

MHCLG and DESNZ consultation on improving the energy efficiency of socially rented homes in England

Our commitment to sustainability

Southern Housing is one of the largest housing providers in the UK with around 80,000 homes across London, the South East, the Isle of Wight and the Midlands, giving over 167,000 people somewhere affordable to call their own.

As one of the largest housing associations in the UK, we have a responsibility to take the lead on sustainability. We're striving to reduce our carbon emissions to achieve the Government's target of net zero carbon by 2050. We also want to help our residents save money on their bills, improve their health and wellbeing and reduce their environmental impact. We're making positive changes now for people and the planet, by ensuring that the services we provide are more sustainable.

In line with government targets on affordable warmth, one of our strategic priorities is to ensure all our homes are at least EPC Band C by 2030 where it's feasible, affordable and cost effective. We have retrofit programmes in place and are upgrading our homes for a number of years with 75% meeting the EPC C standard already, and a further nearly 16,000 homes below EPC at the moment.

For many homes our proven processes to upgrade these to EPC C can be applied by 2030 and we'll continue to do so, but around 10% of our homes are 'hard-to-decarbonise' homes which are less practicable, affordable, and cost-effective to upgrade.

We've developed financial and asset management plans to deliver upgrades to our homes. It's important for us to understand the performance of our homes so we have a way to plan any retrofit work and measure improvements. That's why we're carrying out regular home condition surveys (we have recent surveys for 71% of our homes). We've also already completed full retrofit assessments on more than 2,000 homes.

We're delighted to receive the SHIFT Gold award for 2024. This reflects our commitment to transparency and leadership in sustainability. As one of the largest housing providers in the UK, we understand the vital role we play in addressing environmental challenges, and this recognition reinforces our dedication to creating greener, more resilient communities.

The Government's proposals

We're pleased to respond to the Government's [consultation](#) on Minimum Energy Efficiency Standards (MEES) in the Social Rented Sector in England. MEES will be included in the Decent Homes Standard (DHS) as part of a Criterion D on thermal comfort, on which the Government is also currently consulting. As with the wider DHS, the standard

will apply to all registered providers of social housing in England and will be regulated by the Regulator of Social Housing (RSH). This will apply to both private registered providers (PRPs) and local authority registered providers of social housing. It does not include properties owned under Low-Cost Home Ownership Schemes (LCHO) such as shared ownership properties.

The revised EPC design proposes four headline metrics: fabric performance (insulation and building efficiency), heating system performance (efficiency and emissions), smart readiness (energy optimisation and system integration), and energy cost. Government's preferred approach requires properties to meet both the fabric performance metric at band C and either the heating system or smart readiness metric by 2030. This means they propose to implement MEES sooner than the rest of the new DHS which they propose implementing in either 2035 or 2037.

Summary of our position

We've developed financial and asset management plans to ensure our homes are at least EPC Band C by 2030 where feasible, cost-effective, and affordable. Given the proximity to 2030 and the scale of 'hard-to-decarbonise' homes, related cost and complexity of the challenge, the sector won't be able to meet the 2030 target for all homes, and we propose that the target is aligned with DHS implementation to 2035/37. We believe this would provide the most realistic route to delivering government's ambitions and better support delivery. This would enable growth in supply chain capacity and capability, and a phased scaling up over a more reasonable period of time.

Of the options presented in this consultation, we support a more flexible dual-metric approach for Minimum Energy Efficiency Standards (MEES) in the social rented sector: option 4B, a standard against two of the three metrics at the landlord's discretion.

The absence of finalised metric definitions creates significant planning challenges for providers. It makes it difficult for the sector to accurately model compliance costs, assess current stock against future requirements, or develop reliable investment strategies.

Government recognises that the proposed standard will be more expensive to meet than current EPC C standards, which concerns us. Without further detail, we're unable to do our own modelling to compare to our current budget. Our costs are already very high, with government funding only covering a maximum of 30% of our additional costs to upgrade our homes. We have to find the remaining 70% at a time of many competing priorities and pressures on our budgets. These include Awaab's Law, building and fire safety spend (i.e. no funding for door checks or cladding on blocks below 11m), and new regulations such as mandatory Electrical Installation Condition Reports for social housing.

