



NHDG Briefing Note: Priorities for energy efficiency retrofit under the new Labour Government

State of Play

Today, nearly 50% of properties in England have an Energy Performance Certificate (EPC) of C – up from 14% in 2010.¹ Despite a mixed bag of policy approaches over the past 14 years, this statistic does show that policy intervention can be effective in driving retrofit activity.

However too many people, including many of the least well off in our society, continue to live in cold, damp and unaffordable to heat homes, including within the social rented sector. We must go faster and further to improve the quality of our homes, both to meet climate targets and reduce the impact of living in cold homes on people across society.

The past few years have presented quite a mixed picture for the wider retrofit sector, yet significant progress has been made in key areas such as the social rented sector. Long-term programmes such as the Social Housing Decarbonisation Fund are successful and delivering real improvements to homes, lives and communities.

There is an opportunity for a Labour Government to bring further scale and ambition to foundations that are already working, whilst bringing fresh ideas and impetus to parts of the retrofit market that are not. National Home Decarbonisation Group members are ready to work with the new Government to help make this happen.

Who we are

The National Home Decarbonisation Group is comprised of large contractors (often known as Tier One) and energy suppliers delivering at scale housing retrofit across the UK. Group members are committed to delivering home decarbonisation to the highest standard to ensure the best possible outcomes for the households and communities they serve. The work carried out by our members has broad social and environmental benefits, helping to reduce fuel poverty, minimise negative health impacts from poor housing and support the pathway to net zero.

What needs to happen next

We know that a great deal of thought has gone into the Manifesto and priorities of this incoming Labour Government with commitments to invest an extra £6.6 billion to upgrade 5 million homes for increased energy efficiency and lower bills, the mission to make Britain a clean energy superpower and the setup of GB Energy to deliver energy independence. It is critical that these plans on which the new government has been elected are now put into action.

This briefing outlines our key policy recommendations for the new government and provides an invitation for continued collaboration towards our shared goals of high-quality, large-scale **retrofit delivery across the UK.**

¹Department for Energy Security and Net Zero (2023). Families, business and industry to get energy efficiency support. Available [here](#)

Successful delivery of manifesto commitments in energy efficiency and retrofit will be greatly enhanced through the following actions/priority areas.

1. Commit to a clear, long-term retrofit funding programme to give industry the confidence to invest in training and upskilling the workforce

Current funding streams for domestic retrofit are complex, short-term and lack certainty. To encourage organisations to train their workforce and scale-up delivery, industry need an ambitious long-term programme backed by policy certainty to support large-scale, whole-house retrofit.

A 10-year funding programme would provide industry with the confidence to invest in training, recruitment and innovation enabling scaled delivery. This will also help local authorities to build capacity and capability to deliver retrofit schemes.

2. Expand financial support to all property tenures whilst protecting those in fuel poverty to ensure a just transition to low carbon heat

Fuel poor households pay on average £417/year more for energy than if they were living in a more efficient home. A recent YouGov poll also showed that 3 in 10 British adults struggled to pay their energy bill over a three month-period, and half turned their heating off even though it was cold outside.²

Current funding streams for energy efficiency measures are predominantly targeted at low-income owner-occupied households and the social housing sector.³ However, fuel poverty statistics show that 35% of fuel poor households in England are in the private rented sector (PRS), almost double the amount in the social housing sector. Key barriers for uptake include high upfront costs for landlords and a lack of knowledge of the benefits of investment.⁴

NHDG welcome Labour's commitment to re-introduce minimum energy efficiency standards (MEES) for the PRS by 2030, to help tenants save money on their energy bills and ensure they have a safe, warm and healthy environment to live in. Government must expand support, advice and financing options to all tenures to achieve net zero targets and alleviate fuel poverty. This approach will also help to promote cross-tenure and area-based delivery, meaning that whole communities can benefit from home upgrades regardless of tenure.

