



# Watts Bulletin

The technical companion to the Watts Pocket Handbook, keeping its readership abreast of industry news, every month.

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## Apportioning CRC costs – have your say

**An industry working party has launched a consultation aimed at property owners and occupiers, looking into the costs of the Carbon Reduction Commitment (CRC) for landlords and tenants.**

The consultation, launched in December, will explore whether a cross-industry consensus can be reached on how CRC costs should be apportioned between landlords and tenants in new leases. This initiative follows on from the publication called, 'The Carbon Reduction Commitment: A Guide for Landlords and Tenants', published in June 2009 by a group of industry bodies that included the British Property Federation, the British Retail Consortium and RICS.

The aim of the consultation exercise is to try and agree a common approach that can be adopted by landlords across the board. It would not only simplify the negotiation of new leases but also make building management considerably easier if costs were apportioned fairly and in a way that is readily understood by the industry as a whole.

Copies of the consultation can be downloaded at the BPF website. Responses to the consultation should be sent by email before 5 February 2010 to [crc@bpf.org.uk](mailto:crc@bpf.org.uk).

If you need more information on the CRC, a new paper published by the BRE sets out the thinking behind the scheme and explains how the system will work. Author Robert Rabinowitz outlines the rationale behind the first major expansion into the built environment of carbon trading, pointing out that the success or otherwise of the CRC scheme will be closely watched by policy-makers across Europe and around the world. The aim is to cap carbon dioxide emissions produced by around 5000 major UK organizations including hospitals, banks, retailers, universities and local authorities, collectively responsible for an estimated 10% of the carbon dioxide produced by buildings in the UK.

The 12-page document, available from the BRE and priced at £13, details the CRC regulations, identifies

the financial implications for sectors including local authorities and commercial property, and offers advice on establishing a CRC compliance strategy.

For more information go to [www.bpf.org.uk](http://www.bpf.org.uk) or [www.bre.co.uk](http://www.bre.co.uk)



## Editorial

Welcome to the first issue of Watts Bulletin for 2010. We are only too aware of how testing the last year has been for our industry. Construction contracted for the twenty-second consecutive month in December but at last we may be seeing the emergence of those long-awaited green shoots. Noble Francis, economics director for the Construction Products Association, was quoted at the end of last year (source: Building) saying product manufacturers are still reporting falling sales but the decline is slowing. This contrasts favourably with figures for the first half of 2009 when sales went into freefall across the industry.

The Confederation of British Industry is now predicting a "slow and fragile" recovery during 2010, although any upturn is expected to be hindered by excess capacity, weak demand, and credit supply issues. House prices are also predicted to rise slightly. Not exactly a bright outlook for the New Year but a more optimistic start to 2010 than to 2009, which proved an *annus horribilis* on a scale that most could not have predicted.

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## Government launches Infrastructure UK

In his final pre-Budget report before the election, Chancellor Alistair Darling announced that the Government is to set up a new infrastructure advisory body to be known as Infrastructure UK.

The new body, to be chaired by Paul Skinner, former Rio Tinto chairman, will take responsibility for prioritising and seeking funding for high-speed rail and low-carbon energy projects. Infrastructure UK will bring together the functions of Partnership UK, the Treasury PFI team, and the Treasury Infrastructure PFI Unit established in April 2009.

The new body's first task will be to identify options for funding a high speed rail link between London and Edinburgh, and for low-carbon energy infrastructure, including looking into the possibility of a green bank to provide funding for low energy projects.

Also in his pre-Budget report, the Chancellor predicted the economy would shrink 4.75% in 2009 while announcing cuts in regeneration spending and the end of stamp duty relief on houses worth less than £175,000.

Other key points for construction included:

- health and education spending commitments funded by £340 million cut in regeneration and housing spending;
- abolition of stamp-duty relief on homes costing less than £175,000;
- a capital growth fund of £500 million to support small businesses;
- go-ahead for Crossrail and commitment to funding; and
- no change to VAT for residential refurbishment.

For more information go to [www.directgov.org.uk](http://www.directgov.org.uk)

## New guidance to boost town centre development

A revised Planning Policy Statement (PPS) launched in December by John Healey, Housing and Planning Minister, replaces previous guidelines and cuts the policy document by more than 100 pages.

The new PPS4 combines town centre and economic development policy in a more streamlined statement that aims, "to support sustainable economic growth, protect local markets and small shops and... help councils make the decisions to help speed up economic recovery in our towns and rural communities".

