

LGA submission to the Ministry of Housing, Communities and Local Government: The Future Homes Standard

February 2020

1. About the Local Government Association

- 1.1 The Local Government Association (LGA) is the national voice of local government. We are a politically-led, cross party membership organisation, representing councils from England and Wales.
- 1.2. Our role is to support, promote and improve local government, and raise national awareness of the work of councils. Our ultimate ambition is to support councils to deliver local solutions to national problems.

2. Summary

- 2.1. The LGA welcomes the government's proposals for new homes standards that will support achieving the UK's commitment to bring all greenhouse gas emissions to net zero by 2050. By increasing the technical standards of new housing there is an opportunity to improve housing quality and tackle climate change, while also creating more resilient communities and growing the green building and skills sector.
- 2.2. The LGA supports in principle the proposed upgrades to the current Part L (Conservation of Fuel and Power) energy efficiency standards in 2020 for new homes, including wider impacts of Part L for new homes and changes to Part F (Ventilation). This will be essential in paving the way for the Future Homes Standard from 2025, and supporting the scaling up of low carbon technologies to decarbonise our existing housing stock. The LGA supports proposals to increase the quality and carbon neutrality of both new build and existing housing stock. This is part of the wider transition necessary to achieve net zero carbon across all sectors.
- 2.3. Local authorities are leading the way towards achieving net zero carbon, increasingly with ambitious plans to achieve this before the government's 2050 target. The LGA strongly rejects any proposals that would restrict local planning authorities from setting higher energy efficiency standards for new homes. Many authorities have already been successful in achieving higher energy efficiency standards in new developments or requiring a financial contribution to a carbon offset fund where they are unable to meet more stringent standards. Restricting local authorities could stymie this progress.
- 2.4. We recognise that the government's preferred option is Option 2 ('Fabric plus technology') which is intended to deliver 31% improvement on the current Part L standard, (compared to Option 1 ('Future Homes Fabric'), a 20% improvement).

However, we do not think this is ambitious enough. There is a risk that allowing the lower fabric standards of Option 2 (compared to those proposed in Option 1) will require costly retrofitting to those same dwellings in the future. We encourage the government to consider an option that includes the higher fabric standards in Option 1 plus the technology improvement in Option 2 to secure a greater reduction on energy demand.

- 2.5. The LGA has concerns that a 'direct electric' approach risks resulting in significant additional demands on the existing electricity grid, impacting detrimentally on the supply of power to homes and businesses, particularly in places where the capacity of existing networks are already stretched. In addition, those already living with fuel poverty are unlikely to get relief with this short-term solution. We do not support the use of electric heating other than in specific circumstances where no other form of heating is possible. The LGA therefore supports a greater focus on long-term solutions as proposed in Option 1 ('Future Homes Fabric').
- 2.6. The proposals for new homes standards come alongside several other proposals for ambitious capital programmes, including the Building Safety Programme and Decent Homes 2. All of these will impact on the capacity of stock-owning local authorities at a time when more than nine in ten are looking to increase their delivery of urgently-needed new homes.¹ Any proposal for a new Future Homes Standard must acknowledge and recognise the cost implications, and will require greater government investment to ensure delivery on all these programmes.
- 2.7. The LGA is also concerned that the Future Homes Standard Impact Assessment does not currently cover buildings over four storeys. Given government's recent announcements on new measures to improve building safety standards,² we recommend an updated or new impact assessment on the implications of the two proposed options for buildings affected by the ban on combustible materials before finalising the text of Part L government updates. Alternatively, we recommend government develops a new impact assessment to reflect the implications of the two proposed options for buildings affected by the ban on combustible materials.
- 2.8. The LGA welcomes the government's manifesto commitment for a £3.8 billion capital Social Housing Decarbonisation Fund and looks forward to working with the government to ensure effective implementation.³

¹ Local Government Association, Housing Revenue Account Cap Removal Survey Results, March 2019. <https://www.local.gov.uk/sites/default/files/documents/Publications%20-%20Research%20-%20Housing%20Revenue%20Account%20Cap%20Removal%20-%20Survey%20Results%20-%20March%202019.pdf>

