



UK Government

Continuing the Warm Home Discount Scheme

Closing date: 20 November 2025

September 2025



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Any enquiries regarding this publication should be sent to us at: whd.consultation@energysecurity.gov.uk

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Introduction

The Warm Home Discount has been a key policy in the Government's approach to tackling fuel poverty and reducing the energy costs of low-income and vulnerable households ever since its inception in 2011. Since 2011, the Warm Home Discount scheme has provided £4.53bn in rebates to low-income and vulnerable households, and support through Industry Initiatives.

Earlier this year, the Government consulted on an expansion of the Warm Home Discount for 2025/26, and laid amending regulations in Parliament. This expansion removes the high-cost-to-heat threshold for households in receipt of means-tested qualifying benefits in England and Wales and increases funding in proportion for the Broader Group in Scotland. Around 6 million households in Great Britain are expected to be supported through the scheme this winter as a result (an increase of around 2.7 million on the previous year).

In this consultation, we are seeking feedback particularly from energy suppliers, the energy sector, and charities with an interest in fuel poverty to inform the design of the scheme for winter 2026/27, and beyond.

General information

Why we are consulting

The current scheme period for Warm Home Discount, as provided for in regulations (Warm Home Discount (England and Wales) Regulations 2022, and Warm Home Discount (Scotland) Regulations 2022) ends on 31 March 2026. New regulations are required to continue the scheme.

A legal review of the Warm Home Discount scheme has been carried out in accordance with the regulations ahead of this consultation in response to the affordability and fuel poverty challenges faced by households. This review considered the legislative requirements and the function of the scheme in practice, as well as the outputs in terms of rebates granted and fuel poverty impacts.

This consultation sets out the Government's proposals for the new scheme period including the design of core elements of the scheme and seeks views on possible improvements to be implemented during the scheme period. This consultation is gathering feedback from stakeholders on options for the next scheme period in Scotland. This consultation also proposes changes to the administration of the scheme alongside a call for evidence on Industry Initiatives, and future innovations.

We are seeking feedback particularly from energy suppliers, the energy sector, and charities with an interest in fuel poverty to inform the design of the new scheme period from winter 2026/27. All responses will be considered, and the Government will lay regulations in time to ensure the scheme is in place for the next scheme period, commencing winter 2026/27.

Consultation details

Issued: 25 September 2025

Respond by: 20 November 2025

Enquiries to:

Warm Home Discount Team
Department for Energy Security and Net Zero
3 Floor, 3-8 Whitehall Place
London
SW1A 2AW

Email: whd.consultation@energysecurity.gov.uk

Consultation reference:

Audiences:

- Obligated electricity suppliers
- Consumers, consumer groups and charities

- Warm Home Discount recipients

Territorial extent:

The Warm Home Discount applies across Great Britain, with some differences in how the scheme operates in England and Wales, compared with Scotland. The proposals set out in this document take account of these differences.

The scheme is not available in Northern Ireland, where separate support is available.

How to respond

Respond online at: <https://energygovuk.citizenspace.com/energy-security/continuing-the-warm-home-discount-scheme>

or

Email to: whd.consultation@energysecurity.gov.uk

Write to:

Warm Home Discount Team
Department for Energy Security and Net Zero
3 Floor, 3-8 Whitehall Place
London
SW1A 2AW

When responding, please state whether you are responding as an individual or representing the views of an organisation.

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

Confidentiality and data protection

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004). Consultation responses will be shared with the Scottish Government, where these relate to the delivery of the scheme in Scotland.

If you want the information that you provide to be treated as confidential please tell us, but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable data protection laws. See our [privacy policy](#).

We will summarise all responses and publish this summary on [GOV.UK](https://www.gov.uk). The summary will include a list of names or organisations that responded, but not people's personal names, addresses or other contact details.

Quality assurance

This consultation has been carried out in accordance with the government's [consultation principles](#).

If you have any complaints about the way this consultation has been conducted, please email: bru@energysecurity.gov.uk.

