Improving the Energy Efficiency of Socially Rented Homes in England

G15 Response

September 2025

About the G15

The G15 is made up of London's leading housing associations. The G15's members provide more than 880,000 homes across the country, including around one in ten homes for Londoners. Delivering good quality safe homes for our residents is our number one priority. Last year our members invested almost £2bn in improvement works and repairs to people's homes, ensuring people can live well. Together, we are the largest providers of new affordable homes in London and a significant proportion of all affordable homes across England. It's what we were set up to do and what we're committed to achieving. We are independent, charitable organisations and all the money we make is reinvested in building more affordable homes and delivering services for our residents.

Find out more and see our latest updates on our website: www.g15.london

The G15 members are:

- A2Dominion
- Clarion Housing Group
- The Guinness Partnership
- Hyde
- L&Q
- MTVH
- Sovereign Network Group
- Notting Hill Genesis
- Peabody
- Riverside
- Southern Housing

For more information, please contact: G15@Peabody.org.uk

Position statement:

G15 members share the Government's ambition to improve the energy efficiency of social rented homes. Upgrading energy performance is already part of members' business plans and sits alongside our wider commitment to cutting carbon emissions, tackling fuel poverty, and improving residents' comfort.

We believe extending the target for homes to reach EPC C to 2037, in line with the updated Decent Homes Standard, offers the most effective way to achieve these objectives, supporting efficient delivery and alignment with policy. Extending the deadline would not reduce ambition or slow progress. Members would continue to aim for the same number of homes to be upgraded by 2030 as under the current target. Rather, this approach more accurately reflects the wider financial and operational pressures faced by the sector, including record maintenance cost inflation, unexpected diversion of resources into building safety, and acute skills shortages across the built environment sector. On top of these national challenges, London's housing stock is particularly difficult and costly to retrofit, given the prevalence of high-density, taller and older buildings.

Around 10-20% of our homes are considered "hard to treat", including a significant number of converted street properties. Upgrading these homes to EPC C costs between £25,000-£35,000 on average. This can rise to as much as £60,000 where external or internal wall insulation is required. There is just not enough available budget to upgrade all these homes before 2030, and therefore, many of these will reach compliance through the spend exemption.

The current proposals require at least £10,000 to be spent on a home to reach minimum compliance. For one member, this would mean spending £100 million on their hard-to-treat homes, despite the fact that these properties would cost far more than £10,000 to reach EPC C. This large investment would deliver little or no improvement in resident comfort or energy affordability. This member would then have to restrict works elsewhere in their portfolio, completing only the minimum measures to lift properties just above EPC C.

This approach is not optimal for residents or landlords. It forces landlords to prioritise investment on short-term compliance rather than long-term outcomes, and would likely mean further costly works on the same homes later to bring them in line with net zero carbon requirements.

There is also concern that being required to spread investment thinly across more homes, in order to chase compliance metrics, could undermine existing KPIs linked to ESG bonds. This carries compliance risks and could jeopardise access to future investment.

Delaying implementation would allow retrofit activity to be incorporated into planned investment cycles and homes to be upgraded in the most efficient way in the first instance. This approach would also allow a focus on whole-home design principles; considering how the home operates as a system, similar to the fabric-led, outcomes-focused approach we use with Passivhaus in our new developments - rather than being led by funding input or meeting delivery milestones. This is a more effective method than stop-gap measures, which can result in inefficient spending which does not always deliver the lasting thermal comfort residents need or align with decarbonisation goals.

A longer timeframe would enable landlords to better integrate energy efficiency works with other major investment programmes. For residents, a new kitchen, bathroom, insulation or heating system all count as home improvements, not separate categories. For example, a G15 resident recently questioned why she was receiving new solar panels but had not yet had her new kitchen fitted. Residents see one home, not separate regulatory programmes.

However, as these works are overseen and funded (in part) by different government departments, we often need to navigate multiple processes to deliver improvements in a single home. Aligning timelines would allow providers to carry out works once, rather than returning multiple times to the same home – avoiding duplicate scaffolding, procurement, resident communications, and in some cases temporary re-housing costs. This approach is more efficient, less disruptive, and makes better use of scarce resources.

If no additional funding is provided to meet higher regulatory standards, landlords should at least be enabled to use existing budgets flexibly, delivering upgrades that make the most sense for residents and achieve the best overall outcomes.

