



Department for  
Energy Security  
& Net Zero

# Warm Home Discount: Eligibility Statement

England and Wales from 2023/24



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Any enquiries regarding this publication should be sent to us at: [warmhomediscount@energysecurity.gov.uk](mailto:warmhomediscount@energysecurity.gov.uk)

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# Introduction

*This section explains the Warm Home Discount and the reforms to the scheme in England and Wales and outlines the content of this eligibility statement.*

The Warm Home Discount scheme obligates participating suppliers to provide rebates to eligible low-income and vulnerable households. The scheme helps households in, or at risk of, fuel poverty with direct energy bill payments as well as other financial and energy-related support.

The Government expanded and reformed the Warm Home Discount for England and Wales from 2022/23 onwards. The reforms aim to better target fuel poverty and provide the vast majority of rebates automatically. The Government consulted on the reforms in summer 2021 and confirmed the scheme's design in the Government Response published in April 2022.<sup>1</sup>

The scheme continues to provide rebates to pensioners in receipt of Pension Credit Guarantee Credit, under the 'Core Group 1' cohort. The main reform is to provide rebates to a larger pool of households than under the previous scheme, who are identified as having low incomes and high estimated energy costs, under the 'Core Group 2' cohort. As confirmed in the Government Response, households eligible for a rebate under Core Group 2 are those who are in receipt of one of the qualifying means-tested benefits or tax credits and are living in properties which have an energy cost score, calculated from certain property characteristics, exceeding a high-energy-cost threshold.

As required under Regulation 9 of The Warm Home Discount (England and Wales) Regulations 2022, the Secretary of State for the Department for Energy Security and Net Zero ('the Department') must publish an eligibility statement for each scheme year. This statement describes the criteria used to determine eligibility for a rebate under Core Group 2.<sup>2</sup>

This statement therefore sets out:

**Low-income criteria:** The qualifying means-tested benefits and tax credits which a person must receive to meet the low-income criteria.

**Income thresholds for tax credits:** The income thresholds for households in receipt of Working Tax Credits or Child Tax Credits to meet the low-income criteria.

**High-energy-cost criteria:** The process for allocating an energy cost score to a household and for setting the threshold that a household's energy cost score must exceed in order to meet the high-energy-cost criteria.

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<sup>1</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 <https://www.gov.uk/government/consultations/warm-home-discount-better-targeted-support-from-2022>

<sup>2</sup> The Warm Home Discount (England and Wales) Regulations 2022, SI 2022 No. 772. Available at: <https://www.legislation.gov.uk/uksi/2022/772/made>

**Eligible property types:** The types of properties which can be eligible for a rebate under Core Group 2.

## Amendments for scheme year 13

2022/23 was the first year of the reformed scheme and the twelfth year of the scheme since it began in 2011. The then-Department for Business Energy and Industrial Strategy published the first Eligibility Statement which applied to scheme year 12 and all future scheme years, unless amended or replaced by a new Eligibility Statement.<sup>3</sup>

The Department has revised certain elements of the Eligibility Statement and has therefore published this amended Eligibility Statement that applies to scheme year 13 and all future scheme years, unless replaced in the future.

The principal revisions are:

**Adjusting the high energy cost threshold:** Lowering the threshold for a property considered as having high energy costs, so that more households will ultimately turn out to be eligible.

**High-energy-cost carry over:** The scenarios in which a household's high-energy-cost status from a previous scheme year can be carried over into scheme year 13 and future scheme years, provided the high-energy-cost threshold is not raised.

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<sup>3</sup> Warm Home Discount: eligibility statement (England and Wales), November 2022. Available at: <https://www.gov.uk/government/publications/warm-home-discount-eligibility-statement-england-and-wales>

# Eligibility Statement

## Core Group 2 eligibility overview

*This section provides an overview of the eligibility criteria for Core Group 2. This section sets out the qualifying benefits and tax credits, the income threshold applied to tax credits, how the high-cost threshold has been calculated, and exclusions.*

Households eligible under Core Group 2 must satisfy the criteria of being low income and having high energy costs on a qualifying date for that scheme year. The qualifying date is set by the Secretary of State and is set to be as close as possible to the date of the data-matching process, to minimise the number of changes in people's circumstances between the qualifying date and awarding the rebates. For 2023/24, the qualifying date is 13 August 2023.

