



BRIEFING PAPER

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Green Homes Grant

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Summary

- The [Green Homes Grant Voucher Scheme](#) (GHGVS) provided vouchers towards the cost of installing energy efficient improvements in eligible homes. It was available in England only.
- While the GHGVS was welcomed by the energy industry and cross party MPs, there was concern about administrative issues with the scheme's delivery.
- The Government initially intended to extend the scheme but following issues with it, the Government reverted to the original end date and closed the scheme [on 31 March 2021](#).
- In response to the scheme's closure, MPs and industry stakeholders have argued that the Government will need new policy to meet energy efficiency and decarbonisation targets.

1. Background

The GHGVS was announced by the Government in July 2020 and opened for applications in September 2020.

The GHGVS was originally intended to end in March 2021 with a budget of £2 billion. This comprised £500m of funding for the Local Authority Delivery (LAD) element and £1.5 billion of funding originally allocated to the GHGVS for use in the 2020/21 financial year.

In November 2020, the Government announced that the [GHGVS would be extended by a year](#) until March 2022.

However, following administrative issues with the scheme, the [Government announced on 27 March 2021](#) that the scheme was to close at the end of March 2021. Of the remaining budget, £300 million of funding for energy efficiency and low carbon heating schemes for lower income households would be rediverted for delivery through local authorities in England in 2021/22.

2. Details of the scheme

The GHGVS issued vouchers for two thirds of the cost of eligible energy efficiency measures. The [Government published guidance on the GHGVS](#). The key points are reproduced below.

2.1 Available measures

The [Government guidance](#) set out that the available measures were split into “primary” and “secondary” categories. Households needed to install at least one primary measures to qualify for funding.

The ‘primary’ measures were:

- **Insulation:** Solid wall, cavity wall, under-floor, loft, roof, park home.
- **Low-carbon heat:** Air source heat pump, ground source heat pump, solar thermal. (For low-carbon heating to be installed, households will need to have adequate insulation (e.g. wall and loft, where applicable). These can be installed as part of a package – they do not have to already be in situ).

The guidance continues that as long as there is at least one primary measure in the package of works, households would also be able to install secondary measures. The secondary measures were:

- **Draught proofing**
- **Windows and doors:** Double/triple glazing (where replacing single glazing), secondary glazing (in addition to single glazing), upgrading to energy efficient doors (where replacing doors installed prior to 2002).
- **Heating controls and insulation:** appliance thermostats, hot water tank thermostats, hot water tank insulation, smart heating controls, zone controls, delayed start thermostat, thermostatic radiator valves

The guidance stressed that **secondary measures could only be subsidised up to the amount of subsidy provided for primary measures.** (e.g. if a household receives £1,000 for primary measures, they could only receive a maximum of £1,000 towards secondary measures).

2.2 Eligibility

The [GHGVS](#) was split into two categories of eligibility;

- a general scheme for all households with vouchers up to £5,000
- a low-income scheme with vouchers up to £10,000

There were eligibility requirements relating to home ownership and age of property applying to both schemes.

To be eligible for the low-income scheme, recipients had to be in receipt of one of the specific benefits. The Government had an [eligibility tool](#) for constituents to assess if they were eligible. The guidance also set out details on eligibility.

2.3 Use of Green Home Grant and other schemes

The Government has several energy efficiency and heating support schemes. The [guidance](#) explained how the GHGVS could have been used in combination with other schemes:

- The GHGVS could not be used in addition to the Energy Company Obligation (ECO) scheme for the same measure, but could be used for separate measures.
- Both the Domestic Renewable Heat Incentive (RHI) and the GHGVS could be claimed for a renewable heat installation.
- Recipients of grants from their local authority as part of the [Local Authority Delivery Scheme](#) could not apply for a Green Home Grant.

2.4 Quality assurance

To take part in the GHGVS, tradespeople were required to register for accreditation through either [TrustMark](#) or [Microgeneration Certification Scheme](#) (MCS). Accreditation requires installers to demonstrate their compliance with the relevant standards, as well as ensuring that sufficient consumer protection processes and guarantees are in place.

2.5 Local Authority Delivery scheme

Of the originally announced £2 billion funding for the scheme, up to £500 million was intended for delivery through local authorities in a [Local Authority Delivery \(LAD\) scheme](#). Local authorities could bid for funding under this scheme to improve the energy efficiency of low-income households in their area. As mentioned above, when the GHGVS was closed, a further £300 million was allocated to the Local Authority Delivery scheme.

3. Statistics on the scheme

[Official Statistics on Green Homes Grant vouchers](#) are published by the Department for Business, Energy & Industrial Strategy (BEIS). The releases include data and analysis on applications, vouchers issued, measures installed and Government funding of vouchers.

