



Consultation response

National Energy Action response to DESNZ Continuing the Warm Home Discount Scheme

About National Energy Action

National Energy Action¹ works across England, Wales, and Northern Ireland to ensure that everyone in the UK² can afford to live in a warm and safe home. To achieve this, we aim to improve access to energy and debt advice, provide training, support energy efficiency policies, local projects and co-ordinate other related services which can help change lives.

Background to the response

National Energy Action welcomes the opportunity to respond to this consultation and strongly supports the Government's proposal to continue the Warm Home Discount (WHD) for the next scheme period. The WHD remains one of the few direct measures to reduce energy bills for low-income and vulnerable households. Against a backdrop of persistently high energy prices, record levels of household energy debt, and ongoing affordability challenges, the scheme must evolve if it is to meet the moment.

This consultation builds on previous welcome reforms to reduce complexity and improve the accessibility of rebates within the WHD, including the expansion of eligibility in 2025/26 and the removal of the high-cost-to-heat threshold. It also provides an opportunity to standardise the scheme across GB and strengthen the scheme's reach and impact.

We particularly welcome three aspects of the consultation:

- **Continuation of Industry Initiatives:** We strongly support the retention of Industry Initiatives. The activities that this part of the scheme funds remain vital for households excluded from the core rebate and deliver measurable outcomes, beyond pure outputs, including improved energy access, debt resolution, enhanced wellbeing, and long-term capacity building.

- Our delivery model demonstrates the exceptional value of Industry Initiatives. Using **Social Return on Investment (SROI)**¹ analysis, a framework that monetises the full impact of our work, including health, wellbeing, and financial resilience, we estimate that for every £1 invested in combined Industry Initiatives, £16.93 of social value was generated during 2024–25. This reflects avoided NHS costs, reduced debt stress, improved living conditions, and enhanced household security, showing that Industry Initiatives deliver far more than short-term relief.
- In Scheme Year 14:
 - We provided more than **1,100 people with benefits entitlement checks**, resulting in the **receipt of an additional £2.1m per year in benefits**. This equates to an average increase in income of **more than £6,007 per person helped**.
 - We provided **more than 130 households with energy efficiency measures** and/or energy-efficient appliances.
 - We gave **more than 5,400 households energy advice** to help them understand how to better use energy to keep themselves warm and well at a lower cost.
 - We **trained more than 3,500 people to provide energy advice**, who we estimate will go on to help **more than 1.6m households per year**, securing a project legacy far beyond the operating period.
- We administered **more than £400,000 of financial assistance payments** to support clients with valuable relief at a time of crisis. We also assisted with debt relief, helping people to clear their energy debts so that they can continue to keep on supply.
- **Recognition that the current £150 rebate is inadequate:** This acknowledgement is crucial. Since its introduction in 2011, the rebate has increased by only £10, while average household energy bills have risen by more than £500. This consultation provides an opportunity to explore reforms that make the rebate more responsive to household need and better aligned with affordability pressures. The Energy Security and Net Zero Committee (ESNZ) report, Tackling the energy cost crisis³, shows broad cross-party and stakeholder support for making the rebate more sensitive to energy prices or inflation, and for introducing a tiered structure to better reflect household vulnerability and energy usage. This consultation rightly acknowledges the limitations of the current scheme and

¹ Social Return on Investment (SROI) is a framework that goes beyond traditional financial return on investment by monetising the wider social, economic, health, and environmental outcomes of an intervention. It provides a consistent way to express impact as “for every £1 invested, £X of social value is generated.” This calculation is based on a detailed, evidence-driven model tailored to National Energy Action's own delivery, client-base and impacts secured. It is aligned with HM Treasury's Green Book and Social Value International guidance, whilst grounded in the lived experience of those whom National Energy Action supports. Crucially, our bespoke SROI analysis demonstrates the full societal value of these interventions, capturing avoided NHS costs, improved wellbeing, environmental impact and financial outcomes, making these figures a unique reflection of the wider social value of our organisation and its impact.

opens the door to more inclusive, responsive, and outcome-focused reform, a direction that must now be pursued with urgency.

- **Commitment to retain flexibility in scheme design:** The ability for the Government to adjust eligibility and rebate value annually without primary legislation is a positive step. This flexibility should be retained on an enduring basis, and in the short-term, be used to introduce tiered rebates calibrated to household vulnerability, and to expand eligibility beyond benefit receipt to include low-income non-recipients and other vulnerable groups. This flexibility should be underpinned by a safeguard ensuring that rebate adjustments do not reduce the overall scheme budget, to maintain affordability and protect vulnerable households.

Summary of our response

Our response to this consultation is based around three key themes:

- **Prioritising affordability:** the rebate level is insufficient, and UK Government should explore ways to increase support so that it is more responsive to household energy costs and need.
- **Fairer funding, enhanced eligibility:** eligibility and funding must be reformed to better reflect household vulnerabilities and avoid regressive impacts
- **Measurable outcomes for vulnerable households:** Industry Initiatives must deliver clear improvements in affordability and wellbeing for vulnerable households, with success measured by impact rather than activity count

Each of these is summarised below, before an expansion of our ideas in the answers to the questions posed in the consultation.

Prioritising affordability

The Warm Home Discount must provide meaningful support in the context of persistently high energy prices, record levels of household energy debt, and widening affordability gaps. There is strong consensus that the current £150 rebate is no longer sufficient. It covers just 8% of a typical annual energy bill, down from 13% in 2019, and falls far short of the average fuel poverty gap in England, which stands at £407.

National Energy Action supports the introduction of a tiered rebate structure that reflects household vulnerability, income, and energy need. Tiering should be designed so that households currently eligible do not see a reduction in support, with higher tiers providing additional help for those facing the greatest vulnerability. This would allow support to be scaled appropriately and ensure that limited funding is allocated where it can have the greatest impact. Going forward, ensuring there is sufficient flexibility to scale the rebate in response to changing circumstances and levels of need would also help maintain relevance and reactivity over time.

Affordability must remain the central objective of the WHD. This includes recognising the additional costs faced by households with direct-electric heating, poor housing efficiency, or high energy needs due to disability or health conditions. The scheme should also retain flexibility to act as a buffer against energy price volatility and ensure that low-income and vulnerable households are not left behind as the energy market evolves.

As the Government and Ofgem consider future market design decisions, such as standing charge restructuring, levy rebalancing, and price cap or tariff reform, they must remain mindful of the potential distributional impacts on low-income and vulnerable households. While the WHD can play a role in mitigating affordability risks, it cannot alone be expected to absorb the full effects of wider system change.