In addition to meeting the low income and high-energy cost criteria, the household must meet the additional conditions set out in regulation 8(5) of the Regulations, such as to being named on the electricity bill for the domestic premises in England and Wales, as to occupying the premises as their sole or main residence, and as to who must be in receipt of the qualifying benefit.<sup>4</sup>

This eligibility statement applies for scheme year 13 (2023/24) and future scheme years unless it is replaced. If a pattern of consistent and significant over-spending or under-spending against the scheme's funding envelope develops, the Department may issue a revised statement of eligibility for future scheme years.

To be eligible for a rebate under Core Group 2, a household must meet the criteria outlined below on the qualifying date for the scheme year:

**Table 1 Summary of the Core Group 2 criteria**

Low income	High energy cost
A person must be in receipt of one of the qualifying means-tested benefits or, below an income threshold, tax credits.	The domestic property must be an eligible property type and must have an energy cost score above a threshold that is set for the scheme year by the Secretary of State. Each property's energy cost score is calculated by the Secretary of State using an algorithm applied to Government-held data on property characteristics.

<sup>4</sup> The Warm Home Discount (England and Wales) Regulations 2022, SI 2022 No. 772. Available at: <https://www.legislation.gov.uk/ukSI/2022/772/made>

## Warm Home Discount: Eligibility Statement

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Through data matching, the majority of eligible households will receive their rebates automatically from their energy supplier, without having to apply. Where it is not clear from the data-matching process if a household is eligible for a rebate, for instance where we have not been able to match them with a participating energy supplier or certain Government-held data on property characteristics is missing, they will be sent a letter explaining that they may contact a helpline to check their eligibility. More information on the process for households to understand whether they may be eligible is available on [gov.uk](http://gov.uk).



## Low-income criteria

*This section outlines the qualifying benefits and tax credits for meeting the low-income criteria. This section also details the income thresholds for eligibility on the basis of tax credits.*

To meet the low-income criteria, the account holder (or their partner living at the same address) must be in receipt of one of the qualifying means-tested benefits or tax credits on the qualifying date for that scheme year.<sup>5</sup> These benefits and tax credits were consulted on and confirmed in the Government Response.<sup>6</sup>

### List of benefits and tax credits

The following benefits and tax credits are the qualifying benefits and tax credits for meeting the low-income eligibility criteria:

Income related Employment and Support Allowance

Income based Jobseeker's Allowance

Income Support

Housing Benefit

Universal Credit

the Savings Credit element of Pension Credit (1)

Child Tax Credit (2)

Working Tax Credit (2)

Notes: (1) Where a household receives both the Savings Credit and the Guarantee Credit elements of Pension Credit, they will be eligible under Core Group 1, not Core Group 2, by virtue of their receipt of the Guarantee Credit element.

(2) As detailed below, households in receipt of Child Tax Credit or Working Tax Credit and not any of the other qualifying benefits must have a household income below a threshold, adjusted according to household composition ('equivalisation').

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<sup>5</sup> The only exception is where a legal representative is named on the account on behalf of the recipient of the benefit, because they lack the necessary capacity to conduct their own affairs.

<sup>6</sup> Warm Home Discount: The Government Response to the Warm Home Discount: Better targeted support from 2022 consultation, April 2022. Available at <https://www.gov.uk/government/consultations/warm-home-discount-better-targeted-support-from-2022>

## Tax credits income threshold

### Approach

There is no set income limit for eligibility for Working Tax Credit or Child Tax Credit and the amount a household receives depends on their circumstances. Therefore, there are households with relatively high incomes who are in receipt of either tax credit.

To focus the Warm Home Discount rebates on the lowest income households, only those in receipt of either tax credit (and not another qualifying benefit) with an income below a threshold meet the low-income criteria. The most recent household income data available provided by HMRC to calculate tax credit awards prior to the WHD qualifying date will be used by the Secretary of State to determine whether a household is below the income threshold.

