# Policy Pulse

Edition One 2026

Tracking policy.
Interpreting impact.
Shaping what comes next.

bcia
the building controls industry association

# About
# Policy Pulse

Policy Pulse is BCIA's regular insight into the policy, regulation and market developments shaping the built environment.

It provides clarity on what these changes mean for the building controls sector and where the key opportunities and risks lie.

Across decarbonisation, energy costs and building performance, policy is evolving rapidly, although not always consistently. For BCIA members, this creates both uncertainty and opportunity.

Each edition is designed to:

- Highlight the most relevant policy developments
- Translate them into clear, practical implications
- Reinforce the role of building controls in delivering national priorities

It also reflects BCIA's ongoing role in influencing policy, representing its members and ensuring building controls are recognised as essential infrastructure in the UK's transition to net zero.

Edition One 2026

# Key Policy Developments

Recent government announcements signal growing momentum behind building decarbonisation, alongside important structural changes in how policy is being delivered.

**Key updates include:**

- £15bn Warm Homes Plan focused on domestic retrofit
- Government consultation on the £5bn Warm Homes Fund
- New regulatory requirements for building controls in Wales
- Confirmation of the Future Buildings Standard implementation timeline
- Launch of the UK Net Zero Carbon Buildings Standard
- £710m investment from the Department for Education in education estate retrofit
- £255m public building investment via Great British Energy
- £20m funding for Welsh university decarbonisation
- Increasing focus on business energy costs and competitiveness

These developments reinforce a clear direction of travel: greater emphasis on building performance, efficiency, operational outcomes and data-driven decision making.

However, a critical gap remains - non-domestic buildings are still not fully addressed within national policy frameworks.

## What this means for BCIA members

Across these updates, several consistent themes emerge:

- Demand for building controls will continue to grow, driven by regulation and cost pressures
- Regulation is increasingly embedding controls as a baseline requirement
- Energy cost pressures are accelerating adoption, particularly where rapid payback can be demonstrated
- Funding models are shifting towards performance, data and return on investment
- Building controls are moving from a specialist solution to essential infrastructure within the built environment

## Warm Homes Plan:

# Ambition with a critical gap

The Government's Warm Homes Plan announced in January 2026 sets out a long-term strategy for decarbonising buildings to 2030, backed by £15 billion of investment to upgrade 5 million homes.

No new policy or funding was introduced for non-domestic buildings.

The Government has indicated that policy for non-domestic decarbonisation is in development, although it was not finalised in time for inclusion within the Plan. BCIA has formally written to Government to request urgent engagement and clarity on next steps as this is significant given the scale of energy use across commercial and public buildings.

The Plan also signals a shift towards private finance for public sector decarbonisation, following the decision not to extend public sector grant funding beyond 2028. This comes alongside the forthcoming Future Buildings Standard, which is expected to raise performance requirements in new non-domestic buildings.

Alongside this, Government has launched a call for evidence on the proposed Warm Homes Fund, which is expected to deliver £5 billion of capital investment into UK building decarbonisation.

The consultation is exploring whether non-domestic buildings and additional decarbonisation technologies, including building controls, should fall within scope.

## Implications for members:

- Continued policy uncertainty for non-domestic buildings
- A clear need for industry engagement to shape future direction
- Increasing likelihood of new compliance and performance requirements
- Potential new funding pathways for building controls deployment
- Opportunity to strengthen recognition of BEMS within future retrofit funding mechanisms

## BCIA position:

BCIA is actively engaging with Government to ensure non-domestic buildings are fully integrated into future policy frameworks and that building controls are recognised as a critical enabler to delivery. BCIA will also respond to the Warm Homes Fund consultation.

Policy ambition is increasing. Full alignment with non-domestic buildings is now essential.

## Regulation:

# Building controls becoming standard

The Welsh Government's response to its review of Part L confirms that Building Automation and Control Systems (BACS) will be required in all new buildings with HVAC output above 180kW, with further expansion under consideration in line with European requirements due in 2029.

It also recommends installation in existing non-domestic buildings above this threshold, significantly expanding the retrofit market.

These changes reinforce a wider shift towards performance-led regulation and increasing recognition of building controls within compliance frame-works.

