



Landlords' Energy Efficiency Guide

October 2024

“...privately rented homes
will need to achieve at
least a C rating...”

Context

Edward Miliband, the Secretary of State for Energy, Security and Net Zero has pledged to reinstate an energy efficiency mandate for rented homes.

The Conservative government initially planned to introduce a mandate requiring rental properties to meet a minimum EPC rating of C by 2028. This policy was proposed before the pandemic as part of a broader push towards improving energy efficiency and reducing carbon emissions in the private rental sector. However, in September 2023, Prime Minister Rishi Sunak scrapped the deadline, citing concerns over the financial burden it would place on landlords, particularly smaller property owners. Sunak framed the decision as a way to protect people from additional costs, which he argued would have been passed on to tenants in the form of higher rents

However, critics, including environmental groups and tenant advocates, pointed out that by delaying energy efficiency improvements, renters would continue to suffer from higher energy bills due to poorly insulated homes. Some felt that Sunak's move disproportionately benefited landlords at the expense of tenants and the green economy.

Labour's energy efficiency plans for landlords focus on significantly raising the minimum energy standards in rental properties by 2030. Specifically, all privately rented homes will need to achieve at least a C rating on the Energy Performance Certificate (EPC). This measure is part of Labour's broader strategy to combat fuel poverty and improve living conditions, particularly for tenants living in cold, inefficient homes.

The policy will require landlords to invest in energy-saving upgrades like insulation and renewable technologies such as solar panels or heat pumps. Labour plans to consult on the policy later this year (2024), which will likely include financial support options, like grants, and caps on the costs landlords will need to bear, estimated to be around £10,000 per property.

The new rules will apply to both private and public housing sectors, with additional emphasis on ensuring local authorities upgrade their housing stock as well. These measures aim to alleviate fuel poverty for millions of tenants, many of whom currently live in homes with poor energy efficiency ratings.

Landlords' associations have expressed concern, especially regarding the costs and the challenge of retrofitting older homes, and they are urging the government to provide more clarity and financial support.



The Energy Performance Certificate

An Energy Performance Certificate (EPC) is a document that provides an assessment of the energy efficiency of a property. It gives the property a rating on a scale from A (most efficient) to G (least efficient) and includes recommendations for improvements to increase energy efficiency. EPCs are required for homes when they are built, sold, or rented out in the UK.

Key details included in an EPC are:

1. **Current and Potential Energy Efficiency Rating:** This reflects how energy-efficient the property is and what its potential rating could be if recommended improvements were made.
2. **Estimated Energy Costs:** This gives an estimate of the average annual energy bills for heating, lighting, and hot water.
3. **Recommendations:** The EPC lists specific suggestions for making the property more energy-efficient, such as installing better insulation, double glazing, or more efficient heating systems.

An EPC is valid for 10 years and must be available to prospective tenants or buyers. The aim is to encourage property owners to improve the energy efficiency of buildings, reducing energy consumption and emissions.

The criteria for calculating Energy Performance Certificate (EPC) ratings have been updated in recent years, which can lead to discrepancies between a property's current rating and the rating it received 8 or 9 years ago. Changes in the methodology reflect evolving standards, regulations, and improvements in energy efficiency technologies.

For example, newer EPCs may place greater emphasis on renewable energy installations, modern insulation materials, and more energy-efficient boilers or heating systems. Additionally, updated government guidance may adjust the way certain elements, like lighting, windows, and wall insulation, contribute to the overall rating. As a result, a property that previously held an EPC rating of C or D could now receive a lower rating if it hasn't undergone significant improvements, even though the building itself hasn't worsened.

Therefore, renewing EPCs under the current criteria gives landlords an updated view of their property's energy efficiency and highlights areas that may need upgrading to meet new standards.

It's crucial for landlords to be aware of these changes, especially with increasing regulatory pressures to meet higher energy efficiency standards by 2030.

Prospective tenants and buyers are more likely to be attracted to a property with a good EPC rating.