The income threshold was set in scheme year 12 to maximise the overall fuel poverty targeting rate for Core Group 2. The fuel poverty targeting rate is the percentage of households who receive a rebate being fuel poor under the Government's definition of fuel poverty.<sup>7</sup> This analysis of the income thresholds and fuel poverty rate was originally conducted using English Housing Survey 2019 data (published 2021). For the purposes of determining income, Child Tax Credit and Working Tax Credit are excluded as income, as are Disability Living Allowance, Personal Independence Payment, and Attendance Allowance.

In scheme year 12, an income threshold of £23,950 for a household of two or more adults and no children yielded a maximum modelled fuel poverty rate for Core Group 2 recipients at 57%. Lower or higher income thresholds reduce the modelled fuel poverty rate, though all rates were always over 54%. Setting a higher threshold or having no threshold leads to households in receipt of tax credits with higher incomes being eligible for a rebate, and therefore fewer households in receipt of one of the other qualifying benefits become eligible for a rebate. Meanwhile, setting a lower threshold leads to the reverse: fewer households in receipt of tax credits are eligible, and therefore more households in receipt of one of the other qualifying benefits become eligible for a rebate.

Therefore, in scheme year 12 the income threshold was set at £23,950. As inflation-linked benefits and tax credits were increased in line with the Consumer Prices Index (CPI) rate of inflation by 10.1% from April 2023, the income threshold from scheme year 12 has been proportionately uprated in scheme year 13. The outcome is to maintain the same cohort of low-income households between scheme years 12 and 13. Applying inflation increases the income threshold to £26,369 for scheme year 13, for a household of two or more adults and no children. The thresholds for different household compositions are shown in Table 3 below.

We will continue to keep the income thresholds under review for future scheme years. As more recipients of tax credits are moved onto Universal Credit, the income threshold for tax credits will have a diminishing impact on the overall Core Group 2 fuel poverty rates. It is expected

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<sup>7</sup> Government uses the Low Income Low Energy Efficiency (LILEE) definition for fuel poverty. More information can be found in the strategy Sustainable warmth: protecting vulnerable households in England, February 2021. Available at: <https://www.gov.uk/government/publications/sustainable-warmth-protecting-vulnerable-households-in-england>

that all tax credit claims will end by the end of 2024 under the transition to Universal Credit and so the threshold will not be needed from scheme year 15.

### Equivalisation factors

The income threshold that applies to a household is adjusted according to the number of adults and children living in the household. This is known as ‘equivalisation’, to make incomes between households of different sizes comparable.

Equivalisation is a standard methodology that adjusts household income to take into account differences in the household composition. Different levels of income are likely needed depending on the size and composition of the household to achieve the same standard of living. For example, households with many members are likely to need a higher income to achieve the same standard of living as households with fewer members. Equivalisation is therefore used to make incomes comparable, so that households with the same equivalised incomes are likely to have the same standard of living.

The equivalisation factors are based on those used in the Household Below Average Income (HBAI) series and are based on a modified scale from the Organisation for Economic Co-operation and Development (OECD). This is explained in the latest HBAI quality and methodology information report, published by DWP in March 2023.<sup>8</sup> For the purposes of the WHD scheme and due to the tax credits data available on household composition, the factor is capped at two adults and four children, and no distinction is made between children of different ages.

When setting the income threshold for tax credits, the value for a household of two adults and no children is the benchmark, and all the incomes for other household compositions are adjusted using equivalisation factors depending on the number of adults and children in the household.

**Table 2 Equivalisation factors to adjust the incomes according to household composition**

Equivalisation factors					
	No children	1 child	2 children	3 children	4 or more children
Single adult	0.67	0.87	1.07	1.27	1.47
Two adults or more	1.00	1.20	1.40	1.60	1.80

<sup>8</sup> Households below average income series: quality and methodology information report FYE 2022, March 2023. Available at: <https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2022/households-below-average-income-series-quality-and-methodology-information-report-fye-2022#equivalisation-1>

## Threshold table

The table below, Table 3, shows the actual income thresholds that is applied to households according to different numbers of adults and children. The assessed income is the most recent income available used and provided by HMRC to calculate the individual's tax credit award prior to the WHD qualifying date. This tax year used may vary depending on an individual's circumstances.

