

The Neighbourhood Energy Transition Fund (NETF)

The transition to net zero is often described in numbers. One of the most striking is this: to meet the UK's 2050 target, around nine homes must be upgraded for every minute of every working week between now and then. But a home is more than a number. A meaningful transition means helping people to heat and cool their homes, manage the cost of living and adapt to a changing climate. It's about healthier lives, better housing, stronger local economies and a fairer future.

Today, a significant gap exists between fragmented public investment and the much larger social, economic and environmental value that remains untapped. The [Neighbourhood Energy Transition Fund](#) is designed to bridge that gap by bringing communities together to deliver investable neighbourhood programmes. Through the strategic use of public finance, we can overcome longstanding market failures in the retrofit sector, create economies of scale, deliver meaningful outcomes for thousands of households and attract private capital to speed up market growth.

The Fund will deploy Financial Transaction capital (CDEL FT) into neighbourhood-scale projects. As the model matures, this repayable public money will act as patient, first-loss capital, reducing risk and crowding in private finance. Unlike traditional grant schemes, the capital can be recovered, deliver a return and be reinvested, creating the foundation for a long-term national funding mechanism capable of supporting successive waves of neighbourhood decarbonisation.

The benefits extend far beyond emissions reduction. NETF will deliver healthier homes that are neither too hot nor too cold, lower energy bills, provide greater resilience to energy price shocks and reduce pressure on the electricity network.

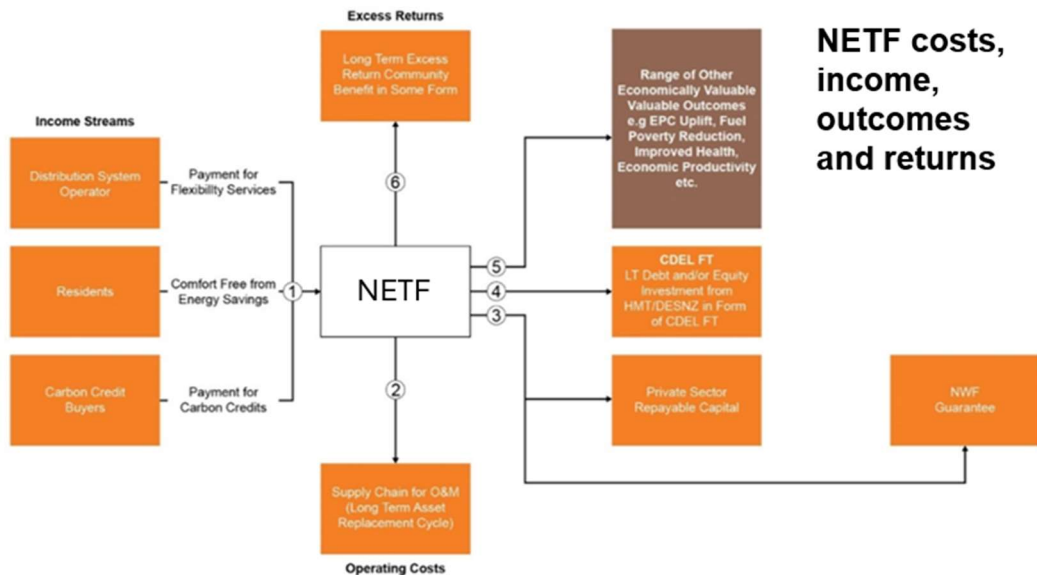
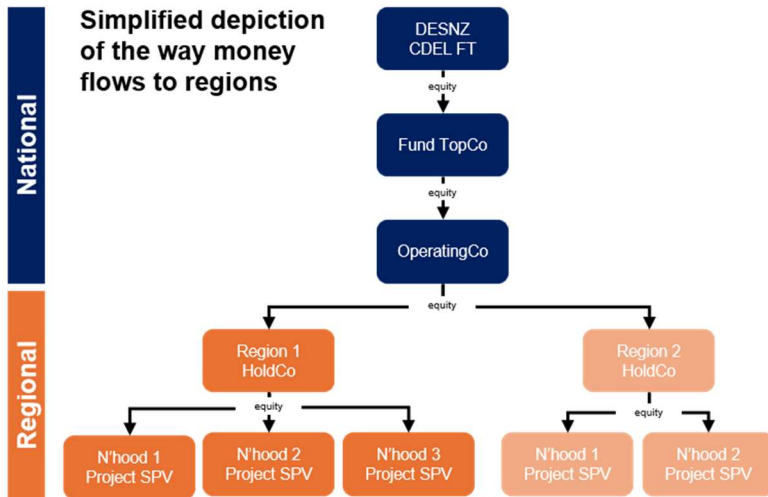
It will also support the growth of green jobs in local supply chains while helping communities become more secure and prosperous.

The neighbourhood approach is fundamental. Places are not simply collections of buildings; they are networks of relationships, trust and shared experience. Regional and local government, working together, provide the route to deployment - when solutions are designed and delivered collaboratively with communities, participation increases, engagement deepens and outcomes become more equitable and enduring. The West Midlands has demonstrated this potential through the Brockmoor Net Zero Neighbourhood Trailblazer and the six 'fast follower' [Net Zero Neighbourhoods](#). Together, they have shown that the greatest impact is achieved when local authority leadership is combined with community-based delivery and the co-creation of solutions.

The Neighbourhood Energy Transition Fund offers a practical, place-based mechanism to unlock the scale of investment needed, building on the opportunities created by the Warm Homes Plan

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There are, inevitably, questions still to answer. We need to understand how different households respond to different offers, how the Fund should be structured and how projects can be developed most effectively. But these aren't barriers to progress, they are precisely why we are advocating for a **Government-backed investment fund**. Through the [Buildings Retrofit Pilot](#), the [Local Net Zero Accelerator](#) and Net Zero Neighbourhood programmes, the West Midlands has a strong track record of innovation and delivery. Government can have confidence that we can work with them and industry partners to test, refine, prove and share a model capable of being scaled nationally while delivering against multiple policy objectives.



NETF is far more than a regional initiative. It is devolution in practice. It offers Government a transformative roadmap to accelerate decarbonisation, attract private finance and deliver tangible benefits to communities across the UK. By investing in neighbourhoods, we can make the journey to net zero not only faster, but fairer - driving growth to create lasting value for people, places and future generations.