



Department for  
Energy Security  
& Net Zero

# Warm Homes: Local Grant

Mobilisation and Delivery Guidance for Grant  
Recipients

April 2025



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# 1 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 (WH:LG) 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. The scheme will provide grants for energy performance upgrades and low carbon heating to low-income households living in privately owned homes with poor energy efficiency 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 electricity, oil, coal, or liquid petroleum gas).

As part of the Autumn Budget, the Government has allocated £500m to the Warm Homes: Local Grant, to be delivered from April 2025 to March 2028.

[Policy Guidance](#) for the WH:LG was published<sup>1</sup> on 23<sup>rd</sup> September 2024, covering scheme rules on household and property eligibility, eligible measures and quality standards. This was followed by [Allocation Guidance](#) on 16<sup>th</sup> October 2024, covering the process for submitting an Expression of Interest (EoI) and the process for allocating funding to local authorities.

This document sets out detailed mobilisation and delivery guidance for Grant Recipients who have been allocated funding to deliver the WH: LG and covers:

- Mobilisation – the Mid-Mobilisation Review (MMR) and Delivery Assurance Check (DAC).
- Delivery – the process of Grant Recipients entering the delivery phase, drawing down capital, using the batch system and submitting / processing change requests.
- Data and Reporting – how data, reporting and performance will be monitored and managed during the delivery period.

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

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## 1.1 Amendments and Delivery Updates

This document sets out the department's vision for how the stages of delivery for the WH:LG will function; however, we anticipate further refinement of the delivery model as Grant Recipients progress through the delivery period. As such, we will continue to update this guidance when further information on the delivery process is ready to share and will notify Grant Recipients when any updates are made.

Throughout this guidance document, references are made to the role of the Department for Energy Security and Net Zero (DESNZ) in the delivery process. Please note that some of these functions may be carried out by DESNZ or delegated to an appointed Delivery Partner during the course of the scheme. As such, references to "DESNZ" in this guidance document should be read as inclusive of both the department and any DESNZ-appointed Delivery Partners.

## 1.2 Engagement Activities

To support Grant Recipients participating in the WH:LG, DESNZ will be conducting a number of engagement activities throughout the course of the scheme. DESNZ will notify Grant Recipients when engagement activities are to be scheduled, and they will be promoted through direct correspondence from the department or the Retrofit Information Support and Expertise (RISE) platform / social media. Examples of engagement activities include (but are not limited to): Webinars, FAQs and regular roundtables with Grant Recipients.

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## 2 Guidance Overview

The WH:LG is allocating grant funding using an Expression of Interest (Eoi) allocation model; the scheme involves three distinct stages. These are:

### **1. Allocation (Eoi)**

### **2. Mobilisation**

- Mid-Mobilisation Review (MMR)
- Delivery Assurance Check (DAC).

### **3. Delivery**

Now that funding has been allocated and Grant Recipients have been notified, the scheme has transitioned from the allocation to mobilisation stage, where Grant Recipients will be approved to proceed to their DAC which will assess their readiness to deliver. Once Grant Recipients have completed their DAC, they will be able to draw down funding allocations and upgrade homes. During the Delivery Stage funding will primarily be drawn down in batches at the point of need to upgrade homes that are 'ready to retrofit' (signed up, validated, and assessed in line with the latest version of Publicly Available Specification (PAS) 2035).

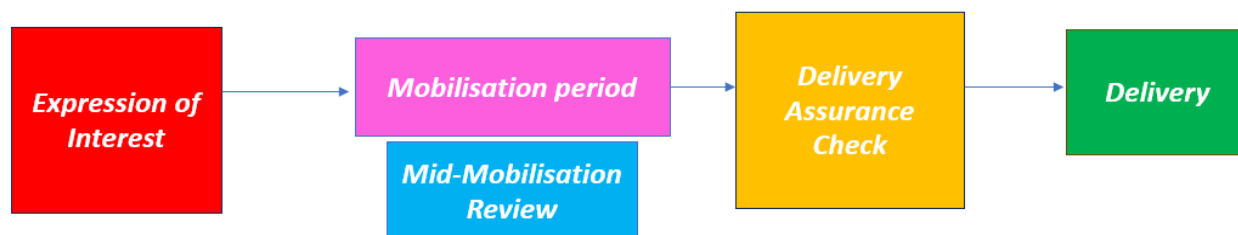
Across the mobilisation and delivery stages, Grant Recipients will be asked to set out details of their plans to mobilise, procure, resource and deliver their projects, to target and verify low-income households, to identify the least energy efficient housing stock and to deliver value for money upgrades. These plans then need to be signed off by senior responsible officers in the local authority at the appropriate stage. The process has been designed so that the right depth of information is requested at the right time to reduce the administrative burden on Grant Recipients.

The Eoi model is intended to:

- ensure as many households as possible can access funding via their Local Authorities by ensuring that all Local Authorities 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 Grant Recipients 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:** Grant Recipients were asked to complete an Eol form which outlined their project, including any consortia members; their high-level plans for procurement, resourcing, and mobilising their project; and their past performance on previous schemes. The outcome of the Eols have now been used to allocate funding through the issuing of Memoranda of Understanding (MoUs) which must be signed and returned ahead of step 2.

**Step 2. Mid-Mobilisation review:** This review is a step that follows the funding allocations and gives Grant Recipients a chance to receive early feedback on the documents which they require pass their DAC and then begin delivery, and for Grant Recipients to update DESNZ on whether they are still on track to procure on time.

**Step 3. Delivery Assurance Check (DAC):** This will check Grant Recipients have procured and resourced appropriately and that their required documents on fraud and error risk and management, household eligibility verification, and delivery forecasts meet the minimum criteria for successful delivery. Grant Recipients currently delivering under HUG 2 will also have the opportunity to transfer their relevant paperwork to the WH:LG and / or contracts for a period of time to enable continuous delivery from one scheme to the next. Retrofit Information Support and Expertise (RISE) is ready to provide Local Authorities 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. Grant Recipients are then able to draw down funding and commence works on the homes within that batch.

*Find below the key milestones across the 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 |
|---|-------------------|
| Funding allocation: offers sent, alongside Memoranda of Understanding for signing | February 2025     |

|   |                                   |
|---|-----------------------------------|
| Mid-mobilisation review bookings commence with RISE | 28 <sup>th</sup> February 2025    |
| DAC bookings commence                               | 1 <sup>st</sup> March 2025        |
| DACs commence                                       | 1 <sup>st</sup> April 2025        |
| Delivery window                                     | 1st April 2025 to 31st March 2028 |

The table below provides an overview of the key headlines of the WH:LG Delivery Guidance. It is not a replacement for the full guidance – which we recommend all Grant Recipients read before commencing delivery.

|  |  |
|--|--|
| Delivery model   | Local Authority delivered – Local Authorities have been allocated funding and procure and manage their installer supply chain individually or in consortium projects.  |
| Funding allocation model                                 | <p>The Expression of Interest (Eol) model is being used to allocate funding to Local Authorities. There was no pass or fail assessment of the initial Eol which meant that all eligible Local Authorities that submitted the Eol form on time were allocated funding to some degree, with our assessment focusing on the amount of funding to be allocated.</p> <p>The allocation stage is followed by a mobilisation period in which a mid-mobilisation review will check a Grant Recipient's progress towards delivery, ahead of the DAC. DACs will ensure all Local Authorities have met the minimum criteria for successful delivery under the scheme before moving into delivery.</p> |
| Technical support and information for Local Authorities. | RISE, which was previously known as the 'Home Upgrade Hub', provides support to all Grant Recipients participating in Warm Homes: Local Grant. RISE helps to upskill Grant Recipients, build their capabilities and expertise, and set them up for successful delivery.  |
| Mid-Mobilisation Review (MMR)                            | <p>There will be a mobilisation period for Grant Recipients to resource their teams, procure supply chain capacity and prepare to begin upgrades. The mobilisation period will begin when a signed Memorandum of Understanding (MoU) has been completed between the Grant Recipient and DESNZ and will end when the DAC has been passed.</p> <p>An MMR will take place mid-way between the start of the mobilisation period and the Grant Recipient's DAC, to check</p>  |

|   |  |
|---|--|
|   | progress on procurement and required documents, and to provide feedback and support if required.   |
| Delivery Assurance Check (DAC)          | This will check adequate progress has been made against plans submitted in the EoI stage - specifically how the project has been resourced, ensuring contractors have been procured and are in place to deliver upgrades, and whether the required documents have been completed and meet the minimum criteria. Local Authorities must pass this check before they can begin upgrading homes.  |
| Drawdown of capital funding             | <p>Grant Recipients 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% Administration and Ancillary (A&amp;A) allocation for that financial year with the remaining 5% as funding for upgrading homes. In advance of payment, Grant Recipients may be contacted to confirm that they require the full upfront payment. Note, all projects are required to keep within the 15% A&amp;A cap, over the course of the project lifetime.</p> <p>To drawdown further capital funding, Grant Recipients will need to pass the DAC and submit batches of homes that are ready to retrofit. Grant Recipients 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 WH:LG will only be used to drawdown 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 Grant Recipients 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> |
| Administration & Ancillary (A&A) budget | Grant Recipients can spend 15% of total spend for their project on administration and ancillary costs. See page 29 for a cost breakdown.   |

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## 3 Retrofit Information Support and Expertise

DESNZ provides a technical assistance facility for Grant Recipients 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 Grant Recipients from pre-allocation through to mobilisation phases. While allocation is now complete, Grant Recipients are encouraged to continue engaging with RISE for support which includes:

- a comprehensive knowledge hub providing support and information to guide Grant Recipients through a retrofit project life cycle, which draws together industry best practice and guidance;
- workshops, seminars and drop-in sessions on specific focus areas; and
- 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 documentation for the Mid-mobilisation Review and Delivery Assurance Checks (DACs) (outlined further in Section 4), tenant engagement, and quality assurance of contracts and providers.

Where Grant Recipients are developing retrofit projects in partnership with supply chain contractors, RISE can support these Grant Recipients 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., Publicly Available Specification (PAS), TrustMark and Microgeneration Certification Scheme (MCS)) to deliver works under this and other government funded programmes.

Greater Manchester Combined Authority (GMCA) and West Midlands Combined Authority (WMCA) have received an allocation of grant funding for their region through an Integrated Settlement. Mayoral Combined Authorities with devolved retrofit funding 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 Local Authorities to speak to their Mayoral Combined Authority.