The average EPC rating for homes in the UK falls within band D, which is below the government's desired target of band C or higher. Specifically, around 44% of existing properties in England have a band D rating, while 35% are rated band C. In Wales, the figures are similar, with 43% of homes rated D and 32% rated C. Newer properties tend to have better ratings, with many achieving a band B rating. *Office for National Statistics*



Common issues with the Energy Performance Certificate

Inaccuracies during an EPC assessment are a common issue. As such it is important to check and question the content of the EPC. Examples of where errors can occur include:

1. **Wall Construction Description:** The assessor might mistakenly choose the wrong wall type (e.g., granite instead of brick), leading to an inaccurate energy efficiency rating. This can particularly affect older properties or those with non-standard construction.
2. **Heating Controls:** If an assessor cannot locate a wall-mounted thermostat, they may select only Thermostatic Radiator Valves (TRVs) and bypass options like the Programmer. The omission of this critical feature can result in a lower EPC rating, as programmers help optimise energy use by controlling heating schedules.
3. **Loft Insulation:** If the loft isn't accessible during the assessment, the assessor might assume it's not insulated, negatively impacting the energy performance score. It's important to ensure easy access to the loft so the assessor can verify the presence of insulation.

These small oversights can make a notable difference to the final EPC score, so ensuring clear access to all areas and checking for correct details are essential for an accurate assessment.

Challenges with improving Energy Efficiency

Improving the energy efficiency of a property is a worthwhile endeavour, but several challenges and potential problems can arise during the process.

1. Cost of Upgrades

- **Initial Investment:** Energy efficiency improvements, such as insulation, solar panels, or upgrading windows, can require a significant upfront investment. Many homeowners, especially landlords with large portfolios, might find the costs prohibitive, even though the savings accumulate over time.
- **Financing Challenges:** While there are grants and funding schemes, like the ECO scheme and Boiler Upgrade Scheme, they may not cover all types of properties or improvements, leaving property owners to cover the remaining costs.



2. Disruption to Daily Life

- **Renovation Work:** Insulating walls, replacing windows, or upgrading heating systems often involve invasive work that can disrupt normal household routines. For tenants, this can be inconvenient, making landlords reluctant to carry out upgrades, especially if it impacts rental income or requires temporary relocation.

3. Older and Heritage Properties

- **Limitations on Modifications:** In older homes, especially listed buildings or those in conservation areas, certain energy-efficient measures may not be allowed or are more expensive. For example, it might be difficult or prohibited to install double glazing or external insulation due to aesthetic or historical preservation rules.
- **Expensive Retrofits:** Retrofitting older properties to modern energy standards can be significantly more expensive and technically challenging due to outdated construction methods.

4. Assessment Inaccuracies

- **EPC Assessment Issues:** As previously stated, EPC ratings can sometimes be inaccurate due to errors made by assessors. Incorrect descriptions of wall types, heating systems, or insulation can lead to incorrect ratings. For example, assessors may assume the worst-case scenario if loft insulation or other features aren't visible, resulting in lower EPC scores.

5. Technical Complexity

- **Compatibility of Systems:** Modern energy-efficient technologies, such as solar panels, heat pumps, or smart thermostats, may not always be compatible with the existing infrastructure of the house. For instance, heat pumps work best in well-insulated homes with underfloor heating, which many older properties lack.
- **Skilled Labour Shortage:** Finding skilled contractors who specialise in energy-efficient retrofitting can be challenging, and there may be long wait times or higher costs due to demand.

6. Limited Space

- **Insufficient Room for Upgrades:** Some properties, particularly flats or small homes, might not have enough space for installing certain energy-efficient measures like external wall insulation, heat pumps, or solar panels, limiting the scope for improvements.

7. Landlord-Tenant Dynamics

- **Split Incentives:** Landlords may be reluctant to invest in energy-efficient upgrades because tenants, not the property owners, benefit from the lower energy bills. This issue is commonly referred to as the "split incentive problem." Without strong regulatory pressure or financial support, landlords might delay necessary improvements.



8. Payback Period

- **Long Payback Time:** Many energy efficiency measures have a long payback period, sometimes over a decade. This might deter property owners from making the investments, especially if they are uncertain about long-term ownership or market conditions.

Despite these challenges, Landlords will have to plan to do what they can to improve the energy efficiency of their properties.

Funding and Grants

Several funding schemes and grants are available to help property owners, including landlords, improve their Energy Performance Certificate (EPC) ratings and enhance energy efficiency. Here are some of the key funding sources:

1. Energy Company Obligation (ECO) Scheme

The ECO4 scheme, running from 2022 to 2026, obliges large energy suppliers to fund energy efficiency improvements in homes. It primarily targets low-income households and vulnerable residents, but private landlords can also benefit if their tenants qualify. This funding can cover improvements like insulation, boiler replacements, and heating system upgrades.

