



Plaid Cymru  
Party of Wales

# Improving Welsh homes

Going further and faster

A discussion paper commissioned  
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## Summary of proposals

The paper sets out a series of policy and delivery options for improving Welsh homes to progress against **four key goals**:

- save money for households
- improve health
- strengthen local economies
- switch to clean energy

It recommends three **principles** to underpin solutions:

- People-centred
- Achieving scale and pace
- Fairness

A different approach to **governance** that is more responsive, forward-looking and better at enabling innovation should be established quickly to guide delivery.

The paper recommends focussing on delivery rather than big changes to **strategy and policy**. However, it proposes a shift in ambition to bring all homes up to a good standard, regardless of tenure. This would move away from prioritising achieving the highest possible levels of energy efficiency for a small number. It also advocates involving people and communities meaningfully and fast tracking the development of local skills and supply chains. The goals set out are longer term but it proposes setting ambitious and achievable targets within the next Senedd term.

In terms of **delivery programmes**, it proposes introducing a tenure neutral area-based programme early in the government term; prioritising cost-effective insulation methods alongside the shift to clean energy. It advocates a role for local champions, developing better data, steps to improve quality, strengthen consumer rights and redress as well as the need for a mixed finance model.

There are a small number of proposed changes to **legislation** and regulations, but these are not extensive. Bigger change is suggested on the use of available **budget**. These are less about how much and more about how public money is invested for greater impact. Delivering ambitions for home improvements at scale demands significant budget. But it is possible through a mixed finance model. Government will need to give leadership to create the systems change needed to release wider resources.

Welsh government can make a real impact, but to achieve move, the **UK government** will also need to implement changes. In particular, Plaid Cymru should push for the removal or rebalancing of levies on electricity bills and minimum energy efficiency standards in the private rented sector.

The paper finishes with some **questions** to encourage wider discussion and feedback.

## Introduction

This discussion paper explores policy options to improve Welsh homes. It sets out ideas for policy and practice to support households to save money on energy as well as achieve wider health, environmental and economic benefits. The paper has been commissioned to inform cross-portfolio work amongst Plaid Cymru's shadow cabinet and to prompt discussion with wider stakeholders.

## Why this matters

### Addressing need

People in Wales are facing multiple challenges. A number of these are linked to our homes and how we are able to heat and maintain them.

#### **Crippling household energy bills.**

The energy crisis has driven crippling increases to household energy bills. Only four in ten adults in Wales say they can comfortably afford their heating bill without making adjustments<sup>1</sup>. Nearly half of people in Wales are worried about being able to afford their energy bills<sup>2</sup>. In recent years 98% of people on low incomes were in fuel poverty<sup>3</sup>. Households have been pushed into record levels of debt with over £3.7bn in energy debt and arrears<sup>4</sup>.

#### **Poor quality housing.**

The quality of housing in Wales is amongst the worst in Europe. Around 32% of Welsh housing stock was built before 1919. Despite being a net energy exporter, the average energy rates paid in Wales are persistently higher than most UK regions<sup>5</sup>.

#### **The climate crisis.**

Homes are a big contributor to greenhouse gas emissions. The Senedd committed Wales to achieving net-zero emissions by 2050. Welsh homes accounted for approximately 10% of all greenhouse gas emissions in Wales in 2021. There has been very little reduction in emissions from our homes since 2014.

#### **Poor health linked to poor housing.**

Poor housing is associated with poor physical and mental health. Public Health Wales has estimated that 18% of homes in Wales pose an unacceptable risk to health and costs Welsh society over £1bn a year<sup>6</sup>.

### Taking opportunities

Action to improve homes can also secure opportunities for people across Wales.

#### **Save money on energy for households.**

A recent programme in Yorkshire, with similarities to these proposals, saw an annual average reduction in bills of over 10%<sup>7</sup>.

#### **Create jobs and boost local economies.**

A national home improvement initiative should create thousands of jobs in the green economy<sup>8</sup> and invest millions of pounds in the foundational economy.

#### **Generate savings for the NHS.**

Tackling fuel poverty would save the NHS an estimated £95million a year<sup>9</sup> and could generate cost savings to the NHS of £4.4bn by 2040.<sup>10</sup>

#### **Tackle climate change.**

Decarbonising our housing stock will be core to meeting Wales' commitment to be net zero by 2050, as well as helping households adapt to changes.

## Problems that any solutions need to overcome

**The challenges are complex, inter-related and fast-moving.** This paper draws on previous work to explore the problems around delivering home improvements. It is a complex challenge which interacts with several wider systems. The context is fast-moving, not least because it is an area of innovation, with new technologies and possibilities opening up all the time. The costs and benefits of different options also change. To be cost effective and make the impact we want, it needs to be done at scale and pace. As with all infrastructure, it needs to be thought of over the long term. This is not something that Welsh Government can simply do itself. Government has important levers, but delivering well will need to involve collaboration with others.

