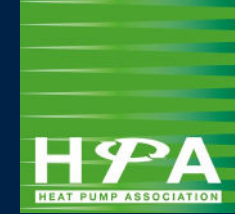


TRANSFORMING BRITAIN'S HEATING

A PATHWAY TO HEAT PUMPS



heatpumps.org.uk

CREATING A HIGHLY SKILLED HEAT PUMP INSTALLER WORKFORCE

Today's 130,000+ fossil fuel boiler installers will play a major role in delivering the transition to heat pumps and mentoring younger installers to become the workforce of the future. Training courses, qualifications, support schemes, apprenticeships, and clear requirements for installers will all feature in creating a high-skill heat pump installer workforce.

A LONG-TERM, PREDICTABLE POLICY FRAMEWORK FOR HOME HEATING

Investors respond best to a long-term, predictable policy framework. Some policy changes have already attracted capital to UK manufacturing and training. Early clarity of a date for the full phase out of 100% fossil fuel boilers will turbo-charge investor interest in the transition to heat pumps. Setting clear expectations for installers will motivate them to retrain and up-skill.

MARKET DEVELOPMENT AND REFORM

The industry is ready for constructive dialogue to help the Government implement its Market-Based Mechanism for Heat Pump deployment and is developing several ideas for its smooth introduction. We also have pragmatic suggestions for addressing the higher running costs faced by consumers with heat pumps than those with fossil fuel boilers because of the way Environmental and Social Obligations are currently levied on domestic fuel.

FINANCING THE TRANSITION

As the market transforms, the installed cost of heat pumps will come down. Meanwhile, subsidies that offset upfront costs will continue to play an important role in helping consumers adopt heat pumps, at least until the industry's transformation is considerably further along.

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FOREWORD

PHIL HURLEY, CHAIR OF THE HPA



The UK domestic heating market is embarking on unprecedented scale and pace of change. The Government has set a target for 600,000 heat pumps to be installed annually by 2028. A clear signal has been given for the phase-out of new fossil fuel boilers from the heating market by the mid-2030s. A change of this scale requires fundamental reform of parts of the industry and enabling policy changes to help drive this.

The Heat Pump Association (HPA) represents manufacturers who supply over 95% of the UK Heat Pump market. Industry colleagues who are otherwise in fierce competition with each other unanimously agree on one thing - productive collaboration between industry and Government would bring about a rapid transformation in the home heating sector. If we achieve this, it is completely achievable within a decade for a heat pump to be the default option when a fossil fuel boiler reaches the end of its useful life.

Consumers will play an important role - once they are empowered to make economically viable low carbon choices, the pathway to net zero will become clearer and accelerate. Collaboration between industry and Government will help to mobilise a sizeable industry of existing installers (over 130,000 accredited by Gas Safe alone) to upskill. In turn this will make a significant contribution to the Government's 2030 target of 480,000 high-skilled jobs powering the Green Industrial Revolution.

The domestic heating market will likely be worth over £5bn annually once the transition from fossil fuel boilers is complete. The heat pump Industry will respond to policy certainty with strong investment in green growth and creation of high-skilled jobs. We can see evidence of this already - significant capital has already been deployed by three major manufacturers in the UK, including heat pump production facilities, and by many others making investments in training capacity.

This new pathway document builds on the broad vision we set out in 2019¹. The same year the UK made history by officially enshrining the Net Zero target into law. It demonstrates the industry recognises its responsibility to drive the change in partnership with Government making necessary enabling changes to policy. Industry and Government, working closely together in partnership, can make this remarkable transformation a reality.

¹ HPA (2019). [Delivering Net Zero: A Roadmap for the Role of Heat Pumps](#).

INDUSTRY AND GOVERNMENT WORKING TOGETHER TO TRANSFORM BRITAIN'S HEATING

Close co-operation and dialogue will be key to achieving scale and pace of change in the heating industry never previously experienced. Success is most likely if both industry and Government collaborate closely. Industry recognises its responsibility to drive much of the necessary change, with Government enabling this through key policy changes. This pathway document presents our current thinking in four "Pillars" that we believe will ensure a successful market transformation.