² Ministry of Housing, Communities and Local Government, New measures to improve building safety standards, 20 January 2020. <https://www.gov.uk/government/news/new-measures-to-improve-building-safety-standards>

³ The Conservative and Unionist Manifesto 2019 Costings Document. https://assets-global.website-files.com/5da42e2cae7ebd3f8bde353c/5ddaa257967a3b50273283c4_Conservative%202019%20Costings.pdf

3. Local government leading the way in achieving net zero carbon

3.1 The LGA supports local authorities in their ambition to tackle climate change and reduce carbon emissions across housing and all their business in the shift towards achieving net zero carbon. Local government plays a vital role in leading the way. This is demonstrated by LGA's climate emergency declaration together with around 230 councils.⁴

3.2 Local authorities are at the forefront of mitigating climate risks and supporting their communities to adapt to future changes. In particular they will have a key role in supporting their vulnerable communities who will be more exposed to the impacts of climate risks.⁵

3.3 The LGA believes local authorities are best placed to understand the needs and opportunities in their local area and deliver local solutions. This means bringing partners together to work on place-based approaches drawn from evidence-based best practice. This is echoed by national organisations doing significant work to address the climate emergency such as the Committee on Climate Change (CCC).⁶

3.4 In response to the Future Homes Standard consultation, the LGA in principle supports measures that will lead to increased housing performance and higher standards of housing quality across all typologies. Specifically, we support the intention of the proposals to future-proof new build homes with low carbon heating and world-leading levels of energy efficiency.

3.5 Across all sectors, local authorities are already leading the way to achieving carbon neutrality, increasingly well before the national 2050 target. To drive this, councils are developing their own climate change strategies to reduce emissions and propel the shift towards a low carbon economy. This includes embedding climate resilience and related measures to achieve net zero carbon and sustainable outcomes into all their plans and strategies across housing, transport, planning, infrastructure, community health and wellbeing, and economic growth.

3.6 Nottingham City Council, for example, has committed to becoming the first carbon neutral city in the UK by 2028. Nottingham's Charter sets out a vision for sustainable carbon neutrality on behalf of the Council and the city's Green Partnership, a collaboration with local, national, and international partners. In 2017 results showed a CO₂ reduction of 41% for the city and 49% per person since 2005.⁷

3.7 In addition, a number of councils are members of the UK District Energy Vanguard Network. The Network recently held the workshop 'Heat Networks:

⁴ Local Government Association, Climate change goals hinge on funding and powers for local areas, 24 Sept 2019. <https://www.local.gov.uk/topics/environment-and-waste/climate-change>

⁵ Committee on Climate Change, Net Zero: The UK's contribution to stopping global warming, May 2019. <https://www.theccc.org.uk/wp-content/uploads/2019/05/Net-Zero-The-UKs-contribution-to-stopping-global-warming.pdf>

⁶ Ibid.

⁷ Nottingham City Council, Nottingham 2028. <https://www.nottinghamcity.gov.uk/cn2028>

Planning for a Zero Carbon World', supporting local authorities to consider how planning, spatial strategies and heat network development and management can help to shape a zero carbon future. Presenters included representatives from Bristol City Council, Plymouth City Council, Exeter and East Devon.⁸

Innovative, collaborative approaches to achieving sustainable housing

3.8 Councils have been driving forward housing standards and sustainable development and demonstrating how it is achievable. A useful reference is a set of case studies developed by the LGA that provide a range of examples of innovative council housebuilding to address local housing need.⁹ In particular, they demonstrate the role of council housebuilding in incorporating high environmental standards that, for instance, have the added benefit of helping low-income households achieve affordable energy bills.