Fairer funding, enhanced eligibility

The Warm Home Discount must evolve to more closely reflect household need and avoid regressive impacts. Current targeting excludes a significant proportion of fuel-poor households who do not receive means-tested benefits, including disabled people, carers, low-income pensioners, and those in insecure or informal employment. These groups often face higher energy costs due to poor housing conditions, inefficient electric-only heating, or health-related energy needs, yet remain invisible to the current targeting model.

This concern was echoed by the ESNZ Committee, which concluded that “millions of households in fuel poverty and many living with disabilities or long-term health conditions are still not eligible for support” and recommended that “eligibility criteria should be broadened to include all households in fuel poverty and those meeting vulnerability criteria”.

Expanding eligibility is essential to ensure that the WHD reaches those most at risk of energy hardship. National Energy Action supports the introduction of a secondary application route for households not captured by data-matching, alongside improved use of income data, housing efficiency ratings, and health indicators to identify vulnerability. This must be underpinned by strengthened data-sharing legislation and infrastructure, enabling automatic enrolment wherever possible to reduce administrative burden and improve reach.

The table below represents a suggestive framework for future reform of WHD targeting, with potential data-matching opportunities that could enable automatic enrolment for a tiered support model.

Priority group	Rationale	Potential data matching opportunities
Low-income and financially vulnerable	Low-income and financially vulnerable households are the least able to afford high prices and are more likely to ration their energy use.	Means-tested benefits data HMRC household income data
Disabled/has a medical condition	Disabled households often need greater levels of warmth to manage their health condition, and spend more of their time at home, leading to higher energy need (and therefore costs). Many also have higher electricity demand as a result of being dependent on powered medical equipment at home.	Disability benefits data Priority Services Register
Carers	Carers are often in financially difficult situations due to their reduced earning potential and diminished opportunities for higher-level learning and training.	Carers allowance data

Low energy efficiency homes	Low energy efficiency homes have much higher energy demands, leaving occupants more exposed to high energy prices. This often overlaps with households that also live on the lowest incomes.	Use of the valuation office agency data EPC data
Off-gas homes	Homes heated electrically by technologies other than heat pumps often have higher energy costs, as the unit price of electricity is so much higher than gas. Those that use neither gas nor electricity for heating are particularly exposed – their heating fuels are not regulated.	Suppliers will have previously identified these households in winter 2022/23 as part of the Alternative Fuel Payment scheme.
Households with prepayment meters	Prepayment customers do not have the greatest fuel poverty gap, but lack access to credit to help them pay for energy bills and therefore face the severe consequence of self-disconnection when they cannot afford to top up. This is coupled with a much lower than average income and a higher propensity to have several of the other vulnerabilities outlined here.	Suppliers have the ability to identify all prepayment customers.
Single-parent households	Single-parent households face significant additional costs by virtue of needing to spend on children, and lower-than-average household incomes because of the need to balance work and childcare carefully. While their fuel poverty gap is below average, they often face some of the worst consequences of fuel poverty.	Universal credit data and child benefit data (where the recipient is single and also claims child benefit for at least one child).

Funding reform is equally critical. The current Warm Home Discount funding model relies on a flat-rate levy applied to all energy consumers, which is inherently regressive and places a disproportionate burden on low-income households. We support a shift towards more progressive mechanisms, with a preference for unit-based levies. These offer a fairer alternative and can be designed to limit regressive impacts while preserving targeting. This approach would help mitigate the disproportionately negative impact of standing charges on fuel-poor households.

Any expansion in the scope or value of the Warm Home Discount should be funded more progressively. General taxation could provide a fair and efficient route for supporting additional

costs, particularly where the policy is broadened to reach more households or deliver deeper support. However, exposing the full cost of the scheme to taxation is less realistic given fiscal constraints. Hybrid models, which could incorporate income-based exemptions and consumption-linked contributions, may offer pragmatic alternatives that preserve targeting and limit regressive effects, without relying solely on public funding.

Ofgem's ongoing Cost Allocation and Recovery Review rightly identifies this as a priority area and provides an opportunity to reimagine levy-based funding mechanisms. We are supportive of reforms that seek to shift cost recovery, both for the Warm Home Discount and more widely, away from flat-rate structures and towards models that reflect household income and vulnerability.

Ultimately, the WHD must be embedded within a wider affordability strategy that ensures energy bill support is fair, inclusive, and aligned with broader fuel poverty goals.

Measurable outcomes for vulnerable households

The Warm Home Discount must be designed around what works, not just what is, or can be, delivered. In particular, the success of projects undertaken as part of the 'Industry Initiatives' part of the scheme should be measured by the tangible improvements it brings to vulnerable households, including reduced debt, improved comfort, wellbeing, and increased financial resilience. This requires a shift away from counting activities and towards tracking meaningful outcomes.

Industry Initiatives reach households excluded from the core rebate and deliver high-impact interventions such as energy advice, benefits entitlement checks, emergency heating repairs, and financial assistance. National Energy Action's delivery in Scheme Year 14 demonstrates the value of these interventions⁴, with measurable improvements in wellbeing, energy access and adviser capacity.

To maximise impact, Industry Initiatives should be reframed as outcome-driven interventions. This means placing greater emphasis on the quality and depth of support delivered, rather than simply counting outputs. A brief leaflet handout and a full-day, holistic support session may both be recorded as 'one client advised', yet their impact is incomparable.

Debt often signals deeper vulnerability and requires more than short-term fixes. Holistic advice and income maximisation should be central to Industry Initiatives, providing enduring support that secures better debt outcomes over time. This approach prioritises depth, continuity, and measurable impact rather than transactional engagement.

Our delivery model shows how this works in practice. By combining energy advice with benefits checks, budgeting support, and advocacy, we achieve outcomes that extend beyond immediate bill relief. SROI analysis confirms the impact of this approach: every £1 invested in our combined Industry Initiatives delivers over £16 in social value. This captures benefits beyond bill savings, including improved health, reduced arrears, and greater household resilience, evidence that outcome-driven interventions work and represent exceptional value for money.

Depth of engagement is essential, particularly for households with minimal capacity to self-manage. A brief intervention cannot deliver the same transformative effect as multi-hour, multi-touchpoint support. Multi-year funding is equally critical because without continuity, progress stalls and households risk falling back into crisis. Industry Initiatives should therefore be framed as long-term investments in today's households and in decades of improved outcomes.

Future frameworks must view success through this lens: not as a tally of activities but as a sustained reduction in vulnerability and debt, and enhanced wellbeing. Industry Initiatives are uniquely positioned to deliver this, provided they are resourced and evaluated on the basis of meaningful, enduring outcomes. National Energy Action supports the introduction of outcome reporting on metrics such as debt reduction and improvements in health and wellbeing, while

preserving flexibility in delivery so interventions can respond to local context and reach underserved groups. This flexibility is vital; bureaucratic constraints must never be allowed to obstruct good outcomes.

