



**DON'T  
WASTE  
BUILD-  
INGS**

**FINANCIAL INCENTIVES TO  
PROMOTE REUSE OF  
BUILDINGS**

**THE GREAT BRITISH REPAIR PLAN  
FOR BUILDINGS UNDER THREAT**

# FINANCIAL INCENTIVES TO PROMOTE REUSE OF BUILDINGS

## **Incentive**

VAT Credit / Exemptions

## **Status**

Existing: promotes new construction and only select operational improvements in retrofit

## **Summary**

Current structure is 0% on new construction; 20% on retrofit

## **Description**

A standard 20% VAT is charged on retrofit labour and materials, while demolition and new-build construction attract a zero rate. Current VAT exemptions focus on a narrow band of operational improvements but not embodied carbon. This policy directly impacts the costs associated with retrofit projects.

## **Existing programmes**

Energy products that qualify for a reduced VAT rate are only incentivising operational measures such as HVAC, insulation, and renewables.

## **What could be done?**

- \* Reduce VAT on retrofit to be at least at par with new construction

OR

- \* Expand a more comprehensive exemptions list for retrofit materials and labour (toward housing)

## **References**

<https://www.gov.uk/tax-on-shopping/energy-saving-products>

# FINANCIAL INCENTIVES TO PROMOTE REUSE OF BUILDINGS

## **Incentive**

Green mortgages / loans

## **Status**

Existing: promotes new construction and only operational carbon improvements in retrofit

## **Summary**

More favourable mortgage rates on properties with greater energy efficiency

## **Description**

Green mortgages are loans to new highly energy-efficient buildings or the retrofit of existing buildings to make them highly energy efficient. They typically only cover the costs of the improvements (materials and labour to improve operational carbon) but not the building itself (embodied carbon).

## **Existing programmes**

Current programs encourage borrowers to invest in properties with recognised green building certifications or to make energy performance improvements, however, the building itself is not an allowed use of green loan funds.

## **What could be done?**

- \* Encourage and promote the use of Green Loans; Lower interest rates than market-rate loans could render retrofit and deep retrofit feasible

OR

- \* Permit UK banks to lend against both the existing building and the improvements

## **References**

<https://www.greenfinanceinstitute.com/programmes/ceeb/green-mortgages/>

# FINANCIAL INCENTIVES TO PROMOTE REUSE OF BUILDINGS

## **Incentive**

Online Marketplace for Reused and Repurposed Building Materials

## **Status**

Proposed/New: promotes reuse of existing embodied carbon materials

## **Summary**

Centralised go-to sources for exchange and re-use of building materials

## **Description**

Online marketplace available to buy/sell existing and repurposed building materials: for Seller--turns a liability into an asset (demolition and construction waste are cost centres); for Buyer--lower materials costs, cost and timing certainty.

## **Existing programmes**

A few start-ups and architecture firms have proprietary software and online markets. Consolidation occurring in the market.

## **What could be done?**

VAT exemption for building materials purchased on circular economy platforms

## **References**

# FINANCIAL INCENTIVES TO PROMOTE REUSE OF BUILDINGS

## **Incentive**

Emissions Trading Scheme

## **Status**

Existing program but does not cover the Building Industry

## **Summary**

Essentially applies a high price to high emissions materials like bricks, concrete, steel, glass, and some forms of insulation

## **Description**

Essentially applies a high price to high emissions materials like bricks, concrete, steel, glass, and some forms of insulation.

## **Existing programmes**

Covers high emitting industries, power generation and aviation. UK Govt looking at extending scheme to heat and buildings and road transport.

## **What could be done?**

Set a pathway for the Auction Reserve Price to 2050 aligned with the Government's policy appraisal values to bring investment certainty and support decarbonisation.

## **References**

<https://www.gov.uk/government/publications/participating-in-the-uk-ets>

ETS - <https://www.gov.uk/government/news/industry-invited-to-share-views-on-changes-to-emissions-trading-scheme>

# FINANCIAL INCENTIVES TO PROMOTE REUSE OF BUILDINGS

## **Incentive**

Carbon Border Adjustment Mechanism

## **Status**

Existing program but is not comprehensive

## **Summary**

Import tax directly linked to the emissions of the imported goods

## **Description**

Import tax directly linked to the emissions of the imported goods.

