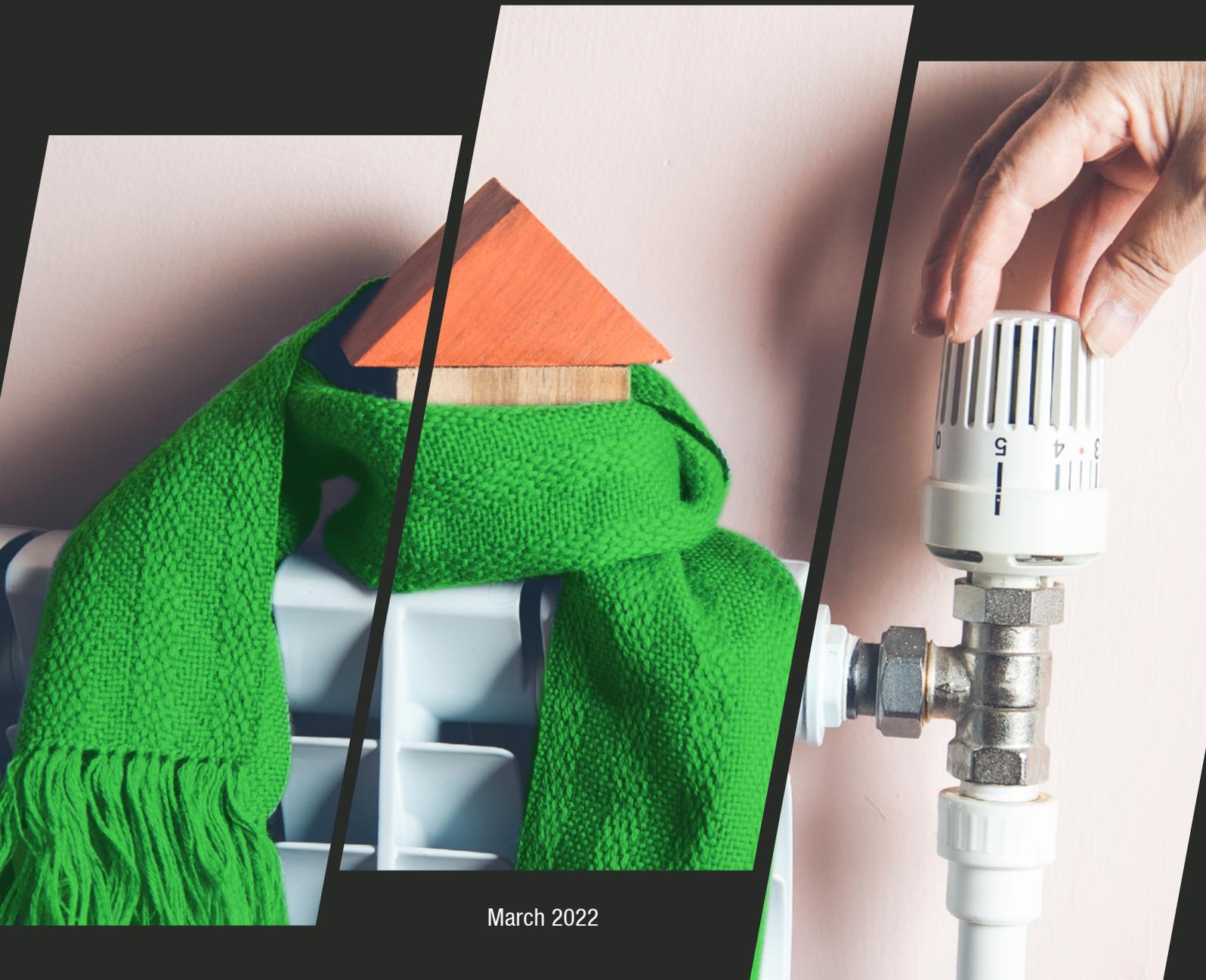


SECURITY FOR OUR COUNTRY & OUR FAMILIES

A bold and ambitious budget for critical times



THE GREEN PARTY'S DEMANDS FOR THE CHANCELLOR AHEAD OF THE SPRING STATEMENT

The country is facing the most critical economic situation for a generation. Millions of people are facing the sort of poverty that we thought had been condemned to the history books. And we are in the midst of a war that also feels like something from another century and is having massive economic impacts.

