# Domestic Industry Update 2026

By Joanne Bailey

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## Agenda

- **Warm Homes**
  - The New Funding Programme
- **MEES**
  - Moving towards EPC band C
- **EPC Reform**
  - Understanding the Changes
- **Home Energy Model**
  - The new Assessment Methodology



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## Warm Homes Plan

**A national programme to cut bills, boost energy efficiency, and tackle fuel poverty**

- The Warm Homes Plan is a £15 billion UK government programme designed to upgrade millions of homes with modern, low-carbon, energy-saving technologies over the next 5 years
- The plan supports all household types with tailored routes for each (renters, owners, social housing)
- It includes insulation, heat pumps, solar PV, and battery storage



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## Warm Homes Plan

- A new Warm Homes Agency will coordinate delivery, skills, and supply chain capacity
- **£5 billion** for low-income schemes
- **£2 billion** for consumer loans
- **£2.7 billion** for the Boiler Upgrade Scheme
- **£1.1 billion** for Heat Networks
- **£2.7 billion** innovative finance
- **£1.5 billion** other funding for Warm Homes Plan Programmes and Devolved Administrations



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## Go live?

- Part of Warm homes already being delivered to local authorities and social housing.
- ECO closes at the end of March, although extended to Dec 2026 to allow remediation of non-compliant installations
- Government will introduce new procurement arrangements from April 2026 to help keep work flowing through the existing ECO installer network.
- A ministerial working group will oversee the transition away from ECO.
- All installations will need to follow the PAS process.



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## Minimum Energy Efficiency Standards (MEES)

- All privately rented homes in England and Wales must meet **EPC Band C** by **1 October 2030**
  - No phasing as per EPC E MEES
- This will be assessed using **new EPC metrics**, not the existing Energy Efficiency Rating (EER) on current EPC
- **Grandparenting for Existing EPC C**
  - Properties achieving **EER C** on an existing EPC **before 1 October 2029** will be treated as compliant until that EPC expires.




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## Minimum Energy Efficiency Standards (MEES)

**From 1st October 2030 - Dual-Metric Standard Using New EPC Metrics**

Landlords must meet:

- **Primary metric:** *Fabric Performance*
- **One Secondary metric:** Either
  - *Smart Readiness*, or
  - *Heating System Efficiency*
- Landlords can choose which secondary route to follow.

This dual-metric approach is intended to:

- Avoid penalising landlords who install heat pumps (a flaw in the current EPC cost-based metric).
- Encourage fabric-first improvements while allowing flexibility

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## Minimum Energy Efficiency Standards (MEES)

**Cost Cap: £10,000 per Property**

- Landlords must invest up to **£10,000** over a 10-year period.
- If the property still cannot meet the standard, they may register a **10-year exemption**.
- Average expected spend: **£5,400** per property.

£

**New EPC Considerations**

- If landlords wait until the New EPC is launched then they should:
  - Engage with their Energy Assessor to model their property under the new methodology and metrics and then undertake improvement works
  - A **post-retrofit EPC must be in place** to demonstrate compliance.

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## Minimum Energy Efficiency Standards (MEES)

**Expanded Exemptions -** New or updated exemptions include:

- **Cost Cap –** Spent up to 10k, EPC costs count. (valid 10 years)
- **All relevant improvements made** – No further recommendations on EPC (valid 5 years)
- **High-cost** – Cost of making cheapest recommendation would exceed 10k (valid 5 years)
- **Property Value Adjustment -** (10% of property value if <£100k)
- **Solid Wall Insulation –** if inappropriate (valid 5 years)
- **Negative Impacts -** Combining devaluation + wall insulation – (valid 10 years)
- **Third-Party Consent –** (valid for 5 years or length of tenancy)
- **New Landlord -** (valid for 6 months)
- **Portfolio Approach** for large landlords offering a cap (still under review) –(Valid 10 years)

**Enforcement**

- Local authorities can issue fines up to **£30,000 per property per breach**
- A new **PRS Database** will support enforcement

