

UKGBC POLICY ANALYSIS: FUTURE HOMES AND BUILDING STANDARD

March 2026

The Government has published the long-awaited Future Homes and Buildings Standard (FHS), marking a significant step forward in improving the energy performance of new homes and accelerating the transition away from fossil fuel heating.

The stronger of the two options presented in the consultation (Option 1) was selected and as a result the Standard introduces a clear shift toward low-carbon homes, including the effective phase-out of gas boilers, the widespread deployment of heat pumps, and a strong requirement for rooftop solar. Together, these measures are expected to reduce operational emissions from new homes by around 75% compared to previous standards.

This represents meaningful progress and reflects sustained engagement from industry to maintain ambition in the face of competing pressures. In particular, the requirement for solar on the majority of new homes is a welcome development, helping to reduce household energy bills and support the decarbonisation of the electricity system.

OVERVIEW OF KEY MEASURES

Key technologies	<ul style="list-style-type: none"> • Waste Water Heat Recovery • Decentralised Mechanical Extract Ventilation • Heat pumps • Photovoltaic (PV) panels
Fabric, airtightness, ventilation	<ul style="list-style-type: none"> • Airtightness 4 in windows and doors • Notional fabric standards broadly aligned with 2021 Regulations (pending testing with SAP 10.3) • Updated to include revised guidance on commissioning
Heat networks	<ul style="list-style-type: none"> • A different notional building specification will apply for heat networks
Photovoltaic panels	<ul style="list-style-type: none"> • 40% PV coverage introduced as a new functional requirement, meaning it cannot be offset ('traded') against improvements to other building elements or services • A codified approach to define maximum achievable PV levels where 40% of Gross Floor Area (GFA) cannot be met • Buildings over 18 metres in height are exempt from the PV requirement
Performance metrics	<ul style="list-style-type: none"> • Existing metrics retained: Emissions Rate (TER), Primary Energy Rate (TPER), and Fabric Energy Efficiency (TFEE)
Material Change of Use dwellings	<ul style="list-style-type: none"> • No changes to the current limiting standards

STRONG SOLAR SIGNALS

A standout feature of the Future Homes Standard is the strengthened requirement for rooftop solar, with photovoltaic (PV) panels expected on the majority of new homes. This is a positive step, helping to reduce household energy bills, support grid decarbonisation, and ensure new homes actively contribute to clean energy generation. The clarity is welcome and sends a strong market signal that solar should be maximised across new developments, avoiding the risk of tokenistic installations.

However, this approach also has important implications for how other building systems are specified. By fixing solar provision at a high level, there is less flexibility within the compliance framework to incentivise improvements elsewhere – particularly in the efficiency of heating systems. For example, the notional heat pump performance assumed within SAP 10.3 remains relatively low, with a Seasonal Coefficient of Performance (SCOP) of 2.5. In combination with the high solar requirement, this may reduce the incentive for developers to install more efficient heat pumps, as gains in system performance cannot be traded against reductions in solar provision. This could also influence decisions around complementary technologies such as wastewater heat recovery, which may be designed out in cases where compliance can already be achieved through solar and baseline heating performance.

Taken together, there is a risk that homes are designed to meet compliance in a way that prioritises solar generation, but does not fully optimise overall system efficiency. In practice, this could lead to higher electricity demand in winter when solar generation is low, and increased reliance on the grid, particularly in the absence of storage or flexibility measures.

The forthcoming introduction of the Home Energy Model may help enable more nuanced system interactions to be captured. However, this will depend on how it is implemented in practice.

DELAYS AND TRANSITION RISKS

The timeline for implementation also raises concerns. With a phased introduction and transition arrangements extending to March 2028, there is a risk that a significant number of homes will still be built to outdated standards in the interim.

In particular, provisions allowing developments to proceed under previous regulations where foundations are laid before the transition deadline could lead to a surge of lower-performing homes entering the market. This would lock in higher energy demand and retrofit costs for years to come.

At a time of ongoing energy price volatility and increasing pressure on household bills, accelerating the delivery of high-performance homes should be a priority. There should

be scope for Local Planning Authorities to plug that delay by requiring low-carbon heating where viable (as is common in many LPAs currently), if the proposal to remove this powers within the NPPF is not implemented.

NO CHANGE FOR MATERIAL CHANGE OF USE (MCU)

A notable omission in the final Standard is the lack of any uplift in requirements for homes created through material change of use (MCU). Despite being included within the consultation, the Government has chosen to retain existing limiting standards. This means that, in practice, new dwellings created through conversions may still be built to significantly lower performance levels than new-build homes, including the continued use of fossil fuel heating systems such as gas boilers.

This is a missed opportunity - while improving existing buildings can be more complex than new build, it is far more cost-effective to deliver higher standards at the point of conversion than to retrofit later. Allowing lower-performance homes to be created today risks locking in higher energy bills and avoidable retrofit costs for future occupants.

There are also important resilience implications. The absence of updates means that overheating standards under Part O do not apply to material change of use, leaving many converted homes more exposed to rising temperatures. This is particularly concerning given the increasing evidence of overheating as a major risk to health and wellbeing, and its identification as a priority climate risk.

Bringing material change of use fully into scope of improved energy and resilience standards should be essential to ensure that all new homes – regardless of how they are delivered – are safe, efficient, and fit for the future.

MISSED OPPORTUNITIES

The Future Homes Standard remains primarily focused on design-stage compliance, with performance assessed through modelled outcomes rather than measured in-use performance. This risks perpetuating the long-standing 'performance gap', where homes do not perform as intended once occupied.

There are also missed opportunities in how building performance is measured. We would have liked to see a clearer shift toward energy-based metrics, which would enable a more meaningful comparison between designed and actual performance. Current compliance metrics - based on modelled emissions and notional buildings - continue to limit transparency and accountability, making it harder to understand how homes perform in reality. While there are proposals to introduce more detailed reporting through tools such as the Home Energy Model and updated EPCs, these are not yet embedded within the Standard. As a result, there is a risk of continued inconsistency and confusion during the

transition period, with limited ability to close the performance gap or ensure homes deliver on their intended outcomes.

While the FHS represents progress on operational emissions, it does not address other critical aspects of building performance. There is currently no requirement to measure or limit embodied carbon, despite it accounting for a significant and growing share of emissions from the built environment. Similarly, the Standard does not fully address resilience to future climate risks, such as overheating, flooding, and water scarcity.

Without action in these areas, there is a risk that new homes will require costly upgrades in the future to meet evolving environmental and regulatory expectations.

LOOKING AHEAD

The Future Homes Standard is an important milestone, but it should be seen as a foundation rather than the final destination. To deliver homes that are truly fit for the future, the next iteration of building regulations will need to:

- Ensure homes perform as designed, through in-use performance measurement and verification
- Drive higher levels of energy efficiency, reducing reliance on energy supply solutions
- Address embodied carbon, ensuring buildings make efficient use of materials and resources
- Support grid flexibility and resilience, including the integration of storage and smart technologies
- Strengthen requirements for climate resilience, protecting occupants from future climate risks

The built environment sector has demonstrated that higher standards are both achievable and desirable. The focus must now shift from minimum compliance to delivering homes that are affordable to run, resilient to future challenges, and aligned with long-term environmental goals.