



INDUSTRY BRIEFING NOTE – STAYING THE COURSE ON GREEN HOMES GRANT

Introduction

The intention of the Green Homes Grant Voucher Scheme (GHGVS) was to kick start a green recovery, create employment opportunities, improve the efficiency of existing housing stock, reduce fuel bills at a time when more people are staying at home and set the country on the journey towards tackling the very real climate crisis.

After significant teething problems, largely resulting from the rapid development and launch of the scheme, it is pleasing to see vouchers being released in greater numbers, payments being received by employers and the initial administrative challenges largely resolved. We have seen unprecedented interest from consumers and as an industry significant engagement from those keen to enter what is seen as an incredible opportunity.

However, despite these positive signs, we note recent media coverage¹ suggesting that the £320m GHGVS funding for 2021/22 may not be secure and that the scheme could come to an early close on March 31st 2021, having spent just a fraction of the funding that was allocated.

Such a course of action will undoubtedly dash the home improvement ambitions of hundreds of thousands of consumers. It could lead to financial ruin of those who have invested in developing capacity in response to the call to arms from government. Lastly, it will set the cause of Green Retrofit back by years. Five key implications of any change of policy are set out below.

1. Consumer trust will be needed

Consumers must be at the heart of the decarbonisation of UK homes. Without their buy-in it will be impossible to achieve net zero. The promise of support to make homes energy efficient has led millions to take an interest in the scheme, hundreds of thousands to enquire and tens of thousands to apply for vouchers. Each one of these actions represents a small step towards the overall goal that we are seeking to achieve. Retracting the policy now will only undermine the message at the very time we have captured the imagination.

2. Damage to confidence in future policy interventions

GHGVS is widely viewed as the forerunner for companies to invest and create the capacity for a multi-decade ambitious decarbonisation strategy. Unprecedented investment has already been made into people and equipment gearing up for schemes such as GHG Local Authority Delivery, ECO 4, the Social Housing Decarbonisation Fund and Home Upgrade Grant. These schemes will require greater levels of certainty and investment in order to continue to mobilise and grow the supply chain quickly. Investors who have been burnt by uncertainty around funding, cash flow issues or who may be forced into job losses through reduction of funding or early curtailment of the GHGVS are unlikely to have the appetite or means to invest in future policy interventions and will deter the next generation of SMEs.

3. Diminished industry capacity

GHGVS underpins the growth for companies active in energy efficiency and low carbon heat. It provides the platform for significant investment and growth across the construction industry as a

¹ <https://www.thetimes.co.uk/article/1-5-billion-green-homes-grant-faces-axe-after-a-year-v8fr799vc>



whole. Businesses may have to take difficult decisions if the scheme is not allowed to deliver to its obvious potential, in some cases leading to insolvency and significant job losses, at a time when industry is investing and considering growth. This would be calamitous when we are on the threshold of huge job creation through the scheme.

The energy efficiency retrofit and low carbon heating market is made up of SME's and these companies have been investing in people and equipment to deliver the GHGVS. A recent survey of insulation contractors showed that an average of 8 new FTE positions has been created per company² with companies in the insulation sector committing on average £87,000 in preparing for the scheme. A similar survey of Heat Pump and Solar installers revealed that over half of MCS certified installers have taken on new staff based on the promise of a pipeline of new work³. This is just an early indication of an industry looking towards sustained and more significant growth.

The loss of whole companies or these newly created roles would be a catastrophe in any circumstance, however it is compounded by the fact that teething problems with the scheme are being resolved and the real objective of job creation is within our grasp.

Heat Pump installations in January 2021 were up 19% compared to a year ago⁴ providing a jump start towards the Prime Minister's 10 Point Plan objective of 600,000 heat pump sales per year by 2028. Maintaining momentum and confidence will be key to the roll out of low carbon heat at scale, as soon to be advocated in the BEIS Heat and Building Energy Efficiency Strategy

4. Damage to UK climate credentials at home and abroad

In the year of COP26 the Government has quite rightly identified an opportunity to mobilise voters, media and the private sector in support of the climate agenda. Securing international agreement in Glasgow will require the UK to highlight internationally what it is already delivering and going to do in the future on climate change. Removal of the centrepiece of the Green Recovery will undoubtedly damage these credentials impacting on the long term credibility of the UK Government.

5. Quality and skills framework undermined

The GHGVS is the most ambitious energy efficiency intervention ever attempted in the UK. The intention of all involved has been to set the bar as high as possible on quality and assurance for the consumer. Quality and skills frameworks such as TrustMark, PAS 2030/35 and MCS developed based on the learnings of earlier schemes are being rolled out at scale as firms upskill to access the GHGVS opportunity and embrace the new qualifications and standards required to deliver our green economy. Curtailment of the scheme will also curtail skills development and the quality agenda for future home retrofit.

Next steps to provide certainty

As representative bodies of the energy efficiency and low carbon sector as a whole we implore Government to reconfirm its commitment to the GHGVS and to work with us to ensure this and future schemes deliver high quality intended outcomes, moving towards Net Zero 2050, addressing the circa 17% of green house gas emissions coming from our existing housing stock and helping home occupiers to stay warm and reduce fuel costs.

² Insulation Assurance Authority – Survey of Members February 2021

³ Microgeneration Certification Scheme, February 2021

⁴ Microgeneration Certification Scheme, February 2021