Case study 2: Green Homes Grant Voucher Scheme (UK)

Description of the policy instrument

The Green Homes Grant Voucher Scheme (GHGVS), launched in 2020, offered homeowners in England vouchers worth up to GBP10,000 to improve the energy efficiency of their homes. The key measures available under the scheme were insulation and low carbon heating solutions, draught proofing, better insulated windows and doors and the installation of heating control equipment. The scheme was intended to enable households to improve the warmth and comfort of their homes and reduce energy bills, carbon emissions and levels of fuel poverty.[147]

Under the original design, the total GHGVS budget of GBP2 billion was made available between September 2020 and March 2021, with required funds to be absorbed at a rate of more than GBP300 million per month.[148] The government initially intended to extend the scheme due to much slower take-up than expected but, as a result of certain administrative challenges and lack of interest from the general public, reverted to the original end date and closed the scheme in March 2021.[149]

Why did it work or not work?

Two months before the original end date, around 20,000 households had accessed the funding, well below the intended target of 600,000. Despite efforts by the government to increase take-up, only around 5 per cent of the funds allocated for the scheme were spent.

Like many other home renovation programmes, the GHGVS was developed hastily, to a very tight timescale, and did not allow for adequate planning, design or information distribution. Inadequate, or non-existent, engagement and consultation with industry and consumers before its introduction, combined with a short timeframe, overcomplexity in design and high administrative burden, all contributed to a lack of success. Additionally, the scheme failed to provide compelling incentives for companies to register as suppliers and for households to plan their renovation. Its short-term nature also meant that it was not feasible for new operators to emerge, or for existing ones to scale up their supply of materials and skilled staff. Bureaucratic issues led to delays in issuing vouchers to customers and in paying the service providers.[150]

In summary, the scheme suffered from several delivery challenges and performance challenges caused by heavy administrative burden and the failure of the government to adequately publicise the scheme.[151]

Consumers struggled to understand the application process and encountered considerable difficulties in finding installers, or obtaining the required number of quotes. Those with limited internet access and computing skills, including older people and other vulnerable groups, found it particularly hard to access information about the scheme and its benefits.[152]

Finally, the scheme was ill-timed, taking place during the winter months when bad weather conditions were likely to slow down projects and households were reluctant to disrupt their heating system during cold days.[153]

The Public Accounts Committee (PAC) conducted a review of the scheme and its report, published in December 2021, highlighted a number of such weaknesses. In particular, the PAC report found that:

- the Department for Business, Energy and Industrial Strategy (BEIS) had an unrealistic implementation timescale for the GHGVS delivery
- the scheme's design was overly complex and did not sufficiently address the needs of consumers and installers.[154]

Key learnings

The GHGVS provides a useful resource to any government seeking to implement their own scheme with similar key objectives.

Appropriate communication and co-ordination with industry stakeholders is key to the successful delivery of any kind of programme that requires service providers to register and acquire accreditation. Without sufficient availability of installers to carry out the work, such schemes are doomed to fail.

When designing and implementing a short-term subsidy scheme, it is important to devise and deliver a strategy for public engagement. This should include information about different low carbon heat options and help people choose the best system for their home.[155] Households must be able to access advice from accredited professionals on how to best maximise the benefits of the scheme. Administrative burden should be minimal to ensure equitable access and to enable households to complete the process before its closure, even if they are not among the first applicants.

The timing of subsidy schemes is also important. If people are more likely to renovate their homes during the summer months, running a subsidy programme exclusively during the winter months would have a substantial adverse impact on engagement levels.

Lastly, it could be better to trial a pilot scheme and scale up over time.