**Table 3 Household income thresholds for tax credits recipients, equivalised by household composition**

Income thresholds (£s) for Working Tax Credit and Child Tax Credit					
	No children	1 child	2 children	3 children	4 or more children
Single adult	17,668	22,942	28,215	33,489	38,763
Two adults or more	26,369	31,643	36,917	42,191	47,465

## High-energy-cost threshold

*This section outlines the calculation of the high-energy cost threshold.*

### Approach

The high-cost threshold determines whether a domestic property is considered as having high energy costs, based on their modelled energy cost score. The Department models the energy costs of domestic properties in England and Wales by applying an algorithm to three characteristics of each property. These three property characteristics are: type, age, and floor area.

Properties are ranked according to their modelled energy cost score and then matched to DWP benefits and HMRC tax credit records to determine those that are low income. This list of low-income households is then ranked by their modelled energy cost score, and a threshold is then set as the cut-off point. The threshold is a specific energy cost score. Domestic properties with an energy cost score above or equal to the threshold are eligible, while those below the threshold are not. The value of the energy cost score is not directly equivalent to current energy bills; its primary use is to distinguish relatively between higher and lower energy cost homes.

The Government's intention is to keep the threshold the same for each scheme year. This is to provide certainty to households as, barring any changes in receipt of one of the qualifying benefits, changing address, or switching to an energy supplier that is not participating in the Warm Home Discount scheme, the household would continue to be eligible for a rebate each scheme year. This would avoid households becoming eligible or losing their eligibility each year, despite their circumstances not changing.

There will be fluctuations in the number of Core Group rebates each year, for instance resulting from variations in the number of households in receipt of a qualifying benefit and from the reduction of the energy supplier participation threshold from 2023/24 onwards, from which point more energy suppliers will be obligated to participate in the scheme. The Industry Initiatives element of the scheme allows for a limited variation in the budget to accommodate these minor changes between scheme years. However, should there be large Core Group overspends or underspends or consistent overspends or underspends that we are unable to manage through the Industry Initiatives flexibility, the Secretary of State may revise the threshold where this is considered appropriate to meet the annual spending targets.

When setting the threshold for scheme year 12, assumptions were made about the number of households who would ultimately be eligible in order to identify the cut-off point. However, fewer households than expected were eligible under Core Group 2 in scheme year 12. This is explained further below, under 'Assumptions'. Therefore, the Government will adjust the threshold for scheme year 13, so that more households become eligible and to have a greater chance of reaching the spending target set for that scheme year and future scheme years.

### Sources of data

The primary source of data for the property characteristic data is the Valuation Office Agency (VOA). The VOA dataset has all three property characteristics for over 98% of residential properties. Meanwhile, around 420,000 properties have at least one of the characteristics missing.

Where any of the property characteristic data is missing, the Department will run an imputation process to determine the characteristic using other methods and sources. If the property has an eligible type recorded in the Ordnance Survey data, this will be used to inform the imputation. Otherwise, the property type and property age will be calculated by analysing the property's nearest neighbours or, failing that, the most common characteristic for similar properties within the same Local Authority. If a property has an Energy Performance Certificate (EPC), the Department will use a random forest method to impute the floor area. Otherwise, the floor area will also be imputed by analysing the most common floor area for similar properties within the same Local Authority.

If a household has not been found to be low income and high cost, and is therefore not eligible for an automatic rebate, the customer may contact the Warm Home Discount helpline to determine their eligibility as part of the 'sweep-up' process. If a customer believes that the information we hold on their property, from the VOA, is inaccurate, the customer will be able to use an EPC (for any property characteristic) or Land Registry data (for property type) to re-calculate their energy cost score and therefore re-calculate whether they are considered as having high energy costs.

