



Department for
Business, Energy
& Industrial Strategy

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Industrial Strategy

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Cllr Emily Smith
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Dear Cllr Emily Smith,

Thank you for your email of 24 December 2021, to the Rt Hon Alok Sharma MP, President of the COP 26 climate summit. I understand you write to express your thoughts on retrofitting buildings to improve energy efficiency on behalf of Vale of White Horse District Council.

As I hope you will appreciate, the Minister receives significant volumes of correspondence on a daily basis, and, regrettably, is unable to respond to each one personally. Therefore, I have been asked to respond on his behalf.

Last October, the Government published the Heat and Buildings Strategy, which sets out how the UK will decarbonise homes, and commercial, industrial and public sector buildings, as part of setting a path to net zero by 2050. The strategy sets out how Government will incentivise people to install low-carbon heating systems as they come to replace their old boilers over the coming decade. This will significantly reduce the UK's dependency on fossil fuels and exposure to global price spikes, while supporting up to 240,000 jobs across the UK by 2035. Alongside the Heat and Buildings Strategy, the Government announced more than £3.9 billion of new funding for decarbonising buildings, bringing our total commitment in this Parliament to £6.6bn. This additional money will fund the next three years of investment through the Social Housing Decarbonisation Fund, the Home Upgrade Grant, the Boiler Upgrade Scheme, the Heat Networks Transformation Programme and the Public Sector Decarbonisation Scheme. Of this £6.6bn, the Government has already invested £500m in the first two phases of the Local Authority Delivery (LAD) scheme. In addition, we have committed more than £400m for the Sustainable Warmth competition – which includes a third phase of LAD and the first wave of the £1.1bn Home Upgrade Grant (HUG). Both LAD and HUG are aimed at improving the energy efficiency of low-income, energy-inefficient homes – whether owner-occupied or privately rented.

For people living in socially rented homes, the Government has committed to spend more than £1bn on bringing these properties up to Energy Performance Certificate of C or better through the Social Housing Decarbonisation Fund (SHDF). Just like LAD and HUG, this scheme is providing measures such as insulation and low-carbon heating to homes so that people most at risk of fuel poverty have homes that are easier to heat while also contributing to the nation's net zero commitment.

Additionally, the Government has put an obligation on the larger energy suppliers – known as the Energy Company Obligation (ECO) – to install measures such as insulation in low-income homes. This scheme has already installed 3.3 million measures – such as improved insulation - in 2.3 million homes.

For people not eligible for schemes such as LAD, HUG, SHDF and ECO there is a package of policies, including incentives and advice, already in place. Later this year the Government is launching a new Boiler Upgrade Scheme for properties in England and Wales. It is worth £450m over three years and will offer grants of £5,000 for air source heat pumps and biomass boilers, and £6,000 for ground source heat pump. Until that launches, householders can continue to apply for the Domestic Renewable Heat Incentive until the end of March this year to support them with the cost of renewable energy systems such as solar and heat pumps.

Additionally, in the Energy White Paper, the Government committed to consult on regulatory measures for the owner-occupied sector. In consulting, we will seek views on a range of options to improve the energy performance of these homes, and ways in which we could address any concerns about potential risks or issues. There are already minimum energy-efficiency standards for the private-rented sector (PRS). However, proposed future PRS Regulations to EPC Band C could deliver 6.6 MtCO₂ of non-traded carbon savings over Carbon Budget 5.

The Government is also working to make sure homeowners can access green finance when they need it. The Green Home Finance Innovation Fund, which will complete by March 2022, is a key early step in supporting the lending community to design, develop and pilot green finance products for homeowners in England. This will be followed by a £10m Green Home Finance Accelerator programme, focussed on supporting the development of green finance products and services in England. The Accelerator will formally launch in spring 2022. The Government has already consulted on requirements for lenders to support homeowners to improve the energy performance of their homes, and we will publish a response in due course.

In terms of boosting employment opportunities, the Government recognises that a highly skilled workforce needs to be retained and recruited to deliver energy-efficiency upgrades, regardless of how those measures are paid for. That is why we launched a £6.9m skills competition in September 2020 to provide training opportunities for energy-efficiency and low-carbon-heating supply chains to meet consumer demand.

The Government has provided funding to train people with existing skills and those new to the sector, along with support for installation companies to gain the necessary accreditation and certification. The skills competition is expected to deliver over 8,000 new skills training opportunities.

More generally, speeding up the deployment of energy-efficiency measures and low-carbon heating will provide a major economic stimulus, creating new highly skilled jobs, products, markets, and supply chains in the UK, fit for a net zero future. We expect Government policies will support up to 240,000 jobs by 2035 resulting in £10 billion additional Gross Value Added (GVA) by 2035.

Thank you again for taking the time to write.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Helen Huish', with a long, sweeping flourish extending to the right.

Helen Huish
BEIS CORRESPONDENCE UNIT