

Home Energy Scotland Loan – Guidance for the sustainable energy supply chain

Frequently asked questions



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Introduction

This document was produced as a result of questions raised during the Home Energy Scotland Loan [webinar](#) held on 10 December 2020.

The aim of this document is to provide clarity for the energy efficiency and renewables supply chain in Scotland on the requirements and processes of the [Home Energy Scotland Loan](#) and its cashback element.

Please note that if your customers would like to know more about what funding may be available to them, please ask them to call Home Energy Scotland directly on **0808 808 2282**. Please do not directly engage in discussion of the Home Energy Scotland Loan with your customers, as this contravenes the Financial Conduct Authority rules. *Energy Saving Trust Ltd is authorised and regulated by the Financial Conduct Authority (Reference Number 716195).*

For more detailed information on the Home Energy Scotland Loan please refer to the [Home Energy Scotland website](#).

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Home Energy Scotland Loan

Are the maximum loan amounts likely to be reviewed in 2021?

There is no current plan to change the funding values for eligible measures. We carry out regular reviews of average installation and purchase costs to inform the setting of appropriate maximum loan amounts.

If a customer applies for the loan using one installer's quote, receives an offer, then wishes to switch to another installer, do they have to re-apply for the loan?

No. However, Energy Saving Trust would need to confirm that their new chosen installer meets the eligibility criteria before the installation work could start. These rechecks could increase the processing time.

How can Energy Saving Trust ensure prompt payment of installers? (If products are in short supply can customers draw down on products which have been installed and wait for the remaining products to be installed when stock allows?)

The Home Energy Scotland Loan is a private financial arrangement between the customer and Energy Saving Trust whereby funds are paid to and repaid by the customer.

It is possible for a customer to request a portion of their offered loan funding (up to 60%) for renewable technologies. This must be personally requested by them in writing.

Drawdown payments are not a standard part of the loan process as not all customers apply for measures eligible for drawdown funding. A drawdown is available in cases where a customer may need advance funding to help to pay a deposit and/or a staged payment or in the case of having to pre-order a system.

We do not have a contractual relationship with the installers, only with the customer. However, we do recommend customers pay their installer promptly when we pay their loan funds. We also require proof of payment within 30 working days.

What are the timescales for processing applications to offer status and for paying loans once claims are submitted?

We aim to make an offer decision in ten working days from when we receive a complete application. This is subject to meeting the eligibility criteria and having full complete details. Processing for claims is the same, but there may be an additional three to five working days

before funds reach customers' accounts. This extra time depends on the bank transfer rules set up by the customer's bank.

In both application and claims, processing pauses whenever there is a query for the applicant / customer, which is why completing the application as fully as possible in advance is key.

Can you apply for loan funding for energy storage systems that will not be connected to a renewable technology?

No. The loan only funds energy storage systems that will be linked to a new, or existing renewable technology. The requirement is that the battery installer must be [MCS-certified](#) for the system the battery is to be linked to. However, the system it is to be linked to can be installed by a different installer.

Does the customer have to pay the installer in full before reclaiming from the Home Energy Scotland Loan or can the loan be paid directly to the installer?

No, customers do not need a receipted invoice to claim the loan. They can use their final (non-receipted) invoice to claim funds. We ask for a receipted invoice or a copy of a bank statement showing both receipt of the loan and full payment to the supplier within 30 days of loan payment.

The Home Energy Scotland Loan cannot be paid to installers – only to the named applicant of the loan. We cannot pay the loan into business accounts. This is because the loan is a private financial arrangement between Energy Saving Trust and the applicant who will be making the repayments.

Customers installing renewable technologies can also request a drawdown of up to 60% of their loan value once the offer has been made with the submission of a request for a deposit/invoice from their installer.

Drawdown payments are not a standard part of the loan process as not all customers apply for measures eligible for drawdown funding. A drawdown is available in cases where a customer may need advance funding to help to pay a deposit and/or a staged payment or in the case of having to pre-order a system.

How is the customer notified if their loan application has been accepted or not?

They will either be emailed with a loan offer and relevant paperwork, or a loan rejection letter once their application has been processed and credit checked.

Sometimes, customers and installers get asked for a guarantee certificate, but installers do not issue this until the invoice has been paid and the customer does not pay until they have received the loan. Is there a way around this?

For renewables we need to have the MCS certificate before we can pay out the final payment. To provide a drawdown this is not required. To pay out a loan for external wall insulation we require a building warrant. Any other guarantees requested by the customer are for their peace of mind and security (i.e warranties for product being installed) and we do not need to see these for the Home Energy Scotland Loan.

Will there be any changes to the maximum loan funding available now that there is a new cashback incentive?

No. The maximum funding values for each eligible improvement remain the same as before. However, if an applicant is eligible for enhanced cashback, a greater proportion of their funding may be made up of cashback funds, and a smaller amount as an interest-free loan.

Cashback

The enhanced cashback scheme launched on 16 December 2020 and is subject to availability or until the 31 March 2021; whichever is sooner.

Will enhanced cashback affect eligibility for the [Renewable Heat Incentive?](#)

If customers apply for Renewable Heat Incentive (RHI) payments, they will need to declare any grant funding they receive, including any cashback from the Home Energy Scotland Loan.

Their cashback will be deducted from any eventual RHI payments. The cashback value will be divided by 28 (the total number of RHI payments) and that will be deducted from each quarterly payment.