2. Green Homes Grant (Closed)

Although the Green Homes Grant scheme closed in March 2021, it provided vouchers worth up to £5,000 (or £10,000 for low-income households) for energy efficiency improvements. While this specific grant is no longer available, there is hope that similar schemes could be reintroduced in the future.

3. Local Authority Delivery Scheme

This is part of the Green Homes Grant initiative but is targeted at local authorities. Councils distribute grants to low-income households, including renters, for energy efficiency measures such as insulation and double glazing. It aims to improve the energy efficiency of homes and reduce fuel poverty.

4. Boiler Upgrade Scheme (BUS)

Running from 2022 to 2025, the Boiler Upgrade Scheme provides grants of up to £5,000 for the installation of low-carbon heating systems, such as heat pumps, which can significantly improve a property's EPC rating.

5. Social Housing Decarbonisation Fund

This fund is dedicated to improving the energy performance of social housing in England. Local authorities and registered providers of social housing can apply for funding to upgrade properties with poor EPC ratings.



6. Landlord Energy Savings Allowance (LESA)

Although it has expired, landlords were once able to claim tax relief on energy efficiency improvements through LESA. There's a possibility for future incentives similar to this one, depending on policy changes.

7. Local Schemes and Grants

Some local councils and regions offer their own grants or loan programs for property owners, including landlords, to fund energy efficiency improvements.

These schemes are vital in helping property owners meet government targets for EPC ratings, particularly with growing pressure to have properties achieve a minimum rating of C by 2030.

Cheaper ways to improve the Energy Efficiency

Improving your property's energy efficiency can be simple and cost-effective. Here are some easy ways to make your home more energy-efficient:

1. Improve Insulation

- **Loft and wall insulation:** Proper insulation can reduce heat loss, making your home warmer in winter and cooler in summer. Insulating your loft and walls (especially cavity walls) is one of the most effective ways to improve energy efficiency.
- **Draught-proofing:** Seal gaps around windows, doors, and chimneys to prevent cold air from coming in and warm air from escaping.

2. Upgrade to Energy-Efficient Lighting

- **LED bulbs:** Replace incandescent or halogen bulbs with LEDs or other energy-efficient lighting. LEDs use up to 90% less energy and last significantly longer than traditional bulbs.

3. Install a Smart Thermostat

- A smart thermostat allows you to control your heating more efficiently by setting schedules and monitoring your energy use. Some models even learn your habits and automatically adjust heating for optimal energy savings.

4. Use Energy-Efficient Appliances

- When replacing appliances, opt for energy-efficient models with a high Energy Star or A+++ rating. This applies to everything from refrigerators and washing machines to boilers.



5. Use Water-Saving Measures

- Install low-flow showerheads and tap aerators to reduce water heating costs. Similarly, insulate your water tank and pipes to prevent heat loss.

6. Regular Boiler Maintenance

- Keep your boiler in good condition through regular servicing to ensure it operates efficiently. If it's old, upgrading to a modern condensing boiler can save up to 30% on energy bills.

7. Monitor and Reduce Standby Power

- Use smart plugs or switch off devices when not in use. Many electronics consume power even when turned off, so reducing standby consumption can save energy.

8. Use Thick Curtains and Rugs

- Heavy curtains help prevent heat loss through windows, and rugs can insulate your floors, particularly if they're not carpeted, helping retain heat in rooms.

By implementing these strategies, you can significantly reduce your energy consumption and improve the property's EPC rating.

Create a Property Improvement Plan

Creating an EPC Property Improvement Plan is crucial for landlords looking to enhance their property's energy efficiency and comply with regulations, particularly as the UK aims for a minimum EPC rating of C by 2030. Here's a structured approach to developing an effective improvement plan:

1. Conduct an EPC Assessment

- **Initial Evaluation:** Start by obtaining a current EPC for the property, which will provide a baseline rating and identify areas for improvement.
- **Detailed Report:** Review the detailed recommendations provided in the EPC, which will indicate the most impactful upgrades.

2. Identify Areas for Improvement

- **Insulation:** Prioritise enhancing insulation in lofts, walls, and floors to reduce heat loss. This is often one of the most cost-effective ways to improve energy efficiency.
- **Heating Systems:** Consider upgrading to a more efficient heating system, such as a condensing boiler or heat pump. Ensure that any new system is suitable for the existing property layout.
- **Windows and Doors:** Replace single-glazed windows with double or triple glazing to improve thermal performance.



