



# CONSULTATION ON IMPROVING THE ENERGY PERFORMANCE OF PRIVATELY RENTED HOMES

## **BPF RESPONSE**

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### **PREPARED AND SUBMITTED BY**

Rob Wall  
Assistant Director  
BPF  
E: [RWalls@bpf.org.uk](mailto:RWalls@bpf.org.uk)

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## **Improving the energy performance of privately rented homes**

### **BPF response to the Government consultation on future minimum energy efficiency standard (MEES) for the domestic private rented sector**

#### **BPF**

The British Property Federation (BPF) represents the real estate sector – an industry which contributed more than £116bn to the economy in 2020 and supported more than 2.4 million jobs.

We promote the interests of those with a stake in the built environment and represent a broad range of investors, owners, managers and developers of real estate as well as those who support them. Our members include the largest UK residential and commercial landlords and have hundreds of billions of pounds of assets under management, including over 100,000 privately rented homes and hundreds of millions of square feet of commercial real estate space. Their investments help drive economic success, provide essential infrastructure and create great places where people can live, work, and relax.

#### **Introduction**

We welcome the opportunity to respond to the DESNZ consultation on new minimum energy efficiency standards (MEES) for the domestic private rented sector (PRS).

To inform our response, we held two roundtables with members and invited comments on a draft response from our Residential ESG Working Group and our Sustainability Committee.

Members of the Association of Real Estate Funds (AREF) have also contributed to this response. AREF represents the interest of its fund manager and investor members, who invest in property in the UK, along with firms and sectors that support and advise the property sector in the UK, including lawyers, depositories, accountants, financiers, etc. Its members typically invest for the longer term in larger scale commercial and residential buildings, including offices, shopping centres and logistics premises, build-to-rent homes and purpose-built student accommodation.

#### **Executive summary**

We have responded to the individual consultation questions below.

Our key points are as follows:

- The BPF and our members share the Government's ambition to improve the energy efficiency of privately rented homes, cut bills and tackle fuel poverty.
- We agree EPCs should continue to be the basis for the MEES regulations. However, we have concerns over the proposed EPC reforms and over the sequencing of the two separate EPC and MEES consultations. Without clarity on the new EPC metrics and methodology it is impossible to provide a full response to key questions in this consultation. We cannot support the Government's preferred approach for setting future MEES against a combination of metrics at this stage. We would like to see a commitment from Government to consult the sector further, including on draft regulations and guidance, once both the EPC and MEES consultation responses have been published in full.
- The proposed implementation timeline is not achievable. There needs to be a longer lead in time for the sector to prepare. We would support a target of 2030 for new tenancies and 2035 for all tenancies.
- We need to understand how the proposed future MEES aligns to the Government's 2050 net zero target, and what additional policy and regulatory requirements may be needed to deliver a net zero PRS.
- It is difficult to assess whether the cost cap is appropriate until the new domestic EPC metrics and methodology are in place. Any cost cap should include the full cost of works, including the cost of rehousing tenants, and should be retrospective. The cost of works undertaken since the current MEES regulations came into force on 1 April 2020 should count towards the cost cap.
- It is difficult to comment on whether additional exemptions are needed until we understand how the new standard will work. This should be subject to further consultation.
- We welcome the proposed transitional measures set out in the consultation paper, including the proposal that homes with an EPC C rating before 2026 will be recognised as compliant with the future standard until that EPC expires or is replaced. These are essential measures that will be critical to helping the sector meet the new standard.
- It is important to recognise the wider policy context, and the interdependencies between MEES and wider net zero and housing policy. We need to strike the right balance between improving the energy efficiency of our homes and supporting a thriving private rented sector.
- We also need to recognise the diversity of the PRS. Additional guidance will be needed for heritage and listed buildings and for block of flats to explain how new MEES

regulations will work for these types of buildings. The BPF and our members would be willing to work with the Government on this.

If you have any questions about our response, please contact Rob Wall, Assistant Director (Sustainability) at [RWall@bpf.org.uk](mailto:RWall@bpf.org.uk)

May 2025

## Consultation questions

### **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?**

The BPF and our members share the Government's ambition to improve the energy efficiency of privately rented homes, cut bills and tackle fuel poverty.

We support higher minimum energy efficiency standards and agree that EPCs should continue to be the basis for MEES regulations.

However, we have concerns over the proposed EPC reforms and over the sequencing of the two separate EPC and MEES consultations. Without clarity on the new EPC metrics and methodology it is impossible to provide a full response to the key questions in this consultation.

