



# Building a Sustainable Future

The BPF's 2024 Carbon Manifesto



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The British Property Federation (BPF) is the voice of the UK property sector. Our industry helps power the economy, adding more than £137.5 bn a year, or 7% of Gross Value Added. We support one out of 12 jobs across the country and pay more than £7bn in direct taxes each year, contributing another £7bn indirectly to local communities through the planning system.

This Carbon Manifesto has been produced by the BPF's Sustainability Committee, which comprises some of the UK's biggest investors, owners and managers of property, as well as real estate experts and advisers. The Committee shapes the BPF's work on sustainability and all committee members are passionate about delivering a more sustainable property sector for the benefit of communities, the climate and the economy.



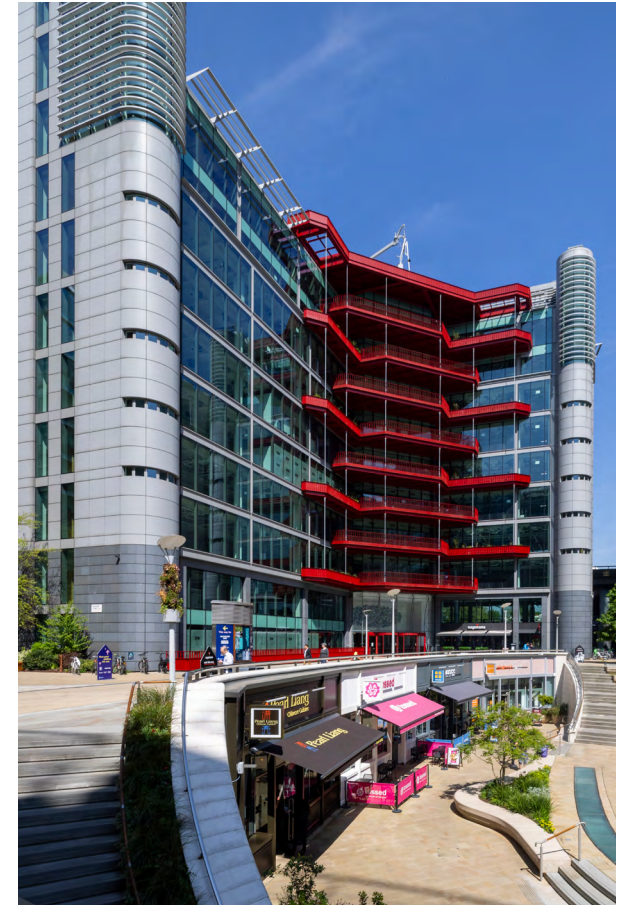
# Net zero carbon buildings

There are around 30 million buildings in the UK, many of which are poorly insulated and inefficient. Over 90% of homes are still heated by fossil fuels and our latest research shows that 84% of commercial spaces with EPC ratings are rated EPC C or below.

If the UK is to meet its net zero targets, then decarbonising heating and improving the energy efficiency of these millions of homes and buildings will be critical.

We know that:

- ✔ The sector has the second largest carbon footprint in the UK.
- ✔ Buildings are responsible for around 25% of all carbon emissions. Around one third of these emissions are from embodied carbon.
- ✔ Commercial and industrial buildings account for around one third of all building emissions.
- ✔ Progress in decarbonising the sector has stalled and we are not on track to deliver a net zero carbon property sector by 2050.



# Our offer to the next Government

The BPF is committed to building a more sustainable future, and through our **BPF Net Zero Pledge** we are supporting the sector in the net zero transition.

BPF members have hundreds of billions of pounds of assets under management. This includes over one hundred thousand homes and hundreds of millions of square feet of commercial real estate space. We can make a significant contribution to tackling climate change and decarbonising our economy.

We can also:

- ✔ Create tens of thousands of new high-skilled jobs in construction and related trades.
- ✔ Cut energy bills for households and businesses.
- ✔ Support economic growth across the UK. The roll out of energy efficiency measures and low-carbon forms of heating could drive up to £6bn gross value added (GVA) per year by 2030.
- ✔ Help deliver energy security and decarbonisation of the electricity grid through the generation of on and off-site renewable energy. UK warehouses alone have the roof space to deliver up to 15GW of new solar power.

