



# EPC Hints and Tips

Your questions answered



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The proposed changes to Energy Performance Certificate (EPC) requirements are due to come into force in 2025 and it's therefore strongly advisable for landlords to create a plan of action as soon as possible.

Those looking to rent out properties in 2025 and beyond should establish what needs to be done to each property within their portfolio in order to secure an EPC rating of 'C' or above, what the likely costs are to do this and where the funding will come from.

With the government proposing fines of £30,000 per property for EPC failings, the deadline cannot be ignored. This guide is designed to explain clearly all of the regulatory proposals and how to proceed with a clear plan in order to make your properties energy efficient.

In this booklet, we cover:

- [EPC Basics](#)
- [Benefits & Advantages](#)
- [Funding EPC Improvements](#)
- [Opportunities](#)
- [Help & Assistance](#)



## EPC basics



### How do I know if I need an EPC?

**An EPC (Energy Performance Certificate) is required when a property is marketed for renting purposes or sale – it is a legal document that provides prospective buyers/tenants with an indication of the energy performance of that property.**

In addition, a property may need an EPC for any government policy that helps with improvements on the property – a good example of this is MEES, where domestic properties being rented must achieve an E rating or above in order to be rented.

More information at:

<https://www.gov.uk/guidance/domestic-private-rented-property-minimum-energy-efficiency-standard-landlord-guidance>



Conveyancing solicitors should be able to confirm whether the property transaction requires an EPC. More information on EPC's and the circumstances they are required can be found at:

[www.gov.uk/buy-sell-your-home/energy-performance-certificates](http://www.gov.uk/buy-sell-your-home/energy-performance-certificates)



### I already have an EPC. How long is it valid for & How do I check if my EPC is still valid?

EPC's should be checked by visiting:

[www.gov.uk/find-energy-certificate](http://www.gov.uk/find-energy-certificate)



Here you have the option to search for an energy certificate (of various types) by using postcode, street name and town, or if you already know the certificate number (a unique number given to each certificate). **An EPC is valid for 10 years** from the time it was 'lodged'. The lodgement date is the date at which the EPC is uploaded onto the central EPC register – a government hosted website. The EPC states clearly when the certificate is valid until.

1, West Grove West Park LEEDS LS16 5FA	Energy rating <b>A</b>
Valid until <b>2 February 2030</b>	Certificate number <b>8310-7932-6120-1827-0206</b>



## Q. What is the current rating and what might it take to improve the rating?

**The current rating that is required to be able to rent and sell a property is E.**

The most suitable improvements for the property (according to EPC methodology which favours a fabric first approach) will be shown on the recommendations that can be found on the certificate. It also shows what installing the recommendation could see the EPC rating change to. See example opposite.

It is worth understanding that there are other ways to improve the energy performance of a property that may not be listed on the recommendations.

**Generally to improve the rating at little cost the property owner can:**

**install low energy lighting**

**apply draught proofing to old doors and windows**

**ensure the hot water cylinder is well insulated**

These can all help increase the rating of your EPC.

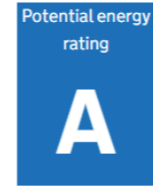


## Improve this property's energy performance

By following our step by step recommendations you could reduce this property's energy use and potentially save money.

Carrying out these changes in order will improve the property's energy rating and score from C (70) to A (94).

[Do I need to follow these steps in order?](#)



### Step 1: Solar water heating

Typical installation cost	£4,000 - £6,000
Typical yearly saving	£205
Potential rating after completing step 1	74   C

### Step 2: Solar photovoltaic panels, 2.5 kWp

Typical installation cost	£3,500 - £5,500
Typical yearly saving	£348
Potential rating after completing steps 1 and 2	80   C

### Step 3: Wind turbine

Typical installation cost	£15,000 - £25,000
Typical yearly saving	£676
Potential rating after completing steps 1 to 3	94   A

## Q. What are the new Domestic MEES requirements and when do they come into force?

In autumn 2020, the government released a consultation on changing the Domestic MEES requirements, bringing more properties into the 'scope' of the regulations. The consultation closed in January 2021, and as yet Government are yet to announce the outcome of the consultation.

**The main proposed changes are as follows:**

### 1. Minimum EPC rating to be raised from E to C.

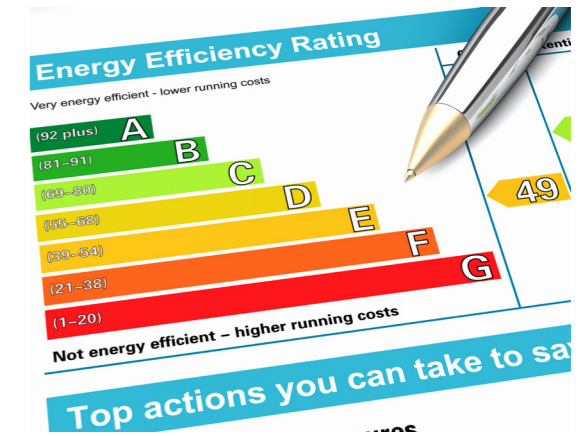
The consultation suggests this will be enforced from 1 April 2025 for existing tenancies, and from 1 April 2028 for new tenancies.

### 2. Cost cap to be raised from £3,500 to £10,000 per property

The amount of money that is required to be spent by the Landlord in making energy efficient improvement to the property before an exemption can be sought. The government says this would be sufficient to bring more than 90% of D-rated properties up to a C rating, as well as nearly 60% of E-rated properties.

### 3. "Fabric first" policy to be introduced

Aimed to control the order by which work is carried out, ie. improvements to the fabric of the building (ie insulation, windows and doors) must be done before additional measures such as new heating systems are installed.





## Benefits & Advantages

### Q. Will I be able to increase the rent on a property with an improved EPC?

When you have improved the energy efficiency of the property you can potentially increase the rent as the home becomes more affordable in terms of fuel bills.

However, it is also worth considering that many tenants are now reviewing EPC's of potential rentable properties as this gives a reasonable estimation on what the fuel bills will be. See example opposite.

#### Estimated energy use and potential savings

Based on average energy costs when this EPC was created:

Estimated yearly energy cost for this property	£1254
Potential saving if you complete every step in order	£205

The estimated cost shows how much the average household would spend in this property for heating, lighting and hot water. It is not based on how energy is used by the people living at the property.

For more information regarding rent:  
[www.gov.uk/private-renting/rent-increases](http://www.gov.uk/private-renting/rent-increases)



### Q. Are properties with better EPCs able to secure better mortgage products?

There are a number of mortgage lenders currently offering a discount to borrowers who already have an energy efficient property; more recently we have seen lenders operating in the specialist mortgage market offer a discount to those that are looking to improve the efficiency rating ahead of 2025. As the deadline approaches, we expect more lenders to reward those who are actively trying to approve the energy efficiency of their properties.



## Funding EPC Improvements

### Q. How can I fund EPC improvements?

There are many ways to fund improvements for the EPC. In terms of MEES to be able to get any funding improvements for your property the landlord will firstly need to use their own £3,500 (Including VAT) to improve the property. As mentioned, the government are planning to increase the above cost cap to £10,000 (Including VAT).

Landlords can apply for funding through mechanisms such as ECO, you can also apply for upgrade schemes that are ran by the government such as the boiler upgrade scheme etc.

### Q. What options are available to me if I can't afford to fund the necessary improvements?

If you are unable to fund the necessary improvements you can apply for a MEES exemption. The exemption must be registered on the national PRS exemptions register which was launched in October 2017. Exemptions last for five years, after this time frame the landlord must again attempt to improve the energy efficiency of the property to a minimum of an EPC Band E.

### Q. What is the deadline for getting an EPC of C or above?

The deadline for getting an EPC of C or above is expected to be **April 2025**. (Waiting for government approval).

### Q. How long should I allow for the improvements to be done in time?

Depending on what improvements are being implemented it is hard to give a timeframe. **We would encourage all Landlords to start improving their properties ASAP**, as once the property has been improved a new EPC will need to be commissioned.

EPC methodology updates over time, in line with new Building Regulations – as an EPC lasts for 10 years it is advisable to have a new EPC as soon as the improvements have been made.

### Q. What happens if I don't secure the required EPC in time?

If you do not secure the required grade E EPC in time and you are still renting the property out there can be a fine of up to £5,000 per property. When the grade C EPC gets approved by the government the fine will then increase up to £30,000.

## Opportunities



### **What options are available to landlords looking to acquire properties that require EPC improvements?**

Landlords have many options available to acquire properties that need EPC improvements. One of those options are property auctions, looking at the government register where they can look at the existing EPC's and also estate agents.

## Help & Assistance



### **Who can I speak to for advice on EPCs?**

If you would like some advice on EPC's then contact a Domestic Energy Assessor. Other general advice services such as the Energy Saving Trust may be worth contacting.



### **Who can help with securing finance for EPC upgrades?**

The government can provide guidance on how to secure finance for the EPC upgrades on your property. The banks and third parties can also help secure finance for the upgrades on your property. Indeed, at Mercantile Trust, we provide finance to those looking to fund EPC upgrades; you can either contact us directly or through your mortgage adviser.



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