Key recommendations

In summary, we strongly support the continuation of the Warm Home Discount scheme and urge the Government to use the flexibility offered in this consultation to deliver a more inclusive, responsive, and equitable mechanism. Our recommendations are grounded in evidence from delivery experience and engagement with households facing overlapping vulnerabilities.

1. Introduce a mandatory review of scheme breadth and depth

To ensure the flexibility proposed in this consultation delivers meaningful benefits for fuel-poor households, we recommend a formal review of the scheme's breadth and depth in either 2026 or 2027. This review should assess the effectiveness of eligibility criteria, rebate levels, and delivery mechanisms in responding to changing affordability pressures, and should consider whether further use of the scheme's built-in flexibility is needed to adapt support in light of emerging risks or inadequacies.

While we understand this consultation to be the primary opportunity for stakeholder engagement, we also urge DESNZ to commit to a structured annual review process, with clear opportunities for consumer groups and delivery partners to engage. This should include transparent reporting on scheme performance, distributional impacts, and emerging affordability challenges. Such a process would help ensure that rebate values continue to scale with need and that the scheme remains responsive over time.

2. Introduce tiered rebates calibrated to household need

In principle, the most effective way to support energy affordability would be through scalable unit rate discounts provided to all fuel-poor households and funded by progressive taxation. This would ensure that households facing the greatest hardship receive the most support, while avoiding regressive impacts on low-income consumers. However, given current fiscal constraints and the need for rapid, low-complexity reform, we believe a tiered rebate model offers the most pragmatic route forward.

We recommend replacing the current flat-rate £150 rebate with a tiered structure, such as £150, £250, and £400, to better reflect household need. Tiers should be calibrated using indicators including income, disability status, housing efficiency and heating type. This approach would allow support to be scaled appropriately and ensure that limited funding is allocated where it can have the greatest impact.

Rebate values should be reviewed annually to ensure they remain responsive to energy price trends and affordability pressures. This flexibility must be retained on an enduring basis within the scheme design and should be used to adapt support levels in line with changing conditions.

A tiered model has received broad support across stakeholders and was endorsed by the ESNZ Committee, which highlighted that "a tiered model targeting income and energy usage would have greater impact on tackling fuel poverty than increasing a flat-rate payment". It also aligns with the wider consensus on the need for energy bill support to reflect overlapping vulnerabilities, rather than relying solely on benefit receipt.

This reform would retain the administrative simplicity of the current WHD model while delivering more targeted, equitable support to households facing the greatest energy hardship.

3. Expand eligibility beyond benefit receipt

The current WHD eligibility criteria exclude around one third of fuel-poor households who do not receive means-tested benefits. This includes disabled people, carers, single parents, and those in

off-gas homes - groups who often face higher energy costs and acute affordability challenges but are locked out of support.

We recommend broadening eligibility to include all households in fuel poverty and those meeting vulnerability criteria. Improved targeting should draw on HMRC income data, EPC ratings, and health indicators. Automatic enrolment for these groups must be enabled through strengthened data-sharing legislation, building on the Digital Economy Act and existing precedents such as Ofgem's Debt Relief Scheme.

4. Retain and strengthen Industry Initiatives

Industry Initiatives are a vital component of the Warm Home Discount scheme, providing tailored support to households who may not qualify for the core rebate. They have consistently delivered high-impact interventions such as emergency heating repairs, energy advice, benefit entitlement checks, and debt relief, often reaching vulnerable groups that other schemes miss.

We recommend strengthening this vital aspect of the WHD through reframing Industry Initiatives as outcome-driven interventions. Granular outcome reporting should be introduced to track metrics such as debt reduction, home improvements and health impacts mitigated.

Emergency boiler replacements should be retained, but with repair-first checks to ensure cost-effectiveness. Where replacements are considered, they should be limited to specific circumstances, for example, where a health condition or behavioural constraint necessitates maintaining higher indoor temperatures, which may be more reliably achieved with a gas boiler than alternative technologies.

5. Reform funding to make it progressive

The current Warm Home Discount funding model relies on a flat-rate levy applied to all energy consumers, which is inherently regressive and places a disproportionate burden on low-income households. This structure means that even households that do not receive the rebate still contribute to its cost through their bills.

We recommend exploring more progressive funding approaches, including:

- **General taxation** to support any expansion in the scope or value of the scheme.
- **Income-based levy exemptions or tiering** to reduce the burden on low-income consumers.
- **Consumption-linked contributions**, such as unit-based levies, to better reflect ability to pay.

General taxation could provide a fair and efficient route for funding additional support, particularly where the scheme is broadened to reach more households or deliver deeper rebates. However, exposing the full cost of the WHD to taxation is less realistic given fiscal constraints and the difficulty of securing long-term Treasury support.

Hybrid models may offer pragmatic alternatives that preserve targeting and limit regressive effects, without relying solely on public funding. What must be avoided is any further increase in regressive levies on low-income consumers.

6. Strengthen data-sharing to enable automatic enrolment

Automatic enrolment is essential to ensure that support reaches eligible households without requiring complex application processes. The ESNZ Committee found that inadequate data-sharing is one of the biggest barriers to effective delivery, increasing costs and reducing scheme efficiency.

We recommend legislating for secure data-sharing between DWP, HMRC, DESNZ and energy suppliers. This should build on the Digital Economy Act and Ofgem's Debt Relief Scheme

precedent. Data should be used to identify overlapping vulnerabilities and assign tiered support accordingly.

Governance, accuracy, redress mechanisms, and a phased roll-out will be critical to ensure public trust and effective delivery. The Committee recommended establishing an Energy Data Sharing Taskforce to deliver this by winter 2026–27.

Case Study: Mrs A

Mrs A lives in Wales with her partner, who was recovering from cancer while acting as her carer. She experiences multiple chronic health conditions, including diabetes, asthma and ME, which make living in a cold home especially dangerous. Despite this, the couple were limiting energy use to avoid unaffordable bills, with indoor temperatures regularly falling below 12°C.

Their benefit status excluded them from most mainstream support. The only fuel-related assistance they received was the Warm Home Discount rebate, which they described as barely making a dent in their rising bills. Without additional help, they feared being cut off from supply.

Through an Industry Initiative-funded advice service, Mrs A was referred for a Benefit Entitlement Check. This led to a successful Carer's Allowance claim for her partner, unlocking over £5,300 in backdated support. They also received a one-off £500 payment from the Welsh Government and were referred to an energy efficiency scheme to address failed cavity wall insulation.

