



House of Commons
Environmental Audit
Committee

Code for Sustainable Homes and the Housing Standards Review

Eighth Report of Session 2013–14

*Report, together with formal minutes relating
to the report*

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Environmental Audit Committee

The Environmental Audit Committee is appointed by the House of Commons to consider to what extent the policies and programmes of government departments and non-departmental public bodies contribute to environmental protection and sustainable development; to audit their performance against such targets as may be set for them by Her Majesty's Ministers; and to report thereon to the House.

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Summary

We resolved to conduct this brief inquiry to feed into the Housing Standards Review consultation to establish whether the Department for Communities and Local Government (DCLG) had accorded due weight to the evidence on sustainable development in proposing to wind down the Code for Sustainable Homes (CSH).

We found—

- That local choice in favour of practical, sustainable local solutions will be radically curtailed and replaced with a lowest-common-denominator national standard;
- That the proposed replacement for CSH standards on energy and carbon emissions, the 2016 zero carbon homes standard, has been significantly diluted;
- That the latest research on the rapidly decreasing cost of renewable energy technology was not considered in the consultation;
- That DCLG has failed to back green growth and green innovation by setting clear standards on sustainable construction materials.

Standards of sustainability in Building Regulations have evolved to follow the CSH since its introduction in 2007. That twin-track approach embedded a degree of sustainability in all new homes. The CSH is a flexible means of delivering sustainability in line with local circumstances and local choice. As new technologies come to market, sustainable development evolves and local circumstances change, the CSH can continue to set a mark for Building Regulations to follow.

The CSH is a proven mechanism for driving incremental improvements in sustainable home building. We urge DCLG to think again.

1 Introduction

Housing Standards Review

1. The Housing Standards Review (HSR) was launched by the Department for Communities and Local Government (DCLG) in October 2012. It was a fundamental review of Building Regulations and voluntary housing standards. The aim was to rationalise codes, standards, rules, regulations and guidance, which DCLG judged “add unnecessary cost and complexity to the house building process.”¹ Such standards included the Code for Sustainable Homes (CSH), Lifetime Homes, Secured by Design, the London Housing Design Guide and local space standards.²

2. The HSR was underpinned by DCLG’s rationale:

The house building process is difficult in itself, but it is not assisted by the large and complex range of local and national standards, rules, and Codes that any developer has to wade through before they can start building. Across the sector it is a widely acknowledged that there is a strong case for a review of housing standards, to rationalise and simplify them, and to decide what is fit for purpose.³

Some witnesses to our inquiry agreed in principle with DCLG that the overall housing standards regime was not currently fit for purpose. For example, the National Housing Federation (NHF) highlighted the “widespread industry consensus during the review of the need for, and the potential to, rationalise standards.”⁴ That point was echoed by other witnesses representing a range of interests related to home building.⁵ However, we heard differing views on which standards should be amended or scrapped and what, if anything, should take their place.

3. The HSR was completed in August 2013, at which point DCLG announced a consultation on the review’s findings. This Report is intended to feed into that consultation with specific reference to the CSH. Peter Schofield, Director General, Neighbourhoods Group, DCLG, confirmed that DCLG is “keen to hear the views of the Committee.”⁶

Code for Sustainable Homes

4. Launched in 2007, the CSH is a method of assessing the environmental performance of new homes. Our predecessor Committee scrutinised and championed the introduction of the CSH in its Report on sustainable housing in 2006.⁷ The CSH is applied in England, Wales and Northern Ireland, but it is not used in Scotland, where housing policy is

1 DCLG, Housing Standards Review, [Consultation description](#) (August 2013)

2 DCLG, Housing Standards Review, [Consultation](#) (August 2013), para 3

3 DCLG, Housing Standards Review, [Consultation](#) (August 2013), para 1

4 National Housing Federation ([CSH 032](#)) para 3.1

5 Alliance for Sustainable Building Products, Home Builders Federation, Wienerberger Ltd, National Federation of Roofing Contractors, Local Government Association

6 Q46

7 Environmental Audit Committee, Fifth Report of Session 2005-06, [Sustainable Housing: A Follow-up Report](#), HC 779

devolved. It was developed to encourage continuous improvement in sustainable home building. In particular, it was designed to reduce carbon emissions and to promote higher standards of sustainable design than the minimum standards set out in Building Regulations. Approximately 130,000 homes have been built to the CSH since its launch in 2007. In 2012, 39% of new dwellings completed in England, Wales and Northern Ireland achieved one of the various levels of CSH compliance.⁸

5. The CSH covers nine categories of sustainable design: energy and carbon emissions, water, materials, surface water run-off, waste, pollution, health and well-being, management and ecology. It includes mandatory performance requirements in six of the nine categories, namely energy and carbon emissions, water, materials, surface water run-off, waste and health and well-being. Performance requirements are flexible in the other three categories. When new homes are assessed against the CSH, they are awarded an overall level between zero and six—level six is the most sustainable—depending on the standards achieved in each category.

