



Improving the energy efficiency of rented accommodation

Introduction



We are in an energy crisis where millions of people are struggling to afford to pay for enough energy to stay safe, warm, and healthy at home. While the crisis is being driven by very high energy prices, it is being exacerbated by the shockingly poor quality and inefficiency of the

UK's housing stock, with those in the least efficient homes having to pay £1000s extra than the typical household just to heat and power their home to a minimum reasonable standard.

We have known for too many years the worst conditions remain in the Private Rented Sector (PRS) but worrying recent evidence suggests any limited progress is now being reversed and three years after consulting on new proposal to extend standards in the PRS, the UK Government have yet to respond to the consultation. This briefing highlights the impact that this could have and the benefits of improving the energy efficiency of rented accommodation, to both address the high cost of living while making progress towards net zero.

Progress across nations to date

Since April 2018, private landlords cannot let domestic properties on new tenancies to new or existing tenants if the Energy Efficiency Certificate (EPC) rating is F or G, unless an exemption applies. Since 1 April 2020, private landlords can no longer legally let or continue to let any domestic properties unless they meet minimum energy efficiency standards which prohibit the least efficient homes, unless they have a valid exemption in place and they have made a financial contribution of up to £3,500 including VAT towards the cost of upgrading their properties with energy efficiency measures.

Despite these welcome requirements, progress in within the PRS has stalled and worrying recent evidence suggest any limited progress is now being reversed:

- **In total, 210,000 privately rented homes in total fail to meet the minimum standards of EPC F/G. Over 100,000 are fuel-poor tenants who are now living in the least energy efficient privately rented homes despite legal requirements to the contrary. An increase of 33% since 2019.**
- **The number of fuel poor households has also increased overall in both the owner-occupied and private rented sectors in recent years, leaving social housing as the only tenure to see a minor decrease in number of fuel-poor households.**

The [UK Government also consulted](#) on a meaningful minimum standard of EPC C in the private rented sector in 2020 across England and Wales, and three years later have not yet responded to that consultation. If the 'missing rental standards' are not addressed, it is likely that the England 2030 Fuel Poverty Targetⁱ, Wales Fuel Poverty targetsⁱⁱ and subsequently the UK 2035 Net Zero statutory milestoneⁱⁱⁱ, will all be missed.

Data on the 'need'

NEA analysis based on UK Government statistics for England show that more fuel poor tenants are now living in the least energy efficient privately rented homes since when these legal requirements on landlords were introduced (chart 1) and overall 20,000 more privately rented properties (again across England) are in the least efficient bands compared to 2020, since when all privately rented homes should have reached band E or above (chart 2). Overall, 24% of private renters in 2022 were living in fuel poverty, the highest rate in any tenure and the number of fuel poor private renters has fallen by only 4% since 2010 and 210,000 privately rented homes remain below band E (100,000 are fuel poor households).

Chart 1 – NEA analysis based on UK Government statistics - Number of fuel poor households in the least efficient f/G rated homes, across tenures (2018-2022).

