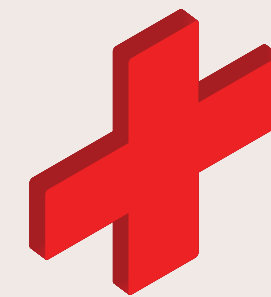




Navigating the Energy Labyrinth

How UK and Ireland healthcare providers can find the way to net zero



Enter →

# UK and Ireland healthcare providers face a triple challenge

They must increase their energy resilience and hit ambitious net zero carbon targets, while also balancing ever-tightening budgets.

This is the stand-out finding of a new report from Centrica Business Solutions – Navigating the Energy Labyrinth – based on a survey of 500 organisations across Europe. The report reveals that **34%** of healthcare respondents in the UK and Ireland are likely to miss 2030 emissions targets.

In light of this, there is a growing appetite for innovation. ‘Energy resilient’ organisations are taking control of their energy supplies and overcoming budget constraints to embed sustainability at the core of their operations.

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## Key findings for healthcare providers in the UK and Ireland include:

**83%**

say cost-efficiency is a critical objective for their energy improvement plans.

Taking control of energy usage and bringing down costs is critical.

**37%**

report that it is difficult to make the business case for new energy technology.

Budget constraints make it harder to make new investments.

**44%**

say financial risk and energy security are major organisational challenges.

Financial pressures and energy are equal concerns: financial risk and energy security/resilience are both identified.

## Net zero and rising budgetary pressures

The backdrop to this is the NHS's intention<sup>1</sup> of becoming the world's first net zero national health service by 2040, based on Scope 1 and 2 emissions. There is an interim target of an 80% reduction by 2028-32. In Ireland, the HSE targets<sup>2</sup> net zero by 2050, with an interim 50% target for 2030.

But growing financial strains in both systems are jeopardising these objectives. In the NHS, deficits doubled<sup>3</sup> between 2022-23 and 2023-24, from £517 million to £1.4 billion, while £900 million in capital funds for buildings and kit were reallocated to support day-to-day running. This left a maintenance backlog of nearly £14 billion. Half-way through the 2024/25 financial year, there were few signs of improvement. According to the Nuffield Trust<sup>4</sup>, **41 out of 42** NHS integrated care systems were overspending against plans.

Unsurprisingly, our research reveals that healthcare providers see financial risk, and energy security/resilience, as two of their biggest concerns, each identified by **44%** of respondents within the sector. There is a clear link between the two challenges: **83%** identify cost-efficiency as a critical objective to support energy improvements.

