



Department for
Energy Security
& Net Zero

Warm Homes: Local Grant

Allocation Guidance



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Introduction

In its manifesto, the Government committed to a Warm Homes Plan to upgrade five million homes over the 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 (LAs) 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. The energy performance upgrades will be open to all fuel types, including on gas households (those heated by mains gas), and off gas households (those heated by for example electricity, oil, coal, or liquid petroleum gas).

Policy Guidance for the Warm Homes: Local Grant (WH:LG) was published¹ on 23rd September 2024, covering scheme rules on household and property eligibility, eligible measures and quality standards. This document sets out detailed guidance on the allocation process for LAs interested in being allocated funding to deliver the Warm Homes: Local Grant; and covers:

- Overview: high level summary of the requirements at each stage from allocation to delivery, alongside details of the technical support available to LAs from the Retrofit Information Support and Expertise (RISE ²– see section 3) service throughout the allocation and mobilisation phases.
- Allocation of funding: guidance on which LAs are eligible to participate in the scheme, how and when to complete an Expression of Interest (EoI) form and details on how funding will be allocated.
- Mobilisation: overview of the Mid-Mobilisation Review and Delivery Assurance Check (DAC).

A third guidance document will be published on gov.uk this winter, providing Local Authorities with further detail on mobilising and delivering their projects.

¹ <https://www.gov.uk/government/publications/warm-homes-local-grant>

² <https://riseretrofit.org.uk/>

Webinars

To support LAs to participate in the Warm Homes: Local Grant, the Department for Energy Security and Net Zero (DESNZ) will be hosting a series of webinars.

Launch webinars: Webinars will be held following the launch of the Grant, led by DESNZ. A webinar on the WH:LG policy was held on 1st October 2024; a webinar on the Expression of Interest window will be held on 21st October. Webinars will be uploaded to the RISE website.

EoI drop-in Q&A sessions: Drop-in Q&A sessions will be held by DESNZ to support LAs submitting EoIs. We expect to conduct at least two of these sessions over the EoI window, which will include a run through of the EoI form and how to complete it. Invitations will be sent by RISE; please see the RISE website for further information.

2 Guidance Overview

The Warm Homes: Local Grant will allocate grant funding using an Expression of Interest allocation model; the scheme involves three distinct stages. These are:

- **1. Allocation (Expression of Interest)**
- **2. Mobilisation**
 - Mid-Mobilisation Review
 - Delivery assurance check (DAC)
- **3. Delivery**

There will be no pass or fail assessment in the Allocation (Expression of Interest) stage – this means that all eligible LAs that complete an Expression of Interest form by the deadline will be allocated funding to some degree, with our assessment focusing on the amount of funding to be allocated (see Section 4 of this guidance).

Please note, the Expression of Interest (Eol) form will be used to allocate funding for the WH:LG scheme which we expect to run for 3-5 years, subject to the Spending Review. If additional funding becomes available after initial allocations have been made, the department may offer grant recipients additional allocations on the basis of the information provided in the Eol form but also reserves the right to hold additional Eol windows.

LAs will be approved to begin delivery, and draw down funding allocations to upgrade homes, by passing the Delivery Assurance Check, which will assess LAs' readiness to deliver.

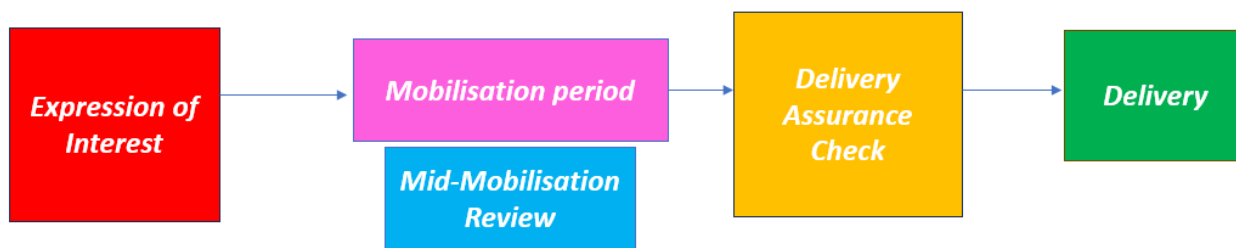
During the Delivery Stage funding will primarily be drawn down in batches at the point of need to upgrade batches of homes that are 'ready to retrofit' (signed up, validated, and assessed in line with PAS 2035).

Across the three stages, LAs will be asked to set out details of their plans to mobilise, procure, resource and deliver their projects, to target and verify low-income households, to identify the least energy efficient housing stock and to deliver value for money upgrades. We expect that these plans will be signed off by senior responsible officers in the LA at the appropriate stage. The process has been designed so that the right depth of information is requested at the right time, building on previous stages, to reduce the administrative burden on LAs.