- ✔ Attract international investment into the UK. The global green finance market is worth around \$500bn. Increasingly international investors are looking to invest in sustainable projects and assets and UK real estate has typically been an attractive investment for overseas investors.
- ✔ Attract international businesses to the UK by providing modern, sustainable, world-class places to work and live.

Many BPF members have ambitious net zero carbon plans and are working hard to decarbonise their assets. However, to fully realise these ambitions, we need the Government to put the right policy and fiscal framework in place and ensure that the UK's infrastructure is ready for a net zero future.

This Carbon Manifesto sets out the sector's ask of the next Government and provides a series of recommendations on how we can accelerate the transition to a net zero carbon real estate sector. These cover five themes:

- ✔ Delivering policy and regulatory certainty.
- ✔ Financing the transition.
- ✔ Closing the data deficit.
- ✔ Transforming the UK's electricity grid.
- ✔ Reforming the planning system.

# 1. Delivering policy and regulatory certainty



*“The next ten years are the crucial period to decarbonise buildings, requiring a complete policy framework to be put in place, together with the necessary supply chains and supporting infrastructure<sup>1</sup>....”*

Investors want certainty. However, the lack of a comprehensive policy and regulatory framework, setting out how the sector will decarbonise is undermining investor confidence and slowing the net zero carbon transition.

Our own research shows that 90% of senior property leaders do not believe that the policies currently in place will deliver a net zero carbon sector by 2050.

To deliver policy and regulatory certainty, the Government should:

- ✔ **Appoint a single Minister or “champion” responsible for net zero buildings.** This would help deliver a more joined-up policy approach in Government, particularly between The Department for Energy Security and Net Zero (DESNZ) and The Department for Levelling Up, Housing and Communities (DLUHC), and strengthen engagement with the property sector.
  - ✔ **Publish a comprehensive sector roadmap,** across all tenures and asset classes, covering existing buildings and new buildings. This also needs to ensure the UK has the skills to deliver a retrofit revolution and could build on the industry-developed Net Zero Whole Life Carbon Roadmap.
  - ✔ **Rebalance gas and electricity costs** to speed up the electrification of homes and buildings and encourage
- the adoption of low carbon heating solutions. We would also welcome confirmation that the Government remains committed to ensuring that heat pumps are no more expensive to buy and run than gas boilers by 2030.
- ✔ **Provide clarity on future minimum energy efficiency standards (MEES) for the domestic and non-domestic private rented sector (PRS).** We need realistic lead-in times and clarity on the end targets. We do not support interim milestones.
  - ✔ **Reform domestic energy performance certificates (EPCs).** Given the dominant role of EPCs in the market, reform should be evolutionary not revolutionary.
  - ✔ **Regulate embodied carbon by requiring Whole Life Carbon assessments and reporting.** This will enable us over time to determine appropriate maximum permitted levels of upfront embodied carbon. This could be done by amending Building Regulations.
  - ✔ **Provide clarity on the Future Homes and Buildings Standards and on the future regulatory landscape for heat networks.**
  - ✔ **Align with EU standards and regulations where possible, and support industry best practice.** The latter should include encouraging the adoption of performance-based metrics such as The National Australian Built Environment Rating System (NABERS UK) and endorsing the work of the cross-industry UK Net Zero Carbon Building Standard initiative.

<sup>1</sup> <https://www.theccc.org.uk/wp-content/uploads/2023/06/Progress-in-reducing-UK-emissions-2023-Report-to-Parliament-1.pdf>

## 2. Financing the transition



*The private sector is critical to the net zero transition... They will drive many of the benefits we will all experience from net zero, not least economic growth<sup>2</sup>.*

BPF members have the ambition to invest in and drive the net zero transition. However, across the entire sector, we will need a series of financial incentives if we are to speed up the retrofit of our homes and buildings and capitalise on the role of the sector in generating renewable energy. For example, we estimate that over 175,000 commercial spaces will need to be retrofitted every year between now and 2030 if we are to raise the standard of all commercial buildings to EPC B.

