



Department for
Business, Energy
& Industrial Strategy

Darren Jones MP
Business, Energy & Industrial Strategy Committee
House of Commons
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Rt Hon Kwasi Kwarteng MP
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Dear Darren,

Further to our correspondence on the Green Homes Grants Voucher Scheme, I wanted to take the opportunity to personally update you on the Green Homes Grant Voucher Scheme.

We have made great strides over the past year on decarbonising buildings. We set out our ambition and approach through the Prime Minister's 10 Point Plan for a Green Industrial Revolution and the Energy White Paper. This includes our aim to deploy 600,000 heat pumps a year by 2028 and get as many homes as possible to Energy Performance Certificate Band C by 2035.

The Green Homes Grant Local Authority Delivery Scheme has proved incredibly successful in supporting local authorities to help around 50,000 households in England with an annual income of under £30,000. These households will be able to save hundreds of pounds each year on their energy bills by making their homes more energy efficient. Equally, the Green Homes Grant Voucher Scheme has received more than 96,000 applications, with over 39,000 vouchers having been issued so far.

However, many in Parliament have highlighted that, whilst the Voucher scheme has good potential, it has not been delivering at the rate and scale we had originally hoped. The scheme has faced a number of delivery challenges, which have been exacerbated by the understandable impact of the Covid pandemic.

Since my appointment as Secretary of State two months ago, I have been listening to these concerns and reviewing the Voucher scheme against the other, more successful elements of the Green Homes Grant scheme.

I feel it is important that we take stock and consider our approach. As such, the Voucher scheme will cease taking new applications at 5pm on 31st March. We will refocus efforts and funding on alternative approaches that will maximise delivery of home retrofits for consumers who are most in need and will support the supply chain to keep delivering.

I want to reassure you that all valid applications received up to 5pm on 31st March will be processed and vouchers in the system will continue to be issued, meaning that delivery of installations on the ground will continue over the coming months. This will support jobs in the industry and deliver much needed upgrades to households.

Our commitment to investing in decarbonising our buildings remains unwavering, and we recognise the importance of long-term funding to sustainably grow the installer base and supply chain. To ensure we continue to deliver on our net zero ambitions and support a thriving building retrofit industry, I can announce that the Government will be expanding its funding commitment for both the Local Authority Delivery element of the Green Homes Grant scheme and the Social Housing Decarbonisation Fund, with up to £400m in additional funding across the two schemes through 2021/22 and delivery continuing through 2022/2023.

The Local Authority Delivery element of the scheme has already successfully allocated £500 million of funding across the English regions, to support retrofit measures such as energy efficiency and low carbon heating in around 50,000 low-income households.

Building on that success, I can announce we will be extending the Local Authority Delivery scheme later this year which means that even more low-income households in England will be able to access funding to improve their homes.

In addition to the success of the Local Authority Delivery element of the Green Homes Grant scheme, we have seen an extremely positive response to the initial Social Housing Decarbonisation Fund Demonstrator. This is currently delivering 19 projects across England and Scotland, enabling whole house retrofits to over 2,300 social homes. We will build on this success by increasing the size of the first tranche of funding for the main Social Housing Decarbonisation Fund.

This investment will result in greater carbon savings, warmer and more energy-efficient homes, and reduced bills for households across the country. It will increase demand for insulation and low-carbon heating measures and support our pathway to net zero.

We are committed to giving the sector the confidence to continue to recruit, train and support green jobs. We will continue to bring forward bold measures to cut emissions, investing through a multi-billion-pound package to provide vital upgrades to our housing stock.

Yours ever,

A handwritten signature in black ink, appearing to read 'Kwasi Kwarteng', written in a cursive style.

RT HON KWASI KWARTENG MP
Secretary of State for Business, Energy & Industrial Strategy