

BPF BRIEFING

CLIMATE CHANGE COMMITTEE 2024 PROGRESS REPORT

INTRODUCTION

The Committee on Climate Change (CCC) have published their latest annual assessment of the Government's progress in cutting emissions. This assessment looks at progress across all sectors of the economy, including the buildings sector. The report notes the substantial progress that has been made – in large part by the phasing out of coal and the ramping up of renewables – but concludes that urgent action is needed if the UK is to hit its 2030 target of cutting emissions by 68% compared to 1990.

This briefing provides a short summary of the CCC report for BPF members.

The full CCC report can be read [here](#).

EMISSIONS

The CCC report that the fall in emissions from buildings in 2022/23 is in line with what is required to meet the 2030 target. However, the Committee note that recent reductions were mostly not the result of sustained decarbonisation action. Building emissions fell at least in part due to mild winter weather and record high fuel prices reducing demand. It is unclear how much the reduced demand is due to an increase in energy efficiency measures or behaviour change. The CCC state that the pace of reductions will need to be maintained and will need to be driven by sustained decarbonisation action by Government, businesses and households.

PROGRESS

The CCC assess progress against a range of delivery indicators, which monitor the actions and changes that will be required to reduce UK emissions. This includes some building-specific indicators.

Residential/Non-residential energy demand

The CCC report that total energy demand in both residential and non-residential buildings fell substantially over recent years, due to a combination of warmer-than-average temperatures, likely behavioural changes as a result of high gas prices and possible energy efficiency measures. Data is available only up to 2022, but the Committee expect further decreases in line with the reductions in buildings emissions seen in 2023. As a result, both indicators are on track.

Households receiving energy efficiency measures

The CCC report that Government-funded energy efficiency measure installations have not been increasing although installations outside of these programmes are a key data gap. This makes it difficult to determine the role of energy efficiency improvements in reductions in energy demand in buildings. Energy efficiency is particularly important for the UK as its housing stock is one of the oldest and worst insulated in all of Europe, with only 15% of homes being built after 1990. This indicator is off track.

Heat pump installations

The number of heat pumps installed in 2023 only increased by 4% compared to installations in 2022, from 58,000 to 60,000. This indicator is significantly off track.

The CCC note some promising signs in the early months of 2024, with applications for the Boiler Upgrade Scheme up 62% in the first four months of 2024 compared to the same period in 2023. This follows an increase in the level of the grants from £5,000 to £7,500 from October 2023. Around 24,000 heat pump installations have been supported by the Boiler Upgrade Scheme since its launch two years ago. This is around one fifth of total installations over this period.

The CCC report that the installation rates of heat pumps in residential buildings will need to increase by a factor of 10 from 2023 levels by 2028, to meet the Government's aim of 600,000 per year by 2028. While 40% of this increase is likely to come from installations in new-build properties, this will still require a considerable scale-up of heat pump retrofits in existing buildings.

By the end of the decade, around 10% of existing homes will need to be heated by heat pumps, up from around 1% today. Strong progress on heat pump installations in recent years in other European countries, notably France, demonstrates that rapid scale-up is achievable.

POLICY

The policy landscape

While there have been some notable steps forward in the past year, the CCC report that overall progress in terms of policy remains insufficient and leaves the UK Government's targets at risk.

The CCC state that policy development has proceeded too slowly and most of the priority actions previously recommended by the Committee have seen little or no

progress. The Committee are critical of the decision to roll back certain net zero plans in the buildings sector. This includes the decisions to exempt 20% of households from the 2035 phase-out of new gas boilers, to delay the phase-out of new oil boilers and to not proceed with planned energy efficiency requirements for landlords.

The Government has decided not to move forward with the plan to require landlords to upgrade properties to meet EPC C energy efficiency by 2028, which leaves this part of the sector without plans to reduce emissions. It is also likely to miss an opportunity to enable energy bill reductions for renters at a time when gas prices are particularly high and volatile.

Regulations requiring a minimum of EPC C in the private-rented sector would have significantly reduced tenants' energy bills, although lower bills may have been partially offset by rent increases. Government estimates of the energy savings from this policy indicate that it would have saved tenants of upgraded properties £255 per year under 'normal' energy prices. As prices are currently elevated, this effect could be bigger in the near term.

Policy recommendations

The CCC report sets out a number of priority recommendations to Government, many of which reflect the policy asks set out in the BPF's [Carbon Manifesto](#).

The CCC recommendations include the following:

Cross-cutting recommendations

- **Make electricity cheaper.** Reduce electricity prices by removing market distortions to help encourage consumers and businesses to move towards lower-carbon electric technologies.
- **Ensure network capacity to meet growing need.** Ensure electricity networks have the capacity to meet growing need due to changes to sources of electricity and increased demand across sectors. This should include fully implementing the Connections Action Plan and Transmissions Acceleration Action Plan at pace.
- **Publish an action plan for net zero skills.**
- **Publish strategy for workers and communities affected by the transition.**

- **Strengthen adaptation plans.** Adapting to a changing climate is essential to address a wide range of risks and is a pre-requisite for delivering the UK's path to net zero.
- **Make overall planning policy consistent with net zero**, including a review and update of the National Planning Policy Framework. Net zero outcomes should be prioritised throughout the planning system rather than being over-ridden by other outcomes such as development viability.
- **Publish guidance for businesses on the use of carbon offsets.** This guidance should include confirmation that a business can only use carbon credits to claim to be 'net zero' once nearly all emissions are reduced, and the remaining emissions are neutralised by high-quality permanent removals. Formalise this definition of net zero through existing levers.

Building-specific recommendations

- **Reinstate the new boiler phase-out to cover all homes.** Remove the exemption of 20% of premises from the 2035 phase-out of new fossil-fuel boilers. This should be supported by policies to remove barriers to people choosing low-carbon heating options.
- **Reinstate requirements on landlords to improve energy efficiency in rented properties.** Set out and implement plans to improve energy efficiency in privately rented homes in England, filling the emissions reduction gap left by removing requirements for properties to reach EPC C by 2028.
- **Remove planning barriers for heat pumps.**
- **Introduce a comprehensive programme for decarbonisation of public sector buildings.** This should set out strategic plans for when best to take the required decarbonisation actions in buildings across the public estate and should be supported by long-term capital settlements.
- **Accelerate heat pump roll-out.** Develop and implement plans to substantially accelerate the installation of heat pumps in the next few years.
- **Simplify the strategic decision on the role of hydrogen for heat.** Narrow the scope of the strategic decision on hydrogen prior to 2026 by publicly affirming that electrical heat is the default option in all new buildings and existing properties off the gas grid and prohibiting connections to the gas grid for new buildings from 2025.



The CCC also note that Government should lead by example by visibly adopting net zero and low-carbon choices.

CONTACT

Any questions, please contact:

Rob Wall
Assistant Director
BPF
RWall@bpf.org.uk

22 July 2024