



Housing boost

In a move which further emphasizes the importance of housing in next year's general election, the Government has announced a scheme designed to contribute to a target of delivering 165,000 affordable houses in the period 2015 -18.

Under this initiative, the Housing and Communities Agency (HCA) has launched a prospectus inviting housing associations, councils and developers to bid for a share of £1.7 bn of grant funding for delivery of new affordable housing outside London. There will be two routes for bidding; either "firm schemes" only or a "mixed" route, composed of firm schemes and indicative proposals. While any bidder can adopt the first route, the second can only be used by current HCA partners with a proven track record of good delivery. Acceleration of firm schemes will be encouraged early on in the programme to help maintain an even supply of affordable homes.

While formal bids associated with scheme close on 30 April 2014, a portion of the £1.7 bn funding will be retained for future bids, thus allowing organizations to take in longer timeframes if they need to. The 2015-18 Affordable Homes Programme Prospectus can be downloaded from the [HCA website](#).

Social housing review

An independent review into how more social homes can be built has been launched by the Chief Secretary to the Treasury, Danny Alexander, and the Communities Secretary, Eric Pickles. The review will be led by Natalie Elphicke, chair of Million Homes, Million Lives, and Keith House, Leader of Eastleigh Borough Council.

This review will assess if councils are making sufficient use of their existing powers and flexibilities to deliver new social housing. For instance, councils could use their property portfolio more effectively to finance housebuilding by selling expensive vacant properties and using the receipts to build new affordable homes. The review will also consider how councils can work more closely with housing associations, housebuilders and businesses to build more new homes.

This review follows new statutory guidance published on 31 December 2013, which is designed to ensure that people with long-standing connection to their community are prioritized for council homes.

Eliminating red tape

In a recent speech to the Federation of Small Businesses, the Prime Minister has highlighted the latest developments in the Government's [Red Tape Challenge](#).

In a move widely anticipated at the time of last year's Housing Standards Review, the Prime Minister has confirmed that he wants to help house builders by reducing the current 100 standards applied by councils to new homes to less than 10. Any necessary remaining standards will be consolidated as far as possible into the Building Regulations to avoid duplication and confusion. The Government claims that the reforms are estimated to save around £60m per year for home builders.

Health and safety is another area in which new moves towards deregulation are indicated. For instance, the new Deregulation Bill introduced on 23 January will remove at least one million self-employed people from Health and Safety regulation. Other new measures will include the introduction of new guidance from the Health and Safety Executive on working from heights.

Airport expansion shortlist

The Airport Commission: [Interim Report](#) sets out three short-listed options for the expansion of airport capacity. This report points out that trends within the aviation sector such as: the consolidation and network integration focused on major aviation hubs; the emergence of new business models, especially the low cost airlines and point-to-point markets and; the emergence of significant new hubs in areas such as the Persian Gulf, have tended to reinforce the dominance of London in aviation.

The London airports are stretched to capacity. Heathrow is effectively full and the report notes that Gatwick is operating at more than 85% of its maximum operating capacity. In terms of connectivity, while Heathrow continues to have a dominant position in respect to North American and European hubs, capacity restraints limit the airport's capacity to form similar links to emerging economies. The number of domestic routes to the airport is also declining.

By 2030 Heathrow, Gatwick, London City and Luton are all predicted to be full. The current approach of forcing ever greater volumes of traffic through the existing infrastructure will result in large losses. Over a sixty year period, these are estimated as £18-20 billion to users and providers of airport infrastructure and £30-45 billion of costs to the wider economy. Intervening to redistribute excess capacity away from London and the South East is not regarded as a credible option.

The conclusion was reached that there is a clear case for one net additional runway in London and the South East to come into operation by 2030. The Commission forecasts that there is likely to be a need for a second additional runway by 2050, if not earlier. While there are no easy ways of addressing these emerging problems

without developing new infrastructure, some optimization strategies are under consideration.

Of the 52 proposals considered, the two potential sites selected for further analysis were: Gatwick with a new runway of 3,000m length and; Heathrow with two runway options (one being 3,500m north-west of the current airport or an extension of the existing northern runway to at least 6,000m).

