



Chartered
Institute of
Housing

What you need to know about Powering Up Britain

March 2023



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Introduction

Following the [relative absence](#) of announcements on energy efficiency and net zero in the Chancellor's Spring Budget, the government released a large number of policy papers, consultations, consultation responses, and other documents on Thursday 30 March. These documents were accompanied by a plan for [Powering Up Britain](#), which was split into two further plans on [Energy Security](#) and [Net Zero Growth](#). Overall, [the release encompassed](#) 44 documents and over 2,000 pages.

A substantial amount of the published documents focused on key issues of energy supply, especially nuclear, hydrogen, offshore wind, solar, and carbon capture and storage (CCS). However, important announcements were also made on energy efficiency, clean heating, and wider policy and regulatory frameworks, as well as other, smaller matters of note. This what you need to know breaks down these announcements.

Energy efficiency

Energy efficiency was largely absent from the Chancellor's Spring Budget. However, the government's announcements [have confirmed the progress of ECO+](#), an extension of the government's flagship energy efficiency scheme, the [Energy Company Obligation](#) (ECO), now in its fourth iteration (ECO4). Operating in England, Wales and Scotland, ECO designed to tackle fuel poverty and help reduce carbon emissions from domestic homes. It places an obligation on energy retail suppliers to deliver energy efficiency measures into low-income, vulnerable, and fuel poor households. This includes insulation, new heating systems, and a range of other smaller measures such as double glazing and heating controls.

In a consultation published in November 2022, the government proposed expanding ECO to enable energy suppliers to deliver measures to a wider range of households. What was initially proposed as ECO+ will now be called

the **Great British Insulation Scheme** to help with consumer awareness. The scheme will target two groups: a 'general group' and a 'low-income group'. The general group will consist of those living in homes with an EPC rating D-G and within Council Tax bands A-D in England and A-E in Scotland and Wales. The low-income group will consist of those living in homes with an EPC rating D-G, broadly mirroring the household eligibility requirements of ECO4 (being on means tested benefits or living in the least efficient social housing). Flexible eligibility criteria will also be incorporated, whereby "households that do not meet the low-income group eligibility criteria but are considered by a local authority, or participating energy supplier to be living in fuel poverty or on a low-income and vulnerable to the effects of living in a cold home can be supported." It is expected that affirmatory legislation for the scheme will be laid in summer and come into force later this year.



There are similarities and differences between ECO4 and the Great British Insulation Scheme, predominantly the expanded eligibility criteria. In addition to the eligibility criteria, key features of the scheme include:

- As opposed to supporting whole house retrofit, the aim of the scheme is to **deliver single measures as quickly as possible to a large number of households**. More specifically, the scheme will be focused on insulation for both the 'general' and 'low-income groups'. Owner occupiers in the 'low-income group' will also be permitted to have secondary measures, primarily heating controls, installed through the scheme
- **A self-referral service** will be launched in summer 2023 via gov.uk, to improve the accessibility of the scheme. Housing professionals will where appropriate be able to signpost to this service to help owner occupiers upgrade the energy efficiency of their homes
- **Private rented sector households in EPC bands D and E** will be eligible as part of the general and low-income groups. Private rented sector properties in EPC bands F and G will be excluded unless they have a relevant exemption
- **Social housing properties will be eligible where they have an EPC band of D, E, F or G**, and the eligible measures depend on the EPC rating. Social housing properties in EPC band D will be restricted to innovation measures only, while social housing properties in EPC bands E, F or G will be eligible for the wider pool of measures
- **Social housing properties will be excluded from installing heating controls through the scheme**. This is because government considers that requirements are already in place for social landlords to install suitable heating controls in their stock. The government response did note however that social landlords can often find the costs of installing heating controls prohibitive, which can lead to delays
- **Consumer contributions have not been prohibited**. Recipients of measures will in most cases be expected to pay 10 per cent towards the cost of installations.

- **All installations must be delivered to PAS2035 standards.**

Beyond the Great British Insulation Scheme, small changes were also made to ECO4. Most notably, government has amended the definition of 'renewable heating system' to allow heating systems fuelled wholly or partly by biomass, fuel cells, water, solar, geothermal, heat from air, water or the ground, or combined heat and power systems. Coal, oil, liquified petroleum gas (LPG), and biofuels are excluded, as is gas in off-gas homes unless it is part of a district heating system. Government has also proceeded with changes to the circumstances under which it will allow efficient electric heating to be installed under ECO4.

Clean heating

Funding and market mechanisms for clean heating, especially heat pumps, also received a welcome boost as part of the announcements. Most notably:

- **The Boiler Upgrade Scheme, which provides upfront capital grants to support the installation of heat pumps and biomass boilers in owner occupied homes, has been extended until 2028**. Although installations to date under the scheme have been lower than anticipated, the government has also committed to enhancing marketing and awareness raising around the scheme
- **The government has restated commitments to outlining an approach to rebalancing gas and electricity prices**. Currently, and including when supplied to domestic homes, electricity is three to four times more expensive than gas. The government has therefore committed to exploring how to 'rebalance' the relative costs of gas and electricity, with the aim of making electricity bills cheaper and speeding up heat electrification for households
- Government confirmed its intention to **implement a Clean Heat Market-Mechanism in 2024** through the Energy Bill, a market-based incentive for manufacturers to increase installation of low-carbon heating systems relative to the sale of fossil fuel boilers.

