

■ I INTEND TO SELL THE SITE OF A BUILDING THAT IS DUE TO BE DEMOLISHED AND REDEVELOPED TO SHELL AND CORE. DO I HAVE TO PROVIDE AN ENERGY CERTIFICATE?

NO ENERGY performance certificate (EPC) will be required if the site is sold before demolition, as long as you can show that the sale is with vacant possession, that the building is suitable for demolition, that the resulting site is suitable for redevelopment and that you reasonably believe the prospective buyer intends to demolish.



NEIL SAGOO, PARTNER AT MAPLES TEESDALE, RESPONDS

Similarly, if the sale takes place after demolition but before completion of the new building – even if it is only to shell and core – you will not need to provide any EPC to the prospective buyer because there will not be a building to which the regulations can apply.

However, a sale after completion of the building to shell and core might require an EPC. The answer depends on what is included in the shell and core specification and how the EPC regulations are interpreted.

The regulations apply to buildings for which 'energy is used to condition the indoor climate'. This means an EPC will have to be provided upon the sale of, or completion of, works at a shell-and-core building that includes heating, mechanical ventilation or air conditioning.

If the completed works do not include those items then the regulations suggest that no EPC is required. Unfortunately, government guidance on the regulations says an EPC should be provided if there are no climate control services in the building but there is an expectation that energy will be used to condition the indoor climate in the future. The guidance then goes on to explain what assumptions the energy assessor should use in producing the EPC.

This difference means there is scope for confusion. The safest course, however, would be to follow the guidance.

To ask our experts for professional advice, please email your questions to richard.heap@ubm.com. All queries will be dealt with in the strictest confidence. It is recommended that parties always seek independent legal advice.

Protect the planet and your balance sheet

■ The industry can't afford not to be sustainable, says Dave Farebrother



IT WAS WIDELY PREDICTED THAT SUSTAINABILITY would be one casualty of the credit crunch. It is a rather shortsighted view although, given the general lack of environmental knowledge, a predictable one.

That does not make it correct. At Land Securities, we have held a series of workshops with occupiers across our London office portfolio as we roll out localised environmental management plans. These provided the perfect opportunity to ask clients from a variety of sectors how they see the situation. The almost unanimous reaction was that now is exactly the time to increase efforts towards sustainability. Occupiers, both on their own and working with landlords, say they want to see environmental 'impacts' reduced. And there is a growing understanding that reducing environmental impacts also cuts costs.

CLIMATE CHANGE

In the present economic climate reducing outgoings, especially if achieved at zero cost, is something everyone wants to do. Many companies, particularly larger groups, have woken up to the environmental agenda, and have set targets in terms of energy, carbon, water and waste.

Most environmentalists are accustomed to their proposals being answered along the lines of 'Ah, yes, we'd like to do it, but can't afford it', or 'What's the payback?' These were often defensive reactions, based on a perception of higher costs that was not always borne out.

There now appears to be a greater understanding that changing habits, improving housekeeping or changing working practices can significantly reduce environmental impacts. As existing buildings comprise 98% of the problem, this is an encouraging picture. But we must also ensure that new developments continue to set higher standards. Costs are a factor here, as efficient boilers or chillers are always likely to be more expensive. The lack of any pricing mechanism that rewards greener buildings with higher rents or asset values needs to be addressed.

Nevertheless, site waste management plans became mandatory in 2008 and involving the design team at an early stage, as regulations require, should help to design out wastage and lead to greater levels of reuse and recycling. The leading contractors are getting the hang of recycling, especially during demolition, but

there may be scope to do more to reduce the amount of waste that is taken to landfill during the construction and fit-out process.

Then there is legislation. The government has confirmed there will be no slackening of its long-term targets because of the economic difficulties. That has to be right. The targets are already challenging and any deceleration now would make it even harder to achieve these goals. The introduction next year of the Carbon Reduction Commitment energy capping and trading scheme, and rising landfill costs, together with the Code For Sustainable Homes and a promised new code for non-domestic buildings, will also drive further improvements.

Of course, the last time UK energy prices fell, following privatisation, active energy management took a back seat as procurement became all important. Today's low oil prices have yet to filter through, but electricity prices are expected to fall soon.

This time, however, energy management will remain important because UK exposure to the global energy market is more transparent and prices will rise again, certainly in the longer term. Carbon Reduction Commitment requirements will also keep energy management high on the property industry's agenda.

So, the message from government and occupiers is that the downturn is no excuse to bury environmental issues. It is an opportunity to promote them to the fore, to be part of the heralded 'new way of doing business' that we are told has to emerge from the recent financial turmoil.

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