3. Provide a compelling finance & funding offer, ensuring that those "able to pay" can make a contribution whilst minimising barriers to uptake

Research shows that the greatest barrier to green home improvements is cost; with nearly half (49%) of UK homeowners put off by prohibitive high initial costs of measures and the perception that there is a lack of financial support available.⁵

² National Energy Action (2024). New official statistics highlight fuel poverty crisis deepening – as half of British adults turn their heating off, even when it's cold inside. Available [here](#)

³ Department for Energy Security and Net Zero (2024). Annual Fuel Poverty Statistics in England, 2024 (2023 data). Available [here](#).

⁴ British Gas (2023). Greening the Private Rental Sector. Available [here](#).

⁵ Lloyds Banking Group (2023). Upfront costs biggest barrier to green home improvements. Available [here](#).

Consumers need access to a range of tailored, innovative financing solutions accompanied by comprehensive tailored advice to make retrofit accessible and affordable. This is especially important to incentivise the able-to-pay market and for 'middle income' households who are not eligible for fully funded grants but are not able or willing to fund the whole upfront cost of retrofit themselves.

The NHDG welcome the Labour 'Warm Homes Plan', with grants and low interest loans offered to support investment for energy efficiency measures. There is clear appetite from consumers for increased support from the banking sector, in terms of finance, knowledge and advice. Consumers are more likely to engage with and trust government-backed finance options.⁶ In this way, the public sector can serve as a key facilitator for the development of green finance options that are commercially viable for private sector investors, whilst also remaining affordable for residents.

4. Utilise the power of data & technology with property specific and archetype data used to optimise delivery

Current scheme eligibility and outputs are largely focussed on EPC data, which can be outdated and unreliable. Recent research carried out by Which? found that 8 out of 11 participants said their EPC did not appear to be accurate, with key aspects of their homes, such as windows, roofs and heating systems, showing incorrectly.⁷ We need accurate EPC, property specific and archetype data to improve data-driven decision making and optimise retrofit delivery.

Households across the UK are worried about high energy costs, by improving EPCs across all tenures, families will have access to valuable information about how to improve their home's efficiency and retrofit works can be planned more effectively. As part of this, the government should review the auditing of EPCs and the training requirements for Domestic Energy Assessors, to ensure that they have the skills needed to complete reliable assessments.⁸

Recent innovations such as the SMETER programme have made it easier to collect in-use performance data on the energy performance of homes and retrofit measures. Encouraging greater utilisation of this data should drive up quality in the sector by incentivising high-quality retrofits, ensuring that residents realise the true benefits of energy efficiency works.

5. Engage with local communities to build consumer trust and improve advice

Home retrofit is a daunting topic for many consumers meaning that clear and trusted advice is invaluable for supporting engagement. Having both a central location for this information and an awareness campaign to point consumers in its direction will help to promote the work that is available and the benefits that investment offers.

Retrofit funding streams can be complex to navigate and many consumers are unsure where to go for advice and how to access reliable installers.⁹ Involving community leaders in the decision-making process can improve understanding of the benefits of energy efficiency measures and encourage communities to upgrade their homes.

⁶ Andy Regan, Alasdair Hiscock, et. al. (2023). All the things I could do: financing green home upgrades, Nesta. Available [here](#)

⁷ Karen Lawrence (2024). The problem with Energy Performance Certificates, Which? Available [here](#)

⁸ Karen Lawrence (2024). The problem with Energy Performance Certificates, Which? Available [here](#).

⁹ Which? (2024) Building trust: improving the reliability of installers in sustainable home heating. Available [here](#)

Local Area Energy Plans (LAEP) are currently the main method for translating national net zero targets into local action for energy decarbonisation with plans that are collaborative, data-driven and cost-effective.¹⁰

A local approach also allows for the utilisation of local knowledge including consideration of local planning processes and integration with wider policy. Strong relationships with local communities helps to gain public support for net zero and ensures that the transition to low carbon heat is inclusive of all households.

Government should work with local partners that are already active within communities and therefore well placed to engage with homeowners. Creating a platform for sharing industry best practice, showcasing success stories and inspiring others to benefit from home upgrades would be a valuable outcome. Building strong relationships with local communities helps to gain public support for net zero and ensures that the transition to low carbon heat is inclusive of all households.

