

Delivering Scotland's circular economy: A Route Map to 2025 and beyond

22nd August 2022

Built Environment Forum Scotland (BEFS) is an umbrella body for organisations working in the built environment in Scotland. Drawing on extensive expertise in a membership-led forum, BEFS informs, debates and advocates on the strategic issues, opportunities and challenges facing Scotland's historic and contemporary built environment. BEFS is a supporting member of the [Climate Heritage Network](#).

Page | 1

Other relevant consultation responses from BEFS can be seen below, as many issues overlap and demand associative consideration:

- [DRAFT NATIONAL PLANNING FRAMEWORK 4 \(NPF4\) CONSULTATION \(31/03/22\)](#)
- [DEVELOPING SCOTLAND'S CIRCULAR ECONOMY – CONSULTATION RESPONSE \(18/12/2019\)](#)
- [THE ROLE OF LOCAL GOVERNMENT AND ITS CROSS SECTORAL PARTNERS IN FINANCING AND DELIVERING A NET-ZERO SCOTLAND \(21/01/22\)](#)
- [DRAFT HEAT IN BUILDINGS STRATEGY SKILLS REQUIREMENTS – CONSULTATION \(30/04/2021\)](#)
- [DRAFT HEAT IN BUILDINGS STRATEGY, ACHIEVING NET ZERO EMISSIONS IN SCOTLAND'S BUILDINGS – CONSULTATION \(30/04/2021\)](#)
- [CLIMATE CHANGE PLAN UPDATE – CALL FOR VIEWS \(12/01/2021\)](#)
- [GREEN RECOVERY – CALL FOR VIEWS \(07/08/2020\)](#)
- [HOUSING TO 2040 – CONSULTATION RESPONSE \(27/02/2020\)](#)

BEFS welcomes this consultation on the *Circular Economy Route Map to 2025 and Beyond* (running concurrently to the *Consultation on the Proposal for a Circular Economy Bill*), which we consider to be a broadly holistic, ambitious and well considered series of measures. As we have raised in previous consultations - most notably and recently in BEFS response to the draft NPF4 - the existing and historic built environment, whilst often recognised in part (in this document within Construction Practices in Package 5) lacks full integration; existing buildings and infrastructure are positive solutions across a variety of areas, they should not sit separately.

BEFS will be responding only to relevant questions of the consultation, as below:

Question 1. To what extent do you agree with the measures proposed in this package to promote responsible consumption, production and re-use?

Agree

BEFS is supportive of the measures proposed and particularly welcomes recognition of the importance of mainstreaming reuse and repair, and incentivising sustainable choices for consumers. Whilst we acknowledge that construction practices are addressed more fully in Package 5, we would consider lack of recognition of the existing built environment and infrastructure - in terms of opportunities for re-use, repair and maintenance - is at this stage a notable omission. BEFS has previously issued responses detailing role the existing built environment can play in a sustainable circular economy. Our existing buildings are the foundation for action and can play a pivotal part within this circular economy, a key part of Scotland's sustainable, economic recovery.

The embodied energy present, and the potential for positive interventions is huge. Adapting, repurposing, and reusing our current building stock presents an enormous opportunity to provide skilled employment, carbon solutions, and more homes. Solutions which provide benefits to economy, people and place.

BEFS also supports the comment made by RICS as part of their response to this consultation:

“Within the built environment; as a first principle, there needs to be a significant shift in focus towards incentivising re-use over demolition”

Question 2. Are there any further measures that you would like to see included in the Route Map to promote responsible consumption, production and re-use?

Page | 2

Further measures to include around re-use of existing buildings and infrastructure could lie around incentivisation:

- Incentivisation for use and reuse of traditional buildings through income tax powers. A previous example being the HMRC, Business Premises Renovation Allowance (2007-2017).
- Enabling, through conservation and continued use, the full potential of Scotland's built heritage asset by removing unequal application of taxation and VAT on restoration, maintenance and conservation works, whether through graduated relief or other fiscal incentives.

Question 9. To what extent do you agree with the measures proposed in this package to embed circular construction practices?