The Expression of Interest model is intended to:

- ensure as many households as possible can access funding via their LAs by ensuring that all LAs that request funding receive it;
- improve the realisation of scheme benefits; and
- ensure that the bulk of funding is drawn down at the point of need by LAs in batches over the delivery window once homes are ready for installation.

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 HUG 2 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 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 HUG 2 – these elements (where still relevant) will be managed by Local Authorities who will be trusted to meet scheme rules by scheme end.

The table below provides an overview of the key headlines of the Warm Homes: Local Grant allocation guidance. It is not a replacement for the full guidance – which all LAs should read before expressing interest in the scheme.

Table 1: 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 33 of the Local Government Act 2003, or a ‘functional body’ (such as a mayoral authority), 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 authorities³ will therefore not be permitted to submit an EoI for this national scheme. DESNZ is committed to funding simplification beyond these areas, where it makes most sense for net zero outcomes. Please contact WMCA (devolved.retrofit@wmca.org.uk) or GMCA (LEAD@greatermanchester-ca.gov.uk) for enquiries related to devolved funding in these areas.</p>
<p>Funding allocation model</p>	<p>An Expression of Interest (EoI) allocation model 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 will ensure all LAs have met the minimum criteria for successful delivery under the scheme before moving into delivery.</p>
<p>Technical support and information for Local Authorities.</p>	<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>

³ The following LAs are involved in the trailblazer devolution deals and are ineligible to participate in the Warm Homes: Local Grant: 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.

	<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. LAs are encouraged to contact RISE for assistance in assessing their previous best performance.</p>
<p>Draw down of capital funding</p>	<p>Local Authorities will receive an upfront payment at the start of each financial year of the Grant, consisting of up to 20% of the Grant allocation for that year. The upfront payment consists of the 15% A&A allocation for that financial year with the remaining 5% for capital funding. In advance of payment, LAs will be contacted to confirm that they require the full upfront payment. Note, all projects are required to keep within the 15% A&A cap, over the course of the project lifetime.</p> <p>To drawdown further capital funding, LAs will need to pass the Delivery Assurance Check and submit batches of homes that are ready to retrofit. LAs can use the upfront payment to pay for works in an approved batch ahead of receiving the batch payment, to avoid delays.</p> <p>Note, the batch system for the Warm Homes: Local Grant will only be used to simply draw down funding and to monitor trends – it will not be used to ensure policy compliance of cost caps, measure grades and measure prices as under HUG 2 – these elements (where still relevant) will be managed by Local Authorities who will be trusted to meet scheme rules by scheme end.</p> <p>DESNZ reserves the right to instate batch-level compliance, for example if it observes concerning trends that are not likely to be addressed by scheme end, or in response to changing wider policy priorities.</p>

Key Dates

Find below the key milestones across the allocation, mobilisation and delivery periods of Warm Homes: Local Grant. Please note dates are subject to change, at the discretion of DESNZ.

Table 2: Key Scheme Dates

Project Milestone	Provisional Dates (subject to outcome of the Spending review)
Expression of Interest window opens	16 th October 2024
Expression of Interest window closes – all EoI forms must be submitted by this date	1 st December 2024
Funding allocation: offers sent, alongside Memorandum of Understanding for signing Note: detailed guidance on the mobilisation and delivery stages will be published at this point	Currently expected in or around February 2025
Delivery window	We expect the scheme to start delivery from April 2025 and to run for 3-5 years. This will be confirmed following the multi-year Spending Review launched by the Chancellor earlier this year.

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 contact RISE for assistance in assessing their previous best performance (see section 4 of this guidance).

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 and by emailing rise@turntown.co.uk.

Local authorities that are covered by one of the Trailblazer Devolution Deals with GMCA and WMCA should access support via their corresponding Mayoral Combined Authority to understand the delivery plan for their area. Local authorities and Mayoral Combined Authorities involved in the devolution deal can access a portion of the overall RISE support offer, including several one-to-many and group support elements. These include but are not limited to, masterclasses, courses and peer to peer presentations, and can be accessed via the events tab on the RISE website. For information on planning for delivering within your devolved area, we encourage LAs and Housing Associations to speak to their Mayoral Combined Authority.

Enquiries and FAQs

This guidance document sets out information on the allocation of the Warm Homes: Local Grant which LAs should read in full prior to expressing their interest in gaining funding.

We would also encourage all LAs to utilise the RISE (Retrofit Information, Support and Expertise, the procured Technical Assistance Facility for the Grant) website as a source of information and support (www.riseretrofit.org.uk). Any enquiries, including questions related to RISE, should be directed to rise@turntown.co.uk.

LAs should review the published policy guidance alongside this guidance in the first instance, should they have any questions. Any clarifications on the guidance or EoI form should be sent to WHLG@energysecurity.gov.uk.

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

4 Allocation of Funding

The Department for Energy Security and Net Zero is inviting Local Authorities (LAs) in England to express interest in participating in the Warm Homes: Local Grant.

