



Shelter response to Minimum Energy Efficiency Standards consultation

Shelter welcomes the government's plan to implement minimum energy efficiency standards (MEES) in social housing. It is a vital new measure that will ensure warmer and more affordable homes, lift families out of fuel poverty, and decrease carbon emissions.

Shelter acknowledges that the majority of practical and technical considerations around implementation are matters for sector experts and practitioners to lead on. However, we make four key recommendations to the government:

- 1) Increase the amount of grant funding available for retrofit.**
- 2) Mitigate against the risk of MEES driving an increase in demolitions.**
- 3) Centre tenant choice at the heart of MEES implementation.**
- 4) Implement MEES in a manner which prioritises reducing tenants' bills**

Increase grant funding

Shelter recognises the substantial investment required to raise England's social housing stock to a minimum EPC C standard across all homes. We welcome the government's progress to date—including the £1.29 billion Warm Homes: Social Housing Fund and the provision of financial guarantees. However, current funding allocations remain far short of what is needed – there has been a significant deficit in retrofit funding.

For instance, estimates of the second wave of Social Housing Decarbonisation Funding show that only 90,000 homes will have been retrofitted with this funding, equating to around 6.5% of the total social homes nationally with an EPC performance below Band C.¹ A Savills study commissioned by the National Housing Federation in 2021 estimated that over £17bn alone would be needed between 2022 and 2029 to bring all housing associations properties up to EPC C alone.² This is far greater than the level of funding provided by the current and previous governments in this period, even when taking into account the role of private finance. It also of course excludes council-owned properties.

¹ C. Jones (2023), [We must go further than scaling up the Social Housing Decarbonisation Fund](#), Planning, Building & Construction News.

² Savills for National Housing Federation (2021), [Decarbonising the housing association sector - costs and funding options](#).

This lack of government funding is especially concerning given that registered providers (RPs) depend almost entirely on grants for retrofit interventions.³ As The Housing Finance Corporation (THFC) sets out, retrofit is inherently loss-making and therefore requires significant upfront grant.⁴ A grant rate of 50% can generally make home upgrades from EPC D to EPC C viable, but more grant is ultimately needed to make social housing properties below EPC D compliant with MEES.

However, RPs are increasingly unable to take on more debt to combine with grants to fund retrofit. While encouraging national and local schemes exist to support RPs in accessing cheaper private finance can help, this is clearly not a panacea given that the sector's capacity to take on more debt is severely limited. The Regulator of Social Housing's 2023-24 Sector Risk Profile report found that the sector's debt servicing cost exceeded its earnings for the first time since 2009, with the Pension Insurance Corporation claiming this is increasing the sector's risk profile.⁵ We have heard from numerous councils that they are increasingly unable to service their debts without asset disposals. Moreover, given retrofit tends to make a loss, debt-financing this activity works against RP interests rate cover requirements and standards.⁶

It is therefore clear that significant increases in grant funding will be needed to support RPs to ensure their properties are MEES-compliant by 2030. Whatever option the government decide to take in terms of time-limited spend exemptions for providers, this must support the use of available government grants while also encouraging RPs to use their own resources and debt capacity. It is vital the government make this clearer for the sector to understand. Shelter has heard from numerous organisation and bodies that there is significant confusion as to whether the time-limited spend exemption includes government grants.

Prevent unnecessary demolitions

The implementation of new standards within the social housing sector must always be accompanied by an understanding of how they might impact social tenants and their homes. There is a material risk that the introduction of MEES could trigger a rise in social housing sales, demolitions, and regeneration. This is because:

- Firstly, the consultation proposes an exemption from MEES on properties that an RP is planning to demolish, sell, or regenerate.

³ Connected Places Catapult (2021), [The role of data in delivering net zero social housing retrofit](#).

⁴ The Housing Finance Corporation, [Retrofitting social housing: a new mixed funding model](#).

⁵ As reported in: Callaghan, K. (2025), [New report claims Bank of England policy is suppressing social homes delivery](#), Inside Housing.

⁶ Energie Sprong UK (2025), [Transforming the approach to financing social housing retrofit](#).

- Secondly, given the limited grant support available, some registered providers may struggle to fund upgrades to EPC C - particularly for harder-to-treat homes, thereby seeking ways to exempt themselves and fund alternatives.

