

Press release

Help to save households money and deliver cleaner heat to homes

Up to 300,000 homes to benefit from upgrades next year, as government continues rollout of the Warm Homes Plan.

From: **Department for Energy Security and Net Zero**

(/government/organisations/department-for-energy-security-and-net-zero) and

Miatta Fahnbulleh MP (/government/people/miatta-fahnbulleh)

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- Warm Homes Plan will help people find ways to save money on energy bills and deliver warmer, cleaner to heat homes, with up to 300,000 homes to benefit from upgrades next year
- offer includes grants for heat pumps, support for renters and low-income households, and new investment in British manufacturing
- government will also deliver planning reform by removing the one-meter rule that required planning permission to get a heat pump in England

Up to 300,000 households will benefit from home upgrades in the next year, as the government announces new steps to help households of every kind take up measures that can help save money on their bills and deliver cleaner heating.

This includes boosting the budget for the Boiler Upgrade Scheme to support more households switch to a heat pump – which can save families around £100 a year compared to a gas boiler by using a smart tariff effectively, and insulating more homes across the country – potentially saving homeowners around £200 per year.

The wide-ranging package is another important step in delivering the Warm Homes Plan and reaches across all households, supporting:

- homeowners in England and Wales to get a £7,500 heat pump grant through the Boiler Upgrade Scheme, which had the highest number of applications ever in October according to Ofgem
- households install an air source heat pump without needing to submit a planning application in England – removing the 1m rule, with figures from Octopus showing 34% of those who order a heat pump are discouraged or drop out for reasons attributed to planning permission
- social housing residents, lower income householders and renters to receive funded energy efficiency upgrades - including insulation and low-carbon heating - through the Warm Homes: Social Housing Fund and Warm Homes: Local Grant respectively

Working alongside the government's mission to make Britain a clean energy superpower, the Warm Homes Plan will ensure millions more households benefit from homegrown energy delivered by every new turbine, solar panel or pylon built on the path to energy independence.

Minister for Energy Consumers Miatta Fahnbulleh said:

“The idea at the heart of our Warm Homes Plan is a simple one – all families deserve the security of a home they can afford to heat.

But for too long, that has been out of reach for far too many people who have been left with draughty homes and sky-high bills. That is why we are taking immediate action today to make cleaner heating available to more households.

This follows our plan to lift over one million households out of fuel poverty by consulting on boosting minimum energy efficiency standards for all renters by 2030, delivering warmer homes and cheaper bills.”

Households have paid the price in recent years of the energy bill crisis, following Putin's illegal invasion of Ukraine, which exposed years of overreliance on international gas markets.

The government is now overturning this legacy by investing in homegrown, cleaner energy free from the control of dictators.

Today's steps help:

Support thousands more households with home upgrades

- Helping thousands more families to get £7,500 off the cost of a heat pump, with an extra £30 million for the Boiler Upgrade Scheme this financial year, while almost doubling the budget to £295 million for the next financial year
- Overseeing around £3.2 billion of investment in warmer homes across 2025 to 2026 from government, social housing providers and supplier obligations, delivering measures to help lower bills and support cleaner heating to up to 300,000 households

Deliver new regulations to back consumers and encourage innovation

- Lifting over 1 million households out of fuel poverty under plans to consult on increasing minimum energy efficiency standards for all rented homes by 2030
- Consulting on plans to increase energy efficiency standards for new boilers and heat pumps, saving households with a new gas boiler £30 a year on running costs
- Allowing more households in England to install an air source heat pump without the need to submit a planning application from early next year, by removing the rule requiring them to be installed at least one metre from a property's boundary. This will provide greater flexibility, with rules still in place around listed buildings

Back British manufacturers

- Introducing a reformed Clean Heat Market Mechanism on 1 April 2025, with new changes to make sure manufacturers have the time they need to scale up supply chains, making heat pumps an even more attractive choice for households and boosting sales without penalising those buying a new gas boiler. There will also be government support available for each and every heat pump installation that is required under the mechanism in 2025 to 2026
- Supporting industry by investing over £5 million in Ideal Heating as the very-first award from the Heat Pump Investment Accelerator competition, kickstarting a homegrown heat pump industry to boost the UK's energy security and support hundreds of low-carbon jobs

- Working with trade unions to ensure good jobs throughout the supply chain, backing Britain's world class traders

This follows a landmark announcement from the National Wealth Fund, whose financial guarantees enabled up to £1 billion of funding from Barclays UK Corporate Bank and Lloyds Banking Group to help housing associations provide warmer, more energy efficient homes to tenants across the country.

By charting a bold new approach to delivering warmer homes and taking immediate action to speed up the rollout of cleaner heating, the government will cut energy bills, tackle fuel poverty and create new opportunities for jobs and skills right across the country.

