

Monday 24th February 2025

Rt Hon Rachel Reeves MP

Chancellor of the Exchequer

HM Treasury

Sent via Email.

Collective sector representation on the importance of maintaining £13.2bn Warm Homes manifesto pledge

Dear Chancellor,

We are writing to you as a group of eight Trade Associations, representing over 4,000 businesses in the clean heating and energy efficiency sector, to call on you to allocate the full £13.2bn, as pledged in the Labour Party Manifesto, to support the upgrading of 5 million homes over the course of the parliament. This level of funding is vital to achieving the UK's legally binding carbon reduction commitments, recently updated Nationally Determined Contributions under the Paris Agreement and its 2030 legal fuel poverty target.

With the sector committed to supporting the delivery of clean heating and energy efficiency, confirmation and reassurance that the pledged funding will be allocated is crucial to unlock the confidence and investment needed in UK skills and manufacturing and aligns with your Government's growth plans. According to a report by the Energy and Climate Intelligence Unit (ECIU), the UK's net zero economy experienced 9 percent growth in 2023, compared to just 0.1 percent growth for the UK economy as a whole.

This will help reduce consumers' energy bills, increase the UK's energy security, and achieve the UK's legally binding net-zero targets. Failure to commit to this funding will result in damaging and confused signals being sent to investors and risks UK investment being lost overseas.

Whilst we welcome the Government's focus on Clean Power by 2030 and see this as a vital step towards UK-wide decarbonisation, reducing consumer energy demand, decarbonising heat and making the most of flexibility will be critical to realising the benefits and discouraging excess investment in transmission and distribution infrastructure that can be avoided. The potential economic benefits of moving to clean power are substantial but the green electrons produced must be utilised to be valuable. According to the Energy Efficiency Infrastructure Group, every £1 invested in energy efficiency generates £3 in economic returns.

The parties to this letter call on you to unite Government departments and provide a clear decarbonisation strategy, clarity of long-term funding arrangements and supporting policy, to give

those in the sector the confidence they need to increase and/or continue to invest in energy efficiency within the UK market.

We would collectively welcome the opportunity to discuss the contents of this letter with you.

Yours sincerely,

