



Department for  
Energy Security  
& Net Zero

# Warm Homes: Local Grant

Policy Guidance for Local Authorities

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# 1. Introduction

In its manifesto, the Government committed to a Warm Homes Plan to upgrade five million homes over next five years to cut bills for families and deliver warmer homes to slash fuel poverty. This ambition is a key part of the Government's 'second mission' to transform Britain into a clean energy superpower, including providing the country with clean energy by 2030, reducing bills, and transitioning homes to clean heat as part of our wider ambition to reach net zero by 2050.

As a key part of the Warm Homes Plan, the Government has committed to partnering with combined authorities, local and devolved governments to deliver insulation measures and other improvements such as solar panels, batteries and low carbon heating to cut bills for families, slash fuel poverty, and reduce carbon emissions in support of our net zero 2050 target.

The Warm Homes: Local Grant is a government-funded scheme delivered by Local Authorities that will take the first steps to delivering on the ambitions of the Warm Homes Plan. It will provide grants for energy performance upgrades and low carbon heating to low-income households living in the worst quality, privately owned homes in England to achieve energy bill savings and carbon savings. These upgrades will be open to all fuel types, including on gas households (those heated by mains gas), and off gas households (those heated by electricity, oil, coal, or liquid petroleum gas).

To support delivery of the Warm Homes Plan, the primary and a secondary objectives of the Warm Homes: Local Grant are:

1. To deliver progress towards the statutory fuel poverty target for England, by improving as many fuel-poor homes as reasonably practicable to energy efficiency rating of Band C by 2030, delivering significant annual energy bill savings for the occupants, not just in the short term, but for good.
2. To deliver progress towards Net Zero 2050, and the Carbon Budgets, by installing energy performance upgrades and low carbon heating in homes that drive carbon abatement.

Alongside those leading objectives, the Warm Homes: Local Grant will help to ensure homes are healthy living environments, thermally comfortable, efficient and well-adapted to climate change. It will also support the green economy, local supply chains, and skilled jobs for tradespeople in every part of England.

By focusing on low-income households and areas of high economic deprivation, upgrades made to the housing stock will support deprived communities throughout England, ensuring that they are not left behind in the transition towards Net Zero, but instead lead the way.

Lessons learned from previous Local Authority delivered fuel poverty schemes, such as Local Authority Delivery (LAD), running between 2020-2023 – and the Home Upgrade Grant (HUG)– have been fully integrated into the design of the Warm Homes: Local Grant.

Local Authorities will have the opportunity to express an interest in being allocated Warm Homes: Local Grant funding, and we expect to confirm when the window for expressions of interests will open soon.

Support is available at no cost to Local Authorities interested participating in the Warm Homes: Local Grant from the DESNZ-established Technical Assistance Facility under the name of ‘RISE’ – Retrofit Information, Support and Expertise. Further information can be found in section 3 and at [www.riseretrofit.org.uk](http://www.riseretrofit.org.uk).

Please note, in relation the recent Grenfell report, the report’s recommendations must be considered with the seriousness that the tragedy deserves. The government will therefore consider all recommendations in detail and respond within six months, listening to the community as part of this work. Further guidance will be issued should there be any impact on Warm Homes: Local Grant.

## 1.1 Policy overview

*This section provides an overview of the key headlines of the policy design. It is not a replacement for the full guidance in sections 4-8. Further guidance for Local Authorities on how to be allocated funding and participate in the scheme will be published in due course.*

**Table 1: Policy Overview**

<b>Policy Element</b>	<b>Warm Homes: Local Grant policy</b>
Objectives	<p>Primary objective: tackling fuel poverty to meet the statutory fuel poverty 2030 target, delivering annual energy bill savings to occupants.</p> <p>Secondary objective: progressing towards the statutory net zero 2050 target through achieving carbon savings in homes upgraded.</p>
Outcomes	<p>Primary outcome: Energy bill savings.</p> <p>Secondary outcome: Carbon savings.</p>
Performance Metrics	Energy Performance Certificate (EPC) Energy Efficiency Rating (EER) metric, measured via the Reduced Data Standard Assessment Procedure (RdSAP).

<p>Performance targets</p>	<p>A non-binding aspiration for upgraded homes to reach Energy Performance Certificate (EPC) Band C – where this is not possible within the cost caps a value for money and strategic approach to measures selection should be adopted which could include installing low carbon heat.</p> <p>Please note, if a property has received funded upgrades through the Home Upgrade Grant (HUG) or Local Authority Delivery (LAD) scheme/s, the property must either reach EPC band C or receive a low carbon heating technology as part of receiving further treatment under Warm Homes: Local Grant.</p>
<p>Geographic spread</p>	<p>England only.</p>
<p>Household eligibility pathways</p>	<p>Pathway 1: Households which reside within Indices of Multiple Deprivation (IMD) Income Deciles (ID) 1-2 areas - a list of eligible postcodes is provided on gov.uk alongside this guidance.</p> <p>Or</p> <p>Pathway 2: Households which can demonstrate receipt of a specified means tested benefit<sup>1</sup> or that they are eligible via route 2 of ECO Flex.</p> <p>Or</p> <p>Pathway 3: Households with an annual gross income below £36,000 or the 'after housing costs' threshold in line with our published equivalisation tables (which are dependent on household composition).</p>
<p>Property Eligibility: Energy Performance Certificate (EPC) Rating</p>	<p>Properties must have an EPC EER rating within bands D to G to be eligible. Note, park homes must have an equivalent level of energy performance.</p> <p>Properties with an EPC EER rating within bands A to C are ineligible in all circumstances.</p>

<sup>1</sup> The list of eligible means-tested benefits includes and is limited to: Housing Benefit, Income-based Jobseeker's Allowance (JSA), Income-related Employment and Support Allowance (ESA), Income Support, Pension Credit (savings and guarantee), Universal Credit, Working Tax Credit, Child Tax Credit

<p>Property Eligibility: Type and Tenure</p>	<p>Properties must be existing domestic dwellings. New build or self-build homes which have not been previously occupied are ineligible.</p> <p>Owner occupier and private rented sector households are eligible.</p> <p>Social housing is ineligible - except for in-fill purposes only, capped at 10% of a project's total homes treated, with a 50% cost contribution required from social housing landlords.</p>
<p>Property Eligibility: Park Homes</p>	<p>Park homes are eligible for support under the Warm Homes: Local Grant providing the park home is the permanent residence of the household and that the park home is expected to still exist (i.e. not be demolished) for the whole duration of the measure guarantee period.</p> <p>The energy performance of the park home must also be equivalent to an EPC band D-G. Note, park homes do not have EPCs but must still be assessed to evidence equivalence.</p>
<p>Property Eligibility: Heating fuel types</p>	<p>All fuel types (both on gas and off gas grid).</p> <p>Local Authorities will be asked to set a non-binding aspirational target for upgrading off gas grid homes when expressing an interest in participating in the scheme. No change request will be required to reduce or increase this target.</p>
<p>Cost Caps</p>	<p>£15k per home for energy performance upgrades.</p> <p>£15k per home for low carbon heating.</p> <p>Cost caps can be averaged across a project and must be met by project closure.</p>
<p>Cost Contributions</p>	<p>Owner occupiers are not required or expected to make any contributions to the cost of upgrades.</p> <p>Private rented sector landlords may receive one home fully funded per landlord under Warm Homes: Local Grant. A 50% cost contribution will be required from the private landlord for any additional homes upgraded after the first. Tenants are not required or expected to make any contributions to the cost of upgrades.</p> <p>A 50% cost contribution is required from social housing landlords.</p>
<p>Measures: Types</p>	<p>RdSAP eligible measures that are non-fossil fuel and covered under the required standards (see below). Hybrid boilers are only permitted</p>

	<p>to be installed in on gas properties. They are not permitted to be installed in homes off the gas grid.</p> <p>Low carbon heating will be available to homes of all fuel types, but clear advice must be provided on bill impacts.</p>
Measures: Price Limits	<p>A small number of measures - for which DESNZ analysis has identified value for money is particularly sensitive to the price of installation - will be given price limits that must be met on average by project closure.</p> <p>The price limits for these measures are commercially sensitive and will be provided to Local Authorities under a Non-Disclosure Agreement.</p>
Measures: Standards	<p>All upgrades must adhere to the latest PAS 2035:2023 guidance.</p> <p>Installers must be Trustmark registered and PAS 2030:2023 certified for energy performance measures and/or MCS certified for low carbon heating measures.</p> <p>All measures must be lodged onto the Trustmark data warehouse.</p>
Admin & Ancillary (A&A) budget	<p>Local Authorities can use up to 15% of their total project spend to cover A&amp;A costs, including (but not limited to) resourcing, procurement, specialist advice, searching for eligible homes, signing up households, validating and assessing homes and agreeing a measure package in line with the applicable PAS standards.</p> <p>All funding allocations will be anchored to past performance, ensuring that the associated A&amp;A budget represents a realistic proportion of funding necessary to support delivery.</p>
Retreating homes	<p>Properties which received funded upgrades through the Home Upgrade Grant (HUG) and/or Local Authority Delivery (LAD) scheme will be eligible for Warm Homes: Local Grant funding providing the eligibility criteria for the home and household set out in this guidance document are met. However, this is also on the condition that the Warm Homes: Local Grant upgrades either:</p> <ul style="list-style-type: none"> <li>• result in the property reaching EPC Band C, or</li> <li>• include low carbon heating in the package of measures installed.</li> </ul>



	<p>Properties that have received upgrades through other DESNZ energy efficiency schemes (e.g., the Energy Company Obligation (ECO)) are not subject to these two specific requirements.</p> <p>Please note, in all cases the same individual measure cannot be funded twice.</p>
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## 1.2 Integrating lessons learnt from previous schemes

The policy design of the Warm Homes: Local Grant integrates lessons learnt from previous schemes – particularly from the Local Authority Delivery (LAD) scheme and the Home Upgrade Grant (HUG). For example:

**Eligible fuel types** – Under the Warm Homes: Local Grant all heating fuel types (i.e. both on and off gas grid homes) are eligible. Under phase 3 of LAD, only on gas grid homes were eligible, and under HUG only off gas grid homes were eligible. By providing a single successor scheme to the HUG and LAD programmes, the landscape of government schemes has been simplified, as called for by stakeholders.

