

Homeowners could cut mortgage rates, bills and emissions with new green mortgages

Costs to retrofit old homes could also be reduced thanks to £10 million innovation fund



- £5 million fund to increase number of green mortgages will encourage households to upgrade energy efficiency of homes, as part of Green Finance Strategy
- industry encouraged to cut cost of retrofitting older homes with £10 million innovation fund
- government measures to improve energy efficiency of 17 million homes is part of UK's commitment to become a net zero emissions economy

Households could cut mortgage rates, save money on their energy bills and reduce emissions from their homes under plans to roll out green mortgages.

Ahead of the launch of the Green Finance Strategy, the government today announced a £5 million fund to help the financial sector develop green home finance products, like green mortgages. Green mortgages give customers discounted mortgage rates once they have upgraded the energy rating of their home.

Today the government also announced it would offer industry the chance to win a share of a £10 million innovation fund if companies design innovative ways of reducing the cost of retrofitting the UK's old housing stock. This could include assembling parts of buildings like pre-fabricated roofs or facades off-site and quickly fitting them to homes, minimising disruption for homeowners.

It comes just days after the government became the first major economy in the

world to pass laws committing the UK to net zero emissions by 2050. Tackling domestic emissions by improving the efficiency of the 17 million homes in the UK with an EPC below Band C will be essential to achieving this.

Energy and Clean Growth Minister Chris Skidmore said:

To fulfil our world-leading commitment to reach net zero emissions by 2050, we need an overhaul of our housing stock to tackle the disproportionate amount of carbon emissions from buildings.

By rolling out more green mortgages and reducing the costs of retrofitting older homes we're encouraging homeowners to improve the efficiency of their homes and save money on their energy bills, helping to ensure everyone has access to a warm and comfortable home.

Currently homes are responsible for 15% of the UK's carbon emissions, and as the UK moves to a net zero economy, the government has committed to making more buildings cleaner, greener and fit for the future.

The modern Industrial Strategy set out a vision to make the UK a global-standard setter for finance that supports clean growth. Through the Green Finance Strategy, the government has committed to accelerate the development of green financial products. Funding will be awarded to innovative projects that incentivise energy efficiency retrofitting through the Green Home Finance Innovation Fund (GHFIF).

The GHFIF will support the development of lending products like equity loans and home improvement loans that will help homeowners make upgrades, for example offering energy efficiency advice, access to trusted installers and preferential mortgage interest rates to support them in making energy improvements to their homes.

Meanwhile the £10 million Whole House Retrofit competition will help to find viable ways of reducing the cost of retrofitting homes at scale and at affordable rates, helping drive down costs for consumers and ensuring everyone has access to a warm home.

Green financial products and reducing the costs of retrofitting aim to offer innovative ways to reduce buildings' emissions and supports householders' efforts to move towards a cleaner, greener economy – a key part of the government's modern Industrial Strategy.

Recognising that finance is the first step in making these changes, government is asking the Green Finance Institute (GFI) to consider finance for buildings. Among the first of the GFI's priorities will be addressing energy efficiency.

Notes to editors

1. BEIS and HMT will publish the Green Finance Strategy on 2 July 2019 alongside the launch of the Green Finance Institute. The Strategy will set out our green finance objectives and ambitions and will also form our response to the Green Finance Taskforce, which published its report last year.
2. We have already taken decisive action following the Green Finance Taskforce, for example:
 - The Chancellor announced last year the establishment of a new Green Finance Institute with an ambitious mandate to accelerate green finance investment.
 - Amended pensions regulations to strengthen and clarify investor duties.
 - Sought further evidence on improvements to EPCs through a Call for Evidence.
 - In January 2019, the government and UK100 delivered its first Investing in Local Energy conference to help attract private investment into local projects.
3. Bids are welcome from any organisation or consortium from across the UK, including SMEs, large enterprises, academia, financial, research, public and third sector organisations. If you are interested in entering the competition or would like more information, please read the online [Whole House Retrofit Competition](#) guidance.
4. Improving energy efficiency and tackling fuel poverty is a priority for the government, which is why in the Clean Growth Strategy set out our aspiration to improve as many homes as possible to EPC Band C by 2035. The Buildings Mission set out our ambition to halve the cost of retrofitting existing buildings to the same standard as new builds by 2030.
5. The government's '[Simple Energy Advice](#)' service offers a free, unbiased source of energy efficiency advice as well as guidance on boilers and heating systems and potential sources of funding and grants.
6. The newly created Green Finance Institute (GFI), backed by seed funding from the UK Government and City of London Corporation, will focus on mobilising capital towards zero-carbon and climate-resilient outcomes. As the UK's principal forum for collaboration between government and the private sector with respect to green finance, it will convene coalitions of experts to unlock the barriers to greater green investment.