3.9 An example of council collaboration that achieves more sustainable housing delivery is through the Passivhaus Social scheme.¹⁰ Supported by Passivhaus Trust, this is a partnership between local authorities and housing associations that adopts and implements the Passivhaus Standard. Benefits include energy savings leading to fuel poverty eradication, reduced maintenance and lifecycle costs, better sound proofing (e.g. intertenancy transfer), market value increase (rent and sale capital), and less ongoing capital investment.¹¹

3.10 Another set of working examples, developed by the Town and Country Planning Association New Communities Group, shows where local authorities and communities have had success through innovative approaches to establishing the right mix of strategy, planning, and governance. They demonstrate how councils have delivered multiple benefits for large-scale new communities including green space, a mix of housing, low carbon design, sustainable transport and local food sourcing.¹²

3.11 The government's Standard Assessment Procedure (SAP) which is used to monitor the energy efficiency of homes also illustrates how the social housing sector more broadly is leading the way. In 2017, social housing stock had an average SAP rating of 68, compared to the private sector which had an average rating of 61.¹³ The LGA also welcomes the government's manifesto commitment

⁸ District Energy Vanguards Network – Heat Networks: Planning for a Zero Carbon World, November 2019. <https://heatandthecity.org.uk/event/district-energy-vanguards-network-heat-networks-planning-for-a-zero-carbon-world/>

⁹ Local Government Association, Innovation in council housebuilding, n.d.

<https://www.local.gov.uk/topics/housing-and-planning/innovation-council-housebuilding/innovation-council-housebuilding-9>

¹⁰ Passivhaus Social Housing, Passivhaus Trust, nd.

https://www.passivhaustrust.org.uk/competitions_and_campaigns/passivhaus-for-local-authorities/

¹¹ Passivhaus Construction Costs, Passivhaus Trust, October 2019.

https://www.passivhaustrust.org.uk/UserFiles/File/research%20papers/Costs/2019.10_Passivhaus%20Construction%20Costs.pdf

¹² The TCPA New Communities Group: ambitious councils working together to deliver large-scale new communities, January 2015. <https://www.local.gov.uk/sites/default/files/documents/tcpa-new-communities-grou-12b.pdf>

¹³ Ministry of Housing, Communities & Local Government, English Housing Survey Headline report, 2017-20218.

for a £3.8 billion capital Social Housing Decarbonisation Fund, and looks forward to working with the government to ensure effective implementation.¹⁴

4. Responding to specific points

4.1 We have not responded to each question posed in the consultation in detail but have instead set out our broad views below.

Proposed options

4.2 This consultation proposes two options to uplift energy efficiency standards and requirements. Option 1 would achieve a 20% reduction in carbon emissions compared to the current standard for an average home. This could be delivered by very high fabric standards (typically with triple glazing and minimal heat loss from walls, ceilings and roofs). Option 2 would achieve a 31% reduction in carbon emissions compared to the current standard, delivered based on the installation of carbon-saving technology such as photovoltaic (solar) panels and better fabric standards, though not as high as an increase in fabric standards as in Option 1.

4.3 We do not think that the government's preferred Option 2 ('Fabric plus technology') is ambitious enough. In addition, there is a risk that allowing lower fabric standards in Option 2 will require costly retrofitting to those dwellings in the future. The Future Homes Standard Impact Assessment affirms that 'action at the point of build has the advantage of 'locking in' low carbon technologies and energy efficient design, reducing overall energy demand of the building'.¹⁵ However, the government's preferred Option 2 does not encourage the high quality building fabric needed to ensure climate resilient housing.

4.4 The potential risk of Option 2 alone is that the early cost savings of the proposed option will be negated when homes need to be retrofitted to meet higher fabric standards required later. Option 2 also undermines the progressive measures required to achieve carbon neutral targets through delivering new housing that does not have the highest fabric standards or energy efficiency at the point of build.

