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Dear Secretary of State,

I understand that your Department intends to publish a national strategy in the coming days for reducing emissions from home heating. With home heating representing the source of around 14% of the UK's greenhouse gas emissions, it is vital that this strategy is wide-ranging and ambitious in its scope, making it equal to the urgency of the task of achieving net zero.

I hope that when you publish your urgently-needed strategy, there will be much that we can welcome, and that it will represent a real partnership with local government. However, a failure to take action to substantially cut the costs of green home improvements will hobble this strategy before the ink is dry and would represent a failure to live up to the government's rhetoric on achieving net zero. Bold ambitions require bold actions, and this is your opportunity to step up.

Ever since the scrapping of the Green Homes Grant earlier this year, the UK has been without any national strategy to help households play their part in cutting heating emissions, and it is vital that this changes rapidly.

I am deeply concerned, therefore, to read reports suggesting that the strategy will not incorporate a reduction or removal of VAT on green home improvements. By substantially reducing, at a single stroke, the often very high financial cost of measures such as new heating systems, heat pumps and insulation, a reduction in VAT to 5% or 0% would represent a real spur to efforts to encourage such retrofitting. This would not only help efforts to cut emissions, but also provide a much-needed boost to the retrofitting sector, which includes many small and medium businesses in urgent need of help following the impact of the pandemic. In London alone, recent data suggests that retrofitting could represent a £100bn opportunity, not only contributing to the immediate recovery, but delivering on building skills, new jobs and innovation.

It is obviously important that there are also targeted schemes aimed at assisting lower-income households and social housing providers to improve household energy





efficiency. However, these would not be sufficient on their own. The costs of retrofitting are such that without government assistance, they will fall beyond the means even of relatively financially comfortable households.

A reduction in the VAT rate on green improvements has the potential to knock thousands of pounds off the costs that households might face. It is a simple measure that requires no means-testing, no jumping through hoops, no bureaucracy or forms. Cutting the VAT rate would be a clear and unambiguous signal from government, through the tax system, that as a nation we want to encourage every household to take steps to reduce heating emissions, and that we will do what we can to reduce the financial penalty of doing so.

As a council, Ealing has set out an ambitious and radical programme to reach net zero. Through this, we will do whatever we can to support local households to reduce emissions from heating. However, the major levers to reduce costs and make retrofitting affordable for more households do not sit with local government. We need urgent and radical action from ministers, including on reducing the VAT rate.

The publication of the strategy is a crucial opportunity to tackle a major source of emissions. I am urging you not to miss that opportunity and seize the chance to substantially reduce the cost of vital steps to reduce household heating emissions.

Your sincerely,

Cllr Deirdre Costigan
Deputy Leader & Cabinet Member for Climate Action