The revised guidelines retain the sequential test for town planners, which requires central town centre sites to be developed first for shops, leisure and offices rather than out of town sites that lure shoppers away from more traditional high street retailers.

A tougher 'impact test' is also being introduced, giving councils better control over big developments that put small shops and town centres at risk. Using this test, development that could harm town centres will now be assessed against key factors including:

- climate change;
- impact on the high street;
- consumer choice;
- consumer spending; and
- employment opportunities.

Commenting on the new planning guidance, John Healey said:

"As the country moves towards economic recovery, the Government is putting in place new protections for local shops at the heart of communities as many high streets have been hit hard by a double whammy of the downturn and out-of-town retail parks.

"This new approach also gives rural and urban councils the powers to back developments while making sure that the impacts on important local

services like pubs and shops are fully considered in planning decisions."

The new PPS4 implements many of the recommendations made by the Taylor Review into rural housing and economics (Living Working Countryside). In summary it:

- reinforces the 'town centres first' policy and ensures the planning system promotes the vitality, viability and the unique character of individual town centres;
- promotes consumer choice and retail diversity;
- keeps the important sequential test that requires developers to seek the most central sites first;
- removes the 'needs test' which was thought to unintentionally stifle diversity and consumer choice in towns;
- creates a new, tougher 'impact test' that assesses economic, social and environmental criteria, it also gives councils powers to cap the size of big retail developments where this is justified;
- requires local authorities to plan positively for sustainable economic growth;
- requires local authorities to make markets an integral part of the vision for their town centres, enhancing existing markets and, where appropriate, re-introducing or creating new ones; and
- allows rural authorities to plan for economic development in rural areas subject to the need to protect the countryside, recognising that a site may be acceptable even if it is not readily accessible by public transport.

For more information on the new Planning Policy Statement go to: [www.communities.gov.uk](http://www.communities.gov.uk)



# Government consults on development management

To complement the changes being made to the planning system, the Department for Communities and Local Government (CLG) has launched a consultation paper looking at ways to improve development management within local planning authorities.

Development management is about local authorities using the existing machinery of the planning system to take a positive and proactive approach to future development, working with developers throughout the whole planning process. The new approach will give developers clarity about the decision-making process, and local authorities certainty about when and how developments will be delivered.

The consultation is part of a package of measures aimed at giving councils more involvement in how developments are designed and built, enabling authorities to focus support into projects that will benefit local people the most. The paper, titled 'Development Management: Proactive Planning from Pre Application to Delivery', was launched in December and the deadline for responses is 19 March 2010.

For more information or to download the paper go to:

[www.communities.gov.uk](http://www.communities.gov.uk)



## All change for heritage applications

In December 2009 a revised regime for handling heritage applications in England was introduced following the publication of a new direction detailed in Circular 08/2009.

Until December 2009, the Secretary of State had to be notified of virtually all applications for building consent that planning authorities wished to approve relating to Grade I and Grade II\* buildings. This rule also applied to applications for Grade II buildings which involved demolition of a principal building, the principal wall of a principal building, or a substantial part of the interior.

The new system makes some fundamental changes which mean that in future fewer applications will be passed to the Secretary of State. This is because the list of categories of listed building consent applications which require notification by local planning authorities has now been extended.

The Secretary of State will only need to be notified of applications in cases where the local planning authority wishes to grant building consent but has received objections from English Heritage or one of the six National Amenity Societies listed in the direction.

The new rules are not intended to reduce the level of protection enjoyed by listed buildings in England but aim to simplify the planning system. The Secretary of State will still have the right to call in an application if necessary.

For more information go to [www.planningportal.gov.uk](http://www.planningportal.gov.uk)



## New Bill to tackle floods

The Queen's Speech, delivered to Parliament in November, promised new measures to combat flooding via a new Flood and Water Management Bill in the next Parliamentary session.

Under the new proposals, the Department for the Environment and Rural Affairs will identify responsibilities for managing a range of flood risks. Local authorities are to be given legal responsibility for surface water flooding. This will mean Town Halls coordinating water companies, the Environment Agency and other local partners to make sure drainage systems work properly and homes are protected. It will also become mandatory for developers to consider using Sustainable Drainage Systems for new developments to help prevent surface run-off overloading sewers and causing unnecessary localised flooding.

According to the Local Government Association (LGA), authorities across England and Wales welcome the new flooding laws but warn that the new powers will create a funding black hole. "The Government claims that local authorities will be able to fund the new role with the savings they make when fewer areas are flooded, because they will be better prepared, and also through the savings made by transferring private sewers to water companies," says the LGA.