**There are basic practical challenges to overcome.** We don't have the trained workforce to deliver at the scale needed. Each house and household is different so one solution doesn't fit all. The new technology involved isn't always intuitive and can be difficult for people to adjust to without support. Poor installation has caused real anguish for people in households where this has happened. Home improvements involve going into people's homes and can be disruptive. Currently, many householders and trades people are weary of being involved.

**Improving homes involves significant investment upfront.** Whilst the savings to be made over time are far greater, this doesn't take away from the challenge of financing improvements in the short term.

### Where we are now

**The current government's response is failing on several fronts.** It is not designed to deliver at the scale and pace

needed to avoid hardship for people in fuel poverty, to reach its own net zero targets or prevent unnecessary illness from cold homes. Delivery has been slow and is getting slower. Despite high levels of need, this is particularly the case for people in the private rented sector and homeowners. Bureaucratic solutions have failed to address the real concerns of citizens and left little evidence of a real shift in local skills and supply chains so that investment stays in the Welsh economy.

## Proposals for a Plaid Cymru government

### Goals

**This paper recommends four goals:**

- Save money for households
- Improve health
- Strengthen local economies
- Switch to clean energy

**Different goals lead to a different focus for solutions.** This is why some people argue that solutions should focus on one goal only. However, too many government interventions end up needing to right the unintended damage they created. Being clear that delivery needs to progress, and at a minimum not harm, each of these goals will support a Plaid Government to make the difficult decisions that strike the right balance across these goals.

### Principles

**Three design principles should underpin Plaid Cymru solutions,** based on previous work which explored the problems in more depth:

- People-centred: solutions are desirable for households and the workforce

- Achieving scale and pace: solutions deliver the necessary scale and pace
- Fairness: costs do not fall disproportionately on those least able to afford them or increase the cost of living for those struggling the most, regardless of tenure.

## Proposals for delivery

### Governance

The nature of the problems and principles described above demand governance that supports innovation.

**Governance that is more responsive, forward-looking and enables innovation.** This is a fast-moving area in which we need to both support and respond to innovation. We need to be able to understand what is or isn't working and to adapt much faster. To do that, Welsh Government and all stakeholders will need better and more timely evidence. To do that we should:

- **Use future trends and scenarios** that can be reviewed and updated regularly.
- **Use timely data** to give a much more timely understanding of retrofitting in Wales and what or isn't working<sup>11</sup>. Report after report has highlighted the current limited and sometimes absent evidence-base.
- **Develop a cross-sector, multi-level forum** to get faster feedback on what is or isn't working, share learning and collaborate. Government should work with stakeholders to explore how to get direct feedback from households and the workforce to support continuous improvement.
- **Use prototyping for to test, learn and innovate faster** rather than pilots that often take too long to develop and learn from.

### Governance that supports prevention

Explore preventative budgeting. Home improvements have the potential to significantly reduce spend by citizens and the public purse over time and to boost the economy. However, currently it is hard to factor medium and longer term savings into public budgeting. Plaid Cymru should explore whether there are viable mechanisms for doing this through a revised Green Book.

### Strategy and policy

#### Focus on improving delivery rather than changing the strategy.

The strategic ambition to improve homes is shared across much of Europe. The broad ambitions set out by the current government provide a strong enough basis to now focus on delivery. Re-writing strategy is likely to delay delivery without clear benefit. Plaid Cymru must set clear direction – including goals and principles – but the fast pace of change means Wales will need to learn quickly whilst doing. To go further and faster will still demand a shift of emphasis, set out below.

...the action needed to decarbonise residential buildings in Wales must now be implemented at what looks like a pace and scale not seen before in Wales to even meet a 2050 net zero target. Given that other countries are also looking to decarbonise buildings at pace to reach net zero, it appears that policy innovation in retrofit is outpacing the ability of the research base to provide timely insights into what works in different contexts.

**Wales Centre for Public Policy**

**Bring all homes up to a good standard, regardless of tenure.** That standard should save money for people on the lowest incomes and in fuel poverty, avoid housing related health conditions and ensure Welsh homes are on a pathway to reach net zero by 2050. Currently Energy Performance Certificates (EPC) set the bar for home improvement standards for energy – something which needs review in itself<sup>12</sup>. In the meantime, this paper recommends a minimum standard for existing homes of EPC C. There are also very different standards across tenures which has resulted in inequality and is not fair. The requirement for all social housing to meet EPC A should be scrapped. It is not affordable without significantly slowing down ambitions to save low income households money, improve health or reach net zero.

