



Watts Bulletin

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

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Property feels the pinch as cuts begin

The full implications of the new coalition Government for the property and construction industries will take time to emerge.

The detail of the Government's planned spending cuts will not be fully spelled out until the emergency Budget in June and the Comprehensive Spending Review due this Autumn. However, earlier this month, Chancellor George Osborne delivered the first £6 billion cuts in Government funding, designed to make a start on tackling the UK's £156 billion Budget deficit. Out go Home Information Packs, the Community Infrastructure Levy and the third runway at Heathrow as the new Government brings in policy changes and the deepest cuts in public spending seen for decades.

The key messages are clear: non-essential projects are to be frozen, consultancy services cut and major contracts renegotiated. Government departments have been given a £170 million target for reducing property costs, meaning construction-related areas of expenditure such as the schools building programme and Crossrail will now be scrutinised for cost savings.

Speaking earlier in May, new Transport Secretary Phillip Hammond reiterated the coalition's commitment to London's east-west rail link but added that his department will be seeking to "optimise value for money", clearly shorthand for making savings on the project.

The future for other major infrastructure projects remains uncertain. The coalition has confirmed the new Government's commitment to a new high speed rail network but gives no timetable for such a project. However, plans for a third runway at Heathrow and for new development at Gatwick and Stansted have been scrapped; and despite conservative support for new nuclear power stations, the Liberals remain strongly opposed to such a programme. To date there has been no indication that Labour's multi-billion pound prison building programme will be affected by the cuts.

Despite the obvious misery for Government departments and local authorities – which will have their budgets cut by £1.165 billion this year, or 20% of total spending cuts – there is some good news for the property industry. The Government has pledged £170 million additional funding for social housing and £50 million to be invested in Further Education colleges, with a focus on capital projects. In addition, the chancellor announced £150 million extra funding to create 50,000 new adult apprenticeship places aimed at small and medium sized businesses.



Editorial

Welcome to the May issue of Watts Bulletin. This month the big news is obviously the outcome of the General Election. Following an unedifying period of negotiation, the resulting Conservative-Liberal Coalition has lost no time in establishing itself as a reforming Government that is willing to make swingeing cuts in all areas of the public purse.

Initial savings include £170 million reductions in property costs and the fallout will be felt by local authorities – and their consultants and suppliers – across the country. However, there is also some good news, notably for Further Education colleges and Social Housing providers who have been allocated capital funding, for this year at least, as a result of savings made elsewhere.

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Tower Cranes Regulations now in force

The Notification of Conventional Tower Cranes Regulations 2010 came into force on 6 April.

The Regulations set out the information about tower cranes used on construction sites that must now be notified to the Health and Safety Executive (HSE). This includes:

- site address;
- name and address of owner;
- details needed to identify a particular crane;
- date of crane's most recent thorough examination;
- details of the employer for whom the examination was carried out; and
- whether or not any defects were identified.

A leaflet is available free from the HSE setting out the types of crane that need to be notified under the new regulations, who needs to ensure that notification is made, when and what information must be notified, and how the information should be submitted to HSE. A fee is payable to the HSE for each notification. The amount to be paid and how payments can be made are detailed on the HSE website.

The regulations also include provision for a statutory register of conventional tower cranes which will be made available to the public in response to concern about the safety of tower cranes on building sites. According to HSE statistics, since 2000 there have been eight recorded deaths and a significant number of injuries relating to the use of tower cranes on construction projects.

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

Eurocodes replace British Standards on public sector projects

From 1 April all publicly-funded projects must be designed to the Eurocodes standard, which now replaces the existing British Standards and their equivalent for the design of buildings and civil engineering across Europe.

The structural Eurocodes set out common rules for the design and construction of buildings and engineering works, replacing the individual standards in place in the European member states with the aim of developing common levels of safety across Europe, as well as helping the internal market for construction products and services to operate more effectively.

The Eurocodes comprise 58 European standards covering ten design areas:

- BS EN 1990 Basis of structural design
- 1 BS EN 1991 Actions on structures
- 2 BS EN 1992 Design of concrete structures
- 3 BS EN 1993 Design of steel structures
- 4 BS EN 1994 Design of composite steel and concrete structures
- 5 BS EN 1995 Design of timber structures
- 6 BS EN 1996 Design of masonry structures

- 7 BS EN 1997 Geotechnical design
- 8 BS EN 1998 Design of structures for earthquake resistance
- 9 BS EN 1999 Design of aluminum structures

Each of these has its own national annex with nationally determined parameters (NDPs), allowing adjustments to be made to suit local conditions and practices in each of the member states. In the UK, the codes have been used in parallel with British Standards until this month. Now, they will become the standard technical specification for all contracts for public works and services throughout the EU.

Initially, the Building Regulations for England and Wales will not list the new standards as approved documents until 2013 when a revision to Part A of the regulations is due. However, in the interim, Building Control departments will accept designs using Eurocodes.

