



Stewart Baseley's Speech: Zero Carbon Hub Conference



Good morning,

It is great to see so many of you here today to talk about one of the key issues facing our industry.

The fact that so many of you are here shows both the level of commitment to achieving the challenging objective we have been set, and the level of concern about how we do so.

As the housing minister Grant Shapps has just said, we have made great progress as we reach the half way point between when the zero carbon policy was launched in December 2006 and its coming in to force in 2016.

This milestone seems a perfect opportunity to take a look back at how far we have already come in considering the challenges that still lie ahead.

2006 was a very different world to the one we are faced with today. Critically, it was before the economic crash of 2007, the repercussions of which continue to reverberate today and to have a significant impact on our businesses.

In 2006 the housing market was booming and house builders were looking to expand and increase their capacity. Today a few of those businesses are sadly no longer with us and the many that still are have had to make significant changes and are invariably leaner. Back then the economy was buoyant and politicians who today are faced with the unenviable task of guiding the country away from recession saw environmental concerns as the key political issue.

There was a real focus on environmental issues, a focus that led to a political consensus across the main parties that new homes should be subject to tough new performance standards on carbon as part of the strategy for tackling climate change. And given the economic context, there was an assumption that the industry could adjust to that in economically upbeat times.

As an industry we had a choice: obstinately resist change, or engage with the debate and seek to mould policy in a way that industry could manage.

This was not easy – there was understandable concern within the industry about the scale and cost of proposed change, and many advocated the stubborn approach.

Whilst on the other hand, there was real political pressure to move further and faster.

Now don't get me wrong. I did not take the decision that HBF should engage lightly or because I am some sort of eco zealot or technology enthusiast.

Rather what I saw and experienced was a race between the political parties to be the greenest and a wave of conceptual and technical proposals relating to future new build requirements slip-streaming with the racers.

So our choice was between taking what came out of this race or engaging and working collaboratively on practical solutions that took on board industry considerations and learning.

It was a moment for stepping back and taking the helicopter view.

When looked at from the helicopter perspective the way we needed to go was clearer. Whether or not political priorities shifted – as they clearly have since done – or not, the growing realisation that climate change is a fundamental challenge for us all meant the issues were not going to go away. And with the immediate political appetite for action, we felt on balance the sensible thing to do was to engage.

By doing so, we were able to reach a mutually acceptable and practical understanding with Government focusing on a 10 year process of predictable and stepped changes to Part L building regulations requirements to reach a zero carbon performance standard by 2016. So in December 2006 at the official launch of the policy we collectively stood up to celebrate this.

And, that was the easy part done!

It then very quickly became clear that although we had a theoretical concept of zero carbon – no net emissions from any use of a new home – we did not have a practical definition of what that actually meant.

HBF organised two summits of all the key parties, including Government, in the first half of 2007 to try to clarify the practical definition and tease out the issues involved. However, all these summits demonstrated was just how challenging the task was and that we did not necessarily understand what was entailed – and what was and was not feasible.

At this point all parties recognised that a lot more work needed to be done to make the policy objective deliverable and there was a realisation of the importance of working together in order to resolve what often looked like impossible challenges.

Out of the Summits came the decision to set up the joint industry-Government 2016 Task Force, of which, for my sins, I was made joint chair alongside the then Housing minister Yvette Cooper. This continues to meet to this day to provide strategic guidance on the progress of the zero carbon policy, and whilst Yvette and numerous other co chairs and housing ministers have come and gone, I'm still there.

But it was clear to me that by getting involved with The Task Force, and ensuring it was inclusive of all the main parties so that we could maintain a common understanding, it would give us an appropriate share of ownership of the issues. However, it also fairly soon became clear that a group overseeing policy direction at high level was insufficient to crack the real practical challenges involved.

This plainly required sustained effort and resources applied on a day to day basis. We pushed for – and John Calcutt’s Housing Review recommended – the establishment of a new body to co-ordinate research and the other work necessary to inform the refinement of the policy and assist its implementation on the ground. The importance of such a body being inclusive and independent so that it could speak with full authority was also recognised.

These important conclusions of course led to the establishment of the Zero Carbon Hub – without who we literally would not be here today!

