Warm Homes Plan

What does it mean for local authorities?

March 2026

Delivered for Innovate UK's Net Zero Living Programme by:

City Science
Delivering decarbonisation

Context

This briefing note is intended for local authority climate officers, housing teams and energy teams responsible for shaping and delivering domestic retrofit and decarbonisation programmes. It provides a concise overview of the UK Government's newly published Warm Homes Plan, focusing on what it means in practice for councils already running (or planning) initiatives such as one-stop-shop retrofit services, council-backed loan schemes, group-buying programmes and area-based delivery models. The note highlights the key policy and funding changes and sets out the implications for both local authority-led programmes and the households and landlords they support.

In partnership with

Content

A single national delivery “centre of gravity”: the Warm Homes Agency

Summary:

Government will establish a Warm Homes Agency (WHA) to coordinate delivery and guide consumers through upgrades, including an enhanced “digital-first” advice and information platform intended to act as a national spine for consumer support. The WHA is explicitly positioned to build local capacity, convene partnerships, and streamline a fragmented delivery landscape.

Local Impact:

If you run (or plan) a one-stop-shop retrofit service, expect the WHA to shape national standards, consumer pathways, data sharing and “what good looks like”, creating opportunities to plug local services into a national offering, but also raising the bar on consistency and assurance.

In partnership with

Innovate UK

Big shift in "how people pay": grants + national low/zero-interest consumer loans + wider green finance

In partnership with

Summary:

Alongside continued grant support (notably an expanded Boiler Upgrade Scheme), the plan introduces a new low- and zero-interest consumer loan offer, backed by £2 billion of government support and delivered with private lenders.

This is underpinned by a new Warm Homes Fund (WHF) with £5 billion of finance (government loans/investments rather than traditional grants), including:

- £1.7 billion allocated to low/zero-interest consumer loans (supported by £300m capital to reduce loan costs)
- ~£2.7 billion "residual" innovative finance for investments/loans across the home upgrade sector

Local Impact:

This changes the role of local authority run loan schemes (e.g., Lendology-style) from being the only low interest offer to potentially being a complementary, feeder, or gap-filler offer.

Low-income and social housing support continues, then consolidates to become more area-based

Summary:

Low-income households are expected to benefit from over £5 billon of investment to 2030, delivered initially through existing programmes (Warm Homes Local Grant and Warm Homes Social Housing Fund), then integrated into a single low-income capital scheme from 2027/28, shifting toward area-based delivery and better alignment with network capacity.

Local Impact:

In the short term, funding for low-income households will continue through existing programmes, supporting delivery of current and pipeline schemes. From 2027/28, the shift to a single, area-based low-income capital scheme will favour councils with strong neighbourhood-level data and place-based strategies, and require closer coordination with DNOs and heat network planning.

This creates opportunities to scale delivery, aggregate demand and reduce costs through cross-tenure, neighbourhood-scale programmes, while reducing reliance on smaller, standalone project bids.

In partnership with

Innovate UK

Rental standards tighten towards 2030 (and will drive demand)

Summary:

For the private rented sector, landlords will need to meet EPC Band C by October 2030 (across two metrics), with a £10,000 spending cap (average predicted cost around half), plus defined exemptions (including a low-value property exemption).

Improvements from October 2025 count toward the 2030 cost cap; existing-format EPCs can count toward compliance until expiry.

Local Impact:

PRS enforcement, landlord engagement, and a scalable supply chain will become more central to local retrofit strategies -especially where fuel poverty is concentrated in the PRS.

Innovate UK

In partnership with

Heat networks and zoning: clearer local pipeline + public support

Summary:

The plan includes £1.1 billion for heat networks and commits to heat network zoning to create local certainty and unlock private investment.

Local Impact:

This commitment gives local authorities greater certainty over where district heating is the preferred decarbonisation option.

Zoning should help councils focus feasibility work, planning and stakeholder engagement, reduce development risk, and attract private investment and delivery partners. It also reinforces the local authority role as strategic coordinator, aligning heat networks with regeneration, social housing and wider local energy planning.

Networks become part of the retrofit conversation (for real)

In partnership with

Summary:

The plan pushes strategic, area-based coordination and a stronger role for Distribution Network Operators (DNOs) working with local authorities and mayoral strategic authorities to align electrification with network investment.

It also highlights proactive “unlooping” as a barrier-removal priority (relevant where looped connections constrain heat pump uptake).

Local Impact:

The stronger emphasis on strategic, area-based coordination with electricity networks means local authorities will need to engage more closely with DNOs when planning domestic retrofit and heat pump rollout.