These multiple crises have hit an economy that has been weakened by governments that have allowed inequality to increase massively, have failed to mend the roof while the sun was shining, and have repeatedly ignored warnings about the need for urgent action on the climate crisis.

Our Green budget proposals take these crises head on but propose ways in which we could emerge from them wealthier and more secure, both in national and personal terms.

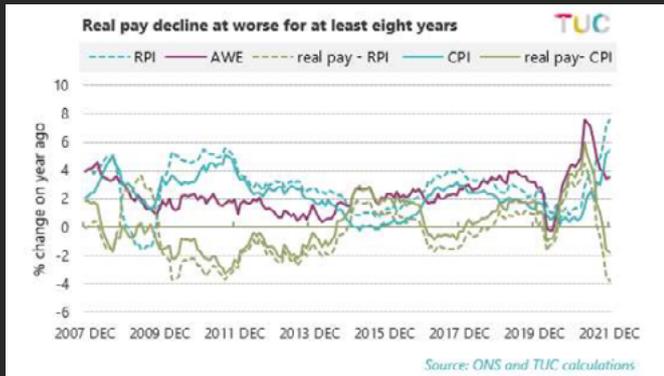
Our key demands for the Chancellor ahead of his Spring Statement are that he should:

- Address Pay Inequality and Provide Real Society Security
- Invest in Energy Efficiency and Energy Security
- Invest in Green Jobs
- Tax Pollution and Wealth
- Use the Power of Money for Good



ADDRESS PAY INEQUALITY AND PROVIDE REAL SOCIAL SECURITY

The 'cost of living crisis' is at the top of the agenda for the spring statement but, as the TUC point out, this is primarily a pay crisis that has been going on for 14 years and is the most serious pay crisis since the end of the Napoleonic Wars.¹



'The UK stands out for its poor performance not just historically but internationally. When comparing pay growth from 2008 to 2021 (that is, since the financial crisis to the latest available comparable data), the UK comes fifth from bottom of all OECD countries, with an annual average decline of 0.2% against the OECD average growth of 0.8%'

Since Chancellor Osborne launched his programme of cuts in 2010, public-sector workers have faced a decade of pay restraint that has resulted in a nearly 5% real pay cut for education workers and 1.6% for health workers.

We support some of the key demands of the TUC namely:

- Fund decent pay rises so that all public service workers get a pay rise that at least matches the cost of living and begins to restore earnings lost over the last decade, through fully independent pay review bodies or collective bargaining.

- Recognise that collective bargaining is the most sustainable way to boost pay, and use the long-promised employment bill to give trade unions new powers to negotiate fair pay agreements across sectors.

The situation facing those who are not able to work is even more dire. Because the government measure of inflation is lagged, the Resolution Foundation estimate that in 2022–23 those living on benefits will see the real value of the income provided by the benefits system fall by £10 billion.² The automatic uprating will be 3.1% when prices are rising by as much as 8%. To address this we are proposing that the Chancellor should:

- Restore the £20 uplift to Universal Credit and double it to £40 at a cost of £9bn³
- Extend winter fuel payments to all by providing each household with an additional £320 to help them pay for spiralling energy costs and avoid fuel poverty at a cost of £9bn

Fund this by:

- Making the polluters pay by introducing an emergency Dirty Profits Tax on North Sea oil and gas company profits⁴ which we estimate could raise at least £4bn⁷
- Move towards a longer-term policy of a carbon tax that could raise far more
- Abolish the lower rate of NI on higher earnings which could raise £14bn.

¹ *Ending the Pay Crisis: TUC Statement ahead of HM Treasury's Spring Statement on 23 March 2022.*

² Resolution Foundation, *The Living Standards Outlook 2022*, by Adam Corlett and Lalitha Try.

³ Calculations [here](#).

⁴ This will be via change to [Supplementary Charge](#) or rates for [Ring Fence Corporation Tax](#) which covers only domestic Oil and Gas profits, however estimates of yield are conservative since the corporation tax yield from oil and gas companies general profits will also be higher due to their higher profits.



INVEST IN ENERGY EFFICIENCY AND ENERGY SECURITY

The cheapest energy bill is the one you don't have to pay because your home is so well-insulated that it needs little or no heating, even in cold weather. This is a message that has gone unheeded for decades but the desperate situation now facing us means that the Chancellor must finally listen to this plea for an emergency programme to upgrade our damp and draughty homes. As in the 1970s when the government made it a political priority for all homes to have inside bathrooms, we should now consider homes uninhabitable unless they are energy efficient and cheap to heat.

