

## UKGBC POLICY ANALYSIS: WARM HOMES PLAN

January 2026

The government’s Warm Homes Plan represents a major intervention in domestic energy efficiency, clean heat and household energy costs. With £15 billion of public funding committed this Parliament (Figure 1), the Plan aims to cut energy bills permanently, tackle fuel poverty and accelerate the deployment of low-carbon technologies across the housing stock.

The overall scale, certainty and long-term framing of this investment, sends an important signal to households, local authorities, industry and investors. The Plan is also supported by strong use of case studies, which help demonstrate how policy ambition can translate into real-world delivery.

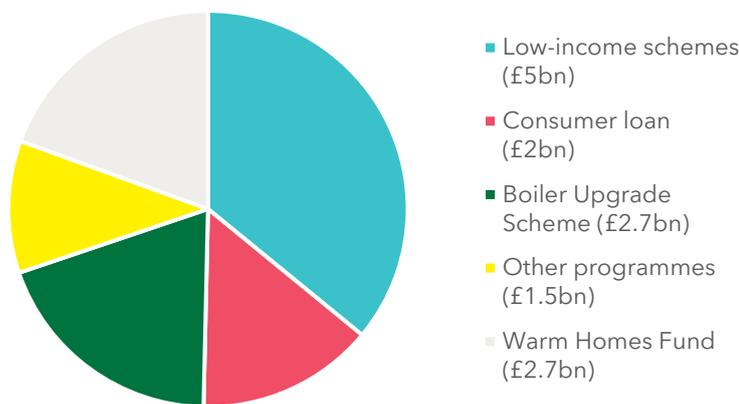


Figure 1: Breakdown of funding allocations within the Warm Homes Plan

### RETROFIT MEASURES, CLEAN HEAT AND BUILDING PERFORMANCE

Electrification of heat is a core pillar, with priority given to a suite of technologies aimed at reducing household energy bills, with a strong emphasis on rooftop solar, batteries, heat pumps, and smart technologies. Solar PV plays a central role, with the government positioning a ‘rooftop revolution’ as one of the most cost-effective routes to bill reduction - the measures in the Plan aim to support solar installations on up to three million additional homes by 2030, potentially doubling the rate of deployment seen over the last fifteen years. Smart energy systems and consumer-led flexibility are highlighted as priorities in the ‘home of the future’ concept (Figure 2), with new smart appliance regulations expected to require heat pumps and certain electric heating appliances to include smart functionality from 2026.

The scale and certainty provided for clean heat, solar and smart technologies is welcome, but there is clear emphasis on electrification than on fabric performance. While insulation remains a stated cornerstone of energy efficiency and is supported through low-income

schemes, solar and batteries are increasingly positioned as the primary routes to bill reduction. This risks underplaying the essential role of fabric upgrades in enabling efficient, affordable heat pump use. Stronger emphasis is needed on high-quality insulation, appropriate ventilation and performance testing as standard across all schemes.

The extension of support from the BUS to air-to-air heat pumps, which can provide cooling as well as heating, is particularly welcome and reflects growing recognition of overheating risks and the need for year-round comfort. This is an encouraging part of a renewed attention on climate adaptation and resilience and reminiscent of recommendations in our [Climate Resilience Roadmap](#) that buildings must deliver year-round comfort, not just winter warmth. Proposals to embed passive cooling measures within funding schemes for low-income households and social housing, as well as the consultation on a new EPC methodology that, for the first time, could provide insight into overheating risk, will be effective in delivering this.



Figure 2: 'Home of the future' (Source: Warm Homes Plan publication, DESNZ 2026)

## REGULATIONS AND STANDARDS

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The Plan confirms long-awaited clarity on Minimum Energy Efficiency Standards for both private and social rented homes. Standards will be aligned across tenures, applying to new and existing tenancies by 2030, with a £10,000 cost cap and a new low-value property exemption where that cap would exceed 10% of a property's value. This clarity and alignment is essential to protect renters from high energy bills and poor living conditions, but we await details on whether this cap reflects landlords' own investment or includes access to grant funding and what support mechanisms will be available to landlords for compliance.

The government also confirms reform of EPCs, including consultation on new band boundaries and a framework designed to provide clearer, more accurate guidance on appropriate upgrades, including fabric, heating, solar, batteries and smart technologies. More detail is needed to assess how new EPC metrics are defined to ensure they genuinely drive bill reduction and carbon savings.

## SUPPORT FOR LOW-INCOME HOUSEHOLDS AND FUEL POVERTY

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A central strength of the Warm Homes Plan is its focus on low-income households, with £5 billion allocated to fully funded retrofit packages and a target to lift up to one million families out of fuel poverty. Packages will be tailored to building needs and may include insulation, low-carbon heating, solar, batteries and, where appropriate, heat networks, particularly in multi-occupancy buildings.

This targeted approach is essential for directing public support to those most exposed to high energy costs and poor housing conditions, while also creating the scale and certainty needed to build supply chains, grow skills and drive down costs in the wider market. By prioritising those who need it most, the Plan can tackle fuel poverty while accelerating a fair and effective transition across the housing stock.