**Cost caps** – Under Warm Homes: Local Grant, a simple dual cost cap structure has been set of £15k per home cap for energy performance upgrades, and £15k per home for low carbon heating. The separate cost for clean heat measures will support the installation of these measures which are critical to delivering net zero. Projects will have the flexibility to average out these caps across the homes they upgrade, providing they are met, on average, by project closure.

**IMD ID 1-2 pathway** – The postcode-based household income eligibility route (based on the Indices of Multiple Deprivation (IMD) Income Deciles (ID) areas), first piloted under phase 2 of HUG, has been incorporated into the design of the Warm Homes: Local Grant. This will enable automatic low-income verification for all households residing in these areas and reduce search and verification costs for LAs.<sup>2</sup>

**Private Rented Sector** – To support fuel poor tenants living in privately rented homes, the Warm Homes: Local Grant will allow one eligible home to be fully funded per landlord – with a 50% cost contribution required for any additional homes upgraded thereafter. This is a more generous offer than made available under the LAD and HUG schemes in recognition of low uptake in the tenure to those schemes. However, this will be kept under

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<sup>2</sup> It is worth noting that Phase 2 of the Home Upgrade Grant had an extended IMD:ID eligibility, which also covered homes in Income Decile 3. This pathway has been limited to IMD:ID 1-2 areas for Warm Homes: Local Grant as the scheme covers a different segment of the housing stock (on gas grid homes as well as off gas grid homes).

review and is subject to change – e.g. in response to developments in the wider policy landscape for the sector.

**Property caps** – Warm Homes: Local Grant does not have a cap on EPC Band D homes – as seen under phase 3 of LAD.

### 1.3 Key dates

*The key milestones across the allocation of funding and delivery of the Warm Homes: Local Grant are set out below. Please note dates are subject to change, at the discretion of DESNZ.*

**Table 2: Key Scheme Dates**

Project Milestone	Provisional Date
Expression of interest and funding allocation window	Expected later this year.  Note that the total amount of funding available to be allocated will be confirmed following the multi-year Spending Review launched by the Chancellor earlier this summer.
Delivery window opens	1 <sup>st</sup> April 2025
Delivery window ends	We expect the scheme to run for 3-5 years. This will be confirmed following the Spending Review.

### 1.4 Enquiries

This guidance document sets out detail about the Warm Homes: Local Grant which we encourage Local Authorities to read in full prior to preparation for the Expression of Interest window opening.

The Retrofit Information Support and Expertise (RISE) support and information service is the technical assistance facility available to LAs interested in participating in the Warm Homes: Local Grant. Further details can be found on their website:

([www.riseretrofit.org.uk](http://www.riseretrofit.org.uk)). Any enquiries, including questions related to the policy or guidance document should be directed to [rise@turntown.co.uk](mailto:rise@turntown.co.uk).

## 2. Scheme Design

### 2.1 Overview

*This section provides an overview of the scheme design. It is not a replacement for the detailed guidance on the allocation, mobilisation and delivery phases which will be published in due course.*

**Table 3: Scheme Design Overview**

<p>Delivery model</p>	<p>Local Authority delivered – Local Authorities will be allocated funding and procure and manage their installer supply chain individually or in consortium projects.</p> <p>Only Local Authorities (LAs), as defined in Section 31 of the Local Government Act 2003, in England will be allocated funding.</p> <p>Local Authorities within the West Midlands Combined Authority (WMCA) and the Greater Manchester Combined Authority (GMCA) will be receiving an allocation of funding as part of our commitment to the pilots announced in the trailblazer devolution deals. As a result, GMCA, WMCA and their constituent local authorities, and other stakeholders such as Housing Associations will therefore not be permitted to bid for the national schemes. DESNZ is committed to funding simplification beyond these areas, where it makes most sense for net zero outcomes.</p>
<p>Funding allocation model</p>	<p>An Expression of Interest (Eoi) model<sup>3</sup> will be used to allocate funding to Local Authorities. There will be no pass or fail assessment of the initial Eoi – this means that all eligible LAs that complete the Eoi form will be allocated funding to some degree, with our assessment focusing on the amount of funding to be allocated.</p> <p>This will be followed by a mobilisation period in which a mid-mobilisation review will check LA progress, ahead of the Delivery Assurance Check. The Delivery Assurance Check</p>

<sup>3</sup> The Eoi model comprises three stages: 1. Funding Allocation (eligible LAs which complete an Expression of Interest form will be allocated funding to some degree), 2. Mobilisation and Delivery Assurance Check (LAs show they have procured and resourced their projects and have completed all necessary documentation) and 3. Delivery (draw down of capital allocations in batches).

	will ensure all LAs have met the minimum criteria for successful delivery under the scheme before moving into delivery.
Technical support and information for Local Authorities.	<p>The Retrofit Information Support and Expertise (RISE), which was previously known as the ‘Home Upgrade Hub’, will provide support to all Local Authorities interested in participating in the Warm Homes: Local Grant.</p> <p>RISE will help to upskill Local Authorities, build their capabilities and expertise, and set them up for successful delivery. This service is paid for by DESNZ and so is free for Local Authorities.</p>
Drawdown of capital funding	<p>Under the Warm Homes: Local Grant, a streamlined batch system<sup>4</sup> will enable Local Authorities to draw down funding allocations once they have completed the delivery assurance check.</p> <p>The batch system, first used under phase 2 of the Home Upgrade Grant (HUG2), will be simplified for the Warm Homes: Local Grant and only used to enable draw down of funding and to monitor trends (rather than to control and assess whether batches meet the policy rules).</p> <p>LAs will submit batches of homes for approval prior to upgrade, triggering release of funding when it is required.</p>

## 2.2 Changes in design from previous schemes

The main changes made to the scheme design of the Warm Homes: Local Grant compared to previous schemes are:

**Funding allocation model** – The Warm Homes: Local Grant will use an Expression of Interest (EoI) allocation model whereby all eligible LAs who complete an EoI will be allocated funding to some degree. This is a simplification of the Challenge Fund model used to allocate funding for phase 2 of the Home Upgrade Grant 2 (HUG2) and moves

<sup>4</sup> The batch system is a digital platform which allows Local Authorities to draw down funding to upgrade homes according to need, via Local Authorities submitting ‘batches’ of homes that are ‘ready to retrofit’ (signed up, validated, assessed a fully costed for measures) for approval. It allows DESNZ to have full visibility of delivery pipelines and to monitor LA spending trends against cost caps, measure price caps, archetypes, and the like.

away from the competition model used in phase 3 of the Local Authority Delivery (LAD) scheme.

**Draw down of funding** – Under the Warm Homes: Local Grant, up to 20% of allocated funding per financial year will be given upfront to LAs, with the remaining funding drawn down via a batch system (note this system will be much more streamlined than the system used for HUG2). This reduces the need for recovering underspend and ensures that the Department will be able to re-allocate efficiently to LAs who can potentially deliver more during the scheme delivery window and thereby achieve better delivery overall. Under Warm Homes: Local Grant, the batch system will be a tool to draw down funding and to monitor spending and delivery trends (unlike HUG2's batch system, which also 'assessed' whether costs were within cost caps, and whether thresholds for measure grades and measure prices were being met).

**Technical Assistance Facility (TAF)** – RISE (previously known as the 'Home Upgrade Hub') will be available to build and support LA capability and expertise to help set them up for successful delivery. This service is paid for by DESNZ and so is free for LAs. LAD3 did not have a TAF.

## 2.3 The Expression of Interest Allocation model

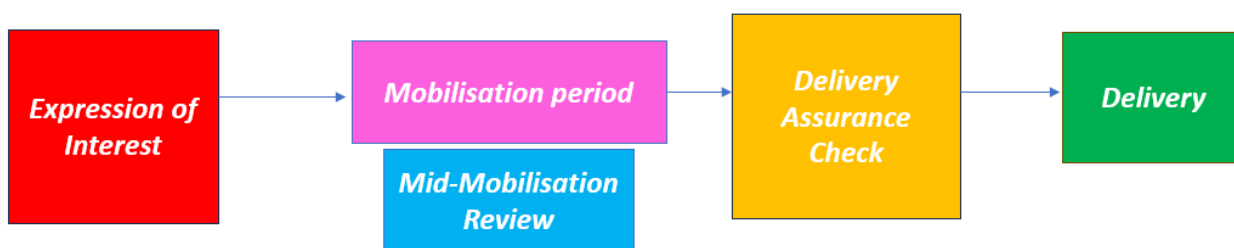
The Warm Homes: Local Grant will use an Expression of Interest (Eoi) allocation model that will ensure that all eligible LAs who complete and submit an Eoi form are allocated funding to some degree.

There are several key principles of the Eoi allocation model:

1. All eligible LAs will qualify for funding if they wish to participate in the scheme – this is no longer a 'competition' where LAs must out-compete other bidders for funding. Allocating some degree of funding to all eligible LAs that complete an Eoi form will help to drive broader geographical coverage of spending, build capacity and capability across all participating LAs and ensure that as many households as possible can access the scheme via their LA.
2. The majority of the capital grant funding will be drawn down in portions throughout the delivery window to upgrade batches of homes which are 'ready to retrofit' (signed up, validated, and assessed in line with PAS 2035). This ensures LAs will receive the right amount of funding at the point of use. The streamlined batch system will not have a policy control element (as seen under HUG2) and will simply monitor delivery and spend trends and ensure funding can be smoothly drawn down when required.
3. The Eoi Allocation model seeks to ask LAs for the right information, at the right level of depth, at the right time to avoid excessive change requests for projects and to ensure the information provided is known and accurate at the time of asking.

