

## Amendments to the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 (the “Regulations”) affecting the domestic sector

### A Quick Guide

- The [minimum level of energy efficiency](#)<sup>1</sup> for domestic private rented property in England and Wales is **EPC Band E**;
- **Since 01 April 2018**: landlords of domestic properties<sup>2</sup> may not grant a new tenancy or renew an existing tenancy for a property rated EPC F or G (unless an exemption applies). The landlord must improve the rating to minimum of EPC E (or register an exemption if one applies) before letting;
- **From 01 April 2020**: the minimum level of energy efficiency will apply to all domestic private rented properties covered by the Regulations, even if there has been no change in tenancy. So, from 01 April 2020, landlords may not continue to let properties with an EPC rating of F or G, even to an existing tenant (unless an exemption applies). Landlords are encouraged to take action as soon as possible to ensure their properties meet or exceed EPC E by April 2020.
- If an exemption applies, landlords must register this on the [PRS Exemptions Register](#). Full details of exemptions are set out in the updated Domestic Landlord Guidance – to be published on 21 March 2019. The Exemptions Register changes will go live from 1 April.

#### Key changes

**From 01 April 2019**, a new landlord funding element will apply to domestic landlords. If a landlord of an EPC F or G rated home cannot obtain third-party funding to meet their energy efficiency improvement costs, they will need to self-fund any improvements necessary to comply with the Regulations. The **key changes** are:

- introduction of a landlord financial contribution element, capped at £3,500 per F or G rated property, inclusive of VAT;
- introduction of a ‘high cost’ exemption (available on the Exemptions Register from 1 April). This applies where an EPC F or G rated property cannot be improved to EPC band E for £3,500 or less (inc.VAT);
- removal of the previously available ‘no cost to the landlord’ exemption, and curtailment of all existing exemptions registered on the basis that the landlord could not get any funding for energy efficiency improvements. These will now end on 31 March 2020; and
- removal of the ‘consent exemption’ in cases where a sitting tenant has withheld consent to a Green Deal finance plan.

#### Landlord self-funding and the £3,500 cost cap

If a landlord of an EPC F or G rated home is unable to secure third-party funding (or third-party funding is available in insufficient quantity), they will now need to arrange their own funding to improve their property to EPC band E (or as close as is feasible).

This requirement will apply before the property is let on a new tenancy, or by April 2020 if no new tenancy has been entered into.

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<sup>1</sup> The *Energy Efficiency (Private Rented Property)(England and Wales) Regulations 2015* (amended). Full updated guidance is available here: [www.gov.uk/government/publications/the-private-rented-property-minimum-standard-landlord-guidance-documents](http://www.gov.uk/government/publications/the-private-rented-property-minimum-standard-landlord-guidance-documents)

<sup>2</sup> Essentially, the domestic Minimum Standard Regulations apply to privately rented properties in England and Wales which are: a) let under certain types of domestic tenancy; and b) legally required to have an Energy Performance Certificate (EPC) (but see the Domestic Landlord Guidance for further details).

Where landlord funding is to be used, the amended requirements cap landlord spend at £3,500 per property (inc. VAT). This cap is an upper ceiling, not a target or a spend requirement (although a landlord may spend more if they wish). If a landlord can improve their property to E (or higher) for less than £3,500 then they will have met their obligation.

Please note: if partial third-party funding is to be used alongside landlord funding, the third-party funding may be counted within the cap (for example, if a landlord can obtain £1,000 of third party funding, only £2,500 of self-funding will be necessary). Any investment in energy efficiency the landlord has made in relation to the property since 01 October 2017 may also be counted within the cap.

If a landlord is unable to improve their property to EPC band E for £3,500 they should install all measures which can be installed up to £3,500, then register an exemption on the PRS Exemptions Register on the basis that: 'all relevant improvements have been made and the property remains below an E'.

#### [New 'high cost' exemption](#)

If the cost of purchasing and installing a recommended energy efficiency measure would cause a landlord to exceed the cost cap, the landlord can register an exemption on the PRS Exemptions Register. This new exemption option will be available on the Register from 01 April.

To support this exemption, the landlord must upload copies of quotations from three different installers demonstrating that the cost cap will be exceeded. The exemption will last five years. Once it expires the landlord must try again to improve the property's EPC rating to meet the minimum level of energy efficiency.

#### [Removal of the 'no cost to the landlord' exemption and validity of existing exemptions](#)

The 'no cost to the landlord' provision, which permitted landlords to register an exemption (valid for five years) on the PRS Exemptions Register where they were unable to make improvements to their EPC F or G rated properties at no cost to themselves, will no longer be available after 01 April 2019.

In addition, the validity of all existing exemptions registered on the basis that the landlord could not get any funding for energy efficiency improvements will end for individual properties on 31 March 2020, instead of after five years. Landlords who had registered such exemptions prior to 01 April 2019 will now be required to make improvements (up to the value of £3,500) to ensure their properties achieve EPC E by 01 April 2020 – unless a further exemption applies.