The proposals

Current schemes

The Warm Home Discount has been in existence since 2011, and in that time has provided an important source of support for low-income and vulnerable households. In winter 2023/24 alone, 3.35 million households were supported through a £150 rebate taken directly off their electricity or gas bill. In 2025/26, with the removal of the high-cost-to-heat threshold for recipients of qualifying benefits in England and Wales, around 6 million households are expected to receive the rebate via the scheme across Great Britain. In addition, eligible households are supported through the Industry Initiatives element of the scheme, which obligates energy suppliers to provide additional energy-related and financial measures directly to eligible households or through third party partners, such as charities.

The current schemes in England and Wales, and Scotland have been in place since 2022 with the 4-year scheme period running from winter 2022/23 to winter 2025/26. The current regulations, Warm Home Discount (England and Wales) Regulations 2022, and Warm Home Discount (Scotland) Regulations 2022 end on 31 March 2026.

General eligibility requirements

Each year the qualifying date for Warm Home Discount is set by the Secretary of State. To be eligible for the £150 rebate, a qualifying recipient must be a domestic customer of an energy supplier that participates in the scheme on the qualifying date for that year and must be named on the energy bill/energy account. For winter 2025/26, the qualifying date was 24 August 2025. This date is set to be as close as possible to the date of the data matching process to minimise the number of changes in a household's circumstances between the qualifying date and awarding the rebates.

Obligations on energy suppliers

Domestic energy suppliers with over 1,000 domestic customers are obligated to participate. Smaller energy suppliers that are not obligated are able to voluntarily participate in part of the scheme. Ofgem, as the industry regulator, administers the Industry Initiatives and the Broader Group in Scotland, and monitors and determines energy suppliers' compliance with the scheme.

For the purposes of administering the scheme, obligated energy suppliers have a non-core spending obligation, with the obligation currently set annually according to suppliers' domestic market shares. In England and Wales, spending on Industry Initiatives, including the Park Homes Warm Home Discount Scheme, contributes to the non-core spending obligation. In Scotland, rebates to the Broader Group, Industry Initiatives and the Park Homes Warm Home Discount Scheme all contribute to the non-core spending obligation.

Data matching

The Department for Work and Pensions (DWP) works with participating energy suppliers to identify those who receive Pension Credit in England, Wales, and Scotland, and qualifying benefits in England and Wales. Most eligible Core Group 1 and 2 customers in England and Wales, and Core Group customers in Scotland are identified through automatic data matching and automatically receive a rebate on their electricity or gas bill.

England and Wales

The Warm Home Discount Scheme in England and Wales is set out in the 2022 regulations.

For the scheme up to, and including winter 2024/25

In England and Wales, the Warm Home Discount scheme during this period had three parts:

Core Group 1:

- Households were eligible for an annual £150 rebate on their energy bill if the person named on the energy bill (or their partner, or legal representative) was in receipt of the Guarantee Credit element of Pension Credit on the qualifying date for that scheme year.

Core Group 2:

- Households were eligible for an annual £150 rebate on their energy bill if the person named on the energy bill (or their partner, or legal representative) was in receipt of a qualifying benefit and lived in a property assessed to be high-cost-to-heat on the qualifying date for that scheme year.

The Core Group 2 qualifying benefits for winter 2024/25 were:

- Housing Benefit
- Income-related Employment and Support Allowance (ESA)
- Income-based Jobseeker's Allowance (JSA)
- Income Support
- The 'Savings Credit' element of Pension Credit
- Universal Credit

Households could also be eligible for winter 2024/25 if their household income falls below a certain threshold and were in receipt of Child Tax Credit or Working Tax Credit.

Industry Initiatives:

Obligated energy suppliers in England and Wales were required to provide additional energy-related and financial measures either directly to eligible households, or through third party partners, such as charities.

Changes for 2025/26 in England and Wales

Earlier this year (running from 25 February to 24 March 2025) the Government consulted on 'Expanding the Warm Home Discount Scheme 2025/26' and published the Government response in June 2025¹. The Government consulted on removing the high-cost-to-heat threshold that is currently applied to Core Group 2 in England and Wales. The high-cost-to-heat criteria is not based on the actual costs in an energy bill, but is calculated based on a property's type, age, and floor area using Valuation Office Agency (VOA) data available for England and Wales. Regulations to update the scheme for winter 2025/26 (The Warm Home Discount (Amendment) Regulations 2025) were laid in June 2025 and are expected to come into force in September 2025.

