



HM Treasury Spending Reviews

Representation from the Chartered Institution of Building Services Engineers

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1. The Chartered Institution of Building Services Engineers (CIBSE)

- 1.1 CIBSE is the primary professional body and learned society for those who design, install, operate and maintain the energy using systems, both mechanical and electrical, which are used in buildings. Our members therefore have a pervasive involvement in the use of energy in buildings in the UK with a key contribution to sustainable development.
- 1.2 CIBSE is one of the leading global professional organisations for building performance related knowledge. The Institution and its members are the primary source of professional guidance for the building services sector on the design, installation, operation and maintenance of energy efficient building services systems to deliver healthy, comfortable and effective building performance.

2. Policy suggestion for inclusion in the Spending Review

- 2.1 One important policy which is needed over the course of this Parliament is a clear focus on energy efficiency and reducing energy demand. In comparison to investing in new generation and distribution capacity, reducing energy demand is a more time and cost effective approach. Everyone benefits; society, the economy and the environment.
- 2.2 Efficiency and financial management is a key priority in the Spending Review 2015, doing more with what we have rather than using up further valuable resources. Our current energy system is wasteful, costing consumers and taxpayers money as well as harming our natural environment. Using energy more efficiently will make a significant contribution to doing more with less.
- 2.3 There needs to be a coherent and stable policy landscape to provide appropriate market signals to encourage industry, business and the public sector to make savings through energy efficiency and to support investor confidence in markets related to energy efficiency and demand reduction.
- 2.4 Improving energy security and reducing business and consumer bills are both clear positive outcomes of a focus on energy efficiency, and would benefit from a coherent and consistent overall approach.
- 2.5 Research carried out by [Verco and Cambridge Econometrics](#) (October 2014) shows that a national programme to make buildings energy efficient would; increase annual GDP by £13.9bn by 2030, create 108,000 jobs per annum over the period of 2020 to 2030, result in £1.27 in tax revenue for every £1 of Government investment, and pay for itself by 2024 and thereafter generate tax revenue for the Government.

- 2.6 Currently the Government's fiscal and legislative agenda does not support energy efficiency to the same extent as it supports supply side incentives and subsidies. For example, the recent Productivity Plan scrapped a number of energy focused policies and incentives, without articulating a coherent vision for future policy. This shows a short-sightedness which has shaken relevant industries including those in the low carbon sector. Industry can only obtain investment and lead the way with policy certainty, not U-turns and incremental policy 'tinkering'
- 2.7 While energy efficiency is a key requirement, it is clear that renewable energy is an essential component of a future secure and sustainable energy supply. The current 'support' for renewables by Government has been dangerously unstable, with frequent adjustments and policy changes affecting jobs, businesses and consumers of energy. The very significant public investment already made in renewable technologies has been jeopardised by the recent sudden cut in incentives. Where incentives are in place there needs to be a clear mechanism for reducing them in a controlled and predictable manner, so as not to undermine investor or consumer confidence, or create market uncertainty that costs jobs, usually in the SME sector, and wastes costly training in new or emerging skills.
- 2.8 Incentives for all renewable and low carbon technologies should be fair and technology neutral and there needs to be a very clear pathway to support investor confidence for newer technologies. For example, surface water source heat pumps (WSHPs) have huge potential as a carbon reduction technology in the UK and any Renewable Heat Incentive (RHI) support for this technology should be managed to encourage this nascent sector. There is currently no opportunity to gain pre-accreditation for WSHPs under RHI and this results in a lack of confidence across developers and investors around this technology, holding back growth and job creation in this sector.

3. Conclusion

- 3.1 Reducing demand is currently the poor relation in the quest for secure, sustainable low carbon energy, but is essential to meet UK's challenging targets and enable both the private sector to remain competitive and the public sector to deliver best value services. Encouraging thriving energy efficiency and renewable energy sectors will assist with economic growth and security of energy supply. The UK has the experience and knowledge to improve the energy efficiency and overall performance of the existing building stock and this Spending Review is the ideal opportunity for Government to provide the appropriate policy infrastructure to deliver this on a national scale.