

Holiday Lettings and the EPC



The Legislation

There has been a change in the requirement for Energy Performance Certificates (EPCs) for homes used as holiday lets. From 30 June 2011 an EPC is required for a property rented out as a holiday let where the building is occupied as a result of a short term letting arrangement and is rented out for a combined total of four months or more in any twelve month period.

For these purposes the building is defined as a roofed construction having walls for which energy is used to condition the indoor environment. The building must be subject to Building Regulations and so excludes caravans, tents, mobile homes and park homes.

All buildings in the UK that are constructed, sold or rented are required to have an EPC as part of the European Energy Performance of Buildings Directive (EPBD).

A full EPC, which is several pages long, provides two key pieces of information:

- ◊ The energy efficiency of a property on a scale from A to G (the most efficient being A and G the least efficient). This A-G graph is published on sales particulars and on other marketing literature.
- ◊ The environmental impact of a property, again on a scale from A to G (the most efficient being A and the least efficient G)

Part of the EPC is a recommendation report which will list the potential rating that the property would achieve, if changes were made.

This information can be used to:

- ◊ Cut fuel bills
- ◊ Improve the energy performance of the property
- ◊ Help cut carbon emissions

The EPBD has always included holiday homes but only now has the UK government widened the remit to include such properties.

The landlord is responsible for obtaining the EPC. If the property is being let after 30 June 2011, then it must have an EPC. The EPC will be valid for 10 years—although it may be wise to update it to reflect any subsequent improvements to the property.

From July 2011, the EPC must be attached to written particulars where they are available.



Concerns about the value of the EPC

We recognise that some landlords of holiday homes have not received this news positively—perceiving it as unnecessary government bureaucracy. The concerns expressed to us include:

- ◊ The short term tenant (the holiday maker) will not choose a holiday home on the basis of the energy efficiency of the property but on the location and level of comfort of the property

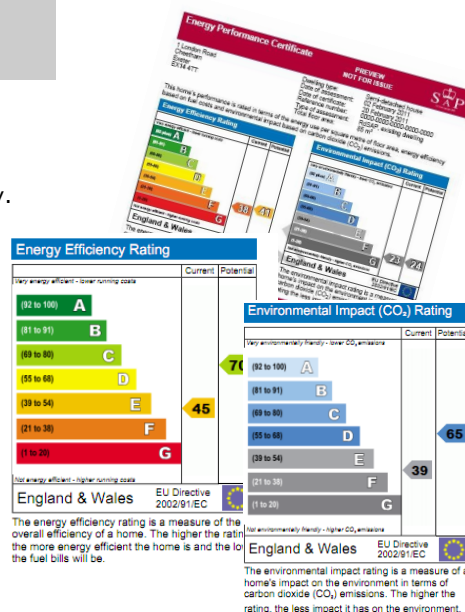
- ◊ Consumers have little interest in energy efficiency anyway, so there is no reason to suppose that they will factor this into their decision making process when choosing their holiday accommodation
- ◊ Since the holiday maker does not pay the bills they have no interest in saving money on energy
- ◊ There is no point in having an EPC carried out when the bulk of the letting period is in the summer months when heating costs are at a minimum

So why have an EPC?

There are a number of positive aspects to an EPC. Many landlords already promote the green credentials of their holiday property in recognition of the growing consumers interest in lowering their 'Carbon Footprint'. An EPC provides the landlord with an official stamp of authority to back up those claims.

By following the advice in the EPC recommendation report you can make real financial savings.

While collecting data for the EPC, a qualified Domestic Energy Assessor (DEA) can also produce a floor plan to help you with marketing. Some can also take photographs. So when you order the EPC ask what other services can be provided.



How can the EPC help me save money?

An EPC will identify if the property is suitable for cavity wall or loft insulation. Both these insulation measures may be available at subsidised rates via the utility company that provides your gas or electricity.

If the property is usually let out in the summer, then adding insulation to a property that is left empty for the coldest months of the year will help protect the fabric of that building.

You may be interested to know that in the social housing sector it has long been recognised that for every pound you spend on energy efficiency measures you can save a pound on maintenance.

Improving the controls on the heating system will help people maintain comfortable temperatures within the property, and your tenants will not be so likely to waste heat by opening windows when they can easily turn the temperature down.

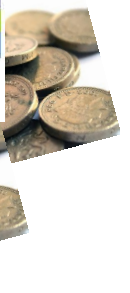
If you, the landlord, are paying the bills, then there's an even greater incentive to get the measures done and save money on running costs. Minor improvements to the hot water system, such as hot water cylinder jackets, will make a huge difference to running costs. When you take seasonality into effect, water heating costs can make up to 75% of the fuel bill in a holiday let home. And in this case every pound you save on the fuel bill is a pound more profit.

So please don't dismiss the EPC as red tape. Read the recommended measures, act on them and start counting the pounds saved.



Recommendations			
The measures below are cost effective. The performance ratings after improvement listed below are cumulative, that is they assume the improvements have been installed in the order that they appear in the table.			
Lower cost measures (up to £500)	Typical savings per year	Performance ratings after improvements	
		Energy efficiency	Environmental impact
1 Increase loft insulation to 250mm	£18	E 46	E 40
2 Cavity wall insulation	£194	D 59	E 52
3 Low energy lighting for all fixed outlets	£19	D 60	E 53
Sub-total	£231		
Higher cost measures			
4 Upgrade heating controls	£23	D 62	D 55
5 Replace boiler with Band A condensing boiler	£126	C 70	D 65
Total	£380		
Potential energy efficiency rating		C 70	
Potential environmental impact (CO₂) rating		D 65	

Further measures to achieve even higher standards			
The further measures listed below should be considered in addition to those already specified if aiming for the highest possible standards for this home.			
Higher cost measures			
6 Solar water heating	£15	C 71	D 67
7 Solar photovoltaics panels, 25% of roof area	£43	C 74	C 70
Enhanced energy efficiency rating		C 74	
Enhanced environmental impact (CO₂) rating		C 70	
Improvements to the energy efficiency and environmental impact ratings will usually be in step with each other. However, they can sometimes diverge because reduced energy costs are not always accompanied by a reduction in carbon dioxide (CO ₂) emissions.			



How can I get an EPC?

To commission an EPC you will need to contact an accredited DEA who will carry out the assessment and produce the certificate.

Accreditation schemes make sure that DEAs have the right skills and are able to carry out the survey to agreed standards. These schemes ensure that DEAs:

- ◇ adhere to standards, codes of conduct and procedures
- ◇ are qualified to conduct an energy assessment, produce the certificate and give advice
- ◇ have the correct insurance
- ◇ are part of a register
- ◇ have had a criminal records check
- ◇ have a complaints procedure

DEAs may be employed by a company (like an estate agent or energy company) or be self-employed. Always check that your DEA belongs to an accreditation scheme.

You can use the energy performance certificate register website to search for a DEA. This website is run by Landmark, on behalf of the government. You can also search online (see under Useful Websites) or check out your local telephone book.

Useful Websites

<http://epcadviser.direct.gov.uk/epcadviser.html>

<http://www.nesltd.co.uk/find-an-assessor>

<http://www.energysavingtrust.org.uk/>

<http://www.communities.gov.uk/documents/planningandbuilding/pdf/866773.pdf>

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