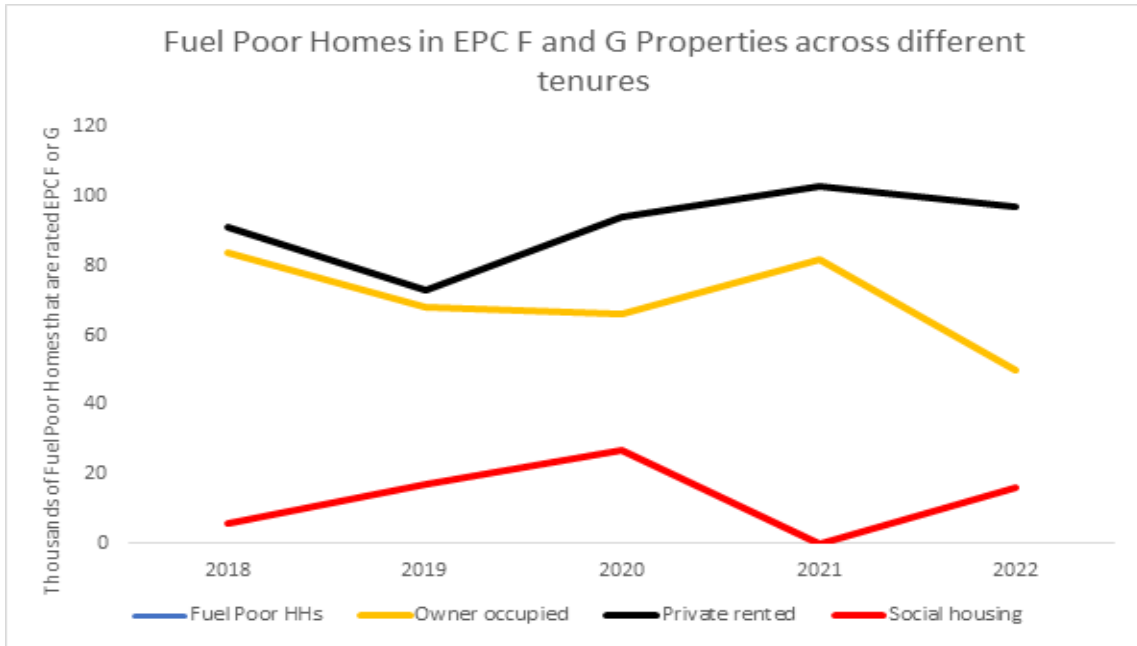
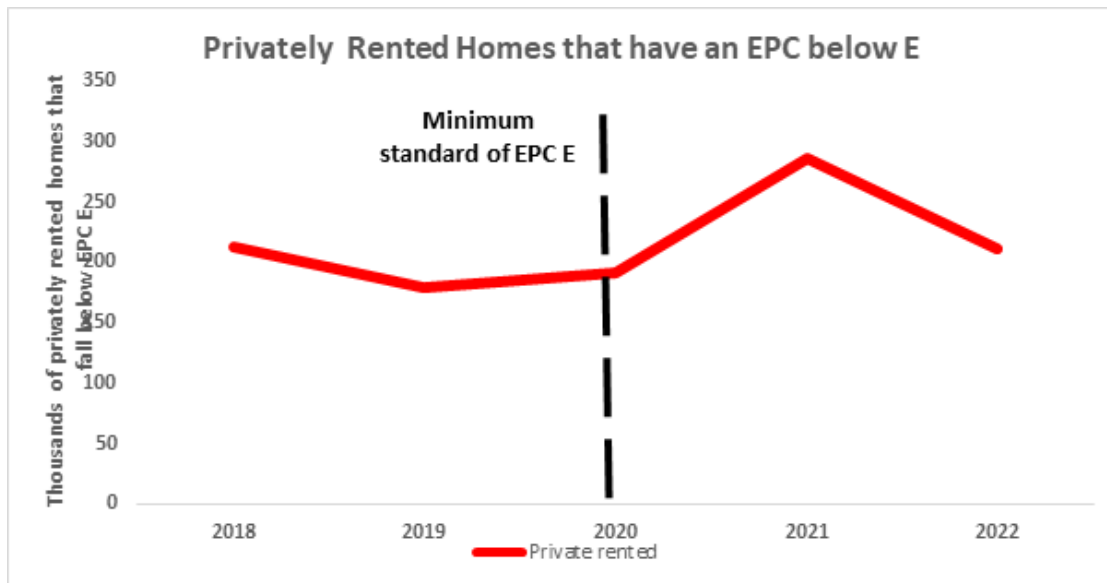
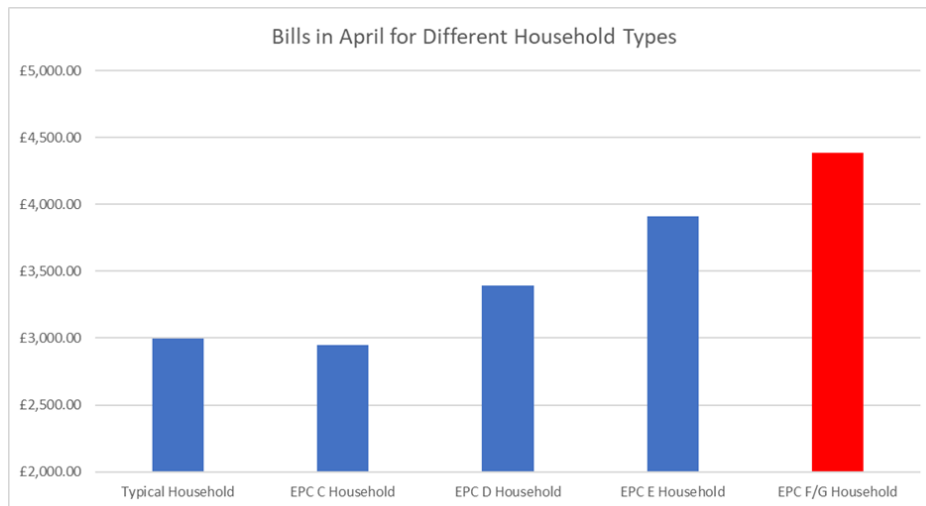