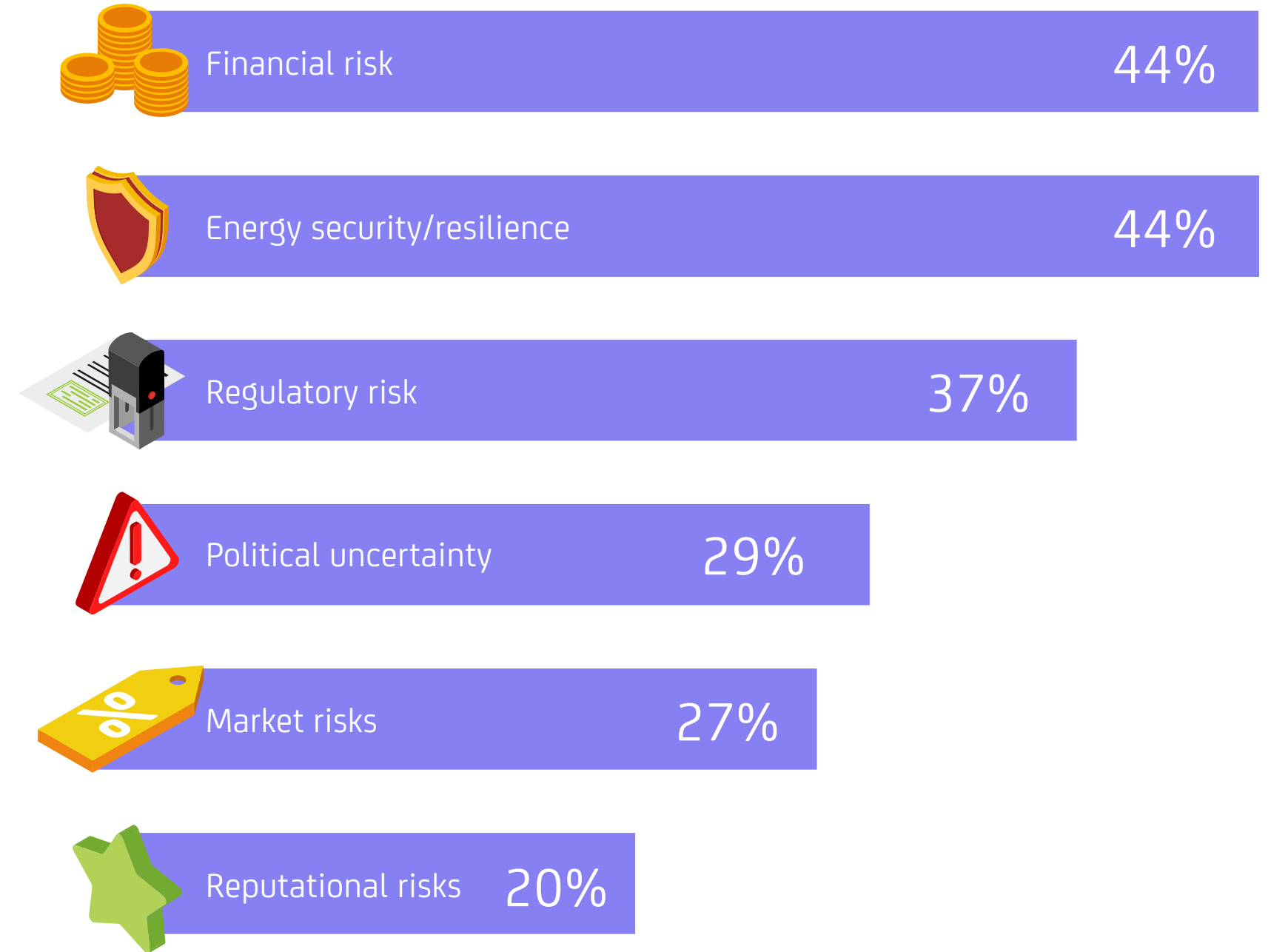
1 <https://www.england.nhs.uk/greenernhs/a-net-zero-nhs/>  
2 <https://www.hse.ie/eng/about/who/climate-and-health/hse-climate-action-strategy-2023-50.pdf>  
3 <https://www.kingsfund.org.uk/insight-and-analysis/long-reads/tight-budgets-tough-choices>  
4 <https://www.nuffieldtrust.org.uk/news-item/nhs-provider-deficits-are-back-how-bad-is-the-situation>

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### Biggest concerns for healthcare providers



identify cost-efficiency as a critical objective to support energy improvements.

## Pressure on capital expenditure

While investments in energy efficiency can deliver substantial cost savings over time, the availability of capital funding to implement them is increasingly constrained.

Adding to the challenge in the NHS, the UK government recently announced the withdrawal<sup>5</sup> of the Public Sector Decarbonisation Scheme (PSDS). Administered by Salix since 2020, the Scheme has been a crucial source of funding for energy-related initiatives in the NHS and, while existing grants will continue through to 2028, no further funding will be allocated after then. The closure will leave many Trusts looking at alternative funding models, including exploration of private sector financing options.

The challenges that arise from limited access to capital are clear. There's a lot of pressure to deal with critical infrastructure and to fix things that are about to break. Replacing energy-related systems that are working – just not in a good way – is harder.

The survey findings echo this point, with **37%** of healthcare respondents citing the difficulties of making the business case for new energy technology, even if it creates savings. For example, LED lighting costs less to run and requires less maintenance because it lasts longer, but there may still be upfront costs.

