Department for Energy Security & Net Zero

Warm Home Discount Experimental Statistics Methodology Document

27 July 2023   **Statistical Methodology**

Warm Home Discount statistics methodology

1 Introduction

The [Warm Home Discount statistics](#) have been published as a new Experimental Statistic following reform of the England & Wales scheme for 2022/23. The [Warm Home Discount](#) (WHD) was introduced in 2011 with the scheme requiring obligated energy suppliers to provide energy bill rebates to eligible households. Ofgem is the scheme administrator. Reports on the number of households receiving the rebate in previous years were published by [Ofgem](#).

The changes made to the England & Wales scheme in 2022/23 now determine the recipients of the scheme primarily using administrative data. These changes have enabled the production of these statistics that provide more detail on the households receiving the rebate. Households are identified primarily based on data held by the Department for Work & Pensions (DWP) on those receiving certain means-tested benefits or tax credits. Where applicable (for Core Group 2 outlined below), this data is then matched with energy costs derived from Valuation Office Agency (VOA) Council Tax Valuation Lists to identify households likely to have the highest energy costs. Additional data is obtained via the WHD helpline where households who consider that they meet the eligibility criteria can seek to obtain the rebate.

WHD is administered through two distinct eligibility groups:

Core Group 1 supports pensioners on a low income who are receiving the [Guarantee Credit element of Pension Credit](#). This applies to households in Great Britain and is equivalent to the Core Group of earlier phases of the scheme.

Core Group 2 supports other [low income households](#) receiving a qualifying means-tested benefit AND assessed as living in a home with high estimated energy costs. The high-cost element is determined based on the VOA data held for the address of the household, specifically the property type, property age and floor area. The [specific criteria](#) used to model this are reviewed on an ongoing basis by the Department for Energy Security & Net Zero and are set in an Eligibility Statement. This aspect of the scheme only applies in England & Wales and replaces the Broader Group of the previous phase of the scheme.

There is a separate WHD scheme in Scotland. While there is a group equivalent to Core Group 1 in Scotland, known as the Core Group, there is no Core Group 2. Instead, low-income and vulnerable households apply to their energy supplier for a rebate as part of the

Broader Group, which has been a feature of the scheme since it began in 2011. Although the Government sets minimum eligibility criteria for the Broader Group in the regulations, obligated suppliers can set additional criteria, subject to approval by Ofgem. The Government does not have household-level data on the Broader Group rebates, and therefore the Broader Group rebates are not part of these statistics.

2 Data sources

The data of which households will receive a rebate through WHD is provided to DESNZ by DWP. There are two parts to the final dataset; the first consisting of households identified directly by DWP through data linking and the second for additional households who demonstrate their eligibility for the scheme through contacting the WHD Helpline run by DESNZ.

In all cases data are provided by DWP at household level with a unique identifier of the Meter Point Administration Number (MPAN). This is the code for the electricity meter to which a credit of £150 will be applied by the energy supplier of the household. DESNZ statisticians have used this to match to other data sources including allocating the households to geographic locations.

2.1 Matched data

The majority of households that receive WHD have been identified by DWP directly by applying the eligibility criteria for the scheme to administrative data records. This is slightly different depending on which Core Group the household is eligible under.

Core Group 1 households in Great Britain (referred to as the Core Group in Scotland) are identified where at least one household member is receiving the Guarantee Credit element of Pension Credit in the DWP benefits data.

Core Group 2 households in England & Wales are identified through a combination of DWP benefits and HMRC tax credit data and data from the Valuation Office Agency (VOA). These datasets are linked by DWP using the benefit claimant's address. The VOA Council Tax Valuation Lists is used to determine the rateable value of homes for the purpose of setting Council Tax bands. This dataset contains property characteristics and specifically the property type, property age and floor area, which DESNZ use to estimate the theoretical energy costs of each household.

A high cost threshold is set by the Department for Energy Security & Net Zero applicable to one or multiple scheme years as a means of targeting the rebate to households likely to face the highest energy costs. Core group 2 eligible households are those identified as

receiving a qualifying means-tested benefit and have an estimated energy cost above or equal to the high cost threshold.

In both cases, DWP then link eligible households to customer data they receive from energy suppliers to identify the subset of eligible households who are "matched" with an energy supplier. DWP returns unique reference numbers to each energy supplier for their "matched" customers. Suppliers are required to provide these matched customers with a rebate.

2.2 WHD Helpline data

The Core Group 1 and Core Group 2 eligible households where DWP could not find a match in the energy supplier customer data are referred to as "unmatched" households. This may include households where the household member receiving the eligible benefit was not listed as the bill payer and hence a match was not made or where circumstances had changed (e.g. they had moved house) and one of the datasets had not been updated. These unmatched customers are sent a letter and invited to contact the helpline to provide details of their energy supplier customer account. If the helpline confirms the customer's eligibility the helpline issues an 'Instruction to Pay' the WHD rebate to the relevant energy supplier, who is then required to award those customers a rebate.

In addition, there are further subsets of households under Core Group 2 who can contact the helpline. These include households where a person is in receipt of a qualifying means-tested benefit but:

- Whose address could not be matched to VOA Council Tax Valuation Lists.
- Whose address could be matched but the VOA record was missing one or more property characteristics. A subset of these households may have had an energy cost score (below the threshold) calculated using data that has been imputed from alternative sources and statistical methods based on neighbouring properties.
- Whose address could be matched but the VOA record for the property had one of certain ineligible property types, for example a caravan or mobile home, as detailed in the Eligibility Statement.

