

## Heat Strategy for Wales

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The Home Builders Federation (HBF) is the principal trade association for the home building industry in England and Wales. HBF's membership of more than 400 companies builds most of the market sale homes completed in England and Wales, encompassing private developers and Registered Providers. The majority of HBF's private home builder members are small or medium-sized companies (SMEs).

As the main trade association for the home building industry, our members constitute one of the largest bodies of companies that will be affected by the outcome of this consultation.

The document below is the summary of the representative responses from our membership and takes account of the responses of large major housebuilders, SME builders as well as specialist housing providers and companies. While HBF's members largely support the proposals within this consultation, they are concerned that a pragmatic, fair, balanced and considered approach should be taken.

### Section 2: A vision for heat in Wales.

#### Q1. Vision: Do you agree with our vision? (Yes/No) Please suggest amendments if you think it could be stronger.

Yes. HBF broadly agree with Welsh Government's vision for a net zero economy including clean and affordable heat for all homeowners in Wales delivered via sustainable and affordable means.

#### Q2. Objectives: The Heat Strategy for Wales policies are broken down into 17 objectives within six groups. Do you agree they adequately cover the areas where Welsh Government needs to focus? (Yes/No) If you think there are any areas missing, please explain what they are.

Yes. As the representative body of the house building industry, we do not feel we can comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales. However, HBF agrees with the premise of affordable warmth for all. HBF supports a clear regulatory framework for the delivery of thermally efficient housing and taking a whole building approach to new home construction. HBF already support home builders in the delivery of high-quality energy efficient housing which is affordable for new home owners to heat and we continue to work with Welsh government to deliver new housing in line with current and future regulations.



**Section 3: Our enabling framework.****Q3. Planning: Our Strategy identifies that the current permitted development rights related to heat pumps are a barrier to heat pump installation rollout. Do you agree? (Yes/No) Please explain.**

Yes. HBF acknowledges that there are certain restrictions in Wales affecting the permitted development rights of the installation of Air Source Heat Pumps. HBF believes these should be reviewed in order to help facilitate a greater take up of heat pumps on existing and future housing stock. HBF believe that consideration should only be made in this regard towards heritage, listed building or conservation areas. HBF recognise the importance of upgrading the huge number of existing housing stock to be more energy efficient. The UK has some of the oldest, most expensive and least thermally efficient housing stock in Europe and much work is needed to be done by all governments in focusing on improvements in this area in order to help facilitate a more successful uptake of heat pumps installation in new and existing housing stock. HBF recognise the thermal performance gap between older housing stock and that of high performing new build homes. This is an important area for Welsh Government to focus on in the successful delivery of lower carbon housing across Wales.

**Q4. Planning: Each local authority in Wales is producing a local area energy plan (LAEP). This strategy proposes the LAEPs should be used to help deliver place-based heat decarbonisation. Do you agree with this approach? (Yes/No) Please provide evidence, where relevant.**

As the representative body of the house building industry, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales.

**Q5. Understanding and engagement: Does the strategy suitably address the advice needed to install low carbon heat? (Yes/No) Please explain which groups should be involved in raising awareness and providing advice.**

As the representative body of the house building industry, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales

**Q6. Standards: Do you believe the public available specification (PAS) standards are sufficient to ensure high-quality work and a whole-building approach? (Yes/No) Please explain. How can the adoption and implementation of these standards be further encouraged?**

As the representative body of the house building industry which primarily focuses on the delivery of new housing, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales and the retrofitting of thermal technologies into existing housing stock. However, HBF believes that compliance with Building Regulations is the correct direction for the performance requirements of new build properties.

**Q7. Skills: Do you agree that Welsh Government has a role in understanding and subsequently supporting the development of the necessary skills for heat decarbonisation? (Yes/No) Please highlight any emerging skills/roles which we should support.**

Yes. HBF believe the skills needed to support the decarbonisation of both new and existing housing will need to match the technology available and particularly where technology is prescribed by legislation. Between new build and retrofit heating technology there is likely to be a high demand for similar skills. HBF therefore believes a strategic and



coordinated approach led by the Welsh Government is considered more likely to be successful. HBF is working with its members to help identify and address the skills gap among the industry's current workforce. However, it is also critical that the Welsh Government supports and commits to the upskilling of the construction workforce in order that new and existing housing can continue its transition to low carbon heating technologies. HBF's position is that trades men and women need to occupy the correct levels of skills, experience and training in critical areas. Welsh Government need to provide certification and training for individuals in key areas that are industry recognised such as the Microgeneration Certification Scheme (MCS) amongst others.

**Q8. Costs: Do you agree with the position set out in the strategy that the UK Government should move environmental levies from electricity bills to general taxation? (Yes/No) What additional policies should be implemented to ensure a fairer distribution of costs?**

As the representative body of the house building industry, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales.