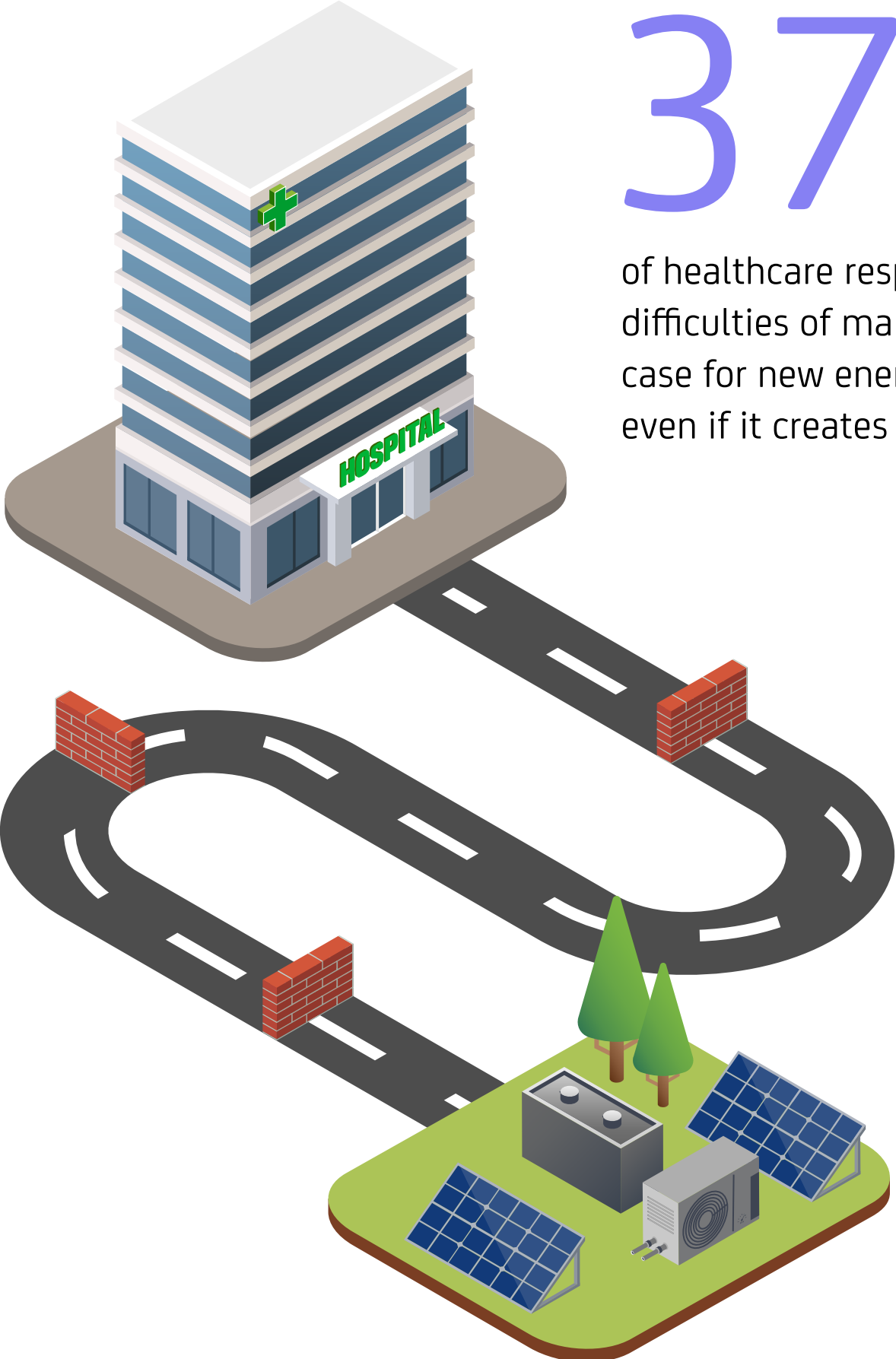
<sup>5</sup> <https://www.centricbusinesssolutions.com/knowledge-centre/blogs/how-can-nhs-trusts-navigate-withdrawal-psds-funding>

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The difficulties of making the business case for new energy technology are clear



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of healthcare respondents cite the difficulties of making the business case for new energy technology, even if it creates savings.

## Finding the fissures in the system

Despite the challenges facing healthcare providers, there are still good opportunities for accelerating energy improvements, reducing emissions, cutting costs, and building resilience.