The allocation process has learnt lessons from previous models and focuses on reducing the reporting burden on LAs and removing the pass/fail assessment at the initial EoI stage. The LA must still pass a Delivery Assurance Check prior to drawing down funds to deliver upgrades to homes (see figure 1 below) to ensure they have met the minimum criteria for successful delivery.

**Figure 1 Diagram of the Expression of Interest Allocation Model**



**Step 1. Expressions of interest and funding allocations:** LAs will be asked to complete an Expression of Interest form which will outline their project, including any consortia members; their high-level plans for procurement, resourcing, and mobilising their project; and their past performance on previous schemes.

**Step 2. Mid-Mobilisation review** is a step that follows confirmation of funding allocations and gives LAs a chance to receive early feedback on their required documents needed to move into delivery, and for LAs to update DESNZ on whether they are still on track to procure on time.

**Step 3. Delivery Assurance Check (DAC)** will check LAs have procured and resourced appropriately and that their required documents on fraud risk and management, household eligibility verification, and delivery forecasts meet the minimum criteria for successful delivery. This is because Government has a responsibility to ensure value for money of public spending. LAs currently delivering under HUG2 will also have the opportunity to transfer their relevant paperwork to the Warm Homes: Local Grant and/or contracts for a period of time to enable continuous delivery from one scheme to the next. RISE is ready to provide LAs with free support on all their required documents.

**Step 4. Delivery:** Projects submit batches of signed up, assessed and costed homes that are ready to retrofit to draw down funding. Note, the batch system for the Warm Homes: Local Grant will only be used to smoothly draw down funding and to monitor trends – it will not be used to ensure policy compliance of cost caps, measure grades and measure price limits as under HUG2 – these elements (where still relevant) will be managed by Local Authorities who will be trusted to meet scheme rules by scheme end.

## 2.4 Funding Allocations

Further details on the funding allocations will be published when the expression of interest window opens. In preparation for that window opening Local Authorities could start to consider the following:

- Whether LAs wish to deliver the project individually or as part of a consortium alongside other LAs – and, if the latter, who the other LA consortium members might be, and who might be best placed to lead the project. If LAs need help with finding other LA partners, RISE offers a free consortium match-making service.
- The intended procurement approach for the project, how long this will take, and any procurement already completed.
- LA's plans and timelines to procure, resource, and mobilise the project, including the selected month to undertake the Delivery Assurance Check, and whether all members within a consortium will be ready together or need to come in separate waves (and if so when each wave will be ready).
- Whether the project has sufficient resource in place, and if not what the timeline is for obtaining that resource, and how progress during the interim period will be ensured.
- Whether the project wishes to repurpose required documents and/or contracts from HUG2 to be used under the Warm Homes: Local Grant.
- The best six-month period of past delivery under phases 1-3 of the Local Authority Delivery (LAD) scheme and/or phases 1-2 of the Home Upgrade Grant. This information will be used to ensure that all allocations of funding are deliverable.
- The amount of capital funding requested by the project, and on what type of activities any early payments of funding might be spent.

As stated above, RISE is a free to use service for Local Authorities interested in participating in the Warm Homes: Local Grant. Further details can be found on their website: ([www.riseretrofit.org.uk](http://www.riseretrofit.org.uk))

Local Authorities within the West Midlands Combined Authority (WMCA) and the Greater Manchester Combined Authority (GMCA) will be receiving an allocation of funding as part of our commitment to the pilots announced in the trailblazer devolution deals. As a result, GMCA, WMCA and their constituent local authorities, and other stakeholders such as Housing Associations will therefore not be permitted to bid for the national schemes.

DESNZ is committed to funding simplification beyond these areas, where it makes most sense for net zero outcomes.<sup>5</sup>

Please contact WMCA ([devolved.retrofit@wmca.org.uk](mailto:devolved.retrofit@wmca.org.uk)) or GMCA ([LEAD@greatermanchester-ca.gov.uk](mailto:LEAD@greatermanchester-ca.gov.uk)) for enquiries related to devolved funding in these areas.

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<sup>5</sup> The list of LAs which are ineligible to participate includes: West Midlands Combined Authority, Birmingham City Council, Coventry City Council, Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Solihull Metropolitan Borough Council, Walsall Council, City of Wolverhampton Council, Greater Manchester Combined Authority, Bolton Council, Bury Council, Manchester City Council, Oldham Council, Rochdale Borough Council, Salford City Council, Stockport Metropolitan Borough Council, Tameside Metropolitan Borough Council, Trafford Council, and Wigan Council.



### 3. Retrofit Information, Support and Expertise: 'RISE'

DESNZ is providing a free technical assistance facility for LAs interested in participating in the Warm Homes: Local Grant, called Retrofit Information, Support and Expertise: 'RISE'. This support has previously been known as the 'Home Upgrade Hub'.

RISE provides technical support for all LAs from pre-allocation through to mobilisation phases. LAs are encouraged to engage with RISE for support which includes:

- A comprehensive knowledge hub providing support and information to guide a prospective grant recipient through a retrofit project life cycle. The information draws together industry best practice and guidance.
- Workshops, seminars and drop-in sessions on specific focus areas.
- One-to one bespoke support including data collection and stock analysis, business case development, developing delivery models, scoping and specification of the project, internal governance, completing the Expression of Interest (EoI) form, tenant engagement, and consortium matchmaking.

Where LAs are developing retrofit projects in partnership with supply chain contractors, RISE can support these LAs and their projects, working with and through their contractors.

RISE support is also available for supply chain companies who are keen to secure the relevant accreditations (e.g., PAS, TrustMark and MCS) to deliver works under this and other government funded programmes.

LAs are encouraged to engage with RISE at an early stage, even before the expression of interest window opens. The support offered can help LAs prepare. Further detail is available on the RISE website via [www.riseretrofit.org.uk](http://www.riseretrofit.org.uk) and by emailing [rise@turntown.co.uk](mailto:rise@turntown.co.uk).

## 4. Household Eligibility

### 4.1 Overview of the household eligibility pathways

There are three ways a household could be approved as ‘income eligible’ for the Warm Home: Local Grant. A household must only meet the criteria for one of these pathways, out of the three available, to be income eligible for this scheme.

**Table 4: Eligible Pathways**

Eligibility Pathways	
Pathway 1	<p><b>IMD:ID Eligible Postcodes</b></p> <p>The household lives in a valid postcode that falls within eligible Income Deciles 1-2 of the Indices of Multiple Deprivation (IMD:ID 1-2).</p>
Pathway 2	<p><b>Income Proxies</b></p> <p><b>Means-tested benefits:</b> The household is in receipt of a specified means-tested benefit, OR</p> <p><b>Route 2 of ECO Flex:</b> Households meet the current ECO4 Flex criteria for Route 2.<sup>6</sup></p>
Pathway 3	<p><b>Household Income threshold</b></p> <p>The household’s gross annual income is below the scheme’s household income threshold (£36,000) – or the equivalised ‘After Housing Costs’ threshold for their household composition.</p>

### 4.2 Pathway one: ‘IMD:ID eligibility’

The Indices of Multiple Deprivation (IMD) (2019) is the official measure of relative deprivation in England produced by the Ministry of Housing, Communities and Local

<sup>6</sup> <https://www.ofgem.gov.uk/publications/great-british-insulation-scheme-and-eco4-local-authority-administration-guidance>

Government (MHCLG)<sup>7</sup>. Households residing within IMD income deciles (IMD:ID) 1-2<sup>8</sup>, will be eligible for the Warm Homes: Local Grant without needing an income verification check.

There will no requirement on LAs to verify the income of these households, however we expect that LAs will obtain proof of address. Other eligibility parameters such as eligible tenures and EPC bands will continue to apply and must be checked.

A list of postcodes in IMD:ID 1-2 areas has been published alongside this guidance document.

LAs will be encouraged to consider these areas to achieve economies of scale by upgrading multiple households in concentrated areas of fuel poverty.

It is worth noting that Phase 2 of the Home Upgrade Grant had an extended IMD:ID eligibility, which also covered homes in Income Decile 3. This pathway has been limited to IMD:ID 1-2 areas for the Warm Homes: Local Grant as the scheme covers a different segment of the housing stock (on gas grid homes as well as off gas grid homes).

### 4.3 Pathway two: Low Income Proxies

Households not residing in an IMD ID 1-2 postcode can be eligible for Warm Homes: Local Grant if they can evidence meeting once one of the low-income proxies set out below (or via Pathway 3).

#### **Means-tested benefits**

Households in receipt of the specified means-tested benefits are eligible for the Warm Homes: Local Grant without further income checks, providing the property eligibility criteria in section 5 are met. Anyone in the household may be in receipt of these benefits in order to qualify, other than lodgers or adults in full-time education.

The authorised list of means-tested benefits is as follows:

- Housing Benefit
- Income-based Jobseeker's Allowance (JSA)
- Income-related Employment and Support Allowance (ESA)

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<sup>7</sup> The IMD brings together seven distinct domains of deprivation, which are then combined and weighted to generate an overall assessment of the deprivation experienced by individuals living in an area. These domains encompass a wide range of deprivation factors, including income, employment, health and crime.

<sup>8</sup> IMD is calculated for every Lower Layer Super Output Area (LSOA), or neighbourhood, in England. All neighbourhoods in England are then ranked according to their level of deprivation, with high ranking LSOAs referred to as 'most' or 'highly deprived'. This ranking is then ordered into 10 groups (or 'deciles') with the top 10% of deprived LSOAs in decile 1, the next 10% of LSOAs in decile 2, and so on.

- Income Support
- Pension Credit (savings and guarantee)
- Universal Credit

The Warm Homes: Local Grant will commence delivery in April 2025. This list reflects the benefits which will be in use at the time of delivery and may be updated over the lifespan of the scheme.

### ECO Flex Route 2

An alternative low-income proxy to verify a household as income eligible for the Warm Homes: Local Grant is the Route 2: Proxy Targeting' set out in the ECO4 and Great British Insulation Scheme (GBIS) Flex Local Authority Guidance.

