

From obligation to opportunity

**Making ESOS Phase 4 work for your care
estate**

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ESOS in one slide

The UK's mandatory energy assessment scheme for large organisations, now in its fourth phase.

Where it came from

Article 8 of the EU Energy Efficiency Directive, brought into UK law in 2014 and retained after EU exit.

What it requires

A four-yearly audit of your total UK energy use, identifying cost-effective ways to use less.

Who it applies to

Large UK undertakings — assessed on size and group structure, not on sector or charitable status.

Who enforces it

The Environment Agency, with civil penalties for late or inadequate compliance.

Enforcing ESOS compliance

Why it pays to get it right

The Environment Agency actively audits ESOS submissions and issues civil penalties for non-compliance. Missing the deadline is the costliest failure; the **most common areas needing corrective action** are consistent across phases:

In the last 9 months...

161

organisations fined for failing to undertake an ESOS energy audit

£3.96m

in ESOS civil penalties published by the EA, Nov 2025 to Aug 2026

£24.6k

average penalty per organisation; the highest single fine was £67,500

Common gaps to compliance



Missed deadlines

No compliant assessment by the deadline



Organisation structure

Boundary and group scope incorrectly defined.



Energy data

Errors in TEC and areas of significant energy consumption.



Audit sampling

Weak or poorly justified sampling approach.



Energy audit quality

Audits lacking detail; savings missing, vague or not costed.

Size and structure decide qualification, not sector

ESOS is based on organisation size and group structure, not sector.

250+

employees

OR

> £44m

annual turnover

AND

> £38m

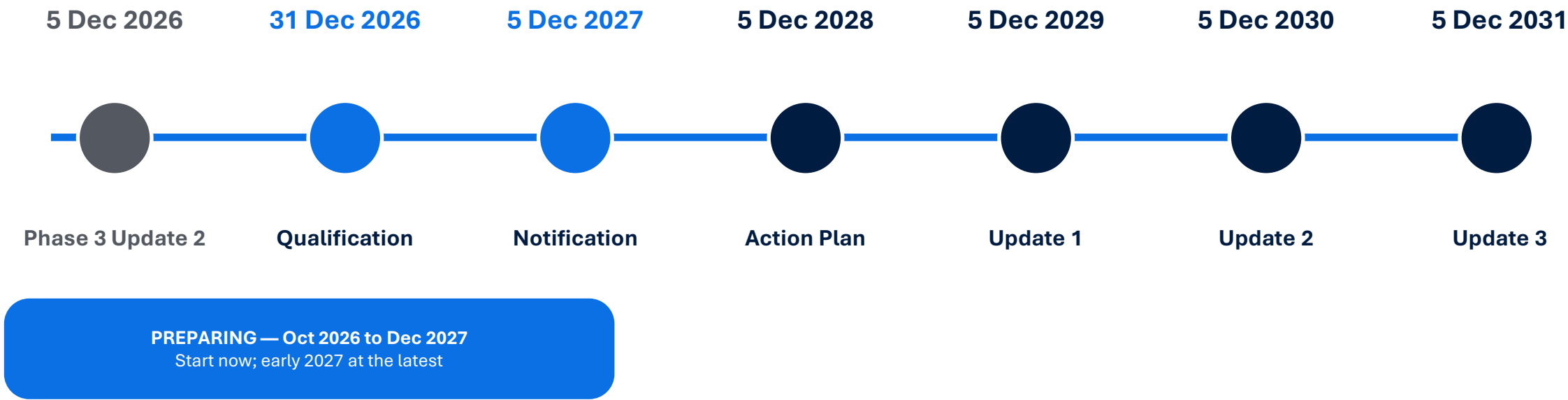
balance sheet total

Both financial tests must be met

- The employee test stands alone — staff-intensive providers often cross 250 first.
- On the financial route BOTH tests must be met — turnover above £44m on its own does not qualify.
- Private equity or group ownership can drag subsidiaries in — the UK group is assessed as a whole.
- Charity status or public funding does not automatically determine qualification.

December 2027 is the filing date, not the start date

A sequence of governance and delivery, not a single filing date.



The deadline is the end of a process, not the sensible starting point.

Phase 4 now requires evidence of progress

More accountability for action and achieved savings.