¹ [Expanding the Warm Home Discount Scheme, 2025 to 2026 - GOV.UK](#)

Therefore, for winter 2025/26 the scheme will operate as follows in England and Wales:

Core Group 1:

- Unchanged – i.e. households are eligible for an annual £150 rebate on their energy bill if the person named on the energy bill (or their partner, or legal representative) is in receipt of the Guarantee Credit element of Pension Credit on the qualifying date for that scheme year.

Core Group 2:

- Households are eligible for an annual £150 rebate on their energy bill if the person named on the energy bill (or their partner, or legal representative) was in receipt of a qualifying benefit on the qualifying date for that scheme year.

The Core Group 2 qualifying benefits for winter 2025/26 are:

- Housing Benefit
- Income-related Employment and Support Allowance (ESA)
- Income-based Jobseeker's Allowance (JSA)
- Income Support
- The 'Savings Credit' element of Pension Credit
- Universal Credit

To note that on 5 April 2025, Child Tax Credit and Working Tax Credit became legacy benefits and therefore were removed as qualifying benefits for winter 2025/26.

Industry Initiatives:

- Unchanged - obligated energy suppliers in England and Wales are required to provide additional energy-related and financial measures either directly to eligible households, or through third party partners, such as charities.

Scotland

The Warm Home Discount Scheme in Scotland is set out in the 2022 regulations.

For the scheme up to, and including winter 2025/26

In Scotland, the Warm Home Discount scheme has three parts:

Core Group:

- Households are eligible for an annual £150 rebate on their energy bill if the person named on the energy bill (or their partner, or legal representative) is in receipt of the Guarantee Credit element of Pension Credit on the qualifying date for that scheme year.
- For the Core Group the Department for Work and Pensions (DWP) works with participating energy suppliers to identify those who receive Pension Credit. Most eligible Core Group customers are identified through automatic data matching and automatically receive a rebate on their electricity or gas bill.

Broader Group:

Energy suppliers required to participate in the scheme are obligated to identify Scottish customers eligible for a rebate under the Broader Group. These customers should either be in fuel poverty, or a fuel poverty risk group, and not already supported through the Core Group.

Eligible households on the qualifying date for the scheme year apply directly to their energy supplier for an annual £150 rebate on their energy bill. The Broader Group is not automatically data matched.

The eligibility criteria are set by individual energy suppliers and are subject to approval by Ofgem if they meet specified criteria. Under the 2022 regulations, energy suppliers are required to include in their criteria a low-income requirement (tested through specific qualifying benefits), with an additional vulnerability requirement. Applicants must meet the low-income requirement, and the vulnerability requirement to be considered for support. Energy suppliers can create additional criteria to support more Scottish customers to ensure they can fulfil their obligation for that scheme year. This is subject to Ofgem approval, and any additional criteria must be targeted at customers who are in, or at risk of fuel poverty.

Mandatory qualifying benefits² set out in regulations for the current scheme period are:

- Income Support
- Income related Employment and Support Allowance
- Income Based Jobseeker's Allowance
- Housing Benefit
- Universal Credit

Mandatory vulnerability criteria set out in regulations for the current scheme period are:

- Child under 5
- Income related qualifying component
- Limited capacity for work element
- Disabled child element
- Disabled element

Individual energy suppliers assess applications for the Broader Group against their established eligibility criteria for that scheme year and for successful applications will apply rebates directly to the customer's electricity or gas bill, or issues credits/vouchers related to prepayment meters. Due to the design of the Broader Group an energy supplier may have more eligible customers than number of rebates they are obligated to issue in any given year, depending on demand. Where a supplier is oversubscribed, the energy supplier will decide how to distribute the limited funding, either on a first come first served basis or by other means. Where a supplier is undersubscribed, they can increase their spend on Industry Initiatives to meet their non-core spending obligations, subject to Ofgem approval of a Broader Group transfer request.