LAs participating in this scheme will be able to fund energy performance upgrades and low carbon heating for low-income households living in the worst quality, privately owned homes in England to reduce fuel poverty, and deliver progress towards the UK's Net Zero 2050 target.

This section provides guidance on completing an Expression of Interest (EoI) form and how the department will allocate funding.

4.1 Eligible Participants

Only LAs as defined in Section 33 of the Local Government Act 2003, or a 'functional body' (such as a mayoral authority) in England will be allocated funding. No other body can receive funding, as grant funding is awarded under [Section 31 of the Local Government Act 2003](#)⁴. A Local Authority is defined under [Section 33](#)⁵ of the Act.

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 authorities⁶ will therefore not be permitted to submit an EoI for this national scheme. DESNZ is committed to funding simplification beyond these areas, where it makes most sense for net zero outcomes.

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

EoIs representing a consortium of LAs should be submitted by a single LA, acting in its capacity as a 'Lead LA'. Lead LAs are expected to be the primary point of contact for consortia EoIs. Where proposals cross LA boundaries, a consortium EoI should be submitted. An LA can only be involved in one WH:LG EoI, with the exception of Net Zero Hubs⁷.

⁴ <https://www.legislation.gov.uk/ukpga/2003/26/section/31>

⁵ <https://www.legislation.gov.uk/ukpga/2003/26/section/33/2003-09-18>

⁶ The list of LAs which are involved in the trailblazer devolution deals and are ineligible to participate in WH:LG 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.

⁷ Net Zero Hubs may participate in more than one project as they may wish to contribute to multiple projects across the region they cover.

4.2 Key Dates

LAs that wish to participate in the Warm Homes: Local Grant must complete an EoI form, to provide DESNZ with the details required to allocate funding to a project. The submission window for EoI forms will run from 16th October to 1st December 2024, subject to the outcome of the Spending Review. Once the EoI window is closed, any forms received thereafter will not be considered for funding.

Note that DESNZ reserves the right to change the length of the EoI window if necessary, and to hold additional EoI windows if the funding is not fully allocated or if more funding becomes available.

LAs should download the EoI form from gov.uk⁸ and submit via email to WHLG@energysecurity.gov.uk.

EoI forms must be completed in full. Submissions which refer to past scheme funding requests, rather than providing tailored and full information at the point of submission, will be deemed invalid and will not be considered.

4.3 Completing the Expression of Interest (EoI) Form

Overview

The EoI form is structured as set out in the table below (see following sections for further details).

Table 3: EoI form sections

Section	Tab name	Brief Summary
0	Guidance and Checklist	Provides guidance on completing the form and an optional checklist to aid completion.
1	1 – Details	Project details, including details of the consortium if applicable
2	2 - Declarations	Affirmation of agreement with Grant scheme and policy rules
3	3 – DAC & Procurement	Summary of intended approach to procurement and likely delivery commencement month
4	4 – Resourcing	Summary of resourcing plans
5	5 – Funding	Capital funding request, alongside information on previous best performance on a previous LA retrofit scheme

⁸ <https://www.gov.uk/government/publications/warm-homes-local-grant>

Annex	Annex A – Multiple DACs	For consortium projects that need to undertake DAC on multiple occasions
Privacy Notice	Privacy Notice	This notice sets out how we will process your personal data, and your rights. It is made under Articles 13 and/or 14 of the UK General Data Protection Regulation (UK GDPR).

The EoI form will be validated to ensure that LAs have completed all sections of the form and agreed to the basic policy rules. Provided all required sections are completed, all eligible LAs who express an interest will be allocated funding to participate in the scheme.

Section 1: Details

LAs will need to provide the name of the Lead LA and any consortium LAs, alongside the region and prospective funding share of each LA in the project. LAs will need to provide the name and contact details of the person drafting the form, as well as contact details for the LA CEO (or equivalent senior responsible individual). We will use this information to communicate scheme updates, training notices, information on future schemes and opportunities and invitations to relevant events.

Section 2: Declarations

LAs will be required to affirm declarations of their compliance with Warm Homes: Local Grant requirements. If the LA is unable to affirm any of the declarations, they should provide an explanation which will be considered by DESNZ. Where an explanation is deemed insufficient, and following an opportunity for the LA to re-consider their position, this may result in an EoI being rejected.

Section 3: DAC & Procurement

This section should be used to summarise the LA’s high-level approach to procurement. Consortium projects that have LAs that need to undertake the Delivery Assurance Check (DAC) in waves at different times, because of different procurement/mobilisation timelines, should complete Annex A. For single LA projects or consortia that will come to DAC as one group at the same time (e.g. because the lead LA undertakes all procurement for the consortium), Annex A does not need to be completed.

This information is required at the EoI stage to enable DESNZ to assess whether procurement will be completed in time to allow projects to meet the proposed DAC month. It will also ensure that DESNZ can resource DACs appropriately.

