

ENERGY **EFFICIENCY** AND **EPC**

The ins and outs of EPCs in the BTL market: who needs one, who is exempt, and what you can do to support your customers.





To reduce harmful emissions, we all need to be more aware of our energy consumption and take positive action to cut our carbon footprint. That's why we're doing all we can to educate ourselves and our customers on the benefits of energy efficiency.


This training module is designed to help you boost your knowledge of Energy Performance Certificates (EPCs specifically in the BTL Market). It's an easy way you can continue to provide expert support for your landlord customers, and help them make smarter, more informed decisions.


Using a simple ratings system, an EPC can help a customer understand the energy efficiency of their home, as well as the carbon emissions it produces. It also suggests improvements they can make in both areas. By helping customers understand the value and the benefits of an EPC, we're making sure they have everything they need to make the right choices.

Read on to find out more, and how you can help your clients get to grips with EPCs.

- 1  First things first

- 2  Let's take a closer look at these exemptions

- 3  Checking for possible exemptions

- 4  What this means for you

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FIRST THINGS **FIRST**



A QUICK OVERVIEW ON **ENERGY PERFORMANCE CERTIFICATES**



[Click on for more information](#)

WHO NEEDS ONE?

A customer can arrange for an EPC at any time, but it's a legal requirement to have a valid EPC when:



**LETTING A
PROPERTY**



SELLING A PROPERTY

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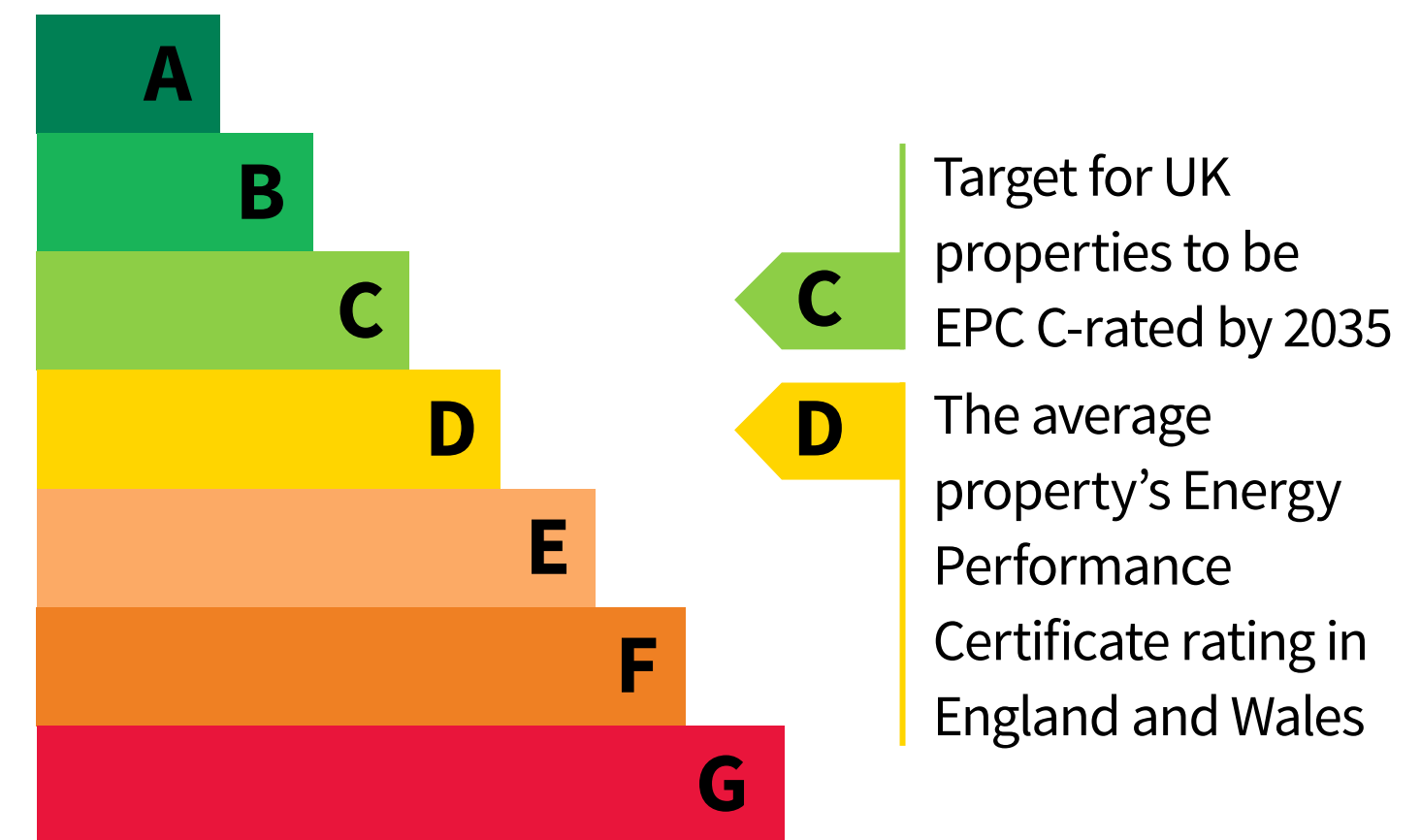
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WHAT DOES AN EPC ACTUALLY DO?