As such, there needs to be further consultation and engagement with industry once the responses to both this consultation and the *Reforms to the Energy Performance of Buildings Regime* consultation are published, and once the new Home Energy Model (HEM) methodology is confirmed. This should include formal or informal consultation with the sector on draft regulations and on draft guidance.

### **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?**

In our response to the recent *Reforms to the Energy Performance of Buildings Regime* consultation paper, we highlight our concerns about adopting a headline fabric performance metric in the new domestic EPC and raise questions about the proposed new smart readiness and heating system metrics. For ease of reference, we have copied the relevant extracts below.

Similarly, we are concerned about requiring homes to meet a primary standard set against a fabric performance metric as part of new MEES regulations. For the reasons set out below, assessing and improving the fabric performance of a building is difficult, particularly for heritage and listed buildings and for apartments and blocks of flats. We are also concerned about the lack of detail on how a heating system or smart readiness metric will work and what meeting a "secondary standard" will mean in practice. For these reasons, we cannot support the Government's preferred approach at this stage.

However, if the Government decides to push ahead with this combination of metrics, we would argue for the following:

- flexibility over which metric the landlord chooses to prioritise (i.e. no primary standard). We should focus on the right approach for the building and on the improvements that can best deliver for residents and landlords. For example, the majority of households in the private rented sector are not in fuel poverty and, in these cases, prioritising investment in the heating system might be the better approach in terms of delivering the Government's decarbonisation objectives;
- flexibility over how money is spent against the metrics (i.e. no requirement to prioritise expenditure on fabric performance);
- guidance to landlords of heritage buildings, which recognises the challenges and limitations of improving the fabric performance of historic and listed buildings; and
- guidance to landlords of apartments or blocks of flats, where improvements typically take place at a building level and not a unit level and where additional guidance on how the regulations will apply in practice will be needed.

**Relevant extracts from the BPF response to the *Reforms to the Energy Performance of Buildings Regime* consultation**

Fabric performance metric

An accurate assessment of fabric performance is not straightforward and can be technically quite challenging. Feedback from our members suggest that assessors often make assumptions and default to the building regulations in place at the time of construction when looking at fabric performance levels.

Assessing fabric performance can cause significant disruption to residents, incur costs and require improvement works to make good. It can also be difficult to make improvements to the fabric of a building. For example:

- It can be difficult to improve fabric in a flat or apartment as this could impact on flats adjacent to and above/below and consent may be required from other landlords.
- Fabric improvements often need to be undertaken at the whole building level whereas EPCs are unit level.

- Older buildings are more difficult to assess because the necessary information regarding the structure and make-up of the fabric of the building is often unknown or unavailable. A significant proportion of the existing housing stock is over 100 years old.
- Heritage features on buildings can prevent fabric improvements.

Improvements in technology mean that low carbon heating systems can operate efficiently even in buildings where extensive fabric improvements are not feasible, and still deliver significant reductions in emissions. These reductions should still be recognised independently of the extent of fabric improvements feasible.

#### Heating system metric

This would be a new metric, which raises a number of questions.

Some members have asked how district heating and communal block systems would be treated within such a metric. Many systems are still gas-fired and it will be important that a heating system metric rewards low-carbon solutions. Heating system metrics should be aligned to the heating carbon metrics proposed to be used in the heat network zoning regulations to ensure alignment between policies.

Any heating system metric should also be aligned to the wider policy framework and clarity is required on Government's strategy for heating homes including urgent confirmation on hydrogen, heat network zoning and timelines to equalise the running costs of heat pumps with gas boilers.

As heating systems for new buildings are dictated by local planning policies and requirements, care needs to be taken to ensure landlords are not penalised where they have followed a planning requirement to install a specific type of heating system.

#### Smart readiness metric

Similarly, this would be an entirely new metric. It's unclear how this would work, what this would measure and how this would be assessed. It doesn't appear to link to existing building regulations, although we are still waiting for the final details of the Future Homes Standard.

### **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 2 of the following: fabric performance, heating system and smart readiness.**

**Alternative 2: A requirement to meet an overarching standard set against all 3 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.**

As set out above, if the Government is determined to set a standard using these three metrics, we would like to see flexibility over which metric the landlord chooses to prioritise, based on the particular properties of the building concerned,

### **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.**

We are concerned that the proposed new domestic EPC, and the preferred approach for future MEES is confused and confusing. We recognise that EPCs can be improved and we support using EPCs as the basis for MEES. However, there are major unanswered questions on how a combination of metrics – some wholly new – will work in practice. We are concerned that the approach proposed by Government will be confusing to consumers, complex for EPC assessors and potentially disruptive to the market as it will take investors, lenders and landlords some time to adjust to the new metrics, methodology and regulations.

