

Guidance

Domestic private rented property: minimum energy efficiency standard - landlord guidance

Guidance for landlords of domestic private rented property on how to comply with the 2018 'Minimum Level of Energy Efficiency' standard (EPC band E).

From: Department for Energy Security and Net Zero

(/government/organisations/department-for-energy-security-and-net-zero) and Department for Business, Energy & Industrial Strategy

(/government/organisations/department-for-business-energy-and-industrialstrategy)

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This page is about domestic private rented properties. There's different guidance for landlords of non-domestic private rented properties (https://www.gov.uk/government/publications/non-domestic-private-rented-property-minimum-energy-efficiency-standard-landlord-guidance).

This guidance provides information on the main aspects of the regulations. If your particular situation is not covered, we have <u>more detailed guidance</u> including case studies.

Find out if your property is covered by the Regulations

The Domestic Minimum Energy Efficiency Standard (MEES) Regulations set a minimum energy efficiency level for domestic private rented properties.

The Regulations apply to all domestic private rented properties that are:

- let on specific types of tenancy agreement
- legally required to have an Energy Performance Certificate (EPC)

Answer these questions to find out whether your property is covered by the Regulations

- 1. Is your property let on one of the following types of domestic tenancies:
- an assured tenancy?
- a regulated tenancy?
- a domestic agricultural tenancy?
- 2. Is your property legally required to have an EPC?

If the property you let has been marketed for sale or let, or modified, in the past 10 years then it will probably be legally required to have an EPC.

If you answered Yes to both these questions, and your property has an EPC rating of F or G, you must take appropriate steps to comply with the requirements of the MEES Regulations. We explain how to do this below.

If you answered No to one or both of these questions, your property is not covered by the Regulations, and you don't need to take action to improve the property rating. You may let it with an EPC rating of F or G.

Find out how to get a rating on your property (https://getting-new-energy-certificate.digital.communities.gov.uk/)

<u>Find out more about EPC requirements for homes</u>
(https://www.gov.uk/government/publications/energy-performance-certificates-for-the-construction-sale-and-let-of-dwellings)

When you need to take action to improve your property to EPC E

Since 1 April 2020, landlords can no longer 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.

If you are currently planning to let a property with an EPC rating of F or G, you need to improve the property's rating to E, or register an exemption, before you enter into a new tenancy.

If you are currently letting a property with an EPC rating of F or G, and you haven't already taken action, you must improve the property's rating to E immediately, or register an exemption.

If your property is currently empty, and you are not planning to let it, you don't need to take any action to improve its rating until you decide to let it again.

Funding improvements to your property

The cost cap: you will never be required to spend more than £3,500 (including VAT) on energy efficiency improvements.

If you cannot improve your property to EPC E for £3,500 or less, you should make all the improvements which can be made up to that amount, then register an 'all improvements made' exemption.

There are 3 ways to fund the improvements to your property:

Option 1: Third party funding

If you are able to secure third-party funding to cover the full cost of improving your property to EPC E, you can use this and you don't need to invest your own funding:

- the cost cap does not apply
- you should make use of all the funding you secure to get your property to band E, or if possible higher. Funding can include:

- Energy Company Obligation (ECO)
- · local authority grants
- Green Deal finance

<u>Find out more about funding opportunities for landlords</u> (https://www.simpleenergyadvice.org.uk/pages/funding-opportunities-for-landlords)

Option 2: Combination of third-party funding and self-funding

If you can secure third-party funding but it is:

- less than £3,500, and
- not enough to improve your property to EPC E

you may need to top up with your own funds to the value of the cost cap.

Please note

- you can count any energy efficiency investment made to your property since 1 October 2017 within the cost cap
- if your property can be improved to E for less than the cost cap, that is all you need to spend

Option 3: Self funding

If you are unable to secure any funding, you need to use your own funds to improve your property. You will never need to spend more than the cost cap.

You do not need to spend up to £3,500 if your property can be improved to EPC E for less. If you can improve your property to E for less than the cap, you will have met your obligation.

If it would cost more than £3,500 to improve your property to E, you should install all recommended measures that can be installed within that amount, then register an exemption.

If you have made any energy efficiency improvements to your property since 1 October 2017, you can include the cost of those improvements within the £3,500 cost cap.

Selecting energy efficiency measures

Your EPC report will include a list of recommendations detailing measures which should improve the energy efficiency of your property. It will include both a short list of top actions you can take, and a more detailed list further

down setting out all recommended measures. The recommendations will help you choose which measure or combination of measures to install.

Sample table of recommendations from the EPC report

These measures 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.

Recommended measures	Indicative cost	Typical savings per year	Rating after improvement
Room-in-roof insulation	£1,500- £2,700	£837	E39
Internal or external wall insulation	£4,000- £14,000	£195	E45
Solid floor insulation	£4,000- £6,000	£122	E49
Increase hot water cylinder insulation	£15-£30	£142	E54
Draught proofing	£80-£120	£18	D55
Low energy lighting	£20	£21	D56
High heat retention storage heaters / dual immersion cylinder	£1,200- £1,800	£319	D67
Solar water heating	£4,000- £6,000	£57	C69
Replace single glazed windows with low-E double glazed windows	£3,300- £6,500	£123	C73
Solar photovoltaic panels	£5,000- £8,000	£287	B83

The MEES Regulations refer to the concept of 'relevant energy efficiency improvements'. This is a measure, or package of measures, recommended in your EPC report, which can be purchased and installed for £3,500 or less (including VAT) - the cost cap.

Other types of energy efficiency reports may contain the recommendations list from the EPC report, for example, a Green Deal Advice Report (GDAR), or reports produced by qualified surveyors.

If you have installed all 'relevant energy efficiency improvements' for your property, but your property's EPC rating is still below E, you can <u>register an exemption (https://prsregister.beis.gov.uk/NdsBeisUi/used-service-before)</u> on the grounds that 'all relevant improvements have been made and the property remains below an E'.

You are free to install any energy efficiency measure(s), but:

- if your chosen improvements do not appear in the list of 'recommended energy efficiency improvements'
- and they fail to improve your property to EPC E

you will not be able to let the property or register an 'all relevant improvements made' exemption. You will then need to make further attempts to improve the rating to a minimum of E, in order to let the property.

Registering an exemption

There are various exemptions that apply to the prohibition on letting a property with an energy efficiency rating below E.

If your property meets the criteria for any of the exemptions, you will be able to let it once you have registered the exemption on the PRS Exemptions Register.

Information required for all exemptions

- address of the property
- · type of exemption you are registering
- copy of a valid EPC for the property

'All relevant improvements made' exemption

Register this exemption if the property is still below EPC E after improvements have been made up to the cost cap (£3,500 incl VAT), or there are none that can be made.

This exemption lasts 5 years. After that it will expire and you must try again to improve the property's EPC rating to E. If it is still not possible, you may register a further exemption.

To register this exemption, you need to provide this additional information:

- if you didn't rely on your EPC report to select measures appropriate for your property, and instead opted for a report prepared by a surveyor for example, you must provide a copy of that report
- details, including date of installation, of all recommended improvements you made at the property (unless none were recommended)

'High cost' exemption

Register this exemption if no improvement can be made because the cost of installing even the cheapest recommended measure would exceed £3,500 (including VAT).

This exemption lasts 5 years. After that it will expire and you must try again to improve the property's EPC rating to E. If it is still not possible, you may register a further exemption.

To register this exemption, you need to provide this additional information:

- 3 quotes from qualified installers for purchasing and installing the cheapest recommended measure, demonstrating that the cost would exceed £3,500 (including VAT)
- written confirmation that you are satisfied that the measure exceeds £3,500 (including VAT)

Wall insulation exemption

Register this exemption if the only relevant improvements for your property are:

- · cavity wall insulation
- external wall insulation
- or internal wall insulation (for external walls)

AND

you have obtained written expert advice showing that these measures would negatively impact the fabric or structure of the property (or the building of which it is part).

This exemption lasts 5 years. After that it will expire and you must try again to improve the property's EPC rating to E. If it is still not possible, you may

register a further exemption.

To register this exemption, you need to provide this additional information:

 a copy of the written opinion of a relevant expert stating that the property cannot be improved to an EPC E because a recommended wall insulation measure would have a negative impact on the property (or the building of which it is part)

Third-party consent exemption

Register this exemption if the relevant improvements for your property need consent from another party, such as a tenant, superior landlord, morgagee, freeholder or planning department, and despite your best efforts that consent cannot be obtained, or is given subject to conditions you could not reasonably comply with.

This exemption lasts:

- 5 years
- or, where lack of tenant consent was the issue, until the current tenancy ends or is assigned to a new tenant

In either case, once the exemption comes to an end, you need to try again to improve the EPC rating of the property, or register a further exemption.

To register this exemption, you need to provide this additional information:

 copies of any correspondence and/or relevant documentation (such as a letter from your tenant, or a planning department decision notification) demonstrating that consent for the recommended measure was required and sought, and that this consent was refused, or was granted subject to a condition that you were not reasonably able to comply with

Property devaluation exemption

Register this exemption if you have evidence showing that making energy efficiency improvements to your property would devalue it by more than 5%. In order to register this exemption you will need a report from an independent surveyor. This surveyor needs:

- to be on the Royal Institute of Chartered Surveyors (RICS) register of valuers
- to advise that the installation of the relevant improvement measures would reduce the market value of the property, or the building it forms part of, by more than 5%

This exemption lasts 5 years. After that it will expire and you must try again to improve the property's EPC rating to E. If it is still not possible, you may register a further exemption.

To register this exemption, you need to provide this additional information:

 a copy of the report prepared by an independent RICS surveyor that provides evidence that the installation of the recommended measures would devalue to property by more than 5%

Temporary exemption due to recently becoming a landlord

If you have recently become a landlord under certain circumstances (see section 4.1.6 in Chapter 4 of the full Guidance document (https://www.gov.uk/guidance/domestic-private-rented-property-minimum-energy-efficiency-standard-landlord-guidance#more-detail-and-examples) for details of those circumstances) you will not be expected to take immediate action to improve your property to EPC E. You may claim a 6 months exemption from the date you became a landlord.

This exemption lasts 6 months from the date you became the landlord. After that it will expire and you must have either:

- improved the property to EPC E
- or registered another valid exemption, if one applies

To register this exemption, you need to provide this additional information:

- the date on which you became the landlord for the property
- the circumstances under which you became the landlord

How to register an exemption

- · create an account
- enter the address of your property
- state the type of exemption you want to register
- upload all the required evidence, including a copy of a valid EPC for the property (the Register can accept pdf, png, jpg, jpeg, doc or docx files, with a maximum size of 4 MB per file)

Exemption data cannot be amended once the data has been submitted. Make sure you have checked everything carefully before submitting.

All exemptions apply from the point you register them.

If you improve an exempt property to E after having registered an exemption (or stop renting the property out) you can cancel the exemption

by going to your account 'dashboard' page and selecting 'View or manage my exemptions'.

Register an exemption (https://prsregister.beis.gov.uk/NdsBeisUi/used-service-before)

Assisted digital support to register an exemption

If you need assisted digital support to register an exemption please get in touch by email: esnz@cust-serv-details.com or call the digital helpline on 0800 098 7950.

The Assisted Digital service provides digital support in lodging an exemption on the register, but it is the responsibility of the landlord to ensure that their property meets the eligibility criteria for an exemption. The service is not able to provide advice on whether individual properties meet the criteria for an exemption.

Members of the public can:

- search the Exemptions Register for details of exempt properties (https://prsregister.beis.gov.uk/NdsBeisUi/register-search-exemptions)
- search the Exemptions Register for details of penalty notices issued by enforcement authorities (https://prsregister.beis.gov.uk/NdsBeisUi/registersearch-penalties)

Enforcement and penalties

The MEES Regulations are enforced by local authorities, who have a range of powers to check and ensure compliance.

The Regulations mean that, since 1 April 2018, private landlords may not let domestic properties on new tenancies to new or existing tenants if the Energy Efficiency Certificate (EPC) rating is F or G (unless an exemption applies).

From 1 April 2020 the prohibition on letting F and G properties will extend to all relevant properties, even where there has been no change in tenancy.

If a local authority believes a landlord has failed to fulfil their obligations under the MEES Regulations, they can serve the landlord with a compliance notice. If a breach is confirmed, the landlord may receive a financial penalty.