The move towards electrification and network resilience

4.5 While Option 2 may deliver greater improvement in the short-term, there is a risk that the move towards electrification of heat will prove challenging due to fluctuating use. The Royal Academy of Engineering has raised concerns that the replacement of gas boilers that currently deliver heat to the majority of homes

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/834603/2017-18_EHS_Headline_Report.pdf

¹⁴ The Conservative and Unionist Manifesto 2019 Costings Document. https://assets-global.website-files.com/5da42e2cae7ebd3f8bde353c/5ddaa257967a3b50273283c4_Conservative%202019%20Costings.pdf

¹⁵ Ministry of Housing, Communities & Local Government The Future Homes Standard 2019 Consultation: Impact Assessment, 2019.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/836925/REQUEST.pdf

could be a significant challenge, as alternatives such as heat pumps are expensive, unfamiliar to consumers and disruptive to retrofit.¹⁶ Electrification of heat can be particularly challenging. There is a risk that it may become less dependable due to large seasonal and daily fluctuations in demand and an increase in overloading current grid capacity, unless there is sufficient capacity on the grid.

4.6 Some councils are finding that the shift towards carbon neutrality and the increase in demand on the electricity network through photovoltaic electricity (PV), electric vehicle (EV) charging, and projects moving away from gas to electric and encouraging on site power generation is placing increasing pressure on the grid. This could affect the ability to install energy efficiency measures on existing housing, and further impact on major regeneration and new housing developments. The government should prioritise ensuring that current and future grid requirements are adequately met in order to meet increasing demand.

4.7 While the direct electric heating option may appeal to developers as a low capital cost option to meet primary energy and CO₂ targets (point 3.18, p28), this is likely to increase energy bills for customers. In 2017, 10.9% or approximately 2.53 million households in England, lived in fuel poverty.¹⁷ Those already living with fuel poverty are unlikely to get relief with this short-term solution. The LGA therefore welcomes the proposal in the consultation for a 'householder affordability rating', to help ensure that, where direct electric heating is installed, the energy bills would be reasonable.

4.8 Drawing on the CCC's 2015 Sectoral Scenarios for the Fifth Carbon Budget,¹⁸ The Department for Business, Energy & Industrial Strategy estimated that around 18% of UK heat will need to come from heat networks by 2050 to meet its carbon targets cost effectively.¹⁹ Given the increasing role that heat networks will play in national and local ambitions to reduce carbon and cut heating bills for domestic and commercial customers, it will be vital that government continues to work with local authorities to address capability and capacity challenges to heat network deployment.²⁰

¹⁶ Royal Academy of Engineering, A critical time for UK energy policy: what must be done now to deliver the UK's future energy system, October 2015. www.raeng.org.uk/publications/reports/a-critical-time-for-uk-energy-policy

¹⁷ Department for Business, Energy, & Industrial Strategy, Annual fuel Poverty Statistics in England, 2019 (2017 data). https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/829006/Annual_Fuel_Poverty_Statistics_Report_2019__2017_data_.pdf

¹⁸ Committee on Climate Change, Scenarios for the Fifth Carbon Budget Technical report November 2015. <https://www.theccc.org.uk/wp-content/uploads/2015/11/Sectoral-scenarios-for-the-fifth-carbon-budget-Committee-on-Climate-Change.pdf>

¹⁹ Department for Business, Energy & Industrial Strategy, Guidance – Heat networks, Last updated 4 November 2019. <https://www.gov.uk/guidance/heat-networks-overview#heat-network-guidance-documents>

²⁰ Department for Business, Energy & Industrial Strategy, Guidance – Heat networks, Last updated 4 November 2019. <https://www.gov.uk/guidance/heat-networks-overview#heat-network-guidance-documents>

