6 November 2025

Dear Chancellor,

We welcome the news that you are planning to take action to cut households' energy bills at the upcoming Budget, which is crucial to address cost of living challenges and boost the economy. However, it is vital that this is not at the expense of investment in energy efficiency measures and low-carbon technologies, which would permanently lower households' bills. While direct bill support provides an immediate way to help struggling households, decarbonising homes through cost effective upgrades is the best way to sustainably address fuel poverty and reduce costs for all billpayers.

The Warm Homes Plan is critical to lowering energy costs, enhancing energy security, and boosting the economy, with the potential to deliver growth comparable to London's Elizabeth Line.[i] The plan's total funding encompasses not just schemes identified to be funded through general taxation, but also via energy bills. Cutting the funding from bills, without a requisite increase in Treasury support, would abandon £6 billion of investment between 2026/27 and 2029/30. This would lead to the loss of hundreds of thousands of cost effective home upgrades, with the lowest income households being at particular risk of missing out on support.

It would also have a damaging impact on the supply chain in an industry that is worth around £20 billion and supports over 100,000 jobs.[ii] 87% of energy efficiency installers are not confident in the long-term stability of the market and nine in ten say jobs are at risk if schemes are delayed, let alone cut.[iii] Billions of pounds of private investment is on hold while we await the Warm Homes Plan.[iv] The uncertainty caused by policy delay is already leading to job losses, and any planned private investment could be jeopardised by a sudden change of direction.

Cutting Warm Homes Plan investment would trade off an enduring solution to affordable energy bills in favour of a short-term fix, something the Government has committed to avoiding. A previous Government significantly reduced energy efficiency funding seeking short-term relief for bills, which had the opposite effect of making them around £22 billion higher than they would otherwise have been.[v] We strongly encourage the Treasury to reconsider what would be a short-sighted move, which would call into question the ability to meet both the UK's fuel poverty and carbon budget targets.

There are better options to reduce energy bills now, while ensuring they remain lower in the long-term. Where possible, Treasury interventions should focus on cutting electricity costs, which would benefit all households and encourage investment in low-carbon technologies, supporting the ambitions of the Warm Homes Plan. The Government should also work at pace to implement a better targeted support scheme to adequately help those most in need.

---

[i] E3G (2025), The-Warm-Homes-Plan-will-boost-UK-finances

[ii] Office for National Statistics (2025), Low carbon and renewable energy economy estimates

[iii] Installation Assurance Authority Federation (2025), IAAF Survey September 2025 Summary of results

[iv] Energy UK analysis. This includes capacity expansion of energy efficiency and low-carbon technology manufacturers and installers, heat network developments under construction and awaiting Final Investment Decision, financial service firms' green products, and consumer purchases of low-carbon products.

[v] Carbon Brief (2024), Analysis: Cutting the 'green crap' has added £22bn to UK energy bills since 2015

E3G
Energy UK
TUC Changing the world of work for good
e.on
NEA National Energy Action – Action for Warm Homes
EDF

citizens advice
OVO
age UK Let's change how we age
good energy
nesta
SO ENERGY

Disability Rights UK
low carbon powering tomorrow
energy saving trust
Solar Energy UK
Community Energy England
Community Energy London

100 GREEN
UPLIFT
HEMIKO Together to Zero
green alliance...
switch2 Smart & Sustainable Heat Network Solutions
WWF

VITAL ENERGi
GREENPEACE
Friends of the Earth
CityEnergy
ClientEarth

UKSIF UK Sustainable Investment and Finance Association
END FUEL POVERTY COALITION
FEDERATION OF MASTER BUILDERS
Sustainability First
HPA HEAT PUMP ASSOCIATION
ELECTRIFY

UK GBC
THE MCS FOUNDATION
SUSTAINABLE ENERGY ASSOCIATION
UNIVERSITY OF CAMBRIDGE Institute for Sustainability Leadership
ALDERSGATE GROUP LEADERS FOR A SUSTAINABLE ECONOMY

Heat & Building Business Council
Corporate Leaders Group UK
BBSA BRITISH BLIND & SHUTTER ASSOCIATION
Possible. Inspiring climate action
Chartered Institute of Housing
FAIR BY DESIGN Ending the extra costs of being poor

bre
UK:100
Heat Networks Industry Council
Heat Networks Demand ade
beama
ecmk

CLIMATE EMERGENCY UK
Quantum
Ashden Climate Solutions in Action
Green Rose Community Interest Company
Generation Rent
ea ENERGY AGENCY

Ryecroft Community hub
acre ACTION WITH COMMUNITIES IN RURAL ENGLAND
WALSALL WORKING FOR CHANGE CIC
PEPA Property Energy Professionals Association
SOUTH EAST LONDON COMMUNITY ENERGY
361 ENERGY

severn wye
cotality
fuelbank FOUNDATION
ambient