A new airport in the Thames Estuary was not an option shortlisted in the report at this stage although the Commission said that they would carry out additional analysis in respect to a site at the Isle of Grain, in the first half of this year.

The next phase of the Commission's work will be to determine the most suitable location and design for new airport capacity. A final report on the subject is expected by summer 2015.

Combatting corruption in construction

The National Crime Agency (NCA) is currently investigating the threat to the UK from bribery and corruption within the construction industry.

The NCA is a new body which became operational on 7 October 2013. Sometimes labelled as a "British FBI" in the popular press, the new organization represents an attempt to co-ordinate police activity on a national level. Economic crime unit is one of the four individual command units within the new organization. The NCA has more than 4,000 officers and works in close co-operation with similar bodies abroad.

As part of the exercise in assessing the extent of the problem of bribery and corruption within the construction industry, in December 2013 the NCA conducted a "baseline assessment" which was sent out to CIC members. One area of concern is the procurement phase of construction projects.

Earlier research by CIOB in 2006 and in 2013 has indicated that around half of respondents to these surveys believed that corruption was common within construction. CIC proposes to run a seminar on the subject which will be held at the Institution of Civil Engineers on 18 March 2014.

Hinkley Point

The European Commission has announced its decision to open an investigation into the State aid case for the proposed Hinkley Point C nuclear power station in Somerset. The French energy company EDF is leading a consortium, which will build the £16 billion plant at Hinkley Point, with the Government guaranteeing power prices over a 35 year period.

The UK has notified the Commission of plans to establish a feed-in tariff ensuring that the operator of the Hinkley plant will receive a stable revenue for 35 years

despite the volatility of the wholesale electricity price. When the market price at which the electricity is sold is lower than the strike price, the Government will pay the difference between the strike price and the market price. Conversely, when the market price is higher than the strike price, the operator will be obliged to pay the difference to the Government under the "contract for difference" (CfD). In either case, the nuclear plant operator will ultimately receive a fixed level of revenues and will, therefore, not be exposed to market risks for the duration of the scheme. The operator will also benefit from a state guarantee covering any debt which the operator will seek to obtain on financial markets to fund the construction of the plant.

Member States are free to determine their energy mix but when public money is spent to support companies, the Commission has the duty to verify that this is done in line with the EU state aid rules, which aim to preserve competition in the Single Market. It will assess whether the construction of a nuclear power station could not be achieved by market forces alone, without state intervention. The CfD scheme will be examined, and also the credit guarantee as well as the planned level of public support, which is based on many assumptions of the future market situation. The Commission has doubts that the project suffers from a genuine market failure.

The Energy Bill received Royal assent on 18 December 2014. The day after that, the Department of Energy published the Electricity Market reform (EMR) Delivery Plan and the revised version of the Contracts for Difference.

Housing energy use trends

The annual survey of [Housing Energy Use in the UK](#) has been published. This report charts some interesting long term trends in the past forty years.. Home energy use is of considerable significance in that the energy used in housing accounts for more than a quarter of the nation's total energy use. Despite the widespread uptake of central heating and increased ownership and use of appliances, energy use per household has fallen by 18% since 1970. The growth in the number of households, however more than offsets this efficiency improvement. While the average energy use is more efficient, internal temperatures have now risen more than four degrees, in the last forty years. Parallel with huge changes in the energy mix of power generation, the end result has been big reductions in CO2 emissions per household.

One factor in energy use is change in the structure of the housing stock. The numbers of households in Britain is rising at a rate approaching 1% and the average household size is falling. The discernible long term trend is that there has been an increase in both the number of flats and in detached houses. The pattern of home ownership has also changed radically with important implications for energy use.

Although energy bills have increased by 17% in real terms in the last 42 years, as a proportion of household spending energy spending has fallen from 6% of weekly spending to 4.5%. Improving energy standards in the building regulations, together with improvements in boilers and greater insulation have assisted in this trend.