However, local authorities pay for flood clear-up out of money for other services and argue the other savings will be far less than the Government predicts. Earlier this year, an influential committee of MPs agreed with councils and urged the Government to look again at its funding calculations.

The LGA has also urged the Government to take urgent action to ensure councils can get the expert engineers, inspectors and planners they need to manage local drainage systems.

For more information go to [www.lga.gov.uk](http://www.lga.gov.uk)

# BREEAM Domestic Refurbishment

This year will see an addition to the Building Research Establishment Environmental Assessment Method (BREEAM) family of environmental standards with the introduction of BREEAM Domestic Refurbishment.

BRE Global is developing the new standard to promote sustainable refurbishment of existing housing. On its website, BRE explains that the new standard will:

- provide a rating for refurbishment projects to demonstrate the environmental credentials of refurbishment work, with a rating ranging from 'Pass' to 'Outstanding';
- set targets for existing homes and refurbishment works that promote a move towards achieving the C80 target and beyond, as well as other key environmental policy objectives;
- be based on EcoHomes, Building upon and complementing the Code for Sustainable Homes, EcoHomesXB and BREEAM In-Use; and
- be developed with input from industry stakeholders and experts being both inclusive and transparent.

The aim is to ensure that sustainability is both carefully considered and maximised when undertaking refurbishment projects. This might include any or all of the following:

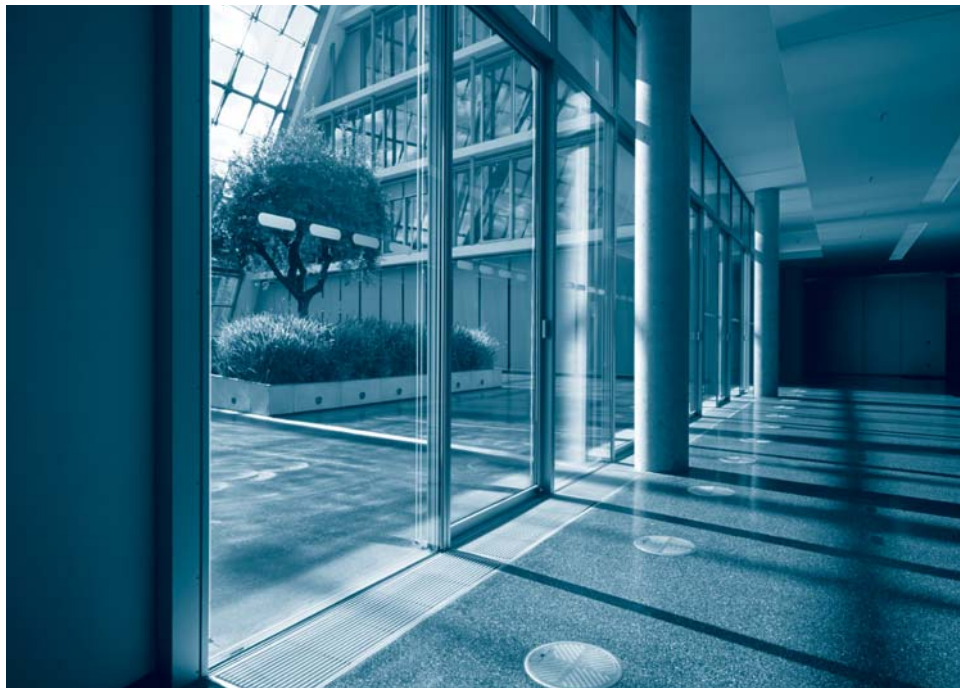
- minimising waste, energy and water consumption;
- achieving a comfortable internal environment;

- considering and reducing the impact of potential flooding;
- using environmentally friendly materials; and
- promoting the well-being of occupants and communities.

According to BRE, the first stage of development has already been completed. BRE Global is now developing the criteria and methodology for BREEAM Domestic Refurbishment and later this year, senior industry representatives will be consulted over the development and implementation of the standard, which will initially be launched as a pilot scheme. BRE Global will then seek feedback on the pilot version which will inform the final development of the standard which is expected during 2010.

If you would like to get involved in the development of BREEAM Domestic Refurbishment, visit the BRE website and complete the 'expression of interest' form to join the mailing list, or provide information on a live project that could be used as a pilot.

For more information go to [www.bre.co.uk](http://www.bre.co.uk)



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