Even with record levels of investment, it is becoming increasingly clear that a 2030 deadline is not realistic for all members. Rising costs, changes to the Standard Assessment Procedure (SAP) methodology and wider EPC reform, as well as the recent need for members to divert resources into building safety unexpectedly, have all reduced capacity. For a few members, at current spend levels, EPC C would not be achieved until 2040. To accelerate this to meet EPC C by 2030, they would need to triple budgets and delivery capacity in the next five years - before even accounting for workforce and supply chain constraints.

A longer, more joined-up timeframe would allow G15 members to:

- Integrate energy efficiency works with other planned improvements, such as kitchens, bathrooms, and window replacements, reducing the need for multiple visits and minimising disruption for residents.
- Prioritise investment where it delivers the greatest benefit, including lower energy bills, improved thermal comfort, and reduced fuel poverty.

- Avoid stop-gap or inefficient spending by allowing complex or high-cost homes to be upgraded correctly the first time.
- Plan and deliver programmes in line with available skills, resources, and supply chain capacity, ensuring works are realistic, efficient, and sustainable.

If the Government does not align MEES and the updated Decent Homes Standard to a 2037 target, then it is essential that a clear and robust carve-out is created for homes where compliance costs are disproportionately high. For example, where bringing a property to EPC C would require investment of £25,000, £35,000, or even £60,000, it is not a proportionate or sensible use of resources to mandate an interim £10,000 spend by 2030 that will not achieve full compliance, nor the best outcomes for residents.

In these cases, landlords should instead be permitted a longer lead-in period to deliver works strategically and cost-effectively, alongside wider programmes of investment. This would ensure that resources are deployed in a way that maximises benefits for residents, supports decarbonisation, and avoids incentivising landlords to undertake piecemeal works that will need to be repeated or replaced.

Should the Government retain a 2030 milestone, it is equally important that compliance is assessed against the existing SAP-based EPC methodology, rather than any reformed metric introduced later. This would provide certainty, allow landlords to plan works on a clear basis, and avoid retrospective non-compliance where homes have already been improved in line with current requirements.

Funding, costs and capacity

We welcome the Government's current funding commitment through the Warm Homes: Social Housing Fund (Wave 3), which is providing £1.29 billion of grant funding for providers up to 2027/28. This is an important step in supporting retrofit at scale. However, the sector needs longer-term certainty to plan and deliver investment efficiently.

We urge the **Government to provide a minimum settlement of £3.7bn for energy efficiency improvements, ring-fenced specifically for social housing** within the £13.2 billion allocation to Warm Homes Plan announced in the Comprehensive Spending Review. Additionally, separate funding should be made available for clean heat and solar technologies. This will ensure landlords can continue to improve thermal comfort, reduce fuel poverty, and decarbonise homes at the pace and scale required.

This is particularly important given the significant rise in costs. Members now estimate that upgrading a typical easy-to-treat home to EPC C will cost around £6,000. Meanwhile, more complex properties, such as converted street properties requiring external or internal wall insulation, can cost up to £60,000. Plus, the upcoming introduction of a new EPC standard, once the SAP methodology is reviewed, will likely cause costs to rise further.

Such rises are in part due to inflationary pressures and a lack of supply chain capacity in the market. Additionally, members are finding that, in practice, grant funding often covers less than expected. What should provide 50% is more likely to cover around 30% of final costs.

The current mechanism for accessing this funding is also not fit for purpose. Competitive rounds of bidding results in wasted bids, an unpredictable pipeline, and a pepper-pot of uncoordinated (often competing) projects. Coupled with the requirement to match fund, this slows delivery, constrains supply chain growth, and limits our ability to implement strategic, long-term programmes. Equally, it does not give anyone in our supply chain the confidence to invest in upskilling their workforce. A more stable and predictable funding model, including multi-year allocations aligned with other capital programmes, would provide better value for money and support sustained delivery at scale.

Skills shortages are another significant barrier, particularly in London. According to Trustmark[1], only 16 Retrofit Coordinators in London are qualified to oversee public sector retrofit projects. Current national policy does not sufficiently reflect these regional challenges or the higher costs of delivering retrofit in London. Without addressing these skills shortages and delivery constraints, achieving EPC C across London's social housing stock by 2030 will be extremely challenging.

