

REA Briefing on the CCC's Assessment of the UK's Heat and Buildings Strategy

Summary

- The Climate Change Committee (CCC) has [published an independent assessment of the UK's Heat and Buildings Strategy](#). The report considers five questions with regard to the Strategy:
 - The level of ambition
 - The coherence of the approach
 - Whether there are any gaps
 - What actions are needed
 - How to manage near-term risks

Ambition

- The CCC acknowledges the strategy is a significant step forward which sets out a clear direction to decarbonise buildings.
- In particular, it welcomes new policies to drive the nationwide rollout of low-carbon heat.
- The CCC generally finds that the level of ambition is appropriate and welcomes the strategy aims, including:
 - The full decarbonisation of buildings by 2050.
 - Recognising the need to reach good levels of energy efficiency across the stock by 2035.
 - Phasing out installations of gas boilers by 2035.

Coherence

- The report acknowledges the government has proposed a complex framework of policies to decarbonise buildings.
- The report notes these policies need to work in unison to be effective, so delivery will be a challenge.
- Thus, the report makes the following recommendations:
 - Government to establish structures and processes that promote coordination and coherence.
 - Cabinet Committees and the National Strategy Implementation Group need to be better utilised.
 - An Office for Zero Emissions Buildings, like the Office for Zero Emission Vehicles should be set up to oversee deliverables.
 - Better dialogue between the central Government, devolved government and local government is needed. The Government needs to establish mechanisms that allow for information to flow in both directions.

Gap

- The strategy is extensive, but it's not comprehensive. There are key policy gaps including:
 - **Energy efficiency.** There is only a voluntary target for mortgage lenders to encourage borrowers to improve their energy efficiency. This is not good enough for the 65% of the housing stock up by owner-occupied homes. Further, insufficient funding has been allocated to improve the fabric efficiency of social homes.
 - **Public sector buildings.** Funding for public sector buildings decarbonisation up until 2025 currently only covers around a third of what is needed.
 - **Gas boiler phase-out in non-residential buildings.** The Government's plans lack regulatory levers to drive the transition away from gas boilers in commercial buildings. The report also considers the phase-out date for installation of new gas boilers in all buildings (2035) too late.
 - **Unexplained emissions reduction.** The Government has not published detailed figures for the emissions contribution of individual policies. The CCC predicts the strategy to contribute around 18% less emissions reduction than the Strategy targets by 2035.
 - **Climate adaptation.** While there have been welcome steps forward on flooding in recent years, current policy on overheating only covers new builds.

Actions

- **Skills.** Government must link plans to grow and upskill the workforce to the Government's delivery pathways for low-carbon heat. This includes identifying particular barriers to labour market entry and setting out agreements between departments that detail how they will ensure skills delivery.
- **Public Engagement.** Government must develop a public engagement strategy based on the principles set out in the Net Zero Strategy. This includes a review of the effectiveness of current channels to provide information on building decarbonisation. As well as putting in place plans to provide tailored information to households on buildings decarbonisation.
- **Finance.** The Government should develop more concrete plans on supporting the green mortgages. The Government needs regulations which would enable building owners to access capital for building upgrades. The Government should publish more details on access to finance for SME energy efficiency measures.
- **Building information.** The Government must establish a timeline for the introduction of home retrofit passports and work on in-use performance under the BEIS' SMETERS programme. An in-use performance rating must be ambitious and create the right incentives.
- **Compliance.** The Government must publish findings from its study on strengthening enforcement for privately-rented buildings in 2022. Government must consider extra measures to check the compliance of qualified installers, approved inspectors and EPC assessors. Government must ensure enough resources for Local Authorities to enforce standards effectively.

- **Planning.** The Government should set out detailed plans for Local Area Energy Planning, including details on the standards for the plans. The Government should continue its work to strengthen data sharing between actors such as Local Authorities, Ofgem and DNOs. The Government should work with Ofgem on a research programme to identify priority areas for hydrogen. The approach to planning needs to be consistent across the UK, and complement existing planning work, such as flooding and air quality.
- **Data.** The Government needs to broaden the scope of its data collection efforts and develop policies which help the collection of data. The Government needs to develop new and better indicators to track policy progress.
- **Governance.** Government must work with devolved governments during implementation of the Strategy. Government must clearly define the bodies that will be responsible for delivering programmes. Government must establish new forums, or develop existing ones, such as the Net Zero Hubs.

Risk

- Two-thirds of the ambition in the Strategy faces at least some, and often significant, delivery risks. These reflect novel policy approaches that are still in development and must be monitored. Potential risks include:
 - **Reliance on a market-based approach.** The Government has proposed a market-based mechanism for heat pumps and relies on the market to drive delivery in other areas, such as heat networks.
 - **Enabling policies and coordination.** More needs to be done to coordinate the national strategy with plans of devolved and local government.
 - **Lack of pace and clarity.** The Government has announced consultations which it has yet to start, including on owner-occupier energy efficiency, hydrogen-ready boilers and boiler phase-outs for buildings on the gas grid.