## **Existing programmes**

Applies to things like aluminium, cement, glass, iron and steel. 2024 consultation on what is in scope.

## **What could be done?**

Introduce this at levels that equate to the Government's policy appraisal values to provide a level playing field for UK industry.

## **References**

<https://www.gov.uk/government/consultations/addressing-carbon-leakage-risk-to-support-decarbonisation/outcome/factsheet-uk-carbon-border-adjustment-mechanism>

# FINANCIAL INCENTIVES TO PROMOTE REUSE OF BUILDINGS

## **Incentive**

Energy Savings Stamp Duty Incentive

## **Status**

Proposed/New: promotes operational carbon retrofit

## **Summary**

Rebate of (higher) stamp duty for measurable improvements to EPC rating within two years of purchase.

## **Description**

Proposal to make energy efficiency a factor of purchase prices and stamp duty and an incentive for buyers/sellers.

## **Existing programmes**

N/A

## **What could be done?**

Rebate of (higher) stamp duty for measurable improvements to EPC rating within two years of purchase.

## **References**

<https://ukgbc.org/wp-content/uploads/2022/09/EEIG-UKGBC-Energy-Saving-Stamp-Duty-Briefing-Note.pdf>



# FINANCIAL INCENTIVES TO PROMOTE REUSE OF BUILDINGS

## **Incentive**

Landfill Tax

## **Status**

Existing program

## **Summary**

Tax if the business gets rid of waste using landfill sites - impacts on demolition.

## **Description**

Tax if the business gets rid of waste using landfill sites - impacts on demolition.

## **Existing programmes**

No relief, just best practice to incentivise re-use of materials

## **What could be done?**

Introduce annual real terms increases of [5]% above RPI for construction waste.

## **References**

<https://www.gov.uk/green-taxes-and-reliefs/landfill-tax>



# FINANCIAL INCENTIVES TO PROMOTE REUSE OF BUILDINGS

## **Incentive**

Landfill Community Fund

## **Status**

Existing program

## **Summary**

Allows landfill operators to contribute to local environmental bodies.

## **Description**

Allows landfill operators to contribute to local environmental bodies.

## **Existing programmes**

Tax credit available if contributions are made to registered environmental bodies to support local environmental projects

## **What could be done?**

Tax credit if buildings material waste is redirected towards use in new construction.

## **References**

<https://www.entrust.org.uk/landfill-community-fund/>

# FINANCIAL INCENTIVES TO PROMOTE REUSE OF BUILDINGS

## **Incentive**

Aggregates Levy

## **Status**

Existing program

## **Summary**

Tax on sand, gravel and rock that's been dug from the ground, dredged from UK seabeds or imported.

## **Description**

Tax on sand, gravel and rock that's been dug from the ground, dredged from UK seabeds or imported.

## **Existing programmes**

Some relief available if used in any process to reduce pollutant emissions, in energy production, or refractory processes, amongst others

## **What could be done?**

Increase Aggregates Levy by RPI plus [5]% annually.

## **References**

<https://www.gov.uk/green-taxes-and-reliefs/aggregates-levy>

<https://www.gov.uk/guidance/claim-relief-from-aggregates-levy-for-industrial-and-agricultural-processes>

# FINANCIAL INCENTIVES TO PROMOTE REUSE OF BUILDINGS

## **Incentive**

Capital Allowances

## **Status**

Existing program for retrofit but does not cover residential at any scale

## **Summary**

Capital Allowance income tax break for businesses and commercial properties retrofit. No residential application either for single home or multi-family dwellings.

## **Description**

Capital allowances allow tax relief for businesses and commercial properties only. They allow deductions for some or all of the value of a retrofit item from profits before paying tax.

## **Existing programmes**

Businesses investing in new plant and machinery, fixtures and fittings for use: Heating, air conditioning, lifts, WC fittings, flooring, etc all qualify. You can now claim an allowance for the bricks and mortar elements of a construction contract

## **What could be done?**

- \* Give capital allowances on large multi-unit residential schemes
- \* Increase rates of relief on existing buildings

## **References**

<https://www.gov.uk/capital-allowances>