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## Impacts on Landlords

**1. Increased Financial Responsibility**

- Landlords must plan for up to **£10,000** investment per property

**2. More Complex Compliance Journey**

- Landlords must get up to speed on these changes quickly and plan in advance
- Use a high quality Energy Assessor who can support through this complexity
- **Elmhurst will be supporting our members and clients every step of the way**

**3. Fabric-First Requirement**

- Cavity wall, loft insulation, draught-proofing, glazing upgrades may be required
- **Solid wall insulation is optional (via exemption),** reducing pressure on heritage properties

**4. More Exemptions but Higher Scrutiny**

- Exemptions are broader but must be **evidenced**
- Local authorities will have better tools to enforce compliance

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## Impacts on Energy Assessors

**1. Significant Increase in Demand**
- Assessors could see a surge in EPCs
- Increased need for retrofit advice and whole-house planning
- Possibly producing evidence for exemptions

**2. Need for Upskilling**
- The shift to new EPC metrics requires:
- Training in the **Home Energy Model (HEM)**
- Understanding of **smart readiness**
- Knowledge of low-carbon heating systems,
- Stronger building pathology awareness
- Ability to offer additional assessment and measurements, such as air pressure testing, measured HTC

**3. Greater Professional Responsibility**
- Guiding landlords through compliance
- Producing accurate Improvement Plans
- Ensuring quality and consistency across the sector

**4. More Complex Assessments**
- New EPCs could require more detailed data collection
- More nuanced recommendations
- Better understanding of building physics

**5. Opportunities for Retrofit Coordination**
- DEAs may expand into many retrofit roles

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## MEES for Social Housing

- Social rented homes will be required to reach EPC C against any one metric (fabric, smart readiness or heating system) by 2030 and then reach EPC C against a second metric by 2039, subject to a spend exemption of £10k per property.
- Compliance will be assessed using reformed EPCs, introduced following EPC reform.
- Homes that reach EER C under the current EPC system by 1 April 2030 will be accepted as compliant for the duration of the EPC's validity. This approach recognises early action and avoids penalising landlords upgrading ahead of EPC reform.



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## Timeline

**HEM Consultation**
EPB partial response, and HEM:EPC consultation

**Reformed EPC**
Oct 2026 - Launch of reformed domestic EPCs

2024 | Early 2026 | Mid 2026 | Late 2026 | Future

**EPB Consultation**
Dec 2024 launched

**Final Responses**
EPB response and HEM:EPC response

Continually working on improvements and developments

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## EPC Reform

- A new direction for EPCs in England & Wales, confirming what will change now and what comes later
- Scotland has already confirmed their intentions and laid their regulations
- EPC validity remains 10 years– Scotland 5 years
- There will be 4 metrics – the current energy cost metric, plus three new metrics; fabric, heating and smart readiness
- EPCs will be needed at the point of marketing
- EPC renewal would be driven by the end of the validity period, not only by a change in tenancy (still being discussed)



Use code to see the outcome

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## EPC Requirement

- Indication that the following will require EPCs:
- **Short term and serviced accommodation –** Irrespective of who pays the bills (will not fall under MEES at this time).
- **HMOs** - an indication that whole-building EPCs may apply even where rooms are individually let.
- **Listed / Heritage Buildings** – Will no longer be classed as an exemption





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## Home Energy Model

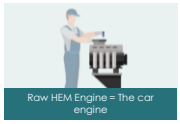



- Replacement for SAP.
- Originally created by BRE.
- A complete rebuild of the methodology.
- Initially to be used to assess compliance for the Future Homes Standard.
- Interim SAP 10.3 to be used until HEM is properly phased in.