One opportunity stems from the NHS's decentralised structure. Rather than trying to be an early adopter, some NHS Foundation Trusts wait until solutions are proven and then move fast. When a solution works at one Trust, it can quickly be deployed across the country. Better knowledge-sharing communities could improve the flow of experience and know-how across the system.

The sheer size of the NHS estate – some **25 million sq metres** nationwide – creates both challenges and opportunities. With many Trusts occupying multiple smaller buildings rather than being concentrated in larger ones, it can be commercially challenging to invest in energy solutions.

Yet where there is sufficient space, opportunities abound. Hospitals with acres of roofs can invest in Solar installations. To meet heat demand, Hydrogen-Ready Combined Heat and Power and Heat Pumps should be considered.

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## Taking advantage of AI

New technology can also unlock progress – and AI could be a game-changer. Nearly three-quarters (73%) of healthcare survey respondents are likely to invest in smart systems or AI in the next 12 months, recognising the potential of the technology.

Some NHS Foundation Trusts are hoping to implement smart control through a modern building energy management system (BEMS), which will be the foundation for deploying AI. The goal for adopting AI is to help pinpoint where energy is being used inefficiently. Trusts can build on those smart systems and use detailed metering to give individual teams data about their usage, with solutions like Panoramic Power.

Small, investment-free changes can also make a big difference if implemented at scale. Engaging staff in behavioural adjustments all helps, such as switching unused devices off and closing windows so heat doesn't escape. Most (85%) healthcare organisations intend to conduct employee training or awareness programs on energy efficiency over the next 12 months. The UK Government<sup>6</sup> estimates that the annual energy bill for the NHS is around £1.4 billion, which means that even a 1% saving is a big saving.

Huge progress has been made. The next steps towards net zero will undoubtedly be challenging for UK and Ireland healthcare providers. But if they can avoid the pitfalls, there are benefits on offer in the way of big savings.

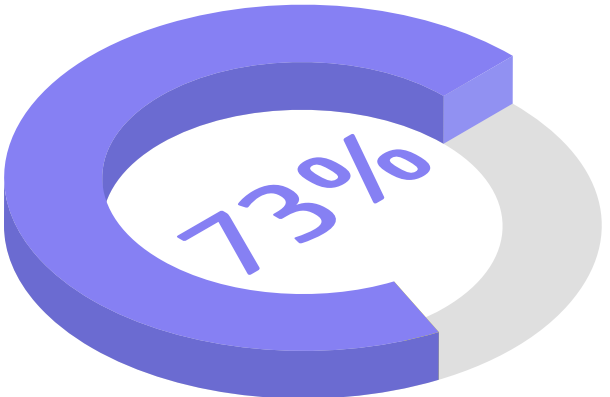
<sup>6</sup> <https://www.gov.uk/government/news/great-british-energy-to-cut-bills-for-hospitals-and-schools>

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### Recognising the potential of AI in healthcare



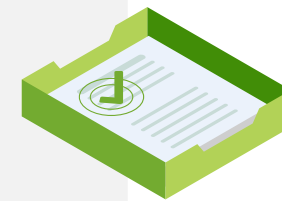
of healthcare survey respondents are likely to invest in smart systems or AI in the next 12 months, recognising the potential of the technology.

### Training healthcare staff on energy efficiency



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## How can healthcare providers achieve energy resilience?



### Build the business case for investment in energy technology

New energy technology can offer significant cost benefits, which will help reduce pressure on operating budgets, while also delivering against net zero goals.



### Think innovatively about ways to finance energy projects

With the availability of capital funding being reduced, healthcare providers may need to work with commercial partners to finance investments in energy resilience.



### Involve the whole organisation to drive behavioural change

Engage employees in driving behavioural change to reduce energy usage within existing systems, and to maximise the benefits of new technology as it is deployed.



## Want more insights on building energy resilience?

Download our full research report for more insights on how you can strengthen your control of energy.

[Download →](#)

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## Find out more

Centrica Business Solutions helps organisations to balance the demands of planet and profit.

We build, operate and maintain on-site, large-scale energy assets including Solar PV, Heat Pumps and Combined Heat and Power (CHP) – to help organisations to decarbonise and save money.

We also help healthcare providers across the UK and Ireland to define an actionable pathway of decarbonisation activities and implement on-site energy generation solutions, to achieve their net zero ambitions.

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