



# CONSULTATION ON REFORMS TO THE ENERGY PERFORMANCE OF BUILDINGS REGIME

## **BPF RESPONSE**

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February 2025

## **CONSULTATION ON REFORMS TO THE ENERGY PERFORMANCE OF BUILDINGS REGIME**

### **BPF RESPONSE**

#### **BPF**

The British Property Federation (BPF) represents the real estate sector – an industry which contributed more than £116bn to the economy in 2020 and supported more than 2.4 million jobs.

We promote the interests of those with a stake in the UK built environment and represent a broad range of investors, owners, managers and developers of real estate as well as those who support them. Our members have hundreds of billions of pounds of assets under management, including over 100,000 homes and hundreds of millions of square feet of commercial real estate space. Their investments help drive the UK's economic success, provide essential infrastructure and create great places where people can live, work, and relax.

#### **Introduction**

We welcome the opportunity to respond to the MHCLG/DESNZ consultation on reforms to the energy performance of buildings regime.

Our response focuses on reforms to the EPC regime. We have not responded to the consultation questions on Display Energy Certificates or on Air Conditioning Inspection Reports.

To inform our response, we held two roundtables with members, and invited comments on a draft response from our Sustainability Committee and our Residential ESG Working Group.

Members of the Association of Real Estate Funds (AREF) have also contributed to this response. AREF represents the interest of its fund manager and investor members, who invest in property in the UK, along with firms and sectors that support and advise the property sector in the UK, including lawyers, depositories, accountants, financiers, etc. Its members typically invest for the longer term in larger scale commercial and residential buildings, including offices, shopping centres and logistics premises, build-to-rent homes and purpose-built student accommodation.

We have provided a response to the key consultation questions below. However, we would make the following points up front:

- We welcome the consultation and agree domestic EPCs can be improved.

- We are concerned that the proposals might result in a more complex and confused EPC, rather than a simpler, more accessible and more accurate EPC. We think the focus of the EPC should be on energy and carbon.
- We strongly agree that there should be no changes to non-domestic EPCs and that the carbon metric is maintained as the single headline metric. As such we have not responded to the consultation questions on possible new metrics for non-domestic EPCs.
- It is important to recognise the diversity of tenures and the particular challenges faced by private landlords. This includes challenges in undertaking EPCs but also challenges in making the improvements necessary to improve EPC ratings.
- It is also important to recognise the wider policy context, and the interdependencies between EPCs and wider net zero and housing policy. We need to strike the right balance between improving the energy efficiency of our homes and supporting a thriving private rented sector.
- We are concerned that changes to validity periods and to when EPCs are required would add cost, create an additional burden for industry and be disruptive for residents and tenants.
- It will be important to put in place appropriate transitional measures, including "grandfathering" rights for existing EPCs and a reasonable lead in time before the introduction of new metrics. The more substantial the change to the existing domestic EPC regime, the longer the lead in time will need to be.
- There should be ongoing consultation and engagement with the industry, in particular with the private rented sector given the links to minimum energy efficiency standards (MEES).

If you have any questions about our response, please contact Rob Wall, Assistant Director (Sustainability) at [RWall@bpf.org.uk](mailto:RWall@bpf.org.uk)

February 2025

## Consultation questions

### *What EPCs measure*

#### Question 1

**To what extent do you agree or disagree that information using an energy cost metric should be displayed on EPCs?**

#### **Domestic buildings**

We understand why this would be on the EPC but disagree that this should be a headline metric.

As the consultation paper notes, there are many flaws with the existing energy cost metric.

The predicted energy cost rarely matches the real energy cost, and the volatility of the energy market means that external factors are having a greater impact on energy bills than the performance of the building.

In the private rented sector, we have also seen residents and tenants challenging landlords on energy costs, based on inaccurate predicted costs in EPCs.

We recognise that a cost metric can be valuable to consumers, but only if it is accurate.

We agree that balancing a cost metric with another metric, such as a carbon metric, could give a better overall assessment of a building's performance. As highlighted in the technical annex, a cost metric can run counter to a carbon metric by penalising the transition from fossil fuel heating to low-carbon, but more expensive, alternatives. We understand that the Government will be consulting in due course on ways to make electricity cheaper relative to gas. This should be a priority.

#### Question 2

**To what extent do you agree or disagree that information derived from a fabric performance metric should be displayed on EPCs?**

#### **Domestic buildings**

Information on fabric performance is valuable, but we disagree that this should be a headline metric.

An accurate assessment of fabric performance is not straightforward and can be technically quite challenging. Feedback from our members suggest that assessors often make assumptions and default to the building regulations in place at the time of construction when looking at fabric performance levels. Assessing fabric performance can

also cause significant disruption to residents, incur costs and require improvement works to make good.

