Press Release

Older is colder, but benefits outweigh the cost of green home fixes

- **15m homes in England and Wales need energy efficiency improvements**
- **Older and detached homes rate lowest for energy efficiency**
- **Just 10% of pre-1900 homes meet EPC C**
- **Greener, warmer, more valuable: clear benefits of energy efficient homes**

They may have seen a boom in prices during the pandemic, but detached homes could be costing their owners thousands of pounds in extra fuel costs, according to analysis by Halifax.

While lockdown has prompted a 'race for space' amongst home movers, the wider cost implications of owning a detached or period home may not have been so obvious. Yet these homeowners face some of the biggest energy cost increases following the fuel cap rise and the most work to make homes more energy efficient.

Modern construction standards have pushed the energy efficiency of homes upward rapidly: the average EPC rating for home built since 2012 is B or higher, compared to the average rating for all homes in England and Wales of D. For the 4.2 million homes built before 1900, the average EPC rating is only E.

Average energy-efficiency grade and EPC rating (See Editors' notes)

Region	Pre 1900	1900 to 1929	1930 to 1982	1983 to 2011	2012 onwards
England & Wales	51	55	63	71	83
Estimated EPC rating	**E**	**D**	**D**	**C**	**B**

And just one in ten homes built before the 1930s achieves an EPC rating of C.

Percentage of EPC 'C' rated properties by date of construction

Region	Pre 1900 %	1900 to 1929 %	1930 to 1982 %	1983 to 2011 %	2012 onwards %	All %
England	11.8	11.1	27.6	63	97.5	42.1
Wales	7.5	8.8	26.9	62.6	98.3	37.3

With around 25 million homes in England and Wales, around 60%, or 15million, need energy efficiency improvements to meet a minimum EPC rating of C.

Press Office Contact

Jason Clarke | jason.clarke@lloydsbanking.com | 07835 389293

Lynsey Cheshire Willis | lynsey.cheshire-willis@lloydsbanking.com | 07595 124294

Press Release

Construction methods

One of the key differences between older and newer homes that affects energy efficiency is how they are designed to deal with damp. In older homes, ventilation between floors and ceilings and under roofs is how moisture is dealt with, which in turn means poor heat retention. Modern homes favour damp-proofing under solid block floors.

Other differences include little or no insulation in floors, walls, and ceilings, single glazed windows, open fire places and lower standards of construction in key areas like doors and windows causing draughts.

Overall, it is estimated that around a quarter of heat loss from poorly insulated homes is through roofs, a third through external walls, another quarter through doors and windows, and the rest through floors. (Source: Heat loss - Designing Buildings)

Heat lost from homes varies depending on not just the construction but type of property. Flats are the only type of home that, on average, achieve an EPC rating of at least C. This variation between types of home is thrown in to stark contrast when the proportion of new and existing homes that achieve a 'C rating' are compared:

Percentage of EPC C-rated properties by type

	Detached	Semi-detached	Terraced	Flat/ maisonettes
England	%	%	%	%
Existing	19.0	21.1	30.5	55.9
New	98.5	99.3	98.9	91.1
Wales	%	%	%	%
Existing	20.3	22.9	26.2	60.2
New	97.5	98.7	98.9	91.2

Andrew Asaam, Mortgages Director, Halifax, said: "The 50% increase in the fuel cost cap is going to have an impact on everyone's energy bills, in all but the most modern homes that impact is going to be significantly more.

"The majority of our homes fall short of the average C rating the Government aspires to, which means we're wasting money and harming the environment heating our homes. Further fuel price increases are only going to mean we're spending more to live in colder homes unless we act.

"We recognise that the cost of making these improvements is not inconsiderable for most and the rising cost of living means making these investments now will be difficult for many. We hope that our Green Living Reward cashback offer will help encourage and support some of those homeowners who want to make their homes more energy efficient.

Press Office Contact

Jason Clarke | jason.clarke@lloydsbanking.com | 07835 389293

Lynsey Cheshire Willis | lynsey.cheshire-willis@lloydsbanking.com | 07595 124294

Press Release

"For the owners of the 15million homes currently below C, there are significant benefits in making energy efficiency improvements through lower fuel bills, warmer homes and increasing the value of their home. Investing in these upgrades now could more than pay for themselves; both environmentally and financially, in the future."

