

NEWS RELEASE

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NEW RESEARCH REVEALS EXTENT OF NON-COMPLIANCE WITH ENERGY REGULATIONS IN UK COMMERCIAL PROPERTY SECTOR

Even the greenest of businesses are unlikely to be able to make informed choices about the energy efficiency of the premises they buy or rent right now, according to new research published today by National Energy Services (NES).

In a mystery shopping exercise to check on compliance with European and UK law relating to the energy efficiency of buildings in the commercial property sector, NES discovered that more than 80% of agents it spoke to were unable to provide the mandatory Energy Performance Certificate (EPC) for the offices or shops they were marketing for sale or rent. These certificates are a critical part of the Government's efforts to reduce carbon emissions and energy bills for businesses.

88 out of 108 agents (81%) failed to provide an EPC. Almost half of these agents (47%, or 41 agents) said they believed the certificate was not necessary, or just could not give an explanation about why no EPC was available.

National Energy Services, which runs the NHER accreditation scheme, the UK's largest accreditation scheme for EPCs, is calling for Government to get rid of the anomalies between the commercial property sector and the residential sector where EPCs are much more readily available.

Austin Baggett, deputy managing director of National Energy Services said: "The EPC is not just any piece of paper. It's now required by law to inform potential buyers or tenants about the energy performance of a building, so that they can consider energy efficiency as part of their investment or business decision to buy or occupy that building.

"EPCs are a great vehicle to deliver the UK's carbon reduction plans. We have all the infrastructure in place, including thousands of qualified energy assessors ready to provide these certificates at short notice. But with 80% of commercial buildings not complying with the regulations, the potential for carbon and financial savings by business is seriously undermined.

“The display of the EPC rating should be mandatory on all commercial building particulars used by agents to market the building. This is already in place for the sale of homes, and it brings real transparency and help to consumers. In this way, the industry can almost police itself. But this does not reduce the importance of Trading Standard Officers actually going out and checking on compliance and taking action where necessary– something that they are clearly not doing at the moment.

“The energy assessor community is ready and waiting to work with Government and business to overcome the current problems with non-compliance. We would like to see a pan-industry working group that involves our members working on boosting understanding within the commercial property market. NHER energy assessors’ skills, contacts and enthusiasm could and should be harnessed to communicate information at a local level.”

The NES research points out that, as a result of implementation of the EU Energy Performance of Buildings Directive in the UK, it is a legal requirement that all commercial buildings being marketed for sale or rent should now have an Energy Performance Certificate (EPC) available to inform prospective buyers and tenants about the energy performance of the building.

This requirement was phased in throughout last year and took full effect on 4 January 2009. It applies equally to all ‘non-domestic’ buildings – from large city-centre offices to the typical High Street shops and offices that make up the vast majority of our commercial property stock.

Following anecdotal reports that compliance is very patchy, National Energy Services decided to investigate by undertaking a mystery shopper exercise among the leading commercial property agents in five regions in England and Wales who were offering commercial buildings for sale or rent.

Between 27 April and 22 May 2009, NES researchers telephoned 108 commercial property agents across five English regions on the pretext of acting for clients interested in renting or purchasing the freehold for a typical High Street office or shop. All agents were given until 1 June 2009 to contact the surveyor should an EPC have become available.

NES’s experience was that the EPC either appeared within 48 hours of the conversation with the agent or not at all. Indeed, 88 of the agents (81%) failed to provide an EPC. When asked why not:

- Almost half (47% - 41 agents) said they believed an EPC was not necessary, or that they just didn’t know.

- A further third (36% - 32 agents) said that they would only get an EPC at the point of sale. (This is in breach of the regulations which require the EPC to be provided well before entering into any contract to sell or let).
- 17% (15 agents) said that they believed the EPC was in the process of being undertaken.

NES is making four major recommendations as a result of the research:

1. Make the display of the EPC rating mandatory on all commercial building particulars used by agents to market the building. This measure could be achieved for commercial buildings quickly and at little or no cost.
2. Place the legal responsibility of providing an EPC on the actual entity marketing the commercial building (e.g. the commercial property agent). Currently, it is the responsibility of the seller or landlord offering the building for sale or let to make an EPC available for their building. This is unlike the dwellings sector, where the legal liability rests with the seller's estate agent.
3. Make the implications of non-compliance more acute by increasing the penalties. The current levels of penalties range between £500 and £5,000 depending upon a building's rateable value. Clearly this is not providing a deterrent to non compliance and therefore there is an argument that the penalties and enforcement are inadequate.
4. The Department for Communities and Local Government (CLG) should reinvigorate their communication programme with the property industry (particularly in the segment of smaller commercial buildings) and with trading standards departments.

To read a full copy of the report, go to: <http://tinyurl.com/nhernews>

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Notes to Editors

National Energy Services (NES), through its NHER scheme, provides training, software, accreditation, and consultancy in energy efficiency in buildings. The NHER is the leading accreditation scheme for EPCs with over 3,000 energy assessors as members and over 800,000 Energy Performance Certificates (EPCs) lodged since 2007. The company provides services to individual energy assessors, local authorities, housing associations, architects, consulting engineers, energy companies, house builders and central government. NES is majority owned by the National Energy Foundation, an independent educational charity, and is based at the National Energy Centre in Milton Keynes.