These early steps were often difficult and took longer than we wished or had anticipated. But – as so often in life – the investment we made back in 2007 and 2008 has paid off in the longer term. By taking the time to think our approach through then, we are in a much better place now than we would have been.

A year ago I conducted a review of the Hub’s work and achievement and spoke to many who had been involved in or touched by its activities. The feedback was very clear - that it was incredibly valuable to have a body in place that could engage with stakeholders across the board, such that it kept people on the same page and allowed an evidence base to be gathered such that sensible decisions could be taken.

In particular and most critically, the Hub has been able to gather the evidence and establish a broad consensus in support of the refinements to the original policy definition that have now been achieved – most notably on minimum fabric energy efficiency and carbon compliance performance standards

These are no small achievements and thanks to them we can now broadly see the path towards zero carbon in a way we simply couldn’t back in 2007 and 2008.

The Hub has also been able to provide guidance and support where necessary to the house builders who have taken positive and pro-active steps to research and test approaches to low carbon building ... Barratt, Miller, Crest, Stewart Milne, Morris Homes, Taylor Wimpey, Galliford Try, Keepmoat to name but a few – and I apologise for not being able to mention all the companies who have done such great work and have all gone that extra mile to demonstrate what can be achieved in terms of reduced carbon housing.

But there remains much to do and areas of the Hub’s work that are as yet in their comparative infancy.

We have yet to crack an approach that can deliver simple, effective and affordable Allowable Solutions for carbon-saving measures off-plot or off-site.

This is crucial as Allowable Solutions will be an important proportion of the 2016 standard even with the change in the definition announced in the Budget last year.

We also need to do much more work on future skills and knowledge requirements and on consumer-facing issues.

These “softer” questions can easily be overlooked, but we must recognise that house building is a people-based and retail-driven industry and we ignore the softer issues at our peril.

There will be a considerable knowledge hike for everyone involved in the industry in building to the higher performance standards that will be required. As we are pushing the limits –

indeed literally the envelope - of what can be done, it is vital that everyone understands their part in delivering the new build standards, how they need to work with others and the supply chain and have the knowledge needed for their role. This is no small task and should not be under-estimated.

At the end of the day, we also need to sell the homes we build, and potential customers – as part of an overall marketing strategy – need to understand and recognise the great work we have done and what that means for them in terms of the high spec home they will be buying.

Very topically – with the government’s proposals for Part L 2013 announced just this week - we also need to get to the bottom of how we can ensure that actual building performance corresponds to predicted performance at the design stage.

In this regard, I have made my concerns about the continuing shortcomings of the SAP modelling tool very clear to the 2016 Task Force and Ministers.

Given the demanding standards entailed in the zero carbon policy it is essential that we have a model of SAP that is fully and properly fit for purpose. Without this, builders are in an invidious position in having to design buildings they believe should deliver the necessary performance, but possibly discovering that through no fault of their own actual performance is not what was predicted.

The option of over-designing solutions to allow for this is not attractive. It would both involve additional and possibly unwarranted costs at a time of economic stringency and potentially lead us down technically blind alleys in terms of the design solutions we will want to see in 2016 and onwards.

Given this, the considerable progress that has already been made and the generally clearer picture on the main building blocks of how we can get to zero carbon from 2016, it makes me wonder whether changes to building regulations in 2013 are as necessary and as sensible as we thought they once were.

So in conclusion, as I look from my 30,000 feet - what I like to call my ‘helicopter’ perspective – I am afraid I tend not to get involved in the technical detail as frankly if I did, we would never get anywhere and I try and focus on the big picture political and policy issues - we have come a long way.

Despite experiencing what has been the deepest economic downturn for generations, having been set what I think can justifiably be described as the most challenging target in the world, we have made remarkable progress and are on target to achieve the set target.

The Hub has been instrumental in this and some major achievements have been made possible by their work, and have put us in a much better place to deliver the policy.

But we must not take our eye off the ball.

There remains much to do and for the industry’s, government’s and the consumer’s sake we cannot afford to get it wrong.

Thank you.

Stewart Baseley
Executive Chairman