

£1.5 billion to improve energy efficiency and slash bills

- Government funding of up to £1.5 billion will see around 130,000 social housing and low-income properties in England upgraded
- upgrades will help households save around £400 to £700 a year on their energy bills at current prices and funding could support around 19,000 green energy sector jobs
- funding follows government's direct and decisive intervention ahead of 1 October to reduce energy bills for households and businesses

Around 130,000 low-income households across England could see bills slashed by around £400 to £700 a year as their homes receive energy efficiency upgrades through the government's latest Help to Heat funding.

Up to £1.5 billion is being made available through the Social Housing Decarbonisation Fund and Home Upgrade Grant schemes, allowing social housing providers and local authorities to submit bids for funding to upgrade the properties of around 130,000 low-income and social households.

Today's funding will see the installation of measures such as external wall and loft insulation, energy efficient doors and windows, heat pumps and solar panels, with multiple measures often being installed in a single home to considerably improve the energy performance.

Local authorities and social housing providers will be able to submit bids for funding and will deliver upgrades from early next year until March 2025, building on more than 30,000 homes already being upgraded under the Social Housing Decarbonisation Fund and Home Upgrade Grant schemes.

Today's announcement comes ahead of unprecedented government support which kicks in this weekend, helping to protect households, businesses and public sector organisations from rising energy costs following Putin's illegal war in Ukraine.

Thanks to the government's Energy Price Guarantee, for the next two years, the typical annual household bill will be £2,500, a saving of at least £1,000 a year based on current prices and energy usage. This is on top of existing government plans to give all households £400 off bills this winter. This direct and decisive action means households will receive significant protection from an 80% rise in the Energy Price Cap and won't see average household bills increase to over £3,500 annually, with some reports predicting bills could have risen as high as £6,500 next year.

There was also no price cap in place for businesses, meaning British companies were also experiencing significant increases in energy costs – in some cases of more than 500% – but thanks to government intervention through the Energy Bill Relief Scheme, businesses, public and third sector organisations will pay wholesale energy costs well below half of expected

prices for this winter.

Business and Energy Secretary Jacob Rees-Mogg said:

Putin's illegal war in Ukraine, would have had dire consequences on the energy bills of both households and businesses this winter, without the government's decisive action. Today I am cutting costs even further for the most vulnerable households for years to come.

By making homes warmer and cheaper to live in, we are not only transforming the lives of households across England, we are creating huge growth in the economy, backing the green energy sector and supporting thousands of high-skilled jobs.

As part of the government's Growth Plan, which was announced by the Chancellor this week, the schemes could together support 19,000 green energy sector jobs.

Social housing with an Energy Performance Certificate (EPC) rating of D or lower will be eligible to receive Social Housing Decarbonisation Fund (SHDF) upgrades, while the Home Upgrade Grant (HUG) funding will help people who are most vulnerable to fuel poverty, living in privately-owned – both rented and owner-occupied – off gas-grid homes and on low incomes.

The cash boost forms part of £12 billion combined funding under the government's 'Help to Heat' schemes, which also include the Local Authority Delivery and Energy Company Obligation schemes, targeting support to lower income and more vulnerable households.

The HUG funding will see up to £700 million available for local authorities to install energy efficiency measures in around 30,000 properties. Estimates for average annual energy bill savings for low-income households in HUG are around £700 at current prices.

Up to £800 million SHDF wave 2 grant funding will see around 100,000 social homes receiving energy efficiency upgrades, with estimated average energy bill reductions of around £400 a year at current prices. The grant funding provided by the government will have to be matched by those applying, doubling the investment being made under the SHDF scheme to around £1.6 billion.

The wave 2 funding builds on the £179 million funding announced through SHDF wave 1 in February 2022, which is upgrading up to 20,000 social housing properties.

Minister for Business and Energy Lord Callanan said:

The cheapest form of energy is the energy we do not use. Our Help to Heat schemes are already bringing real benefits to tens of thousands of low-income households across the country by improving

the energy performance of their homes and saving them hundreds of pounds on their bills.

Together with the unprecedented support government is putting in place to help households and businesses with rising energy costs, this latest funding will extend that assistance even further, targeting help to those who need it most by making their homes warmer and cheaper to run.

It is set to deliver further on the huge progress that has already been made to increase the energy efficiency of UK homes.

In 2010, just 14% had an Energy Performance of C or above, however it is now at 46% and rising, with the social housing sector up from 18% in 2008 to around 66%. Energy efficiency improvements are one of the most effective ways to save money on energy bills at a time of rising global gas prices.

Kate Henderson, Chief Executive of the National Housing Federation, said:

The launch of the second wave of the Social Housing Decarbonisation Fund is hugely welcome. This vital funding will enable housing associations across the country to make significant progress in retrofitting and decarbonising their homes – work that not only cuts carbon emissions but saves residents money on their heating bills.

We know that England's homes produce more carbon each year than the average annual use of the country's cars, so decarbonising social homes has a pivotal role to play to meeting the country's net zero target.

The National Housing Federation and our members look forward to continuing to work with BEIS to demonstrate the benefits that decarbonising homes has on residents' lives.

Tracy Harrison, Chief Executive, Northern Housing Consortium said:

We welcome the opening of this important funding, which gives the North the opportunity to scale-up social housing retrofit programmes, creating good, skilled, green jobs and helping to tackle fuel poverty in our communities.