For more information, go to www.eurocodes.co.uk

New Part L to reduce emissions and bills

Changes to Part L of the Building Regulations were announced in March in a move to make homes, shops and offices warmer and cheaper to run as well as helping buildings meet low carbon targets.

The amendments to Parts L, F and J of the Building Regulations (Conservation of fuel and power; Means of ventilation; and Combustion appliances and fuel storage systems) were laid before Parliament in March and the regulations will take effect from October 2010. Revisions to the Approved Documents and Compliance Guides will be made available in the next few weeks.

Changes have also been made to the Building Regulations Competent Persons Schemes (CPSs) and there are minor technical amendments to Part G of the Building Regulations. The Part G and CPS amendments took effect from 6 April and Approved Document G has already been published. These changes have been confirmed after extensive consultation with industry, stakeholders and the Building Regulations Advisory Committee.

The amendments are designed to make homes 25% more energy efficient, typically saving householders £100 a year on their heating bills. The standards will see around two million tonnes of carbon saved every year by 2020, equivalent to taking over three million cars off of the road.

The changes to Part L will increase the minimum levels of energy efficiency for building fabric and services, so that Carbon Dioxide targets cannot be achieved through renewables alone. This reflects the principle of reducing overall demand for energy. The measures will also come into play when people elect to carry out work to existing buildings including extensions and conversions, fabric renovations, replacement windows and boilers.

Part F has been revised with new requirements and guidance for installation and commissioning of ventilation systems. This will help to maintain indoor air quality and avoid adverse health effects that could otherwise have occurred due to the greater tendency to more airtight buildings arising from the Part L changes.

Guidance on Part J has been revised to ensure that combustion appliances can function safely in more airtight homes. A requirement has been introduced for the provision of Carbon Monoxide alarms when installing all solid fuel appliances. The changes also remove technical disincentives to the wider use of Biomass heating systems.

Government publishes new Heritage Planning Policy

In March, John Healey, former Housing and Planning Minister, announced the publication of the new Heritage planning policy statement (PPS5), aimed to make heritage assets, "the centre-pieces of local regeneration, while protecting the historic environment for future generations".

Planning Policy Statement 5: Planning for the Historic Environment (PPS5) sets out planning policies on the conservation of the historic environment. It has replaced Planning Policy Guidance 15: Planning and the Historic Environment (PPG15) published on 14 September 1994; and Planning Policy Guidance 16: Archaeology and Planning (PPG16) published on 21 November 1990.

The new PPS5 is a more succinct, less discursive and high level document than the Guidance notes it replaces. Guidance has been separated from policy and is instead provided in the accompanying Historic Environment Planning Practice Guide which provides support and advice for the implementation and delivery of the policies set out in the PPS.

PPS5 deals with all types of heritage in one document, removing the previous distinction between buildings, landscapes and archaeological remains.

It maintains the same level of protection to the historic environment as PPGs 15 and 16 but placing stronger

emphasis on pre-application planning and discussion, and focusing on evaluating the significance of the heritage asset in question. The intention being that this process should lead to better quality applications with fewer refusals and appeals.

There is also a new emphasis on the importance of the principles of sustainable development and greater clarity surrounding areas such as archaeological interest, conservation areas and their preservation and enhancement, World Heritage Sites, recording and resolving conflicts with other planning priorities.

A detailed Practice Guide from English Heritage accompanies the new guidance and explains how Councils and developers can apply the new policies, and use heritage assets such as old theatres, churches and factories to inspire imaginative new development and high quality design.

For more information go to www.english-heritage.org.uk

New risk assessment tool available

In the current economic climate, accurate data on building condition is more important than ever for property owners and investors who are increasingly aware of the need for effective forward planning for costing maintenance schedules and budgeting for disposals or additions to their portfolios.

With a new Government in place and cuts in local authorities' estates budgets inevitable, in the public sector too, the need to manage property effectively has never been more important. The first step towards this is for property owners and managers to understand their property portfolio and its value. With access to current, relevant data, decisions can then be taken on issues such as planned preventative maintenance and sustainability as well as enabling estates staff to take an informed view as to the benefit of retention, disposal, refurbishment or new build projects.

Accurate property data is vital and with this in mind, the Watts Group has developed a re-styled condition report which will benefit recipients in both the private and public sectors by making it easier for them to assess defects in their existing buildings and to determine the risks involved if they are considering an acquisition.

The new report has been designed to simplify risk assessment by not only providing detailed information on all aspects of building condition, but also facilitating at-a-glance assessment of potential defects and other issues by incorporating an executive summary that uses a colour-coded 'traffic light' system to categorise risk. This gives clients an easily digestible overview of the condition of each existing or prospective property in their portfolio by labelling each aspect of building condition red, amber, or green.

For more information on Watts' condition surveys service, please contact Trevor Rushton, Director in Watts' London office, on 020 7280 8000.

A quarter of building sites are unsafe, says HSE

Nearly one in four construction sites visited by the Health and Safety Executive (HSE) during March failed safety checks according to a report published earlier this month.