Agree

BEFS is pleased to see the measure to incentivise 'refurbishment' and would go further, advocating for incentivising a culture change, driving maintenance, retention, reuse and repurposing of existing heritage assets rather than the current default to ignore, replace or dispose of them. We would further add that maintaining what we have is also a particularly Scottish issue, as highlighted in a [2020 BRE report](#): the UK has the largest proportion of pre 1946 housing stock in the EU, 37.8% compared with the EU average of 22.3%, and Scotland is markedly higher, with 52.9% of housing being built pre-1946. Traditional properties form a fifth of Scotland's overall housing stock. This helps to demonstrate the scale of the climate, and social, good that could be effected by policies embedding maintaining and appropriately retrofitting these homes, and our public buildings, as part of circular construction practices.

BEFS reiterates that not only valuing the embodied energy in our buildings, and assessing full-lifecycle considerations, but that also considering policies to support a circular economy which incentivises a culture change towards driving maintenance, retention, reuse and repurposing of our existing built environment will be key to meeting Scotland's ambitious targets; for a green recovery, promoting a circular economy, meeting established climate targets, and positively intersecting with societal responsibilities.

We would also refer to points made previously about incentivisation for use and reuse of traditional buildings through income tax powers, enabling through conservation and continued use the full potential of Scotland's built heritage asset, and by removing unequal application of taxation and VAT on restoration, maintenance and conservation works, whether through graduated relief or other fiscal incentives

It is also noted that within this package there is recognition given to the need to align these measures with existing policies and strategies, in particular the NPF4. BEFS strongly supports this; we consider it essential, however that there are clear delivery mechanisms for construction – and therefore adaptation of existing buildings – within a circular economy and would welcome a focused strategy on this. Delivering within the existing policy landscape and strategies, to embed these ambitions will be essential.

UN:SDG 11 *Sustainable Cities and Communities* could also be considered within the concept of the circular economy. Wider issues related to the built environment and sustainability and the UN:SDG 11 are discussed in a paper by BEFS within the [UWS-Oxfam](#) report.

BEFS supports the comments made by RICS, which merit repeating here in full:

"...given the scale of the challenge – with construction and demolition accounting for half of all waste produced in Scotland – we believe a construction-specific circular economy and sustainability strategy is required.

Given the scale of the problem, the built environment also provides an enormous opportunity to realise real change. This predominantly means a culture shift towards the long-term stewardship of built assets, with a flexible view of how buildings can be used in the future, and an incentivised programme of retrofit and re-use.

1. *RICS is strongly supportive of work to accelerate the adoption of best practice standards. We are working closely with industry and governmental partners develop novel, data driven guidance that provide a standardised method for measuring, reporting and benchmarking carbon and cost. The public sector can lead the way in adopting the use of such standards within its own procurement and funding programmes. See Q10 for further detail.*
2. *Incentivising the refurbishment of buildings, over demolition and rebuild, is crucial for the future sustainability of the sector, and should be embedded throughout the building standards and planning regimes in Scotland. This long-term stewardship of built assets, with regular maintenance and retrofit plans, and a flexible view of how that building can be used while protecting its cultural heritage. While we welcome the Government's support for the campaign to reduce VAT for home improvement works, we believe the Government should look at alternative fiscal levers within its powers, such as a demolition levy (see Q10 for further information on the CIOB's research in this space). Clearly, demolition and new buildings will be required in order to meet societal demands over the coming years, but a hierarchy of preferences that incentivises re-use as a first port of call for developers should be introduced.*
3. *A Scottish Programme for Reuse of Construction Materials and Assets, that could match supply with demand and minimise carbon emissions through transportation and manufacture, would be incredibly beneficial to supporting the start of a truly circular built environment sector. There are a number of interesting industry-led developments in this space – including those being looked at by EALA Impacts – but to realise such an initiative at scale would require Government-backing. Efforts should be made to align with UK initiatives in this space.*
4. *Recycling will play an important role in the waste management hierarchy and avoiding landfill, therefore we support the investigation of how this innovative method to encourage recycling would work in practice, and its potential benefits.*
5. *Prioritisation should be given to recovery and re-use. As such, secondary aggregates should not be the primary focus of work to build a circular economy. However, RICS supports this initiative as a step in the right direction in improving productivity and reducing waste within the construction process."*

Question 10. Are there any further measures that you would like to see included in the Route Map to embed circular construction practices?

Whilst BEFS would promote maintenance, retention, and reuse of buildings primarily there are also mechanisms which help to promote circularity of building materials. [Material Passport](#) schemes are being considered in various countries and the arguments for sustainability and circularity could suggest this is a path worthy of exploration.

RICS outlines other workstreams below:

“The circular economy strategy should address each of these issues, setting out how the Government can take a leading role in promoting best practice, procuring for value over price, and incentivising sustainable practices across the built environment.

