



**Afzal Khan MP**  
Member of Parliament for Manchester Rusholme  
House of Commons, London SW1A 0AA

James Murray MP  
Exchequer Secretary to the Treasury  
HM Treasury  
1 Horse Guards Avenue  
London  
SW1A 2HQ

2<sup>nd</sup> September 2024

Dear Minister,

We, the undersigned, are writing as a group of cross-party MPs and Peers to highlight the need for this new Government to take a truly technology-neutral approach to decarbonising the UK's homes by awarding heat batteries for central heating, Energy Saving Material (ESM) status at the upcoming Autumn Statement.

As the Minister responsible for the UK tax system, you will be aware that currently, the number of ESMs which qualify for VAT relief makes heat pumps the default low-carbon heating system for all homes, ignoring other readily available, low-carbon technologies, which could further accelerate the decarbonisation of the UK's housing stock.

Whilst heat pumps will be the preferred choice of low-carbon heating system, they will not be suitable for all homes across the UK. To the admission of DESNZ, alternative low-carbon heating solutions may have to be found for around 20% of the UK's current housing stock (over 5.5 million households) where heat pumps cannot be installed.

Heat batteries represent a nascent but rapidly expanding part of the low-carbon heating market, with several UK-based manufacturers offering readily deployable solutions to households that do not have space for a heat pump, or wish to install a heating mechanism which does not modify their home.

For additional context, heat batteries for a central heating system can operate at equivalent temperatures to fossil fuel systems and can make use of the existing pipes and radiators in the home, and at a similar running cost to a heat pump.

However, despite strong support for heat batteries among some of the most senior officials in DESNZ and indeed colleagues in your party, heat batteries do not currently qualify for Energy Saving Material (ESM) status. The technology narrowly missed out on achieving ESM status in Autumn 2023, with definitional issues cited as the stumbling block by officials in HMRC.

Since then, we understand DESNZ officials have continued to liaise with officials in HMT and HMRC, to ensure a suitable definition for heat batteries can be found that does not have any unintended consequences for the Government, industry or consumers. However, HMRC appears reluctant to make further changes to the scope of ESM relief, despite stating in their decision last year that heat batteries did meet the objectives of ESM relief.

We understand that this change can be made without complication at the upcoming Autumn Statement, as conversations of this nature have been ongoing for a number of years now.

BMHC, College Road, Whalley Range, Manchester, M16 8BP | 0161 226 5546  
[afzal.khan.mp@parliament.uk](mailto:afzal.khan.mp@parliament.uk) | [www.afzalkhan.org.uk](http://www.afzalkhan.org.uk) | AfzalKhanMCR

Ardwick – Fallowfield – Hulme – Moss Side – Rusholme – Whalley Range

We therefore urge you to convene officials in your department, HMRC, and DESNZ to discuss this matter, so that the UK can accelerate the decarbonisation of its housing stock and show that it truly believes in a technology-neutral approach to low-carbon home heating.

The new Secretary of State for Energy Security and Net Zero recently commented that one of his ambitions was to help decarbonise millions more households by extending existing Government energy efficiency schemes and incentives to more people. One way in which this ambition can be achieved is by widening the list of ESMs.

Given the widespread support for extending ESM status to heat batteries among civil servants and parliamentarians, such as the undersigned, renewed Ministerial support is now all that is required to ensure ordinary people have VAT relief in the upcoming budget for a low carbon alternative to heat pumps. This is particularly critical for smaller, low-income homes, that do not have outdoor space for a heat pump.

Reducing household carbon emissions will ultimately be achieved by giving consumers the choice and freedom as to how they should heat their homes, not by railroading them into installing one type of technology which may not be entirely suitable. Home decarbonisation should ultimately be carried out on a case-by-case basis, with households being able to weigh up the pros and cons of a variety of readily available technologies and it is only with the addition of alternative, credible technologies, that the UK will be able to decarbonise its homes at pace.

We would welcome the opportunity to discuss this issue with you at your earliest convenience and we do hope you consider these proposals further.

Yours sincerely,



**Afzal Khan MP**  
**Member of Parliament for Manchester Rusholme**

**Co-signatories**

Ben Lake MP  
Bob Blackman MP  
Clive Jones MP  
Lord Storey  
Lord Duncan of Springbank  
Lord Teverson  
Baroness Whitaker  
Baroness Brown  
Baroness Sheehan  
Baroness (Helene) Hayman  
Baroness Walmsley

**CC:** Rt Hon. Rachel Reeves MP, Chancellor of the Exchequer

**CC:** Rt Hon. Ed Miliband MP, Secretary of State for Energy Security and Net Zero