



Watts Bulletin

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CRC will create more problems than it solves, says RICS

The Government's Carbon Reduction Commitment (CRC) policy needs a serious overhaul if it is to deliver emission reductions cost-effectively, save participants money, and promote sustainable growth, said the RICS in June.

The RICS believes that in its current state the CRC has the potential to cause unintended consequences for the land property and construction sectors. The institution's key concerns are:

- there is too much distance between the responsible parties (those who manage and control consumption) and the final energy consumers;
- the thresholds for qualification could create a lack of proportionality and fairness;
- the impact assessments prepared by Department for Energy and Climate Change (DECC) fail to take account of the collateral effects for tenants, franchisees and the market as a whole;
- freedom of movement in the market will be seriously impacted by the diverse ways in which building owners will seek to comply and recover CRC costs; and
- any failure to adequately deal with changes in use could cause major distortions to the market.

RICS claims that, without revisiting the CRC, introducing the initiative in its current form would represent a major intervention in the property industry, without providing the necessary tools to effectively manage and bring about the reductions in carbon usage required.

As a result, RICS is demanding that any legislation is fair and provides a balance across all aspects of the commercial property market, so that those occupying a retail space, for example, are not subject to the same restrictions as someone in an industrial building, whose needs and building use are completely different.

According to Dan Cook, RICS Head of Policy and Corporate Affairs, the RICS is not suggesting that the CRC does not have an important part to play in fighting climate change.

"On the contrary", he says "we want this system to work, but as it stands it is likely to create more problems than it solves. We are keen to explore with the Government a range of solutions, such as developing suitable guidance, a system of regulation, a CRC fund, or the use of the service charge code, that will help businesses reduce their energy consumption.

"If DECC listens to the property market as a whole and takes advice from those with the relevant expertise and understanding of the sector, CRC could make the positive changes it has been designed to achieve."

CRC is scheduled to come into effect in April 2010. It is a cap and trade scheme which seeks to reduce carbon dioxide emissions from large non-energy intensive organisations in both the public and the private sector.

For more information go to www.rics.org or www.decc.gov.uk



Editorial

Welcome to the July issue of Watts Bulletin. This month we look at environmental issues from several different angles. Firstly, the Government's Carbon Reduction Commitment comes in for criticism from the RICS. Due to be introduced next April, the new legislation could cause serious problems for the property industry if it is introduced as it stands at present according to the surveying body.

Secondly, there is also dissatisfaction with Energy Performance Certificates. Research by National Energy Services shows widespread non-compliance with the regulations. In response, the organisation is calling for changes to the way in which EPCs are enforced and for higher penalties for non-compliance. And finally, we also look at responsible specification of construction products and report on the way in which water efficiency is set to head the green building agenda in years to come.

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RIP Corgi gas registration

From 1 April 2009, CORGI Gas Registration was replaced with the Gas Safe Register (GSR) across the whole of the UK.

The new register aims to reduce the number of gas-related deaths and injuries every year caused by incorrectly installed, badly repaired, and poorly maintained gas appliances by raising awareness that appliances should be inspected regularly by a qualified engineer. The GSR will offer the public an improved service by making it easier to find and check an engineer.

Everyone on the GSR will carry a card with their licence number, a start date, an expiry date, a security hologram, and a photo. On the back it will show what the holder is qualified to work on (for example, pipework, cookers, boilers etc). The licence number can be easily verified on the web site.

Almost a fifth of households (19.05%) with a gas boiler were found not to have had it serviced for at least three years. All gas appliances should be safety checked and serviced at least once a year.

For more information go to www.gassaferegister.co.uk or contact the Gas Safe helpline on 0800 408 5500.



Rules change on EPC data gathering

Rule changes introduced by the Department for Communities and Local Government for England, Wales and Northern Ireland come into force at the end of this month. They will have an impact on those Chartered Surveyors involved in producing Energy Performance Certificates (EPCs).

With effect from June 2009, the use of 'Data Gatherers' (these are generally building surveyors) will be prohibited when collecting information to produce EPCs for simple (level 3) buildings in order to comply with the requirements of the Energy Performance of Buildings Directive which came into force in January. This would include small retail/industrial units and offices with basic heating. Data gatherers can still work on more complex (level 4) buildings. A qualified energy assessor must now visit the property in person when producing an EPC. This rule also applies to Display Energy Certificates, which must now also be carried out only by an energy assessor.