#### [Removal of 'consent exemption' where a sitting tenant withholds consent to a Green Deal finance plan](#)

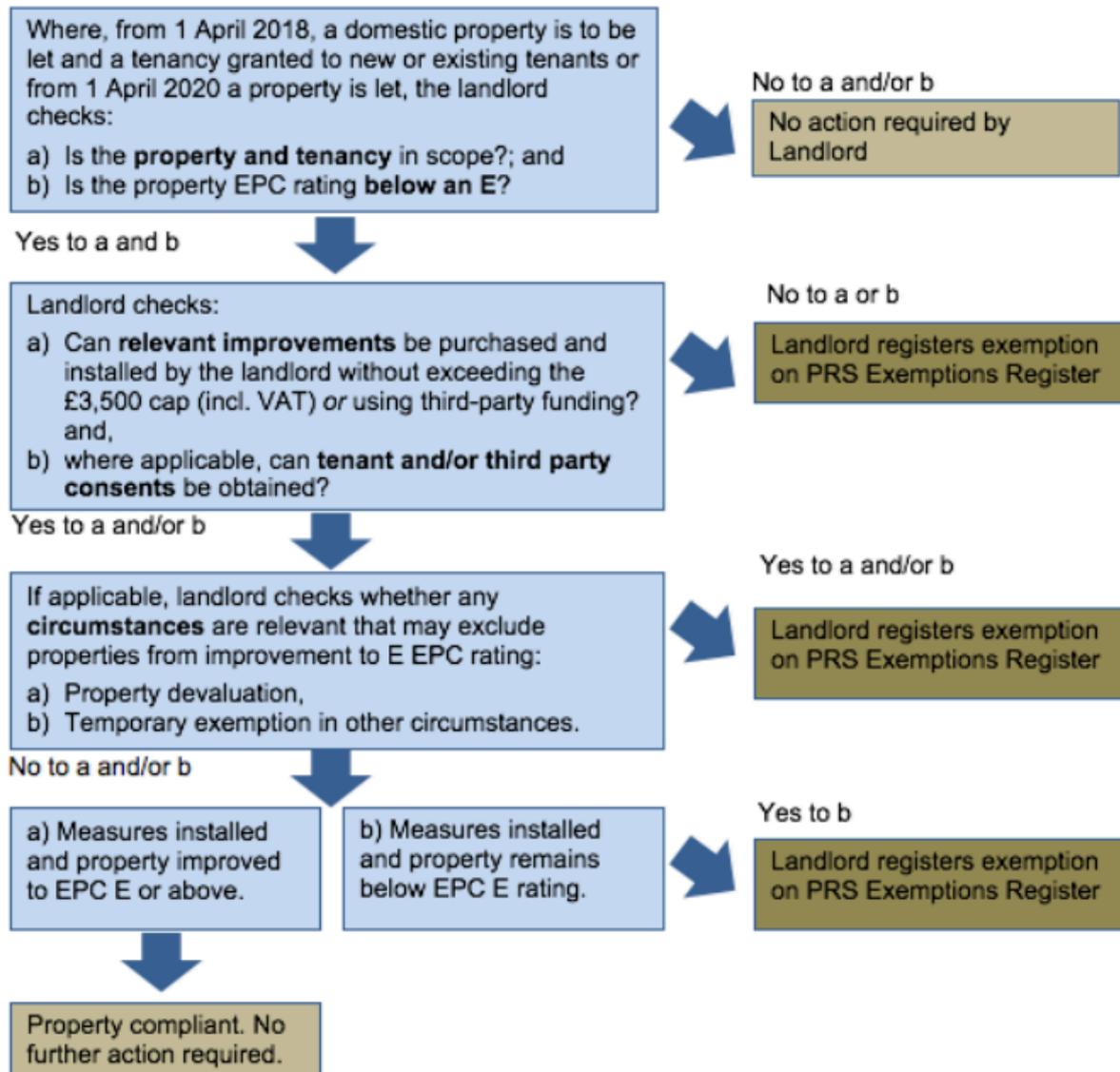
From 1 April 2019, the 'tenant confirmation' consent exemption no longer applies where a sitting tenant withholds their consent to a Green Deal finance plan. This means that, if a landlord has secured Green Deal finance but a sitting tenant withholds their consent to the plan, that will not be enough to allow the landlord to claim an exemption on a 'consent withheld' basis and the landlord must seek alternative means of financing the required improvements, up to and including making a financial contribution themselves.

**[Complete, updated guidance on these new amendments, and on the full requirements of the Regulations, will be published on GOV.UK on 21 March](#)**

## Annex A

### Minimum Standards Regulations Compliance Decision Process

The flowchart below sets out the key decision points a landlord will need to consider to help them comply with their responsibilities under the Regulations:



## Annexe B

### Useful links

The PRS Exemptions Register: <https://prsregister.beis.gov.uk/NdsBeisUi/used-service-before>

The EPC Register: <https://www.epcregister.com/>

Domestic Landlord Guidance: <https://www.gov.uk/government/publications/the-private-rented-property-minimum-standard-landlord-guidance-documents>

Government endorsed Simple Energy Advice website: <https://www.simpleenergyadvice.org.uk/>