**Involve people and communities.** For the strategy to meet its goals, people need to want the improvements on offer and feel the benefit of them. Local tradespeople and community support services will need to be confident of the benefits on offer before advising others to undertake the work. Everybody wants lower bills and home repairs and improvements are a priority for significant numbers<sup>13</sup>. But people are also worried about changes to their homes – sadly with plenty of horror stories to draw on. Giving people agency and co-designing solutions should stop people feeling ‘done to’ and out of control. It should help to get solutions that work better for individual houses and households, address what matters most to them and help to address inequalities across tenures.

**Fast track local skills and supply chains.** For more than a decade evidence has shown that a major barrier for delivering high quality retrofit at the scale and pace needed depends on developing the skills and supply chains to deliver. To secure the economic benefits,

these need to be developed locally as part of the foundation economy. Plaid Cymru’s economic plan, [Making Wales Work](#), highlights retrofit as a significant economic opportunity. Retrofit should be a specialised skills pathways to fast track skills development. Plaid Cymru should work collaboratively with others now to prepare for implementation.

**Set ambitious but achievable short term targets to progress long-term goals.** These are long term goals. All activity will need to be clear how it is working towards these, but Plaid Cymru should now set targets for what is achievable by 2030. This is a space of rapid innovation. It is impossible to know exactly what solutions may emerge in the coming 5 years. Policies and programmes therefore need to be responsive and open to emerging solutions which can help us reach our goals faster. This includes preparing for likely scenarios. For example, heat pumps are likely to be able to deliver cheaper as well as cleaner energy in the coming years. In the short term, Plaid Cymru should focus on the most cost-effective solutions to deliver at pace and scale whilst making it easy for households to adapt to likely future developments.

## Delivery programmes

### Overall

- **Maintain a whole house approach** that combines electrification of heat, renewable energy generation and insulation.
- **Introduce a tenure neutral area-based delivery programme early in the government term.** This would run alongside the existing needs based approach. Based on wider evidence, the assumption is that this approach can deliver benefits faster, reach more homes and support better solutions for households. It should also be fairer narrowing the gap between standards in social housing and private ownership. Evidence should be gathered as it is rolled out to understand how to improve and assess if these assumptions are correct. If they are, this approach should be accelerated. The Labour Government's approach to date has focussed almost entirely on social housing despite over 80% of homes being in private ownership and homes in the private rented sector currently having the poorest standards.
- **Prioritise the most cost-effective insulation methods.** Shift to prioritise the most cost effective home insulation measures such as draft proofing, loft insulation and cavity wall insulation. As well as being more cost effective, these interventions have the potential to speed up delivery as the skills needed to deliver are more likely to be exist in the workforce already<sup>14</sup>. Further insulation measures may still be needed in low income homes to help reduce spend on energy and create a healthy home environment<sup>15</sup>.
- **Prepare for the shift to clean energy, even if where installation is not currently viable or cost-effective.** Making the switch to clean heating systems will not currently be viable or cost-effective for all homes. Where this is the case, renovations should still ensure that homes are ready for likely future scenarios where the running costs of heat pumps are likely to be lower and clean energy more available, including through home or local renewable generation.
- **Accelerate skills pathways** by including retrofit as one of the Specialised Skills Pathways that Plaid Cymru would deliver as part of its economic plan. In line with Plaid Cymru's economic policy, this should focus on building the skills needed in local SMEs as well as community-led and cooperative enterprises.
- **Centre local champions** in a government backed promotional campaign. Getting people on board is a key challenge for increased delivery. We must learn the lessons from where things have gone wrong in the past – and move quickly to correct any ongoing problems – but most people have a good story to tell and people are eager to decarbonise with the right advice and support. Access to free advice and support under the current Nest scheme should also continue.
- **Develop better data** by building on public statistics but also explore the potential to make better use of new data becoming available. For example, data from Trustmark, Smart meters and Building Renovation Passports<sup>16</sup>. Better and more timely data is needed to help government, lenders and householders understand where they are on their home improvement journey.



- **Improve quality control as well as consumer rights and redress** in the event of poor quality work. Plaid should ensure that people delivering home improvements – from the advisers and assessors through to builders and tradespeople – have appropriate training and expertise. The current Welsh Government's quality independent quality assurance services should be maintained. Plaid Cymru should collaborate with others, including Trustmark, to continue to develop quality measures and households have protections if things go wrong. Advice and support services should help people to navigate this.
- **Review planning policies that may restrict installation of low-carbon heating and energy efficiency measures urgently.** Planning is currently an unnecessary constraint on installing clean heat. An urgent review recommended by the Climate Change Commission was rejected by the current Welsh Government. It does not need to be complicated or lengthy and Plaid Cymru should do this urgently.
- **Use a mixed finance model, supporting ongoing innovation.** Financing an ambitious policy will be challenging, but it is not impossible and investment will be exceeded by the financial benefits over a reasonable time<sup>17</sup>. Welsh Government funding will be needed, but most investment will need to come from private finance, energy companies, property owners who can self-fund and from the UK government. A Plaid Cymru government should provide leadership in encouraging innovation in financial products and services and working with others to promote take-up.

