

UK retrofit industry must grow 10X to address 23% of UK emissions

- Heating and powering homes makes up 23% of the UK's harmful emissions
- 29m homes must be retrofitted by 2050 to reach goal of net zero emissions - that's 1m homes each year
- The retrofit industry, which today is made up mostly of SMEs, will need to grow by at least a factor of 10 to achieve this 'retrofit revolution'
- New report offers solutions for boosting industry investment and growth, including expanding access to sustainability-linked lending for SMEs and creating dedicated SME "Transition" or "Green" investment funds

20 September 2021. A new paper published today by Bankers for Net Zero and the Green Finance Institute sets out a clear plan for scaling up the retrofit industry in order to decarbonise an estimated 29 million homes - a plan fundamental to the UK reaching its goal of net zero emissions by 2050.

Heating and powering homes makes up 23% of the UK's carbon footprint and contribution to climate change. Scaling up the retrofit industry will tackle these emissions while creating green jobs and supporting thousands of small to medium sized businesses across the UK.

The paper - *"Tooling up the Green Homes Industry: Financing the Retrofit Supply Chain"* - lays out the barriers to retrofit industry investment and growth. It also provides six high-potential solutions for the investment and finance industry, and relevant business groups, to act on:

- Increase access to sustainability-linked loans for SMEs
- Create dedicated "Green" or "Transition" SME funds
- Add green criteria to existing public finance schemes and use guarantees to "crowd in" private capital
- Create advisory hubs that bring together customers, suppliers and finance providers
- Create the rules and protocols to enable more accurate, real-time assessments of property performance
- Strengthen the ecosystem of SME accelerators and growth hubs

The paper also shares key principles for new government policy in this area:

- Front-load market support – using the funds already committed to the decarbonisation of social housing and public buildings to pump prime the market
- Set out a clear regulatory pathway for energy performance standards for all building types
- Set out an overarching strategy for applying an adequate and consistent carbon price to every tonne of CO₂ emitted in the UK

The paper also calls for the UK government to raise the minimum threshold for Energy Performance Certificate (EPC) ratings required to lease or sell a property. Raising this requirement will drive private sector investment from landlords and homeowners across the board, complementing public sector investment to accelerate adoption.

The paper is available here from 20 September: <https://volans.com/project/bankers-for-netzero/>

Louise Kjellerup Roper, CEO of Volans and Bankers for Net Zero founding partner, says:

“Retrofitting the UK’s outdated 29 million homes is an essential part of our fight against climate change. One which will address a massive 23% of the UK’s emissions while creating thousands of new jobs and driving down heating bills across the country. The retrofit industry - mostly made up of small and medium sized businesses - will struggle to take on this challenge without investment and support. Which is why we have offered six actionable solutions for finance and business to apply right now - tooling up the retrofit revolution for a prosperous, net zero emissions UK.”

Emma Harvey, Programme Director at the Green Finance Institute, says: “Addressing the £360 billion investment gap to decarbonise the UK’s building stock requires innovative thinking on the funding models, business practices and policies that will drive retrofitting at scale. Today’s report outlines the practical solutions and initiatives that can catalyse rapid growth along the retrofit supply chain, support green collar jobs across the country, and reinforce the UK’s global position in the green finance landscape.”

Heather Buchanan, Executive Director of Policy for the APPG on Fair Business Banking and Bankers for Net Zero founding partner, says: “SMEs will be at the heart of delivering a retrofit revolution, but need support to match the growth needed to contribute to the UK’s net zero targets. We are working to unite banks, regulators, experts, politicians and the business community to help build the retrofit industry to the size we need to fulfil the UK’s position as world leaders in the Race to Zero. We must work together on this key challenge.”

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Notes to editors

For more information or to speak to Bankers for Net Zero, contact tom@gongcommunications.com or annabel@gongcommunications.com

About Bankers for Net Zero

Bankers for Net Zero is a collaborative initiative bringing together leaders from the UK banking sector, along with representatives from business and government, who share a commitment to accelerating the UK’s transition to net zero carbon emissions. The initiative was established in 2020 to develop ambitious but achievable policy recommendations and pledges to action ahead of COP26.

The banks participating in the initiative are **Barclays, ClearBank, Ecology Building Society, Handelsbanken, Tide and Triodos**. Delivery of the initiative’s programme of work is led by the All Party Parliamentary Group on Fair Business Banking, Volans and Re:Pattern, and overseen by a Steering Committee made up of representatives from the participating banks, along with the **UNEP Finance Initiative, the COP26 Champions team, the UK Green Building Council, the Grantham Research Institute at the London School of Economics, the Club of Rome and the Impact Investment Institute**.

About the Green Finance Institute

The Green Finance Institute is an independent, commercially focused organisation, supported by HM Treasury, the Department for Business, Energy and Industrial Strategy and the City of London Corporation. As the UK’s principal forum for public and private sector collaboration in green finance, it is uniquely placed to mobilise capital to accelerate the domestic and international transition to a sustainable, net-zero carbon economy that is also climate resilient. The Green Finance Institute convenes and leads mission-led coalitions to identify and unlock barriers to deploy capital at pace and scale towards impactful, real-economy outcomes.

For more information visit greenfinanceinstitute.co.uk and follow [@gfi_green](https://twitter.com/gfi_green).

About the Bankers for Net Zero delivery partners

The APPG on Fair Business Banking is one of the largest and most influential APPGs in parliament, the group has 17 officers and has a membership of over 116 MPs and peers. It has led the field in the creation of a dispute

resolution service for businesses, and works effectively at executive level with industry, government, parliament and regulators to facilitate and implement changes that foster improvements in trust, co-operation and productivity between businesses and the banking sector.

Website: www.appgbanking.org.uk

Volans is a think-tank and advisory firm operating at the leading edge of sustainability and innovation to catalyse systemic change. Founded by the 'Godfather of the Sustainability movement' John Elkington in 2008, Volans helps business leaders make sense of the emergent future to unlock the potential of their organisation and create opportunities in the face of exponential planetary challenges.

Website: www.volans.com

Re:Pattern catalyses business model innovation for sustainability by working across diverse networks and stakeholder ecosystems - creating new pathways for the flow of finance. Led by the former Strategy Director for Triodos Bank and Banking Board member of the UN Principles for Responsible Banking, Re:Pattern develops strategies, policies and practices to support sustainable finance globally.

Website: www.repattern.org