Industry Initiatives:

In Scotland, suppliers can decide, subject to justification and approval by Ofgem, to deliver Industry Initiatives to partially offset their obligation to deliver Broader Group rebates. Through the Industry Initiatives, energy suppliers in Scotland provide additional energy-related and financial measures either directly to eligible households, or through third party partners, such as charities.

² Child Tax Credit and Working Tax Credit, as of April 2025, are legacy benefits and therefore are not considered qualifying benefits for winter 2025/26.

Changes for 2025/26 in Scotland

From 25 February to 24 March 2025 the Government consulted on ‘Expanding the Warm Home Discount Scheme 2025/26’ and published the Government Response in June 2025³. The Government consulted on a proposal to proportionally increase the size of the scheme so more households in Scotland can receive support through their energy supplier’s scheme. The increase in budget for 2025/26 equates to potentially around 250,000 additional Broader Group rebates. In 2023/24 a total of around 280,000 rebates were provided to households in Scotland across the Core and Broader Groups⁴. Regulations to update the scheme for winter 2025/26 (The Warm Home Discount (Amendment) Regulations 2025) were laid in June 2025 and are expected to come into force in September 2025.

Industry Initiatives in England, Wales and Scotland

It is mandatory for obligated suppliers to fund Industry Initiatives in England and Wales and optional in Scotland; in Scotland, suppliers can apply to Ofgem for approval by 15 November each winter to deliver Industry Initiatives to partially offset their obligation to deliver Broader Group rebates. These measures include energy efficiency measures, energy advice, boiler and central heating replacements, financial assistance payments, debt write-off, and benefit entitlement checks.

At present, an Industry Initiative must be an activity permitted under schedule 2 of the regulations. The outcomes of Industry Initiatives must be delivered, as far as reasonably practicable, wholly or mainly to people in or at risk of fuel poverty. Permissible activities at present are as follows:

- Providing energy advice and smart meter advice, as far as reasonably practicable to every customer benefitting from an Industry Initiative;
- Paying organisations to refer customers who are in fuel poverty or a fuel poverty risk group and are, or may be, eligible to receive assistance through the WHD or for any other assistance from the supplier;
- Providing benefit entitlement checks and/or assistance in claiming benefits;
- Providing or funding the provisions by other parties to domestic energy consumers of: energy efficiency measures, thermal efficiency measures, energy efficient appliances or microgeneration;
- Funding training for people to provide energy advice;
- Providing assistance to reduce or cancel energy debts, as part of a package of measures aimed at giving customers long-term relief from fuel poverty;
- Provision of rebates to eligible occupants of mobile homes;
- Providing energy advice or energy efficiency measures to customers who are living in off-gas grid homes, living in households with a person who has a significant health problem or disability; or living in communities where residents are wholly or mainly in fuel poverty;
- Providing financial assistance to be spent towards energy bills, including rebates, to households that are particularly at risk of fuel poverty or in emergency situations.

³ [Expanding the Warm Home Discount Scheme, 2025 to 2026 - GOV.UK](#)

⁴ [Warm Home Discount Annual Report: Scheme Year 13 | Ofgem](#)

A supplier must ensure that any measures provided through an Industry Initiative are not also counted towards any other obligation, and that it has a robust process in place for identifying potential overlaps.

Industry Initiatives have been a feature of the Warm Home Discount scheme since its inception providing suppliers with flexibility to provide different types of support to vulnerable customers. Industry Initiatives are proposed by suppliers and assessed and approved by Ofgem before delivery. This assessment evaluates whether the activities are eligible under the scheme rules and deliver value for money. Ofgem then monitors the supplier's delivery of Industry Initiatives through reporting from the supplier, and a summary of the support delivered across all suppliers is published in the Annual Report.