Examples include:

- **Promote UK government offers**, particularly the [Boiler Upgrade Scheme](#), which offers grants of £7,500 towards installing a heat pump (currently to 2028) and the [ECO4 scheme](#)
- **Welsh Government grants**, with full funding for low income households through to those who are able to pay doing so – with incentives such as government-backed zero interest loans and low interest loans from private finance.
- **Continue to explore innovative finance options across tenures.** That includes exploring how energy savings could be used to help finance upfront costs across tenures. A great deal of work has already been done to explore options to achieve this in Wales<sup>18</sup>, in the UK<sup>19</sup> and internationally<sup>20</sup> across the private and social sectors. Wales is already experimenting with some of these to test viability here.
- **Build on the Green Homes Wales initiative** managed by the Development Bank of Wales and explore other potential models for supporting delivery via low or no interest loans. This scheme draws on Welsh Government Financial Transaction Capital which is able to recycle loans. There is potential to test other loan schemes, for example, via developers and landlords in the private rented sector, to understand which is most effective and promote roll-out.
- **Ensure financing in rental accommodation is fair.** Plaid Cymru should avoid schemes where people on the lowest incomes have to pay disproportionate amounts through rent increases for for upgrades that benefit all (through reduced emissions).

- **Deepen innovation.** The current schemes already put a welcome emphasis on innovation, including the Optimised Retrofit Programme. However, this is currently limited to social housing and focused on specific schemes that take time to develop and years before learning is fed into mainstream programmes. A Plaid government should accelerate learning across programmes to allow delivery to adjust quickly. The new Innovation Agency for Wales which Plaid Cymru will deliver should help mainstream these approaches.

***Improving homes programme: place based delivery. What could this look like?***

- **Target uptake and delivery for all homes in a specific place, regardless of tenure.**
- **Local authorities playing a strategic role**, including identifying priority areas for a targeted area-based retrofit. The proposed priority would be areas with the highest levels of fuel poverty, but could potentially be balanced with other indicators including ability to deliver improvements quickly. All local authorities in Wales must develop Local Area Energy Plans (LEAPs). These are a bottom-up, data-driven, whole-system approach to delivering net zero in a particular authority<sup>21</sup>. These can be a basis for identifying priority areas. Fuel poverty is particularly severe in some places. Targeting these could make progress faster. Local authorities are also well-placed to connect skills, training providers, local businesses and community organisations.
- **Local stakeholders involved** in programme governance and delivery. Local authorities would be well placed to identify these. This would include any local stakeholders to deliver elements of the programme – local SMEs, community enterprises and hubs that could provide information and support.
- **Communities involved in designing targeted solutions.** Citizen, or community, involvement would help bring in local knowledge and expertise to ensure the design included household priorities and context. This should include promoting the home improvement programme. All houses, households and places are unique. Householders and communities working with design and delivery professionals on whole house – and whole community – solutions should ensure improvements that are good quality and deliver genuine savings<sup>22</sup>.
- **Collective solutions** could be possible where individual solutions would be more (and potentially too) expensive or not possible at all. For example, where individual heat pumps are not feasible a collective network might be. Plaid should explore how a strengthened Ynni Cymru could support more community-owned renewable energy and Smart Local Energy Solutions to support this.
- **One-Stop-Shop Hubs** for all householders to access information, advice and support on home improvements<sup>23</sup>. This would include information about various financing options from fully funded grants to market lending. Different financing options are available to households in different tenures and income brackets. One-stop-shop advice would provide targeted advice and support based on the situation in each household, taking out the complexity for individuals. This could provide a trusted source of ongoing advice after works are completed.

### Why could it work better?

- **Faster, more efficient and more cost-effective** delivery is possible through area based approaches according to a range of stakeholder evidence presented to the Equality and Social Justice Committee<sup>24</sup>. For example, neighbourhood scale clean heat solutions could offer more cost-effective solutions.

