

The Energy Act 2011

The Energy Act 2011 contains a number of provisions which will affect owners and occupiers of property. Probably most significant are the proposed minimum energy standards and tenants' improvement regulations.

From April 2018, the proposed legislative changes would make it unlawful to let residential or commercial properties with substandard EPC ratings.

From 1 April 2016, tenants will have the power to request that their landlord makes energy efficiency improvements



This could have very significant implications for landlords.

- Marketability of some properties would become impossible unless they were upgraded to meet the minimum standards. It is estimated that approximately 20% of non-domestic properties could be in the F & G rating brackets (i.e the lowest two grades on the scale).
- Valuations of such properties could be affected if their marketability is reduced and they are left empty for long periods of time.
- Be prepared that your tenant could request the changes sooner rather than later.
- Rent reviews for properties in this situation could also be affected.
- There is a high likelihood that the minimum energy standards proposed for 2018 will be raised again in the future, so this issue isn't going away.

Property owners and occupiers should also consider how their property values may be affected.

Linking minimum energy standards to the Green Deal

The Government believes that the “Green Deal” may provide a financial solution to support energy efficiency refurbishment and retro-fit projects.

Landlords interested in linking minimum energy standards to the Green Deal should visit www.gov.uk/green-deal-energy-saving-measures

What can you do?

Clearly affected landlords and occupiers will want to minimise risk.

Given this risk to property owners and occupiers it is clear that a full understanding of the energy efficiency of your property assets should be attained as soon as possible. Owners and occupiers will need to assess the costs and viability of undertaking retrofits or refurbishments and possibly bringing forward properties for marketing prior to 2018 or re-gearing leases.

Although the implementation of the minimum energy standards legislation is 6 years away time is still short to minimise risk.

We suggest the following immediate actions:

- All rentable property needs to have an EPC Assessment as soon as possible.
- Where the EPC Rating is “F” or “G” (or is at risk of becoming so) an “Energy Efficiency Plan” should be put in place to improve the energy efficiency of the property. This should include assessing the costs and benefits of improving energy efficiency and weighing these against options to market the property and/or to re-gear the lease.
- Energy efficiency improvements should always be done during void periods, lease breaks and/or be included as part of the on-going maintenance programme.
- Energy efficiency improvement works would need to be implemented before April 2018.
- It should be assessed whether Green Deal finance could be utilised.

Find out if you can claim the costs of any future insulation works by visiting www.gov.uk/green-deal-energy-saving-measures.

For further advice or assistance contact our friendly team
dash@derby.gov.uk | 01332 641111
www.dashservices.org.uk