Properties that still do not meet the minimum standard after £10,000 expenditure would be exempt for a further 10 years from 2030. This could create a perverse incentive to spend substantial sums achieving temporary exemptions. Properties requiring investment above the exemption threshold are likely to become commercially unviable, driving increased disposals from social housing stock at a time when supply is critically needed.

This financial uncertainty coupled with affordability is a major barrier, especially given the compressed timeline of 2030. The simultaneous implementation of multiple regulatory changes across the sector will create severe capacity constraints in the construction and retrofit supply chain. When combined with similar requirements in the private rented sector, we'll see insufficient capacity to deliver the volume of work required within the timescales, further driving up costs, eroding the value for money of the investment, and extending completion times.

Response to questions

Options for assessing compliance

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? Please explain your answer.

Yes/ **No**/ Don't know

Feasibility due to implementation time

Given delays with recent changes to the SAP methodology (RdSAP10), we don't think there's enough time to agree new metrics, implement them in accreditation systems and modelling software, deal with data gaps, review existing plans, secure investment and complete works by 2030, as stipulated by option one.

We've developed financial and asset management plans to ensure our homes are at least EPC Band C by 2030 where feasible, cost-effective, and affordable. Given the proximity to 2030 and the scale of 'hard-to-decarbonise' homes, related cost and complexity of the challenge, the sector won't be able to meet the 2030 target for all homes, and we propose that the target is aligned with DHS implementation to 2035/37. We believe this would provide the most realistic route to delivering government's ambitions and better support delivery. This would enable growth in supply chain capacity and capability, and a phased scaling up over a more reasonable period of time.

Flexibility required to reflect financial constraints

Of the options presented in this consultation, we support a more flexible dual-metric approach for Minimum Energy Efficiency Standards (MEES) in the social rented sector: option 4B, a standard against two of the three metrics at the landlord's discretion.

This flexibility is required because the average costs presented in the impact assessment appear significantly lower than what we're currently experiencing. This is a great concern. They do not reflect the real outturn costs we're seeing from our installers across retrofit programmes, particularly where the PAS2035 process is required.

The absence of finalised metric definitions creates significant planning challenges for providers. It makes it impossible for the sector to accurately model compliance costs, assess current stock against future requirements, or develop reliable investment strategies taking account of liabilities as required against clearly defined standards and metrics.

These uncertainties make it challenging for us to truly determine the most appropriate option, as the modelling used in this consultation doesn't represent the true scale of impact this reform will have on our business. It would be better to implement MEES in stages, for example, use existing metrics until 2030 then introduce a new matrix in 2035/37 aligned with DHS2. This would enable us to continue to deliver our existing retrofit programmes and plan ahead for the changes proposed. So much change, at such a late stage, will likely result in disruption and delay rather than advance the Government's sustainability objectives being delivered.

This is especially concerning given we are already adapting to other reforms that are also placing considerable financial pressure on the organisation. This financial uncertainty is particularly problematic given the compressed timeline of 2030. The simultaneous implementation of multiple regulatory changes across the sector will create severe capacity constraints in the construction and retrofit supply chain. When combined with similar requirements in the private rented sector, it's possible we'll see insufficient capacity to deliver the volume of work required within the timescales, further driving up costs and extending completion times. With this in mind, stability and/ or flexibility is the most appropriate way forward.

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? Please explain your answer.

- 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

Of the options presented in this consultation, we support a more flexible dual-metric approach for Minimum Energy Efficiency Standards (MEES) in the social rented sector: option 4B, a standard against two of the three metrics at the landlord's discretion but align the date with DHS implementation of 2037. Please see our answer to question one for further comment.

Flexibility in how standards are met is important for a number of reasons including cost and practicality. Option 4b, which allows compliance against two of the three metrics at the landlord's discretion, would make it possible to choose the most effective combination of measures for each home. The flexibility in metric selection of option 4b would also accommodate homes in conservation areas, high-density older buildings, or other situations where standard retrofits are challenging.

Question 3: Are there any other approaches to setting MEES that should be considered (such as an energy cost-based approach)? If you have selected yes, please explain your answer.

Yes/No/Don't know

We support a phased implementation and alignment of the MEES implementation period with DHS2. For example, use existing metrics until 2030 then introduce a new matrix in 2035/37 aligned with DHS2. This would enable us to continue to deliver our existing retrofit programmes and plan ahead for the changes proposed. So much change, at such a late stage will likely result in disruption and delay rather than advance the Government's sustainability objectives.