For existing buildings where BEMS are replaced or newly installed, systems should:

- Comply with BS EN ISO 16484
- Continuously monitor and analyse energy use
- Identify HVAC efficiency losses
- Inform building managers of opportunities to improve performance
- Enable interoperable communication across connected building services and technologies

## Implications for members:

- Regulatory change will drive upgrade cycles in existing buildings as well as new build demand
- Increased need for specialist expertise in controls design, integration and optimisation
- Greater alignment between UK and international regulation will standardise expectations
- Compliance will increasingly depend on data-driven building performance

## BCIA perspective:

BCIA continues to engage with policymakers to ensure regulation reflects real-world building performance and supports effective deployment of building controls.

**Building controls are fundamental to compliant, high-performing buildings.**

# Regulation:

# Future Buildings Standard drives electrification

The Government has confirmed that the Future Buildings Standard (FBS) will come into force on 24 March 2027, with a 12-month transition period.

The Standard will require significantly higher carbon performance in new buildings, including:

- Low carbon heating systems, predominantly heat pumps and heat networks
- Significant deployment of roof-mounted solar PV where practical

Government estimates suggest the Standard could increase capital costs by 1–4% depending on building type, driven primarily by heat pump deployment. This is expected to contribute to an estimated £362 million increase in non-domestic sector energy costs.

The move away from fossil fuel heating and increased use of on-site generation significantly strengthens the role of intelligent building controls, particularly in managing electric heating, flexibility and energy optimisation.

Alongside implementation of the Future Buildings Standard, Government has also committed to a comprehensive review of the National Calculation Methodology in 2026, which underpins non-domestic EPCs.

## Implications for members:

- Increasing electrification will require smarter optimisation and flexibility management
- Demand for interoperable, performance-led systems is expected to grow
- Building controls will become increasingly important in managing operational costs and energy performance
- The National Calculation Methodology review presents an opportunity to strengthen recognition of advanced BEMS within EPC calculations

## BCIA perspective:

BCIA believes the Future Buildings Standard reinforces the growing importance of building controls in delivering compliant, low carbon and operationally efficient buildings.

As buildings become more electrified and performance-led, intelligent controls will become increasingly critical to managing energy, flexibility and operational cost.

Standards:

# Operational performance moves centre stage

The UK Net Zero Carbon Buildings Standard (UKNZCBS) has now launched as a voluntary framework for both new and existing buildings.

The Standard introduces mandatory requirements relating to:

- Operational performance
- Construction quality
- Post-occupancy verification
- Electricity demand management

Assessment is based on 12 months of post-occupancy energy performance data, reinforcing the industry shift towards measured operational outcomes rather than design-stage intent alone.

The framework also requires electricity demand management to be measured, assessed and reported, including the ability of buildings to:

- Shift electricity demand over time
- Reduce peak demand on the grid
- Optimise energy use based on operational requirements

Assessment criteria specifically include evaluation of HVAC control strategies and system setup.

## Implications for members:

- Demand for advanced building controls and performance monitoring is expected to increase
- Greater emphasis will be placed on post-occupancy optimisation and operational verification
- Controls supporting demand shifting, peak load reduction and time-based optimisation will become increasingly important
- Building controls are positioned not only as compliance tools, but as technologies that support grid flexibility, net zero delivery and ongoing operational performance

## BCIA perspective:

BCIA welcomes the growing emphasis on measured building performance and operational outcomes, which aligns closely with the role of intelligent building controls and BEMS.

The shift from design intent to measured performance places building controls at the centre of net zero delivery.

## Funding:

# A shift towards performance-led models

The funding landscape for decarbonisation is evolving, with a move away from centralised grant funding towards more diverse financing approaches.

This shift is being driven in part by the planned end of the Public Sector Decarbonisation Scheme beyond 2028, with Government increasingly moving towards private, loan-based and blended finance models.

This is reflected in:

- The strategic direction of Great British Energy, focused on leveraging public and private investment
- The Welsh Government's £20m Digarbon loan scheme, delivered by Salix Finance

The Digarbon scheme supports a whole-building, fabric-first approach to decarbonisation, and has already been heavily oversubscribed, demonstrating strong demand from the education sector.