An Energy Performance Certificate shows how energy efficient a home is. It includes an Energy Efficiency Rating for the property with rating bands from **A** to **G** – with **A** being the best, most energy efficient rating and **G** being the least efficient.



The EPC also shows the carbon emissions from a property and its Environmental Impact Rating – again, with rating bands from **A** to **G**. Properties rated **A** produce fewer carbon emissions than those rated **G**.

An EPC is valid for 10 years from the date of issue, although a new EPC assessment can be paid for at any time if the customer believes significant enhancements have been made.

A poor EPC rating doesn't need to stop a purchase, but thought should be given to the cost and effort implications, as well as considering government proposed/actual regulations and if this could impact the customer's ability to let the property at a later date.

SO, IS THERE A WAY TO IMPROVE A PROPERTY'S RATING?

Yes. An EPC will also give some suggestions for boosting energy efficiency and reducing carbon emissions, as well as the costs involved. Improvements can potentially improve a property's ratings in both these areas.

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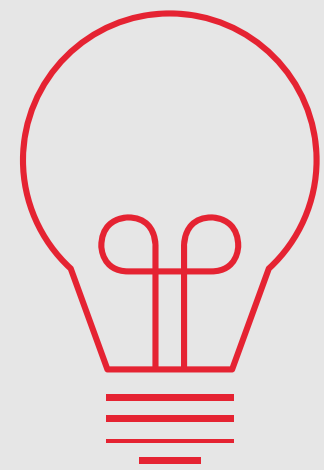
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DOES THAT MEAN AN EPC INCLUDES SUGGESTIONS FOR THE RECOMMENDED IMPROVEMENTS?

That's right. Here are some common suggested, lower cost areas of improvement:

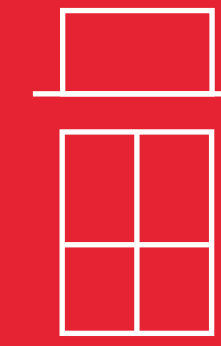
[Click on for more information](#)



LIGHTING



INSULATION



WINDOWS

DID YOU KNOW?

90%

LED bulbs use 90% less energy than halogen bulbs, and also tend to last much longer.

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ARE THERE ANY EXCEPTIONS?

Yes. Legislation allows for certain properties to be either exempt from requiring an EPC, or to be exempt from meeting minimum energy efficiency ratings for a privately rented property.



[Click on for more information](#)

At a glance - the two types of exemption:

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**EXEMPT FROM
REQUIRING AN EPC**

2

**EXEMPT FROM MEETING
PRIVATELY RENTED
PROPERTY MINIMUM
EPC REQUIREMENTS**

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LET'S TAKE A CLOSER
LOOK AT THESE EXEMPTIONS

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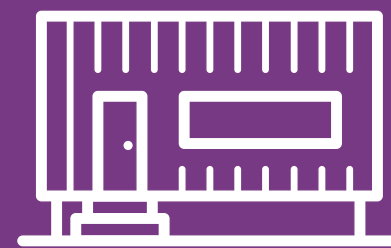
EXEMPT FROM REQUIRING AN EPC

Here are the exemption criteria described by the government, which mean that an EPC is not required:

[Click on for more information](#)



SMALL SPACES



**INFREQUENT
HOLIDAY LETS**



**LOW OCCUPATION
RESIDENTIAL**



**LISTED/PROTECTED
BUILDINGS**

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2

EXEMPT FROM MEETING PRIVATELY RENTED PROPERTY MINIMUM EPC REQUIREMENTS

Minimum Energy Efficiency Standards (known as 'MEES') took effect in 2020, and cover properties in England & Wales.