G15 members remain committed to achieving EPC C and to decarbonising our homes. Aligning the deadline with Decent Homes in 2037, alongside a stable funding programme, would ensure the government's objectives are delivered in a way that is ambitious, efficient, and fair for residents.

Question responses

Question 1: Do you agree that the government's preferred option (option 1 dual metric approach) to setting a minimum energy efficiency for the SRS is the most suitable option?

No

Please explain your answer

We cannot commit with confidence to the Government's preferred option while there is uncertainty around the Home Energy Model (HEM) review and a lack of clarity on how compliance will be measured in practice. Without this detail, it is not possible for members to plan with certainty or assess the true scale of costs involved.

That said, our first preference, and what aligns most closely with members' existing business plans, is a fabric-first approach. Improving the fabric of buildings provides lasting energy efficiency gains, reduces heat demand, and offers residents long-term thermal comfort. However, this must come with robust and workable exemptions for

homes where fabric upgrades are not technically or financially feasible. Without this, providers will be forced into uneconomic or disruptive works that may not deliver proportionate benefits for residents.

If the Government decides to proceed with a dual-metric model, then Option 4B – a requirement to meet two out of three metrics, at the landlord's discretion – would offer the best balance between ambition and flexibility. We believe this flexibility will be essential, particularly given the complexity of London's housing stock, older properties, and mixed-tenure arrangements. Achieving reductions in carbon emissions in line with the national net zero target, while also addressing fuel poverty among our residents, are central to our work. However, the proposed policy framework makes it difficult to pursue these objectives in tandem.

The Government's focus on achieving EPC C by 2030 is shaping our investment decisions, yet EPC ratings do not always reflect the measures that deliver the greatest benefits for residents or the biggest reductions in carbon. A fabric-first approach - prioritising insulation, windows, and airtightness – remains essential for long-term energy efficiency, but it does not always provide the most immediate or visible relief for households struggling with high energy costs. In many cases, measures such as installing solar PV can bring more immediate and significant reductions in energy bills, directly tackling fuel poverty, while also contributing to decarbonisation. However, the way EPC ratings are structured means these measures are undervalued in comparison to fabric upgrades, limiting our ability to deploy them at scale. This creates a tension between compliance and outcomes.

We urge the Government to consider how policy can be better aligned with outcomes. A more flexible framework – one that values reductions in carbon emissions and energy bills alongside EPC improvements – would allow us to meet compliance requirements while also addressing fuel poverty and driving progress towards net zero. Without this, housing associations will continue to face difficult trade-offs between meeting EPC targets and delivering for our residents and the climate.

We also note that while the inclusion of a smart readiness metric is forward-looking and supports the transition to a more flexible, decarbonised energy system, its application must be proportionate and not disadvantage providers with limited digital infrastructure or residents with lower digital literacy.

Question 2: If you do not agree, which, if any, of the other metric options outlined would be your preferred approach to set a minimum energy efficiency standard for the SRS?

- Option 2: A fabric performance metric only, by 2030.
- Option 3: Specified dual metrics, by 2030, either:

    - Fabric Performance and Smart Readiness
    - Fabric Performance and Heating System
    - Smart Readiness and Heating System.
- Option 4A: An average of all three metrics (Fabric Performance, Smart Readiness and Heating System), by 2030.
- Option 4B: Two of the three metrics, at the provider's discretion, (Fabric Performance, Smart Readiness, Heating System), by 2030.
- None of the above
- Not applicable
- Don't know

Please explain your answer

Please see our response to Question 1.

Question 3: Are there any other approaches to setting MEES that should be considered (such as an energy cost-based approach)?

Yes

If you have selected yes, please explain your answer

While we understand the Government's preferred approach of using reformed EPC metrics, we believe alternative or complementary approaches should also be considered to ensure fairness, practicality, and alignment with broader policy goals. In particular, the current EPC framework attempts to combine fabric performance, energy use, and affordability into a single rating. This means it does not clearly reflect either the resident experience or the specific policy objective being measured. A home can perform well on one dimension (for example, carbon emissions) while performing poorly on another (such as cost to run), which is not visible in a single EPC score.

We recommend that future methodology separates out these dimensions into distinct ratings, so that residents, landlords, and government can see: (1) fabric efficiency, (2) carbon emissions, and (3) cost/consumption. This approach is consistent with recommendations from the Climate Change Committee, which has highlighted the limitations of the current EPC framework. A three-metric model would improve transparency, support residents in understanding their bills, and help providers to target interventions more effectively, particularly for households in fuel poverty. Below we set out how each of these metrics could operate in practice, and the benefits and challenges they bring.

