



Department for  
Business, Energy  
& Industrial Strategy

# Warm Home Discount: Draft Eligibility Statement (England and Wales)

Consultation responses



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# Contents

Consultation outcome	4
Summaries and responses	5
Individual eligibility	5
Communication	6
Explanation of the process	8
Tax Credits income thresholds	9
Additional points	11

# Consultation outcome

The government consulted on a draft Eligibility Statement between 22 July and 14 August 2022.<sup>1</sup> The consultation set out the areas we were seeking views on including: the level of detail and explanation of the process; the income thresholds for Tax Credits; and the property age and floor area bands.

A summary of the consultation responses and the government's response has been included in this document. The following changes have been made to the Eligibility Statement in response to the consultation:

- Including a list of all the property characteristic combinations categorised into high cost and low cost, applicable for the 2022/23 scheme year at least, at Annex 1;
- Incorporating the outcomes of the end-to-end testing of the data matching with energy suppliers and the data-matching rates;
- Incorporating a revised estimate for the number of Core Group 1 recipients; and
- Adding detail on the use of Energy Performance Certificate (EPC) data and Land Registry data in the sweep-up process.

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<sup>1</sup> Warm Home Discount (England and Wales): draft eligibility statement, July 2022. Available at: [www.gov.uk/government/consultations/warm-home-discount-england-and-wales-draft-eligibility-statement](https://www.gov.uk/government/consultations/warm-home-discount-england-and-wales-draft-eligibility-statement)

# Summaries and responses

There were 13 responses to the consultation, including from 7 members of the public, 2 energy suppliers, 2 charities, 1 thinktank, and 1 not-for-profit organisation.

The points raised broadly concerned the following topics.

## Individual eligibility

### Consultation responses

Members of the public asked how to find out if they are eligible based on their property's characteristics, what the energy cost score threshold is, and what the formula for the calculation is so they can work it out for their property.

Meanwhile, 2 respondents asked how to apply and if they could be considered again for the rebate this winter as they have received it in previous years.

### Government response

This Eligibility Statement sets out the criteria for the Secretary of State to determine eligibility under Core Group 2. The draft Statement was not intended to be used by individual households as a means to work out whether they would be eligible and would receive a rebate under the low income and high-energy-cost criteria.

In addition, we have not published the figure for the energy cost threshold to avoid creating confusion around the difference between the threshold and households' energy bills. As explained in the approach to setting the high-energy cost threshold, the energy cost scores are not directly equivalent to energy bills. The energy cost score is a function of the characteristics of a property, while an energy bill also reflects other factors including energy prices, fuel type, individual heating behaviours, property energy efficiency. The energy cost score criteria enables the government to identify and prioritise low-income households living in the highest energy cost properties compared to other low-income households, and expend the spending target. The spending target for 2022/23 is £434 million for rebates and an additional £40 million on Industry Initiatives (other financial and energy-related spending under the scheme).

However, in response to these comments, the Eligibility Statement now contains a section at Annex A outlining all of the different combinations of property characteristics, each designated as either high cost or low cost, on the basis of the threshold for scheme year 2022/23. This should help individuals understand whether their property is considered high cost or low cost according to the eligibility criteria. In addition, as explained below, the government is working to provide an online eligibility checker on gov.uk in time for November 2022.

## Communication

### Consultation responses

One energy supplier explained that, while the statement contained useful information for suppliers, the model is complicated and they are concerned that it will fall to suppliers to explain the process in a manner that is more accessible to their customers. They also explained that customers who previously received a rebate under the Broader Group would approach their supplier in the first instance, and therefore there is a need for clear and consistent messaging. This energy supplier also asked whether certain categories of households would be sent a letter.

The other energy supplier who responded asked whether government would contact the households previously eligible under the Broader Group to explain the changes.

Finally, one charity stated that the government should ensure that any communication is accessible for disabled people, especially if energy suppliers do not feel equipped to explain their changes to their customers who were eligible under the Broader Group.