As there are currently no Minimum Energy Efficiency Standards in Scotland and Northern Ireland, exemptions are not applicable.



This legislation means that landlords cannot let, or continue to let, properties covered by the MEES regulations if they have an EPC rating below E - unless they have a valid exemption in place.

The MEES regulations allow for a number of ways in which a property may be exempt from the requirement to reach the minimum E rating. The most common exemption reasons are based around the MEES cost cap.

Under the current cost cap, a landlord will never be required to spend more than £3,500 (including VAT) on energy efficiency improvements.

Governments across the UK are looking to introduce tighter EPC standards, and the cost caps, penalties, minimum EPC rating and exemptions may change.

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Here are the current exemption criteria* described by the current MEES legislation, which mean that an exemption can be registered:

All relevant improvements made

Where the property is still below an E rating after improvements have been made up to the cost cap of £3,500, or there are no improvements that can be made.

High cost improvement

Where no improvement can be made due to the cost of the cheapest recommended improvement exceeding £3,500.

Wall insulation exemption

Where the only relevant improvements are cavity wall insulation, external wall insulation or internal wall insulation (for external walls), and written expert advice shows that these improvements would negatively impact the fabric or structure of the property.

Third party consent exemption

Where improvements to a property need consent from another party, such as a tenant, free holder or planning department, and despite best efforts consent cannot be obtained.

Property devaluation exemption

Where energy efficiency improvements would devalue the property by more than 5%.

Temporary exemption, due to recently becoming landlord

Where a 6-month exemption can be granted for someone who has recently become a landlord.

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*MEES exemptions are valid for 5 years, after which time a new exemption must be registered which may involve spending up to the cost cap again. A MEES exemption cannot be transferred to a new landlord if the property is sold - the new landlord will need to either improve the property to the minimum standard or register an exemption where one applies.

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CHECKING FOR **POSSIBLE EXEMPTIONS**

A customer who is considering a property which may qualify for either type of exemption should carefully review the property, consider the potential improvement works, study the exemptions reasons and look into the exemption process on the government website.

To check if your customer's property has a registered exemption, you can review the government register.

To help you find the information you need quickly and easily, here are two useful links:



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Search for exemptions online

Search the Private Rented Sector (PRS) exemptions register to find properties that are registered as exempt from the minimum standard of energy efficiency. This register shows when the property was registered as exempt, and also includes the reason.



SEARCH PRS

Latest information on Minimum Energy Efficiency Standards

The guidance on this government website provides information on the main aspects of the regulations, and includes links to more detailed information including case studies.



FIND OUT MORE



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WHAT THIS **MEANS FOR YOU**



WHY IS THIS IMPORTANT?

In your role supporting customers, we want you to think about an EPC as more than just a legal requirement, or a piece of data to collect.

An EPC can help a landlord make their property more attractive to tenants who want warm dry homes, reduce their carbon footprint and potentially increase their property value.

If your customer is placing a mortgage with BM Solutions, a higher EPC rating can also help them obtain a green product or take advantage of future sustainability initiatives that we will continue to develop and evolve over time.



WHAT DO WE WANT YOU TO DO?

Having a good understanding of Energy Performance Certificates will help you have confident conversations with customers where it is helpful.

You are only expected to provide information, not advice. In fact, it's really important that you don't advise a customer on energy efficiency - this is about raising awareness when it's appropriate, and directing customers who want to learn more to places such as our sustainability hubs.