- *Energy Cost-Based Approach* - A cost-based metric could help directly address fuel poverty by targeting homes with the highest running costs. As part of a three-metric framework, this would ensure improvements deliver tangible financial benefits to residents, particularly those on low incomes. Careful design would be needed to avoid unintended consequences, such as overlooking homes with low energy use due to under-heating. For London providers, where residents often live in high-density or mixed-tenure blocks, a cost-based approach could provide a more accurate reflection of where interventions deliver the greatest benefit.
- *Carbon Emissions-Based Metric* - A carbon-based standard would align MEES more closely with the UK's net zero targets. It would incentivise low-carbon heating technologies and support the decarbonisation of the housing stock. However, on its own, it may not always reflect affordability or thermal comfort for residents, which underlines the need for separation from cost metrics.
- *Consumption-Based Metric* - Using actual or modelled energy consumption could provide a more accurate picture of a home's performance. This would reward genuine efficiency rather than theoretical potential. However, it may be harder to standardise and verify across different tenures and occupancy patterns. Nevertheless, separating out consumption from fabric and cost would give a clearer picture of both the resident experience and the carbon impact of a home.

Flexibility in metric selection would also accommodate homes in conservation areas, high-density older buildings, or other situations where standard retrofits are challenging.

In summary, while reformed EPC metrics offer a more robust and future-proof framework, we believe Government should go further by developing a three-metric methodology. This would move away from a single blended score and instead provide clarity on how individual metrics perform. Such an approach would directly support residents, particularly those at risk of fuel poverty, while also aligning with net zero goals.

Question 4: If you are answering as a registered provider of social housing, after taking into account your future business plans and the provided assumptions for the requirements for the government's preferred option (option 1), which secondary metric would you most likely to choose for the majority of your housing stock?

- Smart Readiness
- Heating System
- Don't know
- Not applicable

Please explain your answer

This metric is likely to be the most suitable for the majority of the group's housing stock. It has the most direct impact on residents' heating costs and can deliver immediate benefits in terms of affordability and comfort.

For some homes, particularly those that are older or harder to treat, upgrading heating systems will be more cost-effective and less disruptive than extensive fabric improvements. It also aligns with our wider objectives to reduce fuel poverty and improve thermal comfort while supporting decarbonisation through the adoption of low-carbon technologies.

Question 5: Do you agree with the proposal for social homes to comply with MEES by 1 April 2030?

No

Question 6: If you answered no to Question 5, do you have a view on alternative options for setting the compliance date, for example either earlier or later than 2030?

Please explain your answer.

We believe that extending the compliance date for social homes to achieve MEES to align with the updated Decent Homes Standard, over a twelve-year period to 2037, represents the most effective, realistic, and efficient approach for delivering energy efficiency improvements.

Extending the timeframe would not reduce ambition or slow progress. Members would continue to aim for the same number of homes to be upgraded by 2030 as under the current target. However, a longer window reflects the wider pressures on the sector, including rising costs, workforce and skills shortages. It also recognises the practical challenges of retrofitting London's high-density, older housing stock, where costs and complexity are significantly higher than the national average.

Around 10–20% of our homes are "hard to treat" and likely to require high-cost or complex interventions to reach compliance. A 2037 deadline would allow these homes to be incorporated into planned investment cycles and upgraded correctly the first time, avoiding stop-gap measures that deliver compliance but not the lasting benefits for residents.

A longer, more joined-up timeframe would also allow landlords to coordinate energy efficiency works with other major planned programmes, such as kitchens, bathrooms, insulation, and heating upgrades. Residents experience their home as a single entity, not separate regulatory requirements. Aligning timelines enables providers to deliver upgrades in one planned programme rather than returning multiple times to the same property, avoiding duplication of scaffolding, procurement, and resident

communications costs. This approach is more efficient, less disruptive, and ensures investment delivers maximum benefit to residents.

In summary, aligning MEES compliance with the updated Decent Homes Standard in 2037 would support the Government's objectives while ensuring that investment is targeted effectively, delivery is realistic given current workforce and supply chain constraints, and residents receive high-quality, energy-efficient homes without unnecessary disruption.