Separately, in line with recommendations from the Climate Change Committee, we believe government could explore a future EPC methodology separating out ratings for fabric efficiency, carbon emissions, and cost/consumption. This would be aimed at improving transparency, supporting residents in understanding their bills, and helping providers to target interventions more effectively, particularly for households in fuel poverty. However given the lack of clarity regarding the new EPC methodology, we do not believe it's advisable to use this as the basis for MEES by 2030.

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? Please explain your answer.

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

Smart readiness is not yet well enough defined for us to choose this option. While it may fit with plans to put solar panels on some 'harder-to-decarbonise' homes, we remain concerned there could be more data gaps and unforeseen impacts on residents, compared with the heating system metric.

A heating system metric, on the other hand, is likely to be the most suitable for most of our housing stock. It has the most direct impact on residents' heating costs and can deliver immediate benefits in terms of affordability and comfort. Residents are more likely to provide access for retrofit work if heating improvements form part of the work. Including this in the metric may enable a greater volume of retrofit work to take place within the target timeframe.

It's likely this will be more cost-effective and less disruptive than extensive fabric improvements, particularly in older or 'harder-to-decarbonise' homes. 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.

Although in line with current investment plans, we do have concerns this metric could increase costs if we have to bring in new properties to our heating upgrade programme earlier than planned, in order to meet a metric yet to be defined.

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

Yes/**No**/Don't know

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 the compliance date for social homes to comply with MEES should be brought in line with Decent Homes Standard (DHS). Extending the target for homes to achieve EPC C to align with the updated DHS, to 2035 or 2037, would provide the best route to delivering government's sustainability ambitions and more realistically support real-world delivery by housing providers.

Achieving MEES the social rented sector by 2030 is no longer credible or achievable, and we believe it should instead be aligned with the DHS timeline. A single approach tied to the DHS, whether in 2035 or 2037, would provide greater clarity and efficiency. While we continue to support MEES in principle, it must be delivered with a realistic and consistent implementation period. Government shouldn't underestimate the barrier that costs and disruption will have on the ability of the sector to meet MEES.

Based on our experience, DHS alignment would be more realistic for a range of reasons:

- Primarily, it would allow us to more gradually bring our stock up to the EPC C target, lessening the financial impact
- Another concern with the 2030 target is that we wouldn't have clarity on the metrics in time to adjust plans and meet the target
- A longer window would allow us to better account for the wider pressures on the sector, including workforce and skills shortages
- It also recognises the practical challenges of retrofitting high-density and older housing stock, which can be more complex to decarbonise
- We're also keen for regulatory alignment with the DHS to reduce the administrative burden on staff.

Retaining 'hard-to-decarbonise' homes

At least 10% of our homes are 'hard-to-decarbonise' and will 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 lasting benefit for residents.

This breathing room would increase the likelihood that we're able to retain more of these 'hard-to-decarbonise' homes, which otherwise would be increasingly unaffordable. We are continually assessing the best use of our funds to meet our charitable objectives, and

on some occasions we must sell homes that no longer are financially viable to retain. The more time we have to bring these homes up to EPC C, the better chance we have at avoiding 'disposal' of these homes.

Implementing the standard

Question 7: Do you agree with the Government proposal to set a time-limited spend exemption? Please explain your answer.

Yes/**No**/Don't Know

We don't agree with the Government's proposal for a time-limited spend exemption in its current form.

In some cases, we need to account for homes with vulnerable residents, where access to carry out works may be limited or not possible, even under the exemption. These factors must be considered when assessing the practical implications of the proposed reforms.

More significantly, we're deeply concerned that the current approach could lead to inefficient and unnecessary expenditure. Requiring a spend of £10,000 to qualify for an exemption may result in spend being directed towards measures that do not deliver lasting thermal comfort or contribute meaningfully to decarbonisation objectives. Allowing organisations to base exemptions on assessed costs rather than actual spend, and defer works, rather than requiring up-front spending, would enable retrofits to be delivered more strategically as part of planned investment cycles, maximising efficiency and resident benefit.

Retaining 'hard-to-decarbonise' homes

Primarily though, our concern with the Government's approach is that there will inevitably be some homes that are unlikely to achieve EPC C economically, and a time-limited spend exemption in place doesn't resolve this underlying issue.

