



**SNIPEF**

Plumbing and heating association

**nesta**

# Delivering Heat Decarbonisation in Scotland

**Evidence, solutions and  
recommendations from  
industry**

**The Energy Training Academy  
11 February 2026**

## About Nesta

Nesta is the UK's innovation agency for social good. It designs, tests and scales practical solutions to some of the country's most pressing challenges, including climate change, health, education and inequality.

In the context of heat decarbonisation, Nesta works to accelerate the adoption of low carbon heating technologies, including heat pumps, through research, system innovation and market development. Its work spans consumer insight, policy design, workforce development and delivery models that can support large scale deployment. Nesta collaborates closely with government, industry and civil society to identify barriers, trial new approaches and generate evidence on what works in practice.

By combining analysis, experimentation and partnerships, Nesta aims to support a faster, fairer and more effective transition to low carbon homes across the UK.

## About SNIPEF

The Scottish and Northern Ireland Plumbing Employers' Federation (SNIPEF) is the trade association representing plumbing and heating businesses across Scotland and Northern Ireland. Its members deliver installation, maintenance and compliance services across domestic, commercial and public sector markets.

SNIPEF plays a central role in workforce development, apprenticeships, technical standards and industry representation. It works closely with government, regulators, training providers and manufacturers to ensure that the plumbing and heating profession is equipped to meet evolving regulatory, safety and decarbonisation requirements.

Through its apprenticeship programme, collective agreements and policy engagement, SNIPEF supports a safety critical profession that is fundamental to delivering Scotland's housing, public health and net zero ambitions.

The logo for Nesta, featuring the word "nesta" in a bold, blue, lowercase sans-serif font.The logo for SNIPEF, featuring a stylized blue water drop and a green leaf icon to the left of the text "SNIPEF" in a bold, dark blue, uppercase sans-serif font. Below "SNIPEF" is the text "Plumbing and heating association" in a smaller, dark blue, lowercase sans-serif font.

# Heat Pump Roundtable

## Executive Summary & Recommendations

On 11 February 2026, Nesta and SNIPEF convened a roundtable at the Energy Training Academy in Dalkeith with the Cabinet Secretary for Housing, Màiri McAllan MSP.

Installers from across the plumbing and heating profession, manufacturers and sector stakeholders provided direct evidence on the realities of scaling heat pump deployment in Scotland.

The message from industry was clear: *the profession is committed to delivering Scotland's heat decarbonisation ambitions, but current policy design, operational structures and market conditions are constraining sustainable growth.*

### **Market demand remains constrained**

Heat pump demand has plateaued and remains concentrated among households able to absorb higher upfront costs. While systems are technically efficient, higher electricity prices relative to gas undermine the financial case for many consumers. Installers reported that systems are often sold on carbon reduction and comfort rather than cost savings.

Participants emphasised that heat pumps are most compelling when delivered as part of a whole-house package, combining energy efficiency, low carbon heating and, where appropriate, solar PV and battery storage. The removal of loan support for solar and battery installations was described as weakening that integrated offer.

As a result, demand remains concentrated among households able to absorb higher upfront costs. This narrow customer base limits installation volumes and constrains business confidence to expand operations, recruit apprentices and invest in long term capacity.

### **Scheme design is limiting delivery speed**

While the Scottish grant and loan offer remains attractive, the operational structure of Home Energy Scotland was widely described as slow, complex and misaligned with real-world purchasing behaviour. Delays, limited transparency and consumer-led payment mechanisms create cashflow risk for installers and undermine responsiveness in boiler breakdown scenarios.

Industry called for scheme reform to improve speed, clarity and predictability. The Cabinet Secretary signalled that support mechanisms must be reviewed to ensure they are fit for purpose over the next decade.

### **Quality and consistency must underpin scale**

Participants stressed that rapid expansion without consistent competence and oversight risks reputational damage. Current standards frameworks were described as unevenly applied, particularly in new build and social housing, creating potential gaps in accountability.

