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A stylized white house icon with four square windows, set against a background of a green field and a blurred green background. The house is partially overlaid by a grey and green geometric pattern on the right side of the page.

Consultation Response

**Improving the energy performance of
privately rented homes: 2025 update**

Prepared for: DESNZ

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1. Introduction

Elmhurst Energy are pleased that DESNZ are seeking a Consultation on 'Improving the energy performance of privately rented homes: 2025 update' and as such we are delighted to respond to each question in turn.

The Consultation asked 17 questions and we have answered them all below. We hope you find the responses considered and useful for taking 'Improving the energy performance of privately rented homes: 2025 update forward in a progressive manner.

2. Questions and Answers

1. Do you agree with government's preferred position of using new alternative Energy Performance Certificate (EPC) metrics following EPC reform as the basis for higher Minimum Energy Efficiency Standards (MEES) for privately rented homes?

Elmhurst agree with the use of alternative EPC metrics as a basis for Higher Minimum Energy Efficiency Standards but would suggest that the metrics used as headline metrics are carefully considered. This approach ensures that while new metrics are recognized for their value, the primary focus remains on cost, carbon, and consumption, which are crucial for both domestic and non-domestic certificates. Overall, while the new EPC metrics could lead to significant benefits, careful consideration and support for landlords will be crucial to ensure a smooth transition and minimize any negative impacts on tenants. We must not lose sight of the original purpose of MEES, to ensure tenants who need it most have thermally efficient homes, particularly those that are vulnerable and fuel poor. Lowering energy bills and ensuring comfortable living standards is paramount.

2. Government would welcome views on options for setting future MEES against a combination of new EPC metrics. Do you agree with government's preferred approach of having a requirement to meet a primary standard set against the fabric performance metric and then a secondary standard set against either the smart readiness metric or heating system metric, with landlord discretion on which secondary metric their property meets?

Elmhurst agrees that a fabric-based metric, heating system based metric and smart readiness metric should be included on EPCs, but as secondary complementary metrics that appear further down on the EPC. Elmhurst fully agrees with the importance of all the metrics in terms of giving the occupant clear information over

the performance of the building and that it should be clear to the stakeholder/public what the metric means (or how their home can utilise smart technologies). However, we do not believe these metrics should be the headline metrics, which we believe should only be based on cost, carbon and consumption for all certificates (Domestic and Non-Domestic).

3. What are your views on the alternative approaches of:

Alternative 1: A requirement to meet a standard set against dual metrics of equal weighting. The standard would be set against dual metrics including two of the following: fabric performance, heating system and smart readiness.

Alternative 2: A requirement to meet an overarching standard set against all three metrics of fabric performance, heating system, and smart readiness, either through improvements across all standards or through landlords concentrating improvements against one or two standards.

Alternative 1 would provide landlords with a choice of which combination of metrics to prioritise within the cost cap. For example Fabric and smart readiness, Fabric and heating system or smart readiness and heating system. This allows landlord discretion to focus on specific areas, potentially spending more money on one area and less on another (e.g Insulation).

Alternative 2 meets an overarching standard set against three metrics and gives landlords flexibility in implementation. Landlords can either improve all three metrics to some extent or concentrate on one or two metrics, depending on priorities and budget. This approach provides the most flexibility, allowing landlords to tailor their investments based on their specific needs of their properties. There is a risk of overcomplication, which could lead to confusion about what is required and how it can be achieved. Clear guidelines and support will be essential to help landlords navigate and meet the new standards effectively.

4. Do you have any alternative suggestions for how government could utilise new EPC metrics as the basis for MEES, such as a single metric approach (for example, fabric or cost based?) Please provide a rationale with your answer.

Elmhurst have long advocated for three headline metrics on all EPCs; cost, carbon and consumption all of which are already calculated by the National Calculation Methodologies SAP and SBEM.

These metrics should be given equal prominence and displayed in a similar way to that of a food label so that policy makers can use appropriate metrics for any policies they wish to implement. The three metrics should be clearly explained so that all consumers understand their relevance and can make informed decisions for their homes. Whilst a cost-based metric may not align with low carbon heating, it is vital that the cost-based metric remains as one of the three headline metrics on EPCs, this further aligns with why MEES was originally brought in.

Adding carbon and consumption metrics to the reformatted EPC would help give a better understanding of a home's performance and allow landlords to make informed decisions.

5. Do you agree with government's proposal to increase the maximum required investment for Private Rented Sector (PRS) MEES to £15,000 per property and for landlords to be able to register an exemption if expenditure would take them over this figure? If not, please set out whether you consider a cap should apply and how; and if so, what level you consider the cap should be set at and why (whether this is the 2020 proposal of £10,000 or another figure). Please explain your answer.

No strong opinion

6. Should government extend the exemption period for the cost cap to 10 years? If not, how long do you think the cost cap exemption should last? Please explain your answer.

Elmhurst disagree with the 10 year exemption proposal: EPC reform is proposing a reduction of validity, we would favour that we align with this. We also believe that the exemptions should be registered/overseen by a competent person and that the register be made public. The competent person can be quality checked and made accountable with effective policies and enforcement.

7. Do you agree with government's preferred implementation timeline to require 'new tenancies' to meet the higher standard from 2028 and 'all tenancies' to meet the higher standard by 2030? If not, do you have alternative suggestions?

Whilst we agree with this in principle, timelines must be achievable. We need to allow sufficient time for implementation of upgrades to potentially a large volume of properties. Tenants may have to vacate a property, live with ongoing disruption whilst improvement works are being carried out. In the long term tenants will no doubt benefit through improved living conditions and potentially cheaper fuel bills.

