



# Housing First, Planning & Infrastructure Commission

Date: 25 March 2026

Subject: Warm Homes Plan

Report of: Mark Atherton, Director of Environment, GMCA

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## Purpose of Report

To provide a briefing on the Government's Warm Homes Plan and potential implications for Greater Manchester.

## Recommendations:

The Commission is requested to note the contents of this report.

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## 1. Introduction

The Government's Warm Homes Plan (WHP), published by the Department for Energy Security and Net Zero (DESNZ) on 21 January 2026, sets out how it will help people find ways to save money on energy bills and transform the country's ageing building stock into comfortable, low-carbon homes that are fit for the future.

## 2. Funding

The WHP provides £15 billion of public investment to cut energy bills, bring households out of fuel poverty, increase energy security, and make homes warmer and more efficient:

- £5 billion for low-income schemes, primarily delivered by local / combined authorities.
- £2 billion for consumer loans – a universal offer of new low-interest consumer loans to help homeowners to meet upfront costs.
- £2.7 billion for the Boiler Upgrade Scheme (BUS) – continuation of £7,500 off a heat pump which will also get increased funding year on year.
- £1.1 billion for Heat Networks.
- £2.7 billion innovative finance through the Warm Homes Fund to invest in home upgrades.
- £1.5 billion other funding for WHP Programmes and Devolved Administrations.

## 3. Key Messages

- Prioritisation of rooftop solar, clean heating, energy storage, and flexibility in investment programmes, alongside fabric and adaptation measures. Target for 3 million homes to have solar panels installed, and 450,000 heat pumps by 2030.
- The WHP aims to provide an offer for every household, for example through the expanded BUS grants and low- and zero-interest finance to help meet upfront costs. There is a strong emphasis on giving households the choice / options to make improvements to their home energy efficiency.
- A new Warm Homes Agency will be operational from 2027 – a dedicated public body to support the delivery of the WHP, primarily tasked with co-ordination and consumer protection.
- New obligations on private landlords to improve the energy performance of their properties to EPC Band C by 2030 and proposals for new standards for social renters in England.

- No direct replacement proposed for the Energy Company Obligation (ECO) or Great British Insulation Scheme (GBIS), although ECO4 will be extended by nine months, ending on 31 December 2026, to allow suppliers additional time to meet existing targets and remediate non-compliant installations.
- In replacement, an additional £1.5 billion in low-income household grant funding will be delivered initially through the Government's Warm Homes: Social Housing Fund (WH:SHF) and Warm Homes: Local Grant (WH:LG). The work to guide the transition from ECO to public funding will be overseen by a ministerially led working group, with a focus on transitioning the supply chain.
- Confirmation that the Future Homes Standard will be implemented in early 2026.
- Confirmation that heat networks are critical and heat network zoning will go ahead by 2050. DESNZ expect low-carbon heat networks to meet around a fifth of heating demand.
- Overall, the WHP will unlock £38 billion in total investment across this Parliament, ensuring workers and businesses reap the benefits, with additional funding for skills, innovation, and UK manufacturing.

## 4. Potential Impact for Greater Manchester

### Opportunities

- Local authorities and mayoral strategic authorities will be the critical actors in planning a transition that delivers for their local areas. We need to align local delivery with the developing Warm Homes Agency, in particular around engagement with consumers (such as through our Retrofit Portal) and with the supply chain (such as through our Net Zero Housing Retrofit Framework Agreement).
- As part of the WHP, DESNZ announced that the WH:SHF Wave 3 has been allocated up to an additional £295m of grant funding for the 2026-27 financial year. As the WH:SHF falls within the scope of the integrated settlement, GMCA is eligible to receive 5.7% of this additional funding, equating to around £16m.
- From 2027-28 onwards, DESNZ intend to integrate support for fuel poverty and low-income households (WH:SHF and WH:LG) into a single low-income capital scheme. DESNZ will say more about the evolution of low-income schemes by Spring 2026. Through the WH:LG and WH:SHF, the Government is supporting improvements such as double glazing, draught proofing, heating controls, and wall and loft insulation. GMCA, local authorities, and social housing providers will need to reflect on how this

will impact upon delivery of the Integrated Settlement, as this may provide additional flexibility.

