



12th June 2025

John Griffiths MS
Chair
Local Government and Housing Committee
Welsh Parliament
Cardiff Bay
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Dear Chair,

Thank you for our recent meeting to discuss the UK Government's plans related to the energy efficiency of private rented housing in England and Wales. As agreed, I am writing to you to outline the key challenges in further detail.

As your Committee will know, the UK Government has recently closed its consultation on new energy efficiency standards in the private rented sector, which will cover both England and Wales.

The National Residential Landlords Association (NRLA) wants to see all rental homes as energy efficient as possible. However, the scale of the task cannot be underestimated.

According to [data](#) from Rent Smart Wales, at the end of April this year around 61% of private rented properties in Wales had an Energy Performance Certificate (EPC) rating of D-G. Meanwhile, the most recently available [Welsh Government data](#) suggests that 43% of private rented dwellings in Wales were built prior to 1919. These are some of the hardest properties to improve, not least since they are most likely to have solid walls, making them incredibly hard to insulate.

Whilst we understand and support the UK Government's ambition, it is essential that the adopted policy, following consultation, is realistic and deliverable in practice. Given the scale of the challenge, we have serious concerns about its feasibility in its current form.

1. A lack of trained professionals

There are simply not enough of the skilled tradespeople that will be required to upgrade the rental housing stock in the timescales envisaged.

Research by [Kingfisher](#) (owners of Screwfix, B&Q and TradePoint) suggests that the UK is facing a shortage of 166,000 tradespeople, with the shortfall set to grow to 250,000 by 2030.

What is more, we are concerned about the quality of workmanship currently available given that earlier this year the UK Government had to [suspend 39 businesses](#) from installing new insulation in homes due to poor quality work.

Given this, the UK and Welsh Government's must clearly outline how they plan to ensure a sufficient supply of properly trained tradespeople to meet the objectives as set out in the consultation.

2. A lack of support for investments required

In April last year, the Committee on Fuel Poverty [wrote to the then UK Government](#) in relation to the energy efficiency of rented housing. The letter included concerns about the lack of a bespoke financial package to support investments in energy efficiency measures in the sector. As it noted:

“Currently the major energy efficiency programmes are targeted at the owner occupier sector (e.g. Energy Company Obligation, Home Upgrade Grant, Great British Insulation Scheme) or the SRS (Social Housing Decarbonisation Fund). Previously the Committee on Fuel Poverty argued that the PRS be treated as a commercial sector as landlords are effectively managing a business that should meet required standards. Landlords could be helped to meet these standards through tax offsets for improvements, loans or potentially grants for landlords with a low profit margin in areas of low rental value.”

The tax treatment of energy efficiency investments requires urgent reform if the Government's plans are to work. As the now disbanded [Office for Tax Simplification](#) noted in 2022, current tax rules create no incentive for landlords to invest in energy efficiency improvements. For instance, whilst replacing a broken boiler is considered a deductible expense against rental profits, upgrading a boiler to a more energy efficient system or installing insulation where none previously existed is not.

In view of this, we are calling on the UK Government to make investments in energy efficiency improvements deductible against income tax. A similar proposal has been mooted, among others, by [Citizens Advice](#) and the think tank, [E3G](#).

At the very least, the UK Government could publish a clear list of energy efficiency improvements that qualify for tax deductibility, prioritising those most effective in helping properties to meet the new energy efficiency standards under consultation.

Alongside this, the Welsh Government could also consider how the Land Transaction Tax (LTT) could be used to encourage investment in energy efficiency improvements. This could include a rebate on the LTT paid, or a lower level, where landlords purchase properties and bring them up to the new standards being consulted on.

3. A graduated cap on investments

The proposals in the consultation would increase the cost cap – the maximum amount a landlord would be required to invest in energy efficiency improvements – from £3,500 to £15,000. It is also consulting on whether to introduce an affordability exemption, which would lower the cost cap to £10,000 for certain properties, however the details of its implementation remain unclear.

It is vital that any cost cap reflects regional variations in house prices and rental values across the country. Without a graduated approach, there is a very real risk of placing a disproportionately higher financial burden on landlords in lower-value areas. For example, a landlord in Blaenau Gwent, where the average [house price](#) is £140,000, will have less capital to invest in energy efficiency works than a landlord in Monmouthshire, where average [house prices](#) are almost £330,000.

To address this, we would suggest a graduated cap linked to house values, with an initial threshold set at £7,000. This would reflect the UK Government's modelling, outlined in its consultation, which estimates that the average investment required to meet its preferred energy efficiency standard is between £6,100 and £6,800.

More broadly, the UK Government must provide a clear rationale for setting an upper cap of £15,000, given this figure is more than double its own estimates of the average cost required.

Alongside this, we would encourage the Welsh Government to consider increasing the grants available under the Leasing Scheme Wales policy. At present grants of up to £5,000 are available under the scheme to bring properties to improve the energy efficiency of properties. At the very least, consideration should be given to increasing this in line with the cost caps proposed by the UK Government.

4. A realistic implementation timetable

The UK Government's consultation envisages regulations being introduced next year to implement its final policy decisions. As things stand, that would mean:

- Private rented properties where new tenancies are created would have around two years to meet the Government's objectives by 2028; and then
- Less than four years for all private rented dwellings to meet the standard by 2030.

To ensure a practical and achievable approach, we propose the following staggered timeline:

- A deadline of 2030 for all private rented properties to undertake the works needed to the fabric of a property (e.g. insulation measures) to meet the Government's objectives.
- A deadline of 2036 for all private rented properties to meet the 'smart readiness' and 'heating system' objectives outlined in the Government's consultation.

Given the planned regulations are likely to come into force in 2026, it is likely that many landlords will want to update their EPCs at that point to establish if their properties meet the Government's new standards or not. Aligning the final deadline with the EPC's 10-year renewal cycle in 2036 would provide a more structured and manageable transition for landlords while ensuring sustained progress towards improved energy efficiency.

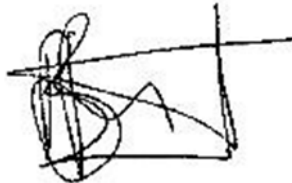
5. Welsh Government's response to the UK Government's Consultation

More broadly, and given the importance of energy efficient homes, at the very least we would call on the Welsh Government to publish its response to the UK Government's consultation to better understand its thinking and policy positions on this important issue.

The NRLA is committed to improving the energy efficiency of the rental housing stock but achieving this requires credible, evidence-based policies.

Should the Committee require any further information, please email policy@nrla.org.uk.

Yours sincerely,



Ben Beadle
Chief Executive