

## MP Briefing: The Future Homes Standard

### What (and where) is the Future Homes Standard?

Government ambition is for the homes of the future to be built to highly efficient standards with low carbon heating, predominantly heat pumps. The Department for Levelling Up, Housing and Communities (DLUHC) will amend Building Regulations, mandating new houses to be built to these standards. Ahead of the regulation coming into effect in 2025, a technical specification on the Future Homes Standard (FHS) is due to be consulted on in 2023. This consultation was initially anticipated in Spring 2023. While Ministers have confirmed that the consultation will go ahead this year, prolonged delay is causing industry uncertainty and concern – particularly following the roll-back of other green regulations.

We welcome recent reconfirmation from the government that the FHS will come into force in 2025 and set *“the performance standard ... at a level which will effectively preclude new homes being built with fossil fuel heating.”* Industry now seeks clarity of the technical provisions to enable long-term planning and investment in skills and supply chains. We are calling for the consultation to be published as soon as possible to provide that clarity.

### Economic opportunities and benefits for consumers

- **Unlock investment in UK supply chains to boost growth.** The FHS is central to realising the government’s ambitions for the UK to be one of the largest markets in Europe for heat pumps by the end of the decade; unlocking up to £1bn investment in UK manufacturing by 2028.<sup>ii</sup> A strong heat pump manufacturing base could contribute £500 million GVA per annum in export opportunities, and this growth could support up to 6,000 heating engineer jobs annually to 2028.<sup>iii&iv</sup>
- **Lower costs for homeowners.** Future-proofing homes from 2025 will avoid the future need for expensive retrofits. It is much cheaper for homeowners if the home is already built net zero ready: installing a heat pump costs housebuilders an average of £5,750, compared with an average retrofit cost of over £13,000.<sup>v&vi</sup> The cost of running a heat pump in a well-insulated home is already competitive with that of a new gas boiler.<sup>vii</sup> Compared with 2021 new build standards, homeowners of properties built to the FHS could save up to £450 a year on their energy bills<sup>viii</sup> while reducing CO<sub>2</sub> emissions by 31%.<sup>ix</sup>
- **Provide clarity for housebuilders.** Leading housebuilders want regulation that provides a level playing field and rewards ambition, quality, and social responsibility. Major housebuilders, such as Redrow and Vistry Group, have already shifted their operating models and supply chains in anticipation.<sup>x</sup> The financial services and energy industries are primed to supply builders and their customers with the services and finance they need.
- **Bolster the UK’s energy security.** The UK must urgently reduce costly consumption of gas, to relieve our economic exposure to volatile gas markets. Designing homes

to integrate heat pumps at the outset will insulate future stock from gas reliance. Replacing a gas boiler with a heat pump reduces a home's gas use by over 70%, assuming the makeup of the electricity grid remains constant.<sup>xi</sup> Government has identified "accelerating the transition to ultra-efficient electric heat pumps" as key to mitigating the UK's overdependence on fossil fuel gas, nearly half of which is consumed through heating each year.<sup>xii</sup>

## How can pave the road to higher standards

- **Boosting skills.** Nesta, estimates that at least 27,000 heat pump engineers will be needed in the next six years, requiring increases of 4,000–6,000 per year.<sup>xiii</sup> Much of this workforce will come from fossil fuel heating system installers retraining, adding heat pumps to their suite of engineering skills. Government can support by providing, incentivising, and communicating high-quality training opportunities. This should include the role of apprenticeships and Further Education courses for the next generation of installers and engineers.
- **Building a net zero grid.** UK electricity demand will almost double by 2035.<sup>xiv</sup> Government, Ofgem, the Electricity System Operator and the network operators must facilitate faster connection to the grid for low carbon projects and integrate smart and flexible services into our system.

## Our recommendations to support the Future Homes Standard

- Publish the technical consultation on the FHS without any further delay.
- Stay firm on the commitment to phase out fossil fuels for new build homes.
- Support SME housebuilders to ensure they can build homes to higher standards.
- Support further investment in the electricity grid to allow for further electrification.
- Boost skills and supply chains able to deliver higher standards at scale.

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<sup>i</sup> Department for Energy Security & Net Zero (2023) [Boost to heat pumps with cheaper and easier installation](#)

<sup>ii</sup> Department for Energy Security and Net Zero (2023) [Heat Pump Investment Roadmap](#)

<sup>iii</sup> Skidmore, C. (2023) [Mission Zero - independent review of Net Zero](#)

<sup>iv</sup> Nesta (2022) [How to scale a highly skilled heat pump industry](#)

<sup>v</sup> DLUHC (2021) [Changes to the energy efficiency requirements of the Building Regulations for domestic buildings](#)

<sup>vi</sup> Department for Energy Security and Net Zero (2023) [Boiler Upgrade Scheme Statistics: August 2023](#)

<sup>vii</sup> Scottish Power (2022) [Better Homes, Cooler Planet](#)

<sup>viii</sup> Future Homes Hub (2023) [Ready For Zero: Evidence to inform the 2025 Future Homes Standard](#)

<sup>ix</sup> Howell, B. (2023) [A guide to the future homes standard. The Eco Experts](#)

<sup>x</sup> Redrow plc (2023) [Redrow becomes first large housebuilder to introduce heat pumps as standard](#)

<sup>xi</sup> Nesta (2022) [How heat pumps can help tackle the energy crisis](#)

<sup>xii</sup> Department for Energy Security and Net Zero (2023) [Energy security Bill Factsheet: Low-carbon heat scheme](#)

<sup>xiii</sup> Nesta (2022) [Shortage of trained heat pump installers could set back net zero](#)

<sup>xiv</sup> Regen (2023) [Building a GB electricity network for net zero](#)