1 Two routes now gone

DECs and Green Deal Assessments were removed on 22 July 2026 and no longer count towards ESOS.

Phase 4 coverage must now come from an ESOS energy audit, ISO 50001 certification, or a combination of the two — covering 95% of total UK energy use.

2 Progress of Action Plan

The action plan is no longer a one-off filing.

You must report which measures were actually implemented, the savings achieved against them, and the categories they fall under — with evidence retained if the Environment Agency asks.

3 Accountability over time

Annual progress updates run through 2029, 2030 and a third in 2031.

Previous commitments are revisited each time, so what you sign off now is what you report against for the rest of the phase.

Recommendations must be specific enough to implement, track and explain.

What a robust notification of compliance covers

Filed through MESOS by 5 December 2027 — and defensible if challenged.



- **Verified energy consumption**
Twelve months of total UK energy across buildings, transport and processes.
- **95% audit coverage, evidenced**
Significant use covered by audits or ISO 50001, with the de minimis 5% identified.
- **Costed recommendations**
Each opportunity with savings, payback and category, specific enough to act on.
- **Action taken since Phase 3**
New for Phase 4: measures implemented, savings achieved and relevant categories.
- **Sign-off and evidence pack**
Lead assessor plus a board-level responsible officer; evidence retained for audit.

A robust, representative sample

What the Environment Agency expects to see physically audited — and evidenced.



Geography

Spread the sample across the regions you operate in, rather than the sites nearest head office.

Building use

Homes, offices, day services and storage each run a different energy profile.

Building size

Sample small, medium and large sites by floor area and bed numbers so findings scale.

Building age

Older and converted homes perform worse than modern purpose-built stock — sample across build eras.

Energy types and consumption

Cover every fuel on site, and audit the highest consumers.

Care sector energy demand can't simply be switched off

The compliance framework is universal. The operating reality is not.

24/7 critical operations

Heating, hot water, ventilation, kitchens and laundry cannot simply be switched off.

Resident wellbeing first

Comfort, infection control, safety and continuity of care set the boundaries.

Mixed and changing estates

Traditional homes, purpose-built sites, supported living and extra care behave differently.

Fragmented data and ownership

Estates, finance, suppliers, landlords and operations may each hold part of the picture.

Done properly, ESOS pays for itself

Four commercial returns — and the seven areas where the savings usually sit.

Lower operating cost

Energy is one of the largest controllable costs in a home. Controls and heating measures cut spend without touching care.

A stronger tender position

Local authority and NHS frameworks score sustainability. Verified data answers with evidence, not intent.

Better estate performance

Audits flag failing plant, poor controls and fabric issues early — planned maintenance, not emergency spend.

A practical route to net zero

Costed measures give finance and boards the business case to release capital and sequence it.

- Heating and hot-water generation
- BMS, time schedules and set-points
- Commercial kitchens and laundry
- Ventilation, cooling and air quality
- Lighting, controls and housekeeping
- Building fabric and heat loss
- Fleet and staff travel where relevant



What we found on two care estates

Two completed ESOS audits, clients anonymised. All figures are savings identified, not savings banked.

Estate A: £112,025 a year identified

Potential annual saving £112,025 (8.7% of annual energy cost) and 107 tCO₂e. Investment to deliver it: £368,950, blended payback 3.3 years.

Estate B: £539,683 a year identified

Potential annual saving £539,683 (28.5% of annual energy cost) and 455 tCO₂e. Investment: £2.04m, blended payback 3.8 years.

Cheapest wins need little or no capital

Aircon off at weekends: £3,722 a year saved for £0. Hot-water tap flow: £20,367 a year for £2,200. Pool hall temperature reset: £10,859 a year for £500.

Big-ticket measures are costed, not guessed

LED completion: £112,050 a year saved for £111,700 of capital, a 1.0 year payback. Solar PV: 3.5 and 4.5 year paybacks.

Three takeaways

- 1 Confirm** Check qualification and group structure now.
- 2 Choose well** A named, approved Lead Assessor with real care-estate experience.
- 3 Use it** Use the outputs to build a commercial case and a roadmap to net zero.

Any Questions?



Thank you

Unsure if you qualify, or where to start?
Please don't hesitate to contact me.

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