If the amount to be subtracted is greater than the RHI payment for that quarter, the leftover deduction will roll over to the next quarter.

Householders should apply for the RHI only after receiving any cashback payments to ensure the correct value is deducted.

If interested in receiving RHI payments, customers should first check [Ofgem's eligibility requirements](#) carefully. The loan is not linked to other schemes, nor is eligibility for the loan indicative of eligibility for any other support.

Can the customer get a £10,000 loan for renewables as well as £7,500 cash back?

No, £10,000 is the maximum funding available for any measure (in this case a renewable heating system). If a customer were eligible for £10,000 funding for a renewable heating system, they would receive £7,500 cashback and £2,500 as an interest-free loan.

Funding is based on total costs up to a maximum value for each measure. Details of the funding available can be found on the [Home Energy Scotland website](#).

Is the enhanced cashback only available to customers who applied after the enhanced cashback was announced?

Cashback is available on a first come, first served basis to all who receive a loan offer **after** 16 December 2020 (enhanced cashback launch date) – this includes those who had already submitted an application.

When calculating the 75% cashback, is it 75% of the cost before VAT?

Funding is based on the total cost of the measure (inclusive of VAT) up to a maximum value. Different improvements have different maximum values and these are outlined on the [Home Energy Scotland website](#).

At what point of the loan process does the customer know if they have qualified for the enhanced cashback?

If their application for funding was successful, we email customers a written loan offer. This will set out how much cashback funding they are entitled to and how much loan funding they can borrow. This is because we cannot confirm cashback funding until we have confirmed all application requirements.

Is the processing time for the enhanced cashback being paid to the customer the same as the processing times for the loan?

Yes, processing times and eligibility requirements have not changed. When customers receive a written loan offer, it will be for the total amount of funding allocated to that application.

What sort of cashback is available for new builds?

If a customer is a self-builder, they would be eligible for funding only for renewable technologies under the Home Energy Scotland Loan.

If a customer is in a property which was built recently, they would be eligible for funding for improvements they had a recommendation report for.

To find out what support is available, the best course of action for interested householders is to contact Home Energy Scotland on 0808 808 2282.

Why is there no enhancement of grant for glazing?

The focus of this funding is on incentivising the decarbonisation of heat, with the largest grants for renewables heating systems. Loan funding of up to £5,000 is still available for double and secondary glazing, of which up to £400 can be cashback funds. The cashback funding for glazing did not increase as our data shows that improving the glazing in a property does not generally yield as large a carbon or cost saving as other improvements.

Promoting renewable technologies

What can installers do to make more customers aware of this funding opportunity?

Because the loan is a regulated financial product only companies with Financial Conduct Authority (FCA) authorisation are permitted to promote it. If householders are interested in renewables (or other improvements) the best course of action is to advise them to contact Home Energy Scotland for advice on 0808 808 2282. A sample paragraph is given below.

“For free, impartial advice call Home Energy Scotland on 0808 808 2282. Home Energy Scotland is funded by the Scottish Government and helps people in Scotland to save energy and keep warm in their home. They will also advise if you are potentially eligible for any financial support for energy saving improvements to your home.”

Energy Performance Certificate (EPC)

Do retrofit customers require a post-install EPC or only one that has been carried out within the previous two years?

A post-install EPC is required in this instance to show the measure is installed and to keep the Scottish EPC register up to date. We do not need post-install EPCs for measures installed in self-build properties or where only an energy storage system has been installed and other specific criteria are met. Details of these exceptions can be found in the loan's [terms and conditions](#).

Accreditation

Sometimes installers get asked for an accreditation number which they do not have, how does the customer complete this section of the form?

Accreditations are required for certain improvements e.g. gas boiler installers must be [GasSafe](#) registered (see the table below for others). Customers simply type the reference number into a box when applying and can find them from the installers or on the relevant accreditation body's website.

Must installers have PAS accreditation or be Trustmark registered?

PAS and Trustmark accreditations are not essential but loan applicants must use certain installers to install certain measures. Details of these requirements can be found in the table below, on the [Home Energy Scotland website](#) and in the application form.

Measure	Installer requirement
Gas boilers	Gas Safe
Oil boilers	OFTEC
Renewable technologies	MCS - for the technology being installed (except hydro)
Energy storage systems	MCS - for the technology the battery will be linked to
External wall insulation Internal wall insulation Room-in-roof insulation Floor insulation	Green Deal

Energy Saving Trust's Renewables Installer Finder tool

As an assessor I've looked at this before, however it seemed odd that the star rating could be high for a relatively inexperienced installer with very few reviews, compared to a star rating of an installer that's been operating a long time with many reviews.

The overall rating for an installer on the [Renewables Installer Finder](#) tool is an average of the star ratings left by their customers. If only one review has been left, then the overall rating given by that customer will appear in the main search results. If an installer has more reviews, then an average will be calculated, and this will appear in the main search results.

Other available funding

Is there a similar loan or cashback scheme that landlords can apply for?

Home Energy Scotland can advise on any support that may be available and they can be reached on 0808 808 2282. One example of potential funding is the [Private Rented Sector Landlord Loan](#) which is available to landlords in Scotland. This offers loan funding for energy efficiency measures and renewable technologies. This loan is interest free for landlords with five or fewer properties and landlords with six or more properties in their portfolio will be subject to interest at a rate of 3.5% APR. Home Energy Scotland can advise on this and any other funding options.