This case highlights the limitations of the Warm Home Discount when the rebate is the only form of support received. For households like Mrs A's, the flat-rate payment provided some relief but fell far short of meeting actual need. It was only through Industry Initiative-funded interventions, including tailored advice, benefit entitlement checks and onward referrals, that meaningful outcomes were achieved. These interventions unlocked thousands in financial support and addressed underlying energy inefficiency, delivering far greater value than the rebate alone. A stronger, more responsive WHD rebate, combined with outcome-focused Industry Initiatives, would deliver better results for households facing similar hardship.

Answers to the consultation questions

Question 1. Do you agree with our proposal to continue the Warm Home Discount scheme supporting households at risk of fuel poverty for the next scheme period from 2026/27? Please provide any reasoning/comments/evidence to support your view.

Yes. Continuation of the Warm Home Discount (WHD) scheme is essential, but it must be enhanced to meet the scale of the chronic affordability challenge facing low-income and vulnerable households.

The UK remains in an energy affordability crisis. Typical annual bills are still around £1,900, almost double pre-energy crisis levels. Household energy debt has reached record highs, with Ofgem reporting arrears exceeding £3 billion. The average fuel poverty gap in England stands at £407, yet the WHD rebate covers only £150, just 8% of a typical annual bill, down from 13% in 2019. Since its introduction in 2011, the rebate has increased by only £10 while the typical energy bill has risen by more than £500. Without reform, the WHD risks becoming symbolic rather than substantive.

This affordability challenge is not abstract. It is shaping household behaviour and health outcomes. Our September 2025 polling⁵ shows the human impact:

- Almost half (48%) of households said they were likely to ration energy in the next three months.
- Two-thirds (67%) of low-income households expect to cut back on heating.
- More than half (53%) of older people anticipate rationing energy.
- One in five (20%) households reported skipping meals to afford energy costs.
- 27% of prepayment customers have self-disconnected in the past year.

The Energy Security and Net Zero Committee's report *Tackling the Energy Cost Crisis* reinforces this evidence. It concluded that millions of households remain at risk of fuel poverty and that existing interventions are insufficient. The Committee recommended that the WHD be retained and reformed to deliver deeper, more targeted support. It highlighted broad cross-party consensus that the current rebate is inadequate and that eligibility must be widened to capture households with overlapping vulnerabilities. The report also warned that without urgent action, energy debt and rationing will continue to rise, with severe consequences for health and wellbeing.

Our Industry Initiatives delivery illustrates both the depth of need and the potential for impact when support is targeted effectively. In Scheme Year 14, National Energy Action worked with obligated suppliers to deliver measures that go far beyond the £150 rebate, helping households reduce bills, clear debts, and improve energy resilience. This activity shows that while the current WHD structure is inadequate, complementary interventions can secure meaningful outcomes:

- Delivered 750 benefit entitlement checks, unlocking £1.6 million in additional annual income.
- Provided energy advice to more than 5,500 households.
- Installed energy efficiency measures or appliances in 132 homes.
- Trained 2,647 professionals to provide energy advice, reaching an estimated 880,000 households annually.
- Administered £403,000 in financial assistance to help households clear energy debts.

Crucially, our own SROI analysis² demonstrates the full value of these interventions. For every £1 invested in combined Industry Initiatives, we generated £16.93 of social value during 2024–25, and £16.35 when extended to October 2025. This figure captures not only financial savings but also avoided NHS costs, improved health and wellbeing, and enhanced resilience, evidence that these interventions deliver exceptional impact and represent outstanding value for money.

These outcomes demonstrate that Industry Initiatives can deliver tangible benefits for vulnerable households, but they also underline the scale of unmet need. Without reform to the core WHD rebate, these successes will remain isolated rather than systemic.

Continuation of the WHD is therefore vital, but it must evolve. We urge Government to:

- Increase the rebate value and introduce tiered support calibrated to household need.
- Expand eligibility beyond benefit receipt to include all households in fuel poverty and those meeting vulnerability criteria.
- Retain flexibility to adapt rebate levels and eligibility annually in response to changing affordability pressures.
- Introduce a mandatory annual review of scheme breadth and depth to ensure interventions remain aligned with affordability challenges and vulnerability trends.

Without these reforms, the WHD will fail to meet the moment. With them, it can remain a cornerstone of the UK's fuel poverty strategy and deliver meaningful relief to households facing the harshest consequences of the energy crisis.

Question 2. **Do you agree with our proposal to rename the current 'Core Group 1' and 'Core Group 2' in England and Wales, bringing the existing groups together under one 'Core Group'? Do you have any views on whether this approach could bring any potential advantages or disadvantages, including practical considerations in delivering the scheme?**

Yes, simplifying the naming convention is sensible and may aid communication. However, clarity must be maintained around eligibility pathways and data-matching processes to avoid confusion or exclusion.

Question 3. **Under these proposals the eligibility criteria established for 2025/26 would be continued for the next scheme period in England and Wales. Do you have any concerns about the impact of this proposal on households, in particular on those with protected characteristics? What concerns do you have? Do you have any suggestions for mitigating your concerns, including through**

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use of Industry Initiatives? Please provide any evidence you may have to support your answer.

Yes, concerns remain. Retaining benefit-based targeting risks perpetuating the structural exclusion of low-income households who do not claim, including many disabled people, carers, and pensioners missing out on Pension Credit. This approach also fails to capture households with overlapping vulnerabilities, such as those facing high energy costs due to health conditions or inefficient housing, that do not align neatly with benefit receipt.

These concerns underline why a more inclusive approach to eligibility is needed in the longer term, but in the immediate term, complementary routes and support are essential.

To mitigate these risks, we recommend:

- Maintaining Industry Initiatives to reach households who fall outside core eligibility, with flexibility to fund energy advice, debt clearance, and essential measures.
- Proactive outreach and improved data-sharing between government departments, suppliers, and local agencies to identify households in fuel poverty who are not benefit recipients.
- A safety-net application route for households who can evidence vulnerability but are not captured through data-matching.

Evidence from our Industry Initiatives delivery shows these approaches work. In the last scheme year, targeted interventions unlocked £1.6 million in additional income, provided energy advice to thousands of households, and cleared significant energy debts. These outcomes demonstrate that complementary routes are essential to prevent exclusion and aid the WHD to reach as many fuel-poor households as possible.

Question 4. Which of the three options listed above is your preferred option for the next scheme period in Scotland?

Option 3, automatic data matching with eligibility criteria aligned to England and Wales, is the least problematic of those presented. However, this approach still risks excluding households experiencing genuine fuel poverty, particularly those with high energy needs due to disability or medical conditions who are not in receipt of means-tested benefits. A level of mitigation will be essential.

Question 5. Do you have any views on the advantages, disadvantages or concerns of any of the options presented?

There is a risk that households experiencing genuine fuel poverty could be excluded compared to the previous system, which allowed an application route. This could be addressed by requiring suppliers to maintain a route for a more flexible approach, consistent with the definition of fuel poverty set out in the Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019.

