NatWest Group

Private and Confidential
Darren Jones MP
Chair, Business, Energy and Industrial
Strategy Committee

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Dear Chair,

Thank you for your letter about energy efficiency in homes.

Rising energy prices have brought into sharp focus the need to improve the energy efficiency the UK's housing stock. Doing so will help insulate customers from rising costs and reduce our emissions.

The demand for change is there. The NatWest Greener Homes Attitudes Tracker shows that 63% of UK homeowners want to make green improvements over the next 10 years, up from 54% a year ago. We also know there's an opportunity for businesses. The NatWest Springboard to Sustainability report estimated that 55-70% of business cases to reduce emissions will make financial sense for SMEs by 2030.

In response, we have committed to an ambitious new goal of providing an additional £100bn of Climate and Sustainable Funding and Finance before the end of 2025. It's also our ambition to have 50% of our UK mortgage customers' homes at or above EPC C by 2030, and we only fund housing developments for new homes that meet either EPC A or B.

To enable change, we must work with our customers to educate and support them. We have launched climate hubs for retail and business customers with practical advice and education. Energy questions are included in our free Financial Health Check, and our soon to be live free Carbon Planner will help businesses manage future fuel and operational costs, whilst reducing their carbon footprint. Mortgage customers can now also see their EPC rating on our mortgage hub and later this year we will launch our Green Plan, an online tool for customers and non-customers to understand the energy efficiency of their home.

We must also equip our customers with the right finance. Our Green Mortgage offers a discounted rate to customers purchasing or remortgaging an energy efficient property, and we have lent over £1.4bn since its launch. In June, we also launched Green Loans to help qualifying SMEs invest in energy efficiency measures such as heat pumps and solar panels for their commercial properties.

We are also committed to supporting housing associations to provide affordable, energy efficient homes. Earlier this year, we developed a bespoke funding package of £137m to a North West housing association to retrofit its existing stock and build more than 1,000 new affordable homes over the next five years. In total, we have lent over £500m to housing associations to help them improve the EPC or SAP of their portfolios.

We recognise, however, that we can't tackle this alone. We need to work across sectors to help people, families, and businesses. That's why we launched the Sustainable Homes and Buildings Coalition, together with British Gas, Worcester Bosch, and Shelter, with Citizens Advice acting in an advisory capacity, to improve the energy efficiency of the UK's buildings. Since its first report, 'Home Is Where The Heat Is', that called for consumers to be at the heart of the transition, the Coalition has organised a series of events and is now planning to run 10 residential retrofit projects across the UK to prove the benefits of energy efficiency in some of the different types of homes identified in the report.

It is clear that government support is also required, and we are keen to work with national and local leaders to develop and introduce targeted interventions that will enable a step change in home energy efficiency. We have identified interventions such as an awareness campaign, a retrofit funding support scheme, a stamp duty rebate, and signalling future minimum sale EPC standards, that we believe, when taken as a package, would significantly increase the pace and scale at which the energy efficiency of the UK's housing stock is improved.

I hope you find this information helpful. I would be happy to meet with you to talk about the work we're doing to support customers reduce their emissions and protect themselves from rising bills.

Yours sincerely,

Lloyd Cochrane
Head of Mortgages, NatWest