More widely, the documents included a series of commitments relating to skills and the clean heating supply chain, especially in relating to heat pumps. Although in several cases these commitments were restatements of existing policies or intentions, they included:

- The launch of the **Heat Training Grant**, a £5 million Heat Training Grant aimed at supporting 10,000 low carbon heating installers over the next two years
- Notice of the launch of the [Heat Pump Investment Accelerator programme](#), with £30 million of funding. The programme aims to stimulate forward investment in the heat pump manufacturing supply chain
- A commitment to publish a **Net Zero Investment Roadmap** for heat pumps in 2023.

Finally, there were two announcements regarding potential changes to the planning system to enable renewable energy and energy efficiency installations:

- A commitment to **develop solutions to local planning bottlenecks regarding energy efficiency in historic buildings**
- A commitment to develop and consult on proposals to change **existing permitted development rights which allow rooftop solar and stand-alone ground mounted solar** in the grounds of domestic and non-domestic buildings.

Regulatory and legislative actions

The documents released by the government discussed several regulatory policies that are currently pending or in development. While the majority of mentions of relevant regulations were to simply note that they remain forthcoming, key statements included:

- **A recommitment to publish a full technical consultation on the Future Homes Standard (FHS) in 2023.** In previous documents and announcements, this was frequently referred to as 'spring 2023'. The present recommitment therefore signals a likely delay in the consultation to later in the year. Despite this, the [Net Zero Research and Innovation Framework Delivery Plan](#), published as part of the announcements, highlighted the government's intention that under the FHS, all

new-build homes will have low carbon heating and high levels of efficiency from 2025

- The government will consider the recommendation [in Chris Skidmore's Independent Review of Net Zero](#) to **bring forward the end date of gas boiler sales to 2033**, from the current 'ambition' of 2035
- A reconfirmation of the government's intention to begin the consultation process on a minimum energy efficiency standard for the social rental sector, within six months of the Social Housing Regulation Bill receiving Royal Assent. This follows the government's exploration of setting a new minimum energy efficiency regulatory standard of EPC band C in social housing
- A commitment to publish a consultation on how to improve the energy efficiency of owner-occupied homes before the end of 2023.

Absent from the announcements were any progress on minimum energy efficiency standards in the private rented sector or phasing out new and replacement fossil fuel heating systems for off gas grid properties. There were also no announcements regarding the potential blending of hydrogen into the gas network, beyond a statement that a decision on this would be made later in 2023. A government response to the consultation on regulations in the private rented sector is especially overdue, having first been consulted on over two and a half years ago.



Other announcements

In addition to the above, government also announced the following:

- A development of its energy advice service, including the launching of a digital eligibility checker for government funding and a series of pilots for in-person consumer advice across five regional net zero hubs in England
- A commitment to publish a Net Zero and Nature Workforce Action Plan in 2024
- Its responses to Chris Skidmore's [Independent Review of Net Zero](#) and the [Committee on Climate Change's 2022 report](#)
- Its updated Carbon Budget Delivery Plan.

CIH analysis and response

There is much to approve of in the Powering Up Britain plans, but considering the sheer number of documents and information that were released as part of the announcements, it is slightly disappointing that there is not more to welcome. While the announcements on energy efficiency and clean heating are positive, they are not sufficient when considered in relation to the scale of the challenge. [Research by Savills](#) estimated in 2021 that up to £330 billion could be needed for the UK residential sector to meet government targets, including a desire for all homes to reach EPC band C by 2035 and by 2030 for fuel poor homes. By contrast, the [UK Green Building Council have noted](#) that the Great British Insulation Scheme is only designed to support 300,000 households, just over one per cent of approximately 27.3 million homes that need retrofitting.

Furthermore, because the scheme will widen the pool of households that can receive financial support with insulation measures, it remains to be seen how the expanded eligibility will strike a balance between maximising delivery and ensuring the poorest and least energy efficient households are prioritised. Most notably, by not prohibiting financial contributions by beneficiaries and mandating that only a fifth of the support must be delivered to low-income households, there is a risk that those who need help the most won't get it in the quantities that is required. At a time of acute financial pressure for the social housing sector, relaxation of rules that state social housing properties cannot install heating controls through the scheme would also have been welcome. Despite the recent allocation of funding through the Social Housing Decarbonisation Fund, providers still face a net zero shortfall that simply cannot be paid for by increasing rents.

Lastly, it is particularly concerning to see minimum energy efficiency standards in the private rented sector shifted even further into the future, given the sometimes poor conditions that residents in the sector endure. [Over half \(56 per cent\) of privately rented homes fall below EPC band C, and analysis has shown that private renters in homes rated EPC D-G are 73 per cent more likely to experience damp than those in homes rated A-C.](#) There is now no hope of regulations being in place by 2025, the initial target date, even as the [Energy and Climate Intelligence Unit have shown that implementing the regulations by 2025 rather than 2028 could save private renters nearly £11bn by 2050.](#) The lack of progress on the regulations therefore represents a missed opportunity to rekindle much needed energy efficiency improvements in the private rented sector.