The Cabinet Secretary emphasised the need for proportionate regulation and expressed concern about inconsistent installation quality. She identified consistency in new build delivery and training standards as key takeaways.

### **Skills formation and competence are critical to sustainable scale**

Participants emphasised that sustainable expansion depends on fully trained, competent professionals. The constraint identified was not simply the number of people entering the sector, but the time required to build expertise through structured apprenticeships and supervised installation experience. Short technical courses were widely viewed as insufficient preparation for independent delivery.

The Cabinet Secretary linked forthcoming *Heat in Buildings* legislation and multi-year funding commitments to providing the certainty required for industry to invest in workforce development.

### **Procurement structures exclude capable SMEs**

Participants described public procurement models that favour tier one contractors, creating extended subcontract chains that dilute accountability and marginalise local firms. There was strong interest in SME aggregation and proportionate procurement reform.

The Cabinet Secretary highlighted SME aggregation as an area of policy interest, drawing parallels with affordable housing delivery.

### **Social housing, fuel poverty and tenant education**

Participants reported cases of tenants struggling to operate heat pump systems, in some instances avoiding use or facing unexpectedly high bills due to limited handover and education. While guidance materials exist, accountability for post-installation support is inconsistent. There was consensus that structured tenant education and clearer responsibility within social landlord frameworks must be standard practice to protect households and maintain confidence in the technology.

### **Conclusion**

Scotland's heat transition will not be delivered through targets alone. Sustainable growth requires coherent system design across pricing signals, support mechanisms, skills investment, quality assurance and procurement frameworks.

The roundtable demonstrated clear alignment between government ambition and industry willingness to deliver. However, unlocking scale now depends on practical reform of delivery mechanisms, strengthening professional competence through long term skills development and embedding consistent standards across all routes to market.

## **Recommendations**

Drawing on the roundtable discussion, the following recommendations are proposed to support sustainable heat pump deployment and strengthen delivery quality across Scotland.

### **Reform support mechanisms to improve speed, transparency and installer confidence**

Review Home Energy Scotland processes to reduce delay, improve application visibility, define service standards and ensure more predictable payment mechanisms. A hybrid model retaining independent advice while enabling greater installer participation and transparency was widely supported.

### **Align Heat in Buildings legislation with a long term skills and apprenticeship strategy**

Ensure that any forthcoming legislation and multi year funding commitments are accompanied by a credible long term skills and apprenticeship strategy, recognising that professional competence in heat pump installation requires structured, multi year training pathways and supervised practical experience.

### **Embed structured tenant education within social housing programmes**

Ensure that tenant education and system handover are embedded as standard practice in social housing delivery, with clear accountability for post-installation support.

### **Introduce consistent certification and sign-off for new build installations**

Establish a mandatory certification and sign-off framework for heat pump installations in new build housing to ensure consistent competence and commissioning standards across every property.

A model comparable to the Approved Certifier of Construction Scheme (ACCS) operated by SNIPEF could provide independent oversight, strengthen accountability and protect consumer confidence at scale.

### **Enable SME participation through proportionate procurement reform**

Explore aggregation models, framework structures and proportionate insurance and risk thresholds to allow capable local installers to participate directly in public sector delivery.

**Scotland's ambition to decarbonise heat is clear. The renewable sector is ready to deliver, provided policy certainty, proportionate standards and practical support mechanisms are aligned with the realities of installation on the ground.**



# Heat Pump Roundtable

## Introduction & Purpose

On 11 February 2026, Nesta and SNIPEF convened a roundtable at the Energy Training Academy in Dalkeith with the Cabinet Secretary for Housing, Màiri McAllan MSP.

The session brought together a representative cross section of installers from the plumbing and heating profession, alongside manufacturers and delivery partners active in Scotland's heat pump market.

The roundtable was designed to provide direct, operational insight from those responsible for delivering heat pump installations on the ground. It sought to test how current policy ambition is translating into market conditions, installation volumes and consumer experience.