Target setting

- 4.9 The LGA agrees that ‘despite progress reducing emissions from homes, we need to go much further’ (p6). The potential for reducing emissions in our buildings is enormous. In the residential sector alone, which currently accounts for an estimated 18% of UK emissions, vast improvement is required.²¹ The LGA therefore does not support the proposal (Q4, p22) to commence the amendment to the Planning and Energy Act 2008, which would restrict local planning authorities from setting higher energy efficiency standards for new homes.
- 4.10 Restricting higher standards may discourage some councils from setting the ambitious targets required to meet the government’s 2050 targets (and their own locally-set targets) and disadvantage them as they miss out on opportunities to take up innovative technologies and boost economic growth. Local authorities should have the flexibility to require standards above the building regulations to ensure they can meet their own ambitions to achieve net zero carbon, support better quality housing, and develop and grow a skills base in the newly emerging green economy.²²
- 4.11 Some local authorities with ambitious targets include Nottingham City Council, which has committed to becoming the first carbon neutral city in the country by 2028,²³ and Greater Manchester Combined Authority (2038)²⁴ which also has a carbon neutral retrofit and new-build programme for residents and industries. Some of the councils that have a 2030 carbon neutral goal, supported by ambitious climate emergency action plans and housing programmes, include Devon County Council,²⁵ Bristol City,²⁶ and City of York Council.²⁷
- 4.12 The UK Green Building Council in association with Core Cities UK has examples of local authorities already applying or seeking to apply policies beyond Part L 2013 as part of guidance designed to help enable cities and local authorities drive up the sustainability of new homes. This includes a cross-section of examples where local authorities have set a requirement for a 19% (or greater) improvement in the target CO₂ emission rate compared with 2013 Building Regulations.²⁸

²¹ Department for Business, Energy & Industrial Strategy, 2018 Greenhouse Gas Emissions, Provisional Figures, Statistical Release: National Statistics, March 2019.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/79062/6/2018-provisional-emissions-statistics-report.pdf

²² Climate on Climate Change Net Zero – The UK’s contribution to stopping global warming, May 2019. <https://www.theccc.org.uk/publication/net-zero-the-uks-contribution-to-stopping-global-warming/>

²³ Nottingham City Council, Nottingham 2028. <https://www.nottinghamcity.gov.uk/cn2028>

²⁴ Manchester Climate Change Plan. <http://www.manchesterclimate.com/plan>

²⁵ Devon County Council, Energy and Climate Change, Reducing emissions and improving resilience, n.d. <https://www.devon.gov.uk/energyandclimatechange/>

²⁶ Bristol City Council Mayor’s Climate Emergency Action Plan 2019. <https://www.bristol.gov.uk/documents/20182/33379/Mayor%27s+Climate+Emergency+Action+Plan+2019+FINAL>

²⁷ City of York Council, https://www.york.gov.uk/info/20242/sustainability/1524/climate_change_framework_and_action_plan

²⁸ UK Green Building Council, The Policy Playbook: Driving sustainability in new homes-a resource for local authorities Version 1.4: June 2019. <https://www.ukgbc.org/wp-content/uploads/2018/09/The-Policy-Playbook-v.-June-2019-final.pdf>

Alignment with Building Safety Reform

- 4.13 We are concerned that the Future Homes Standard Impact Assessment does not take into account buildings over four storeys in height and does not reflect the government's intended lowering of the trigger height for banning combustible materials from the external walls of buildings to 11m. It also does not reflect that photovoltaic (PV) cells are covered by the ban on combustible materials.
- 4.14 The rainscreen cladding system installed to protect insulation when Grenfell Tower was refurbished was the key factor in transforming a typical kitchen fire into a disaster that killed 72 people. The phase one report of the inquiry into the fire has also identified combustible insulation as a factor in spreading the fire. The contribution to the final death toll of toxic smoke from that insulation and the long-term health and environmental impact of those emissions have yet to be fully established. If a repeat of the fire is to be avoided, any changes to Part L of the building regulations guidance need to be effectively dovetailed with the widespread reforms to building safety flowing from Dame Judith Hackitt's report.
- 4.15 The government has already responded to the fire by banning combustible materials from the external walls of buildings over 18m and has signalled its intention to lower the height of buildings affected by the ban to 11m. The LGA supports this proposal.
- 4.16 We note that the consultation document acknowledges that alternative means of meeting the proposed standards under Option 2 in blocks of flats (which will be required where PV cells cannot be used) are more expensive than the use of PV cells would be. The use of PV cells is in any case less cost-effective in blocks of flats.
- 4.17 The LGA recommends that the government conducts an impact assessment on the implications of the two proposed options for buildings affected by the ban on combustible materials before finalising the text of Part L in as much as it applies to those buildings. A separate impact assessment will also be required if the proposed new standards are applied in future to refurbishment of high-rise residential blocks.

