



Environmental Audit Committee

House of Commons, London SW1A 0AA

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Rt Hon Rishi Sunak MP
First Lord of the Treasury and Prime Minister
10 Downing Street
London SW1A 2AA

Sent by email only

29th September 2023

Dear Prime Minister -

Members of the Environmental Audit Committee met informally on Monday 25th September to consider your speech on net zero policies made on 20th September 2023. I am writing on the Committee's behalf with our initial observations and several questions arising from the policy changes you announced.

Members were concerned by presentation of the debate over net zero measures as a binary choice between those who oppose net zero policies on the grounds of excessive costs, excessive burdens or rejection of the evidence of climate change, and those who demand change at a pace which is impractical or unaffordable. In reality there has been significant consensus across all parties in the House about the evidence for climate change and the measures required to tackle it, leading to cross-party support for the climate policies which you praised in your remarks.

You referenced the need for "a politics that is transparent" and decried the lack of "debate and fundamental scrutiny" over certain policies. Yet the timing of your speech denied an immediate opportunity to have the revised measures which you proposed debated and scrutinised in the House of Commons before the conference recess.

Media outlets began speculating on a policy shift during the afternoon of Tuesday 19th September, shortly before the House of Commons was adjourned for the recess, giving no time for a statement to be made to the House. The Energy Security and Net Zero Secretary had been at the Despatch Box earlier that day but did not offer to make a statement before the House rose. In our view, a statement to the House would have facilitated the debate and scrutiny in public which you criticised as hitherto having been absent from consideration of net zero policies.

To the extent legislation might be required to give effect to your proposed changes in policy, it could have been considered by the Commons at report stage of the Energy Bill on Tuesday 5th September. We note that the Government did not amend the Order of the House made on 9th May so as to extend the time available for report stage, even though over 300 amendments, including over 160 Government amendments, had been tabled for consideration. In the event the Government amendments were disposed of *en bloc* following a debate which lasted less than three hours.

We nevertheless welcome the commitment to greater scrutiny of net zero measures implicit in your remarks, and expect that it will be reflected in future both in the proposals the Government makes to the House on the programming of legislation, and in the engagement of Ministers with the policy scrutiny undertaken by select committees of both Houses.

The Environmental Audit Committee has itself undertaken significant scrutiny of Government policies intended to deliver net zero outcomes. In the Committee's report on *Energy efficiency of existing homes*, made in March 2021, we pointed out the significant underestimates which had been made in the Government's calculations on the cost of retrofit measures and installation of heat pumps. We highlighted the deficiencies in the Green Homes Grant voucher scheme for privately-owned properties: shortly after we made our report Ministers decided to close the scheme entirely rather than to remedy those deficiencies. We also pointed out alternative financing solutions which could be made available to homeowners and landlords facing significant retrofit costs. These constructive approaches were largely dismissed by Ministers.

Like you, we lament the lack of scrutiny around the adoption of carbon budgets proposed by Ministers. Although it is open to the Government to arrange for longer and more inclusive debates on motions to approve secondary legislation adopting carbon budgets and amending the provisions of the Climate Change Act 2008, no administration has been prepared to facilitate such debates. As the committee of the House responsible for examining Government progress towards carbon budgets, we would be happy to work with you and colleagues within Government to design an approval process which will incorporate more robust ex ante scrutiny in the House of Commons of the Government's proposals for the seventh and subsequent carbon budgets.

Turning to the carbon budgets already agreed, we note your renewed commitment to meeting the overall statutory target of net zero by 2050, while relaxing a number of the policies intended to deliver reductions in the UK's emissions. In March 2023 the Government presented to Parliament a Carbon Budget Delivery Plan which set out how the Government planned to meet the statutory requirements of the Fourth, Fifth and Sixth Carbon Budgets through the policies set out in the Net Zero Strategy issued in October 2021. You indicated on 20th September that the policy changes would not entail any abandonment of Government targets or commitments. It would therefore be helpful to have clarity on how the Government intends to meet its delivery objectives for current carbon budgets, including details on the specific measures necessary to fill the emission reduction gap caused by the proposed roll back of existing policies, particularly in the light of the 2023 progress report on emissions reductions issued by the Climate Change Committee which indicated several significant risks to these objectives.

The Committee was concerned to read reports of the dissolution of the Energy Efficiency Taskforce, a body we had welcomed when it was set up earlier in the year. There were high expectations that it would drive forward practical and effective measures to improve energy efficiency in the UK's draughty legacy housing stock and propose innovative ways to support householders and landlords in the transition to better-insulated properties. The

winding up of this group and the absorption of its work into mainstream departmental business sends a worrying message about the Government's readiness to embrace fresh thinking on this policy challenge and its prioritisation of the energy efficiency agenda.

We welcome the decision to increase the support available for installation of air source and ground source heat pumps through the Boiler Upgrade Scheme. The announcement of an increase to individual grants was not, however, accompanied by an announcement about the overall level of funding for the scheme. Without a corresponding increase in scheme funding, the scheme will in fact deliver fewer upgrades to properties. The Committee's engagement with suppliers and installers in the course of our inquiry into the energy efficiency of existing homes has identified significant concerns about the effect that poor administration of voucher schemes can have on the supply chain. The sudden announcement of a substantial increase in grants available may cause customers to cancel or postpone current installation plans in the expectation of additional support. It will be important to ensure that these measures properly support and grow the supply chain on which the country will rely if energy efficiency targets are to be met.