We encourage all Grant Recipients to utilise the RISE (the procured technical assistance facility for the Grant) website as a source of information and support ([www.riseretrofit.org.uk](http://www.riseretrofit.org.uk)). Any enquiries, including questions related to RISE, should be directed to [rise@turntown.co.uk](mailto:rise@turntown.co.uk).

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Grant Recipients should review the published policy guidance alongside this guidance in the first instance, should they have any questions. Any clarifications on the guidance should be sent to [WHLG@energysecurity.gov.uk](mailto:WHLG@energysecurity.gov.uk).

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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## 4 Mobilisation

WH:LG has allocated grant funding using an Expression of Interest (Eoi) allocation model outlined in Section 2. A new process has been designed to accommodate this model with three distinct stages, the Allocation Stage, Mobilisation Stage and Delivery Stage. The Mobilisation stage includes a Mid-Mobilisation Review (MMR) and a Delivery Assurance Check (DAC), both of which are compulsory for Grant Recipients and detailed in the following section of this guidance.

Eligible Grant Recipients that have completed an Eoi form by the deadline, will have now received a Memorandum of Understanding (MoU) alongside documentation which sets out the funding allocation on offer. During the mobilisation period, Grant Recipients should set up their projects for delivery, including resourcing their internal teams, procuring delivery partners and installers, resourcing a retrofit team, commencing the search for eligible households, and retrofit assessing households ready to begin retrofits.

### 4.1 Eligibility Checker and Referral Service – Delivery Guidance

The DESNZ WHLG Eligibility Checker and Referral Portal is a tool designed to support Grant Recipients in identifying eligible homeowners for the scheme.

#### 4.1.1 How the Service Works

The Eligibility Checker allows residents to input details about their property, income, and heating system to determine their eligibility for the scheme. This service provides residents with a clear pathway to check their eligibility and access government-funded support.

Grant Recipients and their nominated representatives will have access to resident data that meets the WHLG criteria, streamlining the process of identifying eligible households.

#### 4.1.2 Onboarding Process

Grant Recipients and their nominated representatives will be onboarded onto the system after:

1. Signing and returning their Memorandum of Understanding (MoU) and Data Sharing Agreement (DSA).
2. Providing the Department with the contact email addresses of individuals requiring portal access.

Grant Recipients must notify DESNZ at [eligibilitycheckersupport-cai@energysecurity.gov.uk](mailto:eligibilitycheckersupport-cai@energysecurity.gov.uk) of:

- The individual(s) responsible for managing referrals within their consortium.
- A list of their email addresses.

- 
- Whether referrals will be managed centrally by the Grant Recipient or handled individually by consortium members.

If consortium members will manage their own referrals, please provide the names and contact details of those responsible within each Local Authority (LA).

#### 4.1.3 Grant Recipient Responsibilities

Grant Recipients must contact eligible households by email or phone within 10 working days of receiving the referral and keep records of households who successfully received measures through this process.

Grant Recipients must also actively promote and raise awareness of the eligibility checker service managed by the Department, ensuring that relevant information is disseminated to residents through appropriate communication channels.

#### 4.1.4 Data Sharing under the WHLG Eligibility Checker and Referral Service

Grant Recipients must agree to and sign a Data Sharing Agreement before they can use the service.

The Department will share data items with the Grant Recipient's nominated representatives using a Secure Portal approved by DESNZ's Departmental Security Officer as suitable for the transfer of personal and commercially sensitive data.

Data will be shared in a CSV format to enable the Grant Recipient to process it, and data will only be shared with representatives of the Grant Recipient who have access to the referral portal. Reminders will be sent to the Grant Recipient's nominated representative informing them of any un-downloaded resident data.

#### 4.1.5 Data Sharing under the WHLG Eligibility Checker and Referral Service

For questions about the eligibility checker, referral portal, or any aspect of the digital service, please contact: [eligibilitycheckersupport-cai@energysecurity.gov.uk](mailto:eligibilitycheckersupport-cai@energysecurity.gov.uk)

For inquiries about scheme policy or delivery, please contact RISE ([rise@turntown.co.uk](mailto:rise@turntown.co.uk))

## 4.2 Mid-Mobilisation Review and Mock Delivery Assurance Check

A compulsory MMR will be held halfway between the MoUs being issued and the DAC month which was confirmed in the MoU and allocation letter. The MMR will consist of a desktop review of a project's mobilisation progress, with a focus on their required documents for DAC and their procurement progress towards their selected DAC month.



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The Mock DAC is an optional opportunity for Grant Recipients to practice a DAC-style interview with Retrofit Information Support and Expertise (RISE) and receive feedback on the required documents needed to proceed with delivery before they sit their DAC.

The documents that can be submitted to RISE ([rise@turntown.co.uk](mailto:rise@turntown.co.uk)) for review in the MMR and Mock DAC are:

- DAC Form Sections 2 (Project Resourcing); 3 (Contractor Procurement); 5 (Delivery Forecast) and 6 (Income Eligibility Verification)
- DAC Form Annex A: Fraud Management Plan (FMP) - Issued with MoU
- DAC Form Annex B: Fraud Risk Assessment (FRA) - Issued with MoU
- DAC Form Annex C: Named Escalation Contacts.

The documents are not expected to be complete / finalised at the MMR stage. The MMR team in RISE will then review these documents and provide feedback to Grant Recipients, not later than three working days after completion of the MMR, on how they can be improved ahead of the DAC.

Templates of the FMP and FRA have been provided by DESNZ along with the scheme MoU. The DAC Form can be downloaded from the [Warm Homes: Local Grant web page](#).

Where the MMR highlights issues that mean reaching DAC on time is unlikely, additional RISE support will be recommended, and a discussion may be held on whether the DAC month needs to be delayed and / or the funding allocation is still achievable.

Note, that while the MMR and optional Mock DAC will be conducted by RISE, DESNZ will be the decision-maker using Department methodology and marking criteria - e.g. on whether the DAC month needs to be delayed and funding allocations for FY25/6 reduced accordingly. RISE will provide Grant Recipients with a RAG score and feedback on each section they submit as part of the MMR to help ensure they are ready for their given DAC date. RISE may recommend a delay in the DAC date if the MMR documents suggest they will not pass a DAC.

Mock DACs are optional but recommended for all Grant Recipients. We strongly recommend that Grant Recipients that have not led a consortium or their own delivery previously sit a Mock DAC with RISE.

## 4.3 Delivery Assurance Check

When a Grant Recipient is ready to begin delivery of upgrades, they will undergo a DAC. This involves the submission of all required documents (see 4.2.2 below) alongside an interview style meeting, attended by representatives from the lead Grant Recipient in the project and DESNZ representatives, to assess whether the Grant Recipient is ready to commence batch delivery. In consortia, some other members can also attend the interview if that is beneficial. It

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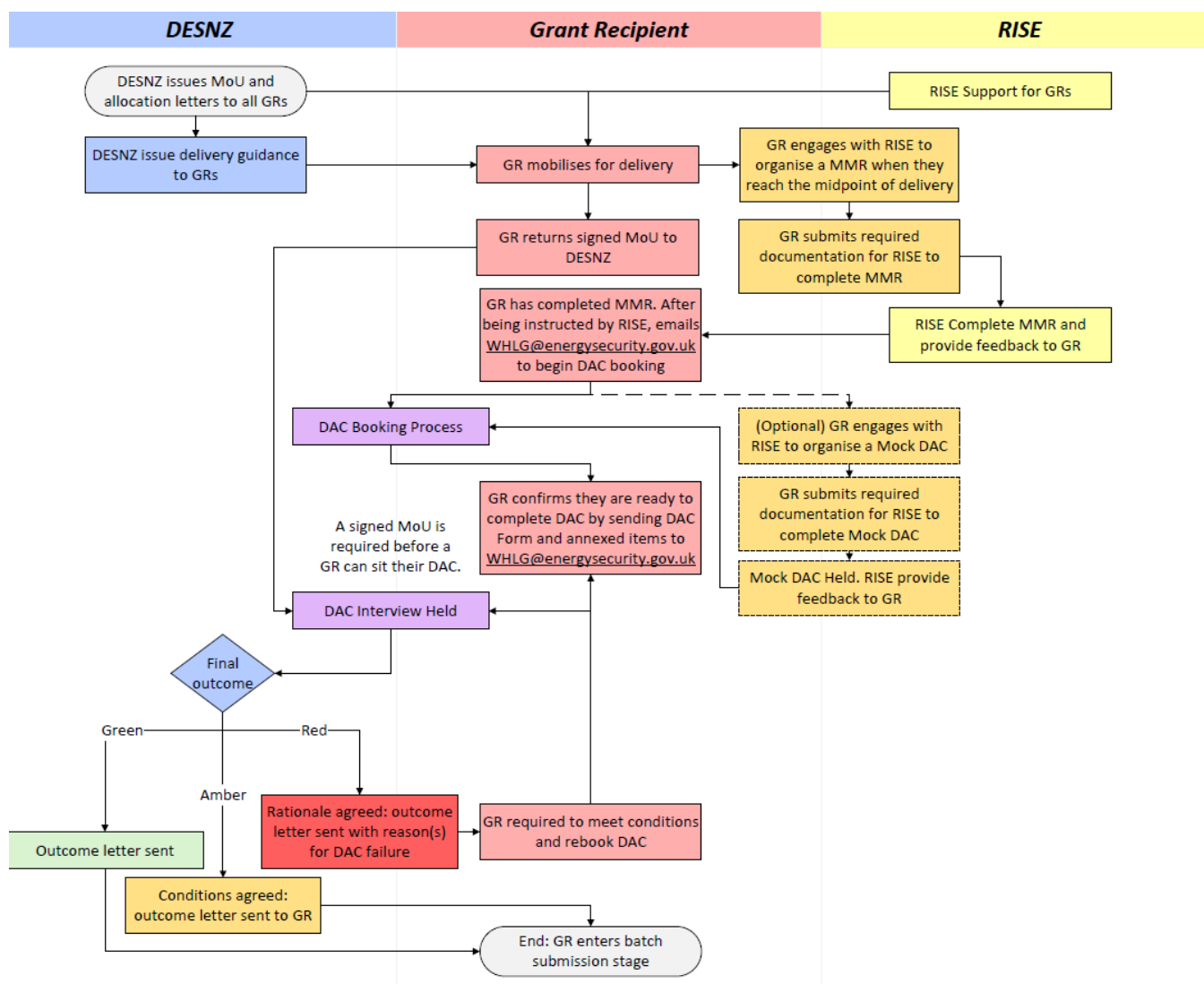
is strongly encouraged to bring representatives from your main contractor or delivery partner where applicable.