Question 6. Do you have any views about the use of a centralised Warm Home Discount helpline for auto matched Scottish consumers in options 2 and 3? Currently only the Core Group receives helpline support.

We support extending the centralised Warm Home Discount helpline to all auto-matched consumers in Scotland.

Question 7. Do you foresee any practical challenges or have any delivery concerns with replacing the Broader Group and its application process in options 2 and 3 with a data matched broader Core Group?

Yes. A key challenge will be reconciling larger volumes of data matching with the requirement that the individual receiving means-tested benefits is named on the customer account. This could lead to disputes and delays. A national support line and clear processes for resolving these issues will be essential. To manage this effectively, a national support line and clear process will be essential for resolving eligibility issues within each scheme year.

Question 8. Do you have a preferred option for the next scheme period in Scotland that is not presented above? If so, please provide details.

Yes. We would support an approach that provides financial assistance explicitly aligned with the definition of fuel poverty set out in the Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019.

Question 9. Do you have any concerns about the impact of these proposals, including the three options as presented, on households, in particular on those with protected characteristics in Scotland? What concerns do you have? Do you have any suggestions for mitigating your concerns, including through use of Industry Initiatives? Please provide any evidence you may have to support your answer.

Yes. There is a significant risk of exclusion for households that are not on qualifying benefits but still face vulnerability, such as disabled people, carers, and families with young children.

Mitigation should include:

- Continued and enhanced Industry Initiatives
- Supplier discretion within clear parameters
- Outreach and referral mechanisms

The consultation acknowledges that people who have previously received the Warm Home Discount will miss out as a result of the introduction of automatic payment. This is particularly concerning for the most vulnerable households with unavoidably high energy consumption. Where mitigation could be achieved through a well-designed integrated support programme, there remain substantial challenges in providing assistance in communities where English is not the first language.

Question 10. Do you think there are advantages or disadvantages in setting out eligibility separately in Scotland?

This approach is acceptable if it enables better targeting and reflects devolved policy priorities. However, consistency in core principles across Great Britain remains desirable.

On balance, there are more advantages than disadvantages to applying consistent criteria across Great Britain. Independent reviews have repeatedly highlighted the challenges and frustrations faced by low-income, vulnerable customers of energy suppliers. Data matching and automatic payment should ensure that those on the lowest incomes, while not a perfect proxy for fuel poverty, receive payments promptly through a single, consistent process. This would reduce administrative costs for suppliers and should also reduce the number of people seeking help with Warm Home Discount from third-party energy and debt advice providers.

Question 11. Do you agree that Industry Initiatives should be continued into the next scheme period?

Yes, Industry Initiatives should be continued and strengthened in the next scheme period. They are a vital component of the Warm Home Discount because they deliver targeted, high-impact support to households excluded from the core rebate, often those most at risk of fuel poverty and with overlapping vulnerabilities.

Industry Initiatives provide interventions that rebates alone cannot deliver. These include:

- Energy advice and behavioural support to reduce consumption and bills.
- Benefit entitlement checks that unlock thousands of pounds in unclaimed income.
- Emergency heating repairs for households facing acute health risks.
- Fuel vouchers and debt clearance to restore energy access and prevent disconnection.

Evidence of impact

Industry Initiatives are not only essential for providing impactful support to those not eligible for the WHD rebate, they are also highly cost-effective. Our SROI analysis shows that for every £1 invested, more than £16 of social value is created. This reflects the full societal benefit of interventions such as energy advice, income maximisation, and debt clearance, which deliver measurable improvements in wellbeing and affordability.

In Scheme Year 14, Industry Initiatives delivered measurable improvements for vulnerable households. Our delivery resulted in:

- **£1.6 million** in additional annual income unlocked through benefit entitlement checks.
- **5,400 households** received tailored energy advice, with nearly half reporting reduced fuel poverty symptoms.
- **£400,000** in financial assistance administered, including fuel vouchers and debt clearance.
- **130 households** supported with energy efficiency measures or appliances, improving warmth and reducing damp.
- **3,500 advisers trained**, creating a long-term legacy of support and capacity building.

These outcomes translated into real-world improvements:

- Subjective fuel poverty reduced by **25.6 percentage points** (from 83.4% to 57.8%).
- Heat rationing fell significantly, with households less likely to restrict heating or cut back on essentials like food and hygiene products.
- Over **50% of clients reported improved mental health**, and similar gains were seen in physical health and ability to cope with chronic conditions.
- Wellbeing scores improved across life satisfaction and happiness domains.

Historic data reinforces this value. In Scheme Year 9, **£37 million** spent through Industry Initiatives helped **456,000 households** and delivered an estimated **£125 million in benefits**. Benefit entitlement checks alone generated **£40 million** in additional income, while energy efficiency measures delivered long-term savings and improved living conditions.

Addressing gaps in core eligibility

Future WHD reforms will rely heavily on data-matching to allocate rebates. While this improves automation, it also entrenches exclusions: 46% of fuel-poor households are not in receipt of means-tested benefits and will not qualify for a rebate. Industry Initiatives remain the only route

to support for these households, including many with protected characteristics such as disabled people, carers, and pensioners who miss out on Pension Credit. Removing or weakening Industry Initiatives would leave these groups without any assistance.

Reframing for outcomes, not outputs

To maximise impact, Industry Initiatives should be reframed as outcome-driven interventions. Current reporting often treats a brief leaflet handout and a full-day holistic support session as equivalent, despite their vastly different impacts. Future frameworks must recognise this distinction and prioritise depth and quality of support. We recommend introducing outcome reporting on meaningful metrics such as:

- Debt reduction and energy arrears cleared.
- Improvements in health and wellbeing linked to energy access.
- Increased household income through benefit uptake.

Flexibility in delivery must be preserved, and bureaucracy should not obstruct good outcomes. Rigid rules on activity types or spend thresholds risk stifling innovation and responsiveness to local needs, particularly in rural or hard-to-reach areas. Current limitations on eligible training are a clear example: activities such as smart meter engagement training are often excluded, despite their proven link to better energy management and reduced bills. Allowing flexibility to include training where it demonstrably benefits low-income and vulnerable households would strengthen local capacity and ensure advisers can provide holistic, practical support that drives measurable improvements in affordability and wellbeing.

