

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

24 January 2022

Dear Chancellor

Re: An Energy Saving Stamp Duty Incentive to provide a long-term, revenue neutral, structural driver for retrofitting the UK's owner-occupied homes and for more sustainable new homes

Our dependence on imported gas has been brought into stark relief whilst the emissions from 29 million homes across the UK have increased over the last six years, now accounting for 20% of UK carbon emissions. Whilst many other solutions involve government spending, this proposal is revenue neutral.

Naturally, we welcomed the extra funding for heat pumps in the Spending Review for existing homes. However, these proposals will fail to take hold and reduce emissions sufficiently, if not accompanied by broader structural incentives for homeowners. Indeed, they carry a significant risk of adverse unintended consequences for homeowners, given that installation of heat pumps into homes that are not sufficiently energy efficient could lead to increased energy bills.

New housebuilders would be encouraged to move to higher building standards in advance of being required to by regulations.

Homeowners can be incentivised - nudged but not told - to improve their own homes to allow funding to be directed to those that don't have means or access to finance. To realise this, the UK Government should provide an incentive for homeowners that goes beyond one-off, shorter-term grants for specific technologies. Whilst delivering low-cost measures, boom-bust grants have failed to produce a legacy of delivery capacity – vital for sustainable and efficient supply chains.

UK Government urgently needs low-cost, long-term structural incentives to plug this significant tenure gap, which realistically can be announced in this Parliament. By giving a policy signal, or statement of intent now, with implementation in 18 months to two years, businesses have the time to work with government, smoothing the road to roll out and ramp up thus ensuring the skills, capacity and quality to deliver the requisite retrofit programme, in the knowledge there is market demand at the end.

An Energy Saving Stamp Duty Incentive

The circumstance where homeowners invest in their own homes can be created through a Energy Saving Stamp Duty Incentive - the most viable approach to stimulate and support owner-occupiers to act at scale.

This is an effective intervention, backed by groups ranging from: Consumer finance organisations, consumer facing groups, retailers, builders / installers and manufacturers. It will ensure that installation of vital energy efficiency measures become part of the house purchase process, acting as a driver for discussions with banks or other lenders about funding. The incentive will encourage people to actively think about the energy performance of the home they are considering purchasing, about potential improvements, consider any retrofit costs and plan ahead to realise the rebate, reducing the cost of retrofitting under-performing homes.

An Energy Saving Stamp Duty Incentive is not a silver bullet – and we are not suggesting that any rebate should cover the full cost of works that might be needed. We are, however, proposing a rebate significant enough to get homebuyers' attention and create the conditions for homeowners and purchasers to invest in, and improve, their own homes. We need to encourage home purchasers' involvement and action when disruption is least and ensure retrofit activity is steady over the long term, to deliver lowest cost and best quality - where businesses are confident to invest and trade on their reputation, not struggling to expand when grants are available and focused on downsizing when they are gone.

Stamp Duty already exists and an Energy Saving Stamp Duty Incentive could prove more effective, and simpler, than a large-scale, short-term, costly grant programme - whilst also being revenue neutral. It can be adopted quickly, to be fair to homeowners, and sufficiently rapidly to give the UK Government the chance to reach its target of a 78% reduction of UK greenhouse emissions by 2035.

To verify performance improvements, this policy needs to be underpinned by an EPC regime based on real, verified performance data – actions BEIS are actively delivering. This will simultaneously enhance retrofit and building standards and give homeowners the ability to hold installers/builders to account for the quality of their work. In addition, it is important that there is an independent and impartial advice and support service in England to help households with their journey to low energy homes.

We accept that an Energy Saving Stamp Duty Incentive is not the first thing that springs to mind. We are fully aware that keeping taxes as simple as possible is in Treasury DNA. However, there is a dearth of palatable alternatives capable of creating the scale of action required.

An Energy Saving Stamp Duty is the very best of all the alternatives for owner occupiers who are not fuel poor – with their heat and power - representing 12% of the UK's emissions.

We urge you to engage the power of the market and start a two-decade long retrofit campaign.

We would be delighted if a small delegation, from the organisations that support this initiative, could meet with you to discuss how it could work. Please contact David Adams, EEIG Energy Saving Stamp Duty spokesman at david@theeeig.co.uk and we look forward to your response.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sarah Kostense-Winterton', is positioned below the text 'Yours sincerely,'.

Sarah Kostense-Winterton
Chairman
The Energy Efficiency Infrastructure Group

Supported by the following organisations:



Andrew Simmonds
Chief Executive
Association for Environmentally Conscious Building



Chris Friedler
Policy Director
The Association for Decentralised Energy



Stephen Fernandez
Director,
UKIMEA Building Retrofit
Leader
ARUP



George Martin
Chair
Building Performance Network



Tony Hardiman
Chair
CIGA

Andrew Warren
Chair
British Energy Efficiency Federation



Dr Hywel Davies
Technical Director
Chartered Institution of Building Service Engineers



Peter L. Caplehorn
Chief Executive
Construction Product Association



Jim Driver
Managing Director
CoreLogic U.K.



E3G
Ed Matthew
Campaigns Director
E3G



Brian Tilley
Head of External Affairs
E.ON



Emily Braham
Director
EnergiesprongUK



Stew Horne
Head of Policy
Energy Saving Trust



Brian Berry
Chief Executive
Federation Of Master Builder



Lynne Sulivan
Chair
Good Homes Alliance



David Pinder
Chair
Green Construction Board



Phil Hurley
Chair
Heat Pump Association



Chris Brown
Executive Chair
igloo Regeneration



Dave Sherdan
Exec Chairman
Ilke Homes



Nigel Donohue
CEO
Insulation Assurance
Authority



Simon Storer
Chief Executive
Insulation Manufacturers
Association



Marcus Alcindor
Chairman
Insulated Render and
Cladding Association



Nick Lakin
Group Director of Corporate
Affairs
Kingfisher PLC



Neil Hargreaves
Managing Director
Knauf Insulation



Chris Twinn
CIC Member
LETI



David Cowdrey FRGS
Director of External Affairs
MCS Charitable Foundation



Sarah Kostense-Winterton
Executive Director
Mineral Wool Manufacturers
Association



Richard Beresford
Chief Executive
National Federation of
Builders



Andrew Baddeley-Chappell
Chief Executive
National Custom & Self
Build Association



Anna Scothern
Chief Executive
National Home Improvement
Council



Derek Horrocks
Chair
National Insulation
Association



Andrew Champ
Executive Director
Solid Wall Insulation
Guarantee Agency



Jon Bootland
Chief Executive
Passivhaus Trust



Mark Hayward
Chief Policy Advisor
PropertyMark



David Pierpoint
Chief Executive
Retrofit Academy



Russell Smith
Chief Executive
RetrofitWorks



Simon Allford
President
Royal Institute of British
Architects



Tony Gordon
Head of Product Management
TN International



Jade Lewis
Chief Executive
Sustainable Energy
Association



Julie Hirigoyen
Chief Executive
UK Green Building Council



Neil Freshwater
Public Affairs Manager
VELUX Company Ltd

For further information, please contact:

Sarah Kostense-Winterton
Chairman
The Energy Efficiency Infrastructure Group (EEIG)
c/o KW Communications, 16 Old Queen Street, London SW1H 9HP
sarah@theeeig.co.uk
[+447771 570808](tel:+447771570808)
www.theeeig.co.uk