Question 7: Do you agree with the government proposal to set a time-limited spend exemption?

Yes

Please explain your answer.

We support the principle of a time-limited spend exemption as a pragmatic mechanism to balance the need to decarbonise with the financial and technical constraints faced by social landlords.

However, members believe its implementation must be carefully designed to avoid unintended consequences. It should be framed as a temporary safeguard, not a permanent opt-out, with a clear expectation of future compliance. This will help ensure that the exemption supports progress rather than delaying it.

Time-limited spend exemptions will also support coordinated delivery, avoid unnecessary spending, and ensure resources are not diverted from other essential resident-focused projects.

Question 8: Government has considered three options for setting maximum required investment under a spend exemption. Comparing these options, which do you think is most appropriate for the SRS?

- Set it at £10,000 (Govt preferred approach)
- Set it at £15,000
- No spend exemption
- Other – please specify
- Don't know

Please explain your answer

A significant proportion of G15 housing, particularly homes built before 1945, presents substantial retrofit challenges. Knowing there is a defined cap, and potential exemption encourages timely investment and allows providers to plan efficiently. Without a clear

framework, landlords may be forced to divert funds from other essential services or development programmes.

We support the principle of a spend cap, and agree that £10,000 per property represents a broadly appropriate value, balancing the need for climate action with financial viability. However, we believe the cap should be applied to an **assessed cost** basis rather than actual spend. In some cases, the most effective route to upgrade a property may cost up to £60,000, significantly more than the £10,000 cap. Spending £10,000 to meet the compliance threshold could lead to inefficient spending where interventions fail to deliver meaningful improvements to thermal comfort or energy efficiency.

Assessing costs in advance would allow providers to implement the right measures for each property in the first instance, ensuring that investment delivers lasting benefits rather than just ticking a compliance box.

It is also important to clarify what is included in the cost cap. For example, some necessary retrofit costs, such as electrical testing or wider enabling works, may not directly contribute to EPC or SAP improvements but are essential to delivering compliant and safe upgrades.

Finally, applying a cap to actual spend creates a risk that contractors may manipulate pricing. For example, there may be an incentive to inflate costs so that a project sits just below the cap, or to focus on cheaper measures that meet compliance without delivering the best outcomes for residents. Assessing costs in advance would reduce these perverse incentives, ensuring investment is targeted appropriately and delivers lasting benefits.

Question 9: Do you agree with government's proposal for any time limited spend exemption to be valid for 10 years from 1 April 2030?

Yes – but we note our preference for an implementation date of 2037, which would make the 10-year exemption valid until 1 April 2047.

This also better aligns with the need to look at EPC C and net zero targets more holistically.

Please explain your answer

We agree a 10-year exemption strikes the right balance between acknowledging realities and financial constraints whilst not acting to discourage sustainability ambitions. The 10-year limit provides a reasonable window for planning and delivery, while maintaining momentum toward long-term decarbonisation goals and coordination with other building upgrades.

We note that the current milestones for reaching EPC C and net zero can encourage a staged approach to upgrades, which is not always the most efficient way to achieve

long-term outcomes. At present, members will have to focus on reaching EPC C first, then shift attention to installing low-carbon heating systems from the 2030s onwards as existing fossil fuel systems reach end-of-life. Please see our response to question 1 for our full position.

Question 10: If you have answered no to Question 9, would you prefer an exemption that is valid for:

- Less than 10 years
- Over 10 years
- Don't know

Please explain your answer.

No answer

Question 11: If you are answering as a provider for social housing, based on the current condition of your stock and the anticipated costs of meeting MEES, what proportion of your housing stock would you estimate you would use the spend exemption for?

- Less than 10%
- 10-20%
- 20-30%
- 30-40%
- 40-50%
- 50% or above
- Don't know
- Not applicable

Please explain your answer.

Based on current costs and using the SAP 2012 methodology, the majority of members estimate that around 10–20% of homes will meet compliance by use of the spend exemption. A few members expect this to be closer to 30% of homes. These are typically the "hard to treat" properties where retrofitting to EPC C is complex or costly.

However, both the shift to SAP 10 and the development of the Home Energy Model (HEM) will affect how EPC scores translate into MEES thresholds. Together, these reforms are likely to increase the number of homes assessed as below EPC C, particularly in denser, older homes. This could significantly increase the proportion of homes exceeding the cost cap and needing the exemption.