Discussion was structured around four core themes:

1. The scale and pace of installation growth
2. Quality assurance and installation standards
3. Apprenticeships, skills and training
4. The design and operation of subsidies and support mechanisms

Participants were asked to identify where existing frameworks are enabling growth, where friction or unintended consequences are emerging, and what targeted reforms would support sustainable expansion while maintaining quality, consumer protection and public value.

This report captures the principal issues raised and sets out the key implications for policy refinement and programme design as Scotland seeks to accelerate the decarbonisation of heat within the housing sector.

# Heat Pump Roundtable

## Market demand has plateaued and remains “*able to pay*”

### Key industry issues raised

Installers described the market as having plateaued, with some reporting a decline compared to the previous year. Sales were characterised as concentrated among early adopters and environmentally motivated households, or those already investing in solar PV, battery storage or electric vehicles.

Demand was repeatedly described as “*able to pay*”, with most installations taking place in more affluent households able to absorb higher upfront costs. Participants were clear that the market has not yet crossed into mainstream adoption.

Running costs and electricity pricing were identified as the central barrier. While heat pumps are significantly more efficient than gas systems, the higher unit cost of electricity undermines the financial case. Several installers noted that they are currently selling heat pumps on comfort and carbon reduction, rather than cost savings.

Interest is often triggered by boiler failure, yet the current funding process cannot respond quickly enough to meet distressed purchase timelines. Participants warned that when funding approvals take months, households revert to a gas boiler replacement, locking in emissions for another decade.

Some referenced dedicated heat pump tariffs as helpful, but described their availability and continuity as inconsistent.

The removal of solar and battery loan support was viewed as weakening the viability of what one participant described as the “*Holy Trinity*” of heat pump, solar PV and battery storage.

### Constraints on market expansion

Heat pumps are difficult to sell on projected cost savings because current electricity prices undermine their efficiency advantage.

Participants emphasised that heat pumps are most compelling when presented as the “*Holy Trinity*”, namely the combination of a heat pump, solar PV and battery storage. Together, these technologies can help mitigate running costs and strengthen the overall financial case for households.

The removal of loan support for solar and battery installations in Scotland was described as a setback, and by one participant as an “*own goal*”, given their role in reinforcing a whole house approach. Without that integrated package, the affordability challenge becomes more pronounced.

As a result, demand remains concentrated among households able to absorb higher upfront costs. Installers also reported wider public scepticism, particularly online, driven by concerns about cost. This narrow customer base limits installation volumes and constrains business confidence to expand operations, recruit apprentices and invest in long term capacity.

## **Cabinet Secretary response**

The Cabinet Secretary explicitly acknowledged “*the elephant in the room*” as the upfront and running costs of heat pumps, stating that she cannot currently tell households that switching from gas or oil to a heat pump will reduce their energy bills under current pricing structures. She also referenced Scotland’s high fuel poverty rates as a central policy constraint.

She recognised the need for a whole house approach, combining energy efficiency with low carbon heating and, where appropriate, solar and storage. She emphasised that rebalancing electricity and gas prices sits largely with the UK Government, while positioning the Scottish Government’s role as providing policy certainty and targeting scarce public funding where it has greatest impact.

# Heat Pump Roundtable

## Funding scheme design and friction in Home Energy Scotland (HES)

### Key industry issues raised

Home Energy Scotland (HES) support was widely described as essential to sustaining current levels of demand. Participants were clear that the value of the Scottish grant and loan offer, particularly in rural areas, is strong. However, the operational design of the scheme was described as slow, complex and misaligned with real world purchasing behaviour.

Installers outlined the cumulative timeline involved in securing support. This included anecdotal reports of delays of up to 30 days for an initial call back, the requirement for multiple quotes, further processing time before approval, staged drawdowns, and additional delays before final payment. It was suggested that two to three months can elapse before installation is even scheduled.

This was seen as particularly problematic in boiler breakdown or other distressed purchase scenarios, where households require rapid decisions. Several participants warned that prolonged timelines result in households reverting to gas boiler replacements, effectively locking in emissions for another decade.

