

Meeting minutes • 5 March 2025

## **Clean heat roundtable: Heating homes in a low carbon future**

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Date: Wednesday 5 March 2025

Time: 9:30-10:30am

Location: Room R, Portcullis House, Westminster

### **Attendees:**

- APPG Secretariat: Alice Watson, Zoe Avison.
- Parliamentarians: Luke Murphy MP (Chair), Carla Denyer MP, Perran Moon MP, Manuela Perteghella MP, Baroness Young, Margaret Mullane MP staffer.

### **Leah Robson remarks (director of Your Energy Your Way):**

- Your Energy Your Way's customers are primarily environmentally motivated, we are starting to see more people seeing heat pumps as an upgrade which is encouraging.
- In terms of geography, it's challenging for installers to work across a wide geography, regularly travelling for an hour or so, there is something to be done here as it is wasted time and fuel, and makes servicing more tricky.
- Monitoring heat pump performance is not too hard, and we would like to see MCS (the standards body) consider how heat pumps are performing in real conditions, rather than requiring lots of paperwork upfront.
- Customers are making a big financial investment, but seeing enormous savings in their bills when they pair together a heat pump and solar with a battery. Upfront costs need to be addressed to allow them to access longer term savings.
- On workforces, we need to encourage more women into the sector. These are well paid, rewarding, interesting jobs, and we need to get that message out more widely. We are missing out on a good 50% of the talent.

### **Ryan Jude remarks (Built Environment Programme Director, Green Finance Institute):**

- The Climate Change Committee (CCC) said last week that there is no role for hydrogen in home heating. They also said 80% of homes need heat pumps,

so we will need to improve the cost to encourage roll-out. A lot more investment is needed, there are certain blockers which policy can start to fix.

- GFI wants finance options available for every type of house and every type of tenure. There is more potential for subscription services, where heat is provided as a service, but one of the biggest obstacles is the need to rebalance costs between electricity and gas, so that running a heat pump or network is cheaper than a boiler.
- There is also an issue of ownership for heat pumps. If someone doesn't pay back a loan, usually the asset would be taken back by the lender, which isn't possible for heat pumps. Tweaks to the law can make security possible for lenders. Property-linked finance could also allow the transfer of heat system ownership between property owners, including the transfer of debt so that homeowners do not have to repay their heat pump loan in full before moving house.
- We are seeing that the street by street installation approach is working in social housing, with thousands of properties on subscription models, and councils are paying money back over time. Therefore, we are confident that we can make it work in private housing with a few tweaks. For example, Ireland has developed a one-stop shop, so people can have their house assessed for a heat pump and receive advice on the best financing option at the same time. The government needs to better target financing to improve fairness, and should be targeting those in fuel poverty as a priority.

**Madeleine Gabriel remarks (Mission Director, A Sustainable Future, Nesta):**

- The CCC Seventh Carbon Budget suggests we need to scale-up low carbon heating so all heating systems are low carbon by 2035. Last year 100,000 heat pumps were sold in the UK, so we can achieve growth rates but need to keep going.
- Key challenges: we need to improve affordability, we need to improve the appeal so the public feel like it's a choice that is normal and desirable, and we need to make the process of getting a heat pump much easier. Need to focus on helping the high-skill installation sector to grow. Street by street approaches have a lot of potential and need investment. Nesta is looking at inclusion, we don't know much about the performance of heat pumps supported by ECO, we need to understand people's experiences better.

### **Adam Scorer remarks (CEO, National Energy Action):**

- 6.1 million households pay over 10% of their income towards heating their homes. Lots are single parents with dependents and renters too.
- All elements of the low carbon transition have costs associated that are unavoidable and systemic. The Warm Homes Plan has difficult choices to make about where its focus should be, it should also be about making homes comfortable, and affordable to heat, as well as decarbonised.. For NEA's client group, the clean energy mission is not sufficient on its own unless it also links to health and social outcomes.
- We are encouraging clients to think about energy efficiency. Once you explain the challenges, often many are onboard, because it improves their lives.
- Poorly insulated homes have the opportunity for the most gain, but they need to be prioritised. This can also be helpful in scaling up the mass market for clean heat as demand can be more predictable.

### **Q&A**

- Manuela Perteghella MP commented that lots of elderly and vulnerable constituents are living in off-grid park homes, heated by expensive LPG, in her constituency, but are told they need specific conditions to get government grants.
  - Ryan said we should be investing in whole neighbourhoods and need to broaden support out for equity reasons.
  - Adam said more needs to be done to understand the particular circumstances of users.
- Baroness Young said we need to put pressure on the government to think about how we address this in areas struggling with fuel poverty and how we provide a full package of roll-out (ie solar/heat pumps/EVs).
  - She recalled the experience of the rollout of North Sea gas, which was done street by street and worked well.
- Carla Denyer MP said the government needs to have a solution for people who are low/middle income. Trying to get a heat pump installed is right at the limit of affordability for many people and she is doing it because it matters to her, but we need a solution for younger people to be able to afford to make this choice.

- The Boiler Upgrade Scheme was discussed, Madeleine said that the strength of the scheme is in its simplicity and it has been effective. Ryan agreed, but said that it should be open to a wider range of purchasers, so that private investors could pool multiple properties and provide heat to them together.
  - Adam said that robust consumer protection would need to be built in if the BUS was open to private investors. Margaret Mullane MP staffer said it is important that new build homes have solar, heat pumps and batteries built in - the marginal costs in construction are relatively low.
- Manuela Perteghella MP added that her constituency cannot find teachers to train installers as the pay is so low compared to the market.
  - Leah replied that on skills we need to rethink about how we train people, it is very expensive for SMEs to take on apprentices and the focus is always on training centres and not on employers. How can we help employers to make good on-the-job training that just needs light-touch support. We also need to ensure geography doesn't get in the way and jobs are on people's doorsteps.
  - Madeleine replied that we want to see the government investing in neighbourhood schemes and need to work with a few areas to test out different models. Scheme design is sometimes set at unrealistic levels and we need to try different approaches.
- Baroness Young said that targeting is a no brainer for fuel poverty. We also need to tackle misinformation, for example around hydrogen boilers, and understand where people are getting their information from. Then get public schemes available so people aren't seeing steep upfront costs.
  - Awareness raising needs to be a part of the Warm Homes Plan
  - Ryan said that low interest loans should be targeted towards those who need them most. On the local approach, using the example of the social housing decarb fund, he spent months fighting with the council to get the fund, then didn't have long to spend it. They got the money out by focusing on the poorest neighbourhood and went door to door telling people they would halve energy bills as a result.
  - Essex County Council has a program of collective purchasing of heat pumps to bring down costs for residents through group buying.