The table below shows the low-income proxies which can and cannot be used in conjunction with each other. Households that meet **at least two** of the proxies to be eligible for the Warm Homes: Local Grant via Flex Route 2.

Table 5: ECO Flex income proxies to be used in conjunction to prove eligibility

Low-income proxies	Living in listed LSOA	Eligible for council tax reduction	Vulnerable to cold	Eligible for free school meals	Supported by LA scheme	Citizen's Advice/energy supplier referral	Energy supplier debt data
	1	2	3	4	5	6	7
Living in listed Lower layer super Output Areas (LSOA) 1							
Eligible for council tax reduction 2							
Vulnerable to cold 3							
Eligible for free school meals 4							
Supported by LA scheme 5							

Citizen's Advice/energy supplier referral 6	Compatible	Compatible	Compatible	Compatible	Compatible	Non-compatible	Non-compatible
Energy supplier debt data 7	Compatible	Compatible	Compatible	Compatible	Non-compatible	Non-compatible	Non-compatible



This allows LAs to use the same methodology as permitted under ECO Flex. The use of ECO Flex criteria is only permitted under its current iteration and if significant changes are made to the criteria, or the Route comes to an end, further guidance will be issued by DESNZ on whether it can be used or not. For more details on ECO Flex income proxies, see the [Energy Company Obligation flexibility guidance for Local Authorities](#)<sup>9</sup>.

#### 4.4 Pathway three: ‘Household income threshold’

Households that do not reside in IMD:ID 1-2 postcodes, and that are not in receipt of a means tested benefit or meet the ECO Flex criteria specified above, must be able to demonstrate an annual gross household income of £36,000 or less – or else be under the equivalised ‘After Housing Costs’ income threshold for their household makeup (see section below) – to be income eligible for the Warm Homes: Local Grant. Note, the gross household income threshold will be kept under review and may be updated periodically during delivery.

The Warm Homes: Local Grant will also accept alternative methodologies for demonstrating that a low-income household is likely to be in fuel poverty, where the LA provides clear evidence of the appropriateness of their methodology via a formal change request.

##### Calculating Gross Household Income

The income threshold is inclusive of tax and should be calculated as an annual figure where possible.

The income of every adult member of the household counts towards the income threshold, other than those in full-time education. The income of lodgers should not count towards

<sup>9</sup> <https://www.ofgem.gov.uk/publications/final-eco4-guidance-local-authority-administration>

the income threshold, however if the household is in receipt of any rental payments from lodgers, this should be counted towards the household income.

### After Housing Costs (AHC) income and equivalisation tables

LAs may include households with total incomes above the £36,000 threshold where higher housing costs mean that their 'After Housing Costs' (AHC) income is below the relevant threshold for the size (number of occupants) and composition of the household as set out in the tables below.

Household size and composition impacts the amount of income that would make a household fuel poor. **An 'After Housing Costs' income is the residual income that a household is left with after tax (net income) and after the deduction of rent or mortgage payments.** Housing costs do not include council tax, energy bills or ground rent.

The tables below show the tailored AHC income thresholds based on the composition of adults and dependants in the household. If a household has an AHC income below their corresponding threshold, and the property eligibility criteria in section 5 are met, then they are eligible for Warm Homes: Local Grant funding.

**Table 6: After Housing Costs maximum income thresholds for 1 adult**

Occupants	Maximum eligible 'after housing costs' income
1 adult	N/A for household income beyond £20k after housing costs
1 adult + 1 dependent	N/A (as above)
1 adult + 2 dependents	N/A (as above)
1 adult + 3 dependents	£23,600
1 adult + 4 dependents	£27,600
1 adult + 5 dependents	£31,600

**Table 7: After Housing Costs maximum income thresholds for 2 adults**

Occupants	Maximum eligible 'after housing costs' income
2 adults	N/A for household income beyond £20k after housing costs
2 adults + 1 dependent	£24,000

2 adults + 2 dependents	£28,000
2 adults + 3 dependents	£32,000
2 adults + 4 dependents	£36,000
2 adults + 5 dependents	£40,000

## 4.5 Identifying low-income households

Using effective ways to identify and engage with homes which are likely to be eligible for the Warm Homes: Local Grant is vital for building a robust delivery pipeline. There are several methods which LAs can utilise to identify households that are likely to meet the Warm Homes: Local Grant household eligibility criteria set out above.

**Local data:** For example, LA held data, such as existing processes on council tax reductions for those on lower incomes, or more innovative approaches such as advanced statistics and machine learning (e.g. Experian or CACI Paycheck).<sup>10</sup> Note that neighbourhood level data such as CACI or Experian datasets should not be used for verifying household incomes except where they can assess an individual household's income, such as by connecting to the household's banking app.

**Not for profits:** Where possible, DESNZ encourages LAs to utilise local charities, non-profit and citizen-focussed organisations to help with identifying households eligible for support. This can enable effective use of community networks, as well as reduce drop-out rates with more resource available for guiding households through the process. LAs can use a portion of their A&A budget to fund this.

## 4.6 Verifying household eligibility

Self-declarations are not an acceptable method of verification under the Warm Homes: Local Grant. Local Authorities will be required to undertake robust checks to confirm that the household meets the eligibility criteria.

The Warm Homes: Local Grant is intended to support households in or at risk of fuel poverty, therefore LAs should be satisfied that the household is in genuine need and is likely to be in or at risk of fuel poverty. This is particularly the case when using the IMD:ID route, where households do not undergo an income check for eligibility.

LAs also reserve the right to not treat a property if they do not feel they have a low income or are not at risk of fuel poverty. An LA might find a household/property that has high

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<sup>10</sup> Datasets currently utilised by some local authorities to determine the gross annual income of a household.

levels of savings, or has a particularly large asset value, and despite having an income under £36,000 do not feel that treating the property is a reasonable use of the Warm Homes: Local Grant funds.

## 4.7 Area-based in-fill upgrades

DESNZ encourages area-based upgrades to help achieve economies of scale and value for money. However, there are instances where some households within an area (such as a couple of homes in a block of flats or row of terraced houses) are not income eligible and may prevent the successful upgrading of the collective buildings. In these circumstances, DESNZ will allow 'infill' properties to receive installations providing the following requirements are met:

- A) the average gross household income across a block of flats/houses/maisonettes are below £36,000 per year, or
- B) where at least 75% of households have a combined income average of no more than £36,000 per year.

For example, a block of flats may contain one household whose income exceeds £36,000, but other households have incomes below this threshold. In this instance, an average would allow for the household that exceeds £36,000 to be included in the project and receive subsidised upgrades.

The term 'infill' in this guidance document refers to adjacent buildings which are not the target of scheme intent (such as social housing properties) but where the exclusion from upgrades will be at the detriment of the larger collective (e.g. preventing a block or row of connected properties from receiving external wall insulation because of an ineligible property in the middle). The homes must be physically connected rather than simply in the same street, area or community.



## 5. Property Eligibility

### 5.1 Energy Performance Certificate (EPC) rating

Funding must only support households living in England in homes with an EPC rating within bands D to G – this is an Energy Efficiency Rating (EER) SAP score of 68 or below – except in the case of park homes (which typically do not have an EPC rating).

Households with an EPC rating within bands A to C are ineligible for scheme funding in all circumstances (this is an EER SAP score of 69 or above).

Where there is a higher EPC rated property in scope for infill purposes, the LA may choose to upgrade this home using alternative sources of funding. A property's EPC rating can be found via the [published register](#).<sup>11</sup>

### 5.2 New or self builds

Funding must support the retrofit of existing domestic dwellings only. New build or self-built homes which have not been previously occupied are not eligible for funding. **Annex A** details how a domestic premises is defined for the purposes of the scheme.

### 5.3 Park homes

**Park homes** are eligible for support under the Warm Homes: Local Grant providing:

- the park home is the permanent residence of the household;
- the park home is equivalent to an EPC band D-G home. Note, while park homes do not have EPCs, they must still be assessed to determine their Energy Performance Rating (EPR), which can evidence equivalence.
- and that the park home is expected to still exist (i.e. not be demolished) for the whole duration of the measure guarantee period for the measure/s to be installed, or for the longest guarantee period if more than one measure is installed.

### 5.4 Tenures

#### Owner Occupiers

The Warm Homes: Local Grant will provide fully funded upgrades to owner occupied households who meet the eligibility criteria in sections 4 and 5 of this guidance. There

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<sup>11</sup> <https://epc.opendatacommunities.org/>

must not be a requirement for them to contribute towards the cost of upgrades. The maximum funding each property may receive (the 'cost cap') is detailed in section 6.

### **Private Rented Sector (PRS)**

Under the Warm Homes: Local Grant, landlords who have low-income tenants that meet the household eligibility criteria in section 4 of this guidance, living in properties that meet the eligibility criteria in this section, can access grant funding. The Warm Homes: Local Grant will fully fund upgrades for one property per landlord – any subsequent properties (the second to be upgraded and beyond) owned by the same landlord will require a 50% landlord cost contribution towards the total cost of works.

There will be no eligibility restriction against landlords based on the number of properties that they own (as was seen under phase 2 of the Home Upgrade Grant). Landlords are free to upgrade as many eligible properties as they wish, so long as they do not exceed the minimum financial assistance limit (see below) and meet the required contribution to the costs of upgrades from the second property treated onwards.

This policy will be kept under review and the Department reserves the right to make in-flight changes, or to remove the PRS from scope, throughout the duration of Warm Homes: Local Grant delivery e.g. in response to developments in the wider policy landscape.

### **Band F and G PRS Homes**

Privately rented properties rated EPC Band F and G must have registered exemptions under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015<sup>12</sup> to be deemed eligible. This is because funding cannot be used to make these properties compliant with existing regulations, but funding may be used to improve the property beyond the minimum legal requirement. When identifying their housing stock, LAs must ensure that landlords letting out EPC rated F or G properties are compliant with these regulations.