- **Procurement:** RICS, along with various industry and governmental partners, are working towards a shared understanding of the need to procure for value over cost, taking into account lifecycle costs, carbon, longevity, and quality. **The Government has a key role to play in demonstrating best practice.** RICS has supported the development of the [Value Toolkit](#), advocating a shift towards value over price, and a move away from unsustainable costing.
- **Fiscal Incentives:** The current fiscal environment incentivises demolition and rebuilt over retrofit and re-use. There is a VAT discrepancy, whereby home improvement works are charged at 20%, and there are other incentives, such as non-domestic rates, which can encourage the demolition of empty buildings. While we welcome the Scottish Government's support for the VAT campaign, **the Government should look at alternative methods within its fiscal competence to address this discrepancy.** Examples include the Chartered Institute of Building's (CIOB) calls for a demolition levy (click [here](#)).
- **Standardisation and Accounting:** Working alongside organisations across the built environment sector, RICS has taken the lead in developing a standardised method through which to measure, report and benchmark carbon and cost in the built environment. Such standardisation, and the ability to compare carbon and cost alongside each other, is essential in developing actionable insights in order to decarbonise the built environment. Further, it is essential that a more holistic accounting method is used to assess new construction projects, that incorporates lifecycle, carbon and social costs in order to gain a comprehensive understanding of the true opportunities of a more sustainable approach. **The Government should demonstrate best practice by being at the forefront of adopting and promoting these novel standards and guidance, embedding them in the day-to-day business activity of build environment companies.**
 - [While Life Carbon Assessment](#): How to measure carbon across the lifecycle of built environment projects.
 - [International Cost Management Standard – 3rd Edition](#): Reporting the carbon and cost implications of projects, and helping to benchmark against comparable initiatives.
 - [Built Environment Carbon Database](#): An evolving source of carbon data in the built environment, with cross-industry support.
 - [UK Net Zero Carbon Buildings Standard](#): Working with the UK Green Building Council and other organisations to develop a new Zero Carbon Standard for both new and existing buildings.
- **Longevity:** The longevity of built assets, and the subsequent reduction in production and consumption, is essential to drive down embodied carbon emissions within the built environment. **The long-term stewardship of built assets should be embedded within National Planning Framework 4 (NPF4), with regular maintenance and retrofit plans, and a flexible view of how that building can be used while protecting its cultural heritage.**
- **Audits and Data:** Any proposed demolition should require a pre-demolition audit that demonstrates why the repurposing and re-using of said building is not financially or technically feasible while meeting the national, community or public interest, utilising holistic triple-bottom line accounting. Statements should also be required on how the materials from the demolition will be re-used or recycled in order to minimise waste.”

Question 13. To what extent do you agree with the measures proposed in this package to support action across the circular economy?

Agree

BEFS is broadly supportive of the aims, in particular those to develop a Circular Economy Strategy and a monitoring and indicator framework. We also welcome the principle to '*Support greater uptake of green skills, training, and development opportunities*'. In relation to this, we would further emphasize that the embodied energy present in our existing built environment assets, and the potential for positive interventions is huge. Adapting, repurposing, and reusing our current building stock presents an enormous opportunity to provide skilled employment, carbon solutions, and more homes. If fully recognised within measures towards a circular economy, the skilled work provided through these channels would be positive for national and local economic recoveries. The opportunity of retrofit would create labour-intensive, localised job creation. BEFS has frequently lobbied for skilled, green employment in relation to this work

In BEFS response to Housing to 2040 Consultation it was noted that aspects such as 'latency' for the skilled workforce were mentioned, but there was a lack of expressed urgency as to how many of the constraints could be turned around within a 20 year timeframe.

Many of the issues mentioned are noted within the [Skills Investment Plan](#) for the Historic Environment, a framework with solutions exists within the document. Resource in this area could pay dividends across the retrofit, regenerative and maintenance agendas – supporting a circular economy and green recovery, fuelling economic regeneration, and providing greater long-term benefits.

Question 15. To what extent do you agree with the principles proposed to underpin future circular economy targets?

Agree

BEFS is supportive of measures and actions towards delivering the Scottish Government's goals to achieve net zero by 2045.

BEFS responses to a number of Consultations in relation to the Built Environment can be found at:

<https://www.befs.org.uk/resources/consultations/>

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The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference: **Publish response with name**

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise? **YES**

Page | 6

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