6. CSH assessments are carried out in two phases. First, an assessment is carried out at the design stage. This is based on detailed documentary evidence and commitments, which results in an interim certificate of compliance. Secondly, final assessment and certification is carried out following construction, which includes the examination of site records and a visual inspection. A recent DCLG report pointed out that the CSH assessment process leveraged sustainability into developments from the planning stage onwards, which is not the case with post-construction Building Regulations assessments.⁹ **Unlike Building Regulations, the CSH incentivises developers and designers to think about sustainability from the outset and throughout the development process.**

7. The CSH is applied both compulsorily and voluntarily depending on local circumstances. The Welsh Assembly Government, the Northern Ireland Executive, the Homes and Communities Agency and some local authorities make the CSH a mandatory requirement in certain cases: all new housing funded by the Homes and Communities Agency must meet CSH level 3; all new housing promoted or supported by the Welsh Assembly Government or its sponsored bodies must meet CSH level 3; all new, self-contained social housing in Northern Ireland must meet CSH level 3; and some local authorities specify a particular level of CSH compliance as a condition of granting planning approval. Equally, some home builders voluntarily comply with the CSH, because they want to build sustainable homes.

Consultation

8. The HSR consultation set out three options on the reform of housing standards:

A. whether government should develop a nationally described standards set which would operate in addition to the Building Regulations (where rigorous local needs and viability testing indicated it could apply);

8 Building Research Establishment ([CSH 025 BRE](#)) Summary

9 DCLG, [Code for Sustainable Homes Case Studies: Volume 4](#) (August 2013), para 10.2

B. whether government should develop a nationally described standards set as a stepping stone en route to integrating standards into Building Regulations at a future date;

C. whether the government should move now to integrate standards directly into Building Regulations, as functional tiers, and no technical standards would remain at all outside of the Building Regulations system, recognising that this will take time and may require legislative change.

The government's preference, subject to consultation, is option B.¹⁰

DCLG described the three options as “a proposal that removes unnecessary bureaucracy but still retains the standards required to enable high quality sustainable housing to be built.”¹¹

9. Several witnesses questioned the nature of the choices set out in the HSR consultation. The Building Research Establishment (BRE), which manages the CSH under contract to DCLG, commented:

The Housing Standards Review is not allowing true consultation on issues that matter. If you look at the document itself, it is very much a multiple-choice exercise of saying, ‘Is it A, B or C’ and not necessarily allowing the industry to express their views in terms of, ‘How do we achieve these challenging targets that we know we need to achieve for improved housing, and how do we do it in a way that engages the industry?’¹²

The Local Government Association (LGA) expressed a similar view:

The overall goal was to ‘rationalise’ what was described as ‘an untenable forest of codes’ and so on that add unnecessary cost and complexity to the house building process, to report by a timescale that was not in the end met, and the aim was to achieve deregulation. Those terms of reference will take one in a particular direction. If the terms of reference had been, ‘How can we build fantastic homes for the next generation in a way that is viable?’, the outcome might have looked slightly different.¹³

10. DCLG described options A, B and C as “a proposal” rather than, for example, “three separate options”.¹⁴ The differences between the three options—whether, when and how a national code of standards should be included in Building Regulations—were less striking than the similarities. All three options entailed stripping away regulation and setting minimal baseline standards. Options A, B and C were tactical rather than strategic choices.

11. The HSR consultation addressed the fate of the CSH in a single paragraph:

10 DCLG, Housing Standards Review, [Consultation](#) (August 2013), paras 38 to 39

11 Q46

12 Q18

13 Q20

14 Q46

With regard to the Code for Sustainable Homes, as already noted this has been considered as part of the review. Where there are significant issues for carrying forward, these have been reflected in the consultation proposals. In the light of that, and the outcome of this consultation, the government proposes to wind down the role of the Code.¹⁵

The HSR consultation did not include a specific question on the impact of winding down the CSH. That approach does not appear to go with the grain of the DCLG Business Plan, which details DCLG's commitment to

put local people and communities in charge of planning so they can determine the shape of the neighbourhoods in which they live, ensure that regulations support our ambition to drive sustainable economic growth and development, including our ambitions for a low carbon and green economy.¹⁶

DCLG may have overstated the case in dismissing the CSH as “unnecessary bureaucracy”.¹⁷ Retaining and evolving the CSH may offer a better way of driving incremental increases in sustainable home building than the proposed options set out in the HSR consultation. Part 2 examines the costs and benefits of DCLG's proposed approach compared with maintaining and evolving the CSH.

