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Submission

Sir Tony Baldry MP
Chair – APPG Excellence in the Built Environment

Via E-mail: APPGInquiry@cic.org.uk.

18 December 2012

Dear Sirs,

RICS Response: APPG for Excellence in the Built Environment Inquiry into Sustainable Construction and the Green Deal

RICS – Royal Institution of Chartered Surveyors - is pleased to respond to the above inquiry.

RICS is the leading organisation of its kind in the world for professionals in property, construction, land and related environmental issues. As an independent and chartered organisation, RICS regulates and maintains the professional standards of over 91,000 qualified members (FRICS, MRICS and AssocRICS) and over 50,000 trainee and student members. It regulates and promotes the work of these property professionals throughout 146 countries and is governed by a Royal Charter approved by Parliament which requires it to act in the public interest.

RICS responds to the questions as follows:

Evidence of best practice of sustainable construction in the built environment - and how this could be repeated?

The amount of new construction is at a record low and though there are good examples of best practice, the main area of concern should be on existing properties, 70% of which will still be in place by the 2050 deadline for an 80% reduction in CO2. The Better Building Partnership Report, *A Tale of Two Buildings*, demonstrates the need to consider the actual energy used by a building and not to be fixated purely on Energy Performance Certificates, which show notional energy consumption. The case studies that accompany this report show the benefits of improving existing office buildings and have a number of case studies which demonstrate a repeatable approach to embedding sustainability into the built environment.

Barriers to sustainable construction - what is holding the industry back and how could this be improved?

The UCL Energy Institute report, 'Retrofit Insights: perspectives for an emerging industry', to be launched on 6th November provides examples of some of the barriers to sustainable construction in the existing (residential) property sector. These are the cost of achieving the highest level of energy efficiency is very high. The average was around £100,000 per property, which does not make economic sense even with rising energy prices. The other factors from this study were disruption, which is a far greater factor than has been considered. Affinity Sutton Housing Association's FutureFit project, which offered a free energy efficiency upgrade to 800 properties, gained only a 4.8% response rate of which a further 23% withdrew before the work started.

Other barriers for social housing are the funding gap between the Green Deal and the actual cost of achieving higher levels of energy efficiency. Affinity Sutton estimate this as a minimum of £156million

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for a low level package to upwards of £500million for a higher level package across their 56,000 properties.

Progress on sustainable homes - too much too fast?

The current very low level of new build and the low levels of affordability for dwellings (high cost in comparison with wages) means that sustainability is not high on the requirements for home buyers, location and affordability far outweigh any other measure.

The Green Deal - is the policy the right one? What can be done to ensure take up?

The policy has considerable merit but lacks any driver for the owner occupier sector, other than that this is a 'good thing to do'. The PRS has the 2018 deadline when a property must be an E or better threshold to be lettable, which is slowly concentrating the minds of the landlords about what needs to be done. Without a similar deadline for the domestic owner occupied sector, it is likely that few improvements will be made. Rising fuel bills will have some impact but the predicted rise of 33% by 2030 will only increase the average costs from £1124 to £1500. RICS would suggest that this is not enough of a rise to create a major shift in perception and drive domestic owner occupiers towards the Green Deal.

There has not been enough emphasis on customer engagement from Government. The drive to make the Green Deal Assessment a 'no upfront cost' part of the Green Deal would suggest that uptake will not match expectation. The Affinity Sutton FutureFit report suggested that the upfront costs associated with the surveys and resident engagement could be as much as £1,350 per property, much lower than the £150 - £250 cost of the Green Deal Advisory Report.

RICS would be pleased to provide further written or oral evidence to the Inquiry. Please do not hesitate to contact me if you require further detail or briefing.

Yours faithfully,

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