The latest statistics were released in May 2021, covering the period to the end of March 2021. Some key points are:

- To the end of March 2021, the GHGVS received over 113,700 applications. As a result of the announcement of the scheme's closure, the largest number of applications were received in March 2021 with nearly 31,000 applications.
- Of all applications, 20 per cent were withdrawn or rejected, resulting in nearly 90,800 live applications. Of these live applications, 70 per cent were approved.
- A total of 1,880 companies applied for scheme registration.
- Government Contribution Funding for vouchers issued totalled £264 million, of which £211 million was allocated for Low Income vouchers. On average, the government contribution for all issued vouchers was £4,590, while for vouchers issued to low income households the average was higher at £5,980.¹

4. Comment on the scheme

While the GHGVS's announcement was welcomed by cross party MPs and the energy efficiency industry, there was concern about some administrative issues with the scheme's delivery including:

- The availability of installers in some regions;²
- The time taken for vouchers to be issued;³
- The time taken for installers to be paid by the scheme.⁴

Several parliamentary questions were asked on these and other aspects of the GHGVS (see references in bullet points above).

¹ BEIS, [Green Homes Grant voucher release, May 2021](#), 20 May 2021

² [Green Homes Grant Scheme](#), PQ 150694, 11 Feb 2021

³ [Green Homes Grant Scheme](#), PQ 153102, 22 Feb 2021

⁴ [Green Homes Grant Scheme](#), HL13155, 23 Feb 2021

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In addition, the House of Commons Environmental Audit Committee (EAC) undertook a survey of those who had tried to use the scheme and also heard evidence from the Federation of Master Builders. As a result of the concerns raised in this review, in December 2020, the Committee chair [wrote a letter to the then Minister](#) for Energy Kwasi Kwarteng MP. The letter raised some of the issues highlighted above, in addition to the short original length of the scheme.

In November 2020, [the Government announced](#) the scheme would be extended to end in March 2022.⁵

The EAC published its report on the [Energy Efficiency of Existing Homes](#) in March 2021, shortly before the scheme was closed. The report said:

New initiatives for owner occupiers are needed as this is where the largest climate benefits are to be made. The Green Homes Grant is welcome, but has been poorly implemented, beset by administrative problems and delays which fundamentally jeopardise delivery of the scheme's ambition. It is too short term and is now causing damage to the sector. The impact of its botched implementation has had devastating consequences on many of the builders and installers that can do the work, who have been left in limbo as a result of the orders cancelled and time taken to approve applications. It has only achieved ten per cent of its target to improve 600,000 homes in six months. We welcome the Government's commitment to improve the scheme. It must be urgently overhauled and extended to a multi-annual scheme to provide the financial support to homeowners and build trust within the industry to encourage installers to get accredited and enable companies to hire staff. This needs to be included in the Heat and Buildings Strategy as an urgent priority.⁶

The Government published its [response](#) in May 2021, after the scheme had closed. This set out the Government's view on closing the scheme:

The Green Homes Grant voucher scheme, while recognised by many stakeholders as an important initiative, has not been delivering at the rate and scale we had originally hoped. With over 52,000 vouchers issued, worth over £221 million, it has made encouraging progress, but it was important to take stock and consider our approach to upgrading the energy efficiency of homes. After reviewing the efficacy of the Voucher scheme, we decided to close the scheme to new applications from 5pm on 31st March.

The Green Homes Grant Voucher Scheme was designed to provide a short-term economic stimulus while tackling our contribution to climate change. It was important to roll out the scheme quickly to help stimulate the economy and protect and create jobs in the green construction sector.

It is standard practice that government departments cannot discuss potential fiscal stimulus measures prior to announcement. We engaged industry representatives extensively at our earliest opportunity, following the Chancellor's 'A Plan for Jobs' announcement on 8 July, prior to formal launch of the scheme.

The Voucher scheme was impacted by several delivery challenges, including performance challenges on the part of the scheme administrator. We are working closely with our partners within industry, as well as the scheme administrator, to address the problems and concerns. Consumers and installers will continue to be supported through the process by the scheme administrator.⁷

⁵ BEIS, [Green Homes Grant extended for extra year](#), 18 November 2020. The Prime Minister announced the extension of the Green Homes Grant in his [10 Point Plan for a Green Industrial Revolution](#),

⁶ Environmental Audit Committee, [Energy Efficiency of Existing Homes Fourth Report of Session 2019–21](#), HC 346, 22 March 2021

⁷ Environmental Audit Committee [Energy efficiency of existing homes: Government Response to the Committee's Fourth Report of Session 2019–21 First Special Report of Session 2021–22](#), HC 135, 13 May 2021

5. Future of the scheme

Since it was been reported that the Government were considering scrapping the scheme, several companies, think tanks and environmental groups have called on the Government to maintain the scheme. For example a [letter signed by think tanks and NGOs](#) said cancelling the scheme would jeopardize the green recovery. They argued there was demand for the scheme and the administrative issues should be solved.