3. Set Clear Goals and Budget

- **Realistic Targets:** Establish specific targets based on the EPC recommendations. For example, aim for a specific EPC rating by a set date.
- **Budgeting:** Determine the budget for improvements, taking into account available grants or funding schemes, such as the Energy Company Obligation (ECO) or the Boiler Upgrade Scheme.

4. Plan for Implementation

- **Timeline:** Develop a timeline for when improvements will be made, considering the urgency of each recommendation and the availability of contractors.
- **Contractor Selection:** Research and hire qualified contractors for the work needed. Ensure they are certified and experienced in energy-efficient upgrades.

5. Monitor Progress and Adjust

- **Ongoing Assessment:** Regularly check on the progress of improvements and make adjustments to the plan as needed. This includes reviewing work quality and ensuring it meets energy efficiency standards.
- **Reassessment:** After completing upgrades, consider getting a new EPC to evaluate the effectiveness of the improvements made.

6. Educate Tenants

- **Energy Use Education:** Provide tenants with information on how they can help maintain energy efficiency, such as using heating controls effectively and reporting issues like draughts.

7. Explore Funding Opportunities

- **Utilise Grants and Schemes:** Keep an eye on government funding and grants that may become available, as these can significantly reduce the cost burden of improvements.

Resources

- For more information on available grants and funding, check the UK Government's official site on energy efficiency and funding options.
- EPC rating improvement strategies can also be found on energy efficiency websites and local council resources.

By following these steps, landlords can develop a comprehensive EPC Property Improvement Plan that enhances energy efficiency, complies with regulations, and contributes to a sustainable future.





EXAMPLE EPC

Energy Performance Certificate (EPC)



17 Any Street, District, Any Town, B5 5XX

Dwelling type: Detached house

Reference number: 0919-9628-8430-2785-5996

Date of assessment: 15 August 2011

Type of assessment: RdSAP, existing dwelling

Date of certificate: 13 March 2012

Total floor area: 165 m²

Use this document to:

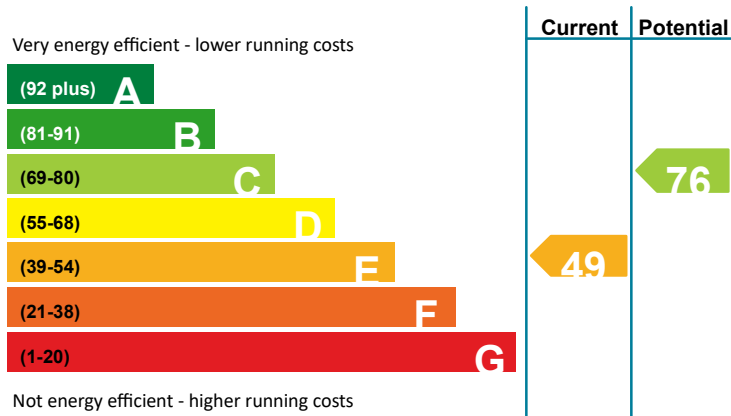
- Compare current ratings of properties to see which properties are more energy efficient
- Find out how you can save energy and money by installing improvement measures

Estimated energy costs of dwelling for 3 years	£5,367
Over 3 years you could save	£2,865

Estimated energy costs of this home			
	Current costs	Potential costs	Potential future savings
Lighting	£375 over 3 years	£207 over 3 years	
Heating	£4,443 over 3 years	£2,073 over 3 years	
Hot water	£549 over 3 years	£222 over 3 years	
Totals:	£5,367	£2,502	

These figures show how much the average household would spend in this property for heating, lighting and hot water. This excludes energy use for running appliances like TVs, computers and cookers, and any electricity generated by microgeneration.





The graph shows the current energy efficiency of your home.

The higher the rating the lower your fuel bills are likely to be.

The potential rating shows the effect of undertaking the recommendations on page 3.

The average energy efficiency rating for a dwelling in England and Wales is band D (rating 60).

Top actions you can take to save money and make your home more efficient

Recommended measures	Indicative cost	Typical savings over 3 years	Available with Green Deal
1 Increase loft insulation to 270 mm	£100 - £350	£141	
2 Cavity wall insulation	£500 - £1,500	£537	
3 Draught proofing	£80 - £120	£78	

See page 3 for a full list of recommendations for this property.