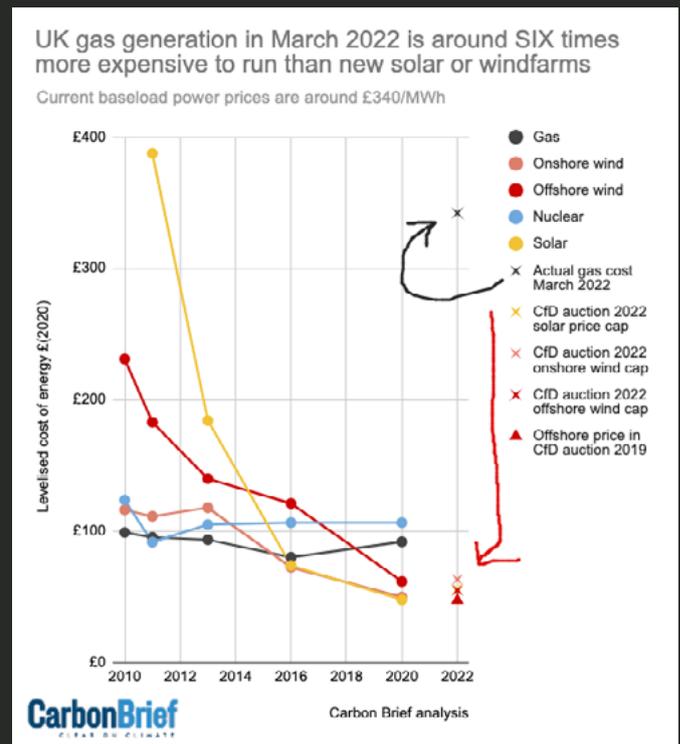
This is not just a health and social priority, it is also a national security priority. The world's addiction to Russian oil and gas has funded Putin's barbarous war in Ukraine and our national dependence on fossil fuels means that, even if we end our relationship with Russia, we still turn to pariah states like Saudi Arabia to fill the gap. If we invested in domestic energy security and energy efficiency this would be quite unnecessary.

“We need to end our dependency on all oil and gas and urgently invest in domestic renewables and home insulation. This is the way to address the cost of living crisis affecting millions of households as well as tackle the climate emergency and deliver longer term energy security.”

—Carla Denyer

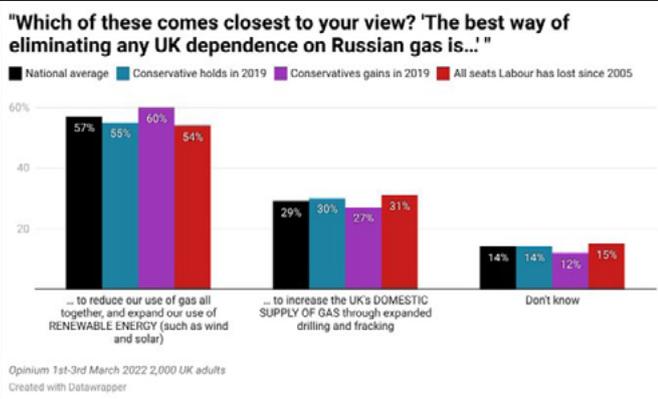
We can rapidly expand our renewable capacity. Analysis by Simon Evans of Carbon Brief shows that there are 649 onshore wind and solar projects in the

UK that already have planning permission, meaning they could be built rapidly in response to this crisis. If they all went ahead, they would save more gas than we currently import from Russia.



And we implore the Chancellor not to respond to the siren voices of the lobbyists for fracking and nuclear who are trying to lure us away from this journey to a secure energy future. Onshore wind and solar are now the cheapest way to generate electricity, and were even before massive recent price rises. They cost half as much as nuclear, which is cumbersome and far too slow to install to tackle the immediate crisis or the climate crisis. Energy experts agree that fracking is a red herring: the UK Energy Research Centre has already [concluded](#) that production of UK shale would be ‘unlikely to be of sufficient scale to significantly reduce the UK’s import dependence or to have a significant impact on UK prices’.

The public are already aware of the realities of energy supply with strong popular support for renewables: popular support for renewables outstrips that for shale gas by 2:1.



INVEST IN GREEN JOBS

A Green plan for a nationwide home retrofit plan would simultaneously address the three most serious crises facing the country: the cost-of-living crisis, fossil fuel dependency, and inequality. This would be the real plan for levelling up.