The purpose of the DAC is to check adequate progress has been made in mobilising the project to enable the Grant Recipient to begin delivery. Specifically, the DAC will examine whether the project has been sufficiently resourced within the Grant Recipient organisation and / or Managing Agent, if contractors have been procured, are in place and sufficient to begin upgrades immediately, and evaluating any new / revised annex items and the delivery forecasts of upgraded homes for the project.

A Grant Recipient is only able to undertake a DAC once their MoU has been signed and returned. Until a Grant Recipient has passed the DAC, it will not be able to draw down further capital funding, beyond the upfront payment made.

Once a Grant Recipient has completed their MMR, please contact [WHLG@energysecurity.gov.uk](mailto:WHLG@energysecurity.gov.uk) to book a DAC slot.

## **Figure 2: Process for booking MMRs, Mock DACs and DACs**



### 4.3.1 Required Documentation

DESNZ previously required Grant Recipients to submit nine documents as annexes to their DAC form under HUG 2. We have reduced this to up to five documents for WH:LG in order to reduce the administrative burden on Grant Recipients.

Grant Recipients will need to submit a DAC form and the required documents (see below) to [WHLG@energysecurity.gov.uk](mailto:WHLG@energysecurity.gov.uk).

The required DAC documents are as follows:

- WH:LG DAC Form – this is the form that will be used in the assessment at the DAC and includes detail on the Grant Recipient’s resourcing, contractor procurement, delivery forecasting and income eligibility verification. This can be downloaded from the [Warm Homes: Local Grant web page](#).
- FMP (Annex A of the DAC Form) – this should be a clear plan on resourcing, processes and methodologies related to managing fraud, error and non-compliance related

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aspects of the project. This will need to be attached separately to the DAC Form upon submission and is attached to the Grant Recipient's MoU.

- FRA (Annex B of the DAC Form) – this should encompass all fraud, error and non-compliance risks identified, covering each of the key thematic risk areas. This will need to be attached separately to the DAC Form upon submission and is attached to the Grant Recipient's MoU.
- Named Escalation Contacts (Annex C of the DAC Form) – a comprehensive list of escalation contacts within the Grant Recipient organisation, including the SRO/CEO/MD or equivalent. This can be completed on the DAC Form in the tab Annex C at the bottom.
- Evidence of Commercial Arrangements (Annex D of the DAC Form) – this could include several documents, annexed as part of the process which provide proof of contract signatures (or issued standstill letter), date of award, contract length and value. These will need to be attached separately alongside the DAC Form.
- Local Authorities Handling Own Procurement (Annex E of the DAC Form) – for consortia with Local Authorities handling their own procurement only, they are required to outline their commercial arrangements separately. This can be completed on the DAC Form in the tab Annex E at the bottom.

#### 4.3.2 Transfer of HUG 2 Contracts and Documentation

To support Grant Recipients to begin WH:LG delivery as soon as possible, Grant Recipients that also delivered under HUG 2 will be permitted to undergo a 'HUG 2 DAC Transfer', repurposing their HUG 2 contracts and / or fraud management paperwork for WH:LG and move straight into Batch delivery once they have completed and passed their DAC. The HUG 2 DAC Transfer will be a fast-track version of the DAC, aiming to enable a smooth transition from HUG 2 into the Warm Homes: Local Grant. As mentioned in the Allocation guidance published in October, Grant Recipients will need to indicate their intent to undergo a HUG 2 DAC transfer at the EoI stage.

To transfer HUG 2 contracts, Grant Recipients 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. 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 for Warm Homes: Local Grant, Grant Recipients will need to ensure their procurement is suitable and meets DESNZ's approved criteria for transferring contracts and documentation. [\[Link\]](#)

To transfer required HUG 2 documents, Grant Recipients will need to update the documents to be appropriate to the Warm Homes: Local Grant. The documents that can be rolled over are the FRA and FMP.

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For the FRA and FMP, the Grant Recipient will need to make a declaration in Section 4 of their DAC Form that:

- the FRA provided is the latest version which has been updated to capture any risks encountered in HUG 2, new controls and any emerging risks; and
- the FMP provided is the latest version which has been updated and the processes / resources within HUG 2 are being carried over for Warm Homes Local Grant.

Further details on Managing Fraud, Error and Non-Compliance can be found in Section 8 of this guidance.

HUG 2 consortium members that leave their consortium for WH:LG can also use the transfer of documents, provided they have the original consortium lead's permission to do so. If this is the case, proof will be required at DAC. Grant Recipients will still need to provide their delivery forecasts for the project if undergoing a HUG 2 DAC Transfer, along with their eligibility verification approaches and information on how their project has been resourced. Hence, there are four possible routes a Grant Recipient can take to reach the DAC stage:

a. Route 1: No Transfer of Documentation or Contracts

The Grant Recipient can proceed to the DAC once their procurement is complete, and all required documentation is prepared and ready for review. On this route, the Grant Recipient must undergo an MMR with additional strong recommendation to attend a Mock DAC.

b. Route 2: Transfer of Contracts and Documentation

The Grant Recipient transfers both contracts and documentation from HUG 2 and submits any additional information required (e.g. eligibility verification approach, delivery forecasts, and resourcing information). This will necessitate a further follow up verification with the Grant Recipient once new contracts are procured to ensure delivery readiness.

c. Route 3: Transfer of Contracts only, Not Documentation

On this route, Grant Recipients can complete a DAC as soon as possible once the transferred contracts have been approved through the MMR process. The Grant Recipient will also need to provide the additional documentation & resourcing information required for the DAC. DESNZ would strongly recommend a Mock DAC on this route.

d. Route 4: Transferring Documentation, not Contracts

Grant Recipient taking this route will complete a DAC only once their procurement is complete or can provide evidence of contractual arrangement progress through standstill letter. The Grant Recipient indication at EoI stage that certain documents (FRA and FMP) are being transferred will trigger an MMR to ensure that these are still valid and fit for purpose. Focus during DAC will be on procurement and any other documentation that cannot be rolled over along with resourcing information. Again, on this route, DESNZ would strongly recommend a Mock DAC.

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### 4.3.3 How and when to apply for a Delivery Assurance Check

Once a Grant Recipient has completed their MMR, they are eligible to book a DAC with DESNZ by contacting [WHLG@energysecurity.gov.uk](mailto:WHLG@energysecurity.gov.uk), however, a DAC cannot be sat until a signed MoU is returned to the Department.

DESNZ will then aim to respond within two working days with the DAC availability over the coming weeks / months in the form of a calendar. The Department expects Grant Recipients to indicate a minimum of three available timeslots from the calendar provided along with the individuals who will be undertaking the DAC to aid organisation of the interview.

Documents for the DAC, including the 'WH:LG DAC Form' which can be found on the WH:LG publications page on gov.uk, and its accompanying annexes, are required to be completed and submitted to [WHLG@energysecurity.gov.uk](mailto:WHLG@energysecurity.gov.uk) at least five working days prior to the agreed DAC date. Failure to meet this deadline may result in the DAC being rescheduled.

DACs can be sat from 1st April 2025 onwards and only once the MoU has been signed and returned, but Grant Recipients should undertake the DAC as soon as they are ready, even if this is prior to the expected DAC month indicated at EoI stage. An earlier DAC date can be requested at any time; however, we cannot guarantee that an earlier DAC date can be accommodated as this is contingent on the outcome of the MMR and availability of DAC booking slots. Grant Recipients 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.

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 Local Authority will need to be present at the DAC to confirm that it is ready to manage the project (i.e. the lead local authority has sufficient resource to run the project and is ready to submit the required annex items).

DESNZ does not require all members to sit 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 have been indicated in the EoI form.

### 4.3.4 What Will Be Assessed at the Delivery Assurance Check

The DAC will assess the following elements:

- Delivery Assurance (Project Resourcing, Delivery Forecast, Escalation Contacts)
- Commercial Arrangements and Procurement Activities
- Income Eligibility Verification
- Fraud Management Approach (including the FRA and Fraud Management Plan).

### 4.3.5 Delivery Assurance

The purpose of this element of the DAC is to check that sufficient progress has been made on the resourcing of the project and to ensure the delivery forecast is feasible.

DESNZ will check that there is adequate resource in place to cover core data reporting and project management requirements. Grant Recipients should list all core staff working on the project – and where there are resource gaps, should explain when the roles will be filled and how they will be covered in the interim period.

This section should cover the expected two full time equivalent (FTE) members of staff (a project manager and data reporting officer) and any additional staff. Exceptions may be made to the above expectations where the project is small (less than £3m total grant) and the Grant Recipient can evidence that the resource in place can adequately manage the project. If the project is above this threshold and still cannot resource 2FTE due to A&A constraints, please outline how you intend to manage the project with the current level of resourcing in Question 2C.

Grant Recipients are expected to provide an update on the stage of recruitment of these staff members, giving details on whether staff are in place, are being onboarded, are still in the process of being hired, or if the roles are yet to be advertised. Grant Recipients should give a high-level breakdown of the skillset for each staff member by filling out the resource table in the DAC form.

Grant Recipients should report on the total FTE number of project managers, data reporting officers, and non-mandatory staff. For consortia Grant Recipients, this reporting should cover all Local Authority members included in their project. Grant Recipients should be prepared to contextualise their resourcing structure in terms of their delivery model and organisational design, to support understanding and assessment tailored to their circumstances and project structure.

