

## Industry private letter to the Labour Party

March 2024

Rt.Hon Sir Keir Starmer QC MP Leader of the Opposition  
House of Commons  
London  
SW1A 0AA

Dear Sir Keir,

cc Rachel Reeves MP, Ed Miliband MP, Jonathan Reynolds MP

### **Re. Industry partnership to help make your Warm Homes Plan a success**

We are leading businesses and professional organisations from across the construction, property, manufacturing, social housing and financial sectors, committed to supporting a national mission to upgrade Britain's homes.

We are pleased that you have restated your aim to ensure that every home below EPC C that can be practically upgraded, is done by 2035, should you take office. But of course we are disappointed by your decision to scale back both the amount and duration of your Warm Homes Plan investment pledge because this would make successful delivery more stretching – both for upgrading homes and for clean power by 2030. We recognise that you now face two challenges that we can help you with – stimulating higher levels of private investment and scaling up the industry to deliver at volume, pace and quality.

These are the policies that we believe can help you make the most progress towards your objectives. They enjoy strong business support across our sector, as well as with consumer, fuel poverty and green groups:

- 1. 10 year strategic plan and increased government investment over time:** Stop-start funding and policies have undermined industry confidence to invest, skill up and scale up. This makes delivery of immediate term retrofit works more expensive and lower quality, as well as being a barrier to large scale work over time.

A 10 year commitment to the key policies below, and an in-principle commitment to higher levels of government investment when possible, would help build trust. It would help you deliver visible progress in the early years of a potential Labour government and build the necessary foundations and momentum towards delivering on your longer-term ambitions.

Our judgement is that government investment in the order of £64bn is needed over 10 years, complemented by a suite of policies to encourage around £94bn private co-investment over the same period, returning around £77bn to the Treasury.

- 2. Raise the bar for investment properties:** One in four households living in fuel poverty live in the private rented sector. Improving the standard of these investment properties is critical if Labour is to end the era of cold homes and reverse the huge associated costs to the economy. This will require Labour to confirm the planned uplift to minimum energy efficiency standards in the private rented sector. This should be coupled with incentives and support including tax incentives, low cost property linked finance, the market-shifting benefits of an Energy Saving Stamp Duty Incentive,

longer term leases to allow fuel poor tenants to access grants and ECO funding, and an information and advice service for landlords and tenants alike.

- 3. Modernise Stamp Duty to reward green investment:** Homeowners and landlords are much more likely to invest their own money in measures such as insulation and heat pumps, if they see their investment reflected in selling prices, as they would expect with a new kitchen or bathroom. We encourage Labour to commit to modernise Stamp Duty to reflect the energy performance of a home. Nudging stamp duty levels up and down would draw the buyer's attention to energy performance, to understand which improvements are required and give them an opportunity to negotiate on price. Those who improve their homes performance within two years of purchase would receive a 'rebate to renovate' - the difference between the stamp duty paid, and that which would have been paid had the work already been done. For average and high value homes, the scheme could be revenue neutral to the Treasury. For households buying low-value homes the scheme would raise awareness and then efficiently channel grant support to subsidise the costs of work.
- 4. De-risk investment:** Quality assurance for work carried out in a home is essential to unlock householder and investor confidence, and to create a feedback loop to drive technology innovation and competency training. Where grant funding is provided, introducing requirements for metering that can measure in-use performance of insulation and heat pump installations could save hundreds of pounds for individual households by driving highest quality fabric and heat pump installations - a circa £140bn benefit to the economy. They would also help build a good reputation for home upgrades which will be key to building momentum behind the national effort.
- 5. Accelerating the shift to heat pumps:** Homes need to be well insulated to keep energy bills and grid costs down with a shift to heat pumps. In addition moving environmental and social levies from electricity bills onto more progressive general taxation would reduce the running costs of heat pumps and other electric heating in relation to gas. This removes one of the barriers to mass scale adoption, helping to reduce UK dependence on damaging gas and oil.
- 6. A partnership approach to delivery:** UKGBC's [National Retrofit Investment Calculator](#) can help you explore the big picture of where to invest government funds for the biggest economic, social and environmental benefits - including returns to the Treasury and achieving your Mission to clean up the electricity grid. It has been developed with support and insights from across the sector.

A formal partnership with industry, should you form the next government, would offer invaluable insights to fine tune the detail of your policies making them robust and workable, and to design effective scalable delivery approaches. The Future Homes Hub model is working well for new build, and the National Retrofit Hub, which was convened in the absence of government support, could be evolved to provide the same form of cross-industry implementation facilitation.

Given the chance, people want comfortable, affordable-to-run homes, and to do their bit for the planet in the face of the climate emergency. But householders are looking to political leaders to make upgrading their homes easy, affordable and attractive.

We would like to meet to discuss how our expertise and experience can help you design successful policies that can deliver progress at scale and pace, changing the face of housing in Britain for a generation.