

## Green Home Finance Innovation Fund Stakeholder Information Event

## Briefing Panel:

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Question	Response
Will the presentation slides be made available to attendees?	Yes – slides will be available through: <a href="https://www.gov.uk/guidance/green-home-finance-innovation-fund-competition">https://www.gov.uk/guidance/green-home-finance-innovation-fund-competition</a>  Further queries should be sent to: <a href="mailto:GreenHomeFinance@ricardo.com">GreenHomeFinance@ricardo.com</a>
Is the competition applicable only to retrofit – or are new build homes eligible?	The greatest challenge is in the existing UK housing stock, so the focus is on retrofit.
Is the scheme exclusively to develop products for owner-occupiers?	Owner-occupiers are the main target, however products that are applicable to the private-rented sector – or the buy to let sector are also eligible.
Is the target to get all homes that are engaged in the pilot to EPC Band C – or is this a target that can be averaged across housing stock as a whole?	There is recognition that some buildings cannot realistically achieve an EPC Band C due to immovable external factors (e.g. listed buildings).  The aim is to get a good proportion of homes involved in the scheme to <i>at least</i> a Band C which should mean that some achieve a higher level – while others achieve the highest rating they can attain within technical and planning boundaries. BEIS are open to feedback – or suggestions about how to measure the outputs of the scheme in order to understand the ‘before’ and ‘after’ improvements generated by new products.  BEIS also accept that there are some parts of the market that are not accessible to a scheme of this nature (e.g. social housing works to longer timescales than the pilot scheme will allow for).
Do products developed under the scheme have to only apply to whole house retrofit?	No – although whole house retrofit is to be encouraged, work can be carried out in stages and products do not need to be aimed at whole house retrofit activities exclusively.
How can the achievements of the developed products be realistically verified?	We are open to applicants proposing solutions. Real-life verification is the gold standard – however we recognise that this can be burdensome in some instances. Deemed verification, or similar techniques, would be acceptable to gauge success of the products if sufficient checks and balances are in place.

<p>How closely is BEIS working with regulators?</p> <p>Affordability tends to be a big blocking point for lenders and affordability checks can be very rigid amongst some of the biggest UK lenders. Therefore, regulators need to be involved.</p>	<p>BEIS are working closely with regulators and the FSA.</p>
<p>Are lenders require to partner with other organisations?</p>	<p>No.</p>
<p>Are marketing and internal system changes (e.g. IT) eligible for funding?</p>	<p>Marketing and system change costs will be included in the eligibility criteria as the scheme is being designed to cover the cost of developing new products – or to strengthen <i>existing</i> green home finance products.</p> <p>Energy efficiency projects purchased with GHFIF products to not need to be completed by the programme deadline (March 2021).</p>
<p>To what extent will applicants be required to adhere to their original applications?</p>	<p>There is likely to be an element of change to the scope of a funded project because learning is likely to continue after the applications have been submitted and funding decisions have been made. BEIS recognise that product development involves a process of testing, learning, and refocusing and that real-world barriers and challenges may result in the need to tweak or update the scope of work within projects.</p> <p><b>Forming a clear understanding of the real-world barriers and challenges is an integral aim of the competition.</b></p>
<p>Is there a minimum and/ or maximum amount that can be borrowed?</p>	<p>There are no limitations set out by the competition.</p>
<p>Would BEIS consider a 'Help to Buy' style scheme (e.g. 'Help to Go Green') which would provide a central hub for finding information and reaching the right suppliers?</p>	<p>The idea has merit – but would not fit within the current GHFIF aims and objectives.</p>
<p>The aim for each developed product to reach 1,000 customers is very ambitious.</p>	<p>BEIS originally requested that lenders aim to sell ~1,000 GHFIF products by the end of the pilot scheme.</p> <p>It is worth noting, that the physical energy efficiency works purchased by GHFIF developed products do not need to have been physically completed by the deadline of 31 March 2021 – rather</p>