LAs will need to set out their approach to procurement and contracting suppliers, with enough detail to assure DESNZ that contracts will be procured in time for the anticipated DAC month. Where there is insufficient assurance that the proposed DAC month can be met, DESNZ will delay the DAC month and reduce the FY25/26 funding accordingly.

LAs that have delivered HUG 2 can transfer some of the required DAC documents that were previously approved in HUG 2, as well as transferring contracts to enable a smooth transition in to WH:LG (see section 5.2.3 below for details). LAs wishing to take up this option should indicate this in question 3C.

LAs will need to confirm their awareness of requirements they will need to provide at DAC stage, i.e. compliance with Public Contract Regulations and successor regulations, and the Modern Slavery Act.

Section 4: Resourcing

In this section, LAs will provide assurance that the project will be sufficiently resourced, with at least 2 full time equivalent (FTE) resource required for the project, and will state whether this resource will be in the LA or a Delivery Partner. If there will be less than 2 FTE of project resource dedicated to Grant delivery, justification will be required.

LAs should also state whether this resource is already in place and, if not, what impacts this will have on their mobilisation.

Section 5: Funding

The purpose of this section is for LAs to indicate the amount of funding they want to deliver over the first and any subsequent financial years⁹, alongside past performance. The Appendix to this guidance gives a worked example of the allocation process to assist LAs.

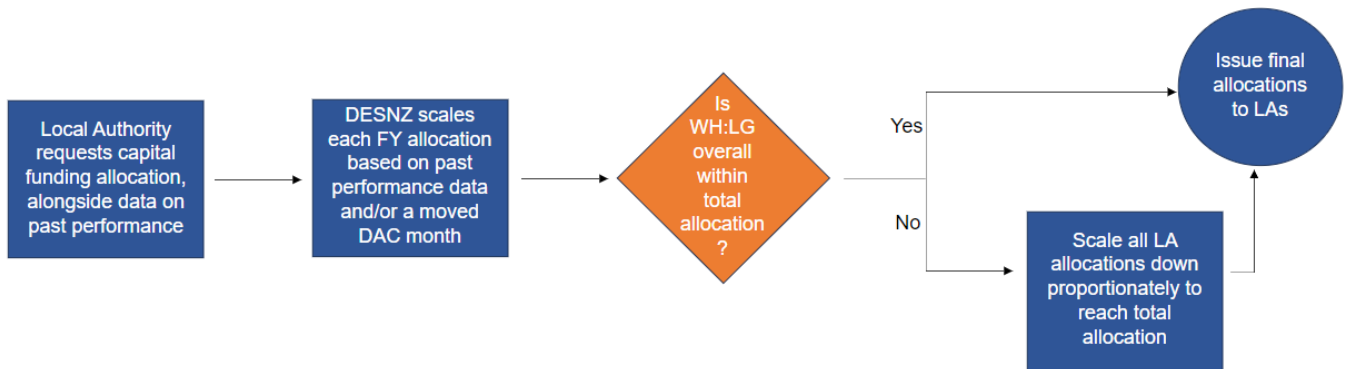
Past Performance

Based on lessons learnt from previous LA delivered fuel poverty schemes, DESNZ will be anchoring funding allocations to previous delivery to ensure that the funding allocations are deliverable. We will use an LA or consortium's best six months of previous delivery capacity (based on the number of homes upgraded) to validate the amount of funding requested per year and scale down the amount of funding allocated where required.

If the scheme remains oversubscribed after accounting for past performance, based on the total funding envelope available (which will be confirmed after the spending review), all allocations will then be scaled down proportionately to meet the overall funding total available (see diagram below).

⁹ We expect WH:LG to run for 3 to 5 years, subject to the outcome of the Spending Review. Funding will cover at least one financial year, starting April 2025.

Figure 2: Basic flow chart of allocation scaling process



In section 5 of the EoI form LAs are required to select their peak delivery capacity over a 6 month period (i.e. highest volume of delivery) from one of the previous LA retrofit schemes (either Sustainable Warmth, or one of Local Authority Delivery (LAD) phase 1 or 2, or the Home Upgrade Grant (HUG) phase 2)(see table below).

LAs are encouraged to contact RISE (see section 3) for assistance in assessing their previous best performance.

Figure 3: Screenshot from EoI form showing past delivery capacity table

Past delivery capacity: number of homes upgraded during the chosen (best) 6-month window.			
Please select scheme name:	First month of 6-month window (01/mm/yy)	No. homes completed in 6-month window	Homes per month
Sustainable Warmth (LAD3 and HUG1)			0

The reported figures will be verified against DESNZ data. This data will be used to establish an LA’s delivery capacity and to inform allocations of funding.

A 10% ‘growth allowance’ will be applied, meaning that an LA will be permitted to exceed their previous capacity by up to 10%. In exceptional circumstances, DESNZ may allow LAs to exceed their highest previous capacity by up to 20% where strong justification is provided (for example, the LA has only previously participated in HUG 2 and has low numbers of off-gas grid homes in its area). You should provide justification in question 5C if this will be required.

For consortium projects, only the previous performance data for those LAs that are included in the proposed consortium for WH:LG should be included. Data for any LAs that have left the consortium for WH:LG should be excluded. Consortia can use the sum of the best 6-month

period of delivery of each of their consortium members; if doing so they should write 'Mixed' in the 'First month of 6-month window' cell.

For any projects that have not delivered any previous eligible LA retrofit project, we will use an average of similar projects' previous capacity based on project size. We will set an average delivery capacity for single LA projects, an average for small consortia, and an average for large consortia.

Funding Allocation

Section 5 of the EoI form also requires LAs to set out the amount of capital funding they wish to deliver in the first financial year of the project, taking in to account the selected DAC month and any ramp-up required.

Where DESNZ assesses that an LAs procurement plans are not sufficient to meet the selected DAC month given in section 3, DESNZ reserves the right to move the selected DAC month and reduce the allocation in the first financial year accordingly.

Note that DESNZ will assume a 'ramp-up' period in the first 3 months following the scheduled DAC - by extrapolating the monthly average of the best 6-month period; then applying 20% of that average to the first 3 months.

LAs will then request the amount of capital funding they wish to deliver in any subsequent financial years of the scheme. Funding awards for each financial year must be spent in that financial year and cannot be transferred to another financial year.

It is important to note that the capital allocations requested by the LA in this form may be adjusted by DESNZ, based on: a) capacity based on past performance, b) after an assessment of DAC achievability (for financial year 1 only), and c) after scaling to meet the overall funding available to be allocated under the WH:LG.

The EoI form will automatically calculate the expected number and a range of homes to be upgraded in principle using a figure of £12,400 per home average figure across all projects. This figure is based on DESNZ modelling of likely use of the WH:LG cost caps, however they are non-binding on LAs as DESNZ understands that various factors may mean an LA's average spend per home across a project is higher or lower than the range provided, within the cost caps set for the scheme. These figures are purely helpful estimates to support LAs to forecast and plan for delivery and are provided separately for the first financial year and for subsequent financial years. The EoI form will also calculate the additional A&A funding that would be required to deliver those homes and the total funding being requested.

While the majority of capital funding will be drawn down by the project at point of need, the Department will provide an upfront payment at the start of each financial year of the Grant. The EoI form will calculate an indicative upfront payment of up to 20% of the overall funding amount for that financial year, based on the total capital funding request. This will consist of the 15% A&A funding for that financial year plus up to an additional 5% of the total allowance for capital costs. Upfront payments will be paid at the start of each financial year of the scheme.

LAs will be asked to confirm that they require the full 20% upfront payment prior to payment. In subsequent years of the scheme, the upfront payment may be less than 20% of the grant amount for that financial year, based on the DESNZ assessment of delivery so far and the balance of funding retained by the LA at each stage. Note, all projects are required to keep within the 15% A&A cap, over the course of the project lifetime.

During delivery, if performance is in line with or exceeding forecasts, DESNZ may agree up to 50% additional funding, provided funding is available.

Note that all Eols are subject to a total minimum funding proposal value of £250,000 per financial year of the grant. There is no maximum funding level, however DESNZ reserves the right to award a lower funding amount than requested.

Annex A – Multiple DACs

This annex is **only** for consortium projects that have LAs that need to undertake the DAC at different times, because of different procurement and/or mobilisation timelines. The Lead LA will need to detail whether each LA within the consortium will be transferring HUG 2 DAC contracts, the month at which they expect to undertake the DAC, and the procurement approach, including enough detail to assure DESNZ that contracts will be procured in time for the relevant DAC month, and that those contracts are of sufficient scale and scope to deliver the project in full.

The Lead LA will need to be part of the first DAC in the consortium, to enable delivery to begin.

4.4 Submitting the Eol Form

The submission window for Eol forms will run from 16th October to 1st December 2024, subject to the outcome of the Spending Review. Eol forms should be submitted via email to WHLG@energysecurity.gov.uk. Eols received after the closing date will not be considered for funding.

Eols will not be 'scored'. All valid Eols – i.e. Eols submitted by an eligible LA, that have completed all sections of the Eol form satisfactorily and that agree to follow the scheme rules – will be allocated Grant funding. The amount of funding allocated may differ from the amount requested, as set out in 'Section 5: Funding' above.

DESNZ expects to inform LAs that complete an Eol of their funding allocations in winter 2024/25. DESNZ will contact LAs individually to inform them of the outcome of Eols, and this will also be published on gov.uk in due course. DESNZ reserves the right to add further Eol rounds if there is still funding available.

DESNZ reserves the right to terminate the launch of the Grant at any time prior to grant funding being awarded, or not to award any grants, or to award grants for less than the total funding available under the Warm Homes: Local Grant scheme. DESNZ will not be liable for any costs incurred in the preparation or submission of Eols.