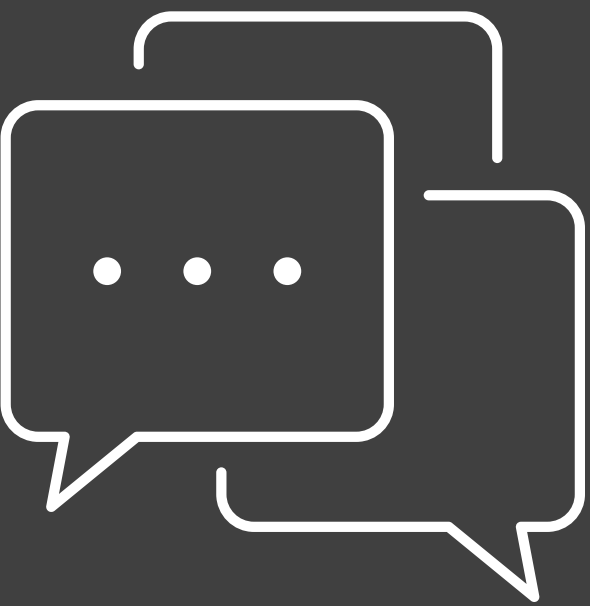
Here are some helpful links:



BM Sustainability Hub



Energy Saving Trust Website



WHEN IS THE RIGHT TIME TO HAVE THOSE CONVERSATIONS?

Whenever your conversation naturally touches on energy efficiency. Your knowledge will help you quickly identify opportunities where customers may be eligible for greener products.

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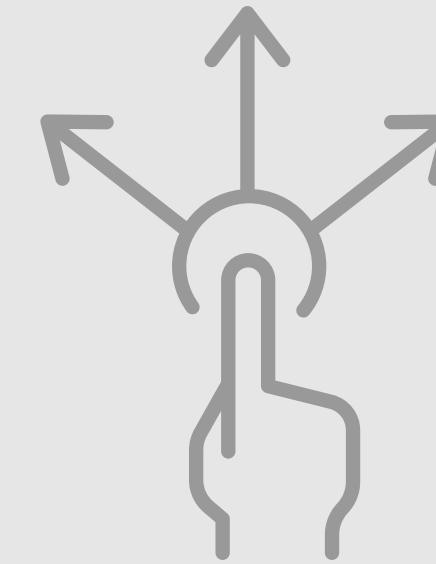
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RECORDING EPC IN APPLICATIONS

Within BM Solutions, we'll be asking you to capture your customer's EPC as part of the mortgage application process. This will support you in identifying where customers qualify for green initiatives.

As a group it will also help us track and monitor evidence towards our strategic ambitions and our commitment to reducing carbon emissions and encouraging sustainable living, to make a difference together.



**GREEN MATTERS.
THE BIGGER,
GREENER, PICTURE.**

Whether it's about future incentives and initiatives, green products, or simply making sure we follow our data capture process correctly, energy efficiency is here to stay. To play our part, we want to align our sustainability objectives to tangible customer actions.

We're not expecting you to become an expert in energy efficiency, and it's important that no advice is given on energy efficiency improvements. That said, a little knowledge on where to signpost your customers for more support goes a long way in helping you to connect green ambitions with customer conversations.

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SUMMARY

To reduce harmful emissions, we all need to be more aware of our energy consumption and take action where possible to reduce our carbon footprint. That's why it's important we continue to educate ourselves, and our customers, on the benefits of energy efficiency.

Building awareness, improving knowledge, and boosting confidence in EPCs are great ways we can support the wider market. EPCs help a customer understand how much their energy bills may cost, as well as outlining the carbon emissions produced by their property and providing ideas on how to improve energy efficiency.

BM Solutions capture EPC ratings as part of the mortgage application process and we'll use the ratings to potentially offer beneficial green products.



THANK YOU

Thanks for completing this introduction to Energy Performance Certificates. We hope you've found it interesting and informative.

Your understanding of EPCs will equip you to better identify opportunities, and support customers with confidence.



CERTIFICATE OF CONTINUING PROFESSIONAL DEVELOPMENT

CONGRATULATIONS ON COMPLETING YOUR RECENT TRAINING SESSION.

As well as contributing to your CPD requirement, training is a great way to keep up to date with the latest rules and regulations.

Your understanding of Energy Performance Certificates (EPCs) will help you support clients and new customers, identify opportunities and add value to your service.

Duration: **Minutes**

Name:

Signed:

A handwritten signature in black ink that reads 'Leigh Church'. The signature is written in a cursive style with a large initial 'L'.

Leigh Church, Head of BM Solutions

Date:
