
Spring Budget 2024 representation

January 2024

The UK Green Building Council is an industry network with a mission to radically improve the sustainability of the built environment by transforming the way it is planned, designed, constructed, maintained and operated. As a charity with over 700 member organisations we span the entire sector from some of the largest property owners, managers and developers, manufacturers, multidisciplinary advisory and engineering firms, energy providers and distributors and banks through to public sector bodies including the NHS, MOD and many local authorities as well as many SMEs.

This budget submission proposes the Government signals a long term commitment to larger scale investment in upgrading Britain's homes in order to bring down heating bills for good, protect energy security and meet our climate commitments. In tandem with this, we propose a simple alteration to Stamp Duty Land Tax with a 'rebate to renovate' incentive to steer the housing market to reflect the energy performance of a home and attract large scale private investment in home retrofit. To support the shift to cleaner electric heating we propose that social and environmental levies are moved from electricity bills to general taxation.

We also renew our call for funding for local authorities to act as local drivers of widespread home retrofit and for funding to restore the number of local authority planning officers and boost their capacity to make sound, rapid planning decisions and shape local area plans.

1. National investment in home retrofit

We have a nation of draughty, expensive-to-heat, gas- and oil-burning homes, that are also vulnerable to flooding, water shortage and extreme heat. But given the chance, we know that people want comfortable, affordable-to-run homes, and to do their bit for the planet and energy security in the face of the climate emergency.

This Budget is an opportunity to turn this situation around. We want it to be affordable for everyone to live in an energy efficient home, powered by clean energy and resilient to warming temperatures.

UKGBC has brought together experts including ARUP, Leeds Beckett University, Thermally and PwC to assess the retrofit measures needed in homes across Britain, the government and private investment needed to deliver this and the huge benefits to the economy, jobs, health, climate and energy security that this would bring. Investing in insulating homes whilst switching to heat pumps and other low carbon heating would also save the economy billions in avoided electricity grid enlargement.

What UKGBC would like to see

- The Government has so far committed £6 billion over the 2 years following the general election. We would like the Chancellor to increase this to at least £6 billion per year and extend this for 10 years so that industry and the country has the chance to plan and deliver a long term sustainable programme of works.

2. Stamp duty land tax reform to incentivise home energy saving

There is now growing support for a modernisation of the existing Stamp Duty Land Tax to help meet the Chancellor's energy saving and climate goals. An Energy Saving Stamp Duty would incentivise energy saving home upgrades by homes with better energy performance attracting a lower stamp duty and homes with improvements undertaken within two years of purchase attracting a rebate.

The approach has the potential to drive a long-term sustainable market for energy saving home upgrades, giving certainty to businesses and empowering consumers giving them choice to upgrade their new or existing home.

Importantly, this certainty would unlock immediate action by the industry to respond to the Government's other retrofit schemes which are currently underperforming, including because of lack of industry confidence that there is guaranteed market demand. The approach would allow a smooth ramping up of capacity, experience and skill to ensure high standards of retrofit nationwide, giving certainty to households, investors and businesses. The longer-term market approach would encourage innovation and cost reductions over time as new entrants and economies of scale impact the market.

The proposal has gathered significant momentum and support across the industry – from banks and estate agents to manufacturers and installers and beyond. A recent public opinion poll for No.10's former 'Nudge Unit', The Behavioural Insights Team, showed 78% public support for the stamp duty policy¹.

Stamp duty has been a reliable revenue source for the Treasury for many years. This new approach can be revenue neutral or has the flexibility to be coupled with support for lower income families in poor performing homes. It could be tapered out over time as it fulfils its goal.

What UKGBC would like to see

- An announcement or statement of intent now, with implementation in 18 months to 2 years. With this, homeowners considering selling would have time to act, should they wish, and businesses and government would have the time to prepare.

3. Move levies from electricity bills to general taxation

¹ <https://www.bi.team/blogs/new-flagship-report-how-to-build-a-net-zero-society/>

We propose that moving levies from electricity bills to general taxation will help rebalance the cost of gas and electricity to help support the move to heat pumps and other forms of low carbon heating.

4. Funding for local authority retrofit officers

Local authorities are well placed to act as a coordinator of retrofit in their area, supporting the strategic development of skills and supply chains in every part of the country and also for applying for the plethora of BEIS funds available for low income and social housing.

In previous years when retrofit was being carried out at a much larger scale, each local authority would have large teams of staff working in this area. In some local authorities this has dwindled to less than one full time officer. This means that those local authorities are unable to compete and apply for the BEIS funds and are not in the position to boost their local economies with this work.

What UKGBC would like to see

- Funding for at least one retrofit officer in each of the 33 English local authorities costing around £20 million.

5. Funding for local authority planning officers

Planning applications are beset by delays, holding back a large number of projects that are valuable in terms of economic opportunity, employment and housing provision in every part of the country. Much of this is due to a lack of planning officers in local authorities and a lack of skills and training which leads to erroneous and contradictory decisions being made and subsequently challenged.

Local Authority net expenditure on planning has fallen by 43%, from £844m in 2009/10 to £480m in 2020/21. Nearly a third of planning department staff have been cut since 2009ⁱ. The planning service is the one of the most severely affected of all local government services in terms of budgets.

It is estimated that over the next 10 to 15 years the planning sector will have demand for an additional 680 - 730 entrants.

What UKGBC would like to see

- Restoration of funding to local authorities for planning to at least 2009 levels (£844m)
- An announcement of commitments to grow the service over the following years to meet the higher level of demand associated with addressing the housing and environmental crises.

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ⁱ <https://www.rtpi.org.uk/>