15 DCLG, Housing Standards Review, [Consultation](#) (August 2013), para 40

16 DCLG, [Business Plan 2012-2015](#) (May 2012), para 5

17 Q11

2 Costs and benefits

Cost to home builders

12. We examined the financial impact of CSH compliance on home builders. The Home Builders Federation (HBF) told us:

Code level 5 and code level 6 are very expensive, on any analysis, but code level 4 is also an issue ... [The cost of CSH compliance] has been found to be a material fact and a material consideration in the assessment of the viability of Local Plan policy.¹⁸

It estimated that the cost of code level 4 compliance is “around £5,000 a dwelling”.¹⁹ It also highlighted the impact of “assessment fees, which are something like £400 a home.”²⁰

13. The BRE identified recent decreases in the cost of CSH compliance:

In 2011 the Government published research on the costs of building to the Code. This showed that for homes built to Code level 3, average extra costs had fallen by almost three quarters in the previous three years falling from £4,458 in 2008 to £1,128 in 2010.²¹

When the then DCLG Minister Andrew Stunell MP published that research in 2011, he stated that “as the construction industry continues to build more sustainable homes, there is further potential for the costs associated with building greener homes to continue falling.”²² More recently, DCLG published a volume of case studies on the CSH in August 2013, which concluded “that code level 4 can be achieved relatively easily by experienced developers and designers”.²³

14. A consortium of local authorities questioned the figures that underpin the HSR and cited new research indicating that the cost of CSH compliance has fallen dramatically:

Per dwelling costs of meeting CSH level 5 have fallen from a range of £16,500 to £23,000 in the 2011 study to £6,500 to £10,500 today (a reduction of around 55%). The equivalent range for CSH level 6 is £28,000 to £38,000 in the 2011 study to £15,000 to £26,000 today (a 40% decrease). The principal driver of the cost reductions at the higher Code levels is the reduction in capital cost of photovoltaics (a technology that features highly in energy strategies that meet the mandatory CO₂ emission reduction requirement). The latest cost data suggest that total installed costs of PV systems at the scales relevant for dwellings have fallen by [more than] 60% over the past few years.²⁴

18 Q1

19 Q3

20 Q4

21 Building Research Establishment ([CSH 025 BRE](#)) para 3

22 DCLG, Announcement, [Building greener homes costing less each year](#) (August 2011)

23 DCLG, [Code for Sustainable Homes Case Studies: Volume 4](#) (August 2013), para 10.1

24 Bristol City Council et al ([CSH 017](#)) paras 9–11

We asked DCLG to comment on that apparent decrease in the capital costs associated with the installation of renewable energy technology. It replied that “whether some of those costs are correct or not rests on some very recent work that was undertaken by Element Energy and Davis Langdon ... We have not had a chance to look at that report in detail.”²⁵ *Before drawing any conclusions, DCLG must examine the September 2013 study by Element Energy and Davis Langdon on the cost of CSH compliance with particular reference to the apparent decreases in the capital cost of installing renewable energy. It should share that assessment with us, publish it and take into account our comments before winding down the CSH.*

Bureaucracy

15. DCLG highlighted the impact of bureaucracy on home builders:

A substantial part of the rationale is about removing unnecessary bureaucracy ... This is not just about the standards, but the bureaucracy itself. The impact assessment talks about £28 million of annual cost to the industry that could be removed by introducing a more streamlined approach.²⁶

The HSR impact assessment spelled out how bureaucracy adversely affected home builders:

As the majority of these standards are not owned by government, the owners of these standards can update their standards with no advanced warning or transition time. This means house builders are operating in an ever changing and unpredictable environment meaning they have to invest a great deal of time ensuring they keep up date with the ever changing landscape of standards.²⁷

16. The argument that unexpectedly shifting standards create damaging uncertainty for developers does not apply to the CSH, because, unlike other codes and guidance, the CSH is owned by DCLG. If the CSH requires updating, DCLG can make the necessary amendments and provide home builders with appropriate notice. We agree with DCLG that extraneous red tape should be cut. DCLG told us that “the review looked at 1,500 pages of codes, of which the Code for Sustainable Homes was 300 [pages].”²⁸ **DCLG can significantly reduce red tape while maintaining and developing the CSH as a tool to drive sustainable home building.**