The table below is included in the DAC Form and must be completed with as much detail as possible.

| Staff Member | FTE Equivalent | Recruitment Progress | Skills Covered | Outsourced or Internal | Notes |
|--------------|----------------|----------------------|----------------|------------------------|-------|
| 1            |                |                      |                |                        |       |
| 2            |                |                      |                |                        |       |
| 3            |                |                      |                |                        |       |
| 4            |                |                      |                |                        |       |
| 5            |                |                      |                |                        |       |
| 6            |                |                      |                |                        |       |
| 7            |                |                      |                |                        |       |
| 8            |                |                      |                |                        |       |
| 9            |                |                      |                |                        |       |
| 10           |                |                      |                |                        |       |
| 11           |                |                      |                |                        |       |
| 12           |                |                      |                |                        |       |
| 13           |                |                      |                |                        |       |
| 14           |                |                      |                |                        |       |
| 15           |                |                      |                |                        |       |
| 16           |                |                      |                |                        |       |
| 17           |                |                      |                |                        |       |
| 18           |                |                      |                |                        |       |
| 19           |                |                      |                |                        |       |
| 20           |                |                      |                |                        |       |
| 21           |                |                      |                |                        |       |

**Table A: The Resource table in the Delivery Assurance Check form**

Further, Grant Recipients must submit month-by-month delivery forecasts for Grant delivery when they reach DAC stage. This information is not requested at EoI stage in order to ensure that it is as accurate as possible. This data will then be used to inform Grant Recipient Key Performance Indicators (KPIs) and performance monitoring. The table below is included in the DAC Form which must be completed with as much detail as possible.

| Key  |   |  |  |  |  |  |  |  |  |
|--|---|--|--|--|--|--|--|--|--|
| <b>Validates Homes Signed Up</b>           | The number of validated homes (dwelling and household are eligible to receive measures) that have signed up to receive measures within the 1-month period.  |  |  |  |  |  |  |  |  |
| <b>Retrofit Assessed</b>                   | The number of validated homes within the 1-month period that have been assessed, had upgrades designed, agreed to by all parties (household, Grant Recipient, and retrofit coordinator), and coordinated by a retrofit coordinator.   |  |  |  |  |  |  |  |  |
| <b>Homes Submitted</b>                     | The number of batches of eligible, validated homes submitted to DESNZ within the 1-month period. To provide an estimated number of homes submitted, we are asking this to be provided alongside an average number of homes per batch. |  |  |  |  |  |  |  |  |
| <b>All Installation Measures Completed</b> | The number of homes within the 1-month period with the installation of all measures completed and signed off by the supplier's operational manager or equivalent.   |  |  |  |  |  |  |  |  |
| <b>Number of TM Lodgements</b>             | The number of homes that have been treated (with at least one measure) and have their First TrustMark Lodgement Certificate Number (on TM Retrofit Portal) available.   |  |  |  |  |  |  |  |  |
| <b>Capital Expenditure</b>                 | The Total Capital expenditure (actual) within the 1-month reporting period.   |  |  |  |  |  |  |  |  |
| <b>A&amp;A Expenditure</b>                 | The Total Admin and Ancillary expenditure (actual) within the 1-month reporting period.   |  |  |  |  |  |  |  |  |
| <b>Planned Activities</b>                  | Any additional planned activity DESNZ should be made aware of.  |  |  |  |  |  |  |  |  |

| Month                  | Validated Homes Signed Up | Retrofit Assessed | Homes Submitted<br>Number of Batches<br>Average Per Batch | All Installation Measures Completed | Number of TM Lodgements | Capital Expenditure | A&A Expenditure | Planned Engagement Activities (Optional) |
|------------------------|---------------------------|-------------------|---|-------------------------------------|-------------------------|---------------------|-----------------|--|
| Apr-26                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| May-26                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Jun-26                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Jul-26                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Aug-26                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Sep-26                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Oct-26                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Nov-26                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Dec-26                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Jan-27                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Feb-27                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Mar-27                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| <b>End of FY 26/27</b> | 0                         | 0                 | 0   | 0                                   | 0                       | £ -                 | £ -             |  |
| Apr-27                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| May-27                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Jun-27                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Jul-27                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Aug-27                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Sep-27                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Oct-27                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Nov-27                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Dec-27                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Jan-28                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Feb-28                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| Mar-28                 |                           |                   |   |                                     |                         | £ -                 | £ -             |  |
| <b>End of FY 27/28</b> | 0                         | 0                 | 0   | 0                                   | 0                       | £ -                 | £ -             |  |
| <b>Totals</b>          | 0                         | 0                 | 0   | 0                                   | 0                       | £ -                 | £ -             |  |
| <b>Project Total</b>   | £ -                       |                   |   |                                     |                         | £ -                 | £ -             |  |

**Table B: Delivery Plan Table in Delivery Assurance Check Form**

#### 4.3.6 Commercial Arrangements and Procurement Activities

The purpose of this element of the DAC is to check that sufficient progress has been made on the procurement approach detailed at EoI stage. DESNZ will check that there are enough contractors in place to enable the project to move into batch delivery and drawdown of further funding.

Grant Recipients will provide two tables listing all primary contractors who have been procured or are in the process of being procured. These tables must be completed with as much detail as possible. Key subcontractors should also be included wherever possible.

The project should provide verifiable information on each of its contractors (such as Companies House details and TrustMark / Microgeneration Certification Scheme (MCS) / Publicly Available Specification (PAS) certification numbers), and contract start and end dates. Please note that TrustMark / MCS / PAS numbers will be checked by DESNZ.



For consortia projects, where procurement is not centrally led to cover most / all members, an annex (Annex E in the form) should be filled out for each local authority conducting their own procurement.

[illegible]

Please note that 'Target Mobilisation Date' means when the contractor will be fully mobilised and ready to deliver.

Grant Recipients will need to state their approach to income eligibility verification, based on the three pathways for identifying household eligibility (see Section 3 of the Policy Guidance). Grant Recipients should provide details of how they intend to verify eligibility via each pathway. These questions must be answered in Section 6 of the DAC Form.

The purpose of this element of the DAC is to check that key fraud management documentation is in place and meets the required standards. In view of reducing the administrative burden on Grant Recipients, the FMP requirements have been streamlined since HUG 2.

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### 4.3.9 How the Delivery Assurance Check is Scored

The DAC will use a ‘traffic light’ assessment scoring style via a RAG rating (red, amber, green scores). All four areas listed in Section 2.4 above will therefore be given a score by DESNZ. The lowest of these scores will become the overall score for the DAC.

| Assessment Criteria:            | Comprised of:                     | Score: |
|---------------------------------|-----------------------------------|--------|
| Delivery Assurance              | DAC Form Sections 2 & 5; Annex C  | Red    |
| Commercial Assurance            | DAC Form Section 3; Annexes D & E | Amber  |
| Income Eligibility Verification | DAC Form Section 6                | Green  |
| Fraud and Error Management      | DAC Form Section 4; Annexes A & B | Green  |
| Overall Score                   |                                   | Red    |

All green scores mean the Grant Recipient successfully passes the DAC without conditions.

One or more amber scores means the Grant Recipient has passed the DAC, but there may be certain conditions attached to resolve flagged issues as projects move into delivery. Evidence that the issue has been addressed will need to be provided at a later specified date, which will be agreed upon with DESNZ.

A red score means the Grant Recipient has been unsuccessful at DAC and must re-take the check. There are no restrictions on how soon a Grant Recipient can re-take the check, other than booking slot availability, but DESNZ would expect that the red issues flagged would have been addressed.

### 4.3.10 Other Information on Delivery Assurance Checks

#### Limitations and Timelines

There is no limit on the number of times Grant Recipients can sit the DAC. They may undertake it as many times as needed in order to pass successfully. There is also no required waiting time in between DAC sessions if Grant Recipients were to fail, however it is expected that Grant Recipients will have addressed the red flagged issues in order to successfully pass the next time. Unless a green RAG is provided at the MMR, we would expect a Grant Recipient to have at least ten working days between the outcome of the MMR being communicated and the DAC documents submitted. Grant Recipients must however note that all DACs must be undertaken and passed before the end of the financial year 2025/2026 to comply with the scheme’s spending rules. DESNZ reserves the right to terminate any project that does not meet this requirement.

#### Re-baselining Spend

In the EoI, Grant Recipients requested a WH:LG allocation for each financial year. DESNZ then issued approved funding amounts, and a MoU will need to be signed to agree these values. DESNZ expects Grant Recipients to do all they can to deliver against the spend totals set out in the MoU. However, Grant Recipients may no longer think their plans are deliverable, or a re-baseline may be requested by DESNZ at the DAC stage.

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If a Grant Recipient requests re-baselining at DAC stage or beforehand, please note this cannot increase the amount of funding awarded across the project nor can funding be transferred between financial years. At this stage, re-baselining can only reduce the size of the project. If Grant Recipients wish to reduce the size of the project, they should outline this in Section 5: Delivery Forecast on the DAC Form.

Grant Recipients may be given the opportunity to increase project size at a later stage based on strong delivery performance, depending on the availability of grant funding. Under the agreed MoU, if a Grant Recipient is delivering strongly and receives written consent from DESNZ, they may increase the size of the project's capital funding.

## Delivery Assurance Checks for Consortia

As outlined at the EoI stage, consortium projects may wish to go through the DAC in phases. If some members of a consortium are ready before others in terms of their procurement and resourcing, they can have a DAC as soon as the lead Grant Recipient is ready to manage the project. Once the members who sat the DAC have successfully passed, they are able to progress to the Batch Stage and begin delivery. In this phased approach, members who were not included in the DAC cannot move into delivery until greenlighted by DESNZ by sitting a separate DAC afterwards.

Consortium members are able to sit the DAC if they have procured and are ready for delivery, even if the lead Grant Recipient has not yet procured for delivery. However, the lead Grant Recipient must be ready to manage the project, with all the required DAC documentation ready, and resource in place, in order for any Local Authorities in the consortium to undertake the DAC. This would mean the Local Authorities who have passed the DAC can submit batches, but the lead Grant Recipient will need to pass the DAC again with the remaining consortium members to begin delivery.

## Retrofit Information Support and Expertise and Delivery Assurance Checks

Where Grant Recipients are developing retrofit projects in partnership with supply chain contractors, RISE can support these Grant Recipients 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.

Grant Recipients are encouraged to engage with RISE at an early stage within their project life cycle which includes preparing for the MMR, Mock DAC and DAC.

DESNZ will ensure interviews are scheduled promptly, as outlined in Section 4.2.4 above. However, Grant Recipients should be proactive as interview dates / times will be subject to DESNZ representative availability. DESNZ also recommends that Grant Recipients book DAC interviews a minimum of ten working days from the day of undergoing a MMR with RISE, to allow collation and circulation of feedback from RISE and the necessary incorporation of any

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ameliorations suggested. This timeline can however be shortened if recommendations from RISE suggests the Grant Recipient is ready for DAC.