Aligning retrofit programmes with network investment plans should help reduce delays and constraints on electrification, particularly in areas facing capacity limits. The focus on proactive “unlooping” highlights a practical opportunity for councils to remove a common barrier to heat pump deployment through targeted, place-based interventions, strengthening the case for integrating retrofit delivery with local energy planning and wider infrastructure coordination.

Local retrofit one-stop-shops (OSS): more important, but more “plug-in” to national infrastructure

If you operate an OSS (advice + assessments + installer coordination + finance navigation), the WHA’s national advice platform could:

- **Increase demand and trust** (consistent messaging, signposting, consumer protection).
- Require **integration**: data standards, approved installer pathways, consistent consumer protections, and alignment with WHA guidance.
- Shift OSS value toward **place-based delivery, supplier intelligence, targeting and coordination** (especially for low-income and area-based schemes).

Practical implication: treat OSS capability as a localised layer between residents and national funding, aiming to optimise conversion, packaging measures (fabric + solar + storage + clean heat), and smoothing delivery at street/neighbourhood scale.

In partnership with

Council-backed loan offers: reposition from "primary finance" to "strategic finance"

A national low/zero-interest loan scheme will likely cover many mainstream owner-occupiers (especially for **solar, batteries, and top-ups alongside BUS for heat pumps**).

That doesn't kill local loan schemes, but it changes their best use cases:

- **Bridge finance / top-up** where national products don't cover full cost or timing doesn't work.
- **Hard-to-finance segments**: low credit score households, non-standard construction, complex measures, or ineligible residents.
- **Place-based blended offers** bundled through OSS (for example, combining local authority finance with installer frameworks, aggregated procurement, or community models).

Also note: the WHF explicitly contemplates **loans or equity for local authorities/housing associations**, plus **bulk purchasing/aggregated procurement** and "energy-as-a-service" models - so councils may be able to access **capital at scale** rather than only running small revolving funds.

In partnership with

Innovate UK

ECO/GBIS wind-down: plan your delivery transition

The Warm Homes Plan confirms a **structural shift away from supplier obligation schemes**, with the **Great British Insulation Scheme (GBIS) ending on 31 March 2026** and ECO moving toward an orderly closure, including provisions to manage remediation and legacy issues. This marks the end of a delivery model that many local authorities have relied on (directly or indirectly) to fund measures, sustain installer capacity and co-finance area-based or fuel poverty programmes.

For local authorities, the key impact is less about the loss of a single funding stream and more about the **transition risk to local delivery ecosystems**. Many council-led schemes have been designed around ECO or GBIS top-up funding, installer pipelines, or managing agents whose business models are heavily supplier-obligation dependent. As these schemes wind down, there is a risk of **short-term delivery gaps**, contractor withdrawal, or reduced capacity, particularly for insulation and fabric-first measures that have historically been ECO-driven.

Councils should therefore plan early for a **managed transition**. This includes reviewing procurement frameworks and installer contracts to ensure they remain viable without ECO cross-subsidy; reshaping pipelines so projects can move onto **grant-funded or blended-finance routes** and maintaining market confidence by signalling future demand through aggregated multi-year programmes. There is also an opportunity to use the transition to **reset delivery models** and move away from fragmented, obligation-led activity toward more strategic, place-based programmes aligned with emerging public capital routes under the Warm Homes Plan.

In partnership with

Innovate UK

3. What to do now: a quick checklist for LA climate, housing and energy teams

☐ Map your local offer against the national offer
- Where does your OSS add unique value (targeting, trust, coordination, bundling, local installers)?
- Does your loan scheme duplicate what national consumer loans will cover and can it pivot to top-ups / gaps?

☐ Prepare for funding consolidation and area-based delivery
- Build neighbourhood pipelines (EPC/stock models, fuel poverty, health vulnerability, grid constraints).
- Strengthen delivery partnerships so you can scale when schemes integrate.

☐ Get ahead of PRS 2030
- Start landlord engagement now: the plan signals upgrades from Oct 2025 count toward the cap.
- Align enforcement colleagues early and design “pathways” for landlords.

☐ Treat DNOs as strategic delivery partners
- Identify constraint hotspots (looped supplies, feeder capacity) and align LAEP/RESP-style planning with DNO.

☐ Position for Warm Homes Fund opportunities
- Start shaping investable propositions (bulk procurement, solar+battery rollouts, energy-as-a-service pilots).

Thank you

Contact:

Laurence Oakes-Ash
loa@cityscience.com

Simon Drake
Simon.Drake@cityscience.com

In partnership with