We recognise that incentives will need to be targeted and tailored according to tenure. To help finance the transition, however, the Government should:

- ✔ **Zero rate VAT on repairs and maintenance** of residential buildings. The tax system should actively encourage work to improve the energy efficiency of existing homes. The Government should also explore new incentives to encourage the decarbonisation of heating in our homes.
- ✔ **Introduce a “Green Super Deduction”** to boost investment into retrofitting our homes and buildings. The Government should also encourage investment into decarbonising building materials, such as steel and concrete.

- ✔ **Reform the business rates system** to incentivise and reward investment into making commercial buildings low-carbon and more energy efficient.
- ✔ **Introduce an effective incentive structure to encourage home and building owners to generate more on-site renewable energy**, for example through roof-top solar. This might include reviewing the Smart Export Guarantee to ensure higher minimum tariffs to improve investment viability and reduce payback periods.
- ✔ **Ensure the proposed UK taxonomy recognises that the retrofit of existing built assets is a sustainable activity** to attract sustainable finance into retrofitting inefficient buildings.
- ✔ **Reform the regime for Real Estate Investment Trusts (REITs)** to encourage property owners to invest in more renewable energy generation.

<sup>2</sup> <https://www.gov.uk/government/publications/review-of-net-zero>

### 3. Closing the data deficit

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*Research by the UKGBC suggests that optimisation – ensuring a building runs as efficiently as possible – can deliver a 26% reduction in operational energy use. This shows the impact that data alone can have on delivering the sector’s and the Government’s net zero ambitions<sup>3</sup>.*

Accessing energy consumption data, and understanding how a building performs in use, is fundamental to calculating baseline emissions, setting targets and developing and delivering net zero plans. However, for many building owners and occupiers, accessing data is a real challenge. For some, it is the biggest barrier they face in the transition to net zero.

To close the data deficit, the Government should:

- ☑ **Mandate the sharing of energy consumption data between property owners and occupiers.** This could be along the line of France’s Décret Tertiaire.
- ☑ **Explore new ways in which smart meter data might be shared** directly with certain authorised property owners.
- ☑ **Explore whether energy data could be considered a “legitimate interest” within the UK General Data Protection Regulations (GDPR).**
- ☑ **Encourage the use of green lease provisions** for new commercial leases across the sector and **reform the Landlord and Tenant Act 1954** to ensure the inclusion of data sharing and provisions in lease renewals which drive energy efficiency.

- ☑ **Establish a new Building Energy Data Taskforce** to drive forward action in this area. This might include key stakeholders such as the Red Foundation and the Geospatial Commission and complement of the work of the National Buildings Database. We recognise there may be an existing organisation well placed to take on this role.





# 4. Transforming the UK's electricity grid

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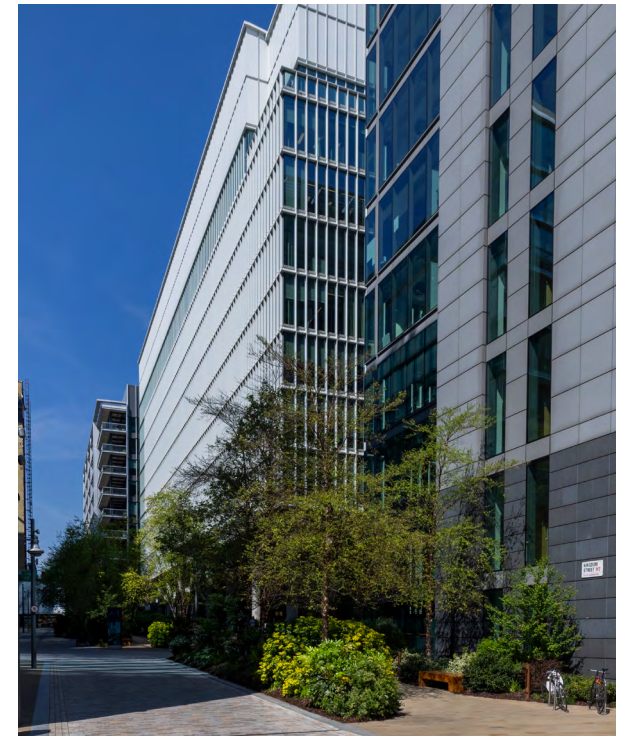
*...many planned renewable energy projects are being hampered by persistent problems accessing the electricity grid. These include slow connections, limited capacity, inappropriate planning regulations and market uncertainty<sup>4</sup>.*

