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Industry Warns Fragmented Funding is Failing Public Sector One Year on From PSDS Cancellation

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Almost one year on from the quiet cancellation of the Public Sector Decarbonisation Scheme (PSDS), an industry leader is calling for a replacement initiative to ensure the public sector has the funds to help the nation achieve its net zero ambitions.

Lee Tebbatt, managing director at Wilo UK, believes clarity and consistency in the form of a long-term funding mechanism designed for decarbonisation at scale is crucial if the UK is to meet its commitment of reaching net zero by 2050.

Launched in 2020, the PSDS provided over £3.5 billion in grants for public sector bodies to invest in heat decarbonisation and energy efficiency measures over a five-year period.

With no comparable scheme on the horizon almost 12 months on, however, buildings without access to and knowledge of asset upgrades will continue to consume needless energy, battling sky-high bills in the process.

Lee said: “While the public sector has seen a mix of initiatives introduced over the past year, the scale of this funding when compared to what could have been received through the PSDS yet to be matched. This has left organisations across the industry questioning the next steps on their net zero journey.

“At the beginning of 2026, we saw the launch of the Warm Homes Plan, which commits £15 billion to helping homes decarbonise through a trio of low-carbon technologies: heat pumps, solar PV and batteries. This is exactly what is needed to prepare homes for a zero-carbon future, but why is there no equivalent for the public sector?"

Great British Energy's solar rollout is among the most prominent post-PSDS initiatives designed to cut energy bills for public services. Around 260 NHS sites are set to benefit from solar panel installations, alongside 250 schools and 15 military sites. Estimated energy bill savings over the next three decades are expected to reach up to £520 million.

Lee continued: "Great British Energy's solar scheme should absolutely be welcomed, as it will enable institutions across multiple industries to reduce their utility bills and reinvest those savings back into essential services. Yet, the same attention – and level of investment – must be put towards upgrading other critical assets that are also responsible for a significant portion of the UK public sector's energy consumption.

"Pumps, for instance, account for around 20% of global electricity consumption. While there isn't a statistic specific to the UK public sector, it certainly won't be far off that number. Be it those responsible for heating and cooling circulation, water supply or wastewater management, pumps are embedded in the day-to-day operation of virtually every public building. Legacy systems that run well below optimal efficiency are still commonplace too, meaning there is a clear opportunity for the public sector to unlock significant energy and cost savings by receiving the financial support to future-proof them."

"If the public sector is to play its part in achieving net zero, then funding mechanisms must reflect the full picture of energy use across estates. That means going beyond solar technology and ensuring that supporting infrastructure, including pumps and HVAC systems, is not left behind. A long-term, well-funded successor to the PSDS would give organisations the certainty they need to plan and deliver all-encompassing decarbonisation projects. Without it, we risk slowing progress at a time when acceleration has never been more important."

Discover more about Wilo UK.