5 Mobilisation

Eligible LAs that have completed an EoI form by the deadline, will be sent documentation including a Memorandum of Understanding (MoU) which will set out the funding allocation on offer. This is expected to be issued in winter 2024/25 and LAs will have up to 4 weeks to sign and return them. The mobilisation period will begin once the MoU is returned.

During the mobilisation period, LAs should set up their projects for delivery, including resourcing their internal teams, procuring delivery partners and installers, resourcing a retrofit team, commencing search for eligible households, and retrofit assessing households ready to begin retrofits.

Further details of the Mobilisation stage will be provided in the Mobilisation and Delivery Guidance, which will be published in due course.

5.1 Mid-Mobilisation Review

A Mid-Mobilisation Review will be held halfway between the return of the signed MoU and the agreed DAC month. This will consist of a review of a project's mobilisation progress, with a focus on their required documents for DAC and their procurement progress towards their DAC month. Templates/forms for these documents will be provided as annexes to the Mobilisation and Delivery Guidance, except for the escalation contacts. The documents required to be submitted for early review at this stage are:

- Fraud Risk Assessment
- Fraud Management Plan
- Escalation contacts
- Eligibility verification approach
- Delivery forecast table (e.g. homes contacted, signed up, assessed, completed, capital spend, A&A spend)

These documents do not need to be final at the Mid-Mobilisation Review; this stage is intended as an opportunity to gain early feedback and ensure LAs are supported to reach the DAC on time. The documents will be assessed and feedback provided to LAs on how they can be improved ahead of DAC. Where a document does not require further improvements, it can be ticked off early as approved (i.e. it will not need to be re-approved at DAC).

Where the Mid-Mobilisation Review highlights issues that mean reaching DAC on time is unlikely, additional RISE support will be recommended and the DAC month may be delayed with knock-on impacts on the FY25/26 funding allocation as discussed in section 4.3 above.

Note that while the Mid-Mobilisation Review will be conducted by RISE, DESNZ will be the decision-maker - e.g. on whether the DAC month needs to be delayed and funding allocations

for FY25/6 reduced accordingly. LAs will need to access RISE support by submitting a Self-Assessment form and conducting a diagnostic call prior to completion of the Mid-Mobilisation Review. Please see Section 3 for information on how to access this support.

5.2 Delivery Assurance Check

When a Local Authority is ready to begin delivery of upgrades, they will undergo a Delivery Assurance Check (DAC). This involves the submission of all required documents (see list below) alongside an interview to assess whether the Local Authority is ready to commence batch delivery. The DAC will require evidence of procured capacity to deliver upgrades, sufficient resourcing within the Local Authority and/or delivery partner, and suitable delivery forecasts of upgraded homes for the project. Until an LA has passed the DAC, it will not be able to draw down further capital funding, beyond the upfront payment made at the start of the financial year.

5.2.1 What will be assessed at the Delivery Assurance Check

The DAC will assess three main elements:

- Required documents
- Commercial agreements and procurement activities progress
- Project resourcing

5.2.2 Required Documentation

The required DAC documents are as follows:

- Fraud Risk Assessment
- Fraud Management Plan
- Escalation contacts
- Eligibility verification approach
- Delivery forecast table (e.g. homes contacted, signed up, assessed, completed, Capital spend, A&A spend)

The DAC will be an interview style meeting attended by representatives from the lead LA in the project and DESNZ representatives. In consortia, some other members can also attend if that is beneficial. It is strongly encouraged to bring representatives from your main contractor or delivery partner where applicable.

Further detail on preparing for the DAC, including templates and guidance to support the development of required documentation will be published in the Mobilisation and Delivery Guidance.

5.2.3 Transferring documents or contracts from HUG 2

To support LAs to begin Warm Homes: Local Grant delivery as soon as possible, LAs that also delivered under HUG 2 will be permitted to use their approved documents and/or contracts to speed up the process and enable earlier delivery. LAs should indicate their intent to use this option in the EoI form at question 3C (or questions 6C-D if using Annex A).

Two elements of the DAC can be transferred from HUG 2: LAs can roll over their contracts and/or roll over certain required documents from HUG 2 to the Warm Homes: Local Grant.

To transfer HUG 2 contracts, LAs will need to submit evidence of agreement to extend their existing contract along with an affirmation that doing so is compliant with the Public Contracts Regulations (2015) and/or any relevant successor regulations. LAs will also need to ensure that their existing contracts are able to deliver to the WH:LG policy. For example, suppliers will need to be able to deliver to PAS2035:2023. Ideally, if using the transfer of contracts the DAC should occur before April 2025, as this process is designed to enable continued delivery between HUG 2 and WH:LG. This is intended as a bridging mechanism to enable early delivery; procurement of WH:LG contracts should occur in parallel. Once new contracts have been procured, the project would submit these contracts for checking; the other elements of the DAC would not need to be re-checked.

