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An interview with...

Alun Oliver FRICS, Managing Director and co-founder of E³ Consulting

What's your name and where do you come from?

Alun Oliver FRICS, Managing Director and co-founder of E³ Consulting. We're headquartered in Wimborne, Dorset but have a London office and operate on clients' projects throughout the UK.

What current 'green initiatives' are you involved in and why are they important?

E³ Consulting is undertaking our own 'Green review' to establish our company's baseline of carbon emissions and has a sustainability policy in place. Further, we have all committed to undertaking Carbon Literacy training as part of our obligation to steadily improve our performance, as part of our Environmental, Social, and Governance (ESG) policies. Additionally, we are working with our clients to optimise the capital allowances tax savings derived from their improvements to their investment and operational properties to address client/tenant requirements and improve EPC ratings.

What 'green' incentives are currently in place to encourage decarbonisation?

There are currently 100% capital allowances from either 'Full Expensing' (uncapped) or 'Annual Investment Allowances' (capped on the first £1m). This means anyone investing in energy-efficient lighting, solar or ground source heat pumps, etc. in commercial premises should get 100% tax relief.

In addition, there are specific measures under Section 28 of the Capital Allowances Act 2001 (CAA2001) that boost tax savings by making works to add insulation to existing buildings, eligible for allowances under Integral Features Allowances (or at the 50% First Year Allowances – part of Full Expensing). These help with the reuse and redevelop approach, rather than new build, as the relief is only available when added to existing buildings.

Furthermore, there is VAT relief – available on Energy Saving Materials (ESMs). If undertaken as a single supply (not a minor part of other standard rated works) these are zero-rated for VAT until 31 March 2027. Unfortunately, HMRC's approach somewhat undermines the broad policy of encouraging ESMs, by disallowing the zero-rating, if part of a major redevelopment, fit out contract or refurbishment – when clearly some apportionment of the relevant project costs could readily preserve the incentive.

How can we make decarbonisation easier or more attractive?

As the above VAT example illustrates, policy mantra is undermined by enforcement. There used to be 100% Enhanced Capital Allowances for energy and water-efficient asset expenditure, but HMRC tended to 'police' the tax savings very heavily, and the UK Government created an overly complex process to validate assets that ultimately never achieved its potential.

The current 100% Full Expensing and Annual Investment Allowances provide significant savings to owners and investors in improving their buildings. Potentially HMRC/HM Treasury could boost the tax relief for those progressing towards net zero by linking the rate(s) of tax relief to BREEAM/LEED/EPC/NABERS or Passivhaus ratings/standards so that the most efficient assets/buildings benefit from the highest tax savings and receive quicker 'payback'.

What else needs to be done in the built environment in our fight against climate change?

There is the current debate on re-use and refurbish versus new build and the resulting embodied carbon, in the existing fabric of legacy buildings. From a personal perspective, I think the statistics would suggest remodelling of legacy assets should minimise carbon and lead to lesser environmental impacts. But it's not a 'black or white' issue – so owners/developers must demonstrate why any full demolition is 'better' than reuse and reconfiguration. This also fits well with the renewed focus on brownfield regeneration and 'green' or possibly 'grey' belt areas – against which there may also be further tax relief at up to 150% for qualifying expenditure under Land Remediation Tax Relief. (Corporation Taxes Act 2009, Part 14).

Additionally, the Government's pursuit of ever tighter EPC ratings is, in my opinion, not necessarily the 'correct' approach as different sectors (logistics, education, R&D, farming or leisure & hospitality, etc.) don't utilise buildings in the same way. Therefore, they don't necessarily require the same 'minimum' EPC rating. This 'one size fits all' approach is potentially too restrictive and overly expensive to achieve.

Can you please clarify your EPC viewpoint?

Although this could change direction as the new government 'resets' its priorities, there has been a march towards ever tighter EPC ratings, advocated in the 2023 'Mission Zero' published by Chris Skidmore, which potentially necessitates improvements to both energy consumption and insulation. As above, these are generally desirable, but must be affordable and proportionate to the building's use. My concern is that a uniform or blanket minimum EPC rating may not be appropriate for buildings used for specific purposes. For example, an EPC rating of B may not be suitable for manufacturing or industrial premises, where forklifts come and go, or complex production lines are required but could be better for a school, cinema or office.

Outside of work, what are you doing to reduce emissions?

At home, like many, we operate as sustainably as we can, with two (of five) members of the household following a vegetarian diet. We're looking to reduce our processed products, as well as source fresh food locally and in season to minimise 'food miles'.

We've also transitioned all light bulbs to LED and use Tapo 'smart plugs' to reduce the reliance on 'standby', and therefore the historic drip feed of power consumption. We have also regularly (since students in the 1980s) bought (and sold) second-hand clothes, furniture, books, etc. to recycle, or re-love items, in an effort to minimise what ends up in general waste. Lastly, our main car is a plug-in hybrid so we're also moving away from complete reliance on fossil fuels, as future models will most likely be EV.