

UK-GBC BRIEFING: ZERO CARBON NEW BUILDINGS POLICY

Introduction

On Friday 10 July 2015, the Government [announced](#) that it “*does not intend to proceed with the zero carbon Allowable Solutions carbon offsetting scheme, or the proposed 2016 increase in on-site energy efficiency standards*”. This short member briefing sets out the history of the zero carbon policy and UK-GBC’s position on the latest announcement.

History of the policy

The Labour Government’s 2007 *Building a greener future: policy statement* confirmed all new homes would be zero carbon by 2016. It set out the path to zero carbon, which was to be achieved through staged improvements to Building Regulations in 2010, 2013 and 2016.

Following a recommendation in UK-GBC’s Task Group [Carbon reductions in new non-domestic buildings](#), a sister target for all new buildings to be zero carbon from 2019 was announced in 2008.

To prepare for the delivery of the zero carbon homes policy, the Government and industry joint funded the Zero Carbon Hub in 2008 to take responsibility for the delivery of zero carbon homes. Between 2008 and 2011, the Zero Carbon Hub and cross-sector industry task groups carried out and published detailed analysis of how deliverable zero carbon homes should be defined. The Hub’s recommendations received strong support when consulted on by Government in both 2009 and 2013 and were endorsed by Government in 2011.

In 2010, the new Coalition Government confirmed its commitment to delivering zero carbon homes by 2016 and the Building Regulations were improved in line with the pathway set out in 2007.

However, shortly afterwards, in the 2011 Budget, the Chancellor George Osborne announced a reduction to the overall ambition of the policy by excluding the unregulated carbon (associated with cooking, appliances and plug loads). In 2013, despite a reconfirmation of the zero carbon homes policy in the Budget, the 2013 Building Regulations fell short of the improvement required to stay on track to 2016.

In 2014, the Queen’s Speech reiterated the zero carbon homes 2016 policy and the intention to introduce an Allowable Solutions mechanism (i.e. off-site carbon offsetting scheme). However, Government also announced a minimum on-site standard that was weaker for most dwelling types than the standard established in 2010 by the Zero Carbon Hub and supported by industry. The same announcement also introduced an exemption for small sites (of 10 units or fewer) from the definition.

In February 2015, the enabling powers to bring about the Allowable Solutions mechanism were introduced in the Infrastructure Act.

Just five months later, following the election, the new Government announced, amongst a raft of planning reforms in its [Productivity Review](#), that it “*does not intend to proceed with the zero carbon Allowable Solutions carbon offsetting scheme, or the proposed 2016 increase in on-site energy efficiency standards*”. Reference to the policy for non-domestic buildings was not included in the Productivity Plan but it has been confirmed to UK-GBC that the announcement relates to both the policy for homes and non-domestic buildings.

The powers to set Building Regulations standards are devolved, and the Scottish and Welsh Governments both had their own zero carbon standards.

UK-GBC position

UK-GBC has been a strong supporter of the zero carbon new buildings policies and has played a key role in their introduction and development over the last eight years.

UK-GBC can see absolutely no justification for the removal of these policies at this late stage:

- 1. The industry has already made significant investment** in developing the technical policy detail and in developing building designs and products to deliver the new standard, for example:
 - The housebuilding industry, engaged by the Zero Carbon Hub, came together and achieved almost unprecedented consensus on the definition of zero carbon homes; and the non-domestic sector has invested time and resources in three separate UK-GBC Task Groups to pursue a definition for non-domestic buildings.
 - £6.4million - including £3.2million of public funds - was invested in the [AIMC4 project](#) within which housebuilders (Barratt Developments, Crest Nicholson, Stewart Milne) came together to pioneer low carbon homes to meet future energy efficiency standards.
- 2. The technologies are available to deliver zero carbon buildings:**
 - Over 70,000 Code Level 4 homes have already been built and numerous large developments (e.g. [Cambridge](#) and [Oxford](#)) have shown that the zero carbon standard can be delivered at scale. In the non-domestic market, progressive clients and developers (e.g. Costa [‘zero energy’ coffee shop](#), Bouygues [true zero carbon student accommodation](#)) are delivering zero carbon non-domestic buildings.
 - Over 600,000 PV installations have been delivered under the Feed in Tariff (FIT) into existing homes and the cost of PV has fallen by 62% in three years (2011-2014)
 - UK-GBC members developed Code Level 4 home designs using fabric measures and efficient services alone (i.e. not using renewable heat or power technologies) under the AIMC4, with the aim to deliver the new standard.
- 3. Zero carbon standards do not need to limit housing supply or growth of the construction sector.** Cost assessments in 2014 illustrated that the typical additional cost of building a home to the Zero Carbon Hub standard halved in three years and was expected to fall further to £3,600 by 2020 when most zero carbon homes would have started to be built.¹ This cost would have paid back in around three years by the reduction of the annual energy bill for families when compared to a comparable Victorian house (a saving of £1,220 a year).²
- 4. Government is massively undermining investment in the green economy.** Having provided a long term signal for investment into the green construction sector backed by policy certainty, the Government has removed the policy driver at the last moment. The argument for inward investment is increasingly hard to make with such policy uncertainty.

¹ The delay is due to the usual transitional arrangements and land banks. ZCH and Sweett Group, Feb 2014, [Cost analysis: meeting the zero carbon standard](#).

² NHBC Foundation and ZCH (Feb 2014). [Zero carbon housing: annual energy running](#).

5. **The zero carbon policy making process has been held up as an example of excellent practice.** Long term certainty provided by an ambitious target and supported by a routemap for industry to achieve the target, has been demolished at the final stage. Having put in place the primary legislation needed to deliver the policy only four months ago (the Infrastructure Act was passed in Feb), this Government has made a last minute U-turn. Only six months before 2016 the Government has abolished the policy the industry has been preparing for since 2007.
6. **Failure to deliver the zero carbon buildings policies leaves an even greater gap between the policies in place and the activity necessary to meet the fourth carbon budget.** Just last month the Committee on Climate Change's latest Progress Report recommended Government should: *"Implement the zero carbon homes standard without further weakening."* The CCC also said: *"Action is needed in this Parliament to ensure the pace of emissions reduction accelerates whilst supporting economic growth."* It has been repeatedly reiterated that delivering carbon savings in new buildings can be cheaper and avoid the significant barriers of delivering savings in existing buildings. Government has not proposed what additional policies it will put in place to deliver the carbon savings lost with the abandonment of this policy, or the additional cost of these policies to the public purse or the industry.
7. **The removal of the national zero carbon standards creates huge uncertainty about the status of local policy and a potential multiplicity of standards across the UK.** The Building Regulations referred to in the recent announcement cover England only. The devolved Governments in Scotland and Wales have previously put in place their own zero carbon standards and will not necessarily follow England's lead in removing them. In addition, the [Deregulation Act](#), passed in 2015, removed the powers previously held by Local Authorities to require higher than Building Regulations standards for new homes. A [consultation](#) on the Housing Standards Review (under the Coalition Government) expanded that Local Authorities can continue to set policies that require above Building Regulations standards (up to Code Level 4) in their local plans until the zero carbon homes policy has been put into place. It is unclear whether Local Authorities are still enabled to require standards above Part L 2013, up to Code Level 4. For non-domestic buildings it is unclear whether Local Authorities can continue to require higher than building regulations standards as a requirement of planning permission.
8. **'Nearly zero energy buildings' will not necessarily drive significantly better UK standards.** The European Energy Performance of Buildings Directive provides another regulatory driver for building energy performance standards as it requires all Member States to ensure all new buildings are 'nearly zero energy buildings' by 2020. Compliance with this Directive has already been embedded in UK legislation. However, the way in which Member States define 'nearly zero energy' is subject to a cost effectiveness test. The 2010 Building Regulations were subject to this 'cost optimality' test in 2012 and were found to be cost optimal. The next review of the Regulations against this cost optimality test is due in 2017, and although this does provide some potential for improvement as some costs will have fallen - allowing a higher standard to be cost optimal - it is unlikely that the 2013 Regulations will have to be significantly overhauled to comply.

UK-GBC has responded to the announcement in a [press release](#) and [news item](#).

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