### Energy Performance Certificate data transformation

Where a household calls the helpline and requests that their energy cost score be calculated using their EPC, the property type, property age, and property floor area data in the EPC will be converted to be comparable with VOA data. This is because the data in EPCs are measured or recorded differently compared to VOA data. Not converting the data could mean that some properties could be deemed low cost when in fact they would be high cost, and vice versa. It would also create unfairness, as the energy cost score of one household's property would be determined in a different way from another household's, either to their advantage or disadvantage.

### Property type conversion

The conversion of EPC property type to VOA property type will follow these mapping rules, in this order:

- Properties with an EPC property type of "Flat" or "Maisonette" will be mapped to the VOA property type "Flat";
- A property type of "Bungalow" in the EPC will be mapped to "Bungalow" in the VOA;

- For all other houses, the “built form” recorded in the EPC will be used in conjunction with the property type to determine the corresponding VOA property type i.e. detached, semi-detached, mid terrace or end terrace.

As outlined in the later section on Eligible Property Types, EPC property types that are not flats or houses (for example Park Homes) are ineligible.

### Property age conversion

Generally, the property age in EPC and VOA data is recorded as a range of years in which a property is built, for example 1991-95. However, the ranges in the EPC are different to those in the VOA, with the latter being the basis for the energy cost score calculation. To transform the EPC age ranges to be used in this calculation, the earliest date in the range will be taken and mapped to the VOA age range that it falls into. For example, properties built in 1991-95 according to the EPC will be mapped to the 1983-92 VOA category, as 1991 falls between 1983 and 1992. The VOA property age categories are listed in Table 4.

Transforming EPC age in this way makes a property more likely to have an older age range than using VOA data for the property (if VOA data exists). Older properties are more likely to have a high energy cost score than newer properties, therefore properties using an EPC rather than VOA data are slightly more likely to be classed as high cost.

### Property floor area conversion

Floor area in EPCs is measured differently to floor area in the VOA dataset. EPC floor areas are measured using Gross Internal Area (GIA) regardless of property type,<sup>9</sup> whereas the VOA measure flats' floor areas using Effective Floor Area (EFA) and houses and bungalows using Reduced Cover Area (RCA).<sup>10</sup> The most notable differences in the VOA measurement for flats is that some areas are excluded, for example hallways and bathrooms, therefore the floor area for flats is smaller on average in the VOA than the EPC. Meanwhile, the VOA measurement for houses and bungalows includes external walls, resulting in a larger floor area on average in the VOA than the EPC.

Given these differences, floor area data from EPCs for flats and houses will be converted in different ways to align with VOA data. Both adjustments will be based on the Department's analysis of the EPC and VOA datasets matched at address level, used to calculate the median percentage difference in floor area, for flats and houses separately.<sup>11</sup> The adjustments outlined below will be applied to the Total Floor Area on the EPC and mapped to the corresponding floor area band from the VOA (listed in Table 4), used in the energy cost score calculation.

- For flats, the EPC floor area will be reduced by 23%.

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<sup>9</sup> 'Technical notes about the data', Energy Performance of Buildings Data England and Wales: Guidance. Available at: [https://epc.opendatacommunities.org/docs/guidance#technical\\_notes](https://epc.opendatacommunities.org/docs/guidance#technical_notes)

<sup>10</sup> 'Annex 2: VOA floor space definitions', Admin-based statistics for property floor space, feasibility research: England and Wales, February 2020. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/methodologies/adminbasedstatisticsforpropertyfloorspacefeasibilityresearchenglandandwales#annex-2-voa-floor-space-definitions>

<sup>11</sup> EPC data correct as of 31 December 2022 and VOA data relating to October 2022.

- For houses, the EPC floor area will be increased by 14%.

We will keep this conversion under review during the scheme to ensure it remains consistent with the latest VOA and EPC data.