RISE will also provide recommendations on Grant Recipient readiness for a DAC to DESNZ based on the support and engagement with the Grant Recipient. These recommendations may be used by DESNZ to determine an appropriate DAC date and hence a Grant Recipient's progress into delivery.

### Delivery Assurance Spot-Check

DESNZ will randomly select 10% of Grant Recipients to provide extra supporting evidence as part of a 'spot-check'. Grant Recipients will be pre-warned at the start of the DAC meeting and will be expected to comply and provide evidence requested within four weeks. The requested information will include evidence on vocal affirmations provided during the DAC Interview and in some instances e.g. for consortia members, further answers to pre-set questions. Where the evidence does not match the information presented at DAC, or where it raises real concerns about the delivery confidence of a project, this may lead to a project retrospectively failing the DAC.

## 5. Delivery

### 5.1 Receiving Funding and Memorandum of Understanding

Successful Grant Recipients will receive conditions of funding in principle as part of the Memorandum of Understanding (MoU). These conditions will be based on the delivery forecasts and milestones proposed as part of the Local Authority's outline application. Successful Grant Recipients will then be required to sign and return the MoU and annexes (including the Data Sharing Agreement and Non-Disclosure Agreement), so that DESNZ can issue grant payments to the Local Authority (or lead Local Authority from a consortium) under Section 31 of the Local Government Act 2003.

For WH:LG, 20% of funds will be given as an upfront payment at the start of each financial year (FY25/26, FY26/27, FY27/28), comprised of two parts: up to 15% of the Administration and Ancillary (A&A) and up to 5% Upfront Capital Payment (see your signed MoU for further details). The remaining funds will be drawn down in batches and paid out subject to delivery performance compared to performance indicators and conditions specified in the MoU.

Subject to continued compliance with the MoU, upfront payment will be given to successful Grant Recipients at the start of financial years of the Funding Period so upgrades can start immediately upon batch approval in the weeks whilst DESNZ transfers the remainder of the funding to the Local Authority's bank account. Both the Upfront Payments and Batch Payments must be spent by the end of its allocated financial year. To avoid upfront payments not being

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utilised within the financial year, or claw back being required, payments for batches being delivered in quarter four of a financial year will in the first instance utilise any remaining upfront payment before providing any additional required costs to deliver the batch.

Where DESNZ is not satisfied with performance, DESNZ may withhold some of the remaining funds, divert forecasted funds to other higher performing projects, clawback funds that cannot reasonably be spent within the given financial year, or in extreme cases no further payment will be made. More detail is provided in the MoU. Grant Recipients will be monitored against the performance indicators and conditions specified in the MoU. Failure to comply with these milestones may result in funding being reduced, and in extreme cases being entirely withheld. This will ensure DESNZ is confident with the costs of the project to date<sup>2</sup> and that the applicant has sufficient capability to utilise the full grant allocation.

Grant Recipients must follow in-year spend requirements. Funding cannot be carried across financial years by the Local Authority, and the Local Authority should therefore not request more funding than can reasonably be spent each financial year. Funding that cannot be spent within the same financial year must be returned to DESNZ. The first grant payment is dependent on timely receipt of MoUs and annexes; those received outside the twenty working days may result in a delay to payment of the grant. Incomplete returns may also cause delays. See your Grant Allocation letter for further details.

## 5.2 Drawing Down Capital via the Batch System

Once Grant Recipients have passed their Delivery Assurance Check (DAC), they will be able to progress to the delivery stage, in which they will submit 'batches' of homes that the project has identified as eligible and willing to receive upgrades, retrofit assessed and fully costed to draw down the necessary capital funding at the point of need.

The batch system, first used under HUG 2, will be streamlined and simplified for the WH:LG and only used to enable drawdown of funding and to monitor policy trends (rather than to control and assess whether batches meet the policy rules). Grant Recipients will still need to meet the cost caps, and measure price limits where relevant, but this will only be required by project closure, rather than 'at all times' as under HUG 2. This will ensure that fully completed batch forms are smoothly approved with minimal delays.

Data submitted in the batch system will primarily consist of:

- the number and types of homes proposed to be upgraded;
- the measures being installed and their costs;
- any additional capital costs (e.g. for surveys or assessments, see below table in Section 5.2 Eligible Spend Categories);

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<sup>2</sup> For example, by demonstrating appropriate use of the 15% administrative and ancillary budget.

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- how these costs relate to the cost caps available, along with any private or social landlord cost contributions; and
  - some additional information on batch delivery timings, VAT considerations, and the amount of upfront funding (capital only) already spent on preparing the batch.

DESNZ will check the batch submission has been filled out correctly and completely, including whether the total homes costs included in the cost caps equal the total amount spent on measures and additional capital costs. If the form has not been filled out correctly or completely, the batch submission will be returned to the Grant Recipient to be amended. Due to the simplified purpose of the batch system, which will not include enforcement of policy rules such as cost caps or measure price limits on each individual batch, it is anticipated that correctly filled in batches will be approved quickly.

Once a batch has been approved, the Department will release funding for the proposed batch, drawing down against the funding agreed through the MoU and Grant Agreement. Once approved, the Grant Recipient is authorised to commence upgrades on the batch and can utilise its upfront funding to avoid delays whilst awaiting issuance of payments from the Department, which can take six to eight weeks to process and reach Grant Recipient bank accounts.

To aid reconciliation of batches, batch ID numbers will be added when costs are manually entered against measures lodged on Trustmark against specific addresses. Measure details will be pulled automatically via an API, using the unique property reference number (UPRN), that scrutinises Trustmark lodgement data, streamlining this process and reducing the data burden.

Grant Recipient Leads and Consortium Members (CMs) will have individual licences to access the Automated Batch System (ABS) platform, with no restrictions on how many times they can access the platform to draft, finalise and submit batches.

Grant Recipients may submit multiple batches of homes at once; each batch will be checked individually. Grant Recipients will continue to submit batches until all allocated capital funding has been exhausted and or the delivery window closes. Batches can be submitted at any frequency and may contain any number of homes (one or more).

Grant Recipients are required to submit all measures for an eligible home within the same batch submission. Grant Recipients are not permitted to treat the same home across two or more batches.

### 5.2.1 Automated Batch System Editing Process

The ABS 'editing process' replaces the 'Batch Change Request' process used under HUG 2 schemes. The ABS editing process aim is to streamline batch amendments process to avoid unnecessary checks and delivery delays within the project.

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If changes occur within an already approved batch (i.e. batches need to be edited to reflect a change on the ground), Grant Recipients will utilise a built-in 'editing function' within the ABS system to provide only the necessary changes related to the batch. Once the editing is completed, Grant Recipients must re-submit the batch for the approval. Please note this function only applies to already approved batches.

The ABS editing process is designed to capture any changes made to the original approved batch. Any ABS edits to costs will have a direct impact on batch payments. Where the total grant funding is reduced, any overpayment for the batch will be subtracted from the next batch payment to be made. Or if there are no further batch payments to be made, funding will be clawed back by DESNZ. Where the total grant funding is increased, this will trigger a further payment request to be processed for the Grant Recipient.

The ABS editing process can be used to:

- reduce the number of homes – note the number of homes cannot be increased and any new homes must be submitted as part of a new batch;
- increase or reduce cost figures for measures, additional capital expenditure items, and / or the energy performance or low carbon heat cost caps;
- add or remove individual measures from the batch;
- increase or reduce the total number of a given measure to be installed in the batch; or
- increase or reduce the number of private rented sector homes being fully funded by the grant or 50% co-funded by the landlord.

Note, the list above is not an exhaustive list of eligible ABS editing options that can be utilised to support batch amendments. The department reserves the right to update or change the list above at any time. All eligible Local Authorities will be informed of any ABS system changes that may be made.

## 5.3 Eligible Spend Categories

While all funding provided to Grant Recipients is capital for accounting purposes, WH:LG Recipients are required, as set out in the MoU, to report costs incurred in delivering their project against the four categories: admin (A&A), ancillary (A&A), additional capital and measure capital, as shown in the table below. Green cells denote spend items that can be assigned to that category; red cells denote spend items that must not be assigned to that category. Where more than one cell is green in a row, spend can be assigned to any of the green cells, depending on Grant Recipient project design/preference. This data is gathered to support DESNZ's oversight and management of projects and to inform future scheme design. DESNZ reserves the right to amend this categorisation at any time.

A project's combined spend on A&A costs must not exceed 15% of the total spend on the Grant. This limit must be met by project end – but Grant Recipients can be in excess of this



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figure during the delivery window if necessary, providing they average down to be within the limit by project closure. Grant Recipients should work with their accounting officers to ensure that their budgeting and allocations are fit for purpose.

The A&A columns in the table below are not related to the batch form or process. The A&A funding will be received via the upfront payments that will be transferred to Grant Recipients at the start of each financial year and will not feature as part of the ABS. The 'additional capital' and 'measure capital' columns below are the only two types of capital that should be utilised to add costs to the batch form to draw down funding.



