

## THE PROPOSALS IN MORE DETAIL

### INTERIM MILESTONE

- The interim milestone should not be taken to mean that landlords must improve their properties to an EPC C before then improving the property to achieve an EPC B.
- The Government is clear that landlords should invest in the improvement of their building in a way that is most cost-effective and minimises disruption to themselves and their tenants.
- In some cases, a landlord's best approach might be to invest in the building to bring it up to an EPC C and then an EPC B. However, it may be better to undertake one significant retrofit in the 2020s which brings the property up to EPC B, or if EPC B is not possible, the highest cost-effective EPC band the building can achieve. If it makes sense to undertake a one-step improvement, the Government strongly encourages landlords to do so.

### COMPLIANCE WINDOWS

#### **First Compliance Window: EPC C (2025-2027)**

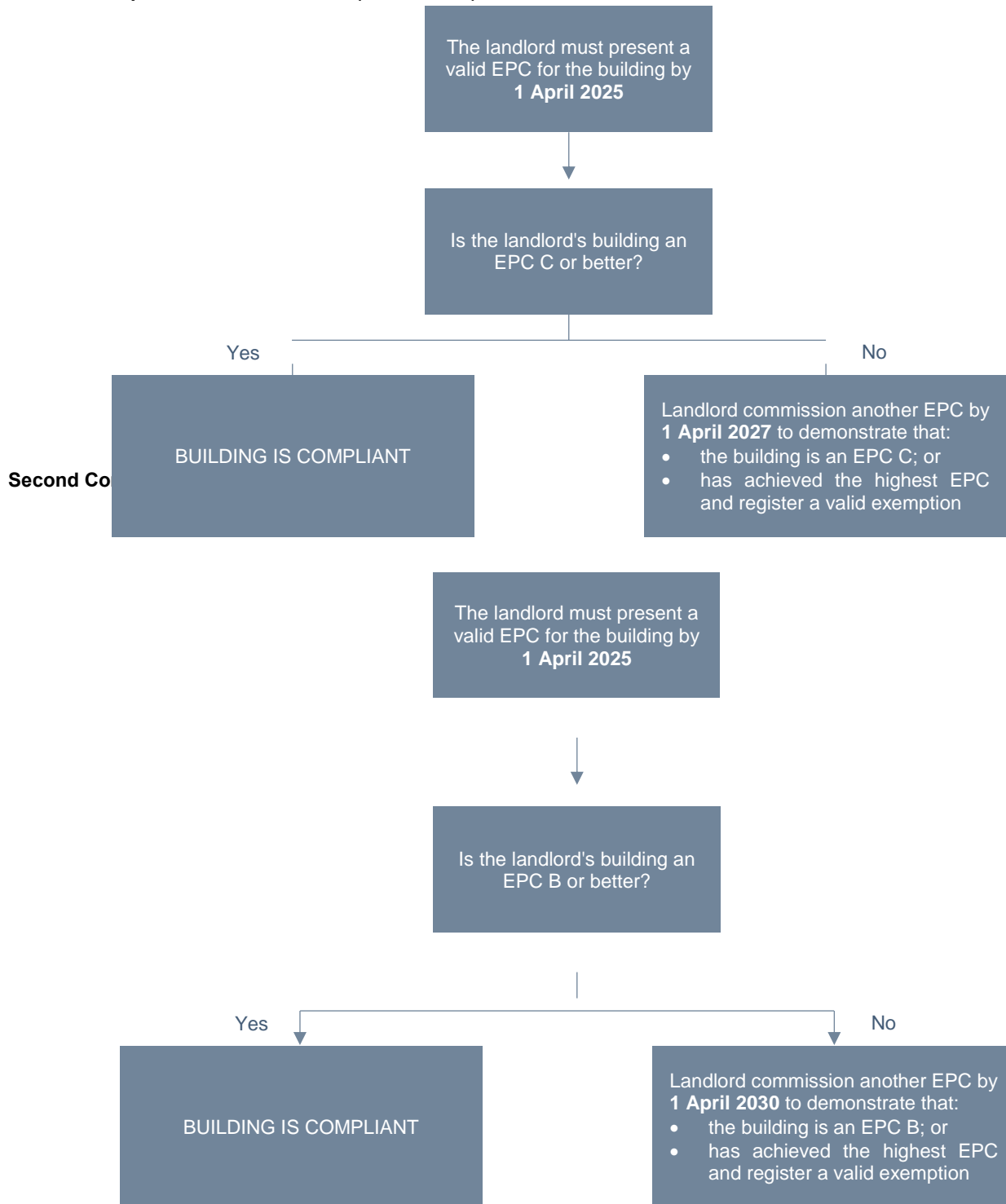
- 1 April 2025: Landlords of all non-domestic rented buildings in scope of MEES must present a valid EPC.
- 1 April 2027: All non-domestic rented buildings must have improved the building to an EPC  $\geq$  C, or register a valid exemption.