Addressing the skills gap and growing the sustainability sector

- 4.18 The LGA agrees that the industry will need to develop the necessary supply chains, skills and construction practices to deliver low-carbon heat, and highly energy efficient new homes. This is also an opportunity to reap the economic benefits of the low carbon transition and lead on clean growth, as demonstrated through the progress on reducing UK emissions.^{29 30}

²⁹ Committee on Climate Change's 2019 progress reports: government responses, 15 October 2019. <https://www.gov.uk/government/publications/committee-on-climate-changes-2019-progress-reports-government-responses>

³⁰ Market Report: Heat Networks in the UK, The Association for Decentralised Energy, 2018. https://www.theade.co.uk/assets/docs/resources/Heat%20Networks%20in%20the%20UK_v5%20web%20single%20pages.pdf

- 4.19 Ensuring we have the right skills at the right time to build, maintain and upgrade quality homes is a priority for local authorities, as housebuilders in their own right, and as leaders of local place and local economies.
- 4.20 The LGA supports the government's work to scale up innovative training models for construction skills across the country, including the Construction Skills Fund and Construction Industry Training Board (CITB) to more ably respond to the emerging skills needs of the construction sector. This includes skills for sustainable construction and for improving energy efficiency. However, local authorities and the wider construction industry have repeatedly emphasised that there are some fundamental challenges with the skills system and failure to invest will harm the economy.
- 4.21 We have, for instance, significant existing skills challenges including shortages of higher-skilled technical and vocational workers, and geographical differences contributing to reduced local growth. Brexit, digitalisation, the gig economy, and extended working lives are further transforming the economy and labour market around us bringing opportunities and challenges.
- 4.22 National reforms and initiatives like the National Retraining Scheme and others including apprenticeships, technical levels, and a future UK Shared Prosperity Fund seek to address these challenges. To be successful they need to be sufficiently joined up with a focus around 'place' to be effective.
- 4.23 We need a better way of planning and coordinating policy and provision. Local industrial strategies and the skills advisory panel analysis are a good start to building a placed based approach. However, funding, for the most part, remains highly fragmented with £10 billion (2016/2017) spent nationally via 20 funding streams. If this funding was planned with local government and others, it could be much more effectively targeted to local need.
- 4.24 Work Local is the LGA's positive proposal for change, providing a platform for supporting the shift needed for the green and sustainability sectors.³¹ Led by combined authorities and groups of councils, in partnership with local and national stakeholders, local areas should have powers and funding to plan, commission and have oversight of a joined-up service bringing together advice and guidance, employment, skills, apprenticeship and business support for individuals and employers.

5. Future Homes Standard timeline towards implementation and transitional arrangements

- 5.1. We support the proposals to introduce a more stringent set of transitional requirements in 2020 so that developers do not build to older efficiency standards for longer than appropriate. We recommend, however, further consultation with industry to ensure that the new standards can be implemented.

³¹ Local Government Association, Work Local. <https://www.local.gov.uk/topics/employment-and-skills/work-local>

- 5.2. With this phase of the consultation relating solely to new domestic buildings, the LGA looks forward to further consultation in the coming months addressing existing domestic buildings, and new and existing non-domestic buildings, with overheating in new dwellings and new non-domestic buildings following soon after.
- 5.3. Going forward, we again urge the government to conduct an impact assessment on the implications of the two proposed options for buildings affected by the ban on combustible materials before finalising the text of Part L, looking separately at the implications for new buildings and for refurbishing existing buildings.
- 5.4. The LGA recommends that consultation on the implementation of the Future Homes Standard commences before 2024. Given the government will begin to develop an evidence base in 2022, implementation could commence sooner than 2024 to give the market enough lead in time to innovate and develop expertise and supply chains by 2025.