8. Do you agree with government's proposal that, as an EPC reform transition measure, landlords should be able to demonstrate their properties are compliant with the existing standard of EPC E using their past EPC?

The government's proposal to allow landlords to demonstrate compliance with the existing EPC E standard using their past EPCs during the EPC reform transition has both advantages and potential drawbacks. An advantage to landlords would be an easier transition and a potential avoidance of any interruption to the rental market whilst the new standards are being phased in. The potential drawbacks are that past EPC's may not reflect the current energy performance of that property accurately, especially if there have been changes or improvements made. Elmhurst don't want to see inconsistencies across the register with EPC's showing new and old metrics. This could lead to potential confusion about compliance requirements.

9. Do you agree properties that have an EPC rating of C against the EER on EPCs before 2026 should be recognised as compliant with the future standard until their EPC expires or is replaced?

This very much depends on the changes made to validity periods under EPC reform. The fairer approach would be to allow it to expire in line with the current validity period. Landlords shouldn't be penalised for early compliance. However, we do not want to allow for landlords not making attempts to improve their properties for what could potentially be close to ten years. Relying on past EPCs might delay the full adoption of improved energy efficiency standards, impacting long-term sustainability goals. Clear guidance needs to be given to ensure landlords remain compliant during the transition.

10. Do you agree with government's proposal to require landlords to commission a new EPC before taking action to comply with higher MEES?

Elmhurst strongly agree. It would ensure that landlords are installing the correct measures, based on up to date information and in line with the higher standards. The proposal to count the cost of commissioning new EPCs towards the maximum per property investment required of landlords helps mitigate the financial impact. We would also argue that a post improvement EPC would be required to demonstrate compliance and provide the tenant with the most up to date information.

10.1. Should the cost of this new EPC be included within the cost cap?

10.2. Should landlords still be required to commission post-improvement EPCs? If yes, should the cost of the post-improvement EPC also be included within the cost cap?

See above response.

11. Should government develop an affordability exemption? If yes, what eligibility criteria would be the most appropriate for an affordability exemption? Please indicate which, if any, of the proposed approaches you support or otherwise provide alternative suggestions.

We agree that the Government should develop an affordability exemption to ensure that landlords who face significant financial burdens can still comply with the higher Minimum Energy Efficiency Standards (MEES). Elmhurst believe the affordability exemptions suggested seem reasonable, but are mindful that any exemptions introduced are able to be policed effectively so they are not seen as a means of reducing the cost cap without genuine reasons to do so.

12. Should government apply the PRS MEES Regulations to short-term lets? Please explain your answer.

Elmhurst believe that without commissioning an EPC we have no way to measure how energy efficient a property is. As such, we believe all properties that meet the criteria should have a valid EPC irrespective of how long they are rented for. We do believe clear criteria is needed about what constitutes a short term rental. We agree that it should not matter who is responsible for meeting the energy costs for the dwelling.

13. What actions could government take, including changes to the law to encourage or require smart meters in properties undergoing efficiency upgrades, to increase the number of smart meters installed in the PRS? Please provide your rationale and evidence for any suggestions for actions you have.

No strong opinion

14. Do you think the current MEES exemptions available to landlords are suitable?

High Cost Exemption: While this helps landlords avoid financially unviable investments, it may slow down the overall progress towards energy efficiency. It is sometimes hard to gain the correct evidence to support this exemption and this will only get harder with the proposed cost cap rise and increased standards.

All Improvements Made Exemption: This ensures that landlords are not penalized for factors beyond their control, but it might lead to properties remaining less energy-efficient.

Wall Insulation Exemption: This is practical for older or structurally sensitive buildings, though it may limit the scope of improvements. One suggestion would be to amend this to 'property suitability issues' to include more than just one scenario.

Consent Exemption: This addresses legal and administrative hurdles but might be exploited to avoid making necessary upgrades.

Devaluation Exemption: If the required improvements would devalue the property by more than 5%, landlords can use this exemption. This protects property value but may hinder energy efficiency efforts in high-value properties.

New Landlord Exemption: For new landlords who have recently acquired a property and need time to comply with MEES regulations. This provides a grace period for new owners but may delay necessary improvements.

14.1. Are there other circumstances, not covered by the current MEES exemptions regime, where you think government should consider making exemptions for?

See above response

15. Do you agree with government's preferred position to keep a potential requirement on lettings agents and online property platforms under review whilst the PRS Database is being developed for properties in England?

Elmhurst agree that the ownership of compliance should be on letting agents and other property platforms. The process for checking compliance needs to be clear and straight forward in order for them to be able to do this. We agree that it should be kept under review until the PRS database is launched.

16. Do you have any new evidence to submit regarding the topics as summarised in Chapter 2 of this consultation? Please specify which topic you are providing new evidence for.

Elmhurst stand by our responses to the 2020 consultation and have no new evidence to present.

17. Is there any additional information or evidence you would like to provide on either the effectiveness of the existing PRS regulations 2015 and guidance, or interactions with other policies?

Ensuring competence, training, and enforcement for MEES regulations is crucial for their effective implementation. Enforcement agencies need specialised training programs to understand the technical aspects of energy efficiency standards and the legal framework of MEES regulations. This includes training on how to conduct inspections, assess compliance, and handle exemptions. Regular updates and continuous professional development are essential to keep enforcement officers informed about changes in regulations, new technologies, and best practices.

Collaboration with energy efficiency experts such as accreditation schemes and industry professionals can enhance the training programs, providing practical insights and advanced knowledge. Ring-fenced funding ensures that resources allocated for enforcement and training are used exclusively for these purposes. This helps maintain the integrity and effectiveness of the enforcement process. Providing grants and financial support to local authorities and enforcement agencies can help cover the costs of training programs, equipment, and personnel.

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