The Spring Statement should include a rapid and far-reaching investment programme for domestic retrofit and a far more robust heat and buildings strategy for a climate emergency to include:

- A £250 billion investment plan to provide local authorities with the funding to retrofit 10 million homes within a decade and provide insulation improvements to every home that needs it
- Give 10 million homes the ability to generate their own renewable energy in the next ten years
- A massive training programme is needed to train a workforce who can do retrofits. There just isn't the workforce currently, due to years of Government under-investment.
- Low-income households must be supported through the immediate energy crisis with winter fuel payments. The Government grants will not cover the cost for many people.
- The Government must also bring forward building regulations and standards to ensure that new homes are highly energy efficient.

As Green Party co-leader Adrian Ramsay said at our recent conference:

“Building and upgrading to the kind of homes that people really want to live in isn't a priority for our government, because while people freeze in their homes, this Government is warm and cosy in bed with dirty energy companies who are making record profits from the misery of millions. We say – let's put people first. Let's aspire to a future where energy bills are virtually non-existent. Where homes with the latest heat pumps and insulation, so cosy that they barely need to be heated, are no longer the exception but the norm. Where the companies making money from dirty industries are the ones who face soaring costs, not consumers. Where we're making real progress in the fight against climate change and we're doing it with warm homes and stocked cupboards.”

But we also need to protect oil and gas workers and ensure that there is a just transition.



As Green MP Caroline Lucas argued in a [letter](#) she presented to the Chancellor ahead of the Spring Statement:

“[Research](#) published in 2020 by Friends of the Earth Scotland, Platform and Greenpeace shone a light on the experiences of offshore oil and gas workers and revealed a high level of concern about job security and working conditions. Yet it also showed a significant appetite to be a part of the transition to a zero-carbon economy, with over 80% of surveyed workers saying they would consider moving to a job outside of the oil and gas industry – and over half choosing to transition into renewables and offshore wind if they had the opportunity to retrain. The North Sea Transition Deal failed to provide any meaningful support for workers to transition into renewables, either in terms of investment or policy, and didn’t create a budget for retraining. In the Spring Statement, we are calling on you to fund a retraining guarantee for existing oil and gas workers, as well as those who have recently left the sector.”



TAX POLLUTION AND WEALTH

End Tax Breaks for Fossil Fuels

The UK has one of the most generous tax regimes in the world for oil and gas production, due to tax reliefs for exploration and decommissioning costs. In total, between 2016 and 2020 tax reliefs for oil and gas companies came at a cost to the public purse of £9.9 billion for new exploration and £3.7 billion in for decommissioning costs. Furthermore, the UK received less than \$2 per barrel of oil in tax in 2019, in comparison to nearly \$22 per barrel in Norway. We call on the Chancellor to use the Spring Statement to urgently end all tax reliefs, financial support and other subsidies for the fossil fuel industry, in line with the World Trade Organization definition of subsidies.

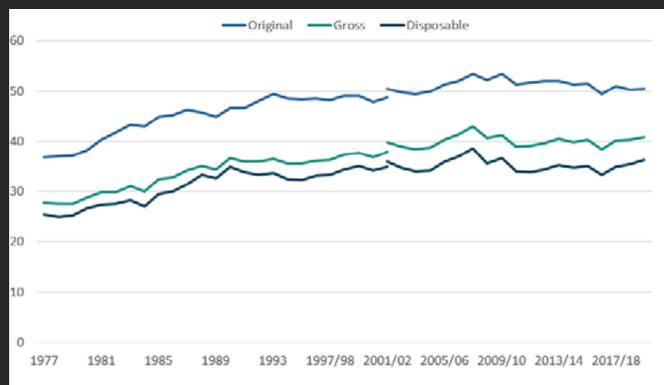
Dirty Profits Tax

We have long supported a carbon tax as a critical lever to help shift the UK towards a clean green economy. We propose the tax should start at £100 per tonne of carbon dioxide released, rising to £500 per tonne by 2030. A carbon tax would ultimately render coal, oil and gas financially unviable as cheaper renewable energies rise up to take their place.

At present the high prices we are seeing for fossil fuels are making shareholders of oil and gas companies rich, as well as funding Putin's brutal war in Ukraine. We are proposing a Dirty Profits Tax to divert the windfall profits being made by oil and gas companies to fund those suffering fuel poverty.