In the most recent Annual Report (Scheme Year 13 2023/24), £76.4 million was spent on Industry Initiatives across Great Britain (£65.5 million in England and Wales and £10.9 million in Scotland). The most common activities, by spend were:

England and Wales		Scotland	
Energy Efficiency Measures	£21.79m (33.1%)	Financial Assistance Payments	£4.35m (41.7%)
Energy Advice	£11.63m (17.7%)	Energy Advice	£2.47m (23.7%)
Debt Assistance	£11.51m (17.5%)	Debt Assistance	£1.17m (11.2%)
Financial Assistance Payments	£9.72m (14.8%)		

Further details are available in the Ofgem Scheme Year 13 Report⁵.

Park Homes Scheme within Industry Initiatives

Households living in Park Homes typically pay their site owner for their electricity supply. They are therefore not eligible for the main Warm Home Discount scheme, as they are not direct customers of a participating electricity supplier. Therefore, the Government in 2015 set up the Park Homes Warm Home Discount Scheme, to support residents in Park Homes at risk of fuel poverty. The Park Homes Warm Home Discount Scheme is funded by participating energy suppliers as part of Industry Initiatives. Residents need to apply each year, even if they received a payment under the scheme in previous years.

⁵ www.ofgem.gov.uk/publications/warm-home-discount-annual-report-scheme-year-13

Proposals for continuing the Warm Home Discount Scheme

We propose continuing the Warm Home Discount Scheme, supporting households at risk of fuel poverty for the next scheme period which is anticipated to run for five years from winter 2026/27 to winter 2030/31.

Questions

Q1: 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.

Proposals for England and Wales from 2026/27

In this consultation, we are proposing that the criteria for Core Group 1 and Core Group 2 eligibility in England and Wales would remain the same as for scheme year 2025/26.

For the sake of simplicity for the administration of the scheme and communicating with eligible households, it is proposed that the scheme from 2026/27 will be described in two parts, with a 'Core Group' (replacing the existing Core Groups 1 and 2) and Industry Initiatives:

Core Group:

Proposed qualifying benefits for winter 2026/27 for Core Group:

- The 'Savings Credit' element of Pension Credit
- The 'Guarantee Credit' element of Pension Credit
- Housing Benefit
- Income-related Employment and Support Allowance (ESA)
- Income-based Jobseeker's Allowance (JSA)
- Income Support
- Universal Credit

Eligible households that are automatically data matched as is the case now would automatically receive their rebate from their energy supplier that winter, without needing to take any action or provide additional documentary evidence to support their application. Households that are partially data matched, and deemed as potentially eligible, would continue to receive a notification, to encourage them to contact the Warm Home Discount helpline for support.

It is proposed that Industry Initiatives will continue to be a requirement for obligated energy suppliers in England and Wales with proposals for a review of their design. See relevant section below.

Questions

Q2: 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?

Q3: 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?⁶ 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.

Proposals for Scotland from 2026/27

We are seeking views on how the scheme works in Scotland, particularly around eligibility and the potential for more customers to receive the rebate automatically. Decisions on how the Scottish scheme operates in this regard, within the funding available, is to be determined by the Scottish Government. We will work closely with Scottish Government in seeking the views of Scottish stakeholders, to support this decision making.

England, Wales, and Scotland all have statutory Fuel Poverty targets. In Scotland, the statutory fuel poverty target, for 2040, is set out in Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019.⁷ Eligibility under the Scottish Warm Home Discount Scheme is guided by the Scottish definition of fuel poverty.

In this consultation, the Government is setting out several approaches and proposals for the next scheme period, running from winter 2026/27 to 2030/31 in Scotland. Government will continue to work with the Scottish Government on the design of the scheme in Scotland and is using this consultation to gather feedback from stakeholders to shape the design of the scheme.

Under all proposals or options discussed below, it is proposed that Industry Initiatives will continue to be part of the Warm Home Discount Scheme in Scotland. This consultation below includes a call for evidence on their design and activities. See relevant section below. Whether obligated energy suppliers will be required to deliver Industry Initiatives in the next scheme period, or whether it remains non mandated (as is the case now in Scotland) will depend on the design of the rebate element of the scheme.