There is also a risk that using MEES to tackle both fuel poverty and to accelerate the decarbonisation of homes will pull landlords in two different directions. If landlords are required to focus on fabric improvements then the cost cap could well be reached on insulation and fabric measures alone. However, we will not decarbonise our homes or achieve our climate targets unless we electrify our heating systems, which in many cases means replacing gas boilers with heat pumps.

We believe the focus of MEES should be on energy efficiency and on decarbonising our buildings. This is why in our response to the *Reforms to the Energy Performance of Buildings Regime* consultation we strongly support a headline carbon metric for domestic EPCs. A similar metric has been effective in decarbonising commercial buildings, is well understood across the sector and would align domestic and non-domestic EPCs.

### **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.**

We would question the analysis referenced in the consultation paper. We know that BPF members have submitted evidence suggesting that the average cost of achieving an EPC C rating for certain types of property, such as heritage properties, is significantly in excess of the proposed £15,000 cap. We also note that the analysis is based on houses and not on flats, where improvements typically need to be made at a building level and not unit level.

We would also question the relevance of the analysis, given the proposed new EPC metrics and methodology. It is difficult to cost or calculate the improvements that will be needed to achieve the new standard until the new domestic EPC is in place.

We agree that cost should be grounds for an exemption from the MEES regulations but need to recognise that a single cost cap is a blunt tool. A single cost cap does not take account of regional variations, the size or type of property or the additional costs of retrofitting heritage properties. We also need to recognise that even with an increased cost cap of £15,000, a number of properties including some older stock and listed buildings will not be able to meet the standard without exceeding the cap.

If the Government introduces a £15,000 cost cap then this needs to recognise the real cost of making improvements. The cost cap should include consultancy and planning fees, grants, the costs of scaffolding and all ancillary costs.

The cost of rehousing tenants who have to be relocated during improvement works should also be included in the cost cap.

There should be no “hierarchy” of spend within the cost cap. Landlords should be free to decide what improvements to make that align with any of the metrics against which future MEES will be assessed. Landlords should not be required to prioritise spend on fabric improvements.

The cost cap should be retrospective, so that landlords who have already started to improve the energy efficiency of their properties are not unfairly penalised. The cost of all relevant works undertaken since the current MEES regulations came into force (on 1 April 2020) should count towards the cost cap. We should be incentivising and encouraging landlords to move quickly to improve their properties.

The cost cap should be fixed and not rise with inflation.

**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.**

Yes.

**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?**

The proposed implementation timeline is not achievable. There is not enough time to for the sector to meet the new standard by 2028. We need to understand how the new domestic EPC will work in practice before the industry can put in place plans to bring homes up to the new standard.

As such, there needs to be a longer lead in time for the sector to prepare.

We would also question whether there are enough EPC assessors and retrofit workers to deliver to the Government's preferred timeline. Training up EPC assessors to assess homes against the new metrics will also require extra time and investment.

A longer lead in time would also encourage a more strategic approach to the retrofit of properties and avoid piecemeal interventions (which would be more disruptive to residents and more expensive in the longer term). This would also support the circular economy by limiting the replacement of heating systems before the end of their natural life.

We would support a target of 2030 for new tenancies and 2035 for all tenancies.

We would also argue that renewals should not count as "new" tenancies.

**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?**

Yes.

**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?**

Yes.

We welcome the proposal that homes with an EPC C rating before 2026 will be recognised as compliant with the future standard until that EPC expires or is replaced. This is an essential measure that will be critical to helping the sector meet the new standard.

If the Government pushes ahead with the 2028 start date for the new MEES, we would also argue that any home with an EPC C rating before 2026 should be considered compliant for 10 years, regardless of when the assessment was conducted (i.e. 10 years from the date the new MEES regulations are made).

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

No.

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

If this to be required, then yes.

**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?**

We agree that requiring post-improvement EPCs could benefit the process of enforcement and elevate the quality of the relevant data available to stakeholders. As the consultation document notes, many building owners will undertake post-improvement EPCs for assurance reasons as it stands, and this should be encouraged across the market. However, we don't believe a requirement to commission post-improvement EPCs every time minor works are undertaken would be appropriate.

If this is to be required, we agree that the cost of a post-improvement EPC should be included within the cost cap.

**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 have not answered this question.

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

We have not answered this question.

**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.**

Access to accurate energy data is key to understanding how a building performs in operation and which interventions and improvements can have the greatest impact in terms of cutting bills and improving energy efficiency. Smart meters have an important role to play but only if the smart meter data is accessible by the landlord.

The BPF has published research – [Closing the Data Deficit](#) - looking into this issue in more detail. This includes a section on smart meters.

