



Department for
Energy Security
& Net Zero

Warm Homes: Local Grant

Technical Annex: sources and methodology
for The Warm Homes and Public Sector
Decarbonisation Devolution Programme.

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Introduction

This publication describes the sources and methodology used to calculate the capital funding allocations from the Warm Homes: Local Grant to the Warm Homes and Public Sector Decarbonisation Devolution Programme.

The methodology outlined in this publication calculates multipliers which are used to allocate an initial three-year settlement to the Combined Authorities (CAs) of Greater Manchester (GMCA) and the West Midlands (WMCA) for the purposes of the Warm Homes and Public Sector Decarbonisation Devolution Programme.

The Warm Homes and Public Sector Decarbonisation Devolution Programme also includes funding from the Warm Homes: Social Housing Fund and Public Sector Decarbonisation Scheme. However, this publication only covers the methodology for allocating Warm Homes: Local Grant funding.

Data Sources

The Warm Homes: Local Grant multipliers use two key sources; [subnational estimates of dwelling by tenure produced by the Office for National Statistics](#) and DESNZ estimates of the number of Owner Occupied (OO) and Private Rented Sector (PRS) households with an EPC Band D-G and a household income of less than £36,000 at a regional level in England.

The DESNZ estimates utilise information gathered for the [English Housing Survey](#) (EHS) 2022-23 and modelled income estimates which use EHS income variables. The data is presented for England only, disaggregated by region.

The EHS compiles data on household and dwelling characteristics, including tenure type, region and the number of Energy Performance Certificates at bands A-G for a sample of 11,205 interviews and 5,606 physical surveys in 2022-23¹. [The Building Research Establishment](#), contracted by DESNZ, utilise [EHS data](#) to model various fuel poverty variables, including gross income². For this regional analysis, the modelled income data is used to estimate the number of households with an income of less than £36,000, in OO and PRS households with an EPC band between D-G. This is presented by region in Table 1.

¹ For more information on EHS sampling methods see the English Housing Survey 2022 to 2023 Technical Report: <https://www.gov.uk/government/publications/english-housing-survey-2022-to-2023-technical-report>

² For more information on how gross income is modelled see section 3 of the Fuel poverty methodology handbook: <https://www.gov.uk/government/publications/fuel-poverty-statistics-methodology-handbook>

Table 1: Owner Occupied and Private Rented Sector Households with EPC D-G and income <£36,000, by region, 2022, England

Region	Number of Households
North East	248,686
North West	943,289
Yorkshire and the Humber	755,665
East Midlands	576,363
West Midlands	760,424
East	514,816
London	514,934
South East	717,706
South West	609,425

Methodology

The data in Table 1 is used in conjunction with subnational estimates of dwelling by tenure produced by the Office for National Statistics to form the basis for the allocation of capital funding from Warm Homes: Local Grant to the CAs of GMCA and WMCA.

The methodology for this is as follows:

1. The ONS data is used to calculate the proportion of the regional OO and PRS housing stock GMCA and WMCA have within their respective CAs.
2. This proportion is applied to the data in Table 1 to estimate the number of OO and PRS households with Energy Performance Certificate D-G and household income less than £36,000 within the CA.
3. This is compared to the number of households in scope³ of the Warm Homes: Local Grant to allocate an appropriate proportion of the overall Warm Homes: Local Grant capital funding at CA level.

A worked example for GMCA:

1. Use the ONS data to calculate the proportion of the OO and PRS housing stock GMCA has within the Combined Authority:

$$\frac{\text{OO and PRS housing stock in GMCA}}{\text{OO and PRS housing stock in the North West}} = \frac{\sim 990,839}{\sim 2,770,813} = \sim 36\%$$

2. Apply the percentage calculated in step 1 to the regional data in Table 1 to estimate the number of OO and PRS households with Energy Performance Certificate D-G and household income less than £36,000 within GMCA:

³ 'In scope' here refers to OO and PRS sector households in England with an EPC rated D or below and a household income <£36,000.

$$943,289 \times 36\% = \sim 337,319 \text{ homes potentially in scope in GMCA}$$

3. Compare the estimated number of households in scope in GMCA to the estimated number of households in scope in England to allocate an appropriate proportion of the Warm Homes: Local Grant capital funding to GMCA:

$$\frac{\text{Estimated number of households in scope in GMCA}}{\text{Estimated number of households in scope in England}} = \frac{\sim 337,319}{5,641,308} = \sim 6\%$$

It is worth noting that that the wider Warm Homes: Local Grant eligible pool also includes households with an income above £36,000 if they meet one of the following criteria:

- The household is in an Indices of Multiple Deprivation: Income Deciles 1 or 2 area, or
- The household is in receipt of a specified means tested benefit or meets the current ECO4 Flex criteria for Route 2.

Due to data limitations and the complexity and reduced data quality of combining datasets these criteria have not been considered when allocating funding to the GMCA and WMCA from the Warm Homes: Local Grant for the purposes of the Warm Homes and Public Sector Decarbonisation Devolution Programme.

Table 2: The percentage of Warm Homes: Local Grant capital funding allocated to each Combined Authority, rounded to the nearest decimal place

Combined Authority	Percentage of total capital funding
Greater Manchester	6.0%
West Midlands	6.0%

For further information on the Integrated Settlements please refer to the Gov.uk Integrated Settlement page: <https://www.gov.uk/government/collections/integrated-settlements-for-mayoral-combined-authorities>

This publication is available from: www.gov.uk/DESNZ

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