



Department for
Business, Energy
& Industrial Strategy

Lord Callanan
Minister for Business, Energy and
Corporate Responsibility

**Department for Business,
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Dear Cllr Rouane,

Thank you for your letter dated 18 October to the Secretary of State, Rt Hon Kwasi Kwarteng MP on behalf of South Oxfordshire District Council regarding the retrofitting of homes. I am responding as this matter falls within my Ministerial portfolio.

I would like to thank you for sharing the report and welcome the importance it places on ensuring homes are fit for the future. An energy efficient housing stock is essential to ensure we meet our net zero aims. That is why the Government remains committed to invest £9.2 billion in the energy efficiency of homes, schools, and hospitals, helping to decarbonise buildings.

We have already allocated £500 million funding to support the energy efficiency upgrades of homes of low-income households across England through the Phase 1 and 2 of the Local Authority Delivery Scheme. This scheme will deliver energy efficiency upgrades to low-income households via Local Authorities using existing, or newly procured services from certified installers. We announced a further £200m to a third phase of this scheme which will be delivered alongside an initial £150m of the Homes Upgrade Grant Scheme from early 2022 to March 2023. The October 2021 Heat and Buildings Strategy also announced £950 million additional Home Upgrade Grant funding, which will be delivered from April 2022 to March 2025.

The Social Housing Decarbonisation Fund (SHDF) will upgrade a significant amount of the social housing stock. We announced up to £160m funding for the 2021/22 financial year, delivering up to January 2023. We are boosting this funding further for 22/23 by £950 million as announced in our recent Heat and Buildings Strategy.

Meanwhile, we have already made available over £1 billion through the Public Sector Decarbonisation Scheme which will provide critical support and drive whole-building interventions that deliver energy efficiency and low-carbon heating at the same time and investing a further £1.4 bn into this scheme between 2022/23 to 2024/25.

In addition, the Energy Company Obligation (ECO) has already installed 3.3 million measures in 2.3 million homes and is increasing the amount energy suppliers invest in energy efficiency measures for low-income households. You may be aware that the Government has recently consulted on the design of the ECO for 2022-2026 (ECO4).

You are likely aware that the Government has published its Heat and Buildings Strategy alongside its landmark Net Zero Strategy on 19 October 2021. We are clear that achieving our legally binding net zero targets will require a range of technologies and solutions for decarbonising heat. The Heat and Buildings Strategy sets out several key commitments for how we will ensure the transition to low carbon buildings is affordable and achievable for all. This includes setting an aim to phase out the installation of new and replacement natural gas boilers by 2035 and delivering a package of measures to scale up heat up deployment and support industry to reduce the costs of heat pumps and increasing the proportion of biomethane in the gas grid.

With regards to encouraging businesses and skills development in retrofitting, I am pleased to share with you our £6.9m skills competition which we launched in September 2020. This competition will provide training opportunities for energy efficiency and low carbon heating supply chains to deliver works and scale up to meet additional consumer demand.

This funding has been provided to support training individuals with existing skills and those new to the sector, along with support for installation companies to gain required PAS 2030 or MCS accreditation, including possible contribution to certification costs. The skills competition is expected to deliver over 8,000 new skills training opportunities.

More generally, I agree with your report's suggestion that delivering energy efficient homes will bring several wide-ranging benefits to society. It is already understood that homeowners who make energy performance improvements are expected to benefit from increases to the value, quality, and desirability of their homes. In addition, energy performance improvements save households money on their energy bills and can help create warmer, greener, and healthier living environments.

Thank you for taking the time to write. I hope you will find this information helpful.

A handwritten signature in blue ink, appearing to read 'Martin Callan', with a long horizontal flourish extending to the right.

Lord Callanan