Stakeholder reaction

Mike Foster, Chief Executive, Energy and Utilities Alliance, said:

“Minister Fahnbulleh has constructively engaged with industry and British manufacturers, who have warmly welcomed this new approach. By working in partnership, we have an outcome which no longer unfairly penalises business and consumers. That is a big win for households across the country.”

Chris O'Shea, CEO, Centrica, said:

“We are delighted that the government is making it easier for households to install heat pumps by removing the outdated 1m planning rule in England and increasing the funding available in the Boiler Upgrade Scheme. Heat Pumps will play an integral role in decarbonising home heating, and we look forward to supporting customers transitioning from gas boilers to heat pumps, through our Hive Heat Pump offer which can save customers up to £456 on their energy bills.”

Greg Jackson, CEO, Octopus Energy, said:

“More than a third of customers who order a heat pump drop out because of planning issues, leaving them stuck with dirty, inefficient gas boilers. Removing outdated and unnecessary red tape is an urgent priority to grow this sector and get low cost, safe, clean heating technology into British homes.”

Dhara Vyas, CEO, Energy UK, said:

“It is welcome to see the government increase funding for the Boiler Upgrade Scheme (BUS), set out more detail on the Clean Heat Market Mechanism (CHMM), and remove planning barriers to heat pump installations. This is a clear recommitment to heat decarbonisation,

which will play a vital role in improving energy security and reducing our reliance on gas. The BUS is enabling consumers to install heat pumps at record rates, with demand for low carbon technologies increasing.

It is right that the government does not further delay delivery of the CHMM, as this mechanism is vital to increasing availability of heat pumps and attracting investment into UK manufacturing. The industry stands ready to work with government to ensure the CHMM is effective and ambitious, enabling customers to choose when they make the transition, while also developing robust low carbon heat supply chains and markets in the UK.”

Aira UK CEO, Daniel Särefjord, said:

“Today’s announcement will be a game-changer for heat pump adoption across the UK. It is a much needed and welcomed intervention from the government to ensure customers can save serious amounts of money on heating costs and enable our country to meet net zero targets. Clean heating solutions are essential for driving the UK’s transition to a lower-cost, lower-carbon, and more stable energy market, with heat pumps playing a central role in this evolution. This step highlights a strong commitment to tackling climate change while supporting the growth of the clean energy-tech sector and creating thousands of new jobs within the green skills workforce across the country.”

Jason Speedy, Ideal’s Heating’s Chief Operations Officer, said:

“We’ve been manufacturing market-leading heating products in the UK for well over a century. Across the heating industry we’re now seeing a significant transition from gas boilers to sustainable solutions, such as heat pumps. That aligns closely with the UK’s net zero targets.

This funding is a vote of confidence in our business and our position at the forefront of the industry’s move to low carbon heating solutions. It will enable us to accelerate our plans for heat pump production and complements the broader programme of investment across our operations as we lead the industry to a greener, low carbon future.”

Carl Arntzen, CEO of Worcester Bosch, said:

“We welcome the announcements from DESNZ on the removal of some of the siting barriers for heat pumps and the extra funding being made available for the Boiler Upgrade Scheme. We are hopeful these measures will enable more homeowners to view heat pumps as a realistic heating alternative.

We’re also happy the minister has recognised the need to revise the CHMM and that further policy changes are required to increase heat pump demand and adoption in the UK.”

Henrik Hansen, Managing Director at Vaillant Group UK, said:

“Today’s announcement represents a positive step forward addressing specific challenges felt by homeowners when considering the installation of a heat pump. By easing installation requirements, it addresses some of the barriers that have previously discouraged the adoption of this technology and shows what can be achieved by business and government working together.

We welcome the boosted budget to the Boiler Upgrade Scheme allowing more homeowners to access funding when installing a heat pump. Additionally, we look forward to further announcements in support of the government’s Warm Homes Plan, to achieve the UK’s goal of reducing emissions and lowering the use of energy for households across the UK.”

Kate Henderson, Chief Executive of the National Housing Federation, said:

“With England’s homes producing more carbon each year than all the country’s cars, housing associations are committed to playing their part in tackling the climate emergency and supporting the government to meet its net zero targets, through decarbonising their homes.

We welcome the confirmation of the boost in funding, which is essential to this work, kickstarting the government’s Warm Homes Plan and helping tackle fuel poverty. The policy measures announced today will be essential to this shared mission, scaling the supply chain and driving down the costs of the clean, efficient home heating systems of the future.

We look forward to working with the government ahead of next year’s Spending Review on the design of the full Warm Homes Plan, and in bringing forward their manifesto commitment of a significant increase in funding for retrofitting homes.”