## FINANCING AND THE GOVERNMENT-BACKED LOAN SCHEME

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The introduction of a government-backed consumer loan offer, supported by allocations of £1.7 billion in capital funding, is a significant development. The low- and zero-interest loans for homeowners will enable the installation of individual technologies or packages of measures, including solar panels, batteries and heat pumps. A call for evidence will launch in early 2026 to explore additional uses of the Warm Homes Fund, including support for landlords, investors and supply chains, alongside a new strategic partnership with the green home finance sector.

UKGBC welcomes progress on a government-backed loan scheme, which we have long called for, drawing on successful international models such as Germany's KfW

programme. Given current fiscal constraints, this represents a pragmatic and necessary step to unlock private investment and support delivery at scale.

However, loans will not work for all households. Many homes are hard to treat, and many owner-occupiers are unable or unwilling to take on debt for fabric upgrades. Greater clarity is needed on whether loans will cover insulation measures, and we would encourage the government to explore complementary incentives, such as stamp duty or council tax-linked mechanisms, to support whole-house retrofit.

## DELIVERY, PLACE-BASED APPROACHES AND HEAT NETWORKS

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The Plan proposes the creation of a new Warm Homes Agency to coordinate and oversee delivery, consolidating functions currently spread across DESNZ, Salix and Ofgem. The Agency will play a central role in place-based delivery, working with local and mayoral authorities, housing associations and network operators. Local authorities are uniquely positioned to plan transitions that reflect local housing stock, infrastructure and supply chains, and aligning retrofit with heat networks and spatial planning can improve efficiency, value for money and long-term outcomes. This approach mirrors the principles underpinning [UKGBC's Local Area Retrofit Accelerator](#) pilots, and has the potential to deliver not only lower bills but also improved health outcomes and neighbourhood regeneration

To succeed, local delivery partners will need long-term funding certainty beyond this Parliament, alongside capacity funding and access to high-quality data. The government also signals stronger alignment between retrofit delivery, heat network funding and forthcoming heat network zoning, for which close coordination with distribution network operators will be essential to ensure electricity networks can keep pace with rapid electrification.

## CONSUMER PROTECTION, SUPPLY CHAINS AND SKILLS

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The Plan places renewed emphasis on consumer protection, including clearer systems for advice and redress, acknowledgement of past insulation failures, and reform of a fragmented assurance landscape. The Warm Homes Agency is expected to provide impartial advice and oversee a simplified system that delivers work right first time, supported by ongoing work from the Retrofit Advisory Panel and a joint taskforce with the TUC. This refreshed focus on consumer confidence, which directly reflects lessons from previous schemes and [National Audit Office findings](#) feels like it will be effective, but consumer protection must focus on outcomes, not just accreditation, and we would like to see a robust plan for post-installation performance testing (i.e. through SMETERs).

The Plan recognises the importance of managing supply-chain transition, particularly as delivery shifts away from ECO toward capital programmes. Successful delivery will

depend on careful management of the transition from existing schemes, particularly ECO, to avoid disruption to jobs and supply chains.

There is a welcome focus on UK manufacturing and workforce development, with an ambitious Heat Pump Investment Accelerator which aims for at least 70% of heat pumps installed in the UK to be manufactured domestically by 2035, and funding for training and apprenticeship access to support up to 180,000 new jobs. However, the scale of delivery required demands a coherent skills strategy aligned with delivery pipelines and regional labour markets – a just transition must support existing workers while creating high-quality, long-term jobs across the country.

## NON-DOMESTIC BUILDINGS AND WIDER POLICY GAPS

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Commercial and non-domestic buildings are explicitly excluded from the Warm Homes Plan, with a separate regulatory package anticipated. While we welcome alignment with upcoming Future Homes and Buildings Standards regulations (and confirmation they will be laid in early 2026) to drive solar PV uptake, the continued absence of a clear pathway for existing non-domestic buildings remains a major gap. Prolonged uncertainty risks stalling investment in a sector critical to net zero, growth, and productivity.

Other notable elements include welcome attention to whole life carbon, embodied emissions and the reuse of existing buildings. However, the Plan is notably silent on longer-term energy pricing reform and electricity levy rebalancing, and signals further consultation on hydrogen and biomethane for heating, which will require careful scrutiny given cost and efficiency concerns.

## CONCLUSION

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The Warm Homes Plan represents a significant step forward in ambition, funding and delivery for domestic retrofit, particularly for low-income households and clean heat increase. The scale of investment, the shift toward place-based delivery, the introduction of government-backed finance, and the renewed focus on consumer protection, skills and resilience all mark a major shift and should be welcomed.

Turning this strategy into action on the ground will require sustained attention to fabric efficiency, local capacity, workforce transition, and policy coherence across the built environment. UKGBC looks forward to working with government to ensure the Plan delivers warm, affordable, low-carbon homes for all, with confidence for households, industry and investors.