### Land Registry data conversion

Where a household calls the helpline and requests that their property type data from the Land Registry be used in calculating their energy cost score, the property type according to the Land Registry will be mapped to the VOA property types as outlined below:

- Properties with a Land Registry property type of “Flats/Maisonettes” will be mapped to the VOA property type “Flat”.
- Properties with a Land Registry property type of “Detached” or “Semi-Detached” will be mapped to the VOA property types “Detached” and “Semi detached” respectively.
- Properties with a Land Registry property type of “Terraced” will be mapped to the VOA property type “End terrace”. Land Registry data does not split “Terraced” into “mid terrace” and “end terrace” as in the VOA. The mapping to VOA “end terrace” makes a property using the type value from the Land Registry slightly more likely to be high cost than if it were mapped to mid terrace. This gives a slight advantage rather than disadvantage to those using the Land Registry data and therefore will only be applied if the property type in the VOA data is missing or disputed.

### Assumptions

Due to the nature of the eligibility criteria, it is not possible to set exactly how many people will be eligible each scheme year. This is determined largely by:

- The number of people in receipt of a qualifying means-tested benefit on the qualifying date;
- The proportion of these people living in properties with an energy cost score above the threshold;
- The proportion of these households who contact the Warm Home Discount helpline when advised and required to do so;
- The proportion of these households who ultimately turn out to be eligible as the recipient of the benefit or their partner is named on the account of a participating electricity supplier on the qualifying date.<sup>12</sup>

Therefore, we establish the two following assumptions to forecast the number of rebates:

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<sup>12</sup> The only exception is where the recipient of the benefit has a legal representative who is the account holder, because the recipient of the benefit lacks the necessary capacity to conduct their own affairs.



**Matching rate:** The number of households who will be identified as eligible through data matching between the Government and energy suppliers and who will receive their rebate automatically. This is known as the ‘matching rate’. The Secretary of State therefore must estimate the expected data-matching rate before setting the threshold. This data-matching rate will be informed by previous scheme years and ‘end-to-end’ tests held with energy suppliers prior to the ‘live run’ of eligible households being identified and matched with participating energy suppliers.

**Sweep-up rate:** The number of households who will receive the rebate through the sweep-up process. Not all low-income and high-cost households will match with an energy supplier. These households will be contacted by letter and advised to contact the Warm Home Discount helpline and provide details about their electricity supply in order to establish if they are eligible. This depends on the number of households who contact the helpline before the claim deadline and the number of those who meet the electricity account criteria. The Secretary of State therefore must estimate the number of unmatched households who will contact the helpline and be eligible for a rebate as a result. This assumption is based on the sweep-up rates from previous scheme years.

The high-energy-cost threshold is set to expend as close as possible the budget for Core Group 2 and to provide rebates to those low-income households living in properties we estimate to be relatively the highest cost to heat.

In scheme year 12, the initial spending target for Core Group 2 was £290 million. The high-energy-cost threshold was then set based on the matching and sweep-up rate assumptions to reach this target. However, the official statistics published in July 2023 showed that fewer households received a rebate under Core Group 2 than expected.<sup>13</sup> The reasons for this are likely to be:

- Fewer people than expected contacted the Warm Home Discount helpline to claim a rebate. We expected a higher volume of calls in 2022/23 in part because of the significant rise in energy prices, but in reality, the helpline received a lower proportion of calls than in the previous year. It is likely that confusion around the other energy support schemes contributed to this low take-up rate.
- Fewer people who were identified as potentially eligible and advised to contact the Warm Home Discount helpline than expected ultimately turned out to be eligible. This is likely to be as fewer people than expected met the criteria of being named on the electricity account of a participating energy supplier.
- The number of people who claimed the relevant benefits after the data matching had taken place and their entitlement was backdated to before the qualifying date was less than estimated. We had estimated a higher number of benefit claims in scheme year 12 with the expectation that more people would claim in order to be eligible for other cost of living support payments.

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<sup>13</sup> Warm Home Discount statistics, 2022 to 2023, July 2023. Available at: <https://www.gov.uk/government/statistics/warm-home-discount-statistics-2022-to-2023>.

If the high-energy-cost threshold is lower, the pool of low-income households living in properties meeting the high-cost criteria would be larger, and therefore more households would be eligible.

The initial spending target for Core Group 2 for scheme year 13 is £302 million, equivalent to around 2.0 million rebates. Therefore, the Secretary of State will lower the high-energy-cost threshold from where it was set in scheme year 12 so that more households will be eligible in scheme year 13.