Adam Scorer, National Energy Action’s Chief Executive, said:

“National Energy Action (NEA) welcome this significant additional investment which kick starts the emerging Warm Homes Plan. Warm homes are the foundation of healthier, happier, more productive lives, especially for fuel poor households facing higher costs on the lowest incomes. NEA knows that these households often suffer ill-health which is worsened in cold conditions. We look forward to work with government to realise the full ambition and benefits of a comprehensive plan for Warm Homes.”

Jan Rijnen, Managing Director UK & Ireland, Baxi Heating, said:

“Today’s announcement of additional funding for the Boiler Upgrade Scheme is welcome, together with amending planning rules which will help simplify heat pump installations. We are committed to working with government to deploy practical and affordable solutions that help decarbonise homes, with the support of customers, industry, and manufacturers like Baxi. We will continue to work with government to further improve the Clean Heat Market Mechanism in the years ahead.”

Chris Galpin, energy expert at E3G, said:

“These welcome changes will make it easier for people to upgrade their heating systems. After years of uncertainty and delay, this clear direction is a much-needed boost for the industry. Whilst we will need to see further investment next year, this is the right first step towards lowering energy bills and creating new, good quality jobs in British manufacturing.”

Stew Horne, Head of Policy at Energy Saving Trust, said:

“This package of announcements brings welcome detail on how the UK government will support people in practice to install low carbon heating and incentivise the supply chain to meet demand. We welcome the removal of a key barrier to heat pump installation and confirmation of additional funding for the Boiler Upgrade Scheme.

Likewise, the Clean Heat Market Mechanism will play an important role in reducing the upfront cost of heat pumps, encouraging manufacturers to offer competitive deals. It also provides much needed certainty for industry and the supply chain to scale up to meet the UK government’s ambition. Signalling the upgrade of 300,000 homes to make these warmer, more affordable to heat and cutting carbon, is a welcome start to the Warm Homes Plan that offers a benchmark for scaling up. We look forward to seeing more about the programme of delivery to make this happen.”

Charlotte Lee, CEO, Heat Pump Association, said:

“The package of measures announced by the government today demonstrates their commitment to accelerating the decarbonisation of heat in the UK.

We welcome the clarity provided to the market on the long-anticipated Clean Heat Market Mechanism and the confirmation of additional funds for the BUS, both of which enable the sector to invest with confidence. The changes to the Permitted Development Rights will help to streamline the heat pump installation process for installers and consumers and support an accelerated deployment of heat pumps over the coming years.”

Bean Beanland, CEO, Heat Pump Federation (HPF), said:

“The incoming government has come flying out of the blocks on macro-energy policy, but has been more measured in its approach to the energy transition at domestic scale. This set of announcements by the Secretary of State marks, what we hope will be, a series of initiatives over coming months, designed to encourage the uptake of decarbonised heating solutions in homes across the UK.

From the work undertaken by the Heat Pump Federation with community groups across the land, it's clear that the appetite for genuine and robust information, and for a positive set of messaging, is strong. Measures such as those announced today, together with future changes that are already in consultation or discussion, will continue to build confidence with both consumers and with our sector's supply chain, so that homeowners and landlords are assured that the transition away from fossil fuels can be taken as their existing boiler reach end-of-life.

The HPF very much looks forward to working with ministers to maximise the values to be realised, including the development of a vibrant and profitable UK heat pump manufacturing sector, and a workforce with enhanced skills in the clean industries of the future. The opportunity for significant social good, by way of warmer homes, lower energy costs, great jobs and improved air-quality, is real, ensuring that everyone can benefit from a zero carbon future.”

Madeleine Gabriel, Director of Sustainable Future at Nesta, said:

“Today's announcements will make it easier for people to upgrade to heat pumps. This gives a clear signal to the public and industry that the government is committed to supporting the transition to low carbon heating.

In particular, these changes rightly cut the red tape that was creating extra cost and hassle for homeowners and more work for local councils. Heat pumps are proven to be an efficient and reliable technology, and removing the '1-metre rule' will make it easier for people to choose a low carbon future for their homes.”

Ian Rippin, CEO at MCS (Microgeneration Certification Scheme), said:

“The confirmation of the Clean Heat Market Mechanism is a positive step for the sector and the changes to support the scaling up of the industry address concerns previously expressed. We look forward to continuing our work with the scheme to ensure that heat pump installations are to industry-recognised standards and are accurately recorded and reported. This is crucial in giving everyone confidence in the technology.

Today's announcement of changes to Permitted Development Rights are another welcome move that will support the deployment of heat pumps. We have worked to coordinate the industry's responses and support with updates to tools and our standards, such as the MCS Planning Standard for Permitted Development Installations of Air Source Heat Pumps (MCS 020), to facilitate these changes.