“... an area-based scheme is vital. If we’re doing a pepper-pot solution through a Nest type of approach, we’re going to be here for 100 years. When you do an area-based approach, where we can get volume, (1) it’s cheaper, (2) we do it quicker, and (3) we do more properties.”  
**Warm Homes in evidence to the Equality and Social Justice Committee inquiry 2024–2025**

- **Increased community agency and householder take-up** has been demonstrated in an area based scheme<sup>25</sup>. Citizen support – and support of the local workforce – is one of the key barriers to scale and pace of delivery. Citizens are generally supportive of decarbonisation but currently lack the agency to do so and feel powerless to act<sup>26</sup>.
- **More informal support amongst neighbours** is an assumption in this proposal which would need to be tested. Householders being left with technology they don’t know how to work and no help easily available is another reason people avoid taking up improvements.
- **Reaching all tenures and different types of housing.** This is needed to tackle fuel poverty, reach net zero and to achieve the scale that will drive shifts in skills and supply chains.

Current Welsh Government programmes focus heavily on the social rented sector despite evidence of need being higher in the privately owned sector<sup>27</sup>. There is an assumption that learning will be applicable elsewhere, but many stakeholders doubt this is the case. An area based approach would support us to learn quickly what works across different tenures and different types of housing, designing out unfairness in the current system.

### Legislation, regulation, guidance and standards

#### Primary legislation

**Extending the Wales Housing Quality Standards to the private rented sector** would be a significant step in equalising standards across different tenures. It may be possible to achieve this through an amendment to the Renting Homes (Wales) Act 2016. If not, other mechanisms should be explored.

Most of the proposals in this paper would not require primary legislation in the Senedd.

#### Regulations, guidance and standards

**Amend the Wales Housing Quality Standards** to require social landlords to maintain the equivalent of EPC C beyond 2030. Currently all social homes are expected to meet EPC C by March 2030 and be fully compliant with the 2023 Standards by 2034, including achieving EPC A (subject to conditional passes and targeted energy pathways). The current target is neither realistic nor a good use of public funds (see below).

**Requirements for smart meters** should be retained. Smart meters can provide benefits for tenants. For example, tenants with smart meters are only charged for the energy they use rather

than receiving estimated bills, helping them to budget better. Smart Meters also enable tenants to take advantage of smart tariffs. This information can help manage energy use, save money and reduce emissions.

- **Permitted development rights for heat pumps** should be amended urgently (if the current government has still not done so) to reduce the 3 metre limit from the property boundary.
- **Minimum Energy Efficiency Standards** in the private rented sector would need to be amended to bring these up to the equivalent of EPC C. These regulations are reserved to the UK Government.

## Budgeting

### Overall

**Achieving the goals would demand significant investment.** National Energy Action's UK Fuel Poverty Monitor 2022-23 estimated that for all low-income households to live in a property with EPC C by 2030 would cost approximately £2bn, of which £1bn would be required from additional government investment in Wales. They estimated this would deliver £1.1bn in cumulative energy bill savings for households.

In 2022, the Future Generations Commissioner and NEF estimated retrofitting all homes to EPC A at £14.75bn over 10 years<sup>28</sup>. They estimated that of this, Welsh Government would need to fund approx. £1.7bn over 10 years, much more than current spend. Innovation through alternative financing models can raise the investment needed but what this might look like in Wales remains uncertain. The financial savings that can be secured from delivering the policy far outweigh the costs.

**Public funds must be spent to maximum impact.** The above figures are now outdated and not based on these proposals. But it is clear this will demand a high level of investment. Plaid Cymru should not simply focus on the amount spent but on how public money is invested for maximum impact and to achieve the returns in practice.

*Amend Wales Housing Quality Standards*

**Aiming to maintain energy efficiency levels at EPC C** for social landlords would release funds in the Welsh Government budget and in social landlords' budgets.

Reaching EPC A costs at least £30k per household, according to CHC research conducted before the cost of living crisis (and so likely to be more today)<sup>29</sup>. CHC also stated that reaching these standards are 'ambitious, but as yet unfunded', making it difficult to know exactly what savings would be achieved. What is clear is that EPC A in social housing is unachievable within current budgets/ budget projections (see Local Government and Housing Committee report on the draft budget 2025-26 which concluded that the current investment is insufficient).

**EPC A is not a cost effective solution** and is not the Climate Change Committee's recommended path. Instead, social landlords should be asked to re-prioritise their own spend from achieving EPC A to increasing the supply of much needed social housing to tackle the housing crisis.

Welsh Government has plans to decarbonise public buildings and socially rented homes. However, it is yet to make long-term plans for the funding required. Its proposals to require existing social housing to reach an EPC 'A' rating are unlikely to be a cost-optimal approach to decarbonising homes. **Climate Change Committee, 2023**

**Re-allocate £18m for Wales Housing Quality Standards stock assessments.**

This allocation supports social landlords in the herculean task of understanding how they could finance upgrading stock to EPC A by 2034. The same allocation was in the 2024-25 budget. Given that the entire Warm Homes Programme budget to tackle fuel poverty in Wales was £37.5m in 2025-26, this is a disproportionate amount of resource going into a largely unnecessary and bureaucratic exercise. However, even this level of budget will not be enough to reach the government's goal. It is time to stop digging and redirect these funds.