The consumer led nature of the scheme was described as creating significant cashflow exposure for installers. Because funding is paid to the customer rather than directly to the contractor, businesses can carry substantial working capital risk for extended periods.

Installers reported limited visibility over application status and payment timing, and in some cases an inability to access invoice finance due to the structure of the scheme. There were also concerns about funds being withheld after completion.

Participants contrasted this with the Boiler Upgrade Scheme (BUS) in England. While acknowledging that BUS has its own limitations, they noted that its installer led structure, online portal and clearer redemption timelines provide greater transparency and more predictable payment flows.

### Potential reforms to support mechanisms

Participants proposed reform that would retain the independent advice function of HES while introducing a more installer enabled and transparent application process. A hybrid model, drawing elements from BUS, was suggested. This would include a shared digital portal allowing the consumer, installer and scheme administrator to track applications and approvals in real time.

There were repeated calls for defined service standards, faster decision making and more predictable payment timelines. Several participants proposed that grant funding could be held in a third party account and released directly to installers upon completion and certification, reducing cashflow exposure and limiting the risk of post-completion withholding.

The idea of ring fenced allocations for trusted or accredited installers was also raised as a way to streamline approvals and accelerate delivery.

A separate proposal was to redirect a portion of grant funding towards a dedicated heat pump tariff to help address running costs. However, this was challenged by others on the basis that it would not resolve the upfront affordability barrier for many households.

### **Cabinet Secretary comments**

In her closing remarks, the Cabinet Secretary acknowledged the strength of feeling regarding scheme design and the operational friction described by installers. She recognised that while the funding offer itself is important, delivery mechanisms must be fit for purpose.

She indicated that a review of schemes would be necessary to ensure they are designed for the next five to ten years, rather than relying on incremental adjustments. She also acknowledged the calls for greater transparency and installer engagement within the support process and committed to taking these issues away for consideration.

# Heat Pump Roundtable

## Regulation, standards, and the burden of compliance (*MCS & oversight*)

### Key industry issues raised

#### **MCS**

Participants described MCS and associated compliance requirements as costly and administratively burdensome, particularly for smaller firms and new entrants. Audits were in some cases perceived as disproportionate to minor technical issues.

The interaction between MCS, consumer codes and accreditation bodies was described by one participant as an “*unholy trinity*”, with fragmented routes for complaint resolution and unclear lines of accountability.

At the same time, it was acknowledged that MCS is undergoing reform, with greater industry involvement and a stated shift towards technical competence and installation quality.

Some participants expressed cautious optimism, but there remained concern about proportionality and consistency in practice.

#### ***The standards gap***

A recurring concern was that MCS requirements apply primarily where government funding is accessed. This was seen as creating uneven standards across the market, particularly in new build and social housing, where equivalent certification or competence requirements may not be mandated.

In new build, accountability was described as particularly diluted. Installations may be designed by one party, procured by a principal contractor, subcontracted to secondary contractors and ultimately installed by engineers with limited heat pump experience. Once homes are completed and sold, responsibility for system performance, handover quality and aftercare can become unclear. Several contributors reported cases where no single party retained full technical ownership of the heating system.

Concerns were also raised about repeat poor-quality actors re-entering the market under new company identities, with limited mechanisms to track or prevent recurrence. Poor installations were described as disproportionately damaging to consumer confidence and shaping negative public narratives about the technology as a whole.

## **Potential improvements to standards and oversight**

### **Refocus compliance on technical competence**

Shift quality assurance towards installation competence, system performance and commissioning standards, reducing administrative emphasis where it does not directly improve consumer outcomes.

### **Apply consistent competence requirements across all installations**

Consider whether a baseline competence or certification requirement should apply across new build, social housing and privately funded installations, not solely where public subsidy is accessed.

### **Strengthen accountability and market discipline**

Clarify responsibility across design, installation and aftercare roles, particularly in new build. Explore mechanisms to prevent repeat poor-quality actors from re-entering the market under new company structures.

### **Introduce proportionate independent oversight**

Assess the feasibility of independent inspection or a clerk of works-style function to strengthen oversight in larger programmes, while ensuring that enforcement is balanced with improvement pathways and does not overburden compliant SMEs.

