

How Sunak's back-pedaling on net zero could damage efforts to decarbonize Britain's homes

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Credit: AI-generated image ([disclaimer](#))

Rishi Sunak, the UK prime minister, has announced his government will scrap or delay a number of measures designed to help the UK reach net zero by 2050, with a particular focus on housing. This includes getting rid of impending requirements for landlords and property owners to

upgrade the energy efficiency of their homes with insulation and other measures. And the ban on installing gas boilers in new homes will be pushed from 2025 until 2035.

Instead, the government will rely more heavily on schemes to encourage people to make [energy](#)-efficiency improvements, such as grants to replace boilers have increased by 50% to £7,500 alongside other. But what effect is this likely to have on efforts to decarbonize Britain's housing stock?

Several reviews of the government's net zero strategy have already highlighted that continuous policy changes and U-turns, such as discontinuing subsidies after only a year or so, are [counterproductive](#). These include [reports](#) by government advisers the [Climate Change Committee](#) and one chaired by the former Conservative energy minister, Chris Skidmore, which was [published](#) in January 2023.

All these sources emphasize that frequent program changes reduce both the demand for energy-efficiency investments among property owners and the ability of firms to meet it. On the demand side, this announcement seemingly rewards those landlords who have been waiting to upgrade their property by the original deadline of 2025. In the future, others might similarly put off making changes to comply with incoming regulations and requirements.

This wait-and-see approach affects the supply side too. If firms can less reliably predict demand they might hold off on investing, for instance, in hiring or training skilled workers or by securing contracts for parts.

Requirements to upgrade homes to make them more energy-efficient could act as a catalyst by creating a clear goal towards which UK firms and the public can work, enabling the market to shift towards greener options. Eliminating these requirements is a missed opportunity for

property owners and firms alike.

The cost of policy U-turns

In general, subsidies for retrofitting homes and upgrading boilers [don't appear to have worked well](#) so far.

The green homes grant, introduced in October 2020, gave homeowners vouchers to cover much of the cost of energy-efficiency improvements using accredited suppliers. However, this scheme ended with most of the funding unspent, as accreditation proved costly and complex for firms and businesses did not scale up their operations and train new staff for a program that was only designed to last a few months.

To this day, when I speak with builders they lament the paperwork required to access the most recent boiler upgrade scheme, as well as the delays they face in getting reimbursed. It will be hard to judge the newly promised funds until the details are unveiled.

The argument made by landlord associations (and [parroted by the government](#)) that the requirement to upgrade the efficiency of rental properties would have raised rents for tenants is flawed.

When homes are sold or leased today, they must have an energy performance certificate (EPC) that rates their energy efficiency on a scale of A-G, with A being the most efficient. This also includes recommendations on how to improve the energy efficiency of the property.

While it is true that properties with higher EPC ratings demand higher rents on average compared to [similar neighboring properties](#), it is hard to know what other improvements will also have increased the rental price.

Retrofitting homes would also boost their resale values, allowing landlords to recoup costs. And as many others have already pointed out, it would also lower energy bills and improve the comfort and well-being of those living in them, with knock-on benefits for [public health](#) among the many net positive effects.

The government's announcement creates a lose-lose-lose situation. It [jeopardizes](#) the UK's ability to meet its net zero targets while leaving vulnerable families in potentially outdated and drafty houses.

The effects of this backpedaling are not restricted to housing either. They are likely to undermine the credibility of net zero policies across the board, discouraging UK businesses from investing in green jobs and technologies.

If there is a legitimate concern that net zero policies will burden [low-income families](#), then this could be addressed with more direct intervention by the [government](#) to ease the cost-of-living with lump-sum transfers and other measures that do not blunt incentives to invest in energy efficiency for everyone.

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