#### **Second Compliance Window: EPC B (2028 – 2030)**

- 1 April 2028: Landlords of all non-domestic rented buildings in scope of MEES must present a valid EPC.
- 1 April 2030: All non-domestic rented buildings must have improved the building to an EPC  $\geq$  B, or register a valid exemption.
- At each enforcement date in 2027 and 2030, landlords will need to demonstrate the building has reached the highest EPC band that a cost-effective package of measures can deliver.
- A notable change is that landlords will be required to present a valid EPC two years before the enforcement date for both EPC targets. This will involve submitting their current EPC to an online PRS compliance and exemptions database. This will then 'start the clock', creating a clear time period within which landlords will be expected to undertake improvements if they have not done so already. All properties will have to review their existing exemptions at the start of each compliance window and landlords would effectively have to ensure that any valid exemptions registered are still relevant in 2027 and in 2030.

Consultation flowchart setting out the new compliance and implementation framework:

### First Compliance Window: EPC C (2025 – 2027)



## STRENGTHENING ENFORCEMENT

The following is proposed:

- encouraging compliance by requiring that landlords provide a valid EPC prior to the property being advertised and put on the market.

- requiring letting agents and online property platforms to only advertise and let properties compliant with the PRS Regulations.
- the continual requirement to have an EPC if letting - this will ensure that lease renewals are captured within the scope of the PRS Regulations, by ensuring that properties always have an up-to-date EPC during the whole time that they are being rented out.
- assisting local authority enforcement of the PRS Regulations through a number of proposals including: enabling local authorities to inspect properties; investigate options for local authorities to use EPC Open Data for PRS enforcement.
- post-improvement EPCs to demonstrate compliance with MEES.
- assisting local authority enforcement of the PRS Regulations through a number of proposals including: enabling local authorities to inspect properties; investigate options for local authorities to use EPC Open Data for PRS enforcement and introducing requirements for pre and post-improvement EPCs.
- extension of the period when a penalty charge notice can bite under certain of the EPC regulations.
- tightening exemptions by amending the validity period of exemptions to require a review at each compliance window and
- introducing a standardised payback calculator to determine cost-effective measures.

## **FOR LANDLORDS: MOVE AWAY FROM ENFORCEMENT AT POINT OF LET**

Enforcing at the point of let has not worked well in practice, because non-domestic buildings are often rented in a shell and core state. To be compliant at the point of let, landlords either have to install measures that will be immediately replaced, or tenants will have to pay for installations before they legally become the tenant. The proposed framework addresses the issue by moving enforcement and compliance away from the point of let. Landlords will still be required to hold a valid EPC when looking to rent out their property, but for the purposes of meeting MEES, all non-domestic rented buildings will need to achieve an EPC C by 2027 and EPC B by 2030, regardless of when they are let or when the lease is renewed.

The Government also proposes for a shell and core property where the compliance deadline is missed that a tenant must have occupied a property for a minimum of six months before a local authority can take action against the landlord for failing to meet MEES. This should give landlords and tenants enough time to work together to ensure the building will be compliant with the latest EPC standard, or to have a valid exemption registered.

## **FOR LOCAL AUTHORITIES: CLEARER REQUIREMENTS**

Under the compliance window approach, the MEES requirements will be clearer. If a landlord presents a valid EPC that is below the next EPC target, the landlord must undertake improvements within a time window of 24 months, or register a valid exemption. Using this approach, it will be clear cut whether a landlord has improved their EPC within the allotted time, and if not, local authorities should be able to move swiftly to issuing penalty notices, without the need to look at individual cases. This is far less resource intensive for local authorities, and it should provide consistency, clarity, and will enable enforcement action to be taken with confidence.

## **INDUSTRIAL DECARBONISATION PLAN**

On the back of the energy efficient consultations, BEIS has published an Industrial Decarbonisation Plan, labelled as a blueprint to deliver the world's first low-carbon industrial sector. It includes funding of over £1 billion to help cut emissions from industry, schools and hospitals as well as measures to move towards greener energy sources helping industry to increase its use of low carbon energy sources to around 40% of its total energy consumption b