## **Cabinet Secretary comments**

The Cabinet Secretary emphasised the need for a balanced and proportionate approach to regulation, ensuring that standards are commensurate with risk. She was clear that consumer protection must remain central, but not in a way that discourages capacity or deters competent new entrants to the market.

She stressed the importance of avoiding a repeat of the quality and accountability issues associated with previous large scale delivery models, including ECO4 style programmes. At the same time, she expressed concern about the reports of inconsistent installation quality raised during the discussion, particularly in relation to new build developments.

In her closing remarks, she identified consistency in new build delivery as an important takeaway and linked this directly to her housing portfolio. She also highlighted training and standards as central themes emerging from the session, underscoring the need to strengthen competence and quality as the market expands.

Finally, she reflected on the need to avoid positioning heat pumps as a niche or specialist market, suggesting that the sector must move towards a more mainstream model, where competence and quality assurance are embedded as standard practice.

Heat decarbonisation policy cannot operate in isolation. If we are serious about scaling delivery, every legislative and funding commitment must be matched by a credible, long-term plan for skills development and apprenticeships.



# Heat Pump Roundtable

## Skills, competence, and apprenticeships

### Key industry issues raised

There was strong agreement that sustainable expansion depends on the availability of fully trained, competent professionals.

Participants were clear that even if demand were to increase significantly, the sector does not currently have sufficient depth of experience to deliver high quality installations at scale.

Three or four day programmes were described as insufficient to develop the judgement, system design understanding and commissioning expertise required for independent installation.

One participant likened this to gaining a provisional HGV licence after a short course. It would not be considered safe or responsible to send someone onto the motorway without supervised, practical experience. Hands-on training, mentored installation and exposure to real systems were therefore described as essential. The Nesta/SNIPEF ***Start at Home*** pilot was cited as an effective model for giving experienced engineers practical confidence to transition safely into low carbon heating.

Concerns were raised about the quality implications of rapid scaling without adequate training, including subcontracted installations delivered by those with limited heat pump experience.

This was linked to reputational damage, consumer complaints and risks to households where systems are poorly commissioned or poorly handed over.

Apprenticeships were repeatedly described as the long term foundation of a safety critical profession. The Scottish four year model was viewed positively for the depth of hands-on learning it provides. However, employers were candid about the full cost of employing apprentices. They emphasised that apprenticeship investment is heavily front loaded, with supervision and reduced productivity in early years creating significant cost before commercial return is realised.

Participants highlighted increasing financial pressure on employers, including minimum wage thresholds, and the retention risk once apprentices qualify. It was noted that by year four an apprentice may be fully productive, yet there is no obligation for them to remain with the business that funded their training. Several firms reported reducing apprentice intake due to cost constraints.

Concrete examples were provided of alternative approaches. One participant described a model where a manufacturer directly employs apprentices and places them with installer businesses, covering wages and associated costs. This was presented as proof that alternative sponsorship structures are viable.

## **Options for skills and apprenticeship support**

The discussion moved beyond diagnosis to practical mechanisms for strengthening training infrastructure and addressing cost barriers:

### **Expand hands-on training infrastructure**

Participants argued for greater investment in properly equipped training facilities and supervised, on-the-tools learning through colleges and regional centres, rather than reliance on short classroom-based programmes.

### **Scale supported transition models**

The *Start at Home* approach was highlighted as an effective mentoring model for experienced engineers. Expanding similar supported installation pathways was seen as a way to accelerate competence without compromising quality.

### **Restructure apprenticeship funding to reflect real cost curves**

Employers proposed a staged funding model that better reflects the economics of a four year apprenticeship. One participant cited an overseas model in which year one is fully government funded, with employer contribution increasing progressively in subsequent years as productivity rises. This was presented as a fairer distribution of cost for small firms that carry significant upfront supervision and training burden.