We propose increasing the supplementary tax already charged on North Sea oil and gas to 40%, which would raise at least £5bn or £1.4m for each of the 3.2 million households already in fuel poverty.

Unlike other parties, we do not see this as an emergency measure but a tax that we would introduce now and that transition towards our long-term policy



Successive governments have ignored the growing inequality in our society. This has left us especially unprepared for the rapid prices rises caused by the Covid rebound and the war in Ukraine. Figures from the ONS show that the richest 1% of households have assets worth at least £3.6m while the value of assets of the poorest 10% of households is less than £15,400 on average.

The Green Party supports calls from the Wealth Tax Commission – and indeed from many of the country's richest people – for a wealth tax to fund the recovery from Covid and the sustainability transition.

The Chancellor seems deaf to the pleas from thinktanks to address the cost-of-living crisis at a time when the combined fortune of UK billionaires has increased by 22% to £597bn since the start of the coronavirus pandemic. Never has the case for a wealth tax been stronger or heard more resoundingly, including from the millionaires themselves, 30 of whom wrote to the Chancellor asking him to tax them more heavily.

A wealth tax is also the answer for a levelling up the economy, since it would be paid by those on more affluent areas and be redistributed across the country. In recent years, wealth for the poorest in society grew by only 3%, far outstripped by an 11% increase among the richest. London and the South East also saw a far greater increase in wealth



Other taxes for equality and climate justice

Greens would also reverse the proposed increase to National Insurance for working people with a radical change, replacing national insurance with single unified income tax to reduce loopholes and raise an additional £24 billion per year.

Increasing national insurance would force working people to pay more while protecting the more well off in society, whose wealth is wrapped up in property and other investments. The Green Party proposes a single tax so that all incomes, including rental and investment income, are taxed at the same rate.

Our single tax would also remove the unjust loophole whereby earnings above £50,000 are charged only 2%. These changes together would bring an additional £24 billion into the Exchequer.

Even within the existing system we are proposing the abolition of the lower rate of NI on higher earnings.

Using the Power of Money for Good

As climate policy becomes central to national economic management it is vital that we have a clear policy to eliminate fossil fuel assets from the finance sector in a timely but managed way. A critical step in limiting global warming is to ensure that no new fossil fuels projects go ahead while, at the same time, implementing a rapid transition away from financing continued fossil fuel usage as fast as is practicable.

According to the 2021 Banking on Climate Chaos report⁵ on fossil fuel finance, lending and underwriting from the world's top 60 banks to the fossil fuel sector has averaged over \$760 billion per year between 2016 and 2020 – a total of \$3.8 trillion over the period. This doesn't include non-bank finance from investment and pension funds, which hold around £128 billion in fossil fuel assets, the equivalent of nearly £2,000 per person in the UK⁶.

To starve the fossil fuel sector of finance we propose:

- The Bank of England be required to produce a climate roadmap for the financial system; with no bank holding a UK banking licence permitted to invest in new fossil fuel development; UK pension and investment funds will be required to remove fossil fuel assets from their investment portfolios.
- The Bank of England should adopt a policy of credit guidance with minimum but rapidly increasing quotas of lending to fund a just but urgent sustainability transition.
- We will introduce credit bans/ceilings for unsustainable activities. These targets will be mandatory for all banks relying on the central bank as a lender of last resort.
- The Bank of England's mandate will be changed so that funding the sustainability transition becomes a central objective, alongside the maintenance of price stability.
- The UK will adopt a position in negotiations at the Basel Committee that fossil fuel assets will be subjected to higher risk weights and capital surcharges until their value as collateral is gradually eliminated

⁵ Produced by Indigenous Environmental Network, Oil Change, Reclaim Finance, Sierra Club, Bank Track and Rainforest Action Network.

⁶ <https://www.divest.org.uk/pension-funds-invest-2000-in-fossil-fuels-for-every-person-in-the-uk-new-study/>



**Green Party Finance and Economy
Spokesperson Molly Scott Cato said:**

“The government should put its money where its mouth is on the climate crisis. They will need to bring forward rules and regulations that force the UK finance sector to clean up its act and play its part in the rapid transition away from fossil fuels. Banks, stock markets and other financial actors need to shift finance towards the sustainable sectors of the green economy. It is time to hold UK banks to account, starting at the top, with the Bank of England. A condition of holding a UK banking licence must be the presentation of an investment strategy outlining a clear pathway to divest from fossil fuel assets.”