Improving Homes

It's estimated that moving up one EPC rating band could save around £250 per year on average, which means the payback for any improvements would appear to be over several years, but the financial benefits are much greater. Energy efficient homes attract a price premium compared to other homes when they come to be sold, Halifax found. The 'Green home premium' is worth up to £40,000 when comparing an A-rated home to one at G.

Value added per property based on EPC upgrades

	Change in EPC rating					
	G→F	F→E	E→D	D→C	C→B	B→A
Average difference in price (% increase on average house price)	£9,954 (3.8%)	£7,584 (2.9%)	£6,162 (2.4%)	£5,214 (2.0%)	£5,214 (2.0%)	£4,740 (1.8%)

What improvements to make on a home for the greatest energy efficiency savings or the most cost effective is specific to the property. Halifax provides a free online Energy Saving Tool to help owners understand the changes they could make and how much they could save from lower bills. The bank has also partnered with the Energy Saving Trust to provide free, impartial advice and guidance to help homeowners better understand how they can make their homes warmer and greener. The Home Energy Efficiency Helpline, 0808 196 8258, is open Monday to Friday 9am – 5pm (except public holidays).

Example: the benefit of energy efficient improvements

Type: 4 Bedroom detached
Location: North of England
Budget: £10,000
Facing: South East

Improvement	Cost	Annual saving
Low energy bulbs	£24	£42
Loft Insulation	£289	£78
Boiler and controls	£3599	£484
Draft exclusion	£37	£4
Solar panel	£4,788	£114
Total	**£8,737**	**£721**
	Renewables income	£98
	House value	£18,960
	CO_2 reduction	4.24 tonnes
	EPC change	F to C

Press Office Contact

Jason Clarke | jason.clarke@lloydsbanking.com | 07835 389293
Lynsey Cheshire Willis | lynsey.cheshire-willis@lloydsbanking.com | 07595 124294

Press Release

For those ready to make energy efficiency improvements and financing them through borrowing, they could benefit from up to £1000 cashback, for installing a heat source pump, or £500 for other energy efficiency home improvements. The benefit is available not just to those buying a home but also existing and remortgage customers who are looking to finance green home improvements. (More details available at: Green Living Reward | Halifax)

- ENDS -

Editors' Notes:

Energy-efficiency grades and EPC ratings:

- A: Score of 92+ (Green)
- B: Score of 81-91 (Green)
- C: Score of 69-80 (Green)
- D: Score of 55-68 (Yellow)
- E: Score of 39-54 (Amber)
- F: Score of 21-38 (Orange)
- G: Score of 1-20 (Red)

The example of the potential benefit of energy efficiency home improvements was calculated using the Halifax Energy Savings Tool. A copy of the full report is available on request.

Data sources: property age and energy rating data are taken from ONS Energy Efficiency figures for England and Wales

Green Living Reward offer is for a limited period and is available in-branch, online or by phones, and is available through Bank of Scotland. A matching offer is available for Lloyds Bank mortgage customers.

Examples of qualifying energy efficiency improvements :

Loft and pitched roof insulation • Flat roof insulation • Solid walls insulation • Cavity wall insulation (including party wall) • Room in roof insulation • Solid floor insulation • Suspended wooden floor insulation Draught proofing doors and windows • A Rated Double/Triple glazing (where replacing single glazing) • Secondary glazing • New insulated external doors (replacing single glazed or solid doors installed before 2002)	Biomass Pellet Boilers • Air Source Heat Pump • Ground Source Heat Pump • Solar Thermal (Solar Hot Water Heating) Time and temperature zone control (radiator and underfloor heating or warm air systems) • Thermostatic radiator valves or additional thermostatic controls and warm air systems • Room thermostats and thermostatic radiator valves work together to first judge the temperature of each room in your house, then adjust each radiator individually to the required temperature

Press Office Contact

Jason Clarke | jason.clarke@lloydsbanking.com | 07835 389293

Lynsey Cheshire Willis | lynsey.cheshire-willis@lloydsbanking.com | 07595 124294