### **Requirements when treating PRS homes**

There are three declarations that will be required from landlords in order to take part in the Warm Homes: Local Grant:

- Express permission for landlord details to be shared and stored on a central database of landlords participating in the Warm Homes: Local Grant.
- Agreement to support DESNZ-led surveys or evaluations regarding PRS uptake in the Warm Homes: Local Grant.
- Confirmation that the Minimum Financial Assistance threshold will not be exceeded by the landlord receiving the proposed assistance.

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<sup>12</sup> <https://www.legislation.gov.uk/ukdsi/2015/9780111128350/contents>

DESNZ will provide a declaration template ahead of delivery commencing which will set out all the requirements for landlord participation. This can be used by LAs to ensure landlords are meeting the necessary requirements. The following sections explain these declarations in more detail.

### Central database of landlords

A central database will be maintained (with all data permissions given) in order to monitor the number of fully funded upgrades a landlord has received under the scheme. This will ensure landlords are prevented from receiving fully funded upgrades to more than one property under the Warm Homes: Local Grant.

### Evaluation and monitoring

LAs will be required to facilitate and support any DESNZ-led surveys or evaluations regarding the uptake and impact of upgrades delivered in privately rented homes under the Warm Homes: Local Grant. The sector will be monitored throughout delivery and adjustments may be made to policy, including on the maximum number of fully funded homes per landlord, throughout the lifetime of the scheme if there is evidence of any concerning trends found, or changes in the wider policy landscape.

LAs must also ensure that landlords declare that they do not intend to raise rents as a direct result of the upgrades being installed (using the template provided ahead of delivery) and give their consent to participate in a survey as part of the Department's data gathering.

### Subsidy declaration

Upgrades to PRS properties will constitute a subsidy to landlords under the Subsidy Control Act (2022). LAs will be required under the MoU to ensure that the subsidy to each PRS landlord does not exceed the Minimal Financial Assistance (MFA) limit of £315,000.<sup>13</sup> This includes the value of any Warm Homes: Local Grant support to be given to the landlord, in addition to any previous subsidy received by the landlord over the current and previous 2 financial years. This ensures no single landlord receives excessive amounts of funding and reduces the administrative burden on LAs of conducting a full principles assessment under the Act.

To enact this requirement, during the sign-up process Local Authorities will need to notify the relevant PRS landlord:

- explaining that the Local Authority is proposing to give to the landlord a subsidy by way of MFA,
- specifying the gross value amount of the assistance, and

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<sup>13</sup> This limit is set by s.36 of the Subsidy Control Act (2022).

- requesting written confirmation from the landlord that the MFA threshold will not be exceeded by the landlord receiving the proposed assistance.

The landlord will then need to confirm the above in writing. Prior to providing the upgrades, Local Authorities will need to confirm in writing to the relevant PRS landlord that:

- The subsidy is given as Minimum Financial Assistance,
- The date on which it is given, and
- The gross value amount of the assistance.
- LAs are responsible for completing their own subsidy control assessment.

Where the total value of all subsidy to a single PRS landlord exceeds £100,000, the LA will need to comply with the transparency requirements of the Act. For further guidance, see the Statutory Guidance document available [here](#).

### Charity owned rental properties

Properties owned by charities can qualify for the Warm Homes: Local Grant, subject to the same PRS rules as stated above (with one property fully funded and 50% cost contribution thereafter). However, any charity-owned properties must identify as PRS, not social housing. This must be verified by the LA, who cannot install upgrades with Warm Homes: Local Grant funding if the charity is a Registered Provider of social housing.

### Social Housing

Social housing may only be treated using Warm Homes: Local Grant funding for 'infill' purposes and to support area-based upgrades – for instance, upgrading a block of flats or adjacent, terraced properties as part of area-based delivery.

Social housing must not exceed 10% of homes upgraded during a project and clear justification must be provided as to its inclusion. Justification will be assessed on a case-by-case basis. Social housing landlords must also contribute at least 50% of the total cost of upgrades.

The Social Housing Decarbonisation Fund (SHDF) and the Warm Homes: Social Housing Fund (WH:SHF) are schemes available to LAs to upgrade their social housing stock. LAs seeking to upgrade their own social housing stock, or work in partnership with housing associations or arms-length management organisations to upgrade social housing are encouraged to participate in the Warm Homes: Social Housing Fund.

If a LA wishes to deliver a mixed tenure project in their area with a significant social housing component, they could complement an owner occupier and private rented funded upgrades under the Warm Homes: Local Grant with a social housing funded under the or

Warm Homes: Social Housing Fund providing they are allocated funding under both schemes.

## 5.5 Heating fuel

All primary heating fuel types are eligible for Warm Homes: Local Grant funding, therefore properties which are heated using gas boilers, as well as those which are not, e.g. those that use oil, liquid petroleum gas (LPG), coal, solid fuels, or electricity for heating purposes, are eligible for the Warm Homes: Local Grant providing they meet the other eligibility criteria set out in this guidance. Homes connected to a district heat networks are also eligible for the Warm Homes: Local Grant.

DESNZ will ask LAs that wish to participate in the Warm Homes: Local Grant to set themselves a non-binding aspirational target on the number of off-gas grid properties they expect to upgrade under their projects. There will be no obligation for LAs to meet this indicative forecast, and no formal change request will be required to increase or decrease this target during delivery.

## 5.6 Re-treating homes

Properties that have previously received upgrades through DESNZ energy efficiency schemes will be eligible for further treatment under the Warm Homes: Local Grant, providing all eligibility criteria in sections 4 and 5 of this guidance are met- and subject to certain requirements based on which scheme(s) they have been previously treated by as set out below.

If a property received upgrades through the Home Upgrade Grant (HUG) and/or through Local Authority Delivery (LAD) scheme and meets the criteria in sections 4 and 5 of this guidance, it will be eligible for further treatment under Warm Homes: Local Grant. However, this is on the condition that as a result of the re-treatment the property either reaches EPC C **or** low carbon heating is installed as part of the Warm Homes: Local Grant package of measures.

If a property has received treatment from a DESNZ energy efficiency scheme other than HUG phases 1-2 or LAD phases 1-3 (e.g., the Energy Company Obligation (ECO)), it will be eligible for further treatment under the Warm Homes: Local Grant with no requirement to reach EPC C or to receive low carbon heating- providing all eligibility criteria in sections 4 and 5 of this guidance are met.

This approach will be monitored throughout delivery to ensure value for money is maintained, and DESNZ retains the right to make any amendments should this be deemed necessary.

## 6. Cost Caps

### 6.1 Cost cap structure

Warm Homes: Local Grant will have twin cost caps – one for energy performance upgrades and one for low carbon heating. Cost caps represent the amount that can be spent per home (more than one measure can be installed within a cost cap). Projects must meet these cost caps on average by project closure.

**Table 8 Warm Homes: Local Grant cost caps**

Energy performance cost cap	Low carbon heat cost cap
£15,000	£15,000

The **energy performance cost cap** can be spent on any energy performance measure that is not categorised as low carbon heat, including fabric measures (such as insulation, draughtproofing, double glazing, and energy efficient doors) and smart measures (such as solar PV, smart controls, and battery storage).

The **separate low carbon heat cost cap** can be used for clean heat measures such as heat pumps or high retention storage heaters. It is expected that this distinct pot of funding for clean heat will incentivise and maximise heat pump deployment under the scheme, particularly in off gas grid homes where they can deliver significant energy bill savings for the occupants.

LAs must meet these cost caps on average across their project, by project closure. Cost caps from individual homes upgraded can only be counted towards this averaging when the particular cost cap type has been ‘activated’, e.g. installing a low carbon heat measure ‘activates’ the cost cap and therefore can count towards the averaging calculation. In homes where no low carbon heat measure is installed, the Low Carbon Heat cap is not activated and therefore cannot count towards the averaging of the Low Carbon Heat cap across a project. This also applies to the Energy Performance cap.

LAs must be within the cost caps by project closure and if they are not, DESNZ will seek to recover the difference.

DESNZ reserves the right to amend cost caps (both up and down) to be responsive to market conditions over the lifetime of the Warm Homes: Local Grant.

The below table details how measures are categorised for the Warm Homes: Local Grant in terms of being either an energy performance measure or low carbon heat. This can be used as a guide on which cost cap measures should be recorded against.

Energy Performance Measures	Low Carbon Heat
Cavity Wall Insulation	Air Source Heat Pump
Flat Roof Insulation	Ground Source Heat Pump
Internal Wall Insulation	Hybrid Heat Pumps (for homes currently heated by mains gas)
Loft Insulation	Shared Ground Loops
Park Home Insulation	Wet Central Heating (a system using water to distribute heat)
Room-in-roof Insulation	Biomass
Solid/External Wall Insulation	High Retention Storage Heaters
Underfloor Insulation	
Heating Controls	
Hot Water Cylinder Insulation	
Hot Water Cylinder Thermostat	
Hot Water Cylinder/Tank	
Low energy lighting	
Solar PV	
Solar Thermal	
Battery Storage (only eligible when complimenting Solar PV)	
Digital/Smart Controls	
Draughtproofing	
Double/Triple Glazing	
Energy Efficiency Doors	

Note, this table is not an exhaustive list of eligible measures that can be installed under this scheme.

## 6.2 Cost cap contributions

### Owner Occupied Homes

Where a home is owner occupied (by private homeowners), the upgrade should be fully funded – the household must not be required to contribute to the costs of upgrades.

### Private Rented Sector (PRS) Homes

Private rented sector landlords may receive one home fully funded across the scheme.

A 50% cost contribution will be required from the landlord for any properties in their portfolios upgraded thereafter. This means that the maximum level of subsidy a landlord can receive for the second home and beyond is lower than that of an owner-occupier (and is equivalent to half the subsidy received by an owner occupier). Note that the tenants are not required or expected to make any contributions to the cost of upgrades.

