

The Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road, Westminster
London, SW1A 2HQ

CC. The Rt Hon Sir Keir Starmer KCB KC MP, Prime Minister and The Rt Hon Ed Miliband MP, Secretary of State, Department for Energy Security and Net Zero

6th 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.¹ 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.² 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.³ Billions of pounds of private investment is on hold while we await the Warm Homes Plan.⁴ 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.⁵ 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.

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| Energy UK | E3G |
| E.ON | Trades Union Congress |
| EDF | National Energy Action |
| Ovo Energy | Citizens Advice |
| Good Energy | Age UK |
| So Energy | Nesta |
| Low Carbon | Disability Rights UK |
| Solar Energy UK | Energy Saving Trust |
| 100Green | Community Energy England |
| Hemiko | Uplift |
| Switch2 | Green Alliance |
| Vital Energi | WWF-UK |
| E (Gas & Electricity) | Greenpeace |
| City Energy Network | Friends of the Earth |
| UK Sustainable Investment and Finance | ClientEarth |
| Federation of Master Builders | End Fuel Poverty Coalition |
| The Heat Pump Association | Sustainability First |
| UK Green Building Council | Electrify Britain |
| Sustainable Energy Association | MCS Foundation |
| Aldersgate Group | University of Cambridge Institute for Sustainability Leadership |
| British Blind and Shutter Association | Corporate Leaders Group |
| Chartered Institute of Housing | Possible |
| Heat & Building Business Council | Fair By Design |
| Heat Networks Industry Council | UK100 |
| BEAMA | Association of Decentralised Energy |
| Building Research Establishment (BRE) | Property Energy Professional Association |

ECMK
Ashden
Generation Rent
Climate Emergency UK
ACRE
South East London Community Energy
Community Energy London
Cotality
Ambient

Quantum Strategy & Technology
Green Rose CIC
Energy Agency
Ryecroft Community Hub
Walsall Working for Change
361 Energy
Severn Wye
Fuel Bank Foundation

¹ E3G (2025), [The-Warm-Homes-Plan-will-boost-UK-finances](#)

² Office for National Statistics (2025), [Low carbon and renewable energy economy estimates](#)

³ Installation Assurance Authority Federation (2025), [IAAF Survey September 2025 Summary of results](#)

⁴ 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.

⁵ Carbon Brief (2024), [Analysis: Cutting the 'green crap' has added £22bn to UK energy bills since 2015](#)