

Circular

The Introduction of Sustainable Building Standards for New Build Construction Projects

24 July 2007

Ref: W07/30HE

To: Heads of higher education institutions in Wales;

Summary: I am writing to you in connection with the advice note issued and circulated by the Welsh Assembly Government on the 16th April 2007, and subsequently revised on the 20th July 2007 in relation to improving sustainability in new building projects directly funded or indirectly supported, by the Welsh Assembly Government.

Response by: 7 September 2007

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THE INTRODUCTION OF SUSTAINABLE BUILDING STANDARDS FOR NEW BUILD CONSTRUCTION PROJECTS

INTRODUCTION

1. I am writing to you in connection with the advice note issued and circulated by the Welsh Assembly Government on the 16th April 2007, and subsequently revised on the 20th July 2007 in relation to improving sustainability in new building projects directly funded or indirectly supported, by the Welsh Assembly Government.

BACKGROUND

2. The procedures set out in this circular are intended to relate only to new building projects funded or supported directly by HEFCW. Where other Assembly Government Sponsored Bodies or departments provide capital, funding HEIs will need to contact these organisations to identify any additional requirements. A copy of the advice note is attached at **Annex A** to this circular. The requirements introduced by the advice note are intended to form the first stage of a wider package of measures to ensure that all new buildings constructed in Wales move towards the Welsh Assembly Government aspiration of ensuring that all buildings constructed in Wales from 2011 are zero carbon.

THE REQUIRED STANDARDS

3. Two principal standards must now be met for all new buildings that are funded from Welsh Assembly Government capital monies either directly or through assembly-sponsored government bodies. The standards will also apply where new build projects are undertaken on land owned or sold by the Welsh Assembly Government.
 - (i) All new buildings must achieve an overall Building Research Establishment Environmental Assessment Method excellent standard upon completion.
 - (ii) A minimum of 10% of the total value of the building materials used should be derived from recycled and reused content.

APPLICATION

4. The required standards will potentially apply to all new buildings where construction has not been commenced as at 30th September 2007 and where these buildings are funded totally or in part by hypothecated capital funding provided by HEFCW. Any new building funded from the following HEFCW sources will be subject to this requirement (other than the exceptions listed below):

Science Research Investment Fund (which includes HEFCW capital funding)

Strategic Development Fund

Reconfiguration and Collaboration Fund

Learning and Teaching Capital Funding

Annex B to this circular sets out a template identifying the new build capital projects which are likely to be covered by the new standards, as well as identifying ongoing construction projects which HEFCW are required to report but will not be subject to the new standards.

EXCEPTIONS

5.
 - (i) The standards relate only to new buildings not refurbishments or extensions which have a substantial physical connection to an existing building and utilise , the mechanical and electrical services from the connecting building, although the expectation is that Institutions will also want to make the latter as sustainable as possible, especially in relation to maximising energy efficiency.
 - (ii) The standards apply only to projects that are funded in whole or in part through Welsh Assembly Government hypothecated capital funding, or are constructed on land that is in the ownership of or sold by the Welsh Assembly Government, or other WAG controlled organisations including local authorities, health boards and trusts. In respect of HEFCW funding this relates only to the capital funding sources indicated above.
 - (iii) Projects that are proceeding on the basis of earlier approvals **may** be exempt if financial commitments or the design stage reached makes it unreasonable to introduce the standards retrospectively. This will be the subject of ministerial decision following a report to the Welsh Assembly Government Project Board.
 - (iv) Projects where construction has substantially commenced prior to 30th September 2007.

REPORTING

6. HEFCW is required to submit a report to the Welsh Assembly Government Project Board by 30th September 2007:
 - (i) Identifying actions required to secure the new standards and move towards the aspiration of zero carbon buildings by 2011.
 - (ii) Provide a schedule of all new build projects currently proposed or in the course of construction, together with confirmation as to whether these buildings are exempt from the standards. Where an HEI considers that the new standards cannot reasonably be achieved i.e. exemption 3 above, It will be for the relevant portfolio Assembly Government Minister

to decide whether to approve exemption, taking into account advice from the Project Board.