#### **Section 4: Transforming our networks.**

**Q9. Electricity networks: Do you agree that upgrading Welsh electricity networks for net zero will require clear leadership and plans from Welsh Government and local authorities? (Yes/No) Please explain your reasoning and highlight any further roles for Welsh Government on this challenge.**

Yes - it is presently the case that the electrical grid is not designed to, or capable of, dealing with a change to a reliance on electricity as the main power/heating source in residential properties. It is therefore critical that required improvements are made. As we decarbonise further the demand for electricity will only increase and there will be greater competition for available capacity. HBF is concerned that the delivery of new homes could be delayed by this lack of grid capacity. If developers are asked to fully cover the cost of ensuring there is capacity then this is also likely to affect the viability of schemes and extend new home builders obligations outside of their scope of duties and responsibilities. HBF believes it is the responsibility of the network operators themselves to provide sufficient capacity and availability on demand for the installation and delivery of low carbon technologies in new and existing housing. It is critical that Welsh Government work with network operators in order to guarantee capacity in these critical areas in order to ensure achieving its net zero target.

**Q10. Heat network zoning: Do you agree that local area energy plans (LAEPs), led by local authorities, is an appropriate method for identifying areas for heat networks? (Yes/No) Please explain.**

No – HBF considers that heat networks will not be suitable for many new housing sites depending on their size and location so there should not be a simple blanket requirement for all new development. HBF strongly recommends that further research followed by central guidance is required first.

**Q11. Heat network connections: Do you agree that new housing developments and large commercial buildings should be required to connect to new district heat networks? (Yes/No) Should small scale, ambient temperature, heat networks be included in this obligation? (Yes/No)**



Yes – HBF believe that greater guidance, public education and understanding, as well as operator regulation and appropriate customer support and protection should be put in place first before the requirement to connect to new district heat networks are required.

**Q12. Heat network support: Do you agree heat network development requires further funding and support? (Yes/No) Please explain.**

As the representative body of the house building industry, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales

**Q13. Hydrogen for heat: The strategy states that based on evidence gathered, heat pumps will be the championed solution for most building heat. Hydrogen's role will be in defined zones for high-temperature industry, as well as for wider net zero solutions prioritised by how useful hydrogen will be (known as 'the hydrogen ladder'). Do you agree that a clear statement is needed on hydrogen's role in meeting Wales' heat decarbonisation ambitions? (Yes/No) Please explain.**

As the representative body of the house building industry, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales.

#### **Section 4: Improving the energy performance of our homes.**

**Q14. A clear framework: Do you agree that stronger regulation is needed to encourage the uptake of low carbon heat and more energy efficient homes? (Yes/No) What other interventions must be implemented alongside stronger regulation to ensure no one is left behind?**

No – HBF believe the proposed changes to Building Regulations planned in 2025 are the appropriate tool to control the energy efficiency of new homes.

**Q15. Holistic approach to fuel poverty: The Warm Homes Programme has been offering new gas boilers, where appropriate, to those eligible. Do you agree that our future investments in energy efficiency must, where possible, simultaneously support our heat decarbonisation pathway? (Yes/No) Please explain and expand on opportunities to address fuel poverty holistically.**

Whilst HBF broadly supports this initiative, as the representative body of the new house building industry, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales and others working in the retro fit and upgrade schemes to existing housing stock.

**Q16. Traditional buildings: Do you agree that demonstration projects for historic and traditional building retrofit are needed? (Yes/No) Are there further interventions needed to grow the market for traditional building retrofit?**



Yes. However, whilst HBF broadly support this initiative, as the representative body of the new house building industry, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales and others working in the retro fit and upgrade schemes to existing housing stock.

**Q17. Smart meters and variable tariffs: Do you agree that emphasis on smart meter rollout and variable tariffs are important to address now, to minimise bills during the transition to low carbon heat? (Yes/No) How best can Welsh Government support this, while advocating for those who are unable to participate in energy flexibility?**

Yes. Smart Meters have been a feature of new build homes for over 10 years. They have positively influenced home owner patterns and behaviours since they were introduced. A roll out of these devices together with smart tariffs and variable tariffs will greatly contribute towards improved domestic behaviours and more careful use of energy in Welsh homes. A visual representation of energy use strongly influences home owner behaviour greatly reducing wasteful use of energy. Similar trials are underway with smart water meters proposed to be located within new build properties to begin to influence new home owner behaviours around water use.

**Q18. Upfront cost of heat pumps: Do you agree that dedicated long-term finance packages are needed to support**  
As the representative body of the new house building industry, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other.

#### Section 4: Evolving our businesses.

**Q19. Regulation: Do you agree that stronger regulation is needed to phase out fossil fuel boilers, on and off-grid, in commercial properties? (Yes/No) What other interventions must be implemented alongside this stronger regulation to ensure this transition does not have adverse impact on businesses.**

As the representative body of the new house building industry, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales.