|   | Administration | Ancillary | 'Additional' Capital | 'Measure' Capital |
|---|----------------|-----------|----------------------|-------------------|
| Project management, resourcing, reporting and governance costs  |                |           |                      |                   |
| Managing agent (Local Authority delivery partner) resource  |                |           |                      |                   |
| Procurement costs   |                |           |                      |                   |
| Legal costs   |                |           |                      |                   |
| Outsourcing / consulting costs  |                |           |                      |                   |
| Search costs (e.g., resident recruitment costs, income verification, comms & marketing, targeting, and lead generation)   |                |           |                      |                   |
| Retrofit coordinator training costs   |                |           |                      |                   |
| Abortive costs (e.g. Energy Performance Certificate (EPC) or Publicly Available Specification (PAS) assessments for homes which drop out)                                     |                |           |                      |                   |
| Failed insulation costs or extraction costs (only if not covered by insurance or guarantee of previous install)   |                |           |                      |                   |
| Services to support householders with a disability (beyond capital costs, e.g., EWI where the householder needs a ramp installed)   |                |           |                      |                   |
| After-care services (to ensure households know how to use any new technology) & follow up visits (for any home with a new heat pump)  |                |           |                      |                   |
| Survey costs, e.g., structural condition surveys, asbestos etc.   |                |           |                      |                   |
| PAS 2035 Retrofit Assessor / Coordinator / Evaluator / Adviser / design costs   |                |           |                      |                   |
| PAS 2035 on-site compliance costs e.g., air tightness test, Reduced data Standard Assessment Procedure (RdSAP) measurements, electrical testing, commissioning, certification |                |           |                      |                   |

|  |  |  |  |   |
|--|--|--|--|---|
| SAP / EPC assessments  |  |  |  |   |
| Ventilation upgrades or assessments  |  |  |  |   |
| Trustmark lodgement fees   |  |  |  |   |
| Heritage impact assessment   |  |  |  |   |
| Planning applications & statutory body approvals   |  |  |  |   |
| Whole house or site costs (e.g. hotel stay, toilet facilities for labourers, painting, rendering a wall for general damp etc.)   |  |  |  |   |
| Waste management costs (e.g. skip)   |  |  |  | Note, there is a risk that inclusion as 'measure' capital may cause the measure cost to exceed measure price limits at scheme end, and this should be managed by Grant Recipients |
| Scaffolding  |  |  |  |   |
| Measure specific enabling or remedial works (e.g. loft clearance, access hatch costs, rendering a wall, equipment guarantee etc) |  |  |  |   |
| Extra costs associated with IWI or EWI (fixing roof linings, ledges, piping, or window alignments etc.)                          |  |  |  |   |
| Radiators, pipework, oil boiler removal  |  |  |  |   |
| Measure product & material costs   |  |  |  |   |
| Installer labour costs   |  |  |  |   |
| Measure & installer transportation costs   |  |  |  |   |

## 5.4 Private Rented Sector Declarations

DESNZ will provide Grant Recipients with a form that must be completed by landlords ahead of delivery commencing which will obtain the three declarations and information required for Private Rented Sector households to be upgraded under the WH:LG. The landlord will be required to:

- Acknowledge participation in DESNZ-led surveys or evaluations regarding private rented sector uptake and impacts under the WH:LG.
- Confirm that the Minimal Financial Assistance (MFA) limit of £315,000 will not be exceeded by the landlord receiving the proposed assistance to comply with subsidy rules under the Subsidy Control Act (2022).
- Provide details which will be stored on a central database of landlords participating in the WH:LG. The details in this database will be used to check whether the landlord's home should be fully funded by the grant or 50% funded by the landlord.

The following sections explain these declarations in more detail.

### 5.4.1. Evaluation and Monitoring

Grant Recipients will be required to facilitate and support DESNZ-led surveys or evaluations regarding the uptake and impact of upgrades delivered in privately rented homes under the WH:LG. 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.

The form requires landlords to declare that they do not intend to raise rents as a direct result of upgrades being installed which are being funded by the scheme and acknowledge their participation in a survey as part of the Department's data gathering.

### 5.4.2. Subsidy Declaration

Upgrades to private rented sector properties will constitute a subsidy to landlords under the Subsidy Control Act (2022). Grant Recipients will be required under the MoU to ensure that the subsidy to each private rented sector landlord does not exceed the MFA limit of £315,000. This includes the value of any WH:LG support to be given to the landlord, in addition to any previous subsidy received by the landlord over the current and previous two financial years. This ensures no single landlord receives excessive amounts of funding and reduces the administrative burden on Grant Recipients of conducting a full principles assessment under the Act.

### 5.4.3. 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 WH:LG. The Delivery Partner will inform Grant Recipients of the outcome of the home check in order for them proceed with the allocation of funding to the PRS household.

## 5.5 Change Request Process

This section outlines the procedures, responsibilities, and expectations for managing change requests within the grant framework. This process ensures that changes to projects are systematically evaluated and approved in an impartial and consistent manner for all Grant Recipients and allows DESNZ to maintain the integrity and objectives of the original plan submitted.

If the Grant Recipient cannot deliver according to the delivery plan stipulated in their DAC and agreed to by DESNZ, or if there is any other deviation from the MoU or DAC, they must notify the Authority as soon as possible and begin the Change Request process.

The Change Request process is designed to capture any changes made to the project as defined in the MoU and DAC. A Project Change Request can amend:

- Forecasted number / range of homes that a project will deliver (delivery forecast plan)
- Delivery profile
- Consortium structure and membership
- Income verification methodology
- Delivery Partner (Supplier) procured
- Amendments to MoU terms.

### 5.5.1. Change Request Submission

Prior to submitting a change request, Grant Recipients should discuss the proposed change with DESNZ, including why the change is needed, contextual factors and how the change will be implemented.

Grant Recipients then submit a **Change Request Form** that reflects those initial discussions. The form must be completed accurately and in detail and submitted via email to [WHLG@energysecurity.gov.uk](mailto:WHLG@energysecurity.gov.uk).

The change request form will be available to download ahead of the delivery period, and this guidance will be updated to reflect any specific actions required.

### 5.5.2. Change Request Evaluation

Upon submission, change requests are first quality assured to determine if they meet required standards before being evaluated to assess their impact level. WH:LG will have a set of impact thresholds which will allow DESNZ to benchmark changes across the scheme. The Authority will endeavour to respond to the Change Request within ten working days of submission.

A straightforward request that does not significantly alter the delivery profile of a project, is unlikely to breach impact thresholds and typically will be approved quickly.

However, a more complex request requiring significant funding adjustments, or likely to breach impact thresholds, may be escalated for further consideration and as such may require additional time. In such cases, an estimated timeline for a final decision will be communicated as soon as possible.

### 5.5.3. Change Request Decisions

A change request can lead to one of four possible decision outcomes. The request may be **approved**, allowing the proposed changes to be implemented immediately. Approved changes will be confirmed in writing by DESNZ (see Section 5.5.4.).

The request could be **approved with conditions**, meaning the changes can proceed but with specific stipulations that must be met before full approval is granted. The Grant Recipient will be notified of the specific conditions attached to approval and then it will be their responsibility to take the necessary actions. This may involve providing additional information, adjusting the proposed changes, or fulfilling certain other requirements as specified by DESNZ. The Authority will verify that the conditions have been met before the change request is granted full approval, and the proposed change can be implemented without further delay (see Section 5.5.4.)

The request might be **deferred**, meaning that further information or actions are required before a final decision can be made. If the request is deferred, the additional information or actions needed, such as gathering more data or consulting with additional stakeholders, will be outlined. Once the Grant Recipient has addressed the reasons for deferral, they will resubmit the change request with the additional information or adjustments so that a final decision can be made. The request can then be approved, approved with conditions, or rejected based on the new information provided.

DESNZ reserves the right to **reject** a Change Request. Reasons for rejecting a Change Request may include, but not be limited to:

- if the proposed changes sit outside the scope of WH:LG;
- if they are considered to be undeliverable;
- if they require additional resources that are not available; or
- if they introduce significant risks that cannot be adequately mitigated.

### 5.5.4. Implementation of Approved Changes

No Change Request will be effective unless agreed in writing by DESNZ.

Once approved, changes must be implemented according to the revised project plan. Grant Recipients will receive guidance on how to update their MoUs to reflect the approved changes where necessary.

If the approved Change Request indicates that the Grant Recipient cannot utilise the allotted funding even with a Remediation Plan, the Grant Recipient will work with DESNZ to identify any resulting underspend, agree a Recovery Plan, and facilitate the prompt return of that underspend to DESNZ.

Grant Recipients are responsible for providing regular updates on the progress and outcomes of the implemented changes, adhering to the reporting requirements outlined by DESNZ.

## 5.6 A&A Policy

### 5.6.1. The default approach to issuing A&A

As set out in the WH:LG Memorandum of Understanding (MoU), 15% of the Grant Recipient's total WH:LG spend can be used for A&A (see the Payment Models section). The default approach is that this A&A is paid out across the scheme's 3 financial years as part of the annual upfront payment, where 15% of the financial year's funding is paid out as A&A alongside a further 5% of the financial year's funding which is paid out as capital.

As WH:LG's Year 1 budget is significantly smaller than WH:LG's Year 2 and Year 3 budget, most Grant Recipients' A&A upfront payment in Year 1 will be significantly smaller than their A&A upfront payment in Years 2 and 3. For an example of what this may look like, see Table 1.

Some Grant Recipients have expressed concern that the low levels of A&A in the upfront payment that they are due to receive in Year 1 will not be sufficient to mobilise and deliver capital funding in that year.

### 5.6.2. Amended approach

WHLG now offers Grant Recipients the option to draw down more A&A in Year 1 and balance this out by reducing their Year 2 and Year 3 draw down of A&A to ensure that no more than 15% of total project spend is spent on A&A over the 3 years of scheme delivery.

Under this offer, the amount of A&A upfront payment that can be issued in Year 1 is capped at 33% of the overall A&A total, which amounts to 15% of the three year expected project spend, allowing Grant Recipients to "smooth" their total A&A spend over the three financial years. For an example of what this might look like, see the Table 1 below.

### 5.6.3. Clarifications

- The total A&A spend for the scheme must still not exceed 15% of total grant spend by Project Closure Completion. This means that taking a higher proportion of A&A in Year 1 will mean the project will have proportionately less A&A in Years 2 and 3, see Table 1 below as example.

- It is the responsibility of the Grant Recipients to plan adequately to ensure that, in 'smoothing' A&A across financial years to draw down more A&A in Year 1 and less in Years 2 and 3, they will still have sufficient A&A to support delivery in Years 2 and 3. Grant Recipients will be asked about their resourcing and project management plans across all three years of scheme delivery as part of their Delivery Assurance Check.
- The Grant cannot be moved between financial years due to wider HMG rules. This means that each Grant Recipient's overall allocation for Year 1 will remain the same – the change will be in the proportion of year 1 funding spent on A&A vs on capital, so if a higher proportion of A&A upfront payment is drawn down in Year 1, that amount is taken out of the project's capital allowance for Year 1. So, for example, if you claim an extra £100,000 in A&A in Year 1, you will have £100,000 less in capital for Year 1.
- This option allows Grant recipients to request to draw down up to 33% of their total A&A budget in Year 1, but there is also flexibility to request to draw down less than that if it is more appropriate for scheme delivery. For example, if your Year 1 upfront A&A payment is 18% of your three-year A&A budget, and you want to instead access 24% of your A&A budget in Year 1 (leaving 38% for Years 2 and 3 respectively), we can support this.
- This offer is optional – Grant Recipients can stick with the default A&A payment profile across financial years if more appropriate for their delivery (noting that demand for A&A in later years may be higher than in Year 1, given the higher levels of delivery).

