Improving the Energy Efficiency of Socially Rented Homes in England

Consultation response

September 2025

1. ***Do you agree that the government's preferred option (option 1- dual metric approach) to set a minimum energy efficiency standard for the SRS is the most suitable option?***
   - *Yes*
   - ***No***
   - *Don't know*

Whilst we agree there should be a fabric metric, we are aware that there are many properties in the social housing sector that are hard to treat, particularly properties with solid walls. In addition, retro-floor insulation, particularly for properties built after 1930 that tend to have solid floors, is very disruptive and can only really be carried out at change of tenancy. So, a blanket fabric target is not suitable for the diverse English housing stock. Either the target must be so easy to meet it has no real benefit moving forwards, or it would only be feasible/cost effective for more modern properties.

The fabric metric benefits path to zero carbon AND tenant energy bills. The heating system metric (assuming in essence we are looking at heat pumps/electric heating) would probably increase heating bills for customers in the absence of micro generation and battery storage.

We agree with moving away from carbon and SAP rating-based targets, as the changes in methodologies and decarbonisation of the grid create a moving target. However, the SAP rating is a cost-based target and therefore ensures that energy efficiency measures installed target the energy costs to the tenant.

Any changes to metrics should remain aligned with the core goal of reducing resident bills and tackling fuel poverty. Moving away from a cost-based metric risks higher fuel bills, inadequately heated homes, and associated issues such as damp and mould. A push to smart meters may also face resistance from residents, with smart meters having a bad press. Careful consideration of the policy's objectives is therefore essential. A balanced approach to metrics, aligned with what the sector is already accustomed to, will be key to successful rollout and implementation.

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*

Sava would support a standard with all three metrics, but an average approach would need to include backstop values to prevent a poor fabric achievement balanced by a large amount of PV. Using an average could allow the focus to be on low cost measures that may not reduce fuel bills for tenants.

Allowing the most suitable/cost effective of the metrics to be used, means that cost effective fabric measure can be applied to suitable properties, whilst ensuring any cost cap does not exclude hard to treat properties from energy efficiency and fuel bill saving measures such as solar PV or solar hot water.

Our concern with a strict fabric metric is the difficulty of solid wall properties to meet these metrics. Measures such as floor insulation to offset heat losses through the walls are disruptive and often can only be applied at change of tenancy. Many historic solid wall properties are also in conservation areas, which limits glazing and wall insulation measures.

Allowing providers discretion allows housing providers to choose the best metrics that apply to specific archetypes across their stock and consider what is best for the resident based on further factors such as tenant refusal say for smart meters etc.

3. ***Are there any other approaches to setting MEES that should be considered (such as an energy cost-based approach)?***
    - ***Yes***
    - *No*
    - *Don't know*

If only two of the metrics are used, and this does not include some on-site generation or ability to use smart tariffs, there does need to be some consideration for the bills the tenants will face. There is no point in installing a new clean heating system if this is more costly to run for the tenant.

With any of the metrics there needs to be a caveat that only applies new measures if this also results in a reduction in tenant energy bills. This could be achieved by continuing to use the EER as this is cost based. Alternatively, using the energy bill calculation used to estimate heating, hot water and lighting costs on the EPC, which are postcode specific and use more up to date unit fuel costs could be considered.

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 be most likely to choose for the majority of your housing stock?***
   - *Smart Readiness*
   - *Heating System*
   - *Don't know*
   - ***Not applicable***

5. ***Do you agree with the proposal for social homes to comply with MEES by 1 April 2030?***
   - ***Yes***
   - *No*
   - *Don't know*

This is quite a short timescale, and difficult to answer without knowing the actual targets that will need to be achieved. In particular, the focus has been on reaching EPC Band C, which fabric and PV measures would progress, whilst with the current RdSAP 10 methodology, heat pumps do not always increase the EPC SAP Rating and often incur higher fuel bill costs for tenants. If properties with a current EPC Band C are considered to meet MEES for SRS to at least 2028 this would be feasible.

Sava works with many housing providers and most of them are already working towards EPC C targets across their stock by 2030. Therefore, any additional metrics or requirements should be carefully considered in terms of any additional costs or disruption to residents, especially if planned programmes have already been produced.

6. ***If you have 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?***
   Not applicable

7. ***Do you agree with the government proposal to set a time-limited spend exemption?***
   - ***Yes***
   - *No*
   - *Don't know*

The time limit on the exemption allows breathing space for the landlord to address hard to treat properties, and perhaps for new technologies to evolve or costs of technologies to reduce. By ensuring there is an end date to the exemption, no tenants will be left without energy efficiency measures indefinitely.

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 option*
    - ***Set it at £15,000***
    - *No spend exemption*
    - *Other – please specify*
    - *Don't know*

The problem with a spend exemption is that it leads to prioritising easy to treat properties. Fabric measures and heat pumps are expensive. The cost to fully insulate a property to a standard where a heat pump would be efficient is likely to be higher than £10,000. It is the tenants in the harder to treat properties that have a great need to reduce fuel bills. Spending exemptions could lead to higher disposal rates across social housing providers and an unwillingness to focus on the worst performing properties in their stock. There should be a cost exemption, but at a higher level and for a shorter period.