To transfer required DAC documents, LAs will need to update the documents where relevant to be appropriate to the Warm Homes: Local Grant. The documents that can be rolled over are the Fraud Risk Assessment, Fraud Management Plan, and Escalation Contacts. Local Authorities will still need to provide their delivery forecasts for the project, along with their eligibility verification approach and information on how their project has been resourced. If LAs are only transferring documents, they will need to complete the other required DAC documents, provide evidence of sufficient resourcing, and provide evidence of procured contracts, in order to pass the DAC.

5.2.4 How and when to apply for a Delivery Assurance Check

LAs will agree with DESNZ the specific time and date for the DAC meeting prior to the start of the DAC month. At least 5 working days prior to the agreed date, LAs will need to submit their DAC form and annexed documents.

LAs should undertake the DAC as soon as they are ready, even if this is prior to the expected DAC month indicated at EoI – an earlier DAC date can be requested at any time and is strongly encouraged. If LAs do not meet the DAC month indicated at EoI stage, this will lead to a reduction in funding allocated for FY25/26. LAs should therefore apply for a DAC as soon as their procurement and resourcing activities have sufficiently progressed, enabling swift progress into the delivery of batches.

We would encourage DACs to take place before the delivery window begins on 1 April 2025 where possible to maximise the delivery window for your project. However, we recognise that a fresh procurement may take longer and DACs will continue to be available post-April 2025.

In the case of consortia projects that require multiple DACs, groups of consortium members will undertake the DAC together, as set out in the EoI form. The lead LA will need to have undertaken the DAC to confirm that it is ready to 'project manage' the project (i.e. the Lead LA has sufficient resource to run the project and is ready to submit the required documents). DESNZ does not require all members to undertake the DAC at the same time, and therefore the consortium does not need to wait for all members to be ready in terms of procurement and resource. If consortia projects will be ready to sit the DAC at different times this should be indicated in the EoI form by completing Annex A.

5.2.5 Further Details on the Delivery Assurance Check

Further details on this assessment, and how projects can prepare, will be set out in the detailed Mobilisation and Delivery Guidance when that is published in due course.

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. A cost categorisation table will be provided in the Mobilisation and Delivery Guidance.

Batch – means a group of ‘ready to retrofit’ homes. Before a batch is submitted, all homes (and households) within the batch must have been validated as eligible, assessed in line with the latest PAS standards, and have a package of measures agreed by a Retrofit Coordinator.

Batch submission – means a submission to DESNZ for approval and release of funds to upgrade a group of ‘ready to retrofit’ homes. If the batch submission is successful, the LA will draw down a portion of the funding agreed in principle at the allocation stage.

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

Delivery Assurance Check – will check adequate progress has been made against plans submitted in the Expression of Interest Stage. These checks will focus on how the project has been resourced, if contractors have been procured and are in place to deliver upgrades, and whether the required documentation and delivery forecasts meet the minimum criteria for the project to move into delivery. The LA must pass this check to start the delivery of batches.

Eligible Household – means a household which meets the low-income eligibility requirements and to which eligible measures may be delivered. Eligible households must live in a domestic dwelling in England with an EPC Rating of D, E, F, or G. See the Policy Guidance for further details.

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. See the Policy Guidance for further details.

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.

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.

Retrofit Information, Support and 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.

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.

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.

Appendix

This appendix provides a worked example of how past performance will be taken into account when allocating funding to Local Authorities.

Lead LA actions

In ‘Section 5 – Funding’ of the EoI form, the Lead LA enters the prospective project’s best performance (i.e. highest number of homes upgraded) over 6 months on a previous Home Upgrade Grant (HUG) or Local Authority Delivery (LAD) scheme. Projects can comprise a single LA or multiple LAs forming a consortium. Consortia can use the sum of the best 6-month period of delivery of each of their consortium members; if doing so they should write ‘Mixed’ in the ‘First month of 6-month window’ cell.

RISE is equipped to provide these figures, using published statistics from the HUG and LAD schemes, for your project if required.

In the worked example below the lead LA chooses to select Sustainable Warmth (LAD3 and HUG1), commencing from January 2022 (and therefore including the six months up to end June 2022). The project (covering the Lead LA and any consortium members) upgraded 100 homes in this period. The EoI form automatically shows the number of homes per month in this period, based on the information entered.

Figure 4: Example past delivery capacity table

Past delivery capacity: number of homes upgraded during the chosen (best) 6-month window.			
Please select scheme name:	First month of 6-month window (01/mm/yy)	No. homes completed in 6-month window	Homes per month
Sustainable Warmth (LAD3 and HUG1)	01/01/2022	100	17

Table 5A

The LA then makes a capital funding request for a) the first financial year of the scheme April 2025-March 2026 (during which projects will be mobilizing), and b) for subsequent financial years.