Localism

Local choice

17. The HSR consultation set out how the proposed national standards will be applied:

25 Q51; Element Energy and Davis Langdon, [Cost of building to the Code for Sustainable Homes](#) (September 2013)

26 Q49

27 DCLG, Housing Standards Review, [Impact Assessment](#) (August 2013), p 6

28 Q46

These ‘nationally described standards’ will be adopted, as now, through local development plans and neighbourhood plans, under current planning powers, including enforcement and appeal powers ... When finalised (post consultation) each standard will carry with it a needs test i.e. the evidence criteria which local planning authorities would have to demonstrate to Planning Inspectors if they wish to apply a particular standard in their area. The test will be rigorous. The clear aim is that authorities will only be able to adopt standards that are strictly necessary and justifiable and will not default to adopting them all because they are seen as nice to have.²⁹

18. Councillor Ed Turner from the LGA explained how that needs test would restrict local choice on sustainable development:

If we want to apply any particular standard, including really quite basic things, above Building Regulations then we have to examine our plans, there is a rigorous test, and we can only do it if it is strictly necessary and justifiable, which seems to me a very high bar.³⁰

The BRE echoed that point:

The consultation proposals would restrict the ability of local planning authorities to adopt proactive strategies if they are essentially limited to applying regulations and possibly one or two national standards. It would also run counter to the Government’s stated aim to allow greater local choice.³¹

19. The LGA expanded on its concerns about DCLG’s proposed needs test:

If there was a baseline that people agreed with, above Building Regulations but which reflected where most Local Plans are or should be, then that is a good debate to have and could be quite a positive thing. But to say we have to go back to base, so that every local authority sees all of its hard work chucked out of the window, you would have to go through a whole re-examination process, which would be very costly and there would be a hiatus. No doubt there would be some really good and expensive debates in front of planning inspectors, with lawyers arguing whether the Local Plan has primacy or the Government’s housing standards. It is a very disappointing state of affairs to get back to square one in terms of decent standards.³²

20. DCLG’s proposed needs test on the application of sustainability standards by local authorities risks becoming a lawyers’ charter. It could curtail local choice, delay the construction of new homes, drive down standards of sustainability and compel local authorities to incur unnecessary legal fees. The Coalition Agreement stated that the Government would “return decision-making powers on housing and planning to local

29 DCLG, Housing Standards Review, [Consultation](#), paras 29–31

30 Q39

31 Building Research Establishment ([CSH 025 BRE](#)) para 8

32 Q22

councils.”³³ The proposed imposition of a national standards set on local authorities is not congruent with the commitment to localism in the Coalition Agreement.

21. We questioned whether local authorities might use the CSH to limit development in their areas by imposing unreasonable strictures on developers. The HBF told us that it does not “seriously question the fact that the code and local policies are generally adopted with the best of possible reasons.”³⁴ The LGA explained why such an approach would be unlikely to succeed:

It would not work, because at the moment if you have a standard—and for that matter, say the Government’s process goes through, hopefully with improvements, you would still have some standards and then you would need to justify those as part of your Local Plan examination. Your plan has to be sound, so any local authority trying to stymie developments in that way would be barking up the wrong tree.³⁵

National standards

22. In the HSR consultation, DCLG indicated that it favoured the abolition of the CSH and the introduction of “a nationally described standards set as a stepping stone en route to integrating standards into Building Regulations.”³⁶ We heard several concerns about this proposal. The LGA summed up the problem, when it told us that “simplification is good but you still need appropriate local flexibility. Above all we need a decent baseline on standards.”³⁷ It is not clear whether the proposed national standards set will be sufficiently flexible to be applied usefully across a range of local circumstances, while simultaneously imposing meaningful standards of sustainable construction.

23. Some 50% of local authorities refer to the CSH in their Local Plans, which allows them to specify CSH compliance as a condition of granting planning approval.³⁸ A consortium of local authorities highlighted the value that it attaches to local standard setting:

The use of the CSH certification scheme as a planning policy requirement is strongly supported by Local Planning Authorities who have benefitted from the CSH as a tool to deliver sustainability standards above Building Regulations in their areas. The removal of the CSH is seen as a backward step which will compromise the achievement of sustainability standards at a local level.³⁹

DCLG also acknowledged the practical value of local choice:

There will be reasons why you might want to apply a higher water standard in an area of water scarcity than in other parts of the country. Likewise, in terms of

33 HM Government, [The Coalition: our programme for government](#), p 11

34 Q17

35 Q17

36 DCLG, Housing Standards Review, [Consultation](#) (August 2013), para 39

37 Q10

38 Q29

39 Bristol City Council et al ([CSH 017](#)) Summary

security, there may be reasons why a locality should have higher security requirements.⁴⁰