## Implications for members:

- Projects will increasingly need to demonstrate measurable performance and ROI
- Greater demand for technologies that support financeable retrofit strategies
- Building controls will act as a gateway technology enabling wider investment
- Increased focus on data, monitoring and verification of savings

Building controls are well aligned with this shift, given their ability to deliver measurable savings and support wider retrofit strategies. Evidence shows that installing Class A BEMS can deliver a net benefit of over £23,000 over a 10-year period in a typical office building.

## BCIA perspective:

BCIA continues to promote the role of building controls as a proven, investable solution that delivers measurable outcomes aligned with both public and private funding models.

Performance is becoming the foundation of how decarbonisation is funded and delivered.

# Public sector:
# Expanding retrofit opportunity

The Department for Education's (DfE) 10-year Education Estates Strategy includes a £710 million Renewal and Retrofit Programme, with national rollout from 2027.

The strategy places a strong emphasis on:

- Data and digital infrastructure to understand building performance
- Monitoring and reporting to support maintenance and long-term planning
- Healthy environments, including improved ventilation and indoor air quality

DfE will introduce technical standards for data collection and digital services from April 2026, reinforcing performance-led delivery.

Alongside this, Great British Energy's Local Power Plan will work with local authorities, combined authorities and businesses to unlock smart energy solutions, reduce energy bills and deliver value for money for taxpayers.

## Implications for members:

- A long-term pipeline of retrofit opportunity across public sector estates
- Growing demand for data-led asset management, monitoring and reporting capability
- Increased focus on solutions that support health, performance and occupant outcomes
- New delivery routes emerging through regional and local partnerships

## BCIA perspective:

Building controls are central to enabling efficient, healthy and high-performing public buildings, supporting both operational performance and improved occupant outcomes, including health and learning environments.

Effective building performance is driven by data, insight and control

## Energy costs:
# A key driver of change

A joint report from the Confederation of British Industry (CBI) and Energy UK highlights that rising energy costs are undermining competitiveness, investment and the UK's ability to scale low carbon technologies.

- Nearly 90% of firms have seen energy bills rise
- Four in ten are reducing investment as a result
- High costs are slowing adoption of low carbon technologies

In addition, Ofgem data (2025) shows that 27% of UK businesses are struggling to keep up with energy bills, with upfront cost identified as a key barrier to energy efficiency investment.

The report calls for long-term policy reform and greater support for energy efficiency.

## Implications for members:

- Organisations will prioritise low-capex, fast-payback solutions
- Building controls are likely to be among the first measures deployed
- Increasing demand for solutions that deliver measurable, immediate savings
- Stronger link between energy performance and business competitiveness

## BCIA perspective:

BCIA continues to highlight building controls as one of the most immediate and cost-effective ways to reduce energy costs and improve resilience.

Energy cost pressure is accelerating the need for smarter, more efficient buildings.

## SMEs:

# Unlocking wider market adoption

The Government's £2 million funding boost, delivered through the Made Smarter Adoption Programme, supports SMEs to adopt digital and sustainable technologies.

This responds to the Willow Review, which found that 67% of SMEs adopting sustainable practices reduced operating costs, demonstrating clear commercial benefits.

With 5.7 million SMEs across the UK, this represents a significant and largely untapped market.

However, upfront cost remains a key barrier to adoption, particularly for smaller organisations.

## Implications for members:

- SMEs require simplified, scalable and cost-effective solutions
- Opportunity to develop repeatable, packaged building controls offerings
- Increased demand for low upfront cost solutions with clear payback
- Potential for rapid market expansion in an underpenetrated segment

## BCIA perspective:

BCIA continues to advocate for greater financial support to help SMEs overcome upfront cost barriers and adopt energy efficiency technologies.

SMEs represent one of the largest untapped opportunities for building controls deployment.

BCIA in action:

# Influencing policy & shaping outcomes

Across all developments, one consistent theme emerges - policy is progressing, although alignment with delivery is not yet complete.

BCIA continues to play a leading role in:

- Closing the non-domestic policy gap
- Embedding building controls within regulatory and compliance frameworks
- Influencing future funding and retrofit policy
- Demonstrating the role of BEMS in reducing energy costs and improving operational performance
- Supporting recognition of advanced controls within future building performance methodologies
- Advocating for performance-led approaches to net zero delivery

Through evidence-led advocacy and direct engagement, BCIA ensures its members are represented at the highest level.

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BCIA acknowledges the valued contribution of Talan in informing the insights presented within this edition.

## Get In Touch

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