Grant recipients interested in pursuing this approach to A&A payments should indicate this to WH:LG team as soon as possible, ideally alongside their MoU submission.

Table 1: An example for a project receiving £10m A&A over three financial years

| Financial Year                           | Year 1    | Year 2    | Year 3    | Total      |
|--|-----------|-----------|-----------|------------|
| Example Total % A&A across FYs (current) | 18%       | 41%       | 41%       | 100%       |
| Example - Current A&A Profile (£)        | 1,800,000 | 4,100,000 | 4,100,000 | 10,000,000 |
| Proposed Total % A&A across FYs          | 33%       | 33%       | 33%       | 100%       |
| Example - New A&A Profile (£)            | 3,333,333 | 3,333,333 | 3,333,334 | 10,000,000 |

## 6. Data and Reporting

### 6.1 Reporting Requirements

Grant Recipients must adhere to the monitoring and reporting requirements of WH:LG. Monitoring and reporting are key activities to ensure that Grant Recipients are supported to deliver their projects and provide DESNZ with oversight of how projects are progressing against their expected outcomes (baselines). Reporting is also required for tracking the benefits of the project, and for the publication of official statistics of the project, which are a requirement for transparency when spending public money.

Grant Recipients must supply DESNZ with a monthly data report following the reporting cycle set out in the Memorandum of Understanding (MoU) and Data Sharing Agreement (DSA). It is critical that Grant Recipients ensure this data is accurate and that mandatory fields are complete. Grant Recipients may also be required to provide additional data and reporting at the request of the department.

Grant Recipients will supply this data via the Grant Management Application Portal and the process for this will be set out during the mobilisation period. Consortia leads will be responsible for submitting reports on behalf of themselves and all the Local Authorities in their consortium. Leads will also be held responsible for the timeliness and quality of the data submitted.

Grant Recipients will report on the following data points:

- Project summary
- Project team
- Baselines
- Actuals and forecasts, including Key Performance Indicators (KPIs)
- Risks, fraud, and error
- Finance
- Properties, measures, and installers.

The new reporting platform retains the requirement for Grant Recipients to report monthly but now provides access to add further information outside of the standard monthly reporting cycle. Information related to KPIs will remain a monthly requirement, but additional information around risk, property details and measure costs can be added during the month. It is anticipated that this new method of reporting will reduce pinch points and lessen the data burden for Grant Recipients.

To ensure prompt and accurate reporting, Grant Recipients are required to login and submit their monthly reports via the DESNZ Grant Management Application system. Grant Recipients will be given access to the system once their MoU and DSA have been signed and returned to



DESNZ. DESNZ will provide comprehensive training and support videos to Grant Recipients on how to access and use the system throughout scheme delivery. A series of webinars and workshops will be held by DESNZ for all users prior to the first monthly report being submitted. Follow up sessions to reflect on use of the system will provide an opportunity for Grant Recipient feedback, which can be used to refine and enhance the reporting platform.

## 6.2 Performance Management

### 6.2.1 KPIs, escalation and triggers

The WH:LG KPIs, performance management triggers and escalation strategy is documented in full within the MoU issued to all Grant Recipients. The strategy has been developed to reward Grant Recipients that are performing well and includes opportunities for additional funding to be provided to Grant Recipients able to deliver more than initially forecast. Additionally, the strategy is able to intervene when a grant recipient has consistent underperformance, to help improve performance and bring the grant recipient back on track and deliver in line with their forecasts. Triggers can be implemented if it is deemed by DESNZ that delivery performance is irregular or falling below expectations, even if performance has not breached the underperformance definition in the MoU. DESNZ reserves the right to modify the WH:LG trigger and escalation strategy at any time. Any change will be communicated at least one month prior to it coming into effect.

If the Delivery Confidence Assessment (DCA) and / or KPIs show underperformance, Grant Recipients will be required to discuss the reasons for the underperformance in a subsequent monthly meeting and provide proposals for improvement. Consistent underperformance may trigger further interventions, such as a request for a Remediation or Recovery Plan.

Grant Recipient non-attendance at two consecutive monthly check-in meetings will result in an escalation by DESNZ and may result in a request for a remediation plan. Remediation and recovery plans will be assessed on a case-by-case basis and will be agreed between both parties. DESNZ reserves the right to allocate a consultant to support the Grant Recipient during the scheme, if required. Under certain circumstances, the batch submissions / payments may be paused, and the Grant Recipient will work with DESNZ to identify any resulting underspend or misuse of funds, then facilitate the prompt return of funds to DESNZ.

In any instances whereby the Grant Recipient is achieving the minimum performance standards, it may be appropriate to consider whether the Grant Recipient can deliver more than the current forecast. In-year spend rules mean that a Grant Recipient must return underspend to DESNZ at the end of the financial year.

For more information, see the “Performance Management” and “Performance Management – Triggers and Escalations” sections of the MoU.

### 6.2.2 Delivery Confidence Assessment

The DCA is a rating that illustrates the level of confidence DESNZ has in a Project.

The aim of the DCA is to help DESNZ understand all aspects of a Project's delivery. This includes but is not limited to:

- preparing recommendations to improve or ensure delivery remains consistent with the Project Baseline;
- advising and feeding in any lessons learned across the Schemes; and
- reflecting on and communicating potential Remediation Plans if delivery does not improve.

Grant Recipients will be assessed after each monthly meeting has been held, using the meeting information and monthly data submission information to score the Grant Recipient including, but not limited to, the following aspects of the project:

- KPI delivery
- Commercial assurance
- Internal resourcing
- Risk
- Stakeholder relationship established.

These criteria will then generate an overall DCA score. This will allow DESNZ to address any concerns with the Grant Recipient and help them understand what they need to review to get back on the 'path to green'.

## 6.3 Capitalisation

In past schemes there have been multiple questions in response to queries surrounding capitalisation of costs. Therefore, we are reminding Grant Recipients that expenses can be capitalised in line with the guidance provided in the MoU and this delivery guidance document. The relevant accounting standard is IAS 16, and we would expect Grant Recipients to recognise expenditure considering paragraphs 16 through to 22 of IAS 16. Therefore, expenses may generally only be capitalised if they were directly attributable to a measure / household and necessary for “bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended”.

Grant Recipients have flexibility to budget Publicly Available Specification (PAS) costs as Administration and Ancillary (A&A) or capital. Abortive PAS costs must be A&A if they do not lead to a completed retrofit (properties that have had eligible measures installed).

## 6.4 Monitoring and Information Management

The need for prompt and accurate reporting and the need for considered and effective KPIs and utilisation of available information are key considerations for management of contracts. Lack of information for contract managers may lead to issues in monitoring contract

performance, breakdown in effective communication with suppliers, and may contribute to issues with the delivery of the contract and its aims. Contract managers should consider what information they need to effectively manage and monitor the contract, and to hold their supplier to account for the agreed delivery.

## 6.5 Trustmark Lodgement

Firstly, the Grant Recipient must ensure that a TrustMark PAS 2035 Project is created in the TrustMark Data Warehouse for each household included within an approved batch submission. These projects must only be created after batch approval, and in any event no later than four weeks from the batch approval date.

Secondly, the Local Authority must ensure that final lodgements in the TrustMark Data Warehouse to close a TrustMark PAS 2035 Project are actioned within six weeks of works being completed for the household.

Grant Recipients can access TrustMark data via various tools provided to assure that the measures installed have been lodged as required and therefore compliant. It is important to be aware of the expectations on installers and the benefits to ensuring that lodgements are completed in a timely manner to ensure that there is no snagging at the end of the project. Grant Recipients must ensure that lodgements are completed in a timely manner throughout the lifetime of the scheme, rather than in a bulk completion at the end of the project. Lodgements can be completed in stages, as the installation progresses through its journey, starting from after the batch submission is approved.

Lessons learned from previous schemes have shown that, where lodgements have been completed in bulk at the end of the scheme lifetime, non-compliant measures are flagged late, with little time to rectify issues. Had lodgements been completed throughout the customer journey, issues may have been flagged sooner and before the end of the scheme. Issues therefore may have been raised or prevented prior to further installation of non-compliant measures. Lodgements made as outlined above throughout the customer journey are therefore critical for consumer protection.

## 7. Managing Potential Fraud, Error and Non-Compliance

Grant Recipients are required to adopt a proactive, structured and targeted approach to managing the risk of fraud error and non-compliance within the administration of Warm Homes: Local Grant, including their Supply Chain.

The Grant Recipients obligations have been set out in the Memorandum of Understanding (MoU) under the Fraud and Error Section paragraph 169 - 187, but in summary they include:

- developing and maintaining a Fraud Risk Assessment (FRA);
- implementing and maintaining a Fraud Management Plan (FMP);
- conducting assurance reviews on a proportion of proposed, ongoing and completed works to ensure compliance with scheme requirements and identify potential fraud or errors;
- undertaking corrective actions / implementing sanctions as appropriate and when required;
- using existing tools and checks made available; and
- reporting to DESNZ cases of current and emerging fraud, error and non-compliance.

### 7.1 Fraud Risk Assessment

The FRA should identify the fraud, error and non-compliance risks that may impact on the delivery of the Grant Recipient's project. It should set out the controls that are in place to mitigate each risk and assess the likelihood and impact of any residual risks and how these will be treated.

The FRA should be comprehensive, including a clear and simple description of the relevant risks covering each of the key thematic risk areas, (also known as the five pillars of risk - Administration, Beneficiary, Property, Installer and Measure), appropriate controls, and pragmatic evaluation of the residual risk and scores.

Guidance on conducting an FRA and completing the FRA template is available within Annexes 15 and 9 of the MoU respectively.

#### 7.1.1 Fraud Risk Assessment - Mid-Mobilisation Review and Delivery Assurance Check

The FRA template and guidance has been included within the annex of the MoU. Further support and guidance on completing an FRA is available through Retrofit Information Support and Expertise (RISE).

The Grant Recipients must submit an initial iteration of their FRA to be reviewed for feedback at Mid-Mobilisation Review (MMR). RISE will review the FRA during the MMR and provide feedback where necessary for areas in the FRA that Grant Recipients can improve and strengthen ahead of submitting their complete version as part of the Delivery Assurance Check (DAC) process.