As mentioned in our answer to question six, at least 10% of our stock is particularly difficult to decarbonise. In such cases, it won't be cost-effective, feasible, or practical to reach EPC Band C by 2030. The Government's proposals do not adequately address how providers should manage these homes, whether through deferral, disposal, or alternative compliance routes.

These 'hard-to-decarbonise' homes include properties located in conservation areas or those with complex archetypes, where retrofit measures are restricted and achieving the required standard will not be feasible.

It's essential that the Government considers some form of an archetype exemption for cases where, due to the complexity of building type, deferring the compliance date just shifts the issue to a later date. If there are types of home that will never meet compliance requirements, then they should be permanently exempted. Or we risk housing associations using their powers to dispose of these properties.

Why HAs dispose of these homes and to whom

Housing associations operate within a regulated framework that obliges us to balance financial sustainability with delivering affordable housing and reinvestment in communities. We are continually assessing the best use of our funds to meet our charitable objectives, and on some occasions we must sell homes that are no longer financially viable to retain. If a property requires an investment of £10,000 simply to qualify for an exemption from EPC Band C, this expenditure will not represent good value for money. At Southern Housing, at a minimum we expect to need to spend £90 million, just to secure exemptions on our 'hard-to-decarbonise' homes.

Our concern is it's not financially viable for housing associations to spend £10,000 to secure a time-limited exemption and therefore disposal of homes becomes increasingly prevalent across the sector at a time when we need as many social homes as possible. As a large housing association, we must think strategically across thousands of homes and weigh long-term social and financial value, making disposal a legitimate option where costs are disproportionate, as set out in our Disposal of Assets policy.

Why there's a market for disposals

When local authorities or housing associations dispose of properties, they're bought by a range of purchasers depending on the local market, the type of property, and the conditions of sale. The main buyers are private individuals, private landlords, institutional investors, and developers. They may acquire them for refurbishment or redevelopment, to enter the buy-to-let market, or to become an individual family home.

For buyers of disposals, including private landlords, even if a property cannot cost-effectively achieve EPC C in advance of a 2030 target date, its market value and ability to generate a market-rate income may justify ownership, particularly where the local housing market is buoyant. Indeed, these costs can be recovered more realistically through private rents, which have soared in comparison to social rents. In London, at the start of the rent reduction in April 2016 we were at 35% of average private rents. As of April 2025, social rents are now estimated at only 31% of private rents. Monthly private rents here have increased by £570, a 34% increase. Social rent has seen only an increase of £117 (20%).

Disposals are taken very seriously at housing associations as we're conscious they can reduce the overall supply of affordable housing. It's possible that this reduction leads to higher housing costs in the local market, and without necessarily improving the energy efficiency of homes. It is therefore essential that government creates additional exemption frameworks for these homes to avoid an increase in disposals.

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? Please explain your answer.

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

If an exemption spend is in place, we question whether £10,000 is an appropriate threshold. A fixed monetary threshold oversimplifies what is a highly variable landscape, where costs differ significantly depending on geography, supply chains, and whether the PAS2035 process applies. The current proposal risks producing inconsistent outcomes between providers.

We're concerned the cost assumptions underpinning the impact assessment do not reflect the real-world figures we are seeing across our retrofit programmes. If a fixed monetary threshold is retained, we believe it should be modelled on a notional spend of £10,000, rather than requiring providers to demonstrate actual expenditure of that amount before an exemption can be granted. This would avoid unnecessary and potentially wasteful works, while still ensuring a consistent approach to exemption applications.

We'd also recommend further assessment of the possibility that a cost cap exemption could unintentionally create distortions in the market and create perverse incentives. Landlords will feel obliged to spend the full amount to demonstrate compliance, even where cheaper or more effective solutions exist; they'll be incentivised to hit the cap rather than undertake the most meaningful activity. And, knowing a spend exemption is in place, contractors and suppliers may adjust pricing. We could see clustering of costs around the cap including an artificial price floor at or near the exemption threshold, regardless of actual costs.

Please see further comments on an exemption cap in our response to question seven.

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? Please explain your answer.

Yes/No/**Don't know**

If a time-limited spend exemption is to be introduced, we agree that it should be valid for a minimum of 10 years. However, it is difficult to assess the longer-term implications, as future standards and timescales are uncertain.