### Government response

This Eligibility Statement is a requirement under the Regulations to describe the eligibility criteria used by the Secretary of State to identify households eligible for a rebate. However, the government has separate means of communication focused on explaining the process and eligibility to households. These include:

- **Letters to households:** In 2022/23, households who are eligible or potentially eligible for a rebate will be sent a letter between November and mid-January, explaining whether they will receive a rebate automatically or advising them to call a helpline by a specific deadline to establish whether they are eligible. An additional subset of households will also be contacted, where the data is missing or ambiguous, or where the characteristics of their property have been imputed using other data sources and statistical methods rather than solely through Valuation Office Agency (VOA) data. Households who meet the low-income criteria but whose property has a low energy cost score, based wholly on VOA data, will not be directly contacted. An outline of which types of households will receive a letter can be found in the government response to the consultation on the policy and design of the scheme.<sup>2</sup>
- **GOV.UK:** More information on the eligibility and the process for the Warm Home Discount scheme in England and Wales, as well as the Warm Home Discount scheme in Scotland, will be made available on GOV.UK. This information will be designed for

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<sup>2</sup> Warm Home Discount: The government response to the Warm Home Discount: Better targeted support from 2022 consultation, April 2022, pp.27-28. Available at: [www.gov.uk/government/consultations/warm-home-discount-better-targeted-support-from-2022](https://www.gov.uk/government/consultations/warm-home-discount-better-targeted-support-from-2022)

individuals to understand what the scheme is, what the eligibility criteria are, how the rebates are received, and how to contact the helpline.

- **Eligibility checker:** The government is working to provide an online eligibility checker on GOV.UK in time for November 2022. This eligibility checker will outline the eligibility criteria and give households the means to determine if their property is likely to be considered high cost or low cost. A low-income household may check gov.uk and this eligibility checker to determine whether they should be eligible, and therefore whether they are likely to receive a letter or whether to contact the helpline from mid-January.

## Explanation of the process

### Consultation responses

One energy supplier explained that parts of the process for determining high energy costs could be simplified or clarified. The respondent said it was not clear whether individual properties would be scored or if the property characteristics bands would have the energy scores.

### Government response

Bands for property age and property floor area will be used instead of exact values. Properties within the same bands and of the same property type will have the same energy cost score, even if one property is slightly older or slightly larger. This approach was chosen both to protect against minor inaccuracies in the data from affecting energy scores and any small changes to the floor area since the data was recorded and last updated.

With the finite number of property types and bands for property age and floor area, there are therefore 528 theoretical combinations across around 26 million domestic properties. In Annex 1 to this Eligibility Statement, we have now provided each of these combinations and designated which are high cost and which are low cost according to the energy cost threshold for the 2022/23 scheme year at least.



## Tax Credits income thresholds

### Consultation responses

One energy supplier supported the logic of using equivalisation to adjust the Tax Credits income threshold according to the composition of households. They however underlined the importance of explaining this to customers, as it means specific circumstances will determine if someone in receipt of Tax Credits and no other qualifying means-tested benefit meets the low-income criteria.

One energy supplier questioned why the Tax Credit income thresholds would be different under Warm Home Discount and under the Energy Company Obligation (ECO) scheme, pointing to the income thresholds in the latest ECO guidance.

One organisation pointed out that the Tax Credits income threshold was proposed to maximise a fuel poverty targeting rate of 57% based on 2019 data. This organisation explained that updated modelling using more recent data would yield a much higher fuel poverty targeting rate, around 90%, for households with this level of income. This organisation therefore proposed increasing the base threshold to £30,000, supporting fuel poor households while ensuring the most wealthy households would still not be eligible. This respondent also proposed expanding the overall spending envelope, if increasing the Tax Credits income threshold would take away funding from other households.

Finally, one member of the public stated that household composition makes no difference to energy bills as it costs the same to heat a property regardless of the number of people in it.