We are concerned that this has not been properly factored into the government's impact assessment or design of its MEES proposal. While the type of time-limited spend exemptions ultimately implemented by the government might help providers comply with MEES, it remains likely that the implementation of MEES will incentivise disposals, demolition or regeneration as a route to complying with MEES and avoiding these requirements. For instance, providers might pursue redevelopment instead of refurbishment given that they can deliver private housing alongside social housing to cross-subsidise costs. This dynamic could lead to a range of serious issues arising:

- **Increased tenant disruption and displacement.** Demolition and rebuild programmes often involve decanting residents, causing significant upheaval for households and communities. In many cases, residents never return. It is likely, given that Black households are concentrated in poorer quality social housing stock,⁷ that these households will be disproportionately impacted.
- **Diversion of resources from new supply:** RP resources, alongside national funding streams, including Social and Affordable Housing Programme funding, may increasingly be channelled into redevelopment schemes, reducing capacity and resource for net additional delivery.
- **Severe and costly delays.** Social housing demolition frequently leads to severe delays as tenants understandably often resist eviction and the destruction of their homes and communities. This can prove extremely costly for RPs and ultimately delay the provision of new social homes, reducing overall levels of social housing stock and leaving already evicted tenants in a state of limbo.
- **Waste of resource.** Several evaluations of complex retrofit programmes to restore estates show this to be a preferable option. As Professor Anne Power states, not only is it socially beneficial, "it is emphatically far cheaper than demolition and replacement".⁸
- **Increased embodied carbon:** Demolition and new construction carry a substantial embodied carbon cost, which may offset or even outweigh the operational carbon savings intended by MEES compliance.

⁷ M. Isaksen (2025), [My colour speaks before me: How racism and discrimination affect Black and Black Mixed heritage people's access to social homes in England](#), Shelter.

⁸ Power, A. (ed.) (2025) 'Refurbishment: cutting the cost of social housing?', in [Safe as Houses: Why Investment in Social Housing is Great for Us and Our Economy](#), Shelter, p. 64.

As such, while demolition will sometimes be necessary, it should be seen as a last resort when looking to bring social housing up to EPC C standards. To encourage this refurbishment-first approach, the government should:

- Place the burden of proof on RPs to demonstrate that retrofit would be technically unfeasible or economically unreasonable even with enhanced support from central government in order to qualify for MEES exemption. 'Economically unreasonable' here should not mean 'unviable' but, rather, that it is so wasteful of public resource that it cannot reasonably be justified. This should be weighed against environmental impacts.
- Require RPs to provide whole-life carbon assessments, comparing retrofit and rebuild, that should be taken into account when determining which route to take.
- Set up a dedicated hard-to-treat retrofit fund for properties at risk of demolition to support retrofit viability.
- Require RPs to meaningfully engage on options for refurbishment and demolition with tenants.

Centre tenant choice

At the centre of MEES is a desire to deliver tangible benefits for tenants. **Placing tenant choice at the heart of implementation** will be essential to achieving this. Tenants should have a meaningful say over planned improvements to their homes, including, as set out above, a real voice when it comes to decisions over refurbishment or demolition.

We welcome the government's proposal on how RPs should approach tenants refusing access for remedial works. As set out in the consultation, meaningful engagement and accurate record-keeping are vital in these types of scenarios. In addition to the requirement for meaningful engagement on refurbishment and demolition proposed above, the enhanced guidance should advise minimising displacement of households during works. It should also recommend combining works to bring homes up to both Decent Home Standard and MEES compliance to reduce disruption and intrusion into residents' homes and lives.

Prioritise measures that benefit tenants

Shelter supports the cross-sector response to the consultation on MEES in the private rented sector which was coordinated by the Renters' Reform Coalition and the Green Homes Group.

This response highlighted signatories' concerns about options for EPC reform that would either lead to landlords taking lower cost measures or changes to heating systems that do not reduce tenants' bills.

While the social rented sector has lower proportions of fuel poor households than the private rented sector, the numbers remain significant because of significantly lower average incomes in the sector.⁹

As such Shelter supports **measures that encourage focus on reducing tenants' energy bills**, primarily by adopting a fabric first approach and setting a clear regulatory framework that directs landlords towards measures that reduce fuel poverty. The joint response also highlighted other measures – such as requiring landlords to commission new EPCs, to reflect an up-to-date measure of energy efficiency, before carrying out works to comply with MEES; and introducing a national retrofit advice service. These measures would be beneficial to residents and landlords in the social sector.

⁹ Committee on Fuel Poverty, [Summer Update](#), 22 August 2025