24. The LGA explained its concern that some local authorities will be compelled to reduce their commitment to sustainable development to comply with the proposed regime:

If you look at the options as they are described, it implies there is some baseline above Building Regulations as they currently are. But if you read the rest of the document carefully, particularly in the introductory section, that does not apply. Unfortunately, standards will be substantially lowered and local authorities will be barred from adopting higher standards outside the national frameset. That is regrettable.⁴¹

The LGA added that “at the moment what is being proposed is not a decent baseline standard; it is no standard.”⁴²

25. The HBF took a different line in arguing that the CSH had served its purpose and should be superseded by national standards:

The absolutely key elements of the code in terms of performance are energy and water. Both are already in national Building Regulations. The national Building Regulations have moved forward and you have the zero carbon homes policy, so there is a real question mark about whether the code has not in fact already performed its useful function.⁴³

Similarly, DCLG referred to the relationship between Building Regulations and the CSH, stating that “the majority of code homes that have been built have been built to code level 3 and that is the 2010 building regulation standard on energy, so the Building Regulations have caught up with the code.”⁴⁴ DCLG also cited the zero carbon homes standard, which will apply to all home building from 2016 (see paragraph 28). It pointed out that “the requirements for code level 5 will be in the zero carbon standard that will be introduced from 2016.”⁴⁵

26. Standards of sustainability in Building Regulations have evolved to follow the CSH since its introduction in 2007. That twin-track approach embedded a degree of sustainability in all new homes, because Building Regulations are universal. For example, once-difficult-to-achieve lower-level CSH standards on energy have been successfully embedded in Building Regulations. DCLG does not need to introduce new national baseline standards, because Building Regulations, as currently constituted, already provide an effective baseline. Beyond that, the CSH is a flexible means of delivering sustainability in line with local circumstances and local choice. As new technologies come to market, sustainable development evolves and local circumstances

40 Q56

41 Q28

42 Q39

43 Q16

44 Q67

45 Q68

change, the CSH can continue to set a mark for Building Regulations to follow. The single-track approach of simply setting standards in Building Regulations is undesirable, because it would not include a higher standard to drive incremental improvements and to measure progress, a role which is currently fulfilled by the CSH.

Transposing the CSH into national standards

27. DCLG told us that it was “drawing on elements of the code and proposing they are explicitly brought forward into the new standards set.”⁴⁶ We heard concerns about exactly which elements of the CSH will be embedded in the proposed new standards and whether the HSR proposals will undermine progress on sustainability in the home building sector.

Energy and carbon emissions

28. Energy and carbon emissions are one of the nine categories of development assessed by the CSH (see paragraph 5). The Government is committed to ensuring that all new homes constructed in the UK are zero carbon from 2016. According to DCLG’s current definition, zero carbon homes must be zero-rated for net carbon emissions from energy use, using either on-site generation or off-site mitigation measures.⁴⁷

29. Following recent changes to Building Regulations in relation to the zero carbon homes target, the HSR consultation proposed the elimination of CSH energy and carbon emissions assessments:

For new homes (and other buildings), the government is committed to Building Regulations as the way to drive up energy performance standards ... Building Regulations have surpassed the lower levels of the Code and are now set at between Code levels 3 and 4. The government has set a clear end point for strengthening Building Regulations, with the zero carbon standard the equivalent of Code level 5 ... the government’s conclusion is that the Code has been successful in doing its job in terms of pointing the way forward. In light of this, the government does not now see a need for levels or separate carbon and energy targets in the Code.⁴⁸

30. The zero carbon homes policy was introduced in 2006 and set a trajectory of change up to final implementation in 2016. One virtue of the CSH is that it sets objective standards. In March 2011, the Government removed unregulated emissions from plug-in appliances from its definition of ‘zero carbon’, which meant that the zero carbon homes standard was reduced from the equivalent of CSH level 6 to the equivalent of CSH level 5.⁴⁹ The zero carbon homes standard was further diluted by the recent revision of Part L of Building Regulations, which will be implemented in 2014. That revision was intended to be a key milestone on the way to achieving the zero carbon homes standard in 2016. However, the 2014 Building Regulations standards can be achieved by slightly improving fabric, so they will not incentivise the use of renewable energy technologies. That means that home

46 Q68

47 Off-site carbon mitigation measures are known as “allowable solutions”.

48 DCLG, Housing Standards Review, [Consultation](#) (August 2013), paras 221-223

49 Renewable Energy Association ([CSH 003](#)) para 1.3

builders must bridge a significant gap on energy and carbon emissions to reach the zero carbon homes standard in 2016. We heard that that gap may be insurmountable.⁵⁰