To find out more about the recommended measures and other actions you could take today to save money, visit www.direct.gov.uk/savingenergy or call **0300 123 1234** (standard national rate). When the Green Deal launches, it may allow you to make your home warmer and cheaper to run at no up-front cost.

Summary of this home's energy performance related features

Element	Description	Energy Efficiency
Walls	Cavity wall, as built, partial insulation (assumed)	★★★☆☆
Roof	Pitched, 75 mm loft insulation	★★★☆☆
Floor	Solid, no insulation (assumed)	–
Windows	Partial double glazing	★★☆☆☆
Main heating	Boiler and radiators, mains gas	★★★☆☆
Main heating controls	Programmer, room thermostat and TRVs	★★★★☆
Secondary heating	None	–
Hot water	From main system	★★★☆☆



Lighting	Low energy lighting in 17% of fixed outlets	★ ★ ☆ ☆ ☆
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Current primary energy use per square metre of floor area: 298 kWh/m² per year

The assessment does not take into consideration the physical condition of any element. 'Assumed' means that the insulation could not be inspected and an assumption has been made in the methodology based on age and type of construction.

Low and zero carbon energy sources

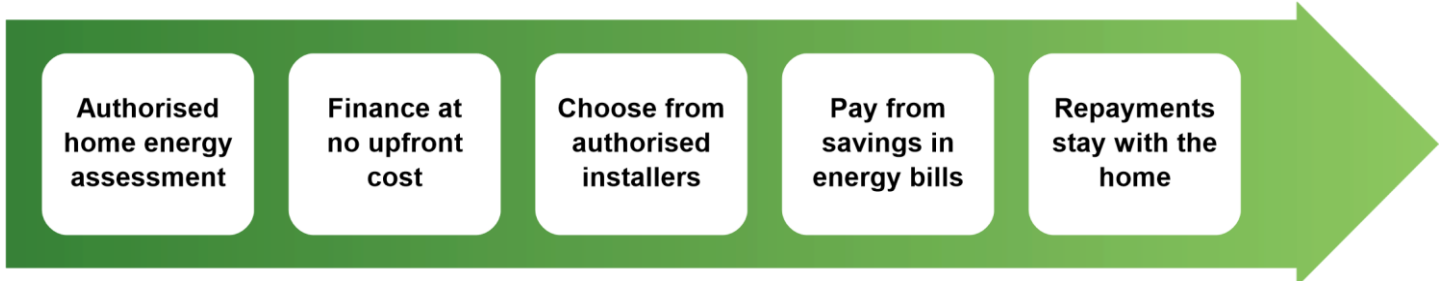
Low and zero carbon energy sources are sources of energy that release either very little or no carbon dioxide into the atmosphere when they are used. Installing these sources may help reduce energy bills as well as cutting carbon. There are none provided for this home.

Opportunity to benefit from a Green Deal on this property

When the Green Deal launches, it may enable tenants or owners to improve the property they live in to make it more energy efficient, more comfortable and cheaper to run, without having to pay for the work upfront. To see which measures are recommended for this property, please turn to page 3. You can choose which measures you want and ask for a quote from an authorised Green Deal provider. They will organise installation by an authorised installer. You pay for the improvements over time through your electricity bill, at a level no greater than the estimated savings to energy bills. If you move home, the Green Deal charge stays with the property and the repayments pass to the new bill payer.



For householders in receipt of income-related benefits, additional help may be available.














To find out more, visit www.direct.gov.uk/savingenergy or call **0300 123 1234**.



Recommendations

The measures below will improve the energy performance of your dwelling. The performance ratings after improvements listed below are cumulative; that is, they assume the improvements have been installed in the order that they appear in the table. Further information about the recommended measures and other simple actions you could take today to save money is available at www.direct.gov.uk/savingenergy. Before installing measures, you should make sure you have secured the appropriate permissions, where necessary. Such permissions might include permission from your landlord (if you are a tenant) or approval under Building Regulations for certain types of work.

Measures with a green tick  are likely to be fully financed through the Green Deal, when the scheme launches, since the cost of the measures should be covered by the energy they save. Additional support may be available for homes where solid wall insulation is recommended. If you want to take up measures with an orange tick , be aware you may need to contribute some payment up-front.

