



# APPG for EBE Inquiry into Sustainable Construction and the Green Deal

## INTRODUCTION

The UK Green Building Council (UK-GBC) is a membership organisation campaigning for a sustainable built environment - one that minimises negative environmental impacts while maximising benefits for people everywhere. Our mission is to radically improve the sustainability of the built environment, by transforming the way it is planned, designed, constructed, maintained and operated.

We are concerned with homes and non-domestic buildings - new and existing - as well as the infrastructure that binds the built environment together. Launched in 2007 to offer clarity, cohesion and leadership on sustainability to a disparate sector, we bring together anyone involved in the complex process of planning, designing, constructing, maintaining and operating buildings. A registered charity, we work with our members - who are mostly businesses - to truly embed sustainability in their business practices, and act as a bridge to government, working collaboratively on policy issues.

The breadth of this All Party Group inquiry is such that we can only respond at a fairly high level to the questions posed, but have provided numerous links to our reports and other information and we would be happy to follow up to provide more evidence on specific points and of course to provide oral evidence.

## EVIDENCE OF BEST PRACTICE OF SUSTAINABLE CONSTRUCTION IN THE BUILT ENVIRONMENT - AND HOW THIS COULD BE REPEATED?

There are some excellent examples of best practice in sustainable construction, some of which can be found on our website ([www.ukgbc.org/content/case-studies](http://www.ukgbc.org/content/case-studies)). Other organisations that hold good case studies include the Better Buildings Partnership ([www.betterbuildingspartnership.co.uk](http://www.betterbuildingspartnership.co.uk)) and BRE (<http://www.bre.co.uk/innovationpark/page.jsp?id=1354>) to name just two.

Mainstreaming this kind of best practice requires a number of barriers to be overcome, not least clearer evidence of the business case for sustainable construction and a clear and consistent policy roadmap. Identifying examples of best practice is important, to show what can be achieved and to encourage shared learning, but achieving these sorts of outcomes across the board is the key challenge.

## BARRIERS TO SUSTAINABLE CONSTRUCTION - WHAT IS HOLDING THE INDUSTRY BACK AND HOW COULD THIS BE IMPROVED?

Numerous government and industry reports have investigated the barriers to sustainable construction and sustainable buildings more generally. Perhaps the key report on this issue was the Low Carbon Construction Innovation and Growth Team (IGT) report published in 2010, led by Paul Morrell, former Chief Construction Advisor. The report was published by BIS:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/31773/10-1266-low-carbon-construction-IGT-final-report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/31773/10-1266-low-carbon-construction-IGT-final-report.pdf)

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Drawing on this report, we would summarise the key barriers as follows (in no particular order):

- Lack of leadership from government
- Lack of leadership from industry
- Lack of collaboration within industry, and/or current industry structure and practice, including so-called split incentives between landlord and tenant
- Lack of an evidence base/business case and paucity of data
- Confusing language and complexity, including lack of agreed metrics
- Absence of a clear plan for a sustainable built environment
- Lack of capacity and skills
- Little incentivisation - regulatory, fiscal or market - to stimulate demand
- Affordability and funding - the extra cost, perceived or real, of sustainability

Overcoming these barriers requires concerted, coordinated and sustained effort from government and the private sector. We are working with our members and the wider industry to address these barriers above through a wide range of activities - far too many to list in detail here. However, some key actions to highlight include:

1. UK-GBC's education programme. We are a leading provider of education programmes and courses, wherever the professional is at in their career. This includes courses for practitioners designed to embed sustainability throughout the building lifecycle, an introduction to sustainability for those completely new to the subject, and a leadership programme in conjunction with Cambridge University for CEOs and board level directors across the sector.
2. 'Pinpoint' a new online service from UK-GBC launching in March this year, which is designed to provide easily-accessible information on sustainability tools and resources for built environment professionals. More information can be found here: <http://www.ukgbc.org/pinpoint>
3. We have long campaigned for a clear and consistent policy roadmap from Government. We continue to work in detail on a number of key policy areas including zero carbon and retrofit, to achieve this. However, an important piece of overarching work is the Green Construction Board's production of a 'routemap' for low carbon construction, which we are supporting. Further information about the Green Construction Board's work can be found here: [www.greenconstructionboard.org](http://www.greenconstructionboard.org)

## PROGRESS ON SUSTAINABLE HOMES - TOO MUCH TOO FAST?

No, we don't believe the progress has been too much too fast. In December 2006, the previous Government committed to a target for all new homes to be 'zero carbon' from 2016, with three clear regulatory steps in 2010, 2013 and 2016. This was a ground breaking announcement, and had a galvanising effect on the house-building industry and supply chain. An incredible amount of innovation has taken place which has seen new homes being built to increasingly high environmental standards en route to 2016.

### Why zero carbon?

With the setting of the regulatory escalator towards 2016, the Government showed it recognised that small, incremental changes to Building Regulations every few years were simply not enough to

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precipitate a fundamental change in the construction industry. Equally, most house builders recognised that the best way of delivering higher standards was for Government to set out clearly, and far in advance, what the changes were going to be and when. This would allow companies to invest in research and development and gear up in advance.