This change in the rules governing EPCs aims to promote best practice and to take firms out of

the market who are offering a cheap service and producing poor results.

This will have an impact on any business that is offering an EPC service to clients, as each commission will now involve a qualified energy assessor visiting each building that is being assessed, even if the premises is an empty retail unit or industrial shed. This will have cost, as well as staffing implications, however, the change has been a long time coming and industry experts believe it is unlikely to be reversed.

Energy assessors should note that this rule change does not apply in Scotland.

For more information go to www.communities.gov.uk

Research reveals agents are ignoring EPCs

Research carried out by National Energy Services (NES) during April and May shows that up to 80% of commercial agents may be flouting the law by continuing to market buildings for sale or rent without Energy Performance Certificates (EPCs).

Anecdotal evidence shows that compliance with the requirement for EPCs remains 'very patchy'. In response, NES carried out a mystery shopping exercise during April and May among leading commercial agents in five different regions in England and Wales. Researchers contacted more than 100 agents, pretending to act for clients who were interested in renting or purchasing the freehold for a range of typical high street premises. All agents were given until 1 June to contact the surveyor should an EPC be made available.

Of the 108 agents contacted, only 19% could produce an EPC. Of the remaining 81%, almost half said they believed an EPC was not necessary or that they didn't know why a certificate wasn't available. A third said they would only obtain an EPC at the point of sale, in direct breach of the regulations which state an EPC must be produced prior to entering into a contract. The conclusion drawn was that there is general ignorance of the regulations and widespread non-compliance.

As a result of their findings, NES is calling on the Government to make the following changes in the way the law is being enforced:

- The display of the EPC rating be made mandatory on all commercial building particulars used by agents to market the building. This

measure could be achieved for commercial buildings quickly and at little or no cost.

- The legal responsibility of providing an EPC be placed on the actual entity marketing the commercial building (for example, the commercial property agent). Currently, it is the responsibility of the seller or landlord offering the building for sale or let to make an EPC available for their building. This is unlike the dwellings sector, where the legal liability rests with the seller's estate agent.
- The implications of non-compliance be made more acute by increasing the penalties. The current levels of penalties range between £500 and £5,000 depending upon a buildings rateable value. Clearly this is not providing a deterrent to non-compliance and therefore there is an argument that the penalties and enforcement are inadequate.

NES is also calling on the Department for Communities and Local Government to step up their communication programme with the property industry and with trading standards departments which are responsible for policing the new regulations.

For more information or to obtain a full copy of the report go to www.nher.co.uk

Water not energy to top green agenda

Recent research carried out by US construction firm McGraw-Hill claims that water efficiency is set to head up the green building agenda during the next five years.

The 40-page report looks at the role of water efficiency in buildings. It covers:

- the business benefits of water-efficient practices and methods;
- the drivers and obstacles to water efficiency;
- types of water-efficient products and methods available; and
- sources of information behind product selection and use.

According to the research, construction experts believe that water consumption will soon become a higher priority than other sustainability issues. The green building sector must focus in future on opportunities for increasing water efficiency in buildings and work to develop products such as grey water treatment and low-flow plumbing fixtures.

The McGraw-Hill research identifies the top two motivators to the incorporation of water-efficient practices and products as energy use reduction and operating cost reduction. Both Government drivers and the desire to lower energy costs are expected to lead

to faster adoption of water-efficiency products and practices. This report finds that 85% of industry players rank water efficiency as becoming a very important part of a green building by 2013, up from 69% in 2008.

Figures from the United Nations suggest that buildings use a fifth of the world's fresh water. With green buildings increasingly considered to command higher rental and re-sale values, the property industry will be forced to take water consumption seriously. A recent report in Building magazine (26 June 2009 issue) which identifies payback periods for different types of water efficient products, indicates that the industry may be able to benefit from some quick wins. Low flow shower heads and spray taps, which are easy to install and relatively inexpensive produce good results and have very short payback periods. More complex items such as rainwater harvesting systems are costly to install and therefore have much longer payback periods.

Copies of the report are available from McGraw-Hill as hard copy or in PDF format. For more information go to www.construction.com



Are you a responsible specifier?

