THE EPC & MEES REFORMS:

What UK Property Professionals Need to Know in 2026

A briefing on regulatory change, market impact, and the role of on-site energy infrastructure

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For circulation to property and investment professionals

This document reflects publicly available government announcements and third-party market research as of June 2026. Where figures derive from a specific study, sector, or time period, this is stated alongside the figure. Some requirements referenced (particularly the commercial EPC B deadline) remain subject to secondary legislation and may change before taking legal effect. This document does not constitute legal, financial, or compliance advice.

Contents

1. Executive Summary

The UK's Minimum Energy Efficiency Standards (MEES) regime is being substantially reformed across both the residential and commercial private rented sectors, alongside a separate timetable for social housing. Following years of consultation, the Government published confirmed positions for all three tracks between January and June 2026. This white paper sets out what has actually been confirmed, what remains subject to further legislation, and what it means in practice for property owners, managers, and investors.

Three regulatory tracks now run on different timelines:

- Residential private rented sector: EPC C required by 1 October 2030, confirmed
- Social rented sector: a phased dual-metric requirement running to 1 April 2039, confirmed
- Commercial private rented sector (buildings over 1,000 sqm): EPC B required from 2031, confirmed in principle and pending secondary legislation

Independent market research suggests energy performance is increasingly priced into rental values and capital values, and that retrofit demand is expected to outstrip contractor and installer capacity as compliance deadlines approach. Section 7 sets out a structured, vendor-neutral action plan covering fabric, heating, and on-site generation measures, indicative capital costs, and the government grant schemes currently available to offset them. For property professionals managing portfolios across multiple asset types, the practical task now is assessment, sequencing, and budgeting, not waiting for further clarity.

2. Residential Private Rented Sector: EPC C by 2030

Source: Government response, Warm Homes Plan, published 21 January 2026 (covered by Energy Trust, 4 February 2026)

Confirmed requirements

- A single compliance deadline of 1 October 2030 applies to all tenancies, both new and existing, with no earlier date for new lets
- Landlords whose properties have not reached EPC Band C by 1 October 2029 will be required to take upgrade action
- Compliance is assessed on a dual-metric basis: a primary Fabric Performance standard, plus a secondary standard chosen from either Heating System or Smart Readiness
- A new assessment methodology, the Home Energy Model (HEM), is set to replace the current SAP/RdSAP system from October 2029

The detail that changes planning decisions

No property relying on a primary fossil-fuel heating system can reach Band C on the Heating System metric: gas boilers are capped at Band D regardless of model efficiency. This leaves landlords with gas-heated properties two realistic routes to compliance:

- Heating System route: installing a heat pump, or connecting to a heat network
- Smart Readiness route: installing solar PV, battery storage, and a smart meter, while keeping the existing heating system

For a meaningful share of gas-heated stock, the Smart Readiness route is likely to be the lower-disruption, lower-capital-cost path, particularly where a heat pump retrofit would require significant fabric or radiator upgrades to work effectively.

Cost caps and financial detail

- Cost cap: £10,000 per property over 10 years, reduced to 10% of property value for homes valued under £100,000
- The Government's own impact assessment estimates the average actual spend per property at approximately £5,400, which is materially below the cap
- Spending from 1 October 2025 already counts toward the cap
- Maximum fine for non-compliance: £30,000 per property, per breach

Note: £10,000 is the maximum allowable spend before an exemption can be registered. It is not the expected average cost. The Government's own estimate (£5,400) is the more realistic planning figure for most properties.

3. Social Rented Sector: A Phased Standard to 2039

Source: Government response on social housing MEES, published 1 April 2026 (Devonshires Legal Insights, 20 April 2026)

Social housing follows a related but distinct timetable from the wider private rented sector, reflecting the scale and funding constraints faced by housing associations and local authority landlords.

- By 1 April 2030, providers must ensure each property meets EPC Band C in any one of three metrics: Fabric Performance, Smart Readiness, or Heating System
- By 1 April 2039, the same property must meet EPC Band C in a second metric, completing a dual-metric requirement
- Two separate £10,000 spend exemptions apply, one per metric, each valid for 10 years from its respective compliance date
- Providers may exceed the £10,000 cap voluntarily, and do not need to spend the full amount before an exemption becomes available
- Compliance will be overseen by the Regulator of Social Housing as part of the updated Decent Homes Standard

The extended timeline to 2039 reflects the scale of investment required across the social housing stock, and gives registered providers a materially longer runway than private landlords to plan capital programmes.

