

Briefing

Autumn Statement: December 2014

The Autumn Statement takes place on Wednesday 3 December 2014.

Will Mr Osborne act to protect homes and health, or stand up for profits and polluters?

The Chancellor is expected to pledge new support for road schemes and champion his support for the oil and gas industries, including frackers. An announcement is expected on flood defence spending but this risks falling short again of what is needed.

Will he scrimp on protecting people in favour of more good news for oil barons and road-builders?

Act on the UK's killer air: no new roads

In November 2014 the European Court of Justice ruled that the UK must clean up its illegal levels of air pollution¹. As a result the UK Supreme Court could require the Government to drastically cut pollution from motor vehicles, which could include needing to look again at its road-building plans.

29,000 people die early in the UK each year as a result of air pollution, making it the biggest public health problem after smoking. Emissions from cars, particularly diesel, are a major contributor.

With our air already killing by the tens of thousands, can the Chancellor push on with new roads?

Don't penny-pinch in the battle against devastating floods

The Chancellor is expected to announce a six-year spending plan for flood defences in his Autumn Statement. But there is a £500 million gap between what the Coalition has spent during 2011-2015 and what is required just to keep pace with climate change, say the Committee on Climate Change².

The Chancellor's spending on flood defences will need to be significantly ramped up from previous levels, merely to be adequate.

Five million households are already at flood risk and the Government's own figures say that almost a million more people could join them by the 2020s thanks to climate change. Unless the spending gap is plugged, 250,000 more homes will be unnecessarily put at risk over the next twenty years, risking an extra £3 billion in flood damages.

Get serious about funding a major programme to insulate our cold homes

The Chancellor should prioritise a nationwide project of insulating millions of homes at the top of his infrastructure pipeline, and allocate a fraction of the national infrastructure funding pot to pay for it.

An extra £3 billion of funding is needed to deliver this over the next Parliament – only 3% of the total public funds earmarked for infrastructure over that period. Research shows³ that this would cut gas

¹ Client Earth, 19 November 2014: 'EU court rules UK government must act to clean up deadly air pollution':

<http://www.clientearth.org/news/press-releases/eu-court-rules-uk-government-must-act-to-clean-up-deadly-air-pollution-2699>

² BBC News, 5 February 2014: 'UK going in wrong direction on flooding, experts say': <http://www.bbc.co.uk/news/uk-26042518>

³ Friends of the Earth, 2014: 'Energy efficiency as infrastructure: the case for increased investment':

<http://www.foe.co.uk/sites/default/files/downloads/energy-efficiency-infrastructure-case-increased-investment-74277.pdf>

Autumn Statement 2014

imports by 26% a year by 2030, with 100,000+ jobs created over the decade running up to that date – and energy bills would be lower than otherwise by as much as £400.

Four million homes should be insulated to a decent standard (EPC C) by 2020, half of which should be low-income. We should aim to have insulated all homes in the UK to this standard by 2035.

A red light to dirty energy

To avoid climate catastrophe all countries need to start leaving oil and gas in the ground. Yet the Chancellor gave tax breaks to North Sea oil companies in 2013/14 worth £1.06 billion⁴ and the Treasury is now embarking on a complete overhaul of the oil and gas tax regime to “maximise economic recovery”. This looks to include permanently lower tax rates for North Sea polluters, to encourage the extraction of an extra three billion barrels of oil – enough to fill Windermere 1½ times.

In addition, the Chancellor is expected to provide more rhetorical and financial support for shale gas – an overhyped and unpopular proposition which is bitterly opposed by communities across the UK. In an August 2014 poll for DECC, just 24% of the public gave their support to fracking⁵.

At a time when flood defences and home insulation struggle for funds and Treasury enthusiasm, fracking projects have been receiving the Chancellor’s enthusiastic support and nurturing. This includes the promise of a ‘sovereign wealth fund’ for the North, which amounts to little more than a bribe. The Chancellor should end his headlong pursuit of ever more climate changing fossil fuels and wean the Treasury off its oil and gas addiction.

Let schools borrow for solar power

Children are excited by solar power and, at a time of stretched budgets, their headteachers are very keen on their economics. A school running on sun can save up to £8,000 a year⁶, cut carbon, and act as an inspiration for the next generation. Yet this ambition is being held back by Treasury, which isn’t letting schools borrow to install solar – a ‘quick win’ for the Chancellor to correct.

Require Treasury to be a proactive driving force for action on climate and resources

Pressure on natural resources will only rise over the coming years, further stressing fragile ecosystems and risking rising and volatile prices. 80 per cent of senior manufacturing executives consider limited access to raw materials to be a business risk – for one in three, their top risk⁷.

Friends of the Earth exposed the Treasury’s rejection of appeals from other Government departments, including FCO and BIS, for a strategic review of the long-term risks to the UK economy of resource inefficiency⁸. In the national interest the Chancellor should overrule his mandarins and now commission such a “Stern for Resources”.

And any Government serious about leadership on long-term risks like climate change and resource inefficiency needs all of its political machinery pulling in the same direction. Treasury is too often an institutional block. The Chancellor should commit to an additional priority for Treasury of leadership on carbon reduction, cutting resource waste, and improving the quality of life of all⁹.

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⁴ Friends of the Earth, 2014: ‘Fossil fuel tax breaks, 2013/14’:

<http://www.foe.co.uk/sites/default/files/downloads/14-worth-2.7-billion-46637.pdf>

⁵ DECC, Aug 2014, ‘Public attitudes tracking survey’ <https://www.gov.uk/government/statistics/public-attitudes-tracking-survey-wave-10>

⁶ Calculations by Friends of the Earth.

⁷ Friends of the Earth / EEF, August 2014: http://www.foe.co.uk/resource/press_releases/govt_action_over_resource_crisis_20082012

⁸ FT, March 2013: ‘Treasury kills off environment study’ <http://www.ft.com/cms/s/0/1bc37804-8298-11e2-a3e3-00144feabdc0.html>

⁹ See www.foe.co.uk/treasury