



Rt Hon Rishi Sunak
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

18 March 2022

Dear Chancellor,

Cc. Simon Clarke, Chief Secretary to the Treasury & Kwasi Kwarteng, Secretary of State for BEIS

Re: Business coalition calls for support for home retrofit in the Spring Statement

Energy security, soaring energy bills and the climate crisis are perhaps the biggest challenges the country currently faces. As leading businesses in property, construction, energy and across the built environment we are writing to urge you to prioritise support for domestic energy efficiency and low carbon heat in your Spring Statement as a common-sense response. This will help deliver permanent energy security, reduce the country's exposure to volatile gas prices, lower household bills, address fuel poverty and boost your levelling up agenda.

One in every six tonnes of carbon emitted in the UK comes from homes. As businesses committed to the UK's transition to net-zero, we know our sector cannot meet its goals alone without more Government action to decarbonise homes. We are also deeply concerned that vast amounts of gas are wasted by heat leaking from the UK's homes, and that up to six million households face fuel poverty from April.

In February, you announced a £9 billion temporary Energy Bill rebate. As bills have shot up further since then, the immediate priority must be additional emergency measures for households, particularly the most vulnerable. But gas prices are likely to remain elevated for years, and to reduce the need to repeat such, costly, short-term interventions, the UK must also invest now in long-term solutions, making energy efficiency a national infrastructure investment priority. This is the responsible thing to do for public finances.

There is huge potential for improvement. Nineteen million of the UK's 29 million homes are on the bottom rungs of the Energy Performance rankings with a rating of "D" or below. Just improving these to band "C" would cut gas demand by 20% per home, although higher standards will be needed to meet our climate goals.

Much of the funding and financial incentives needed to kick start a large-scale home upgrade effort could be announced immediately in your Spring Statement. These include:

1. Fulfil the 2019 manifesto promise of £9.2bn in investment for green homes and buildings. The 2021 Spending Review fell £2bn short. We urge you to plug the gaps in the successful Homes Upgrade Grant for low-income households (£1.4bn), Social Housing Decarbonisation Fund (£200m) and Public Sector Decarbonisation Fund (£600m); and then scale those up.
2. Introduce financial incentives such as removing VAT on refurbishment work and low carbon heat sources and provide a long term, revenue neutral, structural demand driver through a variable stamp duty adjusted in line with the energy performance of a property.

UK Green Building Council
Together for a better built environment

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3. Expand the Boiler Upgrade Scheme which is currently limited to 90,000 heat pump installations – a figure dwarfed by your Government’s aim of reaching 600,000 installations per year by 2028.
4. Announce a successor to the Green Homes Grant Scheme to support owner-occupiers, but with sustained funding and designed to scale up over the coming few years. This would provide consumers and industry with confidence to plan and invest in their homes and supply chains.

The UK Green Building Council brings together over 600 member organisations from across industry and the public sector to accelerate progress towards a net-zero built environment that enables people and planet to thrive. Tens of thousands of heat engineers, insulation fitters, architects, electricians, product manufacturers, trainers and builders are looking for a consistent green light from Government to skill up and transform Britain’s leaky homes.

We stand ready to work together with you to make that happen and to support Britain’s energy security.

Yours sincerely,

Julie Hirigoyen, Chief Executive - **UKGBC**

Richard Whitehead, Managing Director - Buildings + Places, Europe & India - **AECOM**

Nigel Tonks, Sustainable Development Director - **ARUP**

David Partridge, Chairman - **Argent Related**

Jason Sibthorpe, U.K. President - **Avison Young**

David Thomas, Chief Executive - **Barratt Developments PLC**

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Chris Brown, Executive Chair - **igloo Regeneration**

Stephanie Hyde, UK Chief Executive – **JLL UK Ltd**

Mark Allan, CEO - **Land Securities Group PLC**

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