4. Commercial Private Rented Sector: EPC B by 2031

Source: Government interim response to non-domestic MEES consultations, published June 2026 (Mayer Brown, 23 June 2026; BCLP / JD Supra, 24 June 2026)

What has actually been confirmed

- From 2031, all privately rented non-domestic buildings over 1,000 square metres must reach EPC Band B, where cost-effective
- Buildings below the 1,000 sqm threshold remain subject to the existing minimum of EPC E, with no date set for any further tightening
- The previously proposed interim milestone of EPC C by 2027 has been dropped entirely and will not be taken forward
- Existing flexibility mechanisms, including the seven-year payback test and current exemptions, remain in place

What this means in practice

This is the first time since non-domestic MEES began that the commercial track has not mirrored the residential timeline. Government has explicitly built in more breathing room for SMEs and high-street landlords of smaller premises, while concentrating the tighter EPC B requirement on the larger end of the market, where it judges the emissions impact to be greatest.

Two things to watch as the policy develops: first, the 1,000 sqm threshold is not yet defined in detail. Early legal commentary suggests it may follow the existing 'major development' planning definition, but this is not confirmed. Second, this remains an interim response, and enforcement mechanisms, tenant obligations, and a possible shell-and-core exemption are all still under consultation.

Note: The commercial EPC B requirement requires secondary legislation to take legal effect. It represents the Government's confirmed direction of travel, not a law currently in force. Penalties for general non-compliance with the existing MEES regime can reach up to £150,000 for larger commercial properties under current rules.

5. Market Impact: What the Data Shows

Independent research from across the property and legal sectors points to a consistent pattern: energy performance is shifting from a compliance issue to a value driver.

Rental and capital value premiums

Analysis of over 600 London office transactions found that each single step-up in EPC band (for example, moving from D to C) was associated with a 4.2% increase in rental income and a 3.7% increase in capital value.

Note: This figure is drawn from JLL research on the London office market and should be read as indicative of that specific market, not a guaranteed or universal outcome across all UK commercial property types and regions.

A separate, earlier JLL study of central London office leasing activity (2016 to 2019 data) found that buildings with an EPC A or B rating achieved a rental premium of around 10% over lower-rated comparable offices, and that BREEAM 'Very Good' or higher buildings saw an 8% premium. The same research found highly-rated developments experienced substantially lower vacancy rates within 24 months of completion than lower-rated comparable buildings.

Note: This second figure is older data (2016 to 2020) and is included to show the premium has been observable for some time, not as a current-year benchmark.

Stranded asset risk

Multiple industry sources, including commercial property advisers and law firms, describe a growing risk of 'stranded assets': buildings that remain physically usable but become difficult or impossible to let or finance once they fall outside compliance thresholds. Estimates of the proportion of UK commercial stock currently below the EPC B standard vary by source and methodology, generally ranging from a substantial minority to a clear majority of older stock, depending on building type and region.

- Secondary, harder-to-treat assets are expected to see continued pressure on yields as investors price in future upgrade costs
- Lenders are increasingly factoring EPC data and retrofit cost modelling into financing decisions, independent of the regulatory deadline itself
- Industry commentary consistently flags a coming capacity constraint: as compliance deadlines approach across residential, social, and commercial stock simultaneously, demand for accredited contractors, installers, and materials is expected to outstrip supply, pushing up cost for those who act later rather than sooner

6. Where Solar PV and EV Charging Infrastructure Fit In

For a significant share of the affected stock, on-site energy generation is one of the more practical compliance routes available, and one that serves objectives beyond regulatory compliance alone.

- For gas-heated residential properties pursuing the Smart Readiness route, solar PV paired with a smart meter is a direct, recognised path to the secondary EPC metric
- For commercial buildings approaching the EPC B requirement, on-site generation can contribute to the fabric and energy performance improvements needed alongside other measures
- Independent of compliance, tenant and investor demand for sustainability credentials is itself influencing rental value and void periods, as set out in Section 5
- EV charging provision is increasingly factored into tenant expectations and, in some cases, planning conditions for new development. Sites already being upgraded for energy compliance are a practical point to plan for charging infrastructure at the same time, rather than as a separate later project

National Charging Solutions coordinates EV charging and solar installation through a network of MCS-accredited installers, working with property owners and managers to plan upgrades that address compliance and tenant demand together, rather than as two separate pieces of work undertaken at different times.