For the purposes of calculating their capital funding requests, all projects must use £12,400 as the expected average cost per home for WH:LG. Note that projects are allowed to exceed this average spend per home in delivery – or spend less per home – providing that the cost caps

and measure price limits set out in the policy guidance are adhered to on average for homes treated and the funding is fully delivered.

Once the project enters its capital request, the Eol form automatically provides a total funding request (i.e. including an allowance for admin and ancillary (A&A) spend) and the expected range of homes that would be upgraded.

In the worked example below, the project requests £2.5m in the financial year 2025/6 and £2.5m for each subsequent financial year.

Figure 5: Example funding request table

Possible Financial Years of the scheme (subject to spending review)	Capital Funding Request (excluding A&A)	Associated 15% A&A Funding in FY	Total Funding (capital+A&A)
Financial Year 25/26	£2,500,000	£441,176	£2,941,176
Each subsequent financial year (per 12 months)	£2,500,000	£441,176	£2,941,176

Table 5B

DESNZ actions

Once the Eol form has been submitted, DESNZ will then check that the capital funding requested is deliverable in each financial year of the scheme using the prospective project’s best 6-month period of past delivery.

DESNZ will first validate that the best 6-month period of delivery entered into the Eol is accurate using the published Official Statistics. Where there are discrepancies, DESNZ will use the Official Statistics.

DESNZ will then compare the capacity of the project based on previous performance to the capital funding requested, in each financial year of the scheme. DESNZ allows for a 10% uplift in capacity from the previous best 6-month performance.

In this worked example, the project’s best 6-month performance of 100 indicated in the Eol form, is verified by the Department using the published Sustainable Warmth data. The project’s maximum capacity (i.e. homes it can upgrade on average/month) for allocating WH:LG is therefore set at 18.3 homes per month when accounting for a 10% uplift.

Financial year 2025/26

When allocating capital for financial year 2025/26, DESNZ will take into account a) what month the project expects to start delivery (i.e. the month after it plans to take the Delivery Assurance Check (DAC)) and b) will apply a 3-month ramp-up period at the start of delivery (during which the project’s assumed capacity will be 20% of their maximum capacity).

DESNZ will then scale down the project’s capital allocation in order to fit within the total WH:LG capital available for financial year 2025/26 if the scheme is oversubscribed. This scaling would take place evenly across all projects.

In this worked example (as set out in the table below), the project has indicated in the EoI form that they intend to undertake the DAC in September, starting delivery in October 2025. DESNZ therefore applies 20% of the project’s capacity per month in the period October to December 2025 to cover ramping up; then applies the full capacity per month to the period January to March 2026.

This results in a capacity of 66 homes in FY2025/26. The department scales the project’s total allocation down to £962,824 (including allowance for A&A) accordingly.

This is £1.54m lower than the funding requested by the project. However, no further scaling is required to fit within the total amount of funding available under WH:LG for 2025/26.

Table 4: Example first financial year capacity

	Apr-Sep	Oct-Dec	Jan-Mar	Financial Year 2025/26 Capacity
Delivery capacity (homes upgraded/month)	0	11	55	66
Associated capital (excl A&A)	0	£136,400	£682,000	£818,400
Associated A&A	0	£24,071	£120,353	£144,424
Total (capital + A&A)	0	£160,471	£802,353	£962,824

Note: as set out above, for the purpose of allocating capital funding to projects the Department will assume an average cost of £12,400/home (excluding A&A Spend).

Subsequent Financial Year/s

For future financial years, the maximum capacity per month of a project (as established by their best past performance set out above) is applied to the whole 12-month period. DESNZ may then scale down the project’s funding allocation in order to fit within the total WH:LG capital available for each financial year if the scheme is oversubscribed in any year.

In this worked example, the project’s delivery capacity for a 12-month period is 200 homes, or 220 homes when allowing for a 10% uplift in capacity, this equates to a maximum possible allocation of £3.2m (including A&A) for a financial year, starting from financial year 2026/7–subject to sufficient funding being available under the scheme.

Table 5: Example subsequent financial year capacity

	April-March (12 months)	Each subsequent financial year/s capacity (for 12 months)
Delivery capacity (homes upgraded/month)	220	220
Associated capital (excl A&A)	£2,728,000	£2,728,000
Associated A&A	£481,412	£481,412
Total (capital + A&A)	£3,209,412	£3,209,412

Note: as set out above, for the purpose of allocating capital to projects the Department will assume an average cost of £12,400/home (excluding A&A Spend).

The project’s request for capital funding of £2.5m is therefore not scaled down in subsequent financial years on the basis of capacity.

In this fictional example, the overall maximum allocation after scaling for capacity across all projects is less than or equal to the total budget for WH:LG in subsequent years. Therefore, no further scaling is required and the project is allocated £2.5m capital funding, which when including an A&A allowance, results in a total grant of £2.94m in each subsequent year.

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