completed training in 2024

through a combination of the Heat Training Grant and industry training. Furthermore, Government recently announced an additional £5 million in funding for the Heat Training Grant this financial year.

The Low Carbon Heating Technician apprenticeship launched in Autumn 2023 to help bring new entrants into the heat pump sector and build a sustainable skills pipeline. While we are always open to making improvements to the scheme, we are sceptical about plans to compensate installers for lost earnings given the complexity of delivering this in a way that avoids risks of fraud.

- 12. We recommend that the Government introduces a national workforce accreditation scheme and a national contractor licensing scheme as a prerequisite for carrying out any retrofit work. These should be granted powers to revoke licenses or impose financial penalties for poor quality work and provide consumers with clear avenues for redress. A small registration fee would help fund a national warm homes advice service, which would signpost consumers to certified workers. The national workforce accreditation scheme could replicate the successful model adopted by the Gas Safe Register.**

In January 2025, Ministers announced their intention to conduct a sweeping overhaul of the system of standards, oversight and consumer protections for retrofit.

The Department is exploring a full range of options to determine a new system of oversight that is straightforward for customers and installers to engage with and that ensures the highest levels of quality, and direct pathways to redress when needed. We are drawing insights from a full range of consumer protection models, including those that are government led such as the Gas Safe Register and industry led schemes.

The Department will continue working closely with industry stakeholders, installers and consumer representatives to ensure this work contributes to supporting the sector and will provide an update in the Warm Homes Plan.

- 13. We found it incredible that the Residential Property Surveyors Association has reported that around 250,000 homes could be unmortgageable due to spray foam insulation and that the accountability to remedy things remains unclear. We recommend that the Energy Company Obligation, as a policy to put responsibility on installers and commissioners for poor quality work, needs serious improvement.**

The government has worked with industry and inspection protocols were published to allow the proper assessment of spray foam installations. Recent indications are that most mortgage lenders no longer have blanket

policies on spray foam insulation. While the department cannot comment on the decisions made by individual lenders, the presence of spray foam should not automatically prevent lending and decisions should be made on a case-by-case basis following a survey.

The government recognises that the system of quality assurance and consumer redress that we inherited needs fundamental reform. This will involve rapidly changing the landscape of regulation, spanning from how installers working in people's homes are certified and monitored, to where homeowners turn to for rapid action and enforcement if things go wrong.

This work is already underway, with existing regulation being tightened, but we will set out plans for root and branch reform as part of the Warm Homes Plan.

We are committed to meeting fuel poverty and wider Net Zero targets, and we are currently considering what policy mix will best achieve that including what role energy company obligations should play post-2026. We will ensure that lessons learned from the current Energy Company Obligation and Great British Insulation schemes form part of these considerations and that any successor schemes are confirmed to industry once decisions have been made.