Where this threshold is set will also determine the specific combinations of property characteristics that would make a household high cost. Generally, detached and semi-detached properties (which have more external facing walls), older properties, and larger properties will have higher energy cost scores. These combinations, applicable for the 2023/24 scheme year at least, are set out in Annex 1 that accompanies this statement.

### High-energy-cost score formula

The three property characteristics of type, age, and floor area are used to calculate a property's energy score. Each property characteristic has a list of possible categories, as set out below. The energy cost score of a property can therefore be represented as a function of the three property characteristics:

$$\text{Energy cost score} = f(\text{type} + \text{age} + \text{floor area})$$

Values for each type, age, and floor area category are used to weight the contribution of each category to the energy score. For instance, a larger floor area corresponds to higher energy costs, and therefore the larger the floor area, the bigger the value.

These values have been produced from a regression model trained on VOA and English Housing Survey data, by analysing the relationship between the property characteristics and the associated energy costs. The regression identifies the linear impact of each property characteristic on a household's modelled energy costs. The values attributed to each property characteristic category are additive, meaning the overall modelled energy cost for a given household is the sum of the values attached to the characteristics of their property.

The formula can therefore be expressed as:

$$\text{Energy cost score} = \text{Intercept} + (\text{type value}) + (\text{age value}) + (\text{floor area value})$$

More information on the regression model is available in Annex A of the Final Stage Impact Assessment.<sup>14</sup>

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<sup>14</sup> Warm Home Discount: Better targeted support from 2022: Final Stage Impact Assessment, April 2022. Available at: <https://www.gov.uk/government/consultations/warm-home-discount-better-targeted-support-from-2022>

Where available, we will update the property characteristic values each scheme year with the latest available VOA and English Housing Survey data where appropriate.

However, for scheme year 13, we have continued to use the 2019/20 English Housing Survey data (published 2021), rather than the 2020/21 data (published 2022). The 2020/21 data carries higher uncertainty than usual since the data was collected using remote survey methods due to the COVID-19 pandemic. The overall number of surveys carried out was 15 per cent lower than planned and is less representative due to the challenges of recruiting households to the survey remotely. Due to the potential biases this could introduce to the modelled energy costs used in establishing WHD eligibility, we have decided to continue to use the 2019/20 English Housing Survey data.

### Property characteristic bands

In order to guard against inaccuracies that may have arisen when the data was collected and recorded, property age and property floor area will be split into bands rather than by exact values. This will also help mitigate against the risk that the floor area has changed as a result of extensions and other property modifications which then may not have been updated in the VOA dataset.

The table below, Table 4, sets out the property type categories and age and floor area bands.

**Table 4 Outline of the categories of property characteristics by type, age, and floor area**

<b>Property type</b>	<b>Property age</b>	<b>Property floor area (metres squared)</b>
Detached	Pre 1919	Less than 39
Semi detached	1919-44	39-50
End terrace	1945-64	50-63
Mid terrace	1965-82	63-75
Bungalow	1983-92	75-83
Flat	1993-99	83-90
	2000-2011	90-96
	2012 onwards	96-101
		101-114
		114-138
		Greater than or equal to 138

## Eligible property types

*This section explains the approach to determining which property types can be eligible for a rebate from the address data.*

Only households living in an eligible domestic premises may receive a rebate. Properties found to be ineligible are removed from the data-matching process. In the first instance, eligible properties are those that are identified in the VOA data as a residential house or a flat. Those properties not categorised as a residential house or a flat are ineligible.

Occupants of a property who do not have a direct relationship with an electricity supplier are not eligible for a rebate; a person must be a customer of an electricity supplier and be an account holder or named on an electricity bill to be eligible. For that reason, properties where the electricity supply comes via an intermediary, like Park Homes, caravans, and annexes to properties, are not eligible. A person living in a care home, including residential homes and nursing homes, would also not be eligible for a rebate, as they would not have a direct relationship with the electricity supplier for the property.

Households living in commercial properties and domestic properties on a commercial electricity tariff are also not eligible for a rebate.

