



Department for
Business, Energy
& Industrial Strategy

Lord Callanan
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Dear Caroline,

Thank you for your letter dated 16 September to the Rt Hon Alok Sharma MP, welcoming the investment Government is making in homes through the Green Homes Grant scheme and Social Housing Decarbonisation Fund and highlighting the specific challenges and benefits to supporting greater energy efficiency of homes in London. I am replying as this matter falls within my Ministerial portfolio. Please also accept my apologies for the late reply.

On behalf of the Environment and Housing Committees you raised a number of points regarding the two funds which I have addressed in turn below.

Private rented sector

The voucher scheme is open to landlords who let privately or through the social rented sector and landlords are able to apply for vouchers for more than one property. The Green Homes Grant allows homeowners to apply for a voucher that funds up to two thirds of the cost of hiring trades people to upgrade the energy performance of their homes - up to a maximum contribution of £5,000 and could help save families up to £600 a year on their energy bills.

The Private Rented Sector Consultation, which launched alongside the Green Homes Grant on 30th September, means nearly 3 million homes could have their energy efficiency upgraded under the Government's proposals. Under the Government's recommended option, landlords would be required to reach Energy Performance Certificate C rating, using the cost-based Energy Efficiency Rating (EER) rating on the EPC. To deliver this standard, government is proposing to raise the maximum spend landlords are required to invest to £10,000 and to introduce requirements for new tenancies from 1 April 2025 and all tenancies by 1 April 2028.

The Green Homes Grant Local Authority Delivery element will focus on owner occupiers, those in the private and social rented sector, with a household income of under £30,000. Local Authorities who successfully bid into the first round of this scheme have been notified and the list of successful Local Authorities will also be published on GOV.UK at the beginning of November.

We now have grants in place for these successful Local Authorities which in total will support projects of around £76m across 56 bids, upgrading almost 11,000 low-income households in over 100 Local Authorities. I am also pleased to confirm that Local Authorities will be able to bid for funding under a further round of this scheme which will be launched later in October.

Social rented sector

The £50m Social Housing Decarbonisation Fund Demonstrator will support jobs, improve energy efficiency and reduce bills for social housing across the UK whilst demonstrating the benefits of the Whole House Retrofit approach to reduce costs overall. We were delighted to announce that the Demonstrator Fund is open for applications following engagement with Local Authorities, social landlords, suppliers and other key stakeholders. This will deliver improvements to more than 2,000 homes. Applications will be considered from Local Authorities (and Local Authority led consortia), who will be responsible for developing schemes. Once successful projects have been selected the Department will, alongside its Delivery Partner, monitor these projects to ensure they are meeting the competition criteria.

Proposed efficiency measures

With regard to encouraging applications for the Green Homes grant voucher scheme in those areas with high proportions of flats or houses in multiple occupation, the scheme has been designed to offer benefits to the wide range of residential properties and tenure types. The voucher scheme is designed to incentivise those measures which deliver the greatest impact in terms of bill saving and carbon savings. The primary and secondary measure structure of the scheme is intended to ensure that households are investing in meaningful, impactful improvements to their homes. Leasehold and share of freehold flats are eligible, subject to getting necessary permissions for undertaking works and we will keep the policy under review.

With regard to the Social Housing Decarbonisation Fund Demonstrator, Whole House Retrofit is a complete approach to making homes more energy efficient. The approach requires consideration of insulation, ventilation, efficient heating, and the potential for renewables on a home-by-home basis, whilst actively mitigating any risks associated with condensation, the livelihood of the tenants, and the heritage of the building.

Looking to the future

The Government is committed to increasing the supply of affordable housing and has recently confirmed the details of £12.2bn of investment. This includes a new £11.5bn Affordable Homes Programme which will be delivered over 5 years from next year (2021-2026), providing up to 180,000 new homes across the country, should economic conditions allow. This programme represents the highest single funding commitment to affordable housing in a decade. Through the Programme we will be incentivising the adoption of the National Design Guide published in 2016. The Guide encourages homes which minimise environmental impacts.

Our manifesto states our intention to publish a social housing White Paper. This will set out further measures to empower tenants and support the continued supply of social homes. This will include measures to provide greater redress, better regulation and improve the quality of social housing. We will publish the social housing White Paper soon.

The Department has committed to publishing a Heat and Building Strategy in due course, which will set out the immediate actions we will take for reducing emissions from buildings. These include the deployment of energy efficiency measures and low carbon heating as part of an ambitious programme of work required to reduce all emissions from buildings.

When shaping the future Social Housing Decarbonisation Fund, we will consider the findings from the Mayor's Retrofit Accelerator for Homes programme, and will work closely with stakeholders in London and across the country to ensure we are considering a wide range of inputs.

We will consider the issues and suggestions made in your letter and thank you for taking the time to write on these important topics.

Kind Regards,
Martin Call

Lord Callanan