Recommendations for the next scheme period

- Continue and expand Industry Initiatives as a core part of WHD delivery, ensuring they remain accessible to households excluded from the core rebate.
- Shift the emphasis in reporting from outputs towards outcomes, with metrics that capture real-world impact such as reduced energy debt, improved thermal comfort, and enhanced wellbeing. Include case studies and informal outcomes to add depth.
- Preserve flexibility in delivery so interventions can respond to local needs and avoid rigid activity definitions or spend thresholds that stifle innovation.
- Embed multi-year targets to provide stability and continuity, reducing disruption caused by annual reconciliation and data-matching uncertainty.
- Support capacity building through adviser training and partnerships, creating a long-term legacy of expertise and reach.
- Avoid bureaucracy that obstructs good outcomes, ensuring delivery partners can provide holistic, tailored support without unnecessary administrative burden.

Industry Initiatives are a cornerstone of a fairer and more effective WHD. Without them, the scheme will fail to reach hundreds of thousands of vulnerable households and will miss the opportunity to deliver lasting improvements in energy affordability and wellbeing.

Question 12. Do you agree that Industry Initiatives should continue to be designed by individual energy suppliers and third-party partners? What are the benefits and drawbacks of this approach?

Yes, with appropriate oversight. Supplier-led design offers flexibility and enables interventions to be tailored to local needs, which is critical for reaching households with complex vulnerabilities. It also allows suppliers to leverage existing partnerships and delivery networks.

However, this approach carries risks of inconsistency, limited transparency, and potential duplication. These can be mitigated through:

- **Minimum standards for delivery quality and reporting**
- **Outcome-based evaluation**, focusing on metrics such as debt reduction, improved wellbeing, and resilience
- **Shared reporting platforms** to enable collaboration and learning across suppliers

Maintaining flexibility is essential, but it must be balanced with safeguards that ensure resources are directed to high-impact activities and that households excluded from the core rebate are not left behind.

Question 13. Do you have any proposals to improve the design and/or delivery of Industry Initiatives in the future? Do you have any proposals for additional activities that would be of benefit to include as permissible Industry Initiatives in the future?

Yes. Industry Initiatives should be reframed as outcome-driven interventions that deliver lasting improvements in affordability and wellbeing, rather than short-term fixes. Current frameworks often measure success by counting activities, but this fails to capture real impact. A leaflet and a full-day holistic support session may both count as “one client advised”, yet their effects are incomparable. Future design must prioritise depth, continuity, and measurable outcomes.

Key Improvements

- **Shift reporting from outputs to outcomes:** Success should be measured by tangible improvements such as reduced energy debt, cleared arrears, improved health and wellbeing, and increased household income through benefit uptake. Case studies and informal outcomes should complement quantitative metrics to reflect real-world impact.
- **Embed depth and continuity:** Vulnerable households often have minimal capacity to self-manage. Multi-hour, multi-touchpoint engagement is essential to achieve transformative results. Multi-year compliance targets should replace annual cycles to avoid delivery gaps and ensure continuity.
- **Preserve flexibility:** Rigid rules on activity types or spend thresholds risk stifling innovation and responsiveness to local needs, particularly in rural or hard-to-reach areas. Delivery partners must be empowered to tailor interventions to context.
- **Improve transparency and collaboration:** Greater visibility of funded activities and outcomes would enable learning and reduce duplication. A shared reporting platform could support this.
- **Reduce bureaucracy:** Administrative burden should not obstruct good outcomes. Delivery partners need the freedom to provide holistic, tailored support.

Debt is often the most visible indicator of vulnerability and cannot be resolved through transactional engagement. Holistic advice and income maximisation should sit at the heart of Industry Initiatives, providing enduring support that secures better debt outcomes over time. Our delivery model demonstrates this: by combining energy advice with benefits checks, budgeting support, and advocacy, we achieve outcomes that extend far beyond immediate bill relief.

SROI evidence underlines why depth and continuity matter: interventions that combine advice, income maximisation, and debt relief can deliver a return exceeding £16 for every £1 spent. This

reinforces the case for multi-year funding and outcome-based reporting, ensuring resources are directed to activities that generate the greatest impact for vulnerable households.

Industry Initiatives should therefore be framed as long-term investments in reducing vulnerability and improving resilience, not as short-term interventions. Success must be measured by sustained reductions in debt and vulnerability, not by activity counts.

Question 14. Do you have any views on eligibility for Industry Initiatives, or the extent to which energy suppliers should have discretion and flexibility to who they are awarded to within fuel poverty risk groups?

We support supplier discretion within clear parameters. The current approach works well because it is not overly prescriptive and allows Industry Initiatives to reach a wide audience of households in hardship, provided they meet approved vulnerability criteria and have incomes below £20,000. This flexibility ensures that no single group receives disproportionate support and that interventions can respond to local needs without creating postcode lotteries.

Maintaining this model is strategically important. Other funding streams, such as redress schemes, often focus on highly targeted work. WHD Industry Initiatives fill a different gap by providing broad-based support to low-income households across the spectrum. Opening up eligibility too narrowly could fragment delivery and introduce unnecessary competition with other schemes, reducing overall impact.

The strength of the current system lies in its ability to deliver holistic, outcome-driven interventions, energy advice, benefit entitlement checks, emergency heating repairs, and debt clearance, without being constrained by rigid definitions. Preserving supplier discretion, alongside transparent reporting and minimum standards, will ensure that Industry Initiatives continue to reach underserved groups while avoiding bureaucratic barriers that obstruct good outcomes.

Question 15. Do you have any views on whether specified activities should be included in the new regulations for the next scheme period from 2026/27? Are there any advantages or drawbacks to their inclusion in your view?

Including specified activities can provide clarity and consistency, but this must not come at the expense of flexibility. Prescriptive lists risk stifling innovation and responsiveness to local needs.

Regulations should set clear principles, such as prioritising high-impact, outcome-driven interventions, while allowing delivery partners discretion to tailor activities. This balance will ensure resources are directed where they make the greatest difference without creating unnecessary bureaucracy.

Question 16. Do you agree with the proposals to expand the role of suppliers in the communications around Warm Home Discount? Does this approach raise any advantages, or concerns in your view?

We agree in principle. Suppliers are well-placed to communicate with customers because they hold direct relationships and can target messaging effectively. However, this approach must be accompanied by safeguards to ensure consistency, accuracy and accessibility. Poorly managed communications risk confusion and exclusion, particularly for households with limited digital access or language barriers. Oversight is essential to maintain trust and prevent misinformation.

Question 17. Do you have any views on appropriate governance arrangements or oversight to monitor the effectiveness of this approach?

Governance should be led by Ofgem or an independent body with clear accountability. Key elements should include:

- Monitoring of messaging accuracy and compliance with agreed standards.
- Consumer feedback mechanisms to identify gaps or confusion.
- Redress pathways for households adversely affected by incorrect or unclear communications.

Transparency in reporting will be critical to maintain confidence and ensure communications support, rather than undermine, scheme objectives.

