



Department for  
Business, Energy  
& Industrial Strategy

# GREEN HOUSE FINANCE INNOVATION FUND COMPETITION

Questions and answers

# Question and Answers

## 1) How does BEIS define “Lender”?

BEIS would consider a lender as an FCA regulated organisation that provides financial products to domestic homeowners.

## 2) Does the applicant need to be a Lender?

Yes, the lead applicant should be the lender.

## 3) What does “continue without the need for additional government support” mean?

BEIS are looking to fund the development of financial products that do not require additional Government financial support to continue as a product available to UK homeowners beyond the life of this project – i.e. we would be looking to support projects which have the potential to be self-sustaining after March 2021.

## 4) Other Government Energy Efficiency Schemes

*The published background material states that projects should target “consumers that would not get support under other Government Energy Efficiency schemes”. Does this refer to funding schemes for those on benefits or in fuel poverty (e.g. the various ECO schemes) or could it also refer for example to the domestic Renewable Heat Incentive (dRHI)?*

*Would this exclude projects that might provide finance for a heat pump retrofit that would qualify for the dRHI?*

The financial product should not be targeted at consumers that would receive funding such as ECO, which could include homeowners in receipt of benefits or in fuel poverty. The financial product could be targeted at homeowners with viable properties for heat pumps, where the homeowner could later go on to claim dRHI payments, as this could provide added motivation for homeowners to take out the financial product. The actual funding for the loan would come from the lender’s private resources, so there is no state aid conflict.

## 5) Energy Efficiency vs CO2 Emissions

*Is the fundamental aim (of this project, of the GHF, and indeed of all the government’s climate initiatives) either a) to use less energy, or b) to emit less CO2?*

*Would a project whose success is measured based on actual CO2 emission reductions, rather than EPC rating improvements, be supported/welcomed?*

This particular competition is focussed on energy reduction rather than CO2 reduction, to enable UK homes to achieve higher EPC ratings, in line with the Buildings Mission. On balance, homes with higher EPC energy efficiency rating are likely to emit less CO2 which has wider climate change benefits, but the success metric for this project will be EPC band improvements, rather than CO2 reductions.

6) Have you discussed the strategy and GHFIF with the Financial Conduct Authority?

Discussion with the FCA is ongoing. We will contact registered bidders if a named person at the FCA is nominated to deal specifically with GHFIF.

7) Will you only look at bids in their entirety (and accept or reject accordingly) or will you seek to provide feedback on promising bids that could be tweaked to be successful?

As this is an open competition, BEIS will seek to award funding to the highest quality proposals. All bidders will receive constructive feedback on their proposal whether they are successful or not.

8) Will you look at bids that wish to experiment with multiple approaches to meet the stated objectives?

Bidders should only submit one application. It is up to bidders to select their strongest proposed idea and work to produce a high-quality submission. BEIS accepts that some degree of development of ideas and experimentation is a necessary part of the product development process, but bidders should show a very clear rationale if they propose more than one approach and detail their methodology to select the final product.

9) Does Trustmark have a role in the GHFIF and/or have you discussed it with them?

BEIS considers Trustmark to be a useful approach for bidders to take in helping homeowners utilise their financial products, although we will not rule out other approaches and it is up to bidders to propose and justify their ideas to BEIS.

10) Our organisation applies for Government funding on behalf of councils. The organisation lends the money out, which is then repaid and used over and over again by individuals within the area for home improvements. Would our organisation be eligible or are the criteria fixed that an ECO provider has to be part of the overall bid?

An ECO provider does not have to be part of the overall bid, BEIS simply advises that engaging with the energy efficiency supply chain may help to formulate a product that yields high levels of uptake with homeowners.

11) Is it essential that the proposal includes a partnership with an Energy Efficient Supply Chain?

A partner in the supply chain does not have to be part of the overall bid, BEIS simply advises that engaging with the supply chain may help to formulate a product that yields high levels of

uptake with homeowners. We anticipate that this will be significantly easier if there is a primed supply chain, but it will be up to applicants to justify their chosen approach and explain how the end to end process will be facilitated for householders.

- 12) Are there penalties if part of the proposal is not achieved, for which funding is granted?

Any successful project will have agreed milestones and KPIs for their grant award, based on sequential evidence of delivery. Achievement of these milestones will trigger the release of the next milestone-linked grant payment. There are therefore no penalties as such, the grant linked to that milestone will not be paid unless the bidder proves it has been achieved.

- 13) What happens if we do not achieve a 1,000 mortgage customer pilot base? Is this the minimum level of customer uptake that must be achieved?

Proposals should provide BEIS with reasonable confidence that the bidder will be able to recruit enough customers, the minimum number of which should be related to the lender's existing portfolio and typical lending rates per annum. BEIS would ideally prefer 1,000 customers to be recruited into the pilot but accepts there are risks around achieving this figure. Ultimately this competition is about developing and trialling different approaches to green finance lending, and BEIS understands that trials will not always deliver exactly as anticipated at the outset.

- 14) If our bid includes a lead applicant plus project partners, but only the lead applicant is seeking grant funding, is it a consortium?

Yes, this will still count as a project consortium for the purposes of this competition.

- 15) Does the obligation to have "previously lent to UK homeowners" in eligibility criteria 1.2 apply specifically to the lead applicant, or can it apply to a project partner (and in light of the previous question can it apply to a partner who is committed to the project but who is not seeking grant funding).

The lead applicant should be the lender and should have lent previously to UK homeowners. However, if the lead applicant is a lender who has not previously lent to UK homeowners, but is working with a consortia partner who is a lender who has lent to UK homeowners, then an application could be considered if a strong case is made that adequate UK lending experience exists across the consortia partners.

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