NFA

Championing better homes and communities

Reforms to the Energy Performance of Buildings Regime
MHCLG and DESNZ
NFA response
February 2025

Introduction
The NFA (National Federation of ALMOs) is the trade body which represents arms-length management organisations across England. All are not-for-profit bodies wholly owned by their parent councils, created to manage council-owned housing and deliver housing-related services.
The NFA represents 15 ALMOs across the country managing around 172,000 local-authority owned properties.

Consultation response

The NFA has provided a few broad points to this consultation. We have left the detailed questions to our members.

1. **Housing Revenue Account sustainability**

The NFA worked with sector partners to commission Savills to look at the financial sustainability of Housing Revenue Accounts, with the data published here. In essence, the research shows that nationally, Housing Revenue Accounts are on the edge as a result of rent cuts and caps over the last ten years, higher than expected inflation, and unplanned new regulatory requirements.
A CPI +1% rent increase for 10 years with full rent convergence brings HRAs to a more sustainable position over 10 years, but in the short term, there are significant gaps in many HRAs. They cannot take the imposition of new burdens without funding.
Changes to the Energy Performance of Buildings Regime need to have a full impact assessment for the social rented sector and any additional costs need to be separately funded.

These reforms also need to be carefully considered alongside the Decent Homes Standard review and Minimum Energy Efficiency Standards consultation. The sector has been working towards EPC C by 2030 and any moving of the goalposts cannot leave local authorities in a worse position. For example, shifting properties that are currently EPC C into EPC D without additional funding to bring them back to EPC C.

Finally, there are a number of inter-related policy and regulatory changes that our members are currently working through, including the Decent Homes Standard and MEES, Awwab's Law, changes associated with the Building Safety Act, and Social Housing (Regulation) Act, including new regulatory requirements and the forthcoming Competence and Conduct Standard. As far as possible, the impact of these changes – and the timeframes for implementation - needs to be considered in the round.

2. **Five-yearly EPCs**

We do not support the suggestion to move to five-yearly EPCs. One member with around 12,600 homes quoted a cost of £500k a year (if EPCs increase to £200 and are required every 5 years) compared with £70k a year if the current process of doing EPCs is continued. There are also concerns with the number of qualified energy assessors, particularly if this requirement is rolled out to the private rented sector too.

It is not just a matter of cost. Members pointed out that there are an increasing number of mandatory visits that landlords need to make. Maintaining the policy of doing at void stage/ every 10 years reduces the disruption to tenants and avoids the problems landlords have with 'no access.'

The main point should be that EPCs are undertaken post major works being carried out on a property, and that an EPC exists at pre-tenancy/void stage so that tenants can understand what the likely energy costs will be. Otherwise, we do not see the justification in requiring shorter periods for EPCs versus the increased costs and disruption to tenants.

3. **Transition Arrangements**

The social rented sector has steadily been working towards EPC C by 2030. The impact of changes to EPCs will need to be worked through with social housing providers. We would support a transition period where – for the purposes of MEES regulation and other relevant legislation – a home that has been improved to the current EPC C would be exempt from MEES for a period of time.