Core Group (recipients of the Guarantee Credit element of Pension Credit)

As with Core Group 1 in England and Wales we are not consulting on any changes that would impact the existing Core Group eligibility in Scotland. Recipients of the Guarantee Credit element of Pension Credit (and named on the electricity bill) will continue to receive the Warm

⁶ Protected characteristics are set out under the Public Sector Equality Duty: age; disability; gender reassignment; marriage or civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

⁷ [Fuel Poverty \(Targets, Definition and Strategy\) \(Scotland\) Act 2019](#)

Home Discount automatically. In 2024/25 the vast majority of households received the rebate automatically, with over 95% of all Core Groups across Great Britain being data matched this way⁸.

Option 1 – Retain eligibility criteria and arrangements as for 2025/26

The Government is consulting on an option to retain the scheme in Scotland for the next scheme period, as it is set out for winter 2025/26 in terms of both eligibility criteria and the application process for rebates for the Broader Group.

Under this option, in Scotland, the Warm Home Discount scheme would retain three parts, with eligibility criteria remaining the same as during winter 2025/26:

Core Group:

- Households would be eligible for an annual £150 rebate on their energy bill if the person named on the energy bill (or their partner, or legal representative) is in receipt of the Guarantee Credit element of Pension Credit on the qualifying date for that scheme year.
- For the Core Group the Department for Work and Pensions (DWP) works with participating energy suppliers to identify those who receive Pension Credit. Most eligible Core Group customers are identified through automatic data matching and automatically receive a rebate on their electricity or gas bill.

Broader Group:

Energy suppliers required to participate in the scheme would be obligated to identify Scottish customers eligible for a rebate under the Broader Group. These customers should either be in fuel poverty, or a fuel poverty risk group, and not already supported through the Core Group.

Households, eligible on the qualifying date for the scheme year, would apply directly, as is the case now, to their energy supplier for an annual £150 rebate on their energy bill. Due to the complexity of the Broader Group in terms of eligibility criteria and arrangements for suppliers to establish their own criteria, subject to Ofgem approval, it is proposed that the Broader Group would continue to be through application by eligible households, rather than automatically data matched.

Under these arrangements, it is proposed that the eligibility criteria, beyond the mandatory criteria, would continue to be set by individual energy suppliers and are subject to approval by Ofgem. As is the case in the 2022-2026 scheme, energy suppliers would continue to be required to include in their criteria a low-income requirement (tested through specific qualifying benefits), with an additional vulnerability requirement. Applicants must meet the low-income requirement, and the vulnerability requirement to be considered for support. Energy suppliers could create additional criteria to support more Scottish customers to ensure they can fulfil their obligation for that scheme year. This would be subject to Ofgem approval, and any additional criteria must be targeted at customers who are in, or at risk of fuel poverty.

Mandatory qualifying benefits⁹ would remain as for the current scheme period:

- Income Support
- Income related Employment and Support Allowance
- Income Based Jobseeker's Allowance

⁸ [Warm Home Discount statistics, 2024 to 2025 - GOV.UK](#)

⁹ The mandatory criteria must be offered by each supplier as a baseline. Additional criteria can be added by suppliers, with the approval of Ofgem. Child Tax Credit and Working Tax Credit, as of April 2025, are legacy benefits and therefore are not considered qualifying benefits for winter 2025/26.

- Housing Benefit
- Universal Credit

Mandatory vulnerability criteria would remain as for the current scheme period:

- Child under 5
- Income related qualifying component
- Limited capacity for work element
- Disabled child element
- Disabled element

It is proposed that individual energy suppliers would continue to assess applications for the Broader Group against their established eligibility criteria for that scheme year and for successful applications will apply rebates directly to the customer's electricity or gas bill, or issues credits/vouchers related to prepayment meters. Due to the design of the Broader Group an energy supplier may have more eligible customers than number of rebates they are obligated to issue in any given year, depending on demand. Where a supplier is oversubscribed, the energy supplier will decide how to distribute the limited funding, either on a first come first served basis or by other means. Where a supplier is undersubscribed, they will continue to be able to increase their spend on Industry Initiatives to meet their non-core spending obligations, subject to Ofgem approval of a Broader Group transfer request.