BRE Global is actively promoting the responsible sourcing of construction materials via its new BES 6001 Framework Standard for the Responsible Sourcing of Construction Products.

Manufacturers are now lending weight to the scheme, launched last autumn, with the concrete and steel industries developing their own guidance for specifiers. The UK concrete manufacturers and trade associations have produced the first sector-wide guidance developed specifically to support the new standard, setting out how to meet the requirements of BES 6001.

In May, the Eco-Reinforcement third party certification scheme was launched, setting a standard against which responsibly sourced reinforced steel products can be recognised and assessed. According to BRE Global, "Certification provides a company with consistency and comparability throughout their sector and encourages initial benchmarking that can be followed by continuous improvement of sustainability practices." Anyone specifying reinforced steel can now rely on the fact that products approved by the scheme have been responsibly sourced and are manufactured and fabricated by companies that are making a conscious effort to reduce their environmental impact.

For more information go to www.bre.co.uk

JCT revises 2005 forms

The Joint Contracts Tribunal (JCT) has published Revision 2 to the Standard Building Contract, the Design and Build Contract and the Minor Works Contract.

The main changes are the incorporation of the new sustainability provisions, modifications to the payment provisions, and other changes building on the Office for Government Commerce's (OGC) 'Achieving Excellence' criteria.

According to the JCT, rather than applying strict criteria to parties to the contracts, the new sustainability clauses and accompanying guidance introduce a framework under which the contract can encompass sustainability. The new provisions have been developed following extensive industry consultation carried out last year and the publication earlier this year of new sustainability guidance titled, 'Building a sustainable future together'. The new provisions specify a range of contractual provisions that could be selected, including:

- value engineering to encourage design efficiency;
- requirements to reduce, reuse and recycle;
- limiting waste;
- saving energy and water;
- reducing emissions; and
- using sustainable materials and products.

Revision 2 also provided the opportunity to modify certain aspects of the payment provisions, while waiting for the outcome of the proposed new payment legislation. It is anticipated that this will be included in Revision 3.

Other changes build upon OGC's, 'Achieving Excellence' criteria, removing the remaining barriers for the adoption of JCT contracts across the central Government departments.

The Revision 2 changes will be rolled out across the whole JCT suite over the next few months with the Intermediate Building Contract and other contract families to follow during the summer.

For more information go to www.jctltd.co.uk



Consultation published on Parts L and F

A new consultation was published in June, setting out the proposed changes to Part L (Conservation of Fuel and Power) and Part F (Means of Ventilation) of the Building Regulations that are planned to come into force in 2010.

The consultation also proposes a range of measures, including a strategy for training and dissemination, designed to further improve the levels of compliance and performance in buildings.

The Government set out in its 'Building a Greener Future: policy statement' (July 2007) that new homes will be net zero carbon from 2016. In order to work towards this target, energy efficiency standards for new homes are to be improved by 25% in 2010 and 44% in 2013 relative to 2006 standards.

The Government also wants to introduce improved energy efficiency standards for new non-domestic buildings, and in its 2008 Budget announced the objective that all new non-domestic development should be net zero carbon from 2019. A similar phased improvement, beginning with 25% in 2010, is being proposed and there are plans to consult on additional steps towards zero carbon new non-domestic buildings later this year.

Government is also committed to addressing the energy efficiency of existing buildings and the consultation therefore proposes appropriate changes to the

requirements when people elect to carry out building work to existing buildings. However, despite plans to make energy efficiency improvements to existing homes mandatory for people wanting to build extensions, this proposal has now apparently been dropped by the Government and is not included in the current consultation document.

When the proposed energy efficiency standards in Part L are strengthened in 2010 there is likely to be a tendency to more airtight buildings. As a result, as part of the same consultation, changes to Part F of the Building Regulations are being proposed in tandem to ensure adequate ventilation is provided in new and existing domestic and commercial premises.

The Government is currently considering transferring responsibility for Building Regulations in Wales to the Welsh Assembly, in which case the proposals contained in the consultation will only apply in England.

The consultation closes on the 17 September 2009. For more information go to www.communities.gov.uk



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The Handbook is available to purchase from www.ricsbooks.com priced £24.95.

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