In practice, this would require recasting long-term financial plans and reprioritising works, reinforcing the need for a flexible and proportionate approach. Until the outcome of the HEM review is confirmed, providers face considerable uncertainty over the number of properties that will fall within scope. Government should provide clarity on the HEM framework before finalising MEES requirements, to ensure landlords can make informed investment decisions and avoid inefficient spending.

This highlights why applying a rigid spend cap to actual costs is not the most effective mechanism. Using assessed costs in advance would allow providers to plan and deliver the right measures the first time, avoiding unnecessary or inefficient spending. Aligning the implementation with the DHS would further support coordinated, efficient investment – enabling homes to be upgraded as part of planned programmes, integrated with other works such as kitchens, bathrooms, and window replacement, while ensuring residents receive lasting benefits.

Question 12: Are you aware of any other specific circumstances where individual dwellings could not meet the standard, but which are not covered by either applying the DHS exemptions to MEES or the time-limited spend exemption?

Yes

Please explain your answer.

We support the existing exemptions outlined in the DHS, including those for properties earmarked for sale, demolition, or regeneration, as well as the approach to tenant refusal of access (with appropriate guidance).

However, we believe there remain circumstances where individual dwellings may be unable to meet MEES, and which are not clearly covered by either the DHS exemptions or the proposed time-limited spend exemption. These include:

- Conservation Areas (distinct from heritage listings) - Planning restrictions in conservation areas can prevent the installation of measures such as external wall insulation or double glazing, even where the property itself is not a listed building. This creates a barrier that is not explicitly recognised in the DHS exemptions.
- Non-traditional construction - Post-war non-traditional stock (e.g. concrete panel or steel-frame homes) often requires bespoke retrofit solutions. In some cases, structural constraints mean standard insulation or heating measures cannot be installed.
- Mixed-tenure high rise blocks - Experience from fire safety remediation shows how challenging it is to secure agreement and access in mixed-tenure blocks. Leaseholder consent, cost recovery issues, and complex legal frameworks can delay or prevent delivery of MEES works. This is not directly addressed in the DHS exemption framework, which only touches on leasehold/commonhold.

- Grid capacity constraints - In some areas, the local electricity network cannot yet support the installation of heat pumps or other low-carbon technologies. Providers have no control over these external infrastructure upgrades, meaning compliance may be delayed despite intent and investment readiness.
- Sequencing with fire safety works and remediation - Energy efficiency measures often cannot be installed until ongoing cladding remediation or fire safety upgrades are completed. While this may be partly covered under "physical or planning factors," explicit recognition would provide clarity and reduce compliance risk for providers managing these complex programmes.
- Digital exclusion and smart readiness - In some supported and sheltered schemes, digital exclusion and lack of broadband can make it unfeasible to implement smart controls or monitoring systems in the short term. This constraint is not addressed in existing exemptions.
- Leasehold properties - Where providers are leaseholders but not freeholders, or where leases are nearing expiry, their ability to undertake works is limited. This sits outside the current DHS exemption list. In addition, the requirement to follow the Section 20 "major works" consultation process under the Landlord and Tenant Act 1985 adds further complexity and delay when seeking to recover costs through service charges. We note that Government has confirmed it will shortly publish a consultation on reforms to this process. It is important that any changes are aligned with MEES delivery, so that leaseholder protections remain in place while ensuring that essential retrofit works are not unduly delayed or made unviable.
  We recommend introducing a broader 'technical infeasibility' exemption, supported by independent assessment, alongside temporary deferrals where delivery is prevented by external constraints. This would maintain a pragmatic, proportionate approach and avoid wasted expenditure, while ensuring that resident safety and wellbeing remain the priority.

Question 13: Do you agree that properties that meet an EPC (EER) rating of C prior to the introduction of new EPCs should be recognised as compliant with the future standard until their current EPC expires or is replaced?

Yes

Please explain your answer.

It is essential that homes which already meet EPC C under the current methodology are recognised as compliant until their certificate expires or is replaced. Without this, existing long-term financial plans would be undermined, creating unnecessary uncertainty and inefficiency.

This certainty is particularly important during the transition to SAP 10, which is expected to move a number of homes into lower EPC bands. For example, under SAP 2012, 81.9% of one member's homes are rated EPC A to C, forming the basis of its long-term investment strategy. Under SAP 10, a larger proportion of these homes are likely to fall into EPC D or below, potentially triggering additional cost cap considerations and forcing members to revisit financial plans prematurely.

