

January 2023

Spring Budget 2023 Representation

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 a number of relatively modest strategic investments from government and a simple alteration to Stamp Duty to help deliver Jeremy Hunt's four 'E's: enterprise, employment, education and everywhere.

As Chris Skidmore MP set out in his [Mission Zero](#) independent review of Net Zero, "Net Zero isn't just an environmental measure, but now a crucial economic opportunity: it is the growth opportunity of the twenty-first century".

Our proposals cover:

1. Stamp duty reform to incentivise home energy saving
2. Funding for local authority retrofit officers
3. Longer term funding for household energy efficiency schemes
4. Funding for local authority planning officers

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

Chancellor Hunt announced a 2030 15% energy saving target for the built environment in November 2022 and has repeatedly expressed his support for the UK's 2050 net-zero target. The UK's 29 million, largely poorly insulated homes reliant on inefficient gas boilers are a significant part of the problem. Heating and powering homes accounts for 35% of energy use and 20% of UK carbon emissions.

Upgrading the nation's housing stock is also a huge economic opportunity and would boost employment and skills in every part of the country. But, there is currently little policy in place to improve the largest group of homes – the 65% that are owner occupied and the industry delivering improvements has collapsed.

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.

2. Funding for local authority retrofit officers

Local authorities have a central role to play in coordinating 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.

1. Household energy efficiency schemes

When Chancellor Hunt announced the 2030 15% energy saving target, experts were quick to point out that current government grant schemes were billions of pounds short of the investment needed. They are also run on very short time scales undermining industry confidence to scale up to meet the long term project of retrofitting the entire nation's homes.

What UKGBC would like to see

- The Government meet and exceed the remaining £1.4 billion gap in Home Upgrade Grant (HUG) funding – calculated as the shortfall between present HUG commitments and the support agreed in the Government's 2019 manifesto.

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

- Commit now to at least £6 billion per year in government funding for the decade-long project of upgrading the nation's homes.

1. 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.

For further information, please contact Louise Hutchins, Head of Policy and Public Affairs policy@ukgbc.org

ⁱ <https://www.rtpi.org.uk/>