

Property Matters

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Energy efficiency rules set to change

Amidst the rapid progress of the Renters' Rights Bill the Government has held a consultation concerning the Energy Performance of Buildings (EPC) requirements and has more recently launched a further, still live, consultation around the Minimum Energy Efficiency Standards (MEES) in England and Wales.

Changes to the EPC regime, and closely related MEES, were set in motion by the previous Government's commitment to a national strategy of 'Net Zero' by 2050. A 2020 consultation had already proposed changes to MEES rules including achieving a minimum band 'C' rating for letting and increasing the spend required to achieve that rating. The new Government has responded to and updated that consultation.

EPCs

The current EPCs are largely driven by the cost and amount of energy used to heat, light or cool a building. This no longer reflects the carbon emission reduction necessity of Net Zero commitments.

The Government proposes to consider the fabric of the building (insulation, draft proofing etc.), the cost of energy, measuring of carbon emissions; the environmental impact of heating systems and smart technologies in a more holistic view of the energy performance of a building.

Net Zero requires a rapid move away from fossil fuels (gas, oil and solid fuels) to renewable and nuclear energy. This means that properties that are wasteful of energy, and / or that the heating and hot water systems are largely reliant on fossil fuels, will be awarded lower EPC ratings. Conversely those well insulated properties deriving energy from electricity will be marked up.

This consultation also proposed a shorter EPC lifespan and a requirement to maintain a current EPC throughout a

tenancy. Additionally there is a proposal to require an EPC for a house in multiple occupation comprised of bedsits assuring the tenant of thermal comfort even if not paying the bills.

These proposals combined with the MEES proposals would require many landlords to invest in relevant improvements.

MEES

This consultation updates the 2020 consultation and remains open for responses until 2nd May 2025.

The headline proposal is to raise the minimum EPC band from an 'E' to a 'C' in order to let, or continue letting, a private rented sector property, unless a valid exemption is registered. The previously proposed dates are no longer viable so the proposal is to introduce these changes from sometime in 2028 for new tenancies and by sometime in 2030 for existing tenancies.

To improve a property from a band 'F' to the current minimum of band 'E' is likely to be relatively inexpensive; probably just a few hundred pounds for better insulation, heating controls and energy efficient light bulbs. It may be higher if double glazing is a relevant improvement. Currently the maximum amount a landlord must spend on each property to achieve a band 'E' is a cost cap of £3,500 including VAT. If that has been spent and the property still

does not meet band 'E' then an exemption can be registered.

To jump from a band 'E' to a 'C' is likely to require more expensive improvements such as replacing a gas boiler with a heat pump or installing solar panels, where possible, as well those more basic relevant improvements. The £3,500 minimum spend would therefore no longer be appropriate. The Government is therefore proposing to raise the cost cap per property to £15,000 including VAT before that exemption could be registered. It is not clear whether existing grants toward installation of heat pumps will still be available. The optimum time for making significant improvements is not yet clear.

The current penalty regime is proposed to change. The current maximum £5,000 would no longer work and is proposed to increase to up to £30,000 for non-compliance with MEES. This would fall into line with other maximum penalties, such as a failure to ensure that a property meets the electrical safety standard.

There are concerns that these improvements will come at the same time as the Government has set stretching housebuilding targets. Will there be sufficient contractors to carry out improvements or assessors to carry out EPC assessments?

To respond to the consultation please follow or use the link <https://www.gov.uk/government/consultations/improving-the-energy-performance-of-privately-rented-homes-2025-update>

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