Government should also recognise that in some cases, properties will remain unable to achieve compliance regardless of expenditure. Please see further comments on an exemption cap in our response to question seven.

Question 10: If you have answered no to Question 9, would you prefer an exemption that is valid for... Please explain your answer.

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

The exemption period should be extended to align with the implementation timetable for the new Decent Homes Standard. On this basis, the exemption timescales also should be rethought to give consistency. This would ensure consistency between

regulatory frameworks, reduce administrative complexity, and provide landlords and investors with the certainty needed to plan effectively.

Timelines need to reflect the reality that, from 2034, Home Energy Models (HEMs) are expected to replace Energy Performance Certificates (EPCs), creating uncertainty about how exemptions will be applied in practice. Extending the exemption period would provide the stability during this transition.

As noted before, the Government must acknowledge that certain properties will remain unable to achieve compliance regardless of expenditure. Please see further comments on an exemption cap in our response to question seven.

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? Please explain your answer.

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

Currently, around 10-20% of our EPC regime homes fall into the 'difficult-to-decarbonise' category either due to age, location, conservation status, or archetype. However, as our retrofit costs typically exceed the £10,000 spend exemption threshold by at least 50%, we anticipate that the proportion of homes requiring an exemption will be higher.

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? Please explain your answer.

Yes/No/Don't know

Other circumstances where individual dwellings will not meet MEES which are not covered in the current DHS exception include conservation areas which create a barrier and increased timescales and costs e.g. by preventing external wall insulation and double glazing.

We also have a number of homes built using non-standard construction methods, which makes it difficult to decarbonise. For example, homes across the Rookery Farm Estate in Dagenham are 'British Iron and Steel Federation' houses. These are a type of steel-framed house. They were designed to be quick to construct to address the shortage of

housing after World War II, but create additional considerations (and cost) when it comes to decarbonisation.

We understand resident access is already a DHS exemption but we feel this needs more consideration in relation to the challenges around retrofit works, which can be more disruptive and of less perceived immediate benefit to residents (see also our response to question 22). Also needing further consideration are mixed tenure blocks, and cases where a major decant is needed, for example in cases of asbestos.

Transition periods

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? Please explain your answer.

Yes/No/Don't know

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 clarity on future assessment methodologies, landlords cannot be certain whether properties deemed compliant today will remain compliant as new methodologies are implemented. Transitional arrangements are therefore critical to maintain stability, give landlords confidence in their investment planning, and avoid unnecessary expenditure.

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? Please explain your answer.

Yes/No/Don't know

We believe it's unnecessary to repeat EPC certification for those homes that already have a valid certificate. Properties that have achieved EER C from the introduction of new EPCs until 1 April 2028 being considered compliant until the property's EPC expires provides essential certainty for long-term planning and supports a smoother 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) . Please explain your answer.

- 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

We have an existing programme to improve homes to Band C under the current methodology. It would be impractical and unnecessarily costly to renew EPCs, assess the implications, reassess financial plans and adjust delivery programmes. Particularly at a time when housing providers are under significant financial pressures in other areas.

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? Please explain your answer.

- 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**

It's difficult to predict the courses of action registered providers of social housing would take because there is so much variation with the sector both of stock condition and of approaches to retrofit. It's possible many would take the 'stopgap' approach of EER C by April 2028, but others may see this as a false economy and improve homes to meet MEES using the new metrics.

Implementing MEES in leasehold properties

The questions in this section are primarily aimed at registered providers of social housing and leaseholders in properties where social housing providers own the freehold (for example properties purchased through right to buy) and are therefore optional, but we welcome views from others who would like to provide their views to these questions if applicable.

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

Yes/No

We are the head leaseholder for 8% (4,601) of properties, of which 10% (483) are Band D or below. We are also the sub leaseholder for a further 2% (1,409) properties.

Where the registered provider is the head leaseholder but not the freeholder, significant challenges can arise in delivering energy efficiency improvements. In practice, it can be difficult to identify or contact the freeholder, which adds delay and complexity to the process. The division of rights and responsibilities between freeholders and leaseholders is not always clear, particularly as many leases are silent on matters relating to energy efficiency. While the leaseholder may be responsible for maintaining the fabric of the building, it is often ambiguous whether this extends to making improvements.