7. Consultancy Action Plan: A Structured Path to Compliance

Improving a property's EPC rating is rarely a single intervention. It is a sequence of decisions, each affecting the cost and viability of the next. The following framework sets out a structured, vendor-neutral approach to assessing and improving EPC performance, covering the full range of measures available, not solar and EV charging alone.

Step 1: Baseline assessment

- Confirm the current EPC rating and expiry date for each property in the portfolio
- Identify which compliance track applies (residential PRS, social housing, or commercial) and the relevant deadline and metric structure for that track, as set out in Sections 2 to 4
- Where an EPC is more than a few years old, commission a fresh assessment, since recommendations are often outdated once works elsewhere in the property have changed its performance

Step 2: Fabric performance first

Both the residential and social housing frameworks treat fabric performance as the primary metric, and improving it generally makes every subsequent measure more effective and often cheaper. A heat pump sized for a poorly insulated property costs more and performs worse than one sized for a well-insulated one. Typical fabric measures, broadly in order of cost-effectiveness, include:

- Loft and cavity wall insulation: generally the lowest-cost, highest-impact measure where not already installed
- Draught-proofing of windows, doors, and loft hatches
- Double or triple glazing where single glazing remains, or secondary glazing where original windows must be retained
- Solid wall insulation (internal or external) for older properties without cavity walls: typically the highest-cost fabric measure, and one where a negative-impact exemption may apply if it would harm the building's structure

Step 3: Heating system assessment

This is frequently the largest single capital decision in an EPC improvement programme, and the right answer varies significantly by property type, existing fuel source, and fabric condition.

- Air Source Heat Pump (ASHP): typically the default low-carbon replacement for a gas boiler, and performs best once fabric improvements are in place
- Ground Source Heat Pump (GSHP): higher upfront cost and more disruptive installation, but can offer better efficiency on suitable sites
- Heat network connection: relevant for some multi-unit residential or mixed-use sites where a local network exists or is planned
- Improved heating controls: thermostatic radiator valves, zone controls, and smart programmable timers, a comparatively low-cost measure that improves the Heating System metric without a full system replacement
- Retaining the existing heating system: for gas-heated residential properties, the Smart Readiness route (see Step 4) may be more practical than a heating system replacement, depending on the property

Step 4: Smart readiness and on-site generation

- Solar PV: generates on-site electricity and is a recognised contributor to the Smart Readiness metric when paired with a smart meter
- Battery storage: increases the proportion of self-generated electricity actually used on-site, improving the financial case for solar where evening usage is high

- Smart meter installation: a prerequisite for the Smart Readiness metric and typically the lowest-cost element of this step
- EV charging infrastructure: not itself an EPC metric, but frequently planned alongside solar and smart meter works given the shared electrical and installation work involved, and increasing tenant and planning expectations around provision

Step 5: Sequencing and budget planning

The order in which measures are installed materially affects both cost and outcome. As a general rule, fabric improvements before heating system replacement, and heating system decisions before solar sizing, produces a more efficient and often less expensive overall programme than tackling measures in isolation or in reverse order. A typical sequencing approach:

- Address fabric and controls measures first, where current performance allows it
- Reassess EPC rating and remaining gap to target before committing to heating system or generation capital expenditure
- Size heating and solar PV systems against the improved fabric performance, not the property's current, pre-upgrade condition
- Build in realistic lead time for contractor and installer availability, since capacity constraints are expected to increase as 2030 and 2031 deadlines approach across residential, social, and commercial stock simultaneously

Indicative capital expenditure by measure

The following are indicative ranges only, intended for early-stage budgeting rather than quotation. Actual costs vary significantly by property size, access, existing condition, and regional contractor pricing.