**Q20. Accelerator programme: Do you agree that an accelerator programme is needed to share best practices and build confidence in low carbon heat, across different commercial building types? (Yes/No) Please explain.**

As the representative body of the new house building industry, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales.

**Q21. Net zero targets and tracking: Do you agree that heat decarbonisation will require us to foster a culture of transparency and accountability for businesses? (Yes/No) With reference to heat decarbonisation, what more should Welsh Government do to ensure reliable information is communicated to customers?**

As the representative body of the new house building industry, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales.



## Section 5: Future-proofing our industry

**Q22. Industrial roadmaps: Do you agree that we should create decarbonisation roadmaps across key industrial applications, and if so which champion the best available techniques? (Yes/No) Should Net Zero Industry Wales have a role be in this process? How can the identified techniques be effectively disseminated and further incentivised?**

As the representative body of the new house building industry, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales.

**Q23. Small and medium-sized enterprises (SMEs): As an integral part of the industrial sector, what specific resources or assistance are needed to help industrial SMEs with their heat decarbonisation?**

As the representative body of the new house building industry, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales.

**Q24. Industrial hydrogen: Do you agree that Welsh Government has a role in understanding and mapping future demand for hydrogen from high temperature industrial heat, to ensure the infrastructure is in place to allow fuel switching? (Yes/No) Please explain and expand on Welsh Government's role, if applicable.**

As the representative body of the new house building industry, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales.

## Section 6: Leading the way with public services.

**Q25. Leading the way: Public buildings provide vital services across Welsh communities. Do you agree that a near-term focus for this Heat Strategy should be to improve resilience, by continuing to decouple our public buildings from fossil fuels and improve their energy efficiency? (Yes/No) How can this help lead the way to decarbonise the rest of Wales's buildings?**

As the representative body of the new house building industry, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales.

**Q26. Collaboration: Our Strategy states the need for public bodies to collaborate effectively to ensure successful and cost-effective transitions. How best can Welsh Government support effective collaboration and shared learning?**



As the representative body of the new house building industry, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales.

**Q27. Resource and skills: We have identified that skills and capacity building in public bodies are essential to support local area energy planning, resource local planning authorities, and deliver the transition on the public estate. Do you agree that the Energy Service is best placed to support this upskilling and provide additional resource? (Yes/No) Please explain.**

As the representative body of the new house building industry, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales.

### Section 7: Taking action.

**Q28. Our asks of others: Do you agree that we have identified the main asks of others? (Yes/No) Please explain.**

Yes. HBF supports the engagement and the main asks of Welsh Government on UK Government, communities and businesses, supply chain, energy network operators and suppliers in addition to Welsh Government's commitment on investment to concentrate on the benefits of low carbon and low energy new homes.

**Q29. Costs and savings: The costs set out in the strategy are drawn from the Climate Change Committee analysis. Is there additional evidence on the costs and potential savings that we should consider?**

As the representative body of the new house building industry, we do not feel we can competently and comprehensively respond to this point and feel this more appropriately responded to by other sectors closer to the strategic delivery of a heat strategy for Wales around existing properties centred around social, private and owner occupied homes.

Specifically with regard to new homes, they already deliver huge savings in energy use, energy consumption and energy costs for new home owners. HBF have published many publications in this regard promoting the financial and environmental benefits of new homes over existing housing stock which is often carbon intensive and expensive to own and operate by comparison. Our most recent report found that new build home buyers in Wales are saving over £16 million in energy bills, as well as collectively reducing carbon emissions by over 20 million tonnes. The average new build homebuyer saves £163 a month on energy bills, amounting to more than £1,900 a year, compared with purchasers of equivalent older properties. This saving rises to over £195 per month for purchasers of houses, rather than flats or bungalows, totalling £2,340 a year.

New homes already follow the high standards set by building regulations and HBF will continue to work with both Welsh Government and Central Government on the roll out of Part L Conservation of Fuel & Energy in 2023 and later in 2025 on its journey towards the Future Homes Standard delivering an 80% improvement on the carbon baseline of Part L 2013. New homes constructed to Part L (Wales) 2025 will be zero carbon ready free of any fossil fuel heating.

**Q30. Our route map: Do you agree that our policies route map is sufficiently clear? (Yes/No) Please explain.**



Yes. HBF principally agrees with the policies and proposed route map in relation to new housing in Wales.

**Q31. Our pathway: The strategy is based on the Climate Change Committee’s Balance Pathway. Do you agree with this approach? (Yes/No) Please explain.**

Yes. HBF principally agrees with the approach shown in the Heat Strategy for Wales document and those areas identified around new housing.

As always, we hope that our comments are received in the spirit in which they are intended and reflect the HBF’s overarching desire to support key policy objectives whilst at the same time supporting our members in seeking deliverable and pragmatic solutions to policy changes.

Yours sincerely,

**Rhodri Williams**

Technical & Sustainability Director – HBF.