It is hard to over-state just what a significant impact the 2016 policy has had on the house building industry, genuinely galvanising it into action and catalysing innovation. As a result of this policy, the UK is now competing with countries like Germany and Sweden to produce some of the best quality, most efficient, innovative and well-designed new homes in Europe. The most entrepreneurial companies in the industry are already in the process of rethinking and reengineering their business, to become enablers of high-quality, low-cost and low-carbon living, and are already building to/beyond the anticipated 2013 fabric energy efficiency standards. This step-change has been driven by regulation rather than consumer demand - in effect forcing the industry to innovate and become world class.

### Current status

The Coalition Agreement published in May 2010 committed the Government to “require continuous improvements to the energy efficiency of new housing”. On several occasions, former Housing Minister Grant Shapps reconfirmed the Coalition’s commitment to zero carbon homes from 2016 and he also promised to clarify the definition of zero carbon by the end of summer 2010. Two years later, the ambition of the policy had been significantly scaled back (only covering ‘regulated emissions’ rather than all energy uses) and the final definition still remains unresolved. Following the consultation on Part L of the Building Regulations (Conservation of fuel and power) earlier this year, we are still awaiting a decision on the planned step to be introduced in 2013.

Government is receiving pressure from some in the industry to delay implementation of 2013 standards on the grounds of cost, particularly in a time of housing shortages. However, we and many of our members do not believe that delaying the implementation of Part L 2013 will have any significant impact on increasing the supply of new homes. Indeed, many of our members assert that a delay would have negative consequences for those leading businesses which have already been gearing up to meet the proposed new standards. Forward thinking companies have already invested significant time and money, and to delay the uplift in Part L standards would disadvantage them in the market place and send them a message that they were wrong to be proactive. Equally, the construction supply chain has already been gearing up to deliver products which help meet the new requirements.

In recent months, several letters have been sent to Ministers urging clarity on zero carbon from the housebuilding industry. These letters demonstrate that stakeholders from across the sector are united in their belief that Government must provide clarity as soon as possible on the next steps for the zero carbon policy and the uplift in standards in 2013 which have been anticipated since 2006. Consistency and policy clarity are essential pre-requisites for continued private sector investment and innovation. In this market, we strongly believe that consumer demand alone will not be enough to drive the delivery of energy efficient, well-designed sustainable homes.

Of particular concern is the lack of clarity on Government’s policy on so-called ‘Allowable Solutions’. A CLG policy which we understand is being delayed by Treasury concerns. It is a form of buy-out clause for delivering zero carbon homes in 2016. Carbon reductions which developers cannot mitigate on the site of the development can be achieved through investment in low or zero carbon solutions

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elsewhere. There is still a broad consensus between housebuilders, local authorities, energy companies and NGOs that Allowable Solutions represent a sensible policy, but developers urgently need clarity on the price of carbon and the mechanism for delivering it.

## **THE GREEN DEAL - IS THE POLICY THE RIGHT ONE? WHAT CAN BE DONE TO ENSURE TAKE UP?**

The UK-GBC has been involved throughout the development of the Green Deal, having been co-funded by the previous Government to develop the 'Pay As You Save' model in 2009 (<http://www.ukgbc.org/content/pay-you-save-task-group>). That model, for upfront capital costs to be offset by drawing down from future energy savings, was adopted by all the main political parties. George Osborne, when in opposition, launched the Conservative's version (later to become the Green Deal) at a UK-GBC event in April 2009.

We have put on a number of Green Deal events to examine the current policy and to inform our responses to the various DECC consultations, which are all publicly available. We will continue to work with Government to shape the implementation of the scheme over the coming months and years, and to help our members play a leading role in its delivery. Fundamentally, we think the Green Deal employs the right principles and *could* revolutionise the market for home refurbishment.

However, a particular focus for us is to ensure that there are sufficiently strong incentives for businesses and households to take up energy efficiency measures (including via the Green Deal), and to create a compelling market opportunity for industry - without which, the scheme could fail to take off. To this end, we are currently running a task group (<http://www.ukgbc.org/content/retrofit-incentives-task-group>) that is looking at what incentives might be put in place by Government, and the practical implications of the various options.

Though a significant amount of focus has been given to the Green Deal for homes, the scheme is also available for non-domestic buildings. To help our members understand the implications of the initiative and contribute to policy development for non-domestic buildings, UK-GBC ran a stakeholder consultation workshop on the Green Deal last year - a summary report is available (<http://www.ukgbc.org/document/uk-gbc-green-deal-non-domestic-workshop-report>). UK-GBC has also worked with British Property Federation to understand the implications of the scheme for business, and provide advice to government. The final report is available on request.

Rather than discuss all of the detailed policy implications here, we have written numerous articles, some of which can be viewed here: <http://www.ukgbc.org/opinion/author/Richard-Griffiths>

## **ENDS**

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