**Table 9: Warm Homes: Local Grant cost caps for PRS homes**

#### Energy performance and Low Carbon Heating Cost Caps for Private Rented Sector

	<i>First Property</i> Max Grant Funding	<i>First Property</i> Required Landlord Contribution	<i>2<sup>nd</sup>+ Properties</i> Max Grant Funding	<i>2<sup>nd</sup> + Properties</i> Required Landlord Contribution
Energy Efficiency	£15k	£0k	£7.5k	£7.5k
Low Carbon Heating	£15k	£0k	£7.5k	£7.5k
Total	£30k	£0k	£15k	£15k

Note: Whilst these tables show the amount of cost contribution required by landlord, there is no maximum cap on the amount that landlords can contribute. LAs are able to accept landlord contributions above 50% of the total cost of upgrades.

### Social Housing

Where a social housing property is being treated a 50% cost contribution must be paid for by the social housing provider.

**Table 10: Warm Homes: Local Grant cost cap for social housing**

#### Energy performance and Low Carbon Heating Cost Caps for Social Housing

	Max Grant Funding	Required Social Housing Max Landlord Contribution



Energy Efficiency	£7.5k	£7.5k
Low Carbon Heating	£7.5k	£7.5k
Total	£15k	£15k

## 7. Measures

### 7.1 Measure types

In line with the objectives of the Warm Homes: Local Grant set out in Section 1, we expect LAs to focus on measures that lower household energy bills and, where compatible with reducing their energy bills, help them to transition to clean heat.

Any energy performance or heating measures compatible with the latest Reduced data Standard Assessment Procedure (RdSAP), at the time of delivery, are eligible except for fossil fuel heating.

Measures must also be covered under the latest PAS 2035:2023 guidance and installable under the latest PAS 2030:2023 or MCS standards (or an alternative certification scheme as approved by DESNZ) to be eligible under the Warm Homes: Local Grant.

All measures must be lodged onto the Trustmark data warehouse once upgrades are complete. The retrofit team that sits within the Grant Recipients delivery model must create a Trustmark PAS 2035 Project in the Trustmark Data Warehouse for all homes accepted as part of each batch, within 4 weeks of the batch approval date. The final lodgements must be completed in the Trustmark Data Warehouse, and each Trustmark PAS 2035 Project created as part of each batch must be closed within 6 weeks of the work being completed for the household.

Warm Homes: Local Grant's Public Sector Equality Duty screening has identified the possibility of disruption to residents with the following protected characteristics including but not limited to disability, pregnancy and maternity, older age group and religious belief. These groups may face greater disruption from retrofit works e.g. they may be unable to access certain rooms or their entire home. LAs and retrofit installers are encouraged to ensure adjustments will be made to mitigate any potential impacts caused by retrofit works to residents. LAs are encouraged to reference the RISE toolkit "[Embedding Equality, Diversity and Inclusion \(EDI\) in Housing Retrofit](#)" to support them.

### 7.2 Measure selection

Homes treated under the scheme should reach EPC EER Band C wherever possible within the cost caps. Where this is not possible, upgrades may still take place, but LAs should adopt a value for money and strategic approach to measures. This might include where a clean heat measure has limited the extent of EPC improvement.

Fuel poor households should not be excluded from the scheme simply because their home cannot reach EPC band C within the cost caps. This will ensure that the worst-off homes can still receive support under the scheme and are not left behind.

Please note, however, that if a property has been previously upgraded under the Home Upgrade Grant, or the Local Authority Delivery scheme, there will be a requirement to either reach EPC C as a result of the retreatment or for the home to receive low carbon heating.

We expect LAs and retrofit coordinators (RCs) to consider value for money when designing intervention packages for households – to achieve the largest amount of bill savings for the household.

In many instances this will lead to a package of fabric measures such as various types of insulation (wall, loft, or underfloor) and draught proofing. However, this could equally lead to mixed packages (such as insulation and Solar PV) or smart packages such as Solar PV, smart controls, and/or battery storage, which may achieve higher bill savings for a lower price depending on the home.

It may not always be possible to treat homes with a particular measure within the scheme's cost caps and/or measure price limits. We would therefore encourage LAs and RCs to consider in assessments and medium-term improvement plans to prepare an alternative measures package (e.g. other fabric and smart measures) should the quote for a particular measure be too high. This will save time and money for LAs and reduce the risk of breaching the Warm Homes: Local Grant's cost cap rules by project closure.

The uptake, impact and cost of measures installed will be monitored throughout delivery and adjustments may be made to policy, including introducing a measure grading system, if there is evidence of any concerning trends found, or changes in the wider policy landscape.

### 7.3 Low carbon heat

The installation of low carbon heating technologies is also strongly encouraged where it supports a reduction in energy bills for the household – to help drive the transition to net zero 2050 and ensure fuel poor households lead the way. Low carbon heat is particularly encouraged in off gas grid homes heated by oil, coal, or liquid petroleum gas (LPG), which have the highest carbon footprint, and in electrically heated homes where large bill savings can be achieved due to improved system efficiency.

Low carbon heat is also available to homes on the gas grid, with bill savings more achievable under current energy prices when installed alongside energy performance improvement measures such as insulation and solar PV. In on gas grid households, low

carbon heat may also be desirable to replace old or broken gas boilers to save the household from paying expensive repair or replacement costs.

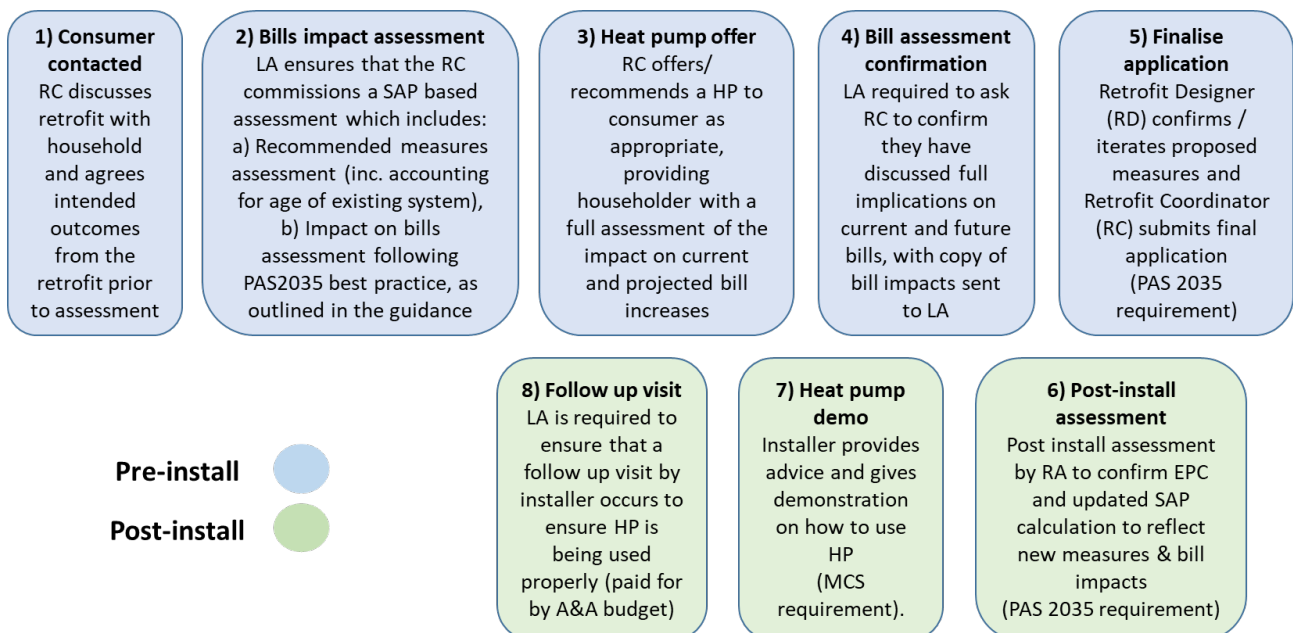
In all cases where low carbon heat is being considered for installation, LAs must ensure that households are given clear and accurate advice about the likely bill impacts the package of measures will have on their household energy bills.

The advice offered to households should clearly state the likely bill impacts of the heat pump installation alongside any wider package of measures in comparison to the consumers current energy bills. This should already be provided by the MCS certified installer as part of the property assessment.

DESNZ mandates that the final decision to install a heat pump, storage heater, or an alternative heating system, rests solely with the household. With access to high quality information and advice we expect households will be able to weigh up multiple factors that may determine their choice to accept a free heating system, and how switching to this system may affect their energy bills. Given many homes upgraded under the Warm Homes: Local Grant may be living in fuel poverty, it is possible that some households will have underheated their home due to the unaffordability of energy. In these cases, Retrofit Coordinators are expected to engage more closely with the householder and provide more tailored advice where they believe this may be the case, so that advice reflects their typical energy use.

In all interventions that involve clean heat, the consumer advice steps shown in the figure below should be closely followed to ensure consumer protection and transparency in advice on the bill impacts of the measure package.

**Figure 2: Clean Heat Advice Journey**



LAs should take a variety of factors into consideration when selecting appropriate low carbon heating technology, such as affordability, air quality and sustainability. We expect that, in line with these considerations, the default low-carbon heating technology would be a heat pump. In homes where heat pumps are unsuitable for the dwelling, we expect, in order of priority,

- high retention electric storage heaters with at least 0.8+ SAP responsiveness (in electrically heated flats and small dwellings only),
- or solid biomass to be considered when determining the next best option for deliverability, value for money, affordability, sustainability, and air quality.

### Heat pumps

Installing heat pumps – such as low or high temperature air-source, ground/water-source, or air-to-air heat pumps – will help to phase out high carbon heating in gas, coal, oil, or LPG-heated households, and will reduce energy bills in most electrically-heated and many coal, oil and LPG-heated households, both of which are key priorities for the Warm Homes: Local Grant.