Recommended measures	Indicative cost	Typical savings per year	Rating after improvement	Green Deal finance
Increase loft insulation to 270 mm	£100 - £350	£47		
Cavity wall insulation	£500 - £1,500	£179		
Draught proofing	£80 - £120	£26		
Low energy lighting for all fixed outlets	£50	£43		
Replace boiler with new condensing boiler	£2,200 - £3,000	£339		
Solar water heating	£4,000 - £6,000	£34		
Replace single glazed windows with low-E double glazing	£3,300 - £6,500	£41		

Alternative measures

There are alternative measures below which you could also consider for your home.

- External insulation with cavity wall insulation
- Biomass boiler (Exempted Appliance if in Smoke Control Area)
- Air or ground source heat pump
- Micro CHP





Choosing the right package

Visit www.epcadviser.direct.gov.uk, our online tool which uses information from this EPC to show you how to save money on your fuel bills. You can use this tool to



personalise your Green Deal package.

Public services all in one place

Loft insulation	Total savings of £587
Cavity wall insulation	
Draught proofing	
Condensing boiler	
Electricity/gas/other fuel savings	£0 / £587 / £0

Green Deal package

Typical annual savings

You could finance this package of measures under the Green Deal. It could **save you £587 a year** in energy costs, based on typical energy use. Some or all of this saving would be recouped through the charge on your bill.

17 Any Street, District, Any Town, B5 5XX

13 March 2012 RRN: 0919-9628-8430-2785-5996

Energy Performance Certificate

About this document

The Energy Performance Certificate for this dwelling was produced following an energy assessment undertaken by a qualified assessor, accredited by AAA Energy Assessors Ltd. You can get contact details of the accreditation scheme at www.aaa.co.uk, together with details of their procedures for confirming authenticity of a certificate and for making a complaint. A copy of this EPC has been lodged on a national register. It will be publicly available and some of the underlying data may be shared with others for the purposes of research, compliance and direct mailing of relevant energy efficiency information. The current property owner and/or tenant may opt out of having this information disclosed.

Assessor's accreditation number: AAA_123456

Assessor's name: John Smith

Phone number: 030 5555 1234

E-mail address: john.smith@isp.net

Related party disclosure: No related party



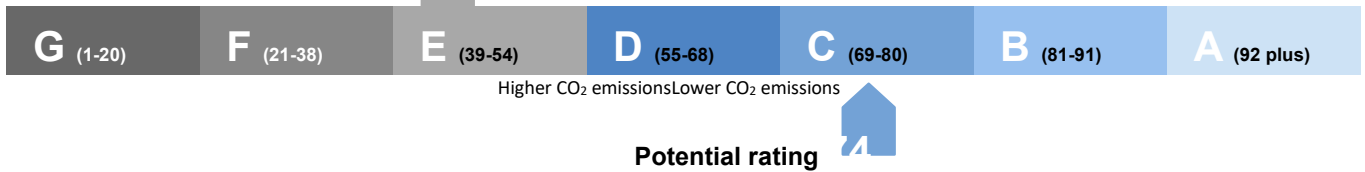
Further information about Energy Performance Certificates can be found under Frequently Asked Questions at www.epcregister.com.

About the impact of buildings on the environment

One of the biggest contributors to global warming is carbon dioxide. The energy we use for heating, lighting and power in homes produces over a quarter of the UK’s carbon dioxide emissions.

The average household causes about 6 tonnes of carbon dioxide every year. Based on this assessment, your home currently produces approximately 9.5 tonnes of carbon dioxide every year. Adopting the recommendations in this report can reduce emissions and protect the environment. If you were to install these recommendations you could reduce this amount by 5.5 tonnes per year. You could reduce emissions even more by switching to renewable energy sources.

The environmental impact rating is a measure of a home’s impact on the environment in terms of carbon dioxide (CO₂) emissions. The higher the rating the less impact it has on the environment. **Current rating**



Your home’s heat demand

For most homes, the vast majority of energy costs derive from heating the home. Where applicable, this table shows the energy that could be saved in this property by insulating the loft and walls, based on typical energy use (shown within brackets as it is a reduction in energy use).

Heat demand	Existing dwelling	Impact of loft insulation	Impact of cavity wall insulation	Impact of solid wall insulation
Space heating (kWh per year)	22,154	(1179)	(4535)	N/A
Water heating (kWh per year)	2,792			

Addendum

This dwelling may have narrow cavities and so requires further investigation to determine which type of cavity wall insulation is best suited.