The £18m that Welsh Government provided for all 34 housing associations and 12 stock retaining local authorities during 2024-25, even if replicated, will not be sufficient to support net zero requirements in housing. **CHC evidence to Local Government and Housing Committee, Jan 2025**

**Use the maintenance and repair budgets** to support social housing landlords achieve and maintain EPC C in social housing. The Welsh Government's 2025-26 budget allocated £108m for the

Major Repairs Allowance and Dowry Gap Funding, both of which contribute to meeting the WHQS and should continue to enable ongoing maintenance of standards.

*Re-focus the Optimised Retrofit Programme*

**Test and deliver local area based, cross tenure schemes** that support community involvement, promotional activity and advice. It can also be used to support the acceleration of training pathways and local supply chains, including to increase solar installations.

The programme and related funds currently aims to retrofit 27,000 homes at a cost of around £290m over 3 years – or approximately £92m a year (averaging 9,000 homes a year). Again, this fund is only accessible to social landlords and is focussed primarily on experimenting with approaches to achieve the Wales Housing Quality Standards, particularly to achieve EPC A.

Although the hope is that it would inform owner occupied retrofit programmes in the future, it has not done this in any of its 3 iterations and stakeholders say the lessons will be difficult to transfer. This is despite fuel standards in the private rented sector being some of the worst. Rather than taking years on expensive pilots to reach unnecessary levels of excellence in a small proportion of housing, programmes need to identify learning that can be rolled out at a much greater pace and scale.

... let's not make the perfect the enemy of the good... We don't need to have all of the parts fixed and ready, but let's start talking this up and actually get going with it. We don't have to have worked out everything behind the scenes before we can actually start doing stuff... we don't have time to 'wait and see'... there's a lot we can be betting on with, particularly around the message, particularly around the conversation with the nation.

**Dr Donal Brown, New Economics Foundation evidence to the Climate Environment and Infrastructure Committee, 2023**

*More and better use of loan finance*

**Increase the use of Financial Transactional Capital to support loan funding.** The Green Homes zero loan budget, funded through recyclable Financial Transaction capital received £3m in the 2025–26 budget. That compares to £57m Financial Transactional Capital allocated for a 1-yr extension of Help to Buy Wales. Increasing loan funding for home improvements would allow government to test other zero or low interest schemes targeting private landlords and developers and to increase investment from homeowners at much lower costs to the public purse.

*Prioritise cost effective solutions*

**Prioritise the most cost-effective insulation methods** such as draft proofing, loft insulation and cavity wall insulation should enable limited funds to stretch further. As well as being more cost effective, these interventions have the potential to speed up delivery as the skills needed to deliver are more likely to

be exist in the workforce already<sup>30</sup>, cause less disruption to install and demand less behaviour change from households. Further insulation measures may still be needed in low income homes to help reduce spend on energy and create a healthy home environment<sup>31</sup>.

It is hard to disagree with the experts: the level of investment in the Warm Homes Programme is nowhere near what is required to match the scale of the challenge of ending fuel poverty.

**Jenny Rathbone MS, Chair of the Social Justice and Equality Committee, April 2025.**<sup>32</sup>

Current funding is insufficient to meet the overall ambitions of the current government. But this is also about spending public money more effectively and reach more homes within the budget available.

*Consider most effective use of consequentials*

**Plan future spend for UK Government Warm Homes Plan consequential**, which NEA estimates to be in the region of £170m this year. That might be programmes to improve homes in Wales or wider priorities to address the housing crisis.

## What to fight for

Whilst Welsh Government does have powers and responsibilities to create change, a Plaid Cymru government should also campaign and collaborate for change in areas reserved to the UK Government.

- **Electricity market reforms must be fair** and must not penalise Welsh households. Recent proposals for zonal pricing could see households in North Wales paying £100 more for electricity than Londoners, despite Wales being a net energy exporter<sup>33</sup>. UK Government should continue to explore breaking the link between the more volatile and expensive wholesale gas prices and electricity prices<sup>34</sup>.
- **Remove or re-balance levies on electricity bills** to enable low-cost<sup>35</sup>, green electricity. Currently, government generates funds for some social programmes that tackle fuel poverty and promote renewable energy generation through levies on consumer electricity bills, but not gas bills. This artificially inflates electricity bills. A fairer way of funding these interventions would be via general taxation, rather than energy bills<sup>36</sup>. There should be a rebalancing of levies from gas to electricity bills at a minimum to immediately reduce the price of electricity with targeted support for vulnerable households who would experience increased bills during the transition.
- **Devolve all building regulations powers.**
- **Increase the minimum energy efficiency standard for private rented property (MEES)** equivalent to EPC C with funding for local authorities to play an enforcement role<sup>37</sup>.