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## HEM


Raw HEM Engine = The car engine


Wrappers = The Car Body and Components

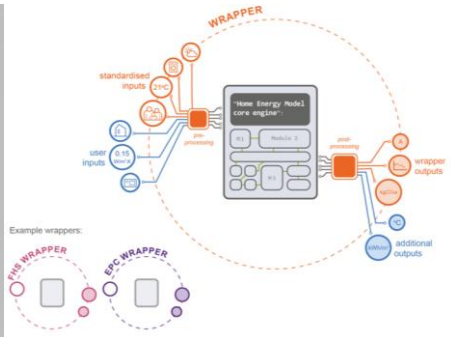

You – The Driver


Elmhurst = The Mechanic


The rules of the road

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## EPC Reform – Home Energy Model

**We also have a new consultation to respond to – The EPC Wrapper** - Closes 18th March

- Includes:
- How the new metrics will be banded
- What a new 'EPC C' will look like
- Possible introduction of a modular approach (either enter complete data or reply on defaults)
- Full new-build level inputs used where data is available
- What to call it? RdHEM, HEMEX etc



Use code to respond to the consultation

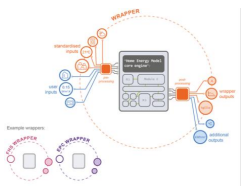
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## EPC Wrapper Consultation

How HEM Could Change Assessments of Existing Buildings

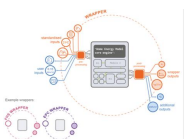
- Separate calcs for Heating, fabric and smart
- Better accuracy for complex/heritage properties not suited to RdSAP defaults
- Future-ready: supports optional new data sources (LiDAR, smart meters, low-cost air testing, etc.)
- EPC cost presented in £ not bands.



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## Key differences to SAP

- **Half hourly** calculation timestep compared to monthly in SAP.
- **Shading** from surrounding objects can be accurately modelled.
- **Thermal elements** must be defined by orientation, pitch and surface colour.
- **Infiltration** requires details of background ventilators.
- **Space heating** emitters are assessed against the space heat demand to determine capacity.
- **Domestic Hot Water** includes measurement of primary and secondary pipework characteristics.



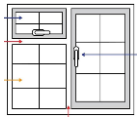
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## HEM

- Includes appliance usage (dishwasher, microwave, oven, kettle, etc)
- More terrain options (open water or fields)
- New pitch options for each surface
- Colour options for each surface (light, intermediate, dark)
- Each opening entered separately





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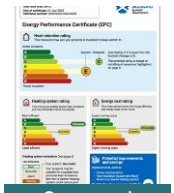
## New HEM PCDB

- The HEM PCDB will contain:
  - Air powered showers (App Q in SAP)
  - Fan coil emitters
  - Gas boilers
  - Heat batteries
  - Heating controls
  - HIUs (heat interface unit)
  - Heat Networks
  - Heat pumps
  - Hybrid heat pumps
  - WWHRS
  - Mechanical ventilation
  - Radiators
  - Smart air bricks (App Q in SAP)
  - Smart hot water tanks (App Q in SAP)
  - Storage heaters
  - Underfloor heating
- Will also contain 'generic' system types.




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## Multiple Performance Metrics



Government proposing new style EPC



Energy cost



Fabric performance



Heating system



Smart readiness

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## Smart Readiness?

- A smart readiness metric could evaluate a building's capability to optimize energy usage and reduce demand during peak periods through smart technologies like meters, appliances, storage systems, and time-of-use pricing. This could be:



- **Smart meters –** time of use tariffs, export tariffs
- **Solar PV and other Micrgeneration –** output info and consumption
- **Electric batteries**
- **Thermal energy storage systems which have smart functionality**: including heat batteries, storage heaters, and hot water cylinders.
- **Smart Heating Controls**
- **Smart EV Charge points –**bidirectional -allowing vehicles to discharge energy back to the home or grid
- **Connection to the electricity network –** single/three phase, shared with neighbours

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## Possible EPC Design

**Heating**

Rating
C

A B C D E F G

Efficiency and carbon emissions

**Smart**

Rating
D

A B C D E F G

How well a property can use technology to control its electricity use from the grid

**Fabric**

Rating
B

A B C D E F G

A measurement of how well a property stays warm in winter and cool in summer

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## Typical cost

Cost per year

£1200

This is average compared to similar properties

Low | Average | High

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## Final Thoughts

- Warm Homes Plan more information on full release in spring – expected to happen this year.
- HEM and EPC reform aiming for Oct 2026 (but ambitious)
- MEES commencing Oct 2030

Warm Homes | EPC Reform | MEES | Wrapper Consultation

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## Webinar complete

Thank you for listening

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