Recognising properties as compliant under their existing certificates ensures continuity, avoids unnecessary expenditure, and allows providers to plan retrofit programmes in a coordinated and efficient way, aligned with other investment priorities.

Members reiterate that if the Government retain a 2030 milestone, it is important that compliance is assessed against the existing SAP-based EPC methodology, rather than any reformed metric introduced later.

Question 14: Do you agree with government's proposal that, as an EPC reform transition measure, properties that have achieved EER C from the introduction of new EPCs until 1 April 2028 should be considered compliant until the property's EPC expires, after which they would need to comply with MEES?

Yes

Please explain your answer.

Please see our response to Question 13.

It is essential to recognise properties that currently meet EPC C under the existing methodology as compliant until their certificate expires or is replaced. This provides essential certainty for long-term planning and supports a smoother transition to SAP 10.

This is particularly important given that the HEM review will directly dictate how SAP assessments translate into MEES thresholds, creating a risk of reclassification for some homes. Without clarity on the HEM framework, landlords cannot be certain whether properties deemed compliant today will remain compliant once MEES is fully implemented. Transitional arrangements are therefore critical to maintain stability, give landlords confidence in their investment planning, and avoid unnecessary expenditure.

We propose an extended validity period for any home completed in Wave 3, so long as the assessment is recorded prior to 1st April 2028, regardless of whether the work is completed beyond that date.

This approach would also allow coordinated delivery with other essential works and reduce the risk of unnecessary expenditure during the transition.

Question 15: If government's proposed approach is implemented, which of the following courses of action do you think registered providers of social housing

would take where homes currently meet EER C? (Subject to the new EPC system being introduced in 2026)

- Renew EPCs before the introduction of the new EPC system and comply ten years later.
- Renew EPCs when they expire and demonstrate compliance under EER C until required to meet MEES using new EPC metrics in the early 2030s.
- Renew EPCs when they expire and demonstrate compliance with MEES immediately.
- Other
- Don't know

Please explain your answer.

This approach reflects the most practical course of action for members. Many providers have existing programmes to improve homes to EPC C by 2030 under the current methodology.

The introduction of a new EPC system with a fabric-first metric will likely increase costs and delay delivery. Members will need to assess the implications, recast financial plans, and adjust delivery programmes to reflect the new MEES requirements.

This transition will inevitably impact the pace and scope of existing EPC C upgrade programmes. Recognising current EER C compliance until EPC expiration supports efficiency, allows better coordination with other planned works, and avoids unnecessary upfront investment.

Question 16: If the government's proposed approach is implemented, which of the following courses of action do you think registered providers of social housing would take for homes that do not currently meet EER C?

- Improve homes to EER C by 1 April 2028 to demonstrate compliance under EER C for the rest of the EPC validity period, then carry out any additional work needed to meet MEES using new metrics.
- Improve homes to meet MEES using new EPC metrics by 1 April 2030.
- Other
- Don't know

Please explain your answer.

At this stage, members are unable to determine the full implications of the proposed approach on their portfolios. The introduction of new EPC metrics and the associated MEES requirements will require detailed analysis of stock condition, cost modelling, and

delivery capacity. Until this work is complete, it is not possible to confirm which course of action providers are most likely to take. Decisions will need to account for flexibility, proportionality, and coordination with other essential works to maximise benefits for residents and ensure efficient use of resources.

Question 17: If you are a registered provider of social housing or industry body, do you foresee issues arising from installing energy efficiency measures where the leasehold is owned by the registered provider but not the freehold?

Yes

If you have answered yes to this question, please explain your answer

Where a provider owns the leasehold, but not the freehold, installing energy efficiency measures can be delayed or prevented due to a combination of legal, financial, and practical barriers. Consent from freeholders is often required for works affecting the structure, external fabric, or communal areas, and in some cases, freeholders have refused permission outright or imposed conditions that make delivery unviable.

Lease restrictions can further limit the scope for key improvements, such as external wall insulation, solar PV, or low carbon heating systems, meaning that even technically feasible works can be blocked or delayed.

Financial arrangements also create challenges. Some freeholders may seek higher returns or impose additional costs during lease negotiations, weakening the business case for investment in energy efficiency. This is particularly relevant where lease premiums are high or uncertain.