- **Introduce an alternative to the current EPC standards that better reflect what we need from homes now and in the coming 10–20 years.** This will also give confidence to lenders and support people understand the journey they are on. Plaid Cymru can provide leadership on this, working with the wider range of people researching and campaigning for more appropriate standards<sup>38</sup>.

## What to explore

The proposals in the paper should be tested and further developed with stakeholders.

A Plaid Government should also explore how home improvements beyond those related to energy can deliver health benefits and be integrated into these proposals.

Further work is needed to explore how preventative budgeting could help government to rethink cost benefits over the long term. This could potentially release more budget in the short term to create affordable gains over the long term. Changes would need to be reflected in a revised Green Book.

## Key questions for stakeholders:

### Goals:

- Are these the right goals?
- Do the proposals strike the right balance in trying to achieve them

### Principles:

- Do these principles resonate?
- Do you think the proposals align with the principles?

### Deliverability

- Do you think the proposals are deliverable?
- Where do you see potential to make most gain?
- Which proposals do you think would be most challenging, or offer least benefit?

### Targets and timeframes

- What do you think are the implications would be for delivery timeframes and targets over the coming 5 years?
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## References and notes

<sup>1</sup>[Over half of adults in Wales expect to ration energy in coming months as average bills set to rise by over £100](#) (February 2025) National Energy Action.

<sup>2</sup>‘Wales Domestic Energy briefing’ (February 2025) Citizens Advice Cymru

<sup>3</sup>[Fuel Poverty in Wales](#) National Energy Action website

<sup>4</sup>See [Citizen Advice Cymru response to the Equality and Social Justice committee consultation on Fuel Poverty](#), conducted 4 October 2024 to 7 November 2024 in reference to [Ofgem](#) figures

<sup>5</sup>See [NEA response to the Equality and Social Justice Committee consultation on Fuel Poverty in Wales](#) conducted 4 October 2024 to 7 November 2024

<sup>6</sup>Watson I, MacKenzie F, Woodfine L and Azam S. (2019). [Making a Difference. Housing and Health: A Case for Investment](#). Cardiff, Public Health Wales

<sup>7</sup>See Kirklees Warm Zone in West Yorkshire in [Lessons from retrofit programmes to cut residential emissions: Eight International case studies](#) (2024) WCPP. Estimates for how much money can be saved vary significantly depending on several factors.

<sup>8</sup>[Making Wales Work: Plaid Cymru’s New Economic Plan](#) (2025) Plaid Cymru, pg 66 CITB Cymru modelling indicates that an additional 12,000 FTE workers will be needed in Wales by 2028 to deliver retrofit programmes

<sup>9</sup>Watson I, MacKenzie F, Woodfine L and Azam S. (2019). [Making a Difference. Housing and Health: A Case for Investment](#). Cardiff, Public Health Wales

<sup>10</sup>[Homes for the Future: The Retrofit Challenge](#) (2022) NEF & OFGC.

<sup>11</sup>For example, introducing [Building Renovation Passports](#) could support timely and useful data for householders, other stakeholders and government. This is being explored in the Optimised Retrofit Programme.

<sup>12</sup>See, for example, [National Retrofit Hub’s ECP Reform campaign](#); a UK Government consultation has recently ended on [Reforms to the Energy Performance of Buildings Regime](#)

<sup>13</sup>[Better homes, better lives: The role of home improvement services in boosting the nation’s health and wellbeing](#) (February 2025) Centre for Ageing Better

<sup>14</sup>See the [Zero Waste Now: Vermont, USA example in Lessons from retrofit programmes to cut residential emissions: Eight International case studies](#) (2024). WCPP as an example

<sup>14</sup>See [Insulation impact: how much do UK houses really need?](#) (2024) Nesta

<sup>15</sup>[Decarbonising the UK’s homes: a housing stocktake](#) (2023) Lloyds Banking Group; [More than 80% of heat pump users ‘satisfied’ with system, survey reveals](#) (May 2024) Inside Housing; [Heat pumps: a user survey](#) (May 2023) Nesta

<sup>16</sup>[Building Renovation Passports](#), Green Finance Institute. There are also several industry examples. This idea is linked to at least one of the Optimised Retrofit Programme projects. Also see recommendation 22 in, [Decarbonising the private housing sector](#) (February 2023) Welsh Parliament Climate Change, Environment and Infrastructure Committee

<sup>17</sup>[Homes for the Future: The Retrofit Challenge, how will we finance?](#) (2022) New Economics Foundation & Future Generations Commissioner for WalesFGC