We welcome your plans to accelerate development of grid capacity and improve access to the electricity distribution grid. As you will know, the Committee has recently launched an inquiry into this topic, recognising that the current pace of grid capacity development represents a significant barrier to the fulfilment of plans to decarbonise the economy by 2050. Members were also encouraged to hear that you plan to attend COP28 in Dubai in November. We noted with interest your intention for further announcements on the Government's plans to promote nature recovery: the Committee has made several recent recommendations on the current state of biodiversity in England and will shortly be examining the role of natural capital in the green economy.

The removal of requirements on landlords to improve the energy efficiency of rented properties to EPC C by 2025, replaced with an encouragement to increase energy efficiency measures, appears on the face of it to weaken energy efficiency measures in the private rented sector. While this may be a pragmatic reflection of the current cost to landlords exceeding the threshold for being required to undertake this work, it is also likely to delay the benefit for fuel-poor tenants from improvements to poorly-insulated accommodation at a time of continued high energy costs.

You indicated your intention not to pursue a number of policy proposals apparently under consideration by different Departments which you described as "worrying", none of which had yet been adopted as Government policy. When we have discussed any of these potential approaches to decarbonisation with Ministers they have been clear that the Government had not decided to pursue them: for instance, in June 2022 the then Minister for Aviation told us that he ruled out introducing new taxes to manage aviation demand, and in February this year the Environment Secretary made it clear to us that she was not contemplating any measures to reduce meat consumption.

The items of further information and clarification requested by the Committee in consequence of your announcements are as follows:

- 1. Please arrange for the Committee to receive a revised Carbon Budget Delivery Plan, setting out how the March 2023 Plan is to be amended in consequence of each policy change announced on 20th September, together with any relevant advice received from the Committee on Climate Change.**
- 2. Please also set out the modelling and policy assumptions made within Government on how interim and final net zero targets are to be met in respect of:**
 - 2.1 The delay to 2035 of the proposed ban on sales of new petrol and diesel cars and vans, and the assumptions made about the markets for new and second hand petrol/diesel and electric vehicles which underpin the Government's approach;**
 - 2.2 The delay to 2035 on the proposed ban on installation of oil and LPG boilers, and new coal heating, for UK homes not connected to the gas grid, and the Government's proposals to reduce carbon emissions from the heating of homes not suitable for heat pumps;**
 - 2.3 The exemption to the phase out of all domestic fossil fuel boilers from 2035, together with details of the criteria for exemption and any measures to mitigate the carbon emissions from exempted households.**
- 3. Please set out the Government's current policy on introducing a mandate for minimum sales of zero emissions vehicles, and what impact the extension of the ban on sales of new petrol and diesel cars will have on the trajectory to reduce emissions from road transport.**
- 4. Ministers had previously supported the 2030 ban on new petrol and diesel cars, citing an estimated boost to the economy of some £4.2bn and the creation of up to 40,000 UK jobs from introducing a ban before the EU. Please set out the Government's latest projections for the impact on GDP and employment levels of postponing the ban to 2035.**
- 5. Please set out the Government's current policy on introducing a mandate for minimum sales of heat pumps or hydrogen-ready boilers, and what impact the extension of the ban on sales of fossil fuel**

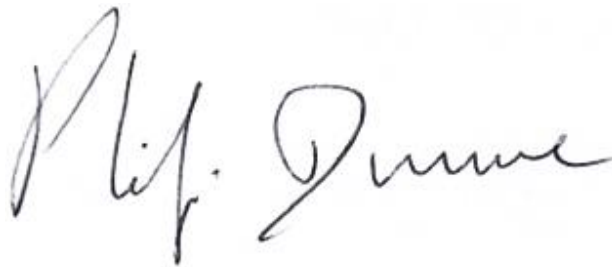
domestic boilers and the increased grant to instal heat pumps will have on the trajectory to reduce emissions from home heating.

- 6. Please arrange for the Committee to be updated on the work of the Energy Efficiency Taskforce during its operation; the matters it was considering when it was wound up; and the arrangements being made within Government to take forward policy development and implementation in this area.**
- 7. Please set out the total funding currently allocated to the Boiler Upgrade Scheme; the sum paid out in grants to successful applicants up to 20th September 2023; and the total number of installations which can be supported under the scheme following the increase in grant to £7,500 from 23rd October 2023. Please also set out the measures which have been put in place to assist suppliers and installers in handling the uplift in the grant sums available.**
- 8. Please set out the assessment the Government has undertaken of the effect on the private rented sector of the removal of the requirement for all rented properties to be brought up to EPC band C by 2035; and the effect of the relaxation of these requirements on the heating costs of tenants of properties at EPC band D and below who are currently in fuel poverty.**
- 9. For the policy proposals which are not to be introduced, please set out in each case the source of the policy proposal and the status of consideration given to each by (a) Ministers and (b) officials in the relevant Government department:**
 - 9.1 regulation of the number of passengers to be carried in private vehicles;**
 - 9.2 requirement for householders to sort waste into seven different waste containers;**
 - 9.3 influencing consumption of meat and meat products through taxation;**
 - 9.4 using the tax system to discourage the use of flights for business or leisure purposes.**

I should be grateful if you would arrange for each of the requests for information above to be answered not later than Thursday 12th October. This will enable the Committee to be suitably well informed as it deliberates on these matters in the following fortnight.

A copy of this letter is being sent to the Secretary of State for Energy Security and Net Zero, the Secretary of State for Environment, Farming and Rural Affairs, the Secretary of State for Transport, the Chairs of the House of Commons Energy Security and Net Zero Committee, the House of Commons Environment, Food and Rural Affairs Committee, the House of Commons Transport Committee and the House of Lords Environment and Climate Change Committee, the Speaker of the House of Commons and the Acting Chair of the Committee on Climate Change.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Philip Dunne". The signature is written in a cursive, flowing style.

Rt Hon Philip Dunne MP
Chair of the Environmental Audit Committee