It can also be difficult to make improvements to the fabric of a building. For example:

- It can be difficult to improve fabric in a flat or apartment as this could impact on flats adjacent to and above/below and consent may be required from other landlords.
- Fabric improvements often need to be undertaken at the whole building level whereas EPCs are unit level.
- Older buildings are more difficult to assess because the necessary information regarding the structure and make-up of the fabric of the building is often unknown /unavailable. A significant proportion of the existing housing stock is over 100 years old.
- Heritage features on buildings can prevent fabric improvements.

A fabric-first approach is the default. However, improvements in technology mean that low carbon heating systems can operate efficiently even in buildings where extensive fabric improvements are not feasible, and still deliver significant reductions in emissions. These reductions should still be recognised independently of the extent of fabric improvements feasible.

### **Question 3**

**When evaluating the fabric performance of buildings, which methodology do you think should inform the basis of calculating a fabric metric?**

#### **Domestic buildings**

We have not provided a response to this question.

However, we would note that any methodology must work well for occupied properties.

We would also note that the more complex the assessment methodology, the greater the risk that this will further reduce the quality of EPC assessments.

### **Question 4**

**To what extent do you agree or disagree that information based on a heating system metric should be displayed on EPCs?**

#### **Domestic buildings**

We agree that this could be a useful metric, although suggest that a carbon-based metric might make a better headline metric.

As already noted, there would be tension between a metric that rewarded low-carbon heating systems and an energy cost metric that penalises electric heating systems, compared to gas.

Some members have questioned how district heating and communal block systems would be treated within such a metric. Many systems are still gas-fired and it would be important that a heating system metric rewards low-carbon solutions. Heating system metrics should be aligned to the heating carbon metrics proposed to be used in the heat network zoning regulations to ensure alignment between policies.

Any heating system metric should also be aligned to the wider policy framework and clarity is required on Government's strategy for heating homes including urgent confirmation on hydrogen, heat network zoning and timelines to equalise the running costs of heat pumps with gas boilers.

As heating systems for new buildings are dictated by local planning policies and requirements, care needs to be taken to ensure landlords are not penalised on EPCs where they have followed a planning requirement to install a specific type of heating system.

#### **Question 5**

**What are your views on the design principles and the scope for a Heating System metric?**

We make no comment on the design of a heating system metrics, but as a new metric there should be further consultation with industry, especially if this is to be linked to future minimum energy efficiency standards (MEES) for the domestic private rented sector.

#### **Question 6**

**To what extent do you agree or disagree that information based on a smart readiness metric should be displayed on EPCs?**

#### **Domestic buildings**

We disagree.

This would be an entirely new metric. It's unclear how this would work, what this would measure and how this would be assessed.

It doesn't appear to link to existing building regulations, although we are still waiting for the final details of the Future Homes Standard.

It's also not clear how valuable this would be to consumers.

We note that this wasn't proposed by the Committee on Climate Change.

**Question 7****What are your views on the definition, design principles and the scope for a smart readiness metric?**

We note the design considerations and possibilities set out in the technical annex. We make no comment on these. However, if the Government does proceed with the introduction of an entirely new metric, it will be important for further consultation with industry to ensure that the metric is well defined, well understood and can be accurately assessed, especially if this is likely to be linked to new MEES for the domestic private rented sector.

**Question 8****To what extent do you agree or disagree that information from an energy use metric should be displayed on EPCs?****Domestic buildings**

We agree.

This is a useful metric for investors and landlords.

As it stands, this may be less useful for consumers, so agree this should not be a headline metric.

**Question 9****If an energy use metric is to be displayed on Energy Performance Certificates (EPCs), which type of energy use measurement should be used to calculate this metric?****Domestic buildings**

A metric that reflects actual use would be valuable. However, it's not clear how private landlords would be able to access the actual energy consumed by an individual building or unit. Energy consumption data is personal data which is owned by the bill payer (who is typically the resident) and can not be accessed by the landlord without the bill payer's consent. If the Government wants to introduce a "delivered energy" metric, we would welcome clarity on how private landlords will be able to access private energy consumption data. There are also challenges in some existing blocks, particularly in older blocks with communal heating and hot water services, where the costs are paid through a service charge.

**Question 10**

**To what extent do you agree or disagree that information from a carbon-based metric should be displayed on EPCs?**

**Domestic buildings**

We agree.

This could be a headline metric, in place of a headline heating systems metric.

As the consultation paper notes, this is the headline metric for non-domestics EPCs. Many BPF members invest and own commercial buildings, and the decarbonisation of the grid has been a motivating factor in switching away from fossil fuels to all electric buildings, as this is then positively reflected in the non-domestic EPC rating.

Carbon metrics are also important for investors and lenders, who are looking to invest in low carbon and zero carbon buildings. Having this prominent in the EPC will give confidence to investors who want to invest in sustainable buildings that they can continue to use the EPC rating as an indicator of a building's environmental performance.