31. The Association for the Conservation of Energy told us:

The new Part L of the Building Regulations has not gone as far as anticipated in terms of the minimum standard it sets for new housing ... [It] did not impose strict enough carbon reduction targets to incentivise the integration of on-site renewables (such as solar energy systems, heat pumps and biomass boilers) into new properties . Nor did it go as far as anticipated in driving improved energy efficiency in new homes ... This means that Part L has now for the first time diverged from the roadmap to 2016, and is actually situated much closer to Code level 3 than level 4.⁵¹

32. The Renewable Energy Association identified that the introduction of allowable solutions—mitigating emissions through offsets—“is a major departure from the original principle that future homes should be truly ‘zero carbon’.”⁵² The LGA pointed out that that means that “councils will no longer be able to require that, where viable, a proportion of energy required by new development should be generated by onsite renewable sources.”⁵³ Taken together with the intention set out in the HSR to amend the Planning and Energy Act 2008, which allows local authorities to specify the installation of on-site renewable energy, this is a further example where the HSR consultation proposed the curtailment of local choice on sustainable development (see paragraph 18).^{54 55}

33. The specifications around the zero carbon homes target have been watered down to such an extent that the proposed standards in Building Regulations now fall some way short of the higher levels of the CSH. There is no guarantee that further dilution will not occur in the run-up to the implementation of zero carbon homes in 2016. DCLG must maintain CSH energy assessments as a tool for local authorities to lever in renewable energy until Building Regulations deliver genuinely zero carbon homes, which was the original target and is defined by CSH level 6.

Materials

34. Construction materials are another of the nine categories assessed by the CSH. We heard that DCLG will not include materials standards in its proposed new national standards set. The BRE commented:

The materials standards in the Code have been successful in encouraging manufacturers and others in the supply chain to enhance and demonstrate performance in terms of both life cycle impact and responsible sourcing. This has

50 Renewable Energy Association ([CSH 003](#)) paras 1.1 to 1.7; Association for the Conservation of Energy ([CSH 008](#)) paras 1 to 8; Centre for Sustainable Energy ([CSH 010](#))

51 Association for the Conservation of Energy ([CSH 008](#)) paras 1–3

52 Renewable Energy Association ([CSH 003](#)) para 1.10

53 Local Government Association ([CSH 028](#)) para 3.23

54 DCLG, Housing Standards Review, [Consultation](#) (August 2013), para 220

55 Planning and Energy Act 2008, [section 1](#)

resulted in significant investment which will be put at risk if these standards are dropped.⁵⁶

35. We heard that British manufacturers have invested in skills and product development to meet CSH standards. Wienerberger, which manufactures building products, highlighted how long-term investment in sustainable building products might be affected by DCLG's proposed new regime:

There are concerns that total abolition of any standards related to 'Materials' could lead to downgrading of the considerable work done in recent years to improve the responsible sourcing of construction products and could stifle innovation in the drive towards low carbon sustainable housing.⁵⁷

36. The Alliance for Sustainable Building Products raised the issue of how materials were addressed in the HSR:

In contrast with other issues such as energy in use, accessibility, security, water, space and process/compliance, a working group on construction products and materials was not established [in the HSR]. The government currently believes materials issues (and by implication their embodied impact) is best left to the market. There appears to be no intention to include products and materials in a Nationally Described Standards set (thereby missing an opportunity to influence behaviour at the key commercial pressure point of product selection).⁵⁸

37. The development of sustainable construction materials to regulated standards also provides an export opportunity. The Construction Products Association pointed out that "sustainability represents an important business opportunity for UK manufacturers and represents market growth and export potential. Regulation and Standards are required to drive this forward."⁵⁹ **Materials make an ongoing contribution to sustainability. For example, a well insulated home will contribute to reducing energy demand throughout its lifetime. In addition, a lack of regulated standards risks inhibiting green growth and green exports. DCLG must maintain and develop the CSH assessment standard on sustainable construction materials.**

56 Building Research Establishment ([CSH 025 BRE](#)) para 22

57 Wienerberger Ltd ([CSH 033](#)) para 1

58 The Alliance for Sustainable Building Products ([CSH 004](#)) Executive Summary

59 Construction Products Association ([CSH 023](#)) para 4

3 Conclusion

Housing demand

38. DCLG projections indicate that the number of households in England will increase by 10% over the next decade from 22.1 million in 2011 to 24.3 million in 2021.⁶⁰ That equates to the formation of some 220,000 new households a year. In that context, the Future Homes Commission has argued that some 300,000 new homes must be constructed in Britain each year to keep pace with likely demand.⁶¹ Although those figures are estimates, it is reasonable to assume that hundreds of thousands of homes will need to be constructed over the next decade. **In light of the volume of construction required to meet medium-term demand for housing in England, Wales and Northern Ireland, DCLG has a once-in-a-generation opportunity to embed sustainability in the national housing stock through appropriate regulation. Unfortunately, the regime proposed in the HSR consultation is too weak to ensure that those homes will be constructed to a robust sustainable standard.**