Households living in Park Homes are not eligible for a rebate. Many residents of Park Homes pay for their electricity supply to their site owner and are therefore not a direct customer of an electricity supplier. Meanwhile, Park Homes which are directly supplied with electricity from an electricity supplier will not be eligible under Core Group 2, as they are not sufficiently comparable to other property types and therefore, we have not been able to model and rank their energy costs in a comparable way.

Property records are removed from the data-matching process using a combination of direct analysis of the address data (e.g. first lines of address) and with reference to classification codes provided within AddressBase. AddressBase is an OrdnanceSurvey product that provides address data in Great Britain and includes classification codes that categorise the types of addresses, allowing us to separate eligible domestic property types from non-domestic and other ineligible property types.

Where we cannot determine with certainty the eligibility of a property, for instance where the data are missing or ambiguous, households meeting the low-income criteria will be contacted by letter and asked to contact the helpline to confirm their eligibility.

## Property characteristic combinations

Alongside this statement we have published a table in Annex 1 showing the 528 combinations of property characteristics categorised by high-cost and low-cost according to the energy cost

threshold, applicable for the 2023/24 scheme year at least. These categorisations may be subject to change in future years of the scheme. Therefore, a combination categorised as 'high energy cost score' one year may not necessarily be categorised the same way the following year.

The changes between scheme year 12 and scheme year 13 result from:

- Evidence from the first year of the reformed scheme on data-matching rates and rebates provided via the helpline;
- The high-energy-cost threshold has been lowered to enable more households to be eligible for a rebate, based on the number of rebates awarded in scheme year 12. This is explained further above, under 'Assumptions';
- Updates to the energy cost calculation based on the latest available VOA data, improvements in the methodology for calculating energy-cost scores, and improvements in the process for imputing missing characteristics.

We will update the table in future scheme years should the cost scores for the combinations change.

## Carry over high-cost eligibility

*This section explains the scenarios under which the property of a household eligible in a previous scheme year may continue to be considered as high cost in subsequent scheme years.*

### Carry over high-cost eligibility based on alternative data

As VOA property characteristic data is used by default to establish if a household's property meets the high-energy-cost criteria, a household who requests that alternative information (in the form of an EPC or Land Registry data) on their property is used in one scheme year then they would be required to request that information be used in every future scheme year.

To eliminate the need for a household to request alternative information on their property be used in each scheme year despite no changes in their circumstances, the Secretary of State has decided to set a principle to "carry over" this information. This applies where a household contacted the Warm Home Discount helpline in one scheme year and requested that alternative information on their property be used, as a result of which their property met the high-energy-cost criteria and the household became eligible for a rebate. If their circumstances have not since changed, we will ensure, as far as possible, that the household is identified as living in a property that meets the high-energy cost criteria in future scheme years through the data matching.

This principle will only be applied if the high-cost threshold is not raised. If the high-cost threshold is raised, the household may need to request that alternative information is used again to check their eligibility at the new, higher threshold.

This carry over shall be attached to the household; it shall not apply if the household moves out and a new household moves into the property. The eligibility of the new household's property will be determined by the VOA property characteristic data, unless they request that alternative information be used.

### Carry over high-cost eligibility following changes to property characteristic data

Changes to the VOA property data and updates to the methodology used for estimating energy cost scores between scheme years can affect whether a property meets the high-energy-cost criteria. The main methodology change has been to improve the overall accuracy of the imputation. However, we cannot be certain that the new energy cost scores are more accurate than before for every property.

To ensure consistency, the Secretary of State has decided to set a principle that, as far as possible, a property who met the high-energy-cost criteria in one scheme year, based on VOA property characteristics or as a result of imputed characteristics, will continue to meet that criteria in future scheme years, provided the high-cost threshold is not raised and unless stated otherwise.

An exception is where a property's record has been removed from the Warm Home Discount VOA dataset. This is very likely to have happened where a property ceases to be primarily domestic or where the property has been demolished. These properties shall be treated as invalid property types under the scheme. Where a household contacts the Warm Home Discount helpline and the property's record has been removed in error from the VOA dataset, an EPC can be used to determine whether a property meets the high-energy-cost criteria.