At present, we have to investigate lease arrangements on a case-by-case basis when blocks are included in retrofit programmes, which is inefficient and resource-intensive. More clarity and consistency on the respective obligations of freeholders and leaseholders would be welcome.

In addition, practical delivery is frequently constrained by legal and financial barriers. Consent from the freeholder is often required for works to the structure, external fabric, or communal areas. Freeholders may refuse permission outright or impose conditions that render schemes unviable. Lease restrictions can also prevent the installation of essential measures such as external wall insulation, solar PV, or low-carbon heating systems. As a result, technically feasible works are often delayed, restricted, or blocked entirely.

To address these barriers, government should provide clear guidance, or where necessary legislative change, to clarify the rights and responsibilities of freeholders and leaseholders in relation to energy efficiency works. This should include a defined process for obtaining consent, with appropriate time limits and safeguards against unreasonable refusal, ensuring that essential retrofit measures can be delivered in a timely and cost-effective way.

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

Yes/No/Not applicable

While we're not responsible for EPCs for leaseholder properties, we'll need to take a measured approach to tackling properties in these blocks. Section 20 proceedings are a sensitive (and time-consuming) approach but may be necessary in these cases.

And it can be difficult to demonstrate the benefits of improvements 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 delays or deters investment.

Compliance with new DHS expectations around thermal comfort and MEES would likely require investment at block level and on fabric of the building. Recovering these costs from leaseholders, shared owners and other owner occupiers could be particularly challenging, meaning many may ultimately fall on the landlord. Were that to be the case, social renters may argue costs are disproportionately falling on them via service charges.

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? Please explain your answer.

- Completely support
- Support to some extent

- Neither support or do not support
- Do not support
- Not applicable

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?

Yes/No

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

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?

The consultation does not appear to have considered the practical challenges of accessing homes to carry out retrofit works. Clear guidance is needed on what housing providers will be expected to do when residents refuse access. For example, will providers be required to pursue legal action or arrange for residents to be decanted where works cannot be completed with them in situ? Without clarity on this issue, it is difficult to assess the feasibility and implications of the proposed reforms.

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, as it potentially leads to higher electricity bills for residents and increases fuel poverty. 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 will 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.

Call for evidence on longer-term decarbonisation and Net Zero

Question 23: When do you plan on installing low carbon heating in your homes?

- Install in all homes in the 2020s
- **Install in some homes in the 2020s, install elsewhere in the 2030s and beyond**

- Install in most homes in the 2020s, install elsewhere in the 2030s and beyond
- Install only in 2030s and beyond
- Other
- Don't know

Question 24: At what point will you be looking to replace failing/end-of-life heating systems with low carbon heating?

- 2020s
- **2030s and beyond**

Question 25: If you have no plans to install low carbon heating in the 2020s, which options best describe why?

- Prioritising fabric improvements first
- Prioritising other non-fabric measures (such as solar PV)
- It is too expensive
- It would raise bills for tenants
- Don't know enough about it
- Waiting until current heating systems need replacing
- Other
- Don't know

Question 26: In your plans for low carbon heating installation, which homes will you target first for low carbon heating? Select all that apply

- **Those with failing/end-of-life heating systems**
- On the gas grid
- Off the gas grid
- Higher starting EPC band
- **Lower starting EPC band**
- Specific housing archetypes (e.g. high rise or terrace)
- **Whichever homes are most convenient to install low carbon heating in**
- All properties at once
- Other
- Don't know

Question 27: Do you plan to install communal low carbon heating or individual low carbon heating?

- Communal (e.g. low carbon heat network)
- Individual (e.g. one air source/ground source heat pump per home)
- **A combination of the above**
- We have no plans to install low carbon heating
- Don't know

Question 28: What proportion of your organisation's homes do you anticipate receiving solar PV installations up to 2035?

- Installed in all homes

- Installed in most, but not all homes
- **Installed in some, but not most homes**
- Installed in a limited number of homes
- Installed in no homes
- Other
- Don't know

Preparedness for Net Zero

Question 29: Which of the following do you intend to use to fund net zero by 2050?