Measure	Typical range	Notes
Loft/cavity insulation	£400 to £2,000	Per typical 3-bed home
Double glazing (full property)	£3,000 to £10,000	Highly variable by window count
Air Source Heat Pump	£8,000 to £14,000	Before any grant; BUS reduces net cost by £7,500
Heating controls upgrade	£300 to £1,200	TRVs, zone controls, smart timer
Solar PV (4kW, domestic)	£6,500 to £8,200	0% VAT until March 2027
Solar PV + battery (domestic)	£9,500 to £14,000	Battery typically £3,000 to £5,000 of this
Smart meter	Typically no cost	Usually installed free by energy supplier

Note: Commercial-scale equivalents (solar PV, heat pumps, fabric works at building scale) typically price on a per-unit basis at a lower rate than domestic due to economies of scale, but with higher absolute costs reflecting building size. A site-specific survey is required for any meaningful commercial estimate.

Step 6: Offsetting cost through available grant funding

A number of government-backed schemes can materially reduce the net capital cost of the measures above. Eligibility, scope, and funding availability change frequently, so the figures below should be confirmed against current guidance before relying on them for a specific project.

Scheme	Support available	Who it's for
Boiler Upgrade Scheme (BUS)	£7,500 (ASHP/GSHP), £5,000 (biomass), £2,500 (air-to-air/heat battery)	Any homeowner or small/medium non-domestic property owner in England or Wales; no income test; installer applies on your behalf; running to 2029/30
Warm Homes: Local Grant	Full funding for one property; landlord contributes 50% on additional properties	Properties rated EPC D to G; household income generally £36,000 or below, or in an eligible postcode; England only, delivered via local councils
ECO4	Free or subsidised insulation, heating, and in some cases solar	Properties where a tenant receives qualifying benefits, or in a recognised low-income area; landlord consent required; runs until 31 December 2026
Warm Homes Fund (loans)	Low or zero-interest consumer loans for solar, batteries, and heat pumps	All homeowners regardless of income; not yet open for applications, with details expected later in 2026, with wider rollout anticipated from 2027
0% VAT relief	Removes 20% VAT on eligible solar, battery, and other energy-saving installations	Available now on qualifying installations until 31 March 2027, after which it moves to 5%
Local authority schemes	Varies, typically £5,000 to £10,000 per organisation	Some councils run their own business energy efficiency grants (e.g. Brent Council's fund of up to £9,000); availability is local and inconsistent

Note: Grant funding generally counts toward the £10,000 residential cost cap referenced in Section 2, meaning grant-funded work reduces how much of that cap needs to come from private spending, rather than sitting outside it. There is currently no national grant scheme directly equivalent to the Boiler Upgrade Scheme for commercial (over 1,000 sqm) properties; commercial energy efficiency funding is more fragmented, typically available through local authority or regional schemes, and should be assessed on a site-by-site basis.

Note: Scheme details, funding caps, and closing dates change frequently. The figures above were correct as of June 2026 based on current government guidance, but should be verified directly against GOV.UK or a qualified adviser before being relied upon for a specific property or budget decision.

8. Practical Next Steps

- Audit current EPC ratings across the portfolio and identify which properties fall below the relevant future threshold for their sector (residential, social, or commercial)
- For gas-heated residential stock, assess the Heating System and Smart Readiness routes side by side before committing capital to either
- For commercial buildings over 1,000 sqm, begin tracking the secondary legislation timeline now rather than waiting for it to pass into law
- Where solar PV or EV charging could serve both compliance and tenant demand, plan and budget for them as a single combined project
- Build in contractor and installer lead time, since industry commentary points to capacity constraints increasing as deadlines approach across all three regulatory tracks simultaneously

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Sources referenced in this document: Mayer Brown LLP (June 2026); Bryan Cave Leighton Paisner / JD Supra (June 2026); Energy Trust (February 2026), summarising the Government's Warm Homes Plan response (January 2026); Devonshires Solicitors LLP (April 2026), summarising the Government's social housing MEES response (April 2026); HollenPlus, citing JLL research; edie.net, citing an earlier JLL study of London office leasing activity (2016 to 2019 data); GOV.UK Warm Homes Plan publication and Boiler Upgrade Scheme guidance (2026); National Residential Landlords Association, on Warm Homes: Local Grant funding levels. Figures from third-party research are attributed to their original source and time period throughout. This document does not constitute legal, financial, or compliance advice, and readers should seek independent professional advice before acting on any specific measure described here.