Developing the CSH

39. We acknowledge that the CSH, as it is currently constituted, is capable of improvement. The BRE, which maintains the CSH under contract to DCLG, told us that “We have something [the CSH] that we need to update. Some of the criticisms that are made of the code are because it requires refreshing”.⁶² Similarly, the LGA told us that “there are some areas in which the code could and should be modernised.”⁶³ The CSH is owned by DCLG, which is responsible for updating it (see paragraph 16). **If DCLG were to update the CSH to take account of evolving technology and standards of sustainability, it would have an effective mechanism by which incrementally to embed sustainability in home building for the long term.**

40. To take a specific example of how the CSH might be improved, we heard that the CSH is overly focused on high-technology solutions. Wienerberger told us that the CSH “currently contains some issues of peripheral importance which are assigned a higher priority than the fundamental aspects of the fabric of the house and its anticipated service life.”⁶⁴ That point was echoed by the NHF, which observed that “the way in which the code is currently laid out promotes a more technological response rather than a performance-based response. This involves putting in high-spec technology rather than thinking about fabric efficiency.”⁶⁵ We have already discussed the importance of sustainable materials in construction (see paragraph 34). It would be straightforward for DCLG to refresh the CSH to address that criticism.

60 DCLG, [Household Interim Projections in England 2011 to 2021](#) (April 2013), p 1

61 Future Homes Commission, [Building the Homes and Communities Britain Needs](#) (October 2012)

62 Q38

63 Q15

64 Wienerberger Ltd ([CSH 033](#)) paras 4 to 5

65 Q2

Recommendation

41. The Coalition Agreement stated that the Government would “require continuous improvements to the energy efficiency of new housing.”⁶⁶ Since 2007, the CSH has delivered continuous improvements in the energy efficiency of new housing and other aspects of sustainable construction. In the process, developers, local authorities, energy suppliers, consultants, housing associations, designers, materials manufacturers and others have achieved an ever-increasing standard of sustainable development due to CSH compliance. If, as proposed in the HSR consultation, DCLG winds down the CSH, that learning and development will be lost. ***In order to facilitate local choice, to promote green growth, green exports and green innovation, to establish a meaningful zero carbon homes standard, to consolidate seven years’ experience of sustainable development and to maintain and further develop incremental gains in sustainable home building, we urge DCLG not to wind down the Code for Sustainable Homes.***

66 HM Government, [The Coalition: our programme for government](#), p 12

Conclusions

1. Unlike Building Regulations, the CSH incentivises developers and designers to think about sustainability from the outset and throughout the development process. (Paragraph 6)
2. The argument that unexpectedly shifting standards create damaging uncertainty for developers does not apply to the CSH, because, unlike other codes and guidance, the CSH is owned by DCLG. If the CSH requires updating, DCLG can make the necessary amendments and provide home builders with appropriate notice. (Paragraph 16)
3. DCLG can significantly reduce red tape while maintaining and developing the CSH as a tool to drive sustainable home building. (Paragraph 16)
4. DCLG's proposed needs test on the application of sustainability standards by local authorities risks becoming a lawyers' charter. It could curtail local choice, delay the construction of new homes, drive down standards of sustainability and compel local authorities to incur unnecessary legal fees. The Coalition Agreement stated that the Government would "return decision-making powers on housing and planning to local councils." The proposed imposition of a national standards set on local authorities is not congruent with the commitment to localism in the Coalition Agreement. (Paragraph 20)
5. Standards of sustainability in Building Regulations have evolved to follow the CSH since its introduction in 2007. That twin-track approach embedded a degree of sustainability in all new homes, because Building Regulations are universal. For example, once-difficult-to-achieve lower-level CSH standards on energy have been successfully embedded in Building Regulations. DCLG does not need to introduce new national baseline standards, because Building Regulations, as currently constituted, already provide an effective baseline. Beyond that, the CSH is a flexible means of delivering sustainability in line with local circumstances and local choice. As new technologies come to market, sustainable development evolves and local circumstances change, the CSH can continue to set a mark for Building Regulations to follow. The single-track approach of simply setting standards in Building Regulations is undesirable, because it would not include a higher standard to drive incremental improvements and to measure progress, a role which is currently fulfilled by the CSH. (Paragraph 26)
6. The specifications around the zero carbon homes target have been watered down to such an extent that the proposed standards in Building Regulations now fall some way short of the higher levels of the CSH. There is no guarantee that further dilution will not occur in the run-up to the implementation of zero carbon homes in 2016. (Paragraph 33)
7. Materials make an ongoing contribution to sustainability. For example, a well insulated home will contribute to reducing energy demand throughout its lifetime.