A prominent carbon metric on EPCs could also be a good opportunity to engage the wider public on climate issues and show how individuals can contribute to tackling climate change by replacing gas boilers and making their homes more energy efficient.

**Question 11**

**To what extent do you agree or disagree with incorporating smart metering technologies, like SMETERS, into the energy performance assessment framework for buildings?**

**Domestic buildings**

We disagree.

We think there is a risk of making EPCs too complex. The key metrics should focus on energy and on carbon.

There are well known performance issues with smart meters which should be addressed before a smart metering metric is implemented, with some meters giving inaccurate readings and connection issues in some areas and with some types of buildings.

In the private rented sector, there can be resistance from some residents to smart meters and gaining access to install smart meters is not straightforward and typically requires the resident's consent.



Where smart meters are in place, private landlords do not usually have access to the smart meter data without the permission of the tenant. As touched on above, this is personal data and covered by GDPR. For reasons we explore in our [Closing the Data Deficit](#) research, it can be difficult to get the resident's permission to access the data. If the Government intends to push forward with this proposal, we would welcome clarity on how private landlords will be able to access smart meter data.

## **Question 12**

### **Do you have any views on key transition issues?**

The new metrics will need to be designed with industry and properly tested. This must include substantial consultation with the domestic private rented sector given the use on the new EPC in assessing compliance with MEES.

There needs to be sufficient lead-in time before the new domestic EPC is introduced, particularly given the links to MEES. Our members have expressed concern that, given the scale of the proposed changes, there will not be sufficient time for the industry to adapt to the new metrics and to improve properties to the new standards to meet a 2028 deadline for new tenancies.

There needs to be more clarity on which homes and buildings fall within scope of domestic EPCs. In particular, we would like clarity on whether live/work units are classified within the scope of domestic or non-domestic EPCs. There also needs to be more clarity regarding properties on long leases that have not been marketed for sale or let, such as regulated tenancies, with clear confirmation that they will not be added into scope of the requirement to have an EPC.

There needs to be a communication plan to engage and inform the property sector on the planned changes.

There needs to be "grandfathering" rights for existing EPCs.

### **When EPCs are required**

## **Question 13**

### **What should be the validity period for Energy Performance Certificate (EPC) ratings?**

## **Question 15**

### **To what extent do you agree or disagree that a new EPC should be required when an existing one expires for private rented buildings?**

The validity period should remain 10 years, and we disagree that a new EPC should be required when an existing one expires for private rented buildings.

We can see the benefits of reducing the validity periods for EPCs but are concerned about the additional cost and burden on industry.

In the private rented sector, we would also be concerned about the disruption to residents and about the practical challenges of accessing properties to undertake EPC assessments. Tenants may need to give consent where leases do not contain relevant access rights and this can be a challenge. If consent is not given then landlords could be subject to fines through no fault of their own. We suggest that at the least an inability to gain access to carry out an EPC assessment should be a defence to a breach of the EPC Regulations (akin to the MEES exemptions where tenant consent cannot be obtained to carry out relevant works).

It is important to note that it can take a long time to improve the EPC rating of a building. This can involve consulting residents, securing planning permission, finding alternative accommodation for those effected and then undertaking substantial building work. We have members who have 5 year (and longer) plans to bring some of the homes from EPC D to EPC B. These changes would not be caught by requiring a new EPC every couple of years.

We are also concerned that requiring EPCs every couple of years could lead to an over-focus on EPCs at the expense of focusing on building improvements. EPCs should drive change but not be an end in themselves.

They may be an argument for requiring a new EPC on the completion of major works on a building, which often happens already in the commercial sector. However, "major works" would need to be clearly defined,

Some properties that are not required to have an EPC have a voluntary EPC on the EPC register. Any requirement to obtain a new EPC when the existing one expires should not apply to such properties.

#### **Question 14**

**To what extent do you agree or disagree with the approach for any changes to validity periods to only apply to new EPCs?**

We strongly agree with the Government's proposal.

If the validity period of EPCs is reduced, all existing EPCs should remain valid until the end of their existing validity period of 10 years and any new validity period should only be applied to new EPCs.

This would be an important part of any transitional arrangements.

**Question 16**

**To what extent do you agree or disagree that the regulations should be amended so that a property must have a valid EPC before it is marketed for sale or rent?**

We disagree. We would like to see the 28-day grace period retained. When marketing new properties for rent, it is not uncommon to market the home before it is completed and has its EPC. When selling homes, some of our members also only commission an EPC when they instruct an agent to market the property as they become the keyholder at this point.

