



TIME AND AGAIN IT HAS BEEN SHOWN THAT THE GOVERNMENT MUST INTRODUCE TAX INCENTIVES, SUCH AS COUNCIL TAX REBATES, TO MOTIVATE MASS BEHAVIOUR CHANGE

# ENERGY JUNKIES

Government consultations on improving the performance of our existing stock are welcome. But, says **David Strong**, it will mean nothing if the public can't kick the carbon habit

A recent newspaper headline proclaimed, "Vicar fights brothel closure". Indeed? But there have been times recently when I've been in danger of sounding like this vicar, making apparently counterintuitive statements such as "the low-carbon agenda can result in perverse outcomes".

The government's apparent obsession with new build, in my view, has acted as a distraction from the vital issue of how to improve the energy performance of existing buildings. So I was sceptical when (at last!) the government published three consultation documents on it last month.

To my surprise, I found there was much to welcome among the 300 or so pages of the Heat and Energy Saving Strategy and its related proposals. It covers a wide range of critical points, from energy efficiency measures to decarbonising the heat we use in our homes and businesses, to better communication with consumers.

For example, it's good to see proposals coming forward to remove barriers to the development of district heating, particularly suggestions for addressing regulatory and financial impediments and the setting aside of £12m of Homes and Communities Agency funding to develop exemplar schemes.

The removal of the threshold for "consequential improvements" within the Building Regulations is also important. This phrase is civil service jargon for requiring the energy performance of an existing building to be improved (as a condition of planning), when it is extended or materially changed.

But there are still problems with funding. At the moment, the proposals appear to rely on extending existing measures, such as the carbon emissions reduction target (CERT). There are concerns regarding the long-term viability of the CERT funding mechanism and it is often criticised as a hidden tax on energy users. The consultation suggests that energy companies' CERT obligations be increased by 20%. However, although each company has an individual target associated with emissions,

there is no specific requirement regarding how much they spend – many observers feel that this is a fundamental weakness.

The consultation also proposes community energy-saving programmes. These may offer an opportunity for councils to work with energy suppliers on intensive, whole-house improvements in 100 targeted, low-income communities.

The Treasury urgently needs better financial incentives. No amount of access to "low-cost loans" will give us the right leverage or achieve the ambitious targets that are being set. Time and again it has been shown that the government must introduce tax incentives, such as council tax rebates, to motivate mass behaviour change.

The recent ruling by the EU Economic and Financial Affairs Council to allow member states to lower VAT on renovation and repair of private dwellings from 17.5% to 5% provides a great opportunity, not only to help get the construction industry back on its feet, but also to ensure that the VAT on home improvements are taxed at the same rate as energy supply. It will be interesting to see if the chancellor has the political will (and courage) to implement this in his second budget on the 22 April.

Other options could include providing modest stamp duty rebates if a homebuyer carries out all cost-effective home energy efficiency measures identified in a home energy audit. Also, the winter fuel allowance (which costs the government about £3bn a year) could become a single one-off payment to fund a radical whole-house upgrade.

A word of caution, however. We must make decarbonising all of society's energy use at least as high a priority as home efficiency measures. We must also grasp the difficult issue of behavioural change. Without a carbon-aware mindset among all of us, the risk is that all this consulting will come to nowt and money saved on fuel bills will simply get spent on weekends in Barcelona! **David Strong is chief executive of Inbuilt**

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