ACTIONS

7. Using Annex B as a template Institutions are requested to please confirm no later than **7th September 2007**:
 - (i) That the list of current and proposed new build capital projects and the associated HEFCW capital funding sources is correct. Any additional projects should be identified and added to Annex B.
 - (ii) Which if any projects you consider to be exempt identifying the exemption from the list above.
 - (iii) The current RIBA design stage for each project on the schedule. The construction start and finish date actual or estimated.
 - (iv) Whether you consider that the required standards can be achieved in relation to each new build project not considered to be exempt. A separate written supporting justification must be provided in respect of those projects where it is considered that the new standards cannot be met. The justification should cover where appropriate financial implications, technical constraints, and the consequences of any delay arising from the new standards being required. It should also identify potential remedial measures that can be undertaken that will improve the overall sustainability of the building particularly around energy consumption. Any information in relation to additional cost should be supported by evidence of the additional expenses. This information will form the basis of the presentation to the Welsh Assembly Government Project Board

SUBMISSION

- 8 The completed templates and any supporting written submissions should be Submitted to the Council by **Friday the 7th September 2007**.

Templates and submissions should be submitted to:

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Sustainable Buildings in Wales

**Advice Note for All Assembly Government Departments and AGSBs –
REVISED 20 JULY 2007**

Background

1. On behalf of the Cabinet sub-Committee on Sustainable Development & the Spatial Plan, the Minister for the Environment, Planning & Countryside outlined in plenary on 13 February proposals for improving the sustainability of new buildings in Wales. An action plan to take forward the proposals, including enhanced standards, was subsequently agreed by the sub-Committee on 26 February and endorsed by Cabinet on 26 March.
2. The standards will apply to all new buildings promoted or supported by the Welsh Assembly Government or ASPBs, whether directly procured, the subject of financial support, joint ventures, or projects on land sold, leased or disposed of in any other way for development.
3. A separate exercise is underway in relation to achieving enhanced standards for buildings that are not subject to any sort of support by the Welsh Assembly Government, through using the regulatory framework of planning policy / best practice and in future through Building Regulations. Departments should be aware of national planning requirements and ensure they meet local planning requirements as well as following the standards below.

The Standards

4. The aspiration is that by 2011 all new buildings in Wales should be zero carbon.
5. As the first step towards achieving this aspiration, and improving the sustainability of new buildings more generally, two standards are now to be applied with immediate effect, and made a core condition of all Assembly Government and ASPB funding, grants, investments, joint ventures and land disposals which involve new buildings:
 - a) An overall 'Excellent' rating under the BREEAM assessment framework 'family', including Ecohomes, or a similar rating under an equivalent assessment framework; and
 - b) A minimum standard for recycled content requiring 'at least 10% of the total value of materials used should derive from recycled and reused content in the products and materials selected'.

Introducing the Standards

6. The above standards apply with immediate effect to all new buildings promoted or supported by the Welsh Assembly Government or ASPBs.

Non-hypothecated funding

7. It is not appropriate to apply the standards if the funding provided is not hypothecated i.e. is not part of a specific capital programme within a portfolio area.

Meaning of 'Building'

8. In the context of this policy, 'building' means a stand alone construction i.e. it does not encompass renovation to an existing building or extension to an existing building if the extension is attached to the existing building. However, recipients should be encouraged to make their renovations and extensions as sustainable as possible, especially in energy efficiency terms.

Cost and Size of Building

9. The standards should be applied irrespective of the cost or size of the building. This is because the ability of a building to achieve the standards is not automatically dependent on its cost or size.

Proportionality of funding

10. The standards should be applied irrespective of the % of the total cost being funded by the Assembly Government or AGSB. This is because of the difficulty in rationalising at what level the % should be fixed; and the negative message that it would convey when the Assembly Government is committed to using all the levers at its disposal to improve standards. It is recognised that some organisations might decide on balance not to accept the funding if the standards are attached if it represents a small proportion of the overall cost. Any such cases should be brought to the Project Board's attention, via the Project Manager, as and when they arise.

Applying the standards to existing projects and programmes

11. Some projects or programmes may already be proceeding on the basis of earlier financial commitments and design stages reached, such that would make it unreasonable to apply the new standards retrospectively. As a general rule, if the design stage has not reached stage D in the Royal Institute of British Architects Design stages A-H, the effect should not be retrospective and therefore the standard should be applied.