Under this option, in Scotland, suppliers will continue to be able to decide, subject to justification and approval by Ofgem, to deliver Industry Initiatives to partially offset their obligation to deliver Broader Group rebates. Through the Industry Initiatives, energy suppliers in Scotland provide additional energy-related and financial measures either directly to eligible households, or through third party partners, such as charities.

Option 2 – Replacing the Broader Group introducing automatic data matching and eligibility based on existing mandatory benefits and additional vulnerability criteria

At the start of the current scheme period in 2022, England and Wales moved to automatic data matching for Core Group 2, without application, for most eligible consumers in England and Wales. Equivalent data about property characteristics was unavailable in Scotland to enable calculation of the high-cost-to-heat element. Therefore, because automatic data matching was not possible at that time the Scottish scheme continued with the existing Broader Group arrangements, where consumers make an annual application, directly to their suppliers, for support under the scheme.

Under this option it is proposed there would be three key changes for the Broader Group in Scotland:

1. Changes to eligibility for Warm Home Discount rebate in Scotland replacing the Broader Group criteria with a Core Group determined by qualifying benefits (as for the current scheme) with a requirement to meet additional vulnerability criteria, and;
2. The introduction of automatic data matching for qualifying households and;
3. The introduction of helpline support for additional data matched Scottish households by Government through the Warm Home Discount helpline

Eligibility for £150 rebate in Scotland

Under this option, it is proposed that the existing Core Group and Broader Group is removed and replaced with one Core Group in Scotland.

Under this option, eligible households would qualify by either being in receipt of the Guaranteed Element of Pension Credit without the need for additional vulnerability or by receipt of a qualifying means-tested benefit and additional vulnerability as set out below. This eligibility criteria mirrors the current Core Group and mandatory eligibility and mandatory vulnerability criteria in Scotland for the Broader Group as set out in the 2022 regulations.

Households would be eligible for a £150 rebate on their energy bill if the person named on the energy bill (or their partner, or legal representative) is in receipt of a qualifying benefit on the qualifying date for that scheme year.

Eligibility under a new Core Group in Scotland:

- The 'Guarantee Credit' element of Pension Credit without requirement for additional vulnerability criteria

In addition, households in receipt of a qualifying benefit, and meeting one of the vulnerability criteria set out below would be eligible for a rebate under the new Core Group:

Mandatory qualifying benefits¹⁰ would remain as set out for the current scheme period:

- Income Support
- Income related Employment and Support Allowance
- Income Based Jobseeker's Allowance
- Housing Benefit
- Universal Credit

Mandatory vulnerability criteria would remain as set out for the current scheme period:

- Child under 5
- Income related qualifying component
- Limited capacity for work element
- Disabled child element
- Disabled element

Under the current scheme period, the Broader Group in Scotland provides energy suppliers with some autonomy, subject to Ofgem approval, and where they might not meet their obligation to provide rebates under the Broader Group to determine their own additional scheme eligibility for a £150 rebate, through setting an additional low-income requirement (tested through specific qualifying benefits), and/or an additional vulnerability requirement. This option to remove the Broader Group and replace it with one Core Group would instead bring all Scottish consumers on qualifying benefits into the scheme automatically and remove the ability for energy suppliers to set their own eligibility criteria.

If this approach is adopted, it is likely that some households who have previously received Warm Home Discount through the Broader Group annual application process but are not in receipt of a qualifying benefit would no longer be eligible for support through the rebate element of the scheme.

It is possible that some of these households could instead be supported through the Industry Initiatives part of the scheme, as is the case now. We are gathering stakeholder feedback in

¹⁰ Child Tax Credit and Working Tax Credit, as of April 2025, are legacy benefits and therefore are not considered qualifying benefits for winter 2025/26.

this consultation on the potential impact of this change, including on groups with protected characteristics, and possible mitigations, including through the design of Industry Initiatives.

Automatic data matching in Scotland

This winter's expansion to the scheme with the removal of the high-cost-to-heat threshold in England and Wales, creates an opportunity for data matching and automatic payments from 2026/27 under this option for a new Core Group in Scotland. The ability to automatically data match both qualifying benefits, and additional vulnerability criteria to assess eligibility is subject to feasibility testing.