Question 18. Do you have any views on the proposed change to how the Warm Home Discount cost is estimated for reflecting in retail gas and electricity prices, moving from an annual spending target set out in regulations to the introduction of estimates of total spend for that coming winter? Do you have any views on how this may work on a practical level for suppliers? If your response is specifically relevant to England and Wales, or Scotland only please make this clear in your reply.

We support the move to an estimated spend model. This approach would improve accuracy and align with the mechanics of the price cap, while providing earlier certainty for suppliers and delivery partners. Certainty is critical for planning and continuity, particularly for Industry Initiatives, which often involve multi-stage interventions and partnerships with charities.

Under the current system, annual budgets are confirmed late in the cycle, creating delays and uncertainty. Suppliers are often unable to finalise contracts or release funds promptly, which in turn disrupts delivery. Charities delivering Industry Initiatives frequently have to proceed at their own financial risk, using reserves to maintain services until documentation and funding flows are confirmed. This is unsustainable and undermines the stability of support for vulnerable households.

The proposed change would help mitigate these issues by giving suppliers and partners earlier visibility of obligations for each scheme year. However, flexibility must be retained for the final year of the programme to allow reconciliation after the end of the period. Without this, there is a risk of over- or under-recovery that could distort budgets or create volatility.

Question 19. Do you have any views on how to determine spending for Industry Initiatives in Scotland if data matching is adopted in place of the Broader Group?

If data matching is adopted, spending should be allocated fairly. The current approach, which caps the spend of individual suppliers, has undermined delivery. Suppliers with higher levels of qualifying households and a greater market share in Scotland have often had to reduce or remove Warm Home Discount Industry Initiatives, while others have relied on these initiatives to meet obligations. If reconciliation is introduced, all suppliers should participate, with Ofgem confirming the level of both elements and ensuring that Industry Initiatives are proportionate to the number of eligible customers in Scotland for each supplier.

Question 20. Do you agree, in the absence of data matching, Scottish spending should continue to be determined as a proportion of expected spending in the England and Wales?

N/A

Question 21. Do you agree that Industry Initiatives should be funded to a similar level as currently? Do you have any views on whether their value should be adjusted for inflation during the scheme period?

Yes. Funding for Industry Initiatives should be maintained at least at current levels and uprated for inflation to preserve real value and delivery capacity. Without this adjustment, the scope and depth of interventions will erode over time, undermining the ability to deliver meaningful outcomes for vulnerable households.

Industry Initiatives are a cornerstone of the Warm Home Discount. They provide holistic, outcome-driven support that rebates alone cannot achieve, including energy advice, benefit entitlement checks, emergency heating repairs, and debt clearance. These interventions deliver measurable improvements in wellbeing, energy access, and financial resilience. Our own delivery in Scheme Year 14 illustrates this impact:

- Over £1.6 million in additional annual income unlocked through benefit checks.
- £400,000 in financial assistance administered to help households clear energy debts.
- Thousands of households supported with energy advice and efficiency measures.

Our SROI analysis demonstrates the exceptional value of these interventions. For every £1 invested in combined Industry Initiatives, we generated £16.93 of social value during 2024–25.

Maintaining funding and indexing it to inflation is essential to sustain these benefits and avoid delivery gaps caused by rising costs. Failure to uprate funding would force delivery partners to scale back services, reducing depth of engagement and leaving households with minimal capacity to self-manage without adequate support. Multi-year certainty and inflation-proofed budgets are therefore critical to continuity and impact.

Question 22. Do suppliers have any views on whether the reconciliation process works as currently organised? Do you consider whether any changes could improve the process?

N/A

Question 23. Do you have any other comments, views or evidence on the proposals for the changes to the levy?

We strongly support reform of the levy to improve fairness and reduce regressive impacts. The current flat-rate model places a disproportionate burden on low-income households, including those who do not receive the Warm Home Discount rebate. This structure means that vulnerable consumers often subsidise support they cannot access, which undermines the equity of the scheme.

Future funding should explore progressive alternatives that align with wider affordability objectives. Options include:

- Income-based exemptions or tiering to reduce costs for households least able to pay.
- Hybrid models combining general taxation with consumption-linked contributions, ensuring that higher energy users contribute more while protecting low-income consumers.
- Transparency on net benefit for vulnerable households, so that reforms demonstrably improve fairness.

Ofgem's Cost Allocation and Recovery Review provides an opportunity to embed these principles across levy-based schemes. Reforming WHD funding is essential to ensure that the scheme does not exacerbate inequality and remains consistent with the Government's fuel poverty strategy.

It is also vital to consider the interaction between levy recovery and standing charges. Current standing charge structures are highly regressive and disproportionately penalise prepayment customers, who already face higher costs and greater risk of self-disconnection. Reforming levy recovery alongside standing charge restructuring is essential to prevent compounding disadvantage.

Question 24. Do you have any comments on the proposal for allowing rebates notices to be issued after 1 March (31 March for 2025/26) where the Secretary of State is satisfied that an error has occurred?

We support this flexibility, provided robust governance is in place. Allowing late issuance prevents households from losing support due to administrative errors, but safeguards must ensure fairness and prevent misuse. Clear criteria, transparent reporting, and strict time limits should accompany any post-deadline payments to maintain confidence in the scheme.

Question 25. During the scheme period between 2026/27 and 2030/31, do you have any suggestions on what further improvements or additions to the scheme we could be exploring?

The Warm Home Discount must evolve to meet the reality of persistently high energy prices, record levels of household energy debt, and widening affordability gaps. Current support is falling behind need: the £150 rebate now covers only 8% of a typical annual energy bill, down from 13% in 2019, and is far below the average fuel poverty gap in England, which stands at £407. Without decisive reform, the scheme will fail to meet the moment.

The following recommendations are grounded in evidence from delivery experience and engagement with households facing overlapping vulnerabilities.

1. Introduce a mandatory review of scheme breadth and depth

To ensure the flexibility proposed in this consultation delivers meaningful benefits for fuel-poor households, we recommend a formal review of the scheme's breadth and depth in either 2026 or 2027. This review should assess the effectiveness of eligibility criteria, rebate levels, and delivery mechanisms in responding to changing affordability pressures, and should consider whether further use of the scheme's built-in flexibility is needed to adapt support in light of emerging risks or inadequacies.

While we understand this consultation to be the primary opportunity for stakeholder engagement, we also urge DESNZ to commit to a structured annual review process, with clear opportunities for consumer groups and delivery partners to engage. This should include transparent reporting on scheme performance, distributional impacts, and emerging affordability challenges. Such a process would help ensure that rebate values continue to scale with need and that the scheme remains responsive over time.