Non-compliance with the Regulations

Your local authority may check for different forms of non-compliance, including one or more of the following:

- from 1 April 2018, you let your property in breach of the Regulations
- from 1 April 2020, you continue to let your property in breach of the Regulations
- you have registered any false or misleading information on the PRS Exemptions Register

Compliance notices

If a local authority believes a landlord may be in breach, they may serve a compliance notice requesting information to help them decide whether a breach has occurred. They may serve a compliance notice up to 12 months after a suspected breach occurred.

A compliance notice may request information on:

- the EPC that was valid for the time when the property was let
- the tenancy agreement used for letting the property
- information on energy efficiency improvements made
- any Energy Advice Report in relation to the property
- any other relevant document

Penalties

If a local authority confirms that a property is (or has been) let in breach of the Regulations, they may serve a financial penalty up to 18 months after the breach and/or publish details of the breach for at least 12 months. Local authorities can decide on the level of the penalty, up to maximum limits set by the Regulations.

The maximum penalties amounts apply per property and per breach of the Regulations. They are:

- up to £2,000 and/or publication penalty for renting out a non-compliant property for less than 3 months
- up to £4,000 and/or publication penalty for renting out a non-compliant property for 3 months or more
- up to £1,000 and/or publication for providing false or misleading information on the PRS Exemptions Register
- up to £2,000 and/or publication for failure to comply with a compliance notice

The maximum amount you can be fined per property is £5,000 in total.

Right of review and right of appeal

If you do not agree with a penalty notice, you may ask your local authority to review its decision. They can withdraw the penalty notice if:

- new evidence shows a breach has not occurred
- a breach has occurred, but evidence shows the landlord took all reasonable steps to avoid the breach
- they decide that because of the circumstances of the case, it was not appropriate to issue a penalty

If a local authority decides to uphold a penalty notice, a landlord may appeal to the First-tier Tribunal if they think that:

- the penalty notice was based on an error of fact or an error of law
- the penalty notice does not comply with a requirement imposed by the Regulations
- it was inappropriate to serve a penalty notice on you in the particular circumstances

Full compliance and enforcement process

The Local Authority (LA) checks if a property is in breach of Regulations where:

- a. from 1 April 2018 it as been privately let to new or existing tenant; or
- b. from 1 April 2020 it is privately let; or
- c. the landlord registered an exemption and provided false or misleading information

If the property appears to be in breach of the Regulations, the LA may serve compliance notice on the landlord requesting further information.

If the property is in compliance, no further action will be taken.

If satisfied that the landlord is in breach of the Regulations, the Local Authority may serve a penalty notice on the landlord and publish details of the breach:

a. either the landlord accepts the penalty notice and pays the penalty b. or if the landlord disagrees with the notice, they can request a review of the penalty notice decision.

The LA reviews the decision:

- a. either they find in the landlord's favour and the penalty is quashed b. or they uphold the penalty notice

If the penalty notice is upheld, the landlord can appeal the decision to the First-tier Tribunal which will review the decision:

- a. either the Tribunal finds in the landlord's favour and the penalty is quashed
- b. or the Tribunal rejects the landlord's appeal, and the penalty is affirmed

The landlord then:

- a. either pays the penalty
- b. or does not pay the penalty, in which case the enforcement authority may take debt recovery action

More detail and examples

To find the full detail and case studies, read:

The domestic private rented property minimum standard
 (https://assets.publishing.service.gov.uk/media/5eb00785e90e0723b847d
 644/Domestic_Private_Rented_Property_Minimum_Standard_ Landlord_Guidance_2020.pdf) (PDF, 1.84 MB, 116 pages)

Legal disclaimer

Please note that BEIS **cannot provide legal advice** or a definitive interpretation of the law, as this is a matter for the courts. If you have questions that aren't covered here, you will need to seek independent legal advice.

Setting long-term energy performance standards

Government has committed to look at a long term trajectory to improve the energy performance standards of privately rented homes in England and Wales, with the aim for as many of them as possible to be upgraded to EPC Band C by 2030, where practical, cost-effective and affordable.

We are exploring policy design options with a view to consultation in due course. We ran a series of regional stakeholder workshops in England and Wales this summer to discuss options.

Find out more: Scene-setting slides (used for the regional workshops in the summer of 2019) (https://beisgovuk.citizenspace.com/home-local-energy/prs-minimum-energy-efficiency-standards/supporting_documents/PRS_workshop_slides.pdf)

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