Currently only recipients of the 'Guaranteed Credit' element of Pension Credit are automatically data matched in Scotland, whereas all applicants to the Broader Group in Scotland must apply each year for the rebate directly to their energy supplier.

Under this option, automatic data matching facilitated by DWP could be introduced for all eligible households under the new Core Group in Scotland. Qualifying households, where the person in receipt of a qualifying benefit (as proposed above) in addition to meeting the vulnerability criteria is named on the bill (or their partner, or legal representative) and are data matched would automatically receive their £150 rebate from their energy supplier that winter, without needing to take any action or provide additional documentary evidence to support their application. If we assumed similar data matching rates to Core Group 2 in England and Wales in the latest scheme year (2024/25), replacing the Broader Group with data matching would mean 96% of the recipients would receive the rebate without needing to take any action¹¹. Since this option requires an assessment of both receipt of a qualifying benefit and vulnerability, it is possible that the automatic data match rate could be lower than for Option 3 (which does not include additional vulnerability as a requirement). Where households are only partially data matched in the automatic data process, they are deemed as potentially eligible, and would receive a notification, as is the case now in England and Wales, to encourage them to contact the Warm Home Discount helpline for support.

It is anticipated that expansion of automatic data matching in Scotland, could provide eligible households with greater confidence in the process. In comparison, the current Broader Group in Scotland causes considerable uncertainty for consumers. The likelihood of a successful application depends on the number of rebates available from an energy supplier, the specific eligibility criteria set by an energy supplier for that year, and any approach an energy supplier takes to distributing limited funding.

Proposals to introduce helpline support for Scottish households

Under the current arrangements the Warm Home Discount helpline is available only to the Core Group in Scotland and Core Groups 1&2 in England and Wales, providing support for example to those that are notified that they need to provide further information to receive the discount following the automatic data matching process. At present, Scottish households in the Broader Group have to contact their supplier to apply for Warm Home Discount.

We propose, that if automatic data matching is introduced for Scotland, the vast majority of recipients would receive the rebate without needing to take any action. If we assumed similar data matching rates to Core Group 2 in England and Wales in the latest scheme year (2024/25), replacing the Broader Group with data matching would mean 96% of the recipients would receive the rebate without needing to take any action¹². In the instances where those potentially eligible in Scotland are notified they are unmatched in the new Core Group they will

¹¹ [Warm Home Discount statistics, 2024 to 2025 - GOV.UK](#)

¹² Ibid.

be supported through the Warm Home Discount helpline. Households would no longer have to apply for the Warm Home Discount through their supplier.

Option 3 – Replacing the Broader Group introducing automatic data matching and eligibility based on qualifying benefits

As discussed for Option 2, at the start of the current scheme period in 2022, England and Wales moved to automatic data matching for Core Group 2, without application, for most eligible consumers in England and Wales. This was not possible in Scotland due to the unavailability of equivalent data about property characteristics to enable calculation of the high-cost-to-heat element. Therefore, because automatic data matching was not possible at that time the Scottish scheme continued with the existing Broader Group arrangements, where consumers make an annual application, directly to their suppliers, for support under the scheme.

Under this option it is proposed there would be three key changes for the Broader Group in Scotland:

1. Changes to eligibility for Warm Home Discount rebate in Scotland replacing the Broader Group criteria with a Core Group determined by Means-Tested qualifying benefits without the requirement for an additional vulnerability criteria, and;
2. The introduction of automatic data matching for qualifying households and;
3. The introduction of helpline support for additional data matched Scottish households by Government through the Warm Home Discount helpline

Eligibility for £150 rebate in Scotland

Households would be eligible for an £150 rebate on their energy bill if the person named on the energy bill (or their partner, or legal representative) is in receipt of a qualifying benefit on the qualifying date for that scheme year.

Proposed qualifying benefits for winter 2026/27 for the Core Group in Scotland:

- The 'Savings Credit' element of Pension Credit
- The 'Guaranteed Credit' element of Pension Credit
- Housing Benefit
- Income-related Employment and Support Allowance (ESA)
- Income-based Jobseeker's Allowance (JSA)
- