



To: Deputy First Minister Nicola Sturgeon MSP
Cabinet Secretary for Finance, Employment and Sustainable Growth
John Swinney MSP
Minister for Local Government and Planning Derek Mackay MSP
Minister for Housing and Welfare Margaret Burgess MSP

Scottish Government
St. Andrew's House
Regent Road
Edinburgh EH1 3DG

2 May 2013

Dear Ministers

As the main trade bodies representing the new build housing, commercial property, building and construction sectors in Scotland, we write to stress our collective concerns over proposals to impose additional regulatory burdens which threaten to place Scotland at significant economic disadvantage in comparison to England and thus intensify the country's housing and construction crisis.

The potential impact of further red tape and its associated cost is clearly highlighted by the recent consultation on energy standards, with the Scottish Government's own figures showing that these proposals could add up to £10,000 on to the cost of building what are already highly energy efficient new homes.

This additional cost burden is not reflected in house price valuations and could therefore further depress housing production as well as risk the very existence of some companies at a time when we are already confronted by 160,000 people on waiting lists, output at its lowest level since 1947 and record insolvencies in the construction sector.

Similar concerns apply to commercial property development where further demands in terms of energy efficiency also threaten increased construction costs at a time when new offices have already reduced their carbon emissions by 70% compared to 1990 and the sector faces continuing difficulty in accessing finance.

With Westminster seeking to cut the costs of business in England through its 'one in, two out' rule (which specifies that every new regulation imposing a new financial burden on firms must be offset by reductions in red tape that will save double the amount), we are greatly concerned that the imposition of more red tape and increased costs will position Scotland as being comparatively more expensive and difficult to invest in.

This will have significant impact not only in terms of the delivery of much needed new homes and jobs but also the wider range of policy areas which home building and the construction industry more generally supports.

Whilst we fully support the Scottish Government's ambitions to address the challenges of the green agenda, we believe that imposing even more stringent requirements on the new build sector ignores the more pressing need to improve the energy performance of the existing built environment, where the overwhelming bulk of the problem lies.

A policy focused on imposing further regulation on the section of the built environment that already attains the highest energy efficiency standards simply does not justify the cost or wider economic and social risk.

A comprehensive retrofit programme to improve the energy efficiency of existing buildings would have a far greater impact on cutting carbon emissions.

We therefore call on the Scottish Government to pause any proposed increases in regulation and ensure that any recommendations on energy standards made by the reconvened Sullivan Panel, which meets next week, are taken in the context of prevailing economic and industry conditions which are fundamentally different to 2007 when the original report was published.

If businesses (whether Scottish, UK-wide or international) are to invest north of the border, Scotland needs a level playing field offering comparable (indeed preferably greater) support to that being made available in England.

Yours sincerely



Philip Hogg
Chief Executive - Homes for Scotland

For and on behalf of:

David Melhuish, Director, Scottish Property Federation
Grahame Barn, Director, Federation of Master Builders
Michael Levack, Executive Director, Scottish Building Federation