In mixed-tenure buildings, coordination is further complicated by the need to consult multiple parties and agree how costs are shared. Our experience delivering fire safety remediation has demonstrated the difficulty of aligning stakeholders around shared infrastructure works, and similar challenges are expected for decarbonisation and retrofit programmes.

The absence of clear regulatory levers to compel freeholder cooperation creates additional risk and uncertainty for providers. Government guidance, statutory mechanisms, or funding incentives to support engagement with freeholders would help unlock delivery and ensure that energy efficiency measures can be implemented efficiently and equitably. Addressing these barriers is essential to achieving MEES compliance in mixed-tenure blocks without creating disproportionate delays or cost pressures.

Question 18: If you are a registered provider of social housing or industry body, do you foresee issues arising from installing energy efficiency measures in properties where the registered provider holds the freehold but there are also leaseholders in the building (for example, through right to buy)?

Yes

If you have answered yes to this question, please explain your answer

In buildings where the provider holds the freehold, but leaseholders are present, such as through Right to Buy, there can be significant challenges in recovering the cost of energy efficiency works. Even when the long-term benefits are clear from a building performance perspective, it can be difficult to demonstrate this in a way that feels meaningful and proportionate to leaseholders, particularly where service charges are affected. This can lead to understandable concerns, which in turn may delay or deter investment.

The absence of a consistent framework for consultation and cost recovery adds further complexity and risk. Providing clear guidance and mechanisms for cost recovery and engagement would help ensure coordinated delivery, avoid disputes, and maintain focus on achieving MEES efficiently.

Question 19: If you are a leaseholder (in a property where your freehold is owned by a social housing provider), do you support providers offering to conduct energy efficiency works in your property to meet MEES?

N/A

Please explain your answer

No answer.

Question 20a: If you are a leaseholder, have you already had energy efficiency works carried out in conjunction with a social housing provider where they are the freeholder?

N/A

Question 20b: If you answered yes to the question above, what was your experience of installation?

Please explain your answer

No answer.

Question 21: Do you have any further comments on how providers can best work with leaseholders when improving energy efficiency of mixed tenure blocks?

Yes

Please explain your answer

Effective engagement with leaseholders is critical to successfully delivering energy efficiency improvements in mixed-tenure blocks. Experience across the G15 shows that early and transparent communication helps to build understanding and support.

Leaseholders should be informed at the planning stage about the scope of works, expected benefits, and likely disruption. Communications should be accessible, free of jargon, and delivered through a range of channels, including letters, meetings, and digital platforms, to meet different resident needs. Listening to leaseholder concerns is equally as important as providing information.

Demonstrating the value of works through examples from similar projects, including resident feedback or measurable outcomes, has helped to address uncertainty and instil confidence. This includes providing clear explanations of cost-sharing arrangements, legal responsibilities, and potential financial implications. We believe providers should also consider flexible payment options or additional support for leaseholders experiencing financial pressures. We have found that when disputes arise, independent mediation or facilitation can help resolve issues efficiently – reducing delays and preventing escalation.

Government guidance and funding mechanisms should explicitly support leaseholder engagement. Access to legal advice, facilitation services, and resources to communicate retrofit benefits would enable a more effective, coordinated delivery of MEES across mixed-tenure blocks, reduce unnecessary expenditure, and maximise resident benefits.

These measures would ensure that energy efficiency improvements are both practical and equitable, particularly in complex, high-density housing contexts such as London.

Question 22: Do you have any additional questions or concerns not answered in this consultation that we should consider when drafting the guidance and government response?

Yes

Please explain your answer

MEES should be considered alongside wider electricity market reform. Improvements to building fabric will support the adoption of low-carbon heating and hot water systems, but the current cost imbalance between gas and electricity remains a major barrier. The difference in cost between electricity and gas is still too wide to make electrified heating a viable default in many homes.

Reducing electricity costs, either through a dedicated heat pump tariff or by rebalancing policy costs between fuels, would significantly improve the case for electrification. Without this, providers may struggle to deliver low-carbon heating at scale, even where fabric improvements are in place. Addressing electricity market barriers is essential to ensure MEES is deliverable, cost-effective, and delivers maximum benefits for residents while supporting coordinated retrofit and decarbonisation programmes.

[1] City Hall Green, London's 'Retrofit Revolution': What's Going Wrong? (2023)