PILLAR 1: Creating a Highly Skilled Heat Pump Installer Workforce

The current boiler installer workforce will play a major role in heat pumps. Training support schemes, recognisable qualifications, and an apprenticeship programme, amongst other initiatives will mobilise the existing workforce and create new interest in making a career in heat pumps. Examples of steps that have already been or could be taken include:

- **"Early Bird" training support scheme for the first 20,000 installers**, part funded by industry, and part by Government, which would encourage early adopter installers by compensating them for their training costs, including loss of earnings whilst undertaking the training.
- **Recognised Ofqual qualifications in low temperature heating and heat pumps** have already been established in both these specialisms.
- **Extensive training capacity** of up to 40,000 training places per year from HPA members is already available to train heat pump installers.
- **Setting clear expectations of what is required of installers.** Options could include a requirement for a low-temperature heating system qualification for all Gas engineers at the 5-yearly ACS renewal, and the requirement for a suitable heat pump Competent Persons Scheme. Industry is ready to support installers with the necessary skills, training and tools to achieve this.
- **Apprenticeship Programmes** – to bring through new high-skilled career opportunities for a generation of young heating engineers, creating long-term, sustainable jobs, helping improve youth employment, and encouraging social mobility.



PILLAR 2: A Long-Term, Predictable Policy Framework for Home Heating

Investors respond best to a long-term, predictable policy framework and positive evidence of this has already emerged. Three major companies have recently announced investment into their UK manufacturing facilities in response to Governments commitment to phase out fossil fuel boilers in New-Build homes from 2025, its signalled intention to do so for the rest of the market by the mid-2030s, and its interim target of 600,000 heat pumps installed annually by 2028.

We believe further clarity of the long-term policy framework will turbo-charge investor confidence to bring about the remaining necessary changes. In particular:

- Early commitment to a fixed backstop date for phasing out the sale of 100% fossil fuel boilers for the whole market.
- Establishing a clear pathway for installers and setting what is expected of them in the coming years to help catalyse interest in relevant Ofqual training courses.
- Developing possible policy steps to make homes "heat pump ready" by for example, requiring room-by-room heat loss calculations, hydraulic balancing and recalibrating existing boiler systems to lower flow temperatures to a maximum of 55 deg C unless there are good reasons not to do so.



PILLAR 3: Market Development and Reform

The industry is ready for constructive dialogue to help the Government implement its Market-Based Mechanism for Heat Pump deployment. We are working on the following areas in preparation for this:- safeguards for consumers, quality controls for products and installations, and correct specification of systems, best use of existing product and installer accreditations, and traceability of heat pump installations, e.g. through the Building Regulations Compliance Certificate or similar.

We offer to work with Government to supply analysis, evidence, and ideas on pragmatic ways to address the higher running costs faced by consumers with heat pumps than those with fossil fuel boilers because of the way Environmental and Social Obligations are currently levied on domestic fuel bills.



PILLAR 4: Financing the Transition

We recognise that today the installed cost of heat pump systems is higher than replacing a fossil fuel boiler alone. As the market transforms towards the volume target, costs are likely to come down, and we will continue to work with Government to explore innovative ways to achieve this. Subsidies that offset upfront costs such as the Boiler Upgrade Scheme and the zero-rated VAT currently play an important role and some form of subsidy will likely to be needed continue until the transition is largely complete. This will particularly be the case for more vulnerable consumers.

IN CONCLUSION

Industry and Government, working in partnership can transform the heating industry to enhance energy security, reduce exposure to volatile fossil fuel prices, support those in fuel poverty, and make a step-change towards net zero carbon². Heat pumps offer a credible pathway to addressing all these policy goals.

Significant and welcome advances in low carbon heating policy have been made since the publication of our roadmap document in 2019. The Government's ten-point plan for a green industrial revolution saw the introduction of a target for annual heat pump installations of 600,000 per year by 2028³ and this has catalysed investment into both UK Manufacturing and high-skilled green jobs.

Decarbonising how we heat our homes is a significant but achievable challenge and a key part of the road to net-zero. Industry is ready to play its part, and this pathway document highlights several key areas how this can be done through commitment from industry and enablement by Government. The right level of partnership will ensure that both consumers and installers are empowered to realise the full benefits of the upcoming transformation of Britain's heating.

² The CCC (2020). [Sixth Carbon Budget](#).

³ BEIS (2020). [The Ten Point Plan for a Green Industrial Revolution](#).