2. Introduce tiered rebates calibrated to household need

In principle, the most effective way to support energy affordability would be through scalable unit rate discounts provided to all fuel-poor households and funded by progressive taxation. This would ensure that households facing the greatest hardship receive the most support, while avoiding regressive impacts on low-income consumers. However, given current fiscal constraints and the need for rapid, low-complexity reform, we believe a tiered rebate model offers the most pragmatic route forward.

We recommend replacing the current flat-rate £150 rebate with a tiered structure, such as £150, £250, and £400, to better reflect household need. Tiers should be calibrated using indicators including income, disability status, housing efficiency and heating type. This approach would allow support to be scaled appropriately and ensure that limited funding is allocated where it can have the greatest impact.

Rebate values should be reviewed annually to ensure they remain responsive to energy price trends and affordability pressures. This flexibility must be retained on an enduring basis within the scheme design and should be used to adapt support levels in line with changing conditions.

A tiered model has received broad support across stakeholders and was endorsed by the ESNZ Committee, which highlighted that “a tiered model targeting income and energy usage would have greater impact on tackling fuel poverty than increasing a flat-rate payment”. It also aligns with wider consensus on the need for energy bill support to reflect overlapping vulnerabilities, rather than relying solely on benefit receipt.

This reform would retain the administrative simplicity of the current WHD model while delivering more targeted, equitable support to households facing the greatest energy hardship.

3. Expand eligibility beyond benefit receipt

The current WHD eligibility criteria exclude around one third of fuel-poor households who do not receive means-tested benefits. This includes disabled people, carers, single parents, and those in off-gas homes - groups who often face higher energy costs and acute affordability challenges but are locked out of support.

We recommend broadening eligibility to include all households in fuel poverty and those meeting vulnerability criteria. Improved targeting should draw on HMRC income data, EPC ratings, and health indicators. Automatic enrolment for these groups must be enabled through strengthened data-sharing legislation, building on the Digital Economy Act and existing precedents such as Ofgem’s Debt Relief Scheme.

4. Retain and strengthen Industry Initiatives

Industry Initiatives are a vital component of the Warm Home Discount scheme, providing tailored support to households who may not qualify for the core rebate. They have consistently delivered high-impact interventions such as emergency heating repairs, energy advice, benefit entitlement checks, and debt relief, often reaching vulnerable groups that other schemes miss.

We recommend strengthening this vital aspect of the WHD through reframing Industry Initiatives as outcome-driven interventions. Suppliers should be required to allocate minimum spend levels to high-impact activities such as debt relief, heating repairs, and energy efficiency upgrades. Granular outcome reporting should be introduced to track metrics such as debt reduction, home improvements, and health impacts mitigated.

Emergency boiler replacements should be retained, but with repair-first checks to ensure cost-effectiveness. Where replacements are considered, they should be limited to specific circumstances, for example, where a health condition or behavioural constraint necessitates maintaining higher indoor temperatures, which may be more reliably achieved with a gas boiler than alternative technologies.

5. Reform funding to make it progressive

The current Warm Home Discount funding model relies on a flat-rate levy applied to all energy consumers, which is inherently regressive and places a disproportionate burden on low-income households. This structure means that even households who do not receive the rebate still contribute to its cost through their bills.

We recommend exploring more progressive funding approaches, including:

- **General taxation** to support any expansion in the scope or value of the scheme.

- **Income-based levy exemptions or tiering** to reduce the burden on low-income consumers.
- **Consumption-linked contributions**, such as unit-based levies, to better reflect ability to pay.

General taxation could provide a fair and efficient route for funding additional support, particularly where the scheme is broadened to reach more households or deliver deeper rebates. However, exposing the full cost of the WHD to taxation is less realistic given fiscal constraints and the difficulty of securing long-term Treasury support.

Hybrid models may offer pragmatic alternatives that preserve targeting and limit regressive effects, without relying solely on public funding. What must be avoided is any further increase in regressive levies on low-income consumers.

6. Strengthen data-sharing to enable automatic enrolment

Automatic enrolment is essential to ensure that support reaches eligible households without requiring complex application processes. The ESNZ Committee found that inadequate data-sharing is one of the biggest barriers to effective delivery, increasing costs and reducing scheme efficiency.

We recommend legislating for secure data-sharing between DWP, HMRC, DESNZ, and energy suppliers. This should build on the Digital Economy Act and Ofgem's Debt Relief Scheme precedent. Data should be used to identify overlapping vulnerabilities and assign tiered support accordingly.

Governance, accuracy, redress mechanisms, and a phased roll-out will be critical to ensure public trust and effective delivery. The Committee recommended establishing an Energy Data Sharing Taskforce to deliver this by winter 2026–27.

The energy market will continue to change rapidly over the next five years. Without these improvements, WHD risks becoming static and symbolic rather than a dynamic, responsive tool for tackling fuel poverty. With them, it can remain a cornerstone of the UK's affordability strategy and deliver meaningful, measurable outcomes for households facing the harshest consequences of the energy crisis.

Question 26. Are there in your view households with particular characteristics that are or will be particularly impacted by changes to the energy sector and how costs feature in bills?

Yes. Several groups face disproportionate risks from future market changes and pricing structures:

- **Low-income households:** These households have the least capacity to absorb rising costs and are most exposed to affordability challenges.
- **Prepayment meter users:** Standing charges and upfront payment requirements create severe affordability challenges and increase the risk of self-disconnection. These households often have lower incomes and limited access to credit, making them highly vulnerable.
- **Electric-only and storage heating households:** These homes are exposed to higher unit costs and limited tariff flexibility, leaving them particularly vulnerable to price volatility.
- **Off-gas homes:** Properties reliant on unregulated heating fuels or electricity face significantly higher costs, compounded by poor thermal efficiency.

- **Indebted households:** Those with significant energy debt often cannot switch suppliers or access better tariffs, leaving them locked into higher-cost arrangements and unable to benefit from competitive pricing.
- **Households unable to access smart meters:** Technical barriers to smart meter installation mean these households will be excluded from dynamic smart tariffs and time-of-use pricing, limiting their ability to manage costs effectively.
- **Pensioners missing out on Pension Credit:** Older households on fixed incomes often fail to claim entitlements, leaving them unable to absorb rising costs.

These groups require tailored interventions within WHD and complementary schemes. Without targeted support, changes in market design and cost recovery risk deepening inequality and increasing the prevalence of fuel poverty.

References and notes

¹ For more information visit: www.nea.org.uk

² National Energy Action also works alongside our sister charity Energy Action Scotland (EAS) to ensure we collectively have a UK-wide reach

³ Energy Security and Net Zero Committee. *Tackling the energy cost crisis*. Fifth Report of Session 2024–26. House of Commons, 2025

⁴ <https://www.nea.org.uk/work-with-us/warm-home-discount-industry-initiatives/>

⁵ <https://www.nea.org.uk/news/oct-25-price-cap-polling/>