In these cases, the WHD helpline can check the VOA entry, or can either use Land Registry data on their property type, or, if the property has an Energy Performance Certificate (EPC), take the characteristics from the EPC to calculate their energy cost score and determine if this would make the property eligible.

In addition, any household with an energy cost score below the threshold can call the WHD helpline to ask for alternative property characteristics from the EPC or Land Registry, if available, to be used to recalculate their energy cost score and determine if this would make the property eligible.

The dataset of all 'Instructions to Pay' issued by the helpline are provided to DWP after the end of the scheme year (31 March) and DWP match back to their benefit records to enrich the data and provide the variables required for the production of these statistics.

3 Understanding the population of households

Most of the tables that have been published seek to identify the total number of households either within a local area or type of property (e.g., homes built pre-1919). This enables us to show the share of households in a cohort receiving the rebate. It is not meaningful to split this by Core Group and using the current data sources this is not available for household characteristics. Different data sources are used to understand the population data for England & Wales and for Scotland.

These datasets have been used both to understand the population of households but also to classify the WHD data by dwelling type, dwelling age, floor area and tenure.

3.1 Valuation Office Agency data (England & Wales)

It is noted that the Valuation Office Agency (VOA) Council Tax Valuation List for domestic data is a register of dwellings. This is used as a proxy for the number of households living in each type of dwelling and used for comparison with the number of households receiving WHD. Given the eligibility of Core Group 2 is based on a VOA classification it is the logical dataset to make comparison with. Overall, there are slight differences in the number of households and dwellings due to vacant dwellings and dwellings in multiple occupation. This data has been used for the overall population in England & Wales by local area and by dwelling type.

The VOA data for England & Wales covers all dwellings rated for the purpose of assigning a council tax band. This includes all permanent buildings which are used primarily for domestic use even if the household is exempt from council tax (e.g., students). Other buildings will be included in the separate Non-Domestic Register for business rates unless they are exempt.

Each entry on the Council Tax Valuation lists has a number of 'Property Attribute Details' (PADs) recorded, which are codes that describe the features of the property. One of these PADs is the property type code. If a property has no property type code recorded, or if the property type is recorded as 'House - Unknown', it is counted as having an unknown property type.

Another PAD used in this release is the age code, which is a single letter that relates to the time period in which the property was built, for example, between 1993 and 1999. In this release, this time period is described as the 'build period'. If a property has no age code recorded, it is counted as having an unknown build period.

If a property has been improved or extended since it was initially placed on the Register, the VOA can [review the banding](#) to take account of the alterations when the property is sold and, in some cases, earlier. These properties are flagged with an 'Improvement Indicator' on the Council Tax Valuation Lists. This means that the PADs held on the VOA's administrative database for properties with an Improvement Indicator may not reflect the current property details. Once a sale takes place, the banding is reviewed, and the PADs may be updated.

3.2 Experian data (Great Britain)

Experian Household Directory data provides estimates of household characteristics based on a range of survey and administrative data sources used for modelling by Experian. This data is not considered robust enough to classify data in the WHD households data but has been used to provide an estimated tenure for classification of the WHD data.

3.3 National Records of Scotland data (Scotland)

The National Records of Scotland data provides an estimate of households in Scotland[1]. This provides historic data of the number of households living in Scotland in each Local Authority Area, Scottish Neighbourhood Statistics (SNS) data zone and Westminster parliamentary constituency.

3.4 National Statistics Postcode Lookup (NSPL)

The NSPL is produced by ONS Geography. The dataset which is updated quarterly classifies each postcode within the United Kingdom into administrative and statistical geographies e.g. Local Authority, Lower Super Output Areas / SNS Data Zone and Westminster Parliamentary Constituency. It also provides classifications to Census derived classifications such as rurality.

4 Data management

The Warm Home Discount Statistics have been produced primarily from two data sources:

1. The Warm Home Discount administrative data (Matched data & WHD Helpline data)
2. Population data of properties, typically from the [National Energy Efficiency Data-Framework](#) (NEED) which includes:
   a. Valuation Office Agency Data
   b. Experian Data

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[1] [Households and Dwellings in Scotland, 2021 | National Records of Scotland (nrscotland.gov.uk)](#)

c. Meter point consumption data

Data linking is a key aspect of classifying the WHD administrative data into geographic areas and dwelling types. The WHD data contains the unique identifier of Meter Point Administration Number (MPAN) which is the key identifier of electricity meters used by energy suppliers. This is used by DWP within the "Instruction to pay" and issued to suppliers to provide a rebate against the meter. This is therefore the most complete identifier within the WHD data. DESNZ then use the MPAN to match to the other NEED datasets through the MPAN to UPRN lookup.

Because data linking doesn't provide 100 per cent coverage, there are some unknowns in the allocation of WHD records to dwelling types and tenure.

In around 1 per cent of cases, it was not directly possible to identify the local area due to the lack of data linking using MPAN. The alternative method using the postcode stub (left part of the postcode or out-code) is used. While this gives high confidence of allocation at local authority area, this is more of an estimate at Lower Super Output Area (LSOA) level where multiple LSOAs span the same postcode area.

OGL

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