In addition, a lack of regulated standards risks inhibiting green growth and green exports. (Paragraph 37)

8. In light of the volume of construction required to meet medium-term demand for housing in England, Wales and Northern Ireland, DCLG has a once-in-a-generation opportunity to embed sustainability in the national housing stock through appropriate regulation. Unfortunately, the regime proposed in the HSR consultation is too weak to ensure that those homes will be constructed to a robust sustainable standard. (Paragraph 38)
9. If DCLG were to update the CSH to take account of evolving technology and standards of sustainability, it would have an effective mechanism by which incrementally to embed sustainability in home building for the long term. (Paragraph 39)

Recommendations

10. Before drawing any conclusions, DCLG must examine the September 2013 study by Element Energy and Davis Langdon on the cost of CSH compliance with particular reference to the apparent decreases in the capital cost of installing renewable energy. It should share that assessment with us, publish it and take into account our comments before winding down the CSH. (Paragraph 14)
11. DCLG must maintain CSH energy assessments as a tool for local authorities to lever in renewable energy until Building Regulations deliver genuinely zero carbon homes, which was the original target and is defined by CSH level 6. (Paragraph 33)
12. DCLG must maintain and develop the CSH assessment standard on sustainable construction materials. (Paragraph 37)
13. In order to facilitate local choice, to promote green growth, green exports and green innovation, to establish a meaningful zero carbon homes standard, to consolidate seven years' experience of sustainable development and to maintain and further develop incremental gains in sustainable home building, we urge DCLG not to wind down the Code for Sustainable Homes. (Paragraph 41)

Formal Minutes

Wednesday 6 November 2013

Members present:

Joan Walley, in the Chair

Peter Aldous
Martin Caton
Zac Goldsmith
Mark Lazarowicz

Caroline Lucas
Dr Alan Whitehead
Simon Wright

Draft Report (*Code for Sustainable Homes and the Housing Standards Review*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 41 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Eighth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 20 November at 2.00 pm]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the Committee's web page at www.parliament.uk/eac

Wednesday 9 October 2013

Martin Townsend, Director, Building Research Establishment, **Councillor Ed Turner**, Environment and Housing Board, Local Government Association, **Rachel Fisher**, Head of Policy, National Housing Federation, and **John Slaughter**, Director of External Affairs, Home Builders Federation. [Q1-45](#)

Peter Schofield, Director General, Neighbourhoods Group, Department for Communities and Local Government, and **Bob Ledson**, Deputy Director, Building Regulations and Standards, Department for Communities and Local Government. [Q46-83](#)

Published written evidence

The following written evidence was received and can be viewed on the committee's inquiry web page at www.parliament.uk/eac

1	Transition Lavenham Cic	CSH 001
2	The Blewburton Partnership Llp	CSH 002
3	Renewable Energy Association	CSH 003
4	The Alliance for Sustainable Building Projects	CSH 004
5	Paul Appleby	CSH 005
6	Leku Environmental Ltd	CSH 006
7	Aa Energy Consultants Ltd	CSH 007
8	Association for the Conservation of Energy	CSH 008
9	Richard Hodgkinson Consultancy	CSH 009
10	Centre for Sustainable Energy	CSH 010
11	UK Green Building Council	CSH 011
12	Secured by Design	CSH 014
13	BSW Timber	CSH 015
14	Bath & North East Somerset Council	CSH 016
15	Bristol City Council et al	CSH 018
16	Stuart Barlow	CSH 020
17	Transition Bath	CSH 021
18	AES Southern Ltd	CSH 022

19	Construction Products Association	<u>CSH 023</u>
20	National Federation of Roofing Contractors	<u>CSH 024</u>
21	BRE	<u>CSH 025</u>
22	Chartered Institute of Environmental Health	<u>CSH 027</u>
23	Local Government Association	<u>CSH 028</u>
24	Sustainable Homes	<u>CSH 029</u>
25	The Micropower Council	<u>CSH 030</u>
26	Royal Town Planning Institute	<u>CSH 031</u>
27	National Housing Federation	<u>CSH 032</u>
28	Wienerberger Ltd.	<u>CSH 034</u>