

By Email Only



The Rt Hon Michael Gove MP
Department for Levelling Up, Housing and Communities
2 Marsham Street
London
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08 December 2022

Dear Secretary of State,

An Open Letter

Retrofit first, not retrofit only: Urgent clarity needed on the approach to decarbonising the UK's built environment

If the UK is to meet its 2050 net zero emissions goal our built environment will need to be almost completely decarbonised. The property sector is absolutely committed to achieving this, and we are seeing significant innovation in building energy efficiency, the phasing out of fossil fuel-based heating systems and the integration of smart technologies.

Despite the progress being made, the decarbonisation of commercial property is a massive challenge, and is particularly acute across the capital. I enclose an online link to our new report, [*Retrofit First, Not Retrofit Only: A focus on the retrofit and redevelopment of 20th century buildings*](#), which provides a detailed examination of the modernisation of a number of commercial buildings in central London.

The case studies demonstrate the importance of allowing for flexibility to deliver net-zero carbon through both retrofit and redevelopment. They provide useful examples of the typical challenges and opportunities associated with converting 20th century commercial building stock to modern sustainability standards, the types of interventions that can be effectively deployed and key learnings for future projects.

This detailed analysis shows that the delivery of net-zero buildings must be approached on a case-by-case, holistic basis, taking into account its Whole Life Carbon. Retrofit is not always possible and does not always optimise planning, public and sustainability benefits and may fail to leverage the benefits of reducing emissions generated by a buildings' use over the longer term (Whole Life Carbon).

Retrofit is most often viable for buildings which present a specific set of characteristics, including a robust structure and foundations, either good access to architectural and engineering records or easy access to carry out investigations, generous floor to ceiling heights, large floor plates and flexibility of internal layouts.

In the absence of these, planning guidance must allow for deconstruction and redevelopment to deliver new buildings that are fit for modern purposes, providing businesses with the first class space they need to attract workers to our city centres, and will achieve net-zero over their life cycle. Policy should therefore be explicit in encouraging 'retrofit first', whilst ensuring this is not interpreted as 'retrofit only'.

The National Planning Policy Framework (NPPF) outlines three objectives of sustainable development social, economic and environmental. But it contains little guidance on how these can be assessed and balanced in the context of local decision making. There is also no guidance on, or a requirement at a national level to undertake a whole a life carbon assessment when conducting building works. Combined, these factors are contributing to an increasingly confused and fragmented system with regional and local policymakers unsure of how to grapple the issue as they come under increased pressure to adopt a 'retrofit only' approach during the planning process.

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The planning system is a key enabler of investment and this uncertainty risks undermining economic growth as the economy faces significant headwinds. The commercial property sector directly or indirectly supports almost 2.5m jobs in the UK, the equivalent of 1 in every 13, comprises 7% of the UK's GDP and contributes over £40bn to the Treasury in taxes every year ¹.

With London councils alone facing a £700 million funding shortfall for the next financial year, we are concerned a lack of local authority planning resource could serve as another barrier to the decarbonisation of the built environment, and to the UK achieving its net zero carbon target.

The Treasury also has a key role to play in supporting the path to net zero. Exempting the refurbishment and retrofitting of buildings from VAT, alongside new development, would put help make retrofit more achievable on some projects. Further recommendations include:

- 1. Local authorities in London and across the UK should consistently promote a 'retrofit first' rather than 'retrofit only' approach**, and provide more support for sustainable redevelopment of buildings where it can be demonstrated that deep retrofit is not viable.
- 2. The National Planning Policy Framework should be updated to include clear guidance** for all local authorities on how to assess the relative merits of retrofit and redevelopment. A national approach to Net Zero Carbon and Whole Life Carbon Assessments, with the presumption in favour of sustainable development and its support for growth, innovation and improved productivity should be adopted.
- 3. Allow flexibility for decision-making on a case-by-case basis** to deliver buildings that will maintain Net Zero Carbon status for operational and embodied carbon and sustain both their community and commercial value in the long-term, whilst contributing to other desirable socio-economic and environmental outcomes.
- 4. There must be robust and consistent guidance on how Whole Life Carbon Assessments should be undertaken** in order to create reliable data on environmental performance of both retrofit and redevelopment projects. Amendments to the Building Regulations 2010 to require the use of and standardise Whole Life Carbon Assessments would provide certainty and depoliticise the issue.
- 5. Additional funding for planning departments is needed** to ensure planning applications are appropriately assessed in terms of their environmental credentials.

I would welcome the opportunity to discuss this with you and your officials further.

Yours sincerely



Charles Begley
Chief Executive

¹ UK Commercial Real Estate, Economic Footprint, British Property Federation (December 2020)