Grant Recipients who are transferring from HUG 2 can carry forward their FRA at the DAC, and as part of the DAC process must assure DESNZ through a declaration that this is the latest version of their FRA which has been appropriately used during HUG 2 and updated to capture any emerging risks and new controls for the new scheme.

### 7.1.2 Fraud Risk Assessment - Operational Delivery

During the administration and delivery of Warm Homes Local Grant, Grant Recipients are mandated to review, update and maintain the FRA on a monthly basis and implement changes to fraud controls as needed to address the evolving understanding of the fraud risk, e.g. from operational findings, shared insights, intelligence received etc.

DESNZ and / or their appointed Delivery Partner will conduct periodic reviews of the FRA as part of assuring that the Grant Recipients are managing fraud, error and non-compliance effectively for the scheme and within their own supply chain. Feedback may be provided to the Grant Recipients to ensure emerging risks and controls have been appropriately captured.

## 7.2 Fraud Management Plan

The Fraud Management Plan should set out the Grant Recipient's approach to managing and operating the controls identified in the FRA. This should include the following:

- Overall Approach – include governance structures, named individuals, escalation routes, how the FRA will be managed, and how performance of the fraud, error and non-compliance controls will be managed and reported, including reporting to DESNZ.
- Deterrence of fraud and non-compliance – listing what visible controls are going to be put in place to deter people from committing fraud.
- Prevention and detection of fraud, error and non-compliance – set out how the controls will be operated to prevent and detect fraud, errors or non-compliance.
- Resolution of detected fraud, error and non-compliance – if suspected fraud, error or non-compliance is identified, how the Grant Recipient will investigate the incident and what steps the Grant Recipient will take in respect of corrective action / sanctions.
- Resourcing and operations – how the fraud, error and non-compliance operations will be resourced and how cases will be managed.

The FMP template has been included as Annex 10 within the MoU, which includes the detailed guidance for Grant Recipients to produce the FMP.

### 7.2.1 Fraud Management Plan - Mid-Mobilisation Review and Delivery Assurance Check

RISE will provide support to Grant Recipients with their FMP. This could include guidance in the form of focused workshops and / or individual calls.

RISE will review the FMP during the MMR and provide feedback where necessary for areas in the FMP that Grant Recipients can improve and strengthen, ahead of submitting their complete version as part of the DAC process.

Grant Recipients who are transferring from HUG 2 can carry forward their HUG 2 FMP template and contents to WH:LG provided it remains valid and accurately reflects how the Grant Recipient will operate its fraud, error and non-compliance controls when delivering Warm Homes: Local Grant. The Grant Recipient will be required to make a declaration confirming this is the case when submitting the FMP at DAC.

### 7.2.2 Fraud Management Plan - Operational Delivery

The Grant Recipient must maintain its FMP to reflect any changes to operational processes or to controls as a result of any changes in personnel, risks or continuous improvement activity.

DESNZ will review the Grant Recipient's FMP periodically, to assure that the plan remains in place and is effective.

## 7.3 Reporting Fraud, Error and Non-Compliance

As stated in the MoU, Grant Recipients have an obligation to report cases of fraud, error and non-compliance which have been prevented or detected (even if the cases have subsequently been recovered). Grant Recipients will be asked to report on any fraud, error and non-compliance as part of the monthly reporting on the Grant Management Application Portal, but there is also an opportunity to record cases on an ad-hoc basis. Guidance on reporting fraud, error and non-compliance has been included within Annex 17 of the MoU.

General information on reporting requirements can be found in Section 6.1 of this guidance.

# 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 Warm Homes Local Grant (WH:LG). Examples of what spend could be included in the administration and ancillary budget can be found in Section 5.2 of this document.

**The Authority** – means DESNZ and / or the DESNZ Delivery Partner, unless otherwise specified.

**Batch** – means a group of ‘ready to retrofit’ homes. Before a batch submission, all homes (and households) within the batch must have been validated as eligible, assessed in line with the latest Publicly Available Specification (PAS) (currently PAS 2030:2023 and PAS 2035:2023), with measures designed by a suitably qualified retrofit designer and fully costed, awaiting installation of measures.

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

**Delivery Assurance Check (DAC)** – 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 meets the minimum criteria for the project to move into delivery. The Grant Recipient must pass this check to start the delivery and draw down funding to upgrade homes.

**Delivery Confidence Assessment (DCA)** – this means an assessment of the Grant Recipient's performance, produced by the Authority. See Section 6.2.2.

**DESNZ** – means the Department for Energy Security and Net Zero.

**DESNZ Delivery Partner** – means an organisation DESNZ may appoint to oversee the management and delivery of WH:LG projects. DESNZ may delegate powers to the DESNZ Delivery Partner to act in conjunction with or on behalf of DESNZ.

**Eligible Household** – means a household which meets the low-income and property eligibility requirements and to which Eligible Measures may be delivered on behalf of the Grant Recipient. In summary, households receiving measures must have been verified as low income through one of the income eligibility pathways (Pathway 1: reside in an economically deprived area as defined by the Indices of Multiple Deprivation Income Deciles 1-2, Pathway 2: be in receipt of an eligible means tested benefit or meet the current ECO4 Flex route 2 criteria, or Pathway 3: have a household income of no more than the eligible income threshold, or below the household income threshold according to the composition of adults and dependents residing at the property, set out in the After Housing Costs Equivalisation Tables). Households must also live in a domestic dwelling in England with an Energy Performance Certificate (EPC) Rating of D, E, F or G. Owner occupied and Private Rented Sector properties are eligible tenures in WH:LG. Social housing is ineligible except for in-fill purposes only and capped at

10% of a project's total homes delivered. Park homes will be eligible subject to meeting certain policy requirements.

**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, except for retrofit/package hybrid heat pumps in homes currently heated by mains gas (though only the heat pump component can receive Warm Homes: Local Grant funding). Installers must be Trustmark registered and certified under the latest version of PAS 2030 or by MCS<sup>3</sup> to install the relevant eligible measures under each standard. All measures must be lodged onto the Trustmark data warehouse.

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

**Expression of Interest (Eoi)** – this means an expression of interest made by a Grant Recipient which details their proposal at the expression of interest stage. Subject to the terms of this MoU, expressions of interest that meet the minimum criteria will be allocated in-principle funding and approved to receive an Upfront Payment. To draw down subsequent payments of the in-principle funding allocation, the Grant Recipient will need to be successful at DAC. Once this has taken place, the Grant Recipient will be able to submit information on eligible homes that have been assessed and ready to undergo upgrades at the Batch Submission Stage.

**HUG 2 DAC Transfer** – is the process by which Grant Recipients can update and transfer their existing HUG 2 contracts and / or relevant HUG 2 required documents to count towards the WH:LG DAC. Grant Recipients can choose to update and transfer any required documents on our transfer list from HUG 2 to WH:LG, provided they are updated where necessary. Grant Recipients can also choose to transfer their HUG 2 contracts to be used on WH:LG for a period of time whilst they undergo any new WH:LG procurement (where they can be extended in compliance with the 2015 Public Contract Regulations). When these HUG 2 contracts expire or are replaced by a fresh procurement, Grant Recipients will need to have those new contracts checked and approved by the Authority before continuing with delivery. Grant Recipients will also need to ensure that transferred contracts and / or documents are fit for purpose against the new WH:LG policy and any lessons from the delivery of previous schemes are incorporated.

**MCS** – Microgeneration Certification Scheme. This is a scheme which certifies, quality assures and provides consumer protection for microgeneration installations and installers. These consist of small-scale renewable electricity technologies such as solar PV, biomass, wind, heat pumps and heat products.

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<sup>3</sup> Or able to demonstrate registration with a scheme which has been deemed equivalent by the Secretary of State.



**Minimal Financial Assistance (MFA)** – Is an exemption to the Subsidy Control Act 2022 which allows public authorities to award low-value subsidies (up to £315,000) without the need to comply with the majority of the subsidy control requirements.

**MoU** – Memorandum of Understanding between the Secretary of State for Energy Security and Net Zero, and the Grant Recipient.

**PAS 2030** – Publicly Available Specification 2030 sets out robust and uniformly applicable technical specifications for the installation of energy efficiency improvement measures. It must be used in conjunction with PAS 2035.

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

**Recovery Plan** – this means a plan which outlines the steps for return or recovery of funds either from a contractor or Consortium member to the Grant Recipient, or from the Grant Recipient to the Authority.

**Remediation Plan** – This means a plan which outlines a fault or issue, and the actions proposed for agreement to remedy this, agreed in accordance with paragraph 149 of the MoU. The Authority may request specific items for the Grant Recipients to cover in the Remediation Plan, however as a minimum it should include: detail of the material fault, risk or issue, including cause; detail of steps or actions proposed for remedy; detail of steps or actions to prevent recurrence; timelines for action and resolution of proposal; intended outcome.

**Retrofit Assessor** – this is the individual who will be responsible for undertaking a survey of the dwellings, incorporating RdSAP data collection, a detailed floor plan, condition survey and occupancy assessment. Such surveys need to be accurate to ensure retrofit activity is only undertaken on eligible properties and that appropriate installations are chosen for these properties.

**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 Energy Efficiency Measures (EEM) 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 & expertise (RISE)** – this is the website ([RISE](#)) for the Technical Assistance Facility (TAF) through which the Grant Recipient can access support services, access one-to-many support, and register for events. See Section 3 of the guidance document.

**RdSAP** – The Reduced data 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.

**TrustMark** – is the Government Endorsed Quality Scheme that covers work a consumer chooses to have carried out in or around their home.

**Upfront payment** – this refers to a proportion of the Grant transferred to Grant Recipients at the start of a financial year. Upfront Payments can be used for Administration & Ancillary costs, Capital expenses that are necessary ahead of retrofitting homes with measures, as well as Capital expenses for approved Batches during the weeks whilst Batch Payments are transferred to the Grant Recipient's bank account. This includes resourcing, procurement, specialist advice, searching for eligible homes, signing up households, validating homes, assessing homes, agreeing a measures package in line with required PAS standards and Capital expenditure to deliver upgrades. This should constitute all A&A expenses plus some Capital expenses required pre-delivery, such as PAS assessment costs and some Capital expenses required in delivery whilst Batch Payments are transferred to the Grant Recipient. Refer to the Grant Recipient Delivery Guidance for more information.

This publication is available from: <https://www.gov.uk/government/publications/warm-homes-local-grant>

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