The Boiler Upgrade Scheme has been a great success in supporting the industry – we welcome any additional funding and look forward to the scheme continuing to grow and expand.”

Notes to editors

The summary of policy proposals on raising product standards for space heating can be found here: [Raising product standards for space heating: policy proposals \(https://www.gov.uk/government/publications/raising-product-standards-for-space-heating-policy-proposals/raising-product-standards-for-space-heating-policy-proposals\)](https://www.gov.uk/government/publications/raising-product-standards-for-space-heating-policy-proposals/raising-product-standards-for-space-heating-policy-proposals).

The government response to the consultation on the Clean Heat Market Mechanism can be found here: [Clean Heat Market Mechanism: adjustment to scheme introduction date \(https://www.gov.uk/government/consultations/clean-heat-market-mechanism-adjustment-to-scheme-introduction-date\)](https://www.gov.uk/government/consultations/clean-heat-market-mechanism-adjustment-to-scheme-introduction-date).

Further information on the first winner from the Heat Pump Investment Accelerator Competition can be found here: [Heat Pump Investment Accelerator Competition: successful projects \(https://www.gov.uk/government/publications/heat-pump-investment-accelerator-competition-successful-projects/heat-pump-investment-accelerator-competition-successful-projects\)](https://www.gov.uk/government/publications/heat-pump-investment-accelerator-competition-successful-projects/heat-pump-investment-accelerator-competition-successful-projects).

Potential savings of £100 from a heat pump with a smart tariff are detailed here: [Heat pumps: the benefits \(https://energy-efficient-home.campaign.gov.uk/heat-pump/\)](https://energy-efficient-home.campaign.gov.uk/heat-pump/).

Potential savings of around £200 from insulating a home are listed in the 2024 Budget here: [Autumn Budget 2024 \(https://www.gov.uk/government/publications/autumn-budget-2024/autumn-budget-2024-html\)](https://www.gov.uk/government/publications/autumn-budget-2024/autumn-budget-2024-html).

The Boiler Upgrade Scheme is available to households in England and Wales. Proposals to increase minimum energy efficiency requirements for gas boilers and heat pumps are specific to Great Britain. The Clean Heat Market Mechanism will apply across the UK. Permitted development reforms for air source heat pumps will apply in England.

An initial £3.4bn was committed in the Autumn 2024 Budget for the Warm Homes Plan covering the period 2025 to 2026 to 2027 to 2028.

Approximately £1bn of this funding has been allocated to 2025 to 2026, including £374m for the Warm Homes: Social Housing Fund, £88m for the Warm Homes: Local Grant, and £295m for the Boiler Upgrade Scheme. This is in addition to an estimated £600m - £700m in co-funding from social housing providers in 2025 to 2026, from both existing Social Housing Decarbonisation Fund projects in delivery and WH:SHF Wave 3, on top of £1.4bn - £1.6bn under the energy supplier-led ECO4 and Great British Insulation Scheme. This presents a total investment of around £3.2bn in 2025 to 2026.

Based on the approximately £3.2bn of investment in 2025 to 2026, up to 300,000 homes are projected to be upgraded, comprising:

- up to 60,000 homes upgraded through grant funding under the Warm Homes: Social Housing Fund alongside social housing provider co-funding (grant funding of £374m for Wave 3, alongside £600m - £700m of co-funding in Wave 2 and Wave 3 combined)
- up to 9,000 homes upgraded through the Warm Homes: Local Grant scheme (grant funding of £88m)
- up to 39,000 homes upgraded under the Boiler Upgrade Scheme (grant funding of £295m)
- up to 200,000 homes upgraded through the ECO4 and Great British Insulation Scheme (GBIS) supplier-led schemes based on the latest Ofgem scheme delivery statistics, with an estimated growth rate applied for GBIS based on recent growth in delivery, to reflect expected future delivery to be greater than delivery to date

This is compared to homes upgraded in 2023 to 2024 of around 120,000, comprising:

- around 25,000 relating to grant funding provided under the Social Housing Decarbonisation Fund, Green Homes Grant: Local Authority Delivery and Home Upgrade Grant, alongside co-funding from social housing providers
- around 14,000 homes installing low carbon heating under the Boiler Upgrade Scheme 2
- around 80,000 homes treated under the ECO4 and Great British Insulation Scheme supplier obligations in 2023 to 2024

Further details on the government's decision to remove the 1m rule for air source heat pumps in England from next year can be found here: [Warm Homes Plan and heat pumps \(https://mhclgmedia.blog.gov.uk/2024/11/21/warm-homes-plan-and-heat-pumps/\)](https://mhclgmedia.blog.gov.uk/2024/11/21/warm-homes-plan-and-heat-pumps/).



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