Whether a home is ‘technically suited’ to a heat pump should be determined by a Retrofit Coordinator and/or a competent professional who is qualified to determine that the heat pump is suitable for the property and that post-installation, the property (including the installation) will be compliant with Building Regulations.

**Hybrid heating systems** – Funding may be used to install hybrid heat pumps for homes currently heated by mains gas, whether this is; a new hybrid system made of several units, or fully integrated within a single unit; or a heat pump alongside the current gas boiler that has an Energy Related Products rating of A (or above), where the retrofit coordinator is satisfied it is in good working order to be fitted alongside a heat pump. Prior to installing a hybrid heating system, retrofit coordinators are encouraged to upgrade existing systems to stand alone heat pumps, where possible. Where an existing gas boiler is replaced with a new gas boiler as part of installing a hybrid system, funding cannot be used for this.

Hybrid heating systems for homes off gas grid are not permitted. Other forms of transitional heating that are fuelled by mains gas are not permitted.

### Low Carbon Communal Heating or District Heat Networks

This guidance document will be updated with further details on the eligibility of low carbon heat communal and district heat networks- and associated required quality - before delivery of the scheme commences.

### Solid biomass

Whilst solid biomass is an eligible measure, these boilers should only be installed in exceptional circumstances where heat pumps and other clean heat solutions are unsuitable for the dwelling, and only in rural areas where there are no air quality restrictions.

LAs should ensure the ongoing use of sustainable fuels, such as by adhering to the sustainability and air quality requirements from the Domestic Renewable Heat Incentive, and appropriate maintenance of these systems.

### Alternative low carbon heating technology

If an alternative low carbon heating technology is to be installed, LAs must justify the rationale for their selection in the batch application. We acknowledge due to current energy and fuel prices there will be instances where the installation of low carbon heating might result in higher energy bills, even with energy performance upgrades. In these situations, the consumer advice steps above should be closely followed to ensure consumer protection.

## 7.4 Measure price limits

Under the Warm Homes: Local Grant, price limits will be set for a small number of measures where the value for money of the measure type is particularly sensitive to the price of installation.

DESNZ currently expects the following five measures to have price limits: external wall insulation, internal wall insulation, double/triple glazing, park home insulation, and solar thermal.

LAs will be required to meet these measure price limits on average, at project level, by project closure. This means that local authorities are permitted to install measures which are more expensive than the specified price limits in individual properties and batches, as long as they are within the limits on average by project closure.

Please note, DESNZ will keep measure price limits under review to ensure they remain appropriate during delivery. The department also reserves the right to set price limits for additional measures in flight should negative trends related to installation costs emerge.

The measure price limits are commercially sensitive and will be provided to Local Authorities once the Memorandum of Understanding has been signed under non-disclosure agreements. Measure price limits are in addition to cost caps, which represent how much can be spent on per home on average (and can cover more than one measure).

## 7.5 Quality standards

All products and technologies to be installed under the Warm Homes: Local Grant must meet the required standards, including:

**PAS 2030 and 2035:** All projects must be compliant with the most up to date PAS 2035 Retrofitting dwellings for improved energy performance, specification and guidance (PAS 2035:2023). All measures must be delivered by installers who are certified, at a minimum, to the most recent version of the PAS 2030:2023 standard.

**TrustMark:** All installers required to be TrustMark registered<sup>14</sup> or equivalent, and compliant with the TrustMark requirements for the Warm Homes: Local Grant. All measures must be lodged onto the TrustMark data warehouse by a retrofit coordinator. A Trustmark PAS 2035 Project must be created in the Trustmark Data Warehouse for all homes accepted as part of each batch, within 4 weeks of the batch approval date. The final lodgements will be completed in the Trustmark Data Warehouse and each Trustmark PAS 2035 Project created as part of each batch must be closed within 6 weeks of the work being completed for the household.

**MCS:** All low-carbon heating measures must be MCS certified products and be installed by an MCS certified<sup>15</sup> installer, who must be certified to the relevant MCS standards for the technology they are installing. MCS certification requires an installation company to be assessed by an affiliated certification body, and to have demonstrated suitable competency against relevant technology standards, as well as carry out installations in accordance with MCS design and installation standards.

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<sup>14</sup> Or able to demonstrate registration with a scheme which has been deemed equivalent by the Secretary of State.

<sup>15</sup> Or able to demonstrate registration with a scheme which has been deemed equivalent by the Secretary of State.

## 8. Other Information

### 8.1 Interaction with other schemes

Blending of funds from other net zero schemes that are concurrently running is permissible and gives households the flexibility to access different sources of funding. However, different schemes have different rules, and LAs will need to ensure any blending of funds with different schemes has been done in accordance with other scheme rules and the rules of Warm Homes: Local Grant itself.

Funding received from the Warm Homes: Local Grant must not be blended simultaneously to install the same individual measure with other government energy performance schemes such as the Energy Company Obligation (ECO), the Boiler Upgrade Scheme (BUS), the Social Housing Decarbonisation Fund schemes (SHDF), or the Warm Homes: Social Housing Fund (WH:SHF). It is possible for installations to be undertaken at the same property, where the measure installed is not the same or where a measure installed under a previous scheme is topped-up by the Warm Homes: Local Grant. For example, a household may receive funding under Warm Homes: Local Grant to install a heat pump, alongside funding to install solid wall insulation under ECO. Any ECO4 projects should occur wholly after or wholly before the Warm Homes: Local Grant work in the same property. Both schemes require a separate post-install EPC and TM lodgement, which can be used to determine whether the home is still eligible (EPC D-G) to receive measures under another scheme.

LAs can also blend funding they receive from the Warm Homes: Local Grant with third party finance or LA budgets to deliver additional support to communities.

LAs must introduce controls to ensure households are not in receipt of funding from the Warm Homes: Local Grant and other government schemes for the same measure. DESNZ intends to utilise data matching between schemes to monitor whether the same measure installed in the same property is not claimed for under different energy efficiency schemes. LAs are encouraged to utilise the DESNZ-owned Energy Efficiency Installation Checker to ensure that households submitted have not already received the same measures from other government schemes and that funding is not being provided for work that has already been carried out. LAs will be able to request access to this following funding allocation.

It is the LA's responsibility to ensure that any blending of funding is compliant with each individual scheme and that the respective requirements and objectives for each fund is met.

Lastly, LAs are entitled to complement funding from the Warm Homes: Local Grant with other sources, provided the funding is not tied to energy performance retrofits. Examples



include complementing installation using the Disabled Facilities Grant to make homes more suitable for disabled residents.

## 8.2 UK Subsidy Control Rules

LAs must use the funding in line with the Subsidy Control requirements, as outlined in the EU-UK Trade and Cooperation Agreement (TCA) and the Subsidy Control Act 2022. It is ultimately the responsibility of LAs participating in the Warm Homes: Local Grant to ensure their projects are compliant with Subsidy Control and LAs should work with their legal teams to ensure compliance.

## Glossary

**Administration & Ancillary (A&A)** - means the use of the Grant to fund administrative costs and ancillary works to support delivery to eligible homes under the Warm Homes: Local Grant.

**Consortium** – means a group of Local Authorities (or Net Zero Hubs) working together to deliver under the leadership of the Grant Recipient.

**Eligible Measures** – This means any energy performance and low carbon heating measures compatible with the latest RdSAP that will help improve EPC band D, E, F, or G rated homes. Heating systems fuelled by fossil fuels are not eligible. Installers must be Trustmark registered and PAS2030:2023 certified for energy performance measures and/or MCS certified for low carbon heating measures.

**Energy performance certificate (EPC)** – This measures the energy performance of a property and rates it on a sliding scale depending on how efficient it is. Ratings are from A to G with A being the most efficient and G being the least.

**Expression of Interest window** – When LAs who wish to participate indicate their interest and provide high level information about the project size, commercial and delivery arrangements.

**Income decile** – the income value within the English Indices of Deprivation, which divide the United Kingdom population, when ranked by equivalised household income, into ten equal-sized groups.

**Indices of Multiple Deprivation** – The official measure of relative deprivation in England produced by the Ministry of Housing, Communities and Local Government (MHCLG). IMD brings together seven distinct domains of deprivation, which are then combined and weighted to generate an overall assessment of the deprivation experienced by individuals living in an area. These domains encompass a wide range of deprivation factors, including income, employment, health and crime. IMD is calculated for every LSOA, or neighbourhood, in England.

**In-fill** – refers to adjacent buildings which are not the target of scheme intent (such as social housing properties) but where the exclusion from upgrades will be at the detriment of the larger collective (e.g. preventing a block or row of connected properties from receiving EWI because of an ineligible property in the middle).

**PAS 2035** – PAS 2035 is a specification for what is called ‘whole-house’ or ‘whole building’ retrofit. This is an approach to the installation of energy performance measures which takes into account the requirement of the entire building, both from a technical standpoint and considering factors like occupancy comfort.

**Retrofit Coordinator** – is the individual qualified as a specialist retrofit project manager, taking overall responsibility for overseeing the assessment of dwellings, the identification, specification, inspection and evaluation of measures for installation at a given dwelling as a single project, and their subsequent monitoring and evaluation. Their job is to ensure compliance with the requirements set out in PAS 2035:2023, ensuring quality is maintained throughout the project.

**Standard Assessment Procedure** – The Standard Assessment Procedure (SAP) is the methodology used by the government to assess and compare the energy and environmental performance of dwellings. Its purpose is to provide accurate and reliable assessments of dwelling energy performances that are needed to underpin energy and environmental policy initiatives.

**Retrofit Information Support Expertise (RISE)** – DESNZ will be retaining the Technical Assistance Facility (TAF) to provide support for all LAs interested in participating in the Warm Homes: Local Grant. Previously known as the Home Upgrade Hub, our commercial technical support partner Turner & Townsend will provide support to all LAs in a range of formats, including one-to-many, one-to-one and passive support depending on eligibility and is to upskill the capability and capacity of LAs to participate in the Warm Homes: Local Grant as well as building their technical capability to support successful delivery of the scheme.

