



Department for
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& Industrial Strategy

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Dear Sir George,

Thank you for your email dated 4 February to the Rt Hon Kwasi Kwarteng MP, enclosing correspondence on behalf of a number of your constituents regarding the need to improve the energy performance of homes in the UK. I am responding as this matter falls under my Ministerial portfolio.

As set out in our recent Heat and Buildings Strategy, the journey to Net Zero buildings starts with better energy performance. Improving energy efficiency by adopting a fabric-first approach will be key to ensuring the transition to low-carbon heating is cost-effective and resilient. We are committed to supporting businesses and households to upgrade as many buildings as possible to higher levels of energy efficiency and flexibility, in a way that will ensure long-term compatibility with low-carbon heating systems.

We recognise that more needs to be done to improve to the energy performance of homes across all tenures to meet our Net Zero target and legally binding carbon budgets. Due to the diversity of the UK building stock and the different trigger points available for different tenures and types of building, we know that one-size will not fit all.

We are exploring opportunities to improve the energy performance of owner-occupier homes, and as set out in the Heat and Buildings and Net Zero Strategies, plan to consult on options for upgrading them.

There is a package of policies, including grants and incentives in place to encourage investment in decarbonisation and energy efficiency improvements within the domestic owner-occupied sector. These include the Energy Company Obligation and the Home Upgrade Grant. We will also provide support for the uptake of low carbon heating through the forthcoming Boiler Upgrade Scheme.

Growing the market for green finance products will be essential to support homeowners to improve the energy performance of their homes. Since publishing our Green Finance Strategy in July 2019 we have launched our Green Home Finance Innovation Fund, which has awarded £1.8 million to three projects to develop and test

innovative green finance products. These projects will make green lending options available to homeowners to help them make energy performance improvements to their homes.

In addition, we recently announced a £10 million programme, focussed on supporting the development of innovative green finance products and services. We have also consulted on setting requirements for mortgage lenders to support homeowners to improve the energy efficiency of the homes they lend to. The consultation closed in February 2021 and its proposals are designed to spur the development of green home finance products.

We have invited the UK Infrastructure Bank to help steer the design and delivery of the green home finance programme and are also exploring whether they can play a wider role in scaling the market for green home finance.

We are making significant progress in meeting our manifesto commitments. This is why the Government is committing a further £3.9 billion of funding over the next 3 years. This money will help those people living in the worst off-gas grid homes and those on low incomes who are most vulnerable to fuel poverty, reduce their bills and heat their homes. The Home Upgrade Grant will receive £950 million, Social Housing Decarbonisation Fund £800 million, and Public Sector Decarbonisation Scheme £1.425 billion.

Thank you for writing to highlight your constituents' concerns. I trust this information will be helpful.

Lord Callanan