



Environmental Audit Committee

House of Commons, London SW1A 0AA

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Rt Hon Kwasi Kwarteng MP
Secretary of State for Business, Energy and Industrial Strategy
Department for Business, Energy and Industrial Strategy
1 Victoria Street
London SW1H 0ET

Sent by email only

19th April 2020

Dear Kwasi -

Future of the Green Homes Grant voucher scheme

Thank you for your letter of Saturday 27th March concerning the future of certain elements of the Green Homes Grant scheme which was launched in July 2020. The Committee considered your letter at its meeting on 14th April.

At that meeting the Committee also reviewed the recommendations for the future of the Green Homes Grant (GHG) voucher scheme made in its report on *Energy Efficiency of Existing Homes*, published on Monday 22nd March. An embargoed copy of that report was provided to your Department on Friday 19th March.

Paragraph 71 of the report carried the following recommendations:

- That the Green Homes Grant [voucher] scheme be urgently overhauled and extended to provide a genuine long-term stimulus to the domestic energy efficiency sector;
- that the scheme should not be scrapped or quietly wound down;
- that the Government must address the design and administration issues with the scheme, and all allocated funding that has not been spent by the end of March 2021 should be rolled over into the next financial year;
- that a multi-annual scheme must be delivered to provide the financial support to owner occupiers and build trust within the industry to encourage installers to get accredited and enable companies to hire staff; and
- that in its response to [the] report the Government should set out how it intends to revise the types of measures included in the scheme, streamline the application process, including the number of quotes required for application, and remove unnecessary bureaucracy at every step.

Closing the Green Homes Grant voucher scheme to new applications

In your letter you state that the Government had decided to cease accepting new applications to the voucher scheme at 5pm on 31st March: this announcement was made on the afternoon of Saturday 27th March, on a recess weekend, fewer than 96 hours before the closure deadline, and just four days after the Minister of State for Business, Energy and Clean Growth had been questioned on the future of the scheme at the Despatch Box and had given no indication that early closure of the scheme to new applications was likely.¹

¹ HC Deb, 23rd March 2021, [cols 780-82](#)

This decision runs directly counter to the letter of the Committee's recommendation that the voucher scheme "should not be scrapped or quietly wound down". The Committee finds it curious that in your letter you made no reference to the Committee's recommendations on the scheme, made in a report to the House which had been available to you and your team for over a week.

In your letter, you referred to the delivery challenges for the scheme, which you claim "have been exacerbated by the understandable impact of the Covid pandemic". In the evidence it took, including a survey to which over 500 householders responded, the Committee found no evidence that Covid restrictions had had an impact on demand for, or delivery of, the programme. The voucher scheme was intended in part as a stimulus to promote recovery from the economic downturn in the sector during the pandemic: it is highly regrettable that the issues with scheme delivery have in many cases negated its potential economic benefits.

Alternative approaches

You have stated that you plan to "refocus efforts and funding on alternative approaches that will maximise the delivery of home retrofits to customers who are most in need and will support the supply chain to keep delivering", and state that "a thriving building retrofit industry" will be supported through increased funding and an extended timescale for the Local Authority Delivery element of the Green Homes Grant scheme and for the Social Housing Decarbonisation Fund.

While this commitment is welcome, the funding for the elements of the Green Homes Grant which are to continue will only grow those elements of the installer base and supply chain which are geared to contracting with local authorities and other social landlords. And, as the Committee has pointed out in its report, the local authority delivery model is likely to be effective only in those areas where authorities have the resources and capacity to make effective bid for funds. Without measures to ensure consistent delivery across local authorities, a 'postcode lottery' is likely to ensue.

Retrofitting owner occupied and privately rented properties

The Committee is deeply concerned about the effect that the cessation of the voucher scheme will have on progress in retrofitting homes in the owner occupied and private rented sectors. Over ten million owner occupied homes and over three million private rented sector landlords in England need to upgrade the energy efficiency of their homes to become A, B or C rated by 2035 for the Government's to achieve its climate aspirations. The voucher scheme, when announced in July 2020, was expected to deliver improvements to up to 600,000 properties in these sectors: it appears that, even if all applications are accepted, fewer than 100,000 properties will now be improved under the scheme.

As matters stand, there is at present no current government-funded scheme to which owner occupiers or private landlords can apply for support to retrofit their properties, and the scheme's potential to stimulate increased capacity in energy efficiency retrofit SMEs which cater to owner occupiers and private landlords has been severely curtailed.

Without a well-functioning, multiannual programme of measures to encourage owner occupiers and private landlords into retrofitting their properties, it is difficult to see how these sectors can make the energy efficiency contributions necessary to realise the Government's net zero ambitions. We look forward to examining how the forthcoming Heat and Buildings Strategy will fill what appears to be a worrying gap, and what provision might be made for a multiannual programme in the next Spending Review.

Demonstrating a credible strategy for building decarbonisation, as repeatedly recommended by the Climate Change Committee, will provide greater assurance that net zero targets can be met. It is therefore crucial that a strategy, and a plan for delivery, are in place as soon as possible, and ideally before COP26 in Glasgow in November.

In total, £1.82 billion was allocated to the voucher scheme: £1.5 billion for 2020/21 and a further £320 million for 2021/22. It would be helpful to the Committee, and to the public, for the Department to provide an assurance that the funds originally allocated for the voucher scheme in 2020/21, together with the funds made available for 2021/22 at Spending Review 2020, will be fully available for payment to applicants seeking to redeem their vouchers following the completion of work on their properties, so that each of the applications received by 5pm on 31 March will, if approved, be eligible to receive up to the maximum grant payment originally envisaged.

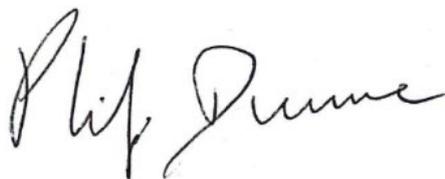
Responding to the Committee's report

In the normal course of events the Government would be expected to provide a response to the Committee's report within two months of its publication. In view of the Government's immediate rejection of a key recommendation in that report, the Committee has asked me to request a full explanation, by return, as to what account was taken of its recommendations before the decision was taken to close the scheme to new applications.

The Committee will of course wish to examine the Government's response to its report closely. Given the Government's actions following the publication of the report, you will appreciate the importance to the Committee of receiving a response to its recommendations rather sooner than within the customary two months.

I am copying this letter to Lord Callanan; to the COP President Designate, Rt Hon Alok Sharma MP; and to the Chancellor of the Exchequer, Rt Hon Rishi Sunak MP, and the Exchequer Secretary to the Treasury, Kemi Badenoch MP.

Yours sincerely,

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

Rt Hon Philip Dunne MP
Chairman of the Environmental Audit Committee