The research includes a range of recommendations. In the context of this consultation paper, we would highlight the following:

- landlords should have more rights to install smart meters in their properties. We hear from members that many residents will refuse a smart meter upgrade from their supplier. Landlords will seek to install smart meters during void periods but these periods can be quite short and it can be difficult to arrange a smart meter installation before the new resident moves in;
- there needs to be more investment in smart meter infrastructure to ensure smart meters work effectively in more properties. As our research makes clear, there are many cases where smart meters are not working properly and not sending data to energy suppliers or to apps or in-home displays; and.
- the Government needs to mandate the sharing of energy data between residents/tenants and landlords. There are forms of mandatory data sharing in other countries. For example, France's Décret Tertiaire requires certain commercial landlords and tenants to share data and work together to cut emissions. We should adopt a similar approach in the UK, covering both the domestic and non-domestic PRS. The Government should also explore whether energy data could be considered a "legitimate interest" within GDPR. If energy data can be considered a "legitimate interest" this could substantially facilitate residential property owners' ability to collect the data they need about their properties, without having to rely on less accurate benchmarks.

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

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

Until we understand how the new EPCs will work, and how the new metrics will be calculated, it is difficult to understand whether more exemptions will be needed. For example, with a heating system metric, should an inability to connect to the electricity grid be grounds for an exemption, as this is a challenge for many of our members? Similarly, with a smart readiness metric, would an exemption be needed for properties not suitable for smart technologies, such as flats in a block where PV could not be installed?

**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?**

We agree with the Government's preferred position to keep this under review.

We would, however, restate our opposition to the proposal (in the recent *Reforms to the Energy Performance of Buildings Regime* consultation) that a building should not be marketed for sale or let without an EPC. We would like to see the 28-day grace period retained. When marketing new properties for rent, it is not uncommon to market the home before it is completed and has its EPC. When selling homes, some of our members also only commission an EPC when they instruct an agent to market the property as they become the keyholder at this point.

**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.**

**Impact on the PRS**

Whilst the BPF represents larger institutional investors and landlords, we recognise that the vast majority of the market comprises small private landlords who will be the most impacted by the new regulations. There is clearly a risk that the proposed new MEES, combined with wider rental reform, will see some landlords exit the market and/or push up rents. Getting the regulations right and ensuring sufficient lead-in times will help mitigate this risk, as would ensuring a consistent approach in minimum standards between the PRS and the owner-occupier sector.

We are concerned that the proposals, and the consultation paper, do not recognise the diversity of the PRS. Not all buildings are the same and the retrofitting required to meet future MEES regulations will vary from a few simple installations for some newer builds to deep retrofit for homes that are older and built to outdated standards. This is particularly acute for listed buildings, which are often extremely difficult to retrofit to achieve higher EPC ratings and where collaboration with Historic England will be essential. There are also particular challenges with certain Purpose-Built Student Accommodation (PBSA), where

buildings can be subject to both the domestic and non-domestic MEES regulations, and the approach for blocks of flats will be very different to the approach to houses. We would like to see detailed guidance for heritage buildings and blocks of flats. We would also like to see a “carve out” for any student accommodation caught by the MEES regulations, where this is already covered by the non-domestic MEES regulations.

We are also concerned about unintended consequences. There is a risk that properties will be left vacant while landlords make improvements, which in some cases can take years. In blocks of flats, where the consent of multiple residents can be required to make building-wide improvements, failure to secure consent could mean that multiple homes are not able to be let. This includes homes for affordable rent, where demand is huge.

We also need to recognise leaseholder/freeholder challenges. There remains a lack of clarity as to how retrofitting works may be permissible for leaseholders who require freeholder consent. This is a critical issue and may prevent widespread retrofitting works from being undertaken.

### **Further tightening of regulations in the 2030s**

Given the scale of the proposed changes, once the new regulations are in place, we would not expect any significant tightening of the MEES regulations for some time. However, it is not clear how the proposed changes align to the Government's 2050 net zero target and what additional regulatory changes may be needed in the future to deliver a net zero PRS. The lack of regulatory clarity and certainty to date has created huge challenges for the sector and delayed investment in improving homes. We would like to see a clear roadmap from the Government for the sector, setting out the path to net zero, and clear market signals about future policy and regulation.

### **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?**

We need to recognise that the MEES regulations do not operate in isolation and that wider policy and regulatory changes will impact on the sector's ability to meet the new standard, cut bills and decarbonise homes. These include planning reform to speed up retrofit work, investment in the electricity grid and a faster connections process to support the move to all electric buildings, the rebalancing of electricity prices relative to gas, new fiscal incentives and the alignment of MEES with new heat network regulation and with the new Future Homes Standard.