**Attachment 6**

AR continues to monitor the implications of Brexit for our industry.

On 23 November 2016, the GPA met to consider the impact of Brexit on UK real estate and green building issues. A summary of the main elements of the draft report is set out below for information.

Key Issues

Some of the problems and opportunities within the environmental sustainability policy framework were a function of the UK Government’s approach toward implementation. These include:-

* Implementation or enforcement problems (e.g. resourcing of TSOs re. EPCs).
* A lack of credible data on building environmental performance.
* A lack of ‘bundling’ of policies (e.g. targets, metrics and incentives being mutually reinforcing).

Policies could be more *outcomes* focused, with less focus on *outputs* with a clearer, more consistent narrative and objectives via the Carbon Plan. Real estate consists of long-lived assets with long-lead-in times so, where possible, if policies can incorporate trajectories or escalators, this provides investment certainty.

Also, recognition that the existing policy framework as it stands will not deliver:-

* Energy security.
* Increased productivity in the economy and green growth.
* Delivery of the 5th Carbon Budget.
* Reduced waste and resource intensity in the economy.

## Key Characteristics that Policy Needs to Demonstrate

* **Visibility of resource and carbon costs** – the policy landscape should allow organisations to easily track and manage carbon costs, particularly at senior levels within the organisation
* **Financial penalty for inaction** – those that fail to improve should face some form of disadvantage compared to those that do
* **Financial rewards for action** – similarly, those that improve should gain some additional benefit compared to those that don’t; similarly, stimulation of innovation is needed
* **Long-term policy stability** – the landscape should be clear and should change infrequently
* **Company-wide measurement and reporting** – the various schemes in place should lead to organisations understanding their energy use and carbon emissions across their entire business
* **Reputational drivers** – with energy frequently representing a relatively small component of overall costs, financial penalties and incentives should be complemented by reputational levers for action
* **Simplicity, visibility of end-goals rather than the present ‘noise’** – the policy landscape should be clear, easy to understand and act upon, and should include minimal overlaps.
* **Coverage of building life-cycle** – the ideal suite of policies should include levers that encourage action at all stages of the building life-cycle
* **Vision of pathway to 2050** – to encourage investment, policies should form part of a coherent, long-term strategy
* **Good implementation and enforcement** – enforcement should be meaningful and consistent, ensuring that there is a level playing field
* **Data creation** – too few companies gather the date they need to understand and reduce their energy use and emissions, and the policy landscape should address this as a basic foundation
* **Appropriateness** – while there is a balance to be struck with simplicity, policy-makers should seek to create schemes that are appropriate to the type and size of organisations that they are trying to influence
* **Reduction in ‘busywork’** –a number of policies mandate the collection of information in marginally different ways. Greater cross-cutting coordination of the underlying infrastructure of the policy framework might reduced the nugatory costs of compliance and focus attentions on delivery of outcomes

The GPA considered that certain imminent decisions posed a golden opportunity to make these points and call for rethink the environmental sustainability policy landscape for real estate. These include:-

* The forthcoming Industrial Strategy.
* The Government and industry’s response to the Farmer Review.
* The Carbon Plan.
* Article 50 and the content of the Great Repeal Bill and any legacy work.
* The Fifth and Sixth Carbon Budgets.
* The Business Energy Tax Reform.
* The EU’s Forthcoming Energy Package.

The issues identified are important to both owners and occupiers and AR will express its views through its membership of the Green Property Alliance in the drafting of responses when called for by the Government. The list of imminent decisions is very helpful and will be monitored. .