	<p>that 1,000 homeowners have signed up to purchase a product by March 2021. The actual installation, monitoring and verification can take place during 2021.</p> <p><b>BEIS are currently reviewing this target in line with feedback from event attendees.</b></p>
Does the scheme set out any requirements for geographic spread – or wish applicants to target a particular housing stock?	<p>There are no limitations or expectations as to geographic spread – it is anticipated that the type of housing stock will be self-selecting and that products which target the types of housing that will benefit the most – or apply to the most types of housing will be targeted by lenders.</p> <p>However, BEIS will look for scalability within applications – therefore very particular or niche types of housing may not be the best target for products to be developed under the scheme.</p>
Are there restrictions on the types of improvement that can be included within product development?	<p>Improvements that are legally required (e.g. to comply with building regulations – or to meet minimum standards in the private rented sector ) should not be targeted in product development. However, products that will enable the customer to go beyond minimum compliance will be eligible under the scheme (in terms of the gap between ‘minimum compliance’ and the end-point).</p>
Can Lead organisations make more than one submission to develop more than one product?	<p><b>Currently, no – this is under review by BEIS following stakeholder feedback.</b></p>
Can organisations who are not leading a project (or leading one project) be included in more than one application as a non-lead partner?	<p>Yes – partners can be involved in more than one application provided they do not (currently) lead on more than one bid.</p>
Who is liable if state aid uplift calculations have been misunderstood?	<p>The applicant/ project consortium is liable if state aid/ uplift is incorrectly calculated.</p>
Does the UK have a State Aid agreement should there be a no-deal Brexit?	<p><b>BEIS State Aid lawyers will provide a formal response to this question.</b></p>
Could the final report be delayed allowing projects to demonstrate the real-world outcomes?	<p>Deemed improvements are sufficient for this scheme.</p>
The 6-week timetable for submitting applications could be an issue can that be extended?	<p>If we push the timetable to stay open to applications for longer then the trade-off will be a shorter shorter delivery window. <b>This is under review by BEIS following stakeholder feedback.</b></p>
One of the expected Outputs is a breakdown of lender’s portfolio by EPC band; do you mean just for loans under this project or the lenders entire portfolio?	<p>We would be looking for the entire portfolio but welcome feedback on this if it is not considered to be realistic.</p>
Is the scheme aiming to only fund between 3-5 proposals?	<p>Yes, although this will depend on the quality of proposals, and the amount of funding requested by bidders.</p>
Would proposals that consider a ‘basket’ of suitable product solutions be considered or is the	<p>Ideally bidders will have a reasonably well-formed idea for the product rather than presenting a ‘basket’ of potential products. However, BEIS recognise that product development involves a</p>

intention to isolate one deliverable product per individual proposal?	process of learning and that real-world barriers and challenges may result in the need to tweak or update the scope of work within projects.
Can the pilot target both residential and Buy to Let landlords to test products that achieve a minimum of EPC C.	Yes the product and the pilot can target both residential and Buy to Let landlords.
The metric of entry is listed as 'substantive improvements to the 'EPC'. Is there a desire for bids to benchmark 'actual property performance' before and after retrofit?	Real-life verification is the gold standard – however it can be very burdensome. Deemed verification will suffice to gauge success of the products although bidders are able to propose their preferred method of verification that the energy efficiency measures have been installed and have the expected impact on energy performance of the property.
Real fabric performance is the direction of travel, so why not link property improvement solely to a theoretical measure in the EPC, why not allow bids that allow innovative technologies that demonstrate actual property improvement?	Bidders are able to propose their preferred method of verification that the energy efficiency measures have been installed and have the expected impact on energy performance of the property.
If real performance is an acceptable route, the 6 months [for the pilots] might need to become 9 months in order to be sure a measure can be taken.	Bidders are able to propose a suitable length and size of trial that fits their product and their lending base.
In the recent webinar it talks about applicants having a retail presence. Is it a requirement that they have a direct retail presence on the High Street or are lenders who distribute products through advisers eligible?	Lenders who distribute products through advisers would be eligible to apply.