## **Repurpose levy funding and strengthen manufacturer contribution**

Participants suggested that unused or underutilised apprenticeship levy funding could be better aligned with sectors facing acute skills shortages, including plumbing and heating. It was proposed that larger organisations and manufacturers, who contribute significantly to the levy, could sponsor apprentices placed within installer businesses. This was presented as a way to redistribute levy resource more effectively and reduce financial disincentives for SMEs to recruit.

**Note:** *In Scotland, apprenticeship levy contributions are directed to the Scottish Government rather than held in employer digital accounts.*

*While employers in Scotland continue to contribute to the levy, they do not have direct access to draw down those funds to support their own apprentices, unlike employers elsewhere in the UK.*

*Participants' comments reflect a desire to see levy-derived resources more transparently and directly aligned with sectors facing acute skills shortages.*

## **Cabinet Secretary comments**

The Cabinet Secretary acknowledged that skills and professional competence are central to delivery and recognised the direct link between skills, training and the credibility of Scotland's wider heat in buildings ambitions.

In discussing forthcoming *Heat in Buildings* legislation, she reflected on the “*chicken and egg*” challenge of whether industry capacity should be built before legislating, or whether legislating for long-term direction of travel is necessary to build market confidence. She argued that establishing clear statutory targets and minimum standards should provide greater certainty, expand the customer base and create stronger conditions for investment in apprenticeships and workforce development.

While apprenticeships do not sit exclusively within her portfolio, she recognised that workforce development is foundational to delivering housing supply, quality new build standards and heat decarbonisation objectives.

In her closing remarks, she identified training and standards as key themes emerging from the session and emphasised the importance of ensuring policy remains aligned with the practical realities of industry capacity as the sector evolves.

# Heat Pump Roundtable

## New build pipeline, building warrants, and policy timing effects

### Key industry issues raised

Manufacturers and installers raised concerns that changes to building standards prompted a significant rush of building warrant submissions before the implementation deadline. Because warrants can remain valid for several years, with extension mechanisms available, this was described as effectively extending the pipeline of homes built to previous standards well beyond the intended policy transition period.

Participants suggested this could delay the normalisation of heat pump installations in new build housing and undermine the pace of market growth required to meet decarbonisation targets. It was noted that developers responded rationally to cost differentials, with heat pump ready builds perceived as more expensive.

There were also concerns about accountability and quality in new build delivery. Once developments are completed and sold, developers often move on, leaving limited clarity over responsibility for system performance, servicing and user guidance.

Participants described inconsistent handover practices, insufficient tenant or homeowner education, and a lack of clear post-installation ownership across design, supply and installation roles.

### Potential improvements to new build delivery

While the discussion focused largely on the consequences of timing effects and accountability gaps, several solution strands emerged.

#### Review alignment between building standards and warrant validity

Participants implied that the interaction between building standard changes and long warrant validity periods may warrant review. Greater alignment between transition timelines and delivery practice could help avoid extended pipelines of homes built to previous standards.

#### Apply consistent competence requirements across new build

A recurring suggestion was that heat pump installations in new build and social housing should be subject to consistent competence or certification requirements, not only where government grant funding is accessed. This was presented as a way to close the current standards gap and strengthen consumer protection.

### **Strengthen handover, accountability and aftercare**

Participants highlighted the need for clearer responsibility once developments are completed and sold. Suggested improvements included structured and documented handover processes, embedded user education for homeowners and tenants, clearer servicing arrangements, and stronger lines of accountability across design, installation and supply roles.

### **Reduce diluted accountability through subcontract chains**

There was an implied preference for procurement and delivery models that engage competent local installers more directly, reducing extended subcontract chains that can weaken quality oversight and aftercare responsibility.

### **Cabinet Secretary comments**

The Cabinet Secretary asked clarifying questions to better understand the building warrant mechanism and acknowledged she had heard similar evidence regarding timing effects.

In her closing remarks, she identified “*consistency on new builds*” as an important takeaway. She explicitly linked this to her housing portfolio and noted the need to consider these issues alongside current efforts to restore confidence and stability in Scotland’s housebuilding sector. She indicated that she would explore what further action, if any, could be taken within that context.