- **Self-funded through existing budgets**
- **Private finance specifically for decarbonisation purposes (e.g. ESG loans or bonds)**
- **Private finance at a corporate level**
- **Innovative financing models (e.g. retrofit credits, comfort charges, Heat/Energy as a Service models, Smart Export Guarantee tariffs)**
- Other
- Don't know

Question 30: To what extent have the longer-term costs of reaching net zero in social housing by 2050 been factored into your long-term business planning?

- Not at all; we have not considered the costs of any retrofit works beyond meeting EPC C
- A little; we have done a limited amount of work to consider the costs of decarbonisation beyond EPC C
- Somewhat; we have started to consider the costs of net zero by 2050 and how to achieve this
- **Substantially; we have fully considered the costs of net zero by 2050 and are working on how to achieve this**
- Completely; we have fully considered the costs of net zero by 2050 and factored this into our long-term business plan
- Don't know

Note, this is remodelled annually to allow for any changes to costs, homes and our assumptions to be factored in. Outturn costs in the sector are high (even higher than forecast costs), and costs with limited supply chain capacity will likely rise further.

Question 31: Were you aware of heat network zoning proposals before reading this document?

- **Yes, we were aware of network zoning proposals and planning to connect some buildings to a heat network**
- Yes, we were aware of network zoning proposals but not planning to connect any buildings to a heat network
- No, we were not aware of network zoning proposals but planning to connect some buildings to a heat network

- No, we were not aware of network zoning proposals and not planning to connect any buildings to a heat network

Question 32: What actions should government consider implementing to increase the number of smart meters installed in the social rented sector? (Select all that apply)

- Create obligations for social landlords to ensure their properties (including where there are communal energy sites) contain smart meters, regardless of whether the landlord or the tenant pays the energy bill.
- Create obligations for social landlords to ensure their properties (including where there are communal energy sites) contain smart meters, only in cases where the landlords is the energy bill payer.
- **Create obligations for social landlords to arrange for smart meters to be installed in their properties (including where there are communal energy sites) during void periods and/or during retrofit projects.**
- Create positive incentives for social landlords to arrange for smart meters to be installed in their properties, e.g. through SRS MEES.
- Create obligations for social landlords to actively promote smart metering to their tenants, e.g. through sharing literature.
- Support national and/or local campaign activity to engage social landlords and tenants and raise awareness of smart metering.
- Other (please specify)
- Don't know/not sure

Question 33: [Optional] Do you have any further comments or concerns regarding Minimum Energy Efficiency standards in the social rented sector or on longer term decarbonisation and net zero which have not been mentioned?

The compliance dates for the DHS and Minimum Energy Efficiency Standards (MEES) should be aligned. Aligning the dates would allow us to plan retrofit programmes more strategically, sequencing work for maximum efficiency and minimising disruption to residents.

The Government should understand that complying with MEES as part of a wider, newly revised DHS will require significant investment not yet included in the sector's long-term financial plans. Measures at the spending review, including the provision of a long-term rent settlement and improved access to building safety funding, have gone a long way to improving our financial resilience. But we will need extra measures including a £3 per week rent convergence mechanism if we are to fund the improvements necessary ahead of the various compliance deadlines. Combined, the revised DHS, Awaab's Law, MEES and the forthcoming competence and conduct standard will significantly increase compliance costs. Changes to the regulatory regime should not be looked at in isolation, but in the round.

One area that warrants further attention in the context of Minimum Energy Efficiency Standards (MEES) in the social rented sector is the integration of long-term decarbonisation strategies with housing association planning. While the proposed EPC C target by 2030 is a positive step, incentives are needed to ensure that fuel bills remain affordable. A reduction in the difference between gas and electricity pricing would

improve the take up of low carbon energy systems, such as removing the climate change levy on electricity or creating a heat pump tariff. Without government action on electricity pricing, we could see higher electricity bills for residents and increase fuel poverty.

In addition, while we support the aims of new heat networks regulations, these will create additional costs for residents already connected to heat networks and deter residents from being connected to them in future.

Finally, the consultation could benefit from more emphasis on resident engagement and education, ensuring residents understand and benefit from energy efficiency measures. We currently have a dropout rate of around a quarter – these are homes where we can't get access. It'd be useful to see future government plans to tackle fuel poverty (with a wider range of policy levers) aligning or acknowledging the efforts of social housing providers, and ensuring that government co-creates solutions with the sector, to support those most at risk of fuel poverty.