<sup>18</sup>See recommendations 27 – 29 in [‘Decarbonising the private housing sector’](#) (February 2023) Welsh Parliament Climate Change, Environment and Infrastructure Committee; Dr Donal Brown, Christian Jaccarini, Chaitanya Kumar, Cathy Madge & Eurgain Powell, [‘Financing Wales’ Housing Decarbonisation’](#) (July 2021) New Economics Foundation

<sup>19</sup>See [National Retrofit Hub’s Finance working group](#) chaired by [Bankers for Net Zero](#) and [Green Finance Institute](#) and the UK Government’s [Green Home Finance Accelerator](#)

<sup>20</sup>See comparisons in Dr Donal Brown, Christian Jaccarini, Chaitanya Kumar, Cathy Madge & Eurgain Powell, [‘Financing Wales’ Housing Decarbonisation’](#) (July 2021) New Economics Foundation. This is a growing area with more reports on what works internationally in innovative finance models emerging ongoing.

<sup>21</sup>Collins A and Walker A, [‘Local area energy planning: achieving net zero locally’](#) (July 2023) UK Parliament POST

<sup>22</sup>See [‘How different households use energy and how much it costs them’](#) Nesta and [Housing Conditions and Equality](#) (2024) Tai Pawb; and evidence of increased savings delivered in Kirkbee’s area-based approach explored in [Lessons from retrofit programmes to cut residential emissions: Eight International case studies](#) (2024) WCPP

## References and notes (cont.)

<sup>23</sup>Several different reports suggest a proposal along these lines, for example Implementing Good Home Hubs (February 2025) Demos and [Better homes, better lives: The role of home improvement services in boosting the nation's health and wellbeing](#) (Feb 2025) Centre for Ageing Better; [Decarbonising the UK's homes: a housing stocktake](#) (2023) Lloyds Banking Group, which references the successful One Stop Shop model in Ireland. Care and Repair Cymru is an example of a one-stop-shop approach for older people in Wales.

<sup>24</sup>See [written consultation responses to the Equality and Social Justice Committee inquiry into fuel poverty and the Warm Homes programme](#) which ran from 4 October 2024 to 7 November 2024

<sup>25</sup>[Lessons from retrofit programmes to cut residential emissions: Eight International case studies](#) (2024) WCPP highlighted the benefits of a place-based approach as being effective in encouraging uptake through partnership working, locally focussed promotion and door-to-door delivery, leveraging peer influence and community pride,

<sup>26</sup>See Net Zero Innovation Institute Cardiff University and Norris, L., Bristow, G., Cotterill E., Healy A., Marshall A.P. (2004) [Decarbonisation, place attachment and agency: just transition in old industrial regions](#) Contemporary Social Sciences

<sup>27</sup>See [Response from National Energy Action \(NEA\) Cymru to the Equality and Social Justice Committee consultation on Fuel Poverty in Wales](#) which ran from 4 October 2024 to 7 November 2024

<sup>28</sup>See [Homes for the Future: The Retrofit Challenge, how will we finance?](#) (2022) New Economics Foundation and Future Generations Commissioner for Wales. However, these costings do not fit the proposals in this paper. In particular, this was for EPC A in all homes.

<sup>29</sup>Response to the Finance Committee's Budget Consultation (November 2024) Community Housing Cymru

<sup>30</sup>See the [Zero Waste Now: Vermont, USA](#) example in [Lessons from retrofit programmes to cut residential emissions: Eight International case studies](#) (2024) WCPP

<sup>31</sup>See [Insulation impact: how much do UK houses really need?](#) (2024) Nesta

<sup>32</sup>See [Fuel Poverty in Wales](#) pages, Welsh Parliament (last updated 04/10/2024):

<sup>33</sup>[Scottish and Welsh households pay £100 more for electricity than Londoners](#) (April 2025) Cornish Insight

<sup>34</sup>[Factcheck: Why expensive gas – not net-zero – is keeping UK electricity prices so high](#) (May 2025) CarbonBrief. The UK Government has not been able to find a way to do this yet but should continue to be open to innovative ideas,

<sup>35</sup>[The electricity-to-gas price ration explained – how a 'green ratio' would make bills cheaper and greener](#) (March 2023) Nesta suggested that a typical household could save almost £400/ year by switching from a gas boiler to a heat pump if policy costs were not included.

<sup>36</sup>[Cheaper electricity, fairer bills](#) (December 2024) Nesta

<sup>37</sup>This is currently being considered by the UK Government, see [Improving energy performance of privately rented homes: 2025 updated](#)

<sup>38</sup>See, for example, [National Retrofit Hub's ECP Reform campaign](#). UK Government has recently consulted on updated standards, see [Reforms to the Energy Performance of Buildings Regime](#) consultation