# Heat Pump Roundtable

## Social housing, fuel poverty, and tenant education

### Key industry issues raised

Participants highlighted fuel poverty risks, particularly where tenants are not adequately educated on operating heat pumps. It was reported that some households are either incurring unexpectedly high energy bills or avoiding using their systems altogether due to uncertainty.

Responsibility for tenant education was attributed primarily to social landlords, including councils and registered social landlords. However, take up of offered handover training was described as inconsistent. In some cases, structured handover support was offered but not embedded into the development process.

Manufacturers noted that guidance materials and instructional videos are available, but tenants are not consistently signposted to them. As a result, manufacturers often receive calls relating to basic system operation, creating reputational risk for the technology rather than the delivery model.

There was also frustration expressed that some social landlords avoid providing tariff guidance or energy advice due to perceived impartiality concerns, limiting practical support to tenants.

### Potential improvements to tenant support and education

Participants suggested that tenant education should be embedded as a standard component of social housing delivery where heat pumps are installed. This could include structured handover sessions, clearer user guidance, and proactive signposting to manufacturer materials.

There were calls for clearer accountability within social landlord frameworks for post installation support and system understanding.

It was also suggested that guidance around energy tariffs and usage should be communicated more confidently, rather than avoided due to concerns about perceived bias.

## **Cabinet Secretary comments**

Earlier in the discussion, the Cabinet Secretary acknowledged fuel poverty constraints as a central challenge and a key reason policy design cannot assume running cost savings.

While she did not dwell specifically on tenant education in her closing remarks, she emphasised the importance of cross policy alignment across housing, consumer protection and workforce development.

She indicated interest in addressing these issues within the broader affordable housing and heat in buildings agenda.

# Heat Pump Roundtable

## SME access to public sector delivery and procurement barriers

### Key industry issues raised

A major thread was that public sector and large developer procurement models favour tier one contractors, who then subcontract down the chain. Participants described delivery structures moving from principal contractor to secondary contractors and ultimately to subcontracted installers, diluting accountability and increasing quality risk.

SMEs reported being unable to meet disproportionate tender requirements, including high professional indemnity insurance thresholds, significant deposit requirements and risk criteria better suited to major contractors. This was seen as excluding capable local firms from direct participation.

It was suggested that procuring bodies often favour large contractors because it is perceived as lower risk institutionally, even if quality outcomes may suffer. The consequence described was weaker accountability, poorer aftercare, and fewer opportunities for specialist local installers.

### Potential improvements to procurement and SME participation

Participants expressed interest in aggregation models, including consortia or framework structures, that would enable SMEs to collectively bid for and deliver larger contracts while maintaining quality and local accountability.

There were also implicit calls for more proportionate procurement thresholds, including review of insurance requirements and deposit conditions that currently act as barriers to SME participation.

Reducing extended subcontract chains and strengthening direct engagement with competent specialist installers was presented as a way to improve quality control and post-installation support.

## **Cabinet Secretary comments**

The Cabinet Secretary explicitly highlighted SME aggregation as an area of interest and linked it to similar structural challenges in affordable housing delivery. She suggested exploring whether aggregation approaches or alternative procurement models could be applied across both sectors.

This was one of her clearest forward-looking policy reflections, signalling openness to structural reform in procurement approaches rather than solely scheme adjustments.

# Heat Pump Roundtable Cabinet Secretary Mairi McAllan MSP takeaways

In her closing remarks, the Cabinet Secretary identified a number of clear themes she was taking away from the roundtable.

**Home Energy Scotland:** She acknowledged that support mechanisms must be fit for purpose. While the funding offer itself is significant, operational friction within Home Energy Scotland was recognised as a constraint on delivery. She signalled that schemes will require review to ensure they are designed for the next five to ten years rather than adjusted incrementally.

**Long term policy commitment:** She reflected on the need for long-term policy certainty. In discussing forthcoming *Heat in Buildings* legislation, she described the challenge of building industry capacity alongside legislating for direction of travel. Her position was that statutory clarity, combined with multi-year funding commitments, should strengthen confidence, expand demand and create greater scope for investment in skills and apprenticeship development.