Decarbonising the grid, increasing capacity and speeding up connections will be critical to delivering a net zero property sector – and a net zero economy. This is why senior leaders across the industry have highlighted investment and improvements in the electricity grid as a priority for Government.

To ensure we have a fit for purpose electricity grid, the Government should:

- ✔ **Increase investment.** We know that the electrification of buildings is putting increased pressure on the grid. Electricity demand is expected to rise by 2035 and could double by 2050.
- ✔ **Ensure that local authorities are properly resourced** to reach planning decisions quickly. The current planning system can act as a barrier to the rollout of new energy infrastructure.
- ✔ **Deliver grid connections more quickly.** We welcome the Connections Action Plan and agree that the current First Come First Served (FCFS) approach is not fit for purpose. We would like to see a focus on moving projects that are ready to connect – including sustainable building projects and rooftop solar projects - to the front of the queue. Currently it can take years for connections to be made.

- ✔ **Simplify and accelerate the installation of rooftop solar on commercial buildings.** This could include simplifying planning regulations, providing grants and reviewing tariffs. We should also explore ways of overcoming the challenges posed by existing lease structures to speed up the rollout of rooftop solar.



<sup>4</sup> <https://committees.parliament.uk/publications/45077/documents/223429/default/>



## 5. Reforming the planning system

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*...a combination of gaps in national policy, under-resourced planning departments, lack of expertise, and an increasing presumption of ‘retrofit-only’ in decision-making risks undermining collective efforts to decarbonise our built environment<sup>5</sup>.*

An efficient and effective planning system is key to stimulating economic growth and delivering the sustainable homes and buildings we need. However, the current planning system is not aligned with the sector’s net zero ambitions and not equipped to support the retrofit of our homes and buildings.

To improve the planning system, the Government should:

- ✔ **Ensure that planning departments are properly resourced** so that planning applications are quickly and correctly assessed in terms of their environmental credentials. The BPF has called for the creation of central talent pools to support major planning applications. These talent pools might also support local authorities on significant or complex applications relating to environmental or carbon issues.
- ✔ **Ensure that all planning officers are appropriately trained on environmental issues.** This includes in specialist areas such as heritage teams, where a lack of knowledge risks delaying the retrofit of our listed and heritage buildings.

- ✔ **Make sure the planning system supports a “retrofit first” not “retrofit only” approach.** The deep retrofit of buildings will not always be viable. Sometimes the sustainable redevelopment of buildings will deliver the best economic, environmental and social outcomes.
- ✔ **Ensure that National Planning Policy and National Development Management Policies support the net zero transition and that guidance is clear, and technically and economically deliverable.** Current guidance for local authorities, including on how to undertake Whole Life Carbon assessments, is not sufficient. We need a more consistent approach and one that does not duplicate other policy or regulatory regimes.
- ✔ **Accelerate the rollout and usage of Local Listed Building Consent Orders** to speed up the retrofit of listed buildings.





An aerial photograph of a waterfront promenade. The promenade features a wide wooden deck that curves along the water's edge. To the right of the deck is a landscaped green area with several trees and a small playground. A modern building with glass balconies is visible on the right side of the image. The water is dark blue with sunlight reflecting off its surface.

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Find out more at our BPF General Election Hub:  
[bpf.org.uk/our-work/general-election-2024](https://bpf.org.uk/our-work/general-election-2024)



