

## ROCP 18, The Chartered Institute of Building (CIOB)

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Senedd Cymru | Welsh Parliament

### **Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith | Climate Change, Environment, and Infrastructure Committee**

Adolygiad o flaenoriaethau'r Pwyllgor ar gyfer y Chweched Senedd | Review of the Committee's priorities for the Sixth Senedd

Ymateb gan The Chartered Institute of Building (CIOB) | Evidence from The Chartered Institute of Building (CIOB)

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### **Your views**

#### **1. What are your views on the Committee's three strategic priorities: Climate Change; Sustainable Communities; and Protecting and enhancing the natural environment?**

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These three strategic priorities seem to encompass the majority of key areas on which Wales will have to focus in order to achieve net zero goals. These aims also reflect CIOB's priorities, outlined in our corporate plan, available here: <https://www.ciob.org/institute-governance/corporate-plan>.

#### **2. To what extent are the Committee's three strategic priorities still relevant, reflecting on social, economic and environmental developments since they were set at the start of the Sixth Senedd?**

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By and large, these strategic priorities are still entirely relevant. Of particular relevance to CIOB and its members is the decarbonisation of the private housing sector, and we welcome the Committee's commitment to this goal. It is important to remember, however, that housing will not be decarbonised without a proper retrofit implementation plan and without the necessary skills.

CIOB continuously calls for a national retrofit strategy as part of the Construction Industry Council (CIC), and we have also identified several potential funding streams including implementing a demolition levy and on a stamp duty – or Land Transaction Tax (LTT) – deferral on investment properties that are retrofitted to a suitable level. We would be happy to send these separately if that is of interest to the Committee.

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### **3. What are your view on the Committee's detailed priorities/outline programme of work for Years 3 to 5 of the Sixth Senedd (set out in its report, Priorities for the Sixth Senedd?)**

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We welcome the Committee's commitment to decarbonising housing, and this is something that will benefit people across Wales regardless of housing type or tenure. We strongly support six monthly scrutiny sessions with Welsh Government - outlined in its consultation report - and believe they are important to achieve housing decarbonisation targets and are set at the right intervals. These sessions should also focus on bringing learning from the Optimised Retrofit Programme (ORP) to the wider housing market . We also appeared in front of the Committee in October 2022 to discuss this.

Continued work on decarbonising housing should have a greater focus on developing a retrofit implementation plan - or calling on Welsh Government to do so. There is an opportunity now to provide incentives, including funding and council tax or Land Transaction Tax deferrals or reductions for properties that meet strict retrofit criteria, and the Committee should continue encouraging Welsh Government to look at these avenues to stimulate a retrofit economy in the private housing sector.

### **4. To what extent are the Committee's detailed priorities/outline programme of work still relevant, reflecting on social, economic and environmental developments since they were set at the start of the Sixth Senedd?**

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Entirely relevant. With regards to decarbonising housing, however, and the recent consultation and report published by the Committee, now would be the perfect time to continue building on that work and develop a retrofit implementation plan. There are bound to be a lot of successes and learnings from the Welsh Government's Optimised Retrofit Programme (ORP) that can already be brought to the general public and the able to pay sector.

### **5. Are there any other matters related to the Committee's priorities/work programme/ways of working that you would like to comment on?**

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We would encourage the Committee to keep looking at funding avenues for Repair, Maintenance, and Improvement (RMI) works on properties. While this encompasses retrofit work, it needn't be exclusively the case: CIOB has previously advocated for a help-to-fix loan scheme (HTF) that would offer 0% interest loans to anyone wishing to undertake renovations or Repair, Maintenance, and Improvement (RMI) works on their home. Where schemes such as the Boiler Upgrade Scheme (BUS) are struggling - due, in no small part to the high cost to households to install heat pumps even with the funding on offer - a scheme

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where the full cost of home improvements such as double glazing, insulation, new heating systems, and even loft conversions and extensions are covered by a loan, is the only way many homeowners will be able to have this work carried out. Importantly, a scheme such as this needn't focus exclusively on retrofit measures, but it would provide the option for homeowners to do so if they wished and pre-emptively take some of the pressure of any future retrofit strategy in Wales.

In a post-pandemic, high-inflation economy, this could make home improvements more accessible to many and stimulate the RMI market in Wales. This could, in turn, give construction professionals – including SMEs and micro businesses, which make up the majority of the Welsh construction industry – the confidence to grow and expand their businesses, perhaps taking on new apprentices. This could also positively affect Welsh Government's current work on housing adequacy measures by removing one of the primary barriers to many and reducing the financial pressure on work that needs to be undertaken in properties across Wales.

We would also encourage the Committee to continue examining and engaging on how funding-adjacent models such as council tax reductions, rebates, and Land Transaction Tax (LTT) incentives could be used positively across Wales to encourage retrofitting measures across housing tenures in Wales. While Welsh Government has previously examined these avenues, we welcome the Committee's commitment to continue examining these options.

On a final note, regarding the planning framework, and following the recent unauthorised demolition of the remaining Guildford Crescent façade in Cardiff, we would encourage the Committee to look at the opportunities for a demolition levy in Wales. We recently published a policy proposal on this, and published an article of how this could look in a Welsh context [available here: <https://www.iwa.wales/agenda/2023/03/levelling-the-playing-field-a-case-for-retrofit-over-demolition>]. The current framework and VAT structure is not fit for purpose: new building projects are currently VAT exempt, whereas RMI works are charged at 20% VAT. As such, developers are always likely to choose to demolish and rebuild over retrofitting a building despite environmental and sustainability concerns, including with embodied carbon across the lifespan of a building from its inception. Implementing a demolition levy would be the first step to discouraging this, but any funds from this levy could be used to affect positive change by, for example, creating ringfenced funding for retrofit projects across Wales. We would also encourage the Committee to question the punishments

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developers face for unauthorised demolition and examine whether larger fines or stricter sanctions should be put in place as a deterrent.

## **6. Other information**

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No response.

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