Inspectors from HSE carried out checks at 2,014 construction sites across Great Britain during March, as part of an intensive inspection campaign aimed at reducing death and injury in one of Britain's most dangerous industries.

During unannounced visits, inspectors focused on refurbishment and roofing work to ensure that any work at height was being done safely and that the sites were in good order. In total, 2,414 contractors were inspected during the campaign. HSE inspectors looked at whether:

- jobs that involve working at height have been identified and properly planned to ensure that appropriate precautions are in place;
- equipment is correctly installed/assembled, inspected and maintained and used properly;
- sites are well organised, to avoid trips and falls;
- walkways and stairs are free from obstructions; and
- work areas are clear of unnecessary materials and waste.

A total of 691 enforcement notices were issued at 470 sites, with inspectors giving orders for work to be stopped immediately in 359 instances for either unsafe work being carried out at height or where sites lacked 'good order'. The majority of all notices issued related to unsafe work being carried out at height. This remains one of the most common causes of fatalities and major injuries in the construction sector in Great Britain, with more than five incidents recorded every day.

Philip White, HSE's Chief Inspector for Construction, said: "While it is encouraging that many small construction firms have got their act together and are giving health and safety the priority it needs, the fact that our inspectors needed to take enforcement action on almost a quarter of sites, and on a similar proportion of contractors, is a matter of serious concern". During 2008/09 there were 53 deaths in construction and 11,264 injuries. Last year, inspectors visited 1,759 sites, 2,145 contractors and issued 491 enforcement notices during a similar month-long initiative.

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

RICS to urge new Government to introduce property regulation

An RICS working group has found numerous examples of unwelcome practice and inconsistencies in the level of transparency provided for professional fees charged within the property sector, leaving consumers unaware of what they are paying for. RICS will now be calling on the new Government to review and improve regulation in the sector.

In April last year, RICS invited a wide range of stakeholders to contribute to a consultation on transparency in professional fees and commissions in the residential and commercial property sectors. This consultation covered several issues that were repeatedly being raised by property professionals, clients (both consumer and business), other regulators and the press.

Contributors provided evidence on a number of issues including: the declaration of insurance remuneration and commissions; service charges in leasehold property; commission on letting renewals; commission on energy performance certificates; the breakdown of valuation fees; and the arrangement of fees for security loan valuations.

The responses highlight the need for greater consistency and transparency across the sector. Recommendations for improvement include a full explanation about what the breakdown of the professional fee is and any commission earned, as well as providing information to consumers that is clear and accurate. This would put consumers in the position of having the relevant information they need at the appropriate time, enabling them to make an informed choice.

The key recommendations from RICS are as follows:

- Landlords, letting agents and managing agents should be subject to appropriate regulation in order to achieve consumer protection, efficient markets and consistency across the sector.
- Regulation of the industry should involve an independent body, for example, the Property Standards Board (PSB), and that body should approve and hold the agreed code(s) of practice that the industry follows. RICS believes Government should legislate to provide the PSB with the authority and backing to ensure that all landlords, letting agents and managing agents comply with appropriate regulatory requirements.

- Government needs to undertake a review of existing legislation in the residential sector.
- RICS should work with the relevant authorities to ensure that there is greater transparency and clarity in the description of mortgage and valuation fees for mortgage applicants.
- The industry needs to put greater emphasis on making sure clients, especially consumer clients, are made aware of the relevant remuneration, commission and any other payments paid on the purchase of insurance: regulators should also impose requirements to improve transparency in relation to insurance.

For more information and a full copy of the report go to www.rics.org



Watts network of offices:

BELFAST

T: +44 (0)28 9024 8222
E: belfast@watts-int.com

BERLIN

T: +49 30 345 0569 0
E: berlin@watts-int.com

BIRMINGHAM

T: +44 (0)121 265 2310
E: birmingham@watts-int.com

BRISTOL

T: +44 (0)117 927 5800
E: bristol@watts-int.com

DUBLIN

T: +353 (0)1 703 8750
E: dublin@watts-int.com

EDINBURGH

T: +44 (0)131 226 9250
E: edinburgh@watts-int.com

GLASGOW

T: +44 (0)141 353 2211
E: glasgow@watts-int.com

THE HAGUE

T: +31 (0)79 361 88 91
E: thehague@watts-int.com

LEEDS

T: +44 (0)113 245 3555
E: leeds@watts-int.com

LONDON

T: +44 (0)20 7280 8000
E: london@watts-int.com

MANCHESTER

T: +44 (0)161 831 6180
E: manchester@watts-int.com

MUNICH

T: +49 89 678 0663 0
E: munchen@watts-int.com

SOFIA

T: +359 2 827 2222
E: sofia@watts-int.com

STOCKHOLM

T: +46 (0)8 791 7300
E: stockholm@watts-int.com



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Watts Bulletin editor: Trevor Rushton (Email: trevor.rushton@watts-int.com)
Watts Bulletin author: Lesley Davis

Comments, criticisms and contributions are always welcome.

The Handbook is available to purchase from www.ricsbooks.com priced £26.95.

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