### Government response

The government will ensure that the eligibility checker allows households to understand if they may meet the Tax Credits income thresholds.

Under the latest phase of ECO (ECO4), there are no income thresholds for the Tax Credits eligibility. The information provided by the respondent concerns Child Benefit, which is not part of the Warm Home Discount eligibility criteria. However, we proposed the income threshold of £23,950 (equivalised) for Tax Credits under Warm Home Discount in order to prioritise rebates to those most likely to be in fuel poverty. Increasing the Tax Credits income threshold would displace households in receipt of a means-tested benefit and lower the fuel poverty targeting rate, while decreasing the threshold would mean that low-income Tax Credits recipients would not be eligible while benefits recipients with relatively higher incomes would be eligible.

The analysis on fuel poverty rates has been conducted through modelling based on the latest available data. For Warm Home Discount, the latest available Fuel Poverty Statistics data was the 2019 data, published in 2021. The fuel poverty metric used is the Low Income Low Energy Efficiency metric (LILEE), which is the government's fuel poverty metric for England. More information on the LILEE metric can be found in the updated fuel poverty strategy, published in

2021, and its applicability to the Warm Home Discount in the consultation on the policy and scheme design.<sup>3</sup>

Regarding the relationship between household composition and heating requirements, equivalisation is used in fuel poverty income calculations in recognition that larger households need more income to maintain the same standard of living as smaller households. More information on this can be found in the latest annual fuel poverty statistics report.<sup>4</sup>

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<sup>3</sup> Sustainable warmth: protecting vulnerable households in England, February 2021. Available at: [www.gov.uk/government/publications/sustainable-warmth-protecting-vulnerable-households-in-england](https://www.gov.uk/government/publications/sustainable-warmth-protecting-vulnerable-households-in-england).  
Warm Home Discount: Better targeted support from 2022 consultation, June 2021. Available at: [www.gov.uk/government/consultations/warm-home-discount-better-targeted-support-from-2022](https://www.gov.uk/government/consultations/warm-home-discount-better-targeted-support-from-2022).

<sup>4</sup> Annual Fuel Poverty Statistics in England, 2022 (2020 data), February 2022. Available at: [www.gov.uk/government/statistics/annual-fuel-poverty-statistics-report-2022](https://www.gov.uk/government/statistics/annual-fuel-poverty-statistics-report-2022).

## Additional points

### Consultation responses

Respondents also raised a number of points on the overall policy and scheme design, which were outside the scope of the consultation on this Eligibility Statement. These include:

- Expanding the eligibility criteria, for instance by removing the high energy cost criteria and giving a rebate to everyone on means-tested benefits, on disability benefits, or to people with a long-term health condition;
- Providing a rebate to people who previously received a rebate under the Broader Group but are now no longer eligible under Core Group 2;
- Increasing the value of the rebate from £150 given the increases to the cost of living;
- Clarifying what support is available for people to get an EPC so they can call the helpline and have their eligibility determined using an EPC;
- Increasing the allowances under Industry Initiatives to support disabled people;
- Incorporating energy efficiency measures and grants into the energy cost calculations and analysing the impact this has on the accuracy of the energy cost scores.

### Government response

The policy and design of the scheme, including the Core Group 2 eligibility criteria, the value of the rebates, the data-matching and helpline process, were consulted on in summer 2021 and confirmed in the government response in April 2022.<sup>5</sup> The government remains committed to delivering the expanded and reformed Warm Home Discount scheme in England and Wales for winter 2022/23 onwards.

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<sup>5</sup> Warm Home Discount: Better targeted support from 2022 consultation, June 2021; and Warm Home Discount: The government response to the Warm Home Discount: Better targeted support from 2022 consultation, April 2022. Available at: [www.gov.uk/government/consultations/warm-home-discount-better-targeted-support-from-2022](https://www.gov.uk/government/consultations/warm-home-discount-better-targeted-support-from-2022).

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