**Question 17**

**To what extent do you agree or disagree that houses in multiple occupation (HMOs) which don't already fall under the (Minimum Energy Efficiency Standards) MEES should do so when a room is rented out?**

**Question 18**

**To what extent do you agree or disagree that there should be a transitional period of 24 months to allow HMO landlords to obtain a valid EPC and comply with MEES regulations?**

**Question 19**

**To what extent do you agree or disagree with requiring short-term rental properties to have a valid EPC at the point of being let?**

**Question 20**

**To what extent do you agree or disagree with requiring short-term rental properties to have a valid EPC irrespective of who is responsible for meeting the energy costs?**

We strongly disagree to student accommodation, which some Local Authorities subject to HMO licensing, having to obtain an EPC for every room e.g. a single cluster-flat in a student housing building which shares a communal kitchen. These rooms are currently specifically excluded from the domestic EPC framework. Requiring a domestic EPC room per room would be expensive, burdensome (there are often several hundred to a thousand rooms per building) and have minimal additional benefit as each room is already covered by a non-domestic EPC covering the whole building and is subject to existing non-domestic MEES. Student accommodation generally operates an all-inclusive rental model where energy is part of the standard fixed bill. The landlord is already heavily incentivised to maximise energy performance and adding a domestic EPC requirement would not enhance this and may detract by focusing time and money away from investment in energy and carbon reduction into the generation and maintenance of domestic EPCs that provide no value to either party.

**Question 21**

**To what extent do you agree or disagree that we should remove the exemption for landlords from obtaining an EPC for buildings officially protected as part of a designated environment or because of their architectural or historical merit?**

We are open minded on this (neither agree nor disagree).

We should seek to improve the performance of our heritage and listed buildings, but this can be difficult and expensive. If the exemption is removed for certain historic buildings, it will be important that appropriate safeguards are in place.

We note that where historic buildings are subject to MEES that the Government will work to find measures to ensure owners of heritage buildings are not required to install unsuitable measures, and that there is clear guidance for owners, including how to claim a suitable exemption. We welcome this.

### **Display Energy Certificates (DECs)**

#### **Question 22-26**

We have not provided a response to the questions on DECs.

### **EPC and DEC data**

#### **Question 27-32**

We have not provided a response to these questions.

### **Managing EPC quality**

#### **Question 33**

**To what extent do you agree or disagree that Accreditation Schemes should be given more responsibility for overseeing the training of energy assessors?**

#### **Question 34**

**Do you have suggestions for other actions which could be taken to improve the accuracy and quality of energy assessments, or to help identify fraud in EPC assessments?**

Our members have reported concerns about the quality of EPC assessments, with different assessors providing widely ranging assessments. There needs to be clearer guidelines to EPC assessments and training of EPC assessors.

#### **Question 35**

**To what extent do you agree or disagree with these proposals to improve compliance?**

#### **Question 36**

**To what extent do you agree or disagree that penalties should be increased?**

#### **Question 37**

**If penalties were to increase, how much should current penalties increase by?**

#### **Question 37**

**If penalties were to increase, how much should current penalties increase by?**

**Question 38**

**When should penalties be imposed for non-compliance with Energy Performance of Buildings Regulations (EPBR) requirements?**

**Question 39**

**What are your views on changing the current allocation of responsibilities for enforcing Energy Performance of Buildings Regulations (EPBR)?**

We have not commented on the specific proposals.

However, we hear reports from members about the poor quality of the EPC register: with duplicate EPCs, out of date EPCs, EPCs that are matched to the wrong property. Any enforcement activity and any penalties imposed must be based on accurate data, on real evidence of non-compliance, and not based on inaccurate data.

**Air conditioning inspection reports (ACIRs)****Questions 40-45**

We have not provided a response to the questions on ACIRs.

**Additional questions****Question 46**

**Please let us know if you have any evidence on the rate of voluntary implementation of recommendations made in EPCs.**

**Question 47**

**Please let us know if you have any comments on the regulatory or equalities impact assessments presented alongside this consultation, in particular, are there any impacts on groups with protected characteristics that we have not identified in the equalities impact assessment?**

**Question 48**

**Please let us know if you have any comments on the impact assessment in general, including any evidence you have on the impact of these proposed reforms.**

We have not provided a response to these questions.

## Annex A

### About you

This consultation seeks views from a diverse range of stakeholders. When responding to this consultation please specify:

#### **Question 1. Are you responding as/on behalf of (select all that apply):**

National representative or trade body

#### **Question 2. If you are responding as a member of the public/a building professional, what region are you responding from?**

N/A

#### **Question 3. If you are responding as a member of the public, are you a [checklist: private tenant, housing association/local authority housing tenant, private landlord, homeowner and other]**

N/A

#### **Question 4. If you are responding on behalf of a business/organisation, what is the name of your business/organisation?**

British Property Federation

#### **Question 5. If you are responding on behalf of a business/organisation, where is your business/organisation based/registered?**

London and Edinburgh, although we represent members from across the UK.

#### **Question 6. When you respond it would be useful if you can confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and include:**

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