The [Government confirmed on 27 March 2021](#) that the scheme would close to new applications at the end. The Government announcement highlighted that extra funding would be delivered to local authorities as a “boost” for energy efficiency. The [Government press release](#) also stated that the scheme had been designed as a short term economic boost:

Following a review, the Green Homes Grant Voucher Scheme launched last year will close to new applications on 31 March at 5pm. The scheme was designed to provide a short-term economic boost while tackling our contribution to climate change. Applications made before the end of March deadline will be honoured and any vouchers already issued may be extended upon request.⁸

However stakeholders were disappointed after the closure of the scheme. For example, the Energy Efficiency Infrastructure Group (a collaboration of industry, trade bodies, consumer groups, think tanks, environmental NGOs) published a [position paper on lessons learnt from the scheme](#). This set out what happened with the scheme, and lessons to be learnt, including the need for long term policy and funding to give confidence, effective administration, support for new skills and supply chains, and working with local delivery stakeholders including local authorities from the start. The Paper argued that while public demand for energy efficiency exists, a policy and funding gap has been created by the scheme’s closure, and new policy was needed:

A long-term and well-executed green home retrofits programme has much to offer as an economic stimulus, and continued support for all housing tenures will be critical to pump-prime the market to get on track to meet climate targets.⁹

Box 1: UK targets for energy efficiency

UK buildings are responsible for approximately [20% of the country’s total greenhouse gas emissions](#). Reaching the Government’s net zero target will require these emissions to be addressed, including greater energy efficiency, and low carbon heating and power. The UK Government has targets for improving energy efficiency. The targets aim for improvements in Energy Performance Certificates (EPCs) a ranking of how efficient a building is from A - best, to G - worst.

The 2017 Clean Growth Strategy set out the Government’s target:

We want all fuel poor homes to be upgraded to Energy Performance Certificate (EPC) Band C by 2030 and our aspiration is for as many homes as possible to be EPC Band C by 2035 where practical, cost-effective and affordable.¹⁰

To meet this 2035 target, [Government estimates suggests](#) up to £65 billion of investment in energy efficiency upgrades is required. Much greater investment will be needed to meet net zero by 2050.¹¹

The Government is also changing the standards required through building regulations for new homes.¹²

⁸ BEIS, [Government boosts energy efficiency spending to £1.3 billion with extra funding for green homes](#), 27 March 2021

⁹ EEIG, [Learning Lessons From The Green Homes Grant An EEIG Position Paper](#), May 2021

¹⁰ HM Government, [The Clean Growth Strategy](#), October 2017 (p77)

¹¹ Business, Energy and Industrial Strategy Committee [Oral evidence: Energy Efficiency, HC 1730](#), 24 April 2019

¹² Business, Energy and Industrial Strategy Committee [Oral evidence: Energy Efficiency, HC 1730](#), 24 April 2019

The Government has both decarbonisation and energy efficiency targets. The current targets on energy efficiency are set out in Box 1 above (this paper is solely focused on the Green Homes Grant, rather than energy efficiency and decarbonisation more broadly.) More information on these topics is available in the Library briefing papers on [Housing and Net Zero](#), [Fuel Poverty](#), and [Net Zero](#).

The EAC's 2021 report on the [Energy Efficiency of Existing Homes](#) concluded that on the current trajectory, existing targets would not be met:

The scale of the challenge to retrofit existing homes to tackle the climate crisis is enormous. Energy efficiency is a precursor to the transition to low carbon heat, so action must be taken in the 2020s to set homes on a decarbonisation trajectory to meet our net zero targets. The Government's current targets for domestic energy efficiency are set for an 80 per cent reduction in emissions by 2050 and not the net zero target established in law. Yet the Government is not on track to meet even this.¹³

The [Committee](#) made several recommendations for new policy to help meet the Government's targets. These included training for installers, new minimum energy efficiency standards for the social rented sector, and the use of new green financial mechanisms to incentivise energy efficiency uptake, such as VAT reductions, stamp duty rebates, green mortgages and low-cost loans.

The Government have additional policies on energy efficiency already operating, and a Heat and Buildings Strategy which may contain further policies is expected this year. The Government summarised policy on energy efficiency in response to [a recent parliamentary question](#):

We are determined to deliver on the £9.2bn Manifesto commitment to improve the energy efficiency of homes, schools and hospitals.

In the Spending Review, my Rt. Hon. Friend Mr Chancellor of the Exchequer announced £320 million for the Green Home Grant Voucher Scheme in the next financial year, as part of funding to make homes and public buildings more energy efficient.

Support is also available for installation of energy efficiency measures, including insulation, through a number of government-funded schemes. In addition to the £640 million per year Energy Company Obligation (ECO), in financial year 2020-21, these include the £500 million Local Authority Delivery (LAD) Green Homes Grant Scheme and the £50 million Social Housing Decarbonisation Fund Demonstrator (SHDFD), with a further £60 million for this scheme for 2021-22 announced in the Spending Review.

The Government is planning to publish a Heat and Buildings Strategy in the coming months, which will set out the immediate actions we will take for reducing emissions from buildings.¹⁴

6. Further Reading

Information on existing support for consumer insulation, heating and renewable energy, is available in the Library article on [Help with heating and energy efficiency](#).

¹³ Environmental Audit Committee, [Energy Efficiency of Existing Homes Fourth Report of Session 2019–21](#), HC 346, 22 March 2021

¹⁴ [Green Homes Grant Scheme](#), PQ 155253, 1 Mar 2021

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