Chart 2: Total number of F/G rated PRS properties, England (2018-2022)



In Wales, according to the latest statistics from 2018, 27% (48,000) of private renters were fuel poor, and 22% (53,000) of those living in social housing. We would expect the split of different energy efficiency bandings for the different strands of rented accommodation to be broadly similar to what is found in England.

National Energy Action's own analysis also highlights the impact of higher bills for all F/G rated homes. These energy costs would be unmanageable for many households, let alone those living on the lowest incomes.



Additionally, Citizens Advice recently found that:

- 58% renters in England right now are struggling with damp, mould or excessive cold in their home, adding up to 2.7 million households, including 1.6 million children.
- Renters in homes with an EPC D-G are 73% more likely to experience damp than those with an EPC of A-C. They are also 89% more likely to experience excessive cold than homes with an EPC of A-C
- 31% of renters feel unable to heat their home to a comfortable temperature, rising to 45% for disabled renters

What are the benefits of bring rented homes up to higher energy efficiency standards?

Benefits are shared between tenants, landlords, the economy and the environment. Each of these will receive benefits in different ways. The range of potential benefits are summarised in the table below.

Household reductions in end energy use and energy cost savings

For Individuals	Household reductions in end energy use and energy cost savings
	Reductions in energy rationing practices and increased comfort levels
	Improvements in debt repayment
	Improvements in financial management and reduction in energy arrears
	Improvements in household safety, health and well-being
	Wider improved resilience or access services (avoiding needless travel to vend meters etc)
	Improved indoor air quality
	Improved academic attainment
	Improved social capital
For Landlords (segmented between those with larger and smaller portfolios)	Increased capital value of property
	Reductions in property maintenance (cost and hassle)
	Reductions in rent arrears or void periods

	Reductions in administrative or legal costs
	Improved landlord/tenant relationships and reputation gains
Economy Benefits	An overall Social Return on Investment
	Impact on GDP across the UK
	Impact on reducing inflation
	Jobs
	Improved skills and employability
	Improved community cohesion and addressing regional variances in economic deprivation or reducing regional or national public health inequalities
	NHS Savings via improved physical health, improved mental health, reduced hospital emissions, reduced GP visits or reduction in social care services
	Improved productivity
	VAT generated on EE materials
	Reduced cost to serve for energy suppliers and networks
	Impact on increased spending within poorer communities
	Enhanced engagement with low-income households in the transition to net zero (and more broadly within the energy market)
	Regional regeneration
	Increased energy security
Impact on trade balance	
Environmental Benefits	Carbon Saved in non-traded sector
	Energy saved (reduced need for generation and grid investment)
	Improved outdoor air quality
	Facilitating other activities to meet net zero in a fair and affordable manner
	Reducing the cost of decarbonisation (enabling smarter solutions in more efficient homes)
	Avoided cost of alternatives to achieve clean air standards

Paper prepared by Peter Smith and Matt Copeland on behalf of the NEA July 23

ⁱ The English fuel poverty target is for all low income households to reach EPC C by 2030

ⁱⁱ The Wales fuel poverty targets are that by 2025

- No households are estimated to be living in severe or persistent [1] fuel poverty as far as reasonable practicable;
- Not more than 5% of households are estimated to be living in fuel poverty at any one time as far as reasonably practicable;
- The number of all households “at risk” of falling into fuel poverty will be more than halved based on the 2018 estimate

ⁱⁱⁱ UK government in 2021 to set in law world’s most ambitious climate change target, cutting emissions by 78% by 2035 compared to 1990 levels <https://www.gov.uk/government/news/uk-enshrines-new-target-in-law-to-slash-emissions-by-78-by-2035>