

Rt Hon Boris Johnson MP
Prime Minister
10 Downing Street
London SW1A 2AA

17 February 2021

Dear Prime Minister and Chancellor of the Exchequer,

Re: Call to avoid jeopardising the green recovery through underspending on green homes

The UK is taking a welcome leading position on climate action, committing to build back better and support a green recovery ahead of the upcoming UNFCCC talks in Glasgow. Robust plans for the successful delivery of these pledges will be an essential signal for diplomatic efforts ahead of COP26 to demonstrate credibility internationally.

A cost-effective path to climate mitigation will be impossible without substantial efforts to increase the pace and scale of decarbonising our buildings, with UK homes among the coldest and leakiest in Western Europe, and our built environment contributing around 40% of the UK's total carbon emissions. Public investment will be essential for making the necessary rapid progress on building energy efficiency and heat decarbonisation. It is critical to levelling up the UK and driving forward a resilient economic recovery, supporting green jobs across the country. The Green Homes Grant stimulus measure announced last year was a welcome step towards addressing this shortcoming in the UK's progress towards zero emissions, while offering significant social and economic co-benefits.

We are thus writing following worrying reports that unspent funding from the first tranche of the Green Homes Grant programme – which could amount to 90-95% of the £1.5bn commitment for household vouchers – will not be rolled over to the extended scheme in 2021-22.ⁱ We urge you to ensure that a full rollover of unspent funds is confirmed and topped up at the Budget, with a long-term strategy and funding confirmed in 2021 to put the UK on track to meet climate and levelling up commitments.

A well-executed, long-term green homes programme could support 190,000 green jobs to 2030 across the UK – concentrated in areas that need them most – while reducing household energy expenditure by £7.5bn per year, particularly benefiting families most encumbered by high energy bills and vulnerable to cold and damp homes.ⁱⁱ Sustained investment will be crucial to meet our statutory fuel poverty target and other Government ambitions from the new Fuel Poverty Strategy.ⁱⁱⁱ

Homes were a central strand of the Government's green recovery promises. Over £3bn was committed to making houses and buildings more efficient and cheaper to run, and less dependent on fossil fuel heating sources. While the landmark Green Homes Grant scheme has been beset with challenges, this is not due to lack of demand. Polling shows that two-thirds of homeowners in England (62%) are interested in the Green Homes Grant,^{iv} and tens of thousands of applications have been made.^v We were therefore concerned by recent comments that the problem with the scheme was with take-up.^{vi}

Despite high levels of public interest, the scheme has been hampered by administrative problems. We are particularly concerned to note that some installers may have to lay off workers following delays to payments, since the industries relevant to the scheme form a crucial part of the UK's green workforce needed to achieve climate targets.

The answer is not to cut the funding, which will only further damage industry confidence in the programme and public confidence in the Government's commitment to levelling up. The answer is to streamline, improve, and simplify the administration of the grants; to roll-over the underspend to the next financial year; and to set out a long-term investment programme and support the supply chain to deliver at the scale and pace required.

The UK has demonstrated positive progress on other areas within the green homes agenda – with a welcome increase to ECO funding from 2022 onwards, and proposal to tighten minimum energy efficiency standards for the Private Rented Sector. Furthermore, the Local Authority Delivery element of the Green Homes Grant is being successfully executed by Local Authorities. It is in this direction of progress we urge the Government to continue pursuing, rather than allowing the green stimulus to fail.

The UK will lose international credibility regarding its ability to deliver on a green recovery if it jeopardises progress on green homes through withdrawing underspend. With the eyes of the world on the UK in the run up to the G7 and COP 26 summits, it is crucial to show leadership through rapidly learning and applying lessons from the Green Homes Grant and moving forward to ensure excellent execution and delivery.

To get on track to net-zero we ask you to ensure that the Green Homes Grant underspend in 2020/21 - potentially £1.4bn - will be rolled over in full at the forthcoming Budget, with £3.6bn committed to buildings decarbonisation in 2021/22.^{vii} A further £11.3bn is needed to support this infrastructure priority for the remainder of this Parliament over 2022/23 to 2024/25. We also ask for the remainder of the £2.5bn Home Upgrade Grant and £3.8bn social housing decarbonisation funding commitments from the Conservative Manifesto to be announced in full. No other investments can do more to help us build back better.

Yours sincerely,

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Existing Buildings Group Coordinator
Architects' Climate Action Network



Claire James
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Nick Mabey
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Max Wakefield
Director of Campaigns
Possible



Julie Hirigoyen
Chief Executive
UK Green Building Council



ⁱ <https://www.theguardian.com/environment/2021/feb/06/government-green-homes-grant-budget-labour>

ⁱⁱ https://www.theeeig.co.uk/media/1099/eeig_report_turning_stimulus_into_recovery_pages_web.pdf

ⁱⁱⁱ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/960200/CCS207_CCS0221018682-001_CP_391_Sustainable_Warmth_Print.pdf

^{iv} <https://eciu.net/news-and-events/press-releases/2020/poll-shows-demand-for-green-homes-grant-set-to-outstrip-supply>

^v <https://www.theguardian.com/environment/2021/jan/26/government-plans-to-turn-england-homes-green-in-chaos-with-debt-and-job-losses>

^{vi} <https://www.businessgreen.com/news/4027031/shambles-green-homes-grant-scheme-budget-cut>

^{vii} This comprises the £1.4bn underspend, the £1bn allocated for the coming financial year through November's Spending Review, and the £1.2bn gap identified by the Energy Efficiency Infrastructure Group (EEIG).