**New build:** Consistency in new build delivery was identified as an important takeaway. She recognised concerns about building warrant timing effects and inconsistent handover and accountability arrangements, linking these directly to her housing responsibilities and committing to consider them alongside efforts to restore confidence in housebuilding.

**Skills:** Training and standards emerged as central themes. She expressed concern about reports of inconsistent installation quality and emphasised the importance of avoiding a repeat of quality failures associated with previous large scale delivery models eg. ECO4. Regulation, in her view, must remain proportionate and commensurate with risk, protecting consumers without deterring capacity.

**SMEs:** The Cabinet Secretary highlighted SME participation as a forward-looking area of interest. Drawing parallels with affordable housing delivery, she indicated a willingness to explore whether aggregation or alternative procurement approaches could better enable capable local installers to participate in public sector programmes.

**Fuel poverty:** The Cabinet Secretary reiterated that fuel poverty and electricity pricing remain structural constraints. While electricity price rebalancing sits largely with the UK Government, she accepted that policy design cannot currently assume running cost savings.

# Heat Pump Roundtable Industry recommendations

Drawing on the roundtable discussion, the following recommendations are proposed to support sustainable heat pump deployment and strengthen delivery quality across Scotland.

## **Reform support mechanisms to improve speed, transparency and installer confidence**

Review Home Energy Scotland processes to reduce delay, improve application visibility, define service standards and ensure more predictable payment mechanisms. A hybrid model retaining independent advice while enabling greater installer participation and transparency was widely supported.

## **Align Heat in Buildings legislation with a long term skills and apprenticeship strategy**

Ensure that any forthcoming legislation and multi year funding commitments are accompanied by a credible long term skills and apprenticeship strategy, recognising that professional competence in heat pump installation requires structured, multi year training pathways and supervised practical experience.

## **Embed structured tenant education within social housing programmes**

Ensure that tenant education and system handover are embedded as standard practice in social housing delivery, with clear accountability for post-installation support.

## **Introduce consistent certification and sign-off for new build installations**

Establish a mandatory certification and sign-off framework for heat pump installations in new build housing to ensure consistent competence and commissioning standards across every property.

A model comparable to the Approved Certifier of Construction Scheme (ACCS) operated by SNIPEF could provide independent oversight, strengthen accountability and protect consumer confidence at scale.

## **Enable SME participation through proportionate procurement reform**

Explore aggregation models, framework structures and proportionate insurance and risk thresholds to allow capable local installers to participate directly in public sector delivery.

# Heat Pump Roundtable Roundtable attendees

SNIPEF and Nesta would like to thank all participants for contributing their time, expertise and practical insight to the roundtable discussion. The session benefited significantly from the openness and candour of installers, manufacturers and sector stakeholders who shared frontline experience of delivering heat pump installations across Scotland. The quality of feedback provided was constructive, evidence-based and solutions focused.

We are also grateful to the Cabinet Secretary for Housing, Màiri McAllan MSP, for her engagement and considered contributions throughout the discussion. She demonstrated a strong grasp of the policy landscape, engaged directly with operational detail and responded substantively to issues raised, including those extending beyond her immediate portfolio. Her willingness to reflect on the points made and commit to taking key issues away for further consideration was welcomed by participants.

The discussion reflected a shared commitment to improving delivery, strengthening standards and ensuring that Scotland's heat decarbonisation ambitions are grounded in practical realities. The contributions made will inform ongoing policy consideration and programme development.

Finally, we would like to thank Andrew Lamond and the team at The Energy Training Academy for hosting the roundtable. The opportunity to hold the discussion within a live training environment added important context to the themes of skills, competence and industry development.

**Mairi McAllan MSP**

*Cabinet Secretary for Housing in the Scottish Government*

**Fiona Hodgson (Roundtable moderator)**

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With thanks to the roundtable host, The Energy Training Academy, for providing the venue and supporting the discussion.



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