

How to help your clients understand EPCs

May 2022



Energy Performance Certificates are increasingly important as we look to tackle climate change. Here's the lowdown on what they are and how your clients can use them.

You've probably read a lot recently about Energy Performance Certificates (EPCs).

They're not new but they are topical, against the backdrop of soaring energy costs, and as the UK moves towards its target of net zero by 2050.

Our **homes account for 22% of the UK's carbon emissions** and we need to dramatically reduce this to help combat climate change.

As we explained in **EPC changes: Understanding the facts**, the government has proposed tighter energy efficiency rules for landlords from 2025.

These regulations will be a huge challenge for your buy to let clients, but sustainability will ultimately be an issue for all your clients, not just landlords.



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Lack of knowledge

Despite their importance, the landlord population surveyed still don't know about Energy Performance Certificates or what their property's rating is.

Recent Aldermore research revealed that **71%** of consumers and **72%** of renters don't know the EPC rating of their current property.

Landlords fared a bit better. In research we conducted in March 2022, two-thirds told us they're aware of the current requirement to have a minimum E-rated EPC on rental properties. But this dropped to just **55%** who knew this is expected to be tightened to a minimum C-rating in just three years.

There was a clear split in the response from landlords with a larger portfolio – who tended to be aware of the changes – and those with just a handful of properties, who were less likely to be up to date.

Only a third of landlords with one to four properties were aware of the proposals compared to three-quarters of those with 11-20 properties and all of those with 31-40 properties.

Our survey highlighted a clear knowledge gap and a need for brokers, lenders and landlord associations to communicate details of these proposals to our clients, especially those with small portfolios.

Worryingly, nearly **three in 10 – 29%** – also admitted they don't know the EPC ratings of the properties across their portfolio.

And **50%** said they have properties rated D or below that will require upgrade work if the changes come into force.

You can help them by going back to basics to highlight the importance of EPCs and why they matter.

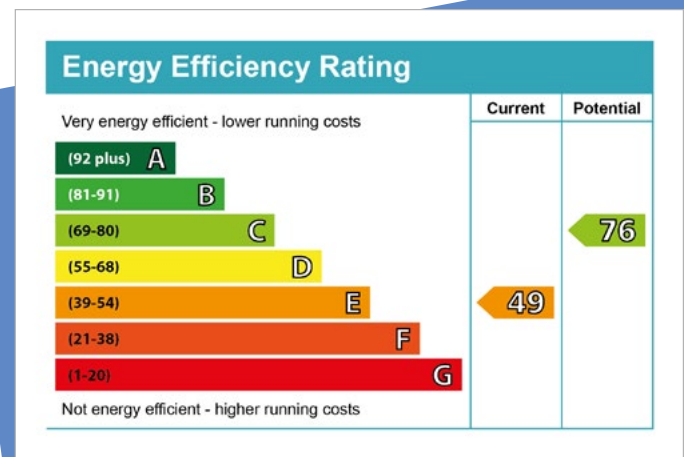
What is an EPC rating?

Energy Performance Certificate (EPC) ratings are an easy way to measure the energy efficiency of properties.

The most energy-efficient homes are rated A through to G for the least.

EPC ratings are actually based on the existing government-approved Standard Assessment Procedure (SAPs) for indicating the running costs of homes. SAP ratings run from 1 to 100 and the higher the number, the lower the running costs of the property.

If you look closely at an Energy Performance Certificate you can see that the A to G ratings actually overlay the SAP numbers, which are also listed.



Above is an example of the Energy Efficiency Rating on an Energy Performance Certificate, showing both the current and potential EPC ratings, as well as the exact SAP ratings and the SAP bandings.

The more specific SAP rating can be useful. If your client's property is D-rated, for example, but the SAP rating shows it's very close to the threshold for a C-rating, they could potentially boost their rating by making minor, inexpensive changes.

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Finding a property's EPC

Anyone buying a home should be able to get hold of the Energy Performance Certificate from the estate agent or the developer if it's a new build.

There's also a government register of **Energy Performance Certificates** if you want to find an EPC.

Those selling or letting a property need to provide an Energy Performance Certificate to the buyer via their estate agent or to a potential tenant, and they usually cost between £50 and £100.

Homeowners or landlords can get them through an accredited property assessor, which they can find using **the government search tool**.



EPCs are valid for 10 years but, if your client has made energy efficient changes to their property, they should get a new assessment to see if the rating has changed.

Understanding the EPC

The EPC certificate details a lot more than just the rating of their property.

It lists what changes could be made to increase the EPC rating of the property.

Breaking it down further to show the costs of the improvements and the potential energy savings they may make.

The recommendations will be specific to the property but will typically include:

- Increasing loft insulation
- Cavity wall insulation
- Draught proofing
- Low energy lighting
- Replacing the boiler
- Solar water heating
- Replace single glazed windows with double glazing

Your client will find lots of information on their EPC. If they want to learn more you could direct them to the **Energy Saving Trust** which provides homeowners and landlords information on how to heat their property more efficiently, conserve energy, reduce heat loss, and make the most of renewable energy.

Here they'll find details on the potential costs of any upgrades and the expected savings to energy bills, plus the reduction in carbon emissions. The suggested works and estimated costs should only be viewed as a rough indication – your client will need to cost the specific EPC improvements on their properties.

The Energy Performance Certificate is the starting point for them to find out more about their property and how they can improve it.

There are grants available in some areas to help with improvements. Your client can check if they're eligible by visiting the government-endorsed **Simple Energy Advice website**. And, of course, you can help them find competitive and appropriate mortgage funding to upgrade their properties.

It's time to bring sustainability into all of your client conversations, whether they're looking to cut their fuel bill, tackle climate change, comply with rule changes or if they haven't yet considered the impact of their EPC rating.

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ARM845-0422-600163 May 2022