- Confirmation that funding for ECO4 and GBIS will cease on 31 March 2026, with an extension of ECO4 to 31 December 2026 to complete the delivery of existing targets. As our ECO4 and GBIS LA Flex programme has been very successful over the last few years, we will need to work with our local authorities and supply chain to ensure an organised transition into Warm Homes funding, and any remaining ECO4 funding is maximised in Greater Manchester.
- The Government welcomes the additional consumer offers being developed by mayoral strategic authorities to extend the solar revolution to as many rooftops as possible and will provide support to social housing landlords in leveraging private investment to install these technologies. For this, £2.7 billion has been allocated to such innovative finance instruments in the Warm Homes Fund. We will need to align with work through our Retrofit Portal and with social housing landlords directly and further develop these offers through our approach to leveraging third party investment emerging out of our Local Net Zero Accelerator, such as EBIS and Pineapple, including aligning our ambitions with the National Wealth Fund and Great British Energy.
- The Government's confirmation of the importance of heat networks and heat network zoning supports our current approach to engage local authorities to develop ten heat networks initially, and our emerging approach to the development of a Zone Co-ordination Body.
- We will need to ensure that our approach to net zero development through Places for Everyone is aligned with the Future Homes Standard as this is implemented.
- There are an expected 180,000 additional jobs to be created through the WHP programmes (though this includes some re-training of trades such as gas engineers). We will need to continue to work with the Growth Company / Green Economy to maximise the benefit locally. In addition, the focus on heat pumps aligns well with our industry-led approach to accelerating the adoption of heat pumps through our Heat Pump Industry Group which includes major manufacturers like Daikin.
- Potential opportunity to link the Good Landlord Charter to the new obligations on private landlords to improve the energy performance of their properties, which is already underway for the WH:LG funding for private landlords.
- In line with our work on climate adaptation, DESNZ are:

- consulting on a new methodology for assessing building fabric performance within Energy Performance Certificates (EPCs) which could include overheating risk;
- looking to embed passive cooling measures into funding schemes targeting low-income households and social housing, although current high costs are proving prohibitive;
- supporting active cooling via air-to-air heat pumps through the BUS grant.

### **Alignment with the Greater Manchester Strategy (GMS)**

- The new Fuel Poverty Strategy aims to lift one million households out of fuel poverty by 2030. DESNZ plans to consult on a new statutory target that will drive progress into the 2030s. The focus on bringing homes out of fuel poverty through the WHP, particularly through area-based approaches, aligns with Housing First and GMS workstreams on 'healthy homes for all' and 'safe and strong communities'.
- The energy efficiency focus which underpins the WHP has the potential to contribute significantly to us achieving the GMS overarching 'greener future for all' ambition.
- The Workforce Taskforce, in partnership with the TUC, will support the transition to high quality roles in low-carbon sectors, projected to increase from 60,000 in 2023 to 240,000 in 2030. This aligns with 'a clear line of sight to high quality jobs'.
- DESNZ commit to removing barriers for companies to allow their innovative products to access Government grant funded retrofit programmes and commit £30 million funding to ensuring British companies lead the way in innovation. This aligns with 'a great place to do business' and the work of our Energy Innovation Agency.

### **Risks and Challenges**

- The WHP does not introduce new measures to reduce the cost of electricity relative to gas. Therefore, there is a risk that electricity bills may not see the decrease needed to bring households out of fuel poverty, particularly for those homes which are poorly insulated.
- Costs to households will need to be carefully understood / projected, particularly if loans are used for heat pumps (alone) in less energy efficient homes, as the combined cost of loan payments and electricity may not ultimately create cost savings.
- Social housing providers are nervous of private sector funding models and need reassurance to be provided at a senior level.

- Skills shortages risk the successful delivery of the WHP. DESNZ analysis estimates potential demand for direct jobs in energy efficiency and clean heating to be 19,000 in the North West by 2030. We are currently working with Green Economy to understand the supply chain implications for our low-carbon investment pipeline.
- Lack of trust following ECO and GBIS failures. The Government proposes that the Warm Homes Agency will be set up to provide greater assurance and oversight. The WHP also sets out that the Government will continue to work with industry to ensure that any poor-quality work attributed to ECO is put right, at no cost to the consumer. ECO4 has been extended to 31 December 2026 for remediation work and closure of the scheme.
- The WHP reduces the previous target of 600,000 heat pump installations per year down to 450,000 per year. This risks delivery of enough heat pumps to meet the UK's climate commitments and would mean a much more rapid uptake is needed beyond 2030.
- The WHP does not commit to a date for the phase-out of new gas boilers.
- Community energy is not covered in any detail in the WHP, although this is now picked up in the Local Power Plan led by Great British Energy.

### **References to Greater Manchester**

- Greater Manchester's work on heat network zoning is used as a case study, referencing both the 5 Year Environment Plan and GMS, and Greater Manchester's close working with central Government to accelerate progress.
- Carbon Co-op in Greater Manchester is mentioned as an example of successful partnership working to achieve strategic area-based co-ordination.
- Under the 'Creating good quality jobs' section, there is a case study about Greater Manchester based SME B4Box who developed a business model that integrates retrofit delivery with training provision at no extra cost to clients.