The North is ambitious for this Wave – some significant collaborations are under way and councils and housing associations are looking forward to working with BEIS to build on the momentum we've already established together.

This latest funding is in addition to government action to protect UK

households from the costs of energy that are being pushed up by pressures on global markets following Russia's illegal invasion of Ukraine.

The Energy Price Guarantee will limit the amount consumers can be charged for each unit of gas and electricity you use in their home and will apply from 1 October, fixing the unit cost at the equivalent of a £2500 annual bill for a typical household with average gas and electricity use.

This will save the average household £1,000 a year based on current energy prices from October. It comes in addition to the announced £400 energy bills discount for all households and together they will bring costs close to where the energy price cap stands today.

Taken together, the government is cutting energy bills by an expected £1,400 this year, and millions of the most vulnerable households will receive additional payments, taking their total savings this year to £2,200.

Meanwhile, the Energy Bill Relief Scheme will reduce wholesale gas and electricity prices for all UK businesses, charities and public sector bodies, such as schools and hospitals, meaning they will pay wholesale energy costs below half of expected prices for this winter. The next wave of the Public Sector Decarbonisation Scheme will also soon open for new applications, with up to £635 million in funding to further support bill savings in the public sector.

Further details on the government's [Help to Heat schemes](#) and how to find out if a property is eligible for a grant is available on the GOV.UK website.

Details on how local authorities and social housing providers can bid for funding are on the [Social Housing Decarbonisation Fund](#) and [Home Upgrade Grant](#) pages on GOV.UK.

In the [Heat and Buildings Strategy](#) and [Net Zero Strategy](#), it was announced that £800 million has been committed for the Social Housing Decarbonisation Fund (SHDF) and £950 million for the Home Upgrade Grant (HUG) as part of the 2021 Spending Review process across the next three years.

The SHDF is a £3.8 billion government manifesto commitment over a 10-year period to improve the energy performance of socially rented homes. Today's announcement marks the launch of the Wave 2.1 competition. – A total of 69 projects were awarded funding in [Wave 1](#) of the SHDF in February 2022.

The £62 million [SHDF demonstrator](#) project launched in 2020, and will improve the energy efficiency of up to 2,000 social homes to at least EPC Band C – cutting bills for tenants and supporting over 1,000 jobs.

The 2021 Spending Review brought the total committed funding for the SHDF and associated demonstrator to just over £1 billion so far, representing a significant investment that will drive the decarbonisation agenda across this important sector on the pathway to net zero.

The Home Upgrade Grant provides energy efficiency upgrades and low-carbon heating to low-income households living off the gas grid in England to tackle

fuel poverty and meet net zero.

Government has allocated a total of £1.1 billion to the Home Upgrade Grant, with delivery taking place from early 2022 to March 2025.

The worst performing low-income, off gas grid homes, ranging from Energy Performance Certificate (EPC) Bands D to G, are eligible to receive upgrades under HUG.

The government has also launched an [online service](#) to help homeowners make informed choices on the energy efficiency of their homes, as part of its 'Help to Heat' support.

As part of its drive to make homes cheaper to heat, the government also announced in the [Growth Plan](#) that it would be bringing forward legislation to implement new obligations on energy suppliers to help hundreds of thousands of their customers take action to reduce their energy bills, delivering an average saving of around £200 a year.

This help will be worth £1 billion over the next three years, starting from April 2023. Support will be targeted at those most vulnerable but will also be available for the least efficient homes in lower council tax bands. As with previous schemes, the government will work with the Scottish Government on arrangements in Scotland. – In the short term, the government is providing a package of measures to help households meet the cost of living that is being driven up by global pressures on wholesale energy prices.

The [Energy Price Guarantee](#) (EPG) will fix the unit cost at the equivalent of a £2500 annual bill for a typical household with average gas and electricity use. This is to stop the immediate challenge of bills going up sharply on 1 October and will run for an initial period of three months to 31 December, but the firm intention is that a EPG scheme will continue into 2023 in order to protect households through this winter.

The EPG limits the amount a household can be charged per unit of gas or electricity for the next 2 years. Saving will depend on how much you use, but a typical household will save at least £1,000 a year.

Consumers in England, Scotland and Wales do not have to do anything to receive the benefit of the EPG. Changes to gas and electricity tariffs will happen automatically.

The [Energy Bills Support Scheme](#) will deliver a £400 non-repayable discount to eligible households to help with energy bills from October and £1,200 to around 8 million low-income households. [Further details of the scheme can be read here.](#)

This is alongside existing support for the most vulnerable, including the Winter Fuel Payment, worth up to £300 and the Warm Home Discount, providing a one-off payment of £150 this October. The Cold Weather Payment, which is a £25 payment for vulnerable households on qualifying benefits, is also available to help with the cost of bills when the weather is or expected to be unusually cold.

The [Energy Bill Relief Scheme](#) will provide a price reduction to ensure that all businesses and other non-domestic customers are protected from excessively high energy bills over the winter period. Non-domestic customers do not need to take action or apply to the scheme – support will automatically be applied to bills. The price reduction will run initially for 6 months covering energy use from 1 October 2022 until 31 March 2023.

The government has also launched a £10 million Homes Decarbonisation Skills Training competition for training providers in England to offer subsidised skills training to installers within the home retrofit, energy efficiency and low carbon heating sector.

The Midlands Net Zero Hub will administer, monitor and evaluate the skills training competition.