6. Expand the supply chain whilst maintaining quality

The number of qualified retrofit installers is not high enough to reach the deployment level needed to achieve net zero. To address this, there is a need to increase new entrants and upskill the existing workforce.

The NHDG and The Retrofit Academy (TRA) have produced a Retrofit Workforce Roadmap which quantifies the growth in specific green skills needed to meet growing demand and outlines the interventions needed in the workforce to deliver housing decarbonisation. The NHDG and TRA are already working to deliver the actions in the Roadmap with support from wider industry but we need support from the Government to promote the sector and fund the future of green skills.

The NHDG welcome Labour's commitment to reform the Apprenticeships Levy and FE colleges to work with businesses, trade unions and government to train the required local workforce. We want to work with the Government to invest in the right skills to deliver retrofit at scale and at the highest standard. We ask that government engage with us on our Retrofit Workforce Roadmap to continue to work in alignment.

7. Ensure a high-quality workforce and incentivise engagement with PAS as the gold standard

The construction sector has historically had a poor reputation influenced by below standard workmanship of a small number of players. It is the belief of the NHDG that whilst the Government must invest in wide scale training to meet net zero, this must be done to the highest possible standard.

By funding trusted training providers and working closely with standard makers highly qualified installers will be trained. When awarding funding to training providers, the quality of their training provision must always be the primary consideration. We ask that any funding for training is provided to training providers committed to PAS compliance.

To incentivise wider engagement with PAS beyond Government-funded schemes, it is the belief of the NHDG that greater clarity on the process to becoming PAS compliant must be provided to industry via a central location. This can be in the form of a website where organisations can access information on the process to becoming compliant, who trusted training providers are and how to access funding to support investment in training existing and new staff.

¹⁰ Energy Systems Catapult (2024). Local Area Energy Plans. Available [here](#)

8. Build collaboration between Government, industry, housing providers and local authorities

There are organisations at national, regional and local level working towards housing decarbonisation however, there is inconsistent engagement with industry and a lack of a joined-up approach.

Whilst the NHDG and its members have a strong working relationship with DESNZ, we share concern with the wider industry that as Local Authorities are provided with greater responsibility to oversee large scale housing decarbonisation projects there is a need to build expertise and place resources at their disposal to effectively manage such an undertaking. This is particularly important as Labour is set to channel more energy efficiency funding through Local Authorities.

It is the view of the NHDG that by building collaboration with industry at the local level more effective large-scale projects can be undertaken using the expertise of industry in delivering at scale decarbonisation projects.

9. Exercise greater flexibility in use of funding streams whilst ensuring the preservation of quality and standards.

The NHDG and its members deliver retrofit projects across multiple Government funded schemes including SHDF, HUG and LAD. Each scheme has its own eligibility criteria across tenures and varying eligible measures making the schemes complex to navigate. The NHDG have several recommendations to reduce complexity:

a) Blending of different funding streams should be encouraged wherever possible to support an area-based approach to retrofit that delivers economies of scale and reaches a wider range of households. This would reduce complexity and encourage engagement from industry and residents. Through blended funding engaged organisations will avoid having to undertake multiple retrofit assessments whilst remaining committed to minimum requirements across the schemes.

b) For large-scale area-based projects, developing a platform to share information about the housing stock involved would be beneficial for determining their eligibility for multiple schemes and how these interact where blended funding is not possible.

10. Create the right conditions for innovation in product, delivery & finance

It is costly and time consuming to get innovative products and services to market as often organisations must wait 18 months for PAS or MCS certification. The NHDG are offering support for organisations with innovative products or services through our working group. However, to facilitate innovation more widely the NHDG believe having a fast track for products that offer decarbonisation benefits in the retrofit sector would speed up the process and support the green transition.

The NHDG can offer support through trialling and piloting to demonstrate that the products or services are to standard but with the support of the Government through a green lane for innovation these organisations can benefit from a fast track for accreditation. This will stimulate the market, generate investment in upskilling and support housing decarbonisation harnessing the social and environmental benefits that come with this.