**Upfront payment** – This payment will represent up to 20% of financial year spend. It will consist of a 15% A&A Payment and a 5% Upfront Capital Payment, both of which will be transferred to the Grant Recipient.

# Annex A – Defining Domestic Properties

## Domestic premises test, other than a Park Home/Mobile home

Local Authorities should use a two-part test to determine whether premises, other than a mobile home, are domestic premises by asking:

- **Test I.** are the premises self-contained by containing kitchen facilities for occupants to prepare food?
- **Test II.** are the premises used by the occupants wholly or mainly for domestic purposes (e.g. as a home)?

If the answer to each question is yes, then we consider the premises to be domestic premises. Further information is provided below about each part of this test.

### Test I. Are the premises self-contained?

This part of the test is about the physical layout and setup of the building.

Premises may be part of a building (for example, a flat in a tower block) or may be the whole building (for example, a detached bungalow).

Premises will be separate and self-contained if, within the boundaries of the premises, they contain:

- one or more bedrooms, and
- private kitchen facilities, including a kitchen sink and stove, for occupants to prepare food.

Note that a portable microwave or campfire stove would not be considered as a stove for this purpose. Kitchen facilities are private when they are accessible only to the occupants of the bedroom or bedrooms within the part of the building that forms the premises.

Our test does not take account of bathroom facilities.

#### *Bedrooms*

A space can function as both a bedroom and a living area – for example, a studio or a bedsit.

#### *Kitchen facilities*

Kitchen facilities include a kitchen sink and a stove. Where one of these items is not present in the kitchen, then we do not consider the premises to contain kitchen facilities.

Kitchen facilities may be located in the same space that functions as a bedroom – for example, a studio or bedsit.

Kitchen facilities are private when they are accessible only to the occupants of the bedroom or bedrooms within the part of the building that forms the premises.

Examples of premises that are self-contained (although might fail the domestic purposes test):

- a studio (containing private kitchen and bathroom facilities).
- a bedsit (containing private kitchen facilities, with access to shared bathroom facilities).
- an apartment, including a shared apartment where the occupants of each bedroom share a communal kitchen.
- a house, including a shared house where the occupants of each bedroom share a communal kitchen.

The following are not self-contained premises:

- a bedroom which does not contain private kitchen facilities,
- a bedroom which contains some kitchen facilities, for example a refrigerator and a microwave oven, but does not contain a kitchen sink and/or stove,
- two or more bedrooms with a kitchen that is not for the exclusive use of the occupants of those bedrooms, and
- any facility where the occupants do not have access to kitchen facilities to cook for themselves.

#### *Determining the boundary of premises*

The boundaries of the premises are the outermost walls of the total space used exclusively by the occupants of the premises. For example:

- in a shared apartment or house, the total space includes all bedrooms and the common areas (kitchen, bathroom(s) and living area(s), halls and corridors), or
- for a bedsit containing a kitchen, the boundaries of the premises are the walls of that bedsit, or
- for mixed use premises, such as a Bed & Breakfast with both commercial and domestic parts, the premises boundaries of the domestic part would be the

outermost walls of the area that is self-contained and used for domestic purposes (e.g., it contains its own kitchen and has one or more bedrooms).

## **Test II. Are the premises used as a home?**

Premises are used wholly or mainly for domestic purposes if the premises are used by the occupants as a home.

This part of the test considers the way in which the building is generally used. In most cases it should be clear that premises are being used as a home, e.g. the premises are used by the occupants for living in on more than a short-term basis (typically more than three months). Suppliers are normally expected to check the length of a lease or licence to occupy in scenarios where you would expect the lease or licence to be short term, e.g. hostels.

The use of premises as a home can be evidenced in the following ways:

- Owner-occupied premises: the receipt by the occupant of utility bills or mortgage statements relating to the premises may indicate that the premises are used as a home. There may be other indicators such as mortgage deeds naming the occupant.
- Premises occupied under a lease or licence to occupy: the receipt by the occupant of 3 months of utility bills relating to the premises, or the existence of a lease or licence of longer than 3 months in the name of the occupant (such as a tenancy agreement) may indicate that the premises are used as a home. There may be other indicators that may be considered acceptable evidence.

### *Commercial activities*

Occupants may carry out some commercial activities at the premises from a room also used for domestic purposes, provided that the primary use of the premises is as a home. Examples of commercial activities include working or running a business from home.

Examples of premises that are not generally used as a home:

- a hotel, or guest houses (including 'bed and breakfast' properties), where guests do not usually stay for periods of longer than a couple of weeks,
- a short-stay apartment or hostel, where occupants usually stay for periods of less than 3 months.

### *Care homes*

Care homes do not meet the domestic premises requirement and are therefore outside of the scope of the Home Upgrade Grant Phase 2 eligibility criteria.

#### *Student halls of residence*

Student halls of residence do not meet the domestic premises requirement and are therefore outside of the scope of the Home Upgrade Grant Phase 2 eligibility criteria.

#### *Park Homes/Mobile Homes*

For a structure to be considered a park/mobile home, and therefore a domestic premise, it must:

- be a caravan, AND
- be used as a dwelling.

#### *Houses in Multiple Occupation*

A house in multiple occupation (HMO) is a property rented out by two or more people who are not from 1 'household' (for example a family) but share one or more basic amenities or the living accommodation is lacking in one or more basic amenities. Therefore, the arrangement of kitchen facilities within an HMO is critical in determining eligibility under the Warm Homes: Local Grant.

Based on the definition of self-contained premises, we recognise two distinct categories of HMO:

- An HMO with shared cooking facilities (e.g. a shared house).
- An HMO with private cooking facilities in each bedroom (e.g. bedsits).

Generally, an HMO with shared cooking facilities should be treated as if it were a single domestic premise.

An HMO with private cooking facilities is treated differently to other types of domestic premises. This is because individual bedrooms may meet this competition's definition of a self-contained premises.

Each tenant's eligibility only extends to their individual private rooms, not the HMO as a whole. This means that one occupant on less than £36,000 would qualify in their individual household, but not the whole HMO. For the whole HMO to be eligible, all rooms would need to have an eligible resident, or the income across all households meets the average income criteria.

#### *House Boats*

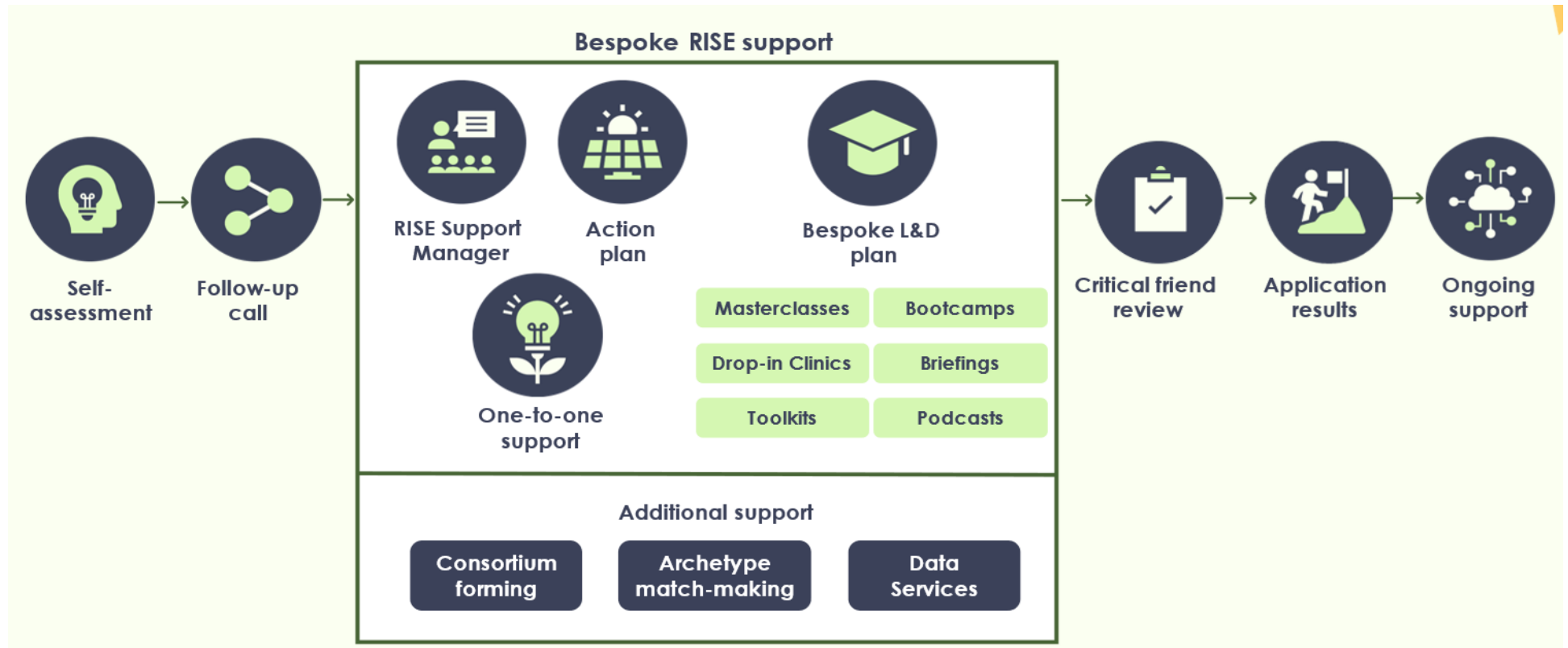
At this time the RdSAP (Reduced data Standard Assessment Procedure) assessment method does not support the creation of domestic EPCs for houseboats. Unless this changes, domestic EPCs should not be issued to houseboats and as such they are not eligible for funding through the Warm Homes: Local Grant.

### *Shared Ownership Schemes*

Shared ownership homes, where a proportion of the property is still owned by the scheme provider and rented by the leaseholder, should be treated as rental properties. The scheme provider is responsible for contributing to the upgrade of the property.



# Annex B: RISE User Journey



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