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*
    - ***No***
    - *Don't know*

Using a cost exemption to delay energy efficiency measures will leave some tenants with higher fuel bills for the term of the exemption. 10 years is too long; setting the time limitation at 5 or 7 years would at least ensure the property was re-evaluated sooner.

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*

Sava believes that using a cost exemption to delay energy efficiency measures will leave some tenants with higher fuel bills for the term of the exemption. 10 years is too long; setting the time limitation at 5 or 7 years would at least ensure the property was re-evaluated sooner.

11. ***If you are answering as a provider of 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 using the spend exemption for?***
    Not applicable

12. ***Are you aware of any other 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*
    - ***No***
    - *Don't know*

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*
    - ***No***
    - *Don't know*

We have taken to the opportunity to look at Band C in the context of the new metrics using the data we hold for social landlords.

Our analysis shows that the average HLP for a Band C property is approximately 2.9 W/m^{2}K and there are approximately 30% of properties in Band C with an HLP of > 2.9 W/m^{2}K.

An example of such a property is a solid wall pre 1930 mid terrace house with condensing gas boiler - current SAP rating 70 (EPC Band C), current HLP 3.1 W/m^{2}K.

To reach an HLP of 2.2 W/m^{2}K, glazing, loft, wall and floor insulation would need to be applied - using Sava costs, ~£8k with IWI and ~£11k with EWI.

Installing a heat pump with HLP of 3.1 W/m^{2}K would necessitate a larger heat pump and hence a more expensive heat pump. Therefore, if these properties are considered MEES compliant and heat pumps are installed as part of a heat pump programme, the cost will be higher and the fuel bills for the tenants will increase: our analysis of this property described above would increase the fuel bills by ~10 % if a heat pump is installed prior to improved fabric.

If properties that are currently EPC Band C are to be considered compliant you will have a mix of properties meeting fabric/smart/heating targets and possibly not the SAP Band C (hence larger fuel bills for tenants).

We support the interim use of EPC Band C (under current methodology) to be considered meeting MEES, but this should be time limited to a set date, rather than the lifetime of the EPC (currently 10 years).

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*
    - ***No***
    - *Don't know*

If compliance with MEES can be delayed until 2038, this is going to be very difficult to plan for. When MEES is introduced, only properties with a valid EPC Band C should be considered compliant, not any new EPCs lodged after the introduction.

Our research shows that over around 60% of properties that have a calculated SAP rating of 69 or above also have an HLP less than 2.5 W/m2K. A property with an HLP of this order would be suitable for a heat pump that could be correctly sized. This leaves 40% of properties being considered to meet MEES but not achieving a high standard of fabric efficiency.

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*

Most social housing providers that we work with have 60-70% valid EPCs, and the cost and methodology of EER C if familiar. Funding that has been planned and applied for has targeted Band C. Many of our customers have incorporated their planned maintenance programmes into their energy efficiency strategy, which is targeting the EER.

EPC programmes are expensive, and an EPC is not required to calculate a SAP rating or HLP. Energy data can be used to calculate a rating after efficiency measures have been installed. There is also widespread concern about the accuracy and validity of lodged EPCs. Many social housing providers therefore rely on in-house teams with local knowledge of their stock and use asset management systems that are regularly updated. Using only EPC data risks out-of-date reporting, as carrying out new EPCs whenever properties are updated would be costly and not always possible, given access issues. Existing datasets can instead provide a more reliable, real-time view of energy performance.

For these reasons, we believe most providers would renew EPCs when they expire and demonstrate compliance under EER C until the new EPC metrics apply in the early 2030s, rather than incur unnecessary costs by renewing early or complying immediately.

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*

We would expect most Social Housing providers to continue to use the current methodology to target Band C. This is familiar and for most means they can continue with existing strategies, while the new EPC/HEMS/other metrics are finalised. In many cases the finance to meet Band C has been planned and accounted for, this should be considered when setting deadlines as many of our customers have targeted EPC C by 2030 and costed for this accordingly. Moving this forward to 2028 could cause supply chain issues and increase retrofit costs for social housing providers unless appropriate funding schemes are provided.

17-32 Not applicable

33. ***What actions should government consider implementing to increase the number of smart meters installed in the social rented sector?***

    - *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*

Where tenants have not yet got smart meters, they are unlikely to do so, installing smart meters in void properties or at change of tenancy would negate this issue. Where the landlord is the energy bill payer, any concerns of smart meters incorrectly charging would not be an issue for the tenant.

Final comments

Sava supports the government's aim to improve energy efficiency in the social rented sector and agree that fabric measures should be central to MEES. Better insulation lowers energy demand, supports net zero targets, and reduces heating costs. However, the diversity of the English housing stock must be considered. Many properties, such as those with solid walls, solid floors, or conservation restrictions, are difficult and costly to retrofit. A generalised fabric performance target risks being either too low to drive improvement, or too demanding to achieve. A key concern of ours is that none of the proposed metrics directly address tenant fuel bills. Moving to low-carbon heating solutions (e.g. heat pumps) without appropriate fabric upgrades or complimentary on-site generation could increase fuel costs for tenants and contribute to fuel poverty.

The proposed £10,000 maximum investment and 10-year time limit to the spend exemption both risk slowing progress. We think a higher cost cap (if any) and a shorter time limit will ensure continued improvements towards warmer, cheaper-to-run homes.