12. Over the next six months all such cases should be reviewed to determine whether any improvements could still be achieved, particularly in relation to energy efficiency. This is particularly important in the case of large key projects.
13. Departments need to consider changes to existing client roles and procurement procedures and operating models, including grant guidelines and land disposal procedures, to ensure that the required standards are set and can be achieved.

Land Disposal

14. Departments and AGSBs need to apply the Welsh Assembly Government's Protocol for the Disposal of land for Affordable Housing, which cross refers to the standards. Further information on the protocol can be obtained from the Welsh Assembly Government's Social Housing, Regulation and Investment Unit.
15. For AGSBs, a 'Dear CEO' letter has been issued, covering the protocol and the standards.

Compliance

16. To ensure compliance with the 'Excellent' condition, Departments and AGSBs should request post-construction/completion BREEAM certificates; design stage certificates are not sufficient as changes could subsequently be made which make 'Excellent' unachievable.
17. If 'Excellent' is not achieved post construction, Departments and AGSBs will need to decide whether to withhold funding or final approval of land disposals. Each case will have to be judged on its own merits and legal advice should be sought, but generally funding should not be withheld if it can be shown that 'best endeavours' were made to meet the condition ('best endeavours' is an accepted legal term, where a party takes all the reasonable courses he/she can to achieve the required outcome).

Reporting

18. Departments are required to report via the Sustainable Buildings Project Board to Ministers on their and their AGSBs' success in meeting the new standards.
19. By 30 September 2007, each Department should submit to the Project Board, via the Project Manager, an action plan detailing:

a) progress on introducing changes to procedures and operating models, and any technical support they may need. This should include the need for new ways of working necessary for the successful application of the new standards. Issues such as influencing the earliest possible design stages, and addressing sustainability at a 'whole site' level, as well as training and awareness raising, are particularly important; and

b) a review of the Department's and its sponsored AGSB(s)'s operational/ business plan, listing projects and programmes involving new buildings proceeding under the plan for 2007/8 and identifying any they consider should be exempted from the new standards. For the latter, there needs to be an explanation as to why it is considered the standards cannot reasonably be achieved, and a summary of the improvements that can still be incorporated, particularly in energy efficiency. These requests for exception will then be considered by the Project Board for comment, prior to submission by the Department for Ministerial approval.

20. If exemption is sought on the grounds that there is extra capital cost involved and funding it would be unfeasible, the amount needs to be identified and derived from a detailed estimate of the cost for the particular building concerned, not a generic estimate for the building type.
21. It should be confirmed that all reasonable funding avenues, including possible re-prioritisation of projects/programmes and revaluation of land value, have been considered but without success. The whole life efficiency savings in running costs of building to 'Excellent' should also be identified and, if not considered sufficient to offset the capital cost, the rationale should be set out.
22. Where the standards are not being applied because it is considered the effect would be retrospective (see para.11 above), a full explanation for the decision should be provided. The action plan should also provide a summary of the improvements that can still be incorporated, particularly in energy efficiency.
23. If Departments need proposed exempted projects or programmes approved before 30 September, they should submit proposals to the Project Board on an ad hoc basis.
24. If a Department or its AGSB (s) does not promote or support new buildings, a nil return should be submitted.

The Longer Term Aspiration

25. With the aspiration that all new buildings in Wales built from 2011 onwards should be zero carbon, changes need to be considered now for longer term investment decisions, including agreements on the capital programmes of

others funded by the Welsh Assembly Government. Commercial investment decisions, funding agreements, joint ventures and development masterplans will all need to be reviewed so that provisions are put in place to ensure that the zero carbon standard can be integrated for new buildings built from 2011 onwards.

26. The Assembly Government is yet to agree a definition of zero carbon for Wales. In the meantime, the definition in the Code for Sustainable Homes [insert link] should be used as a working definition, for non-domestic buildings as well as homes, with, as a minimum, the spirit of the Code definition being followed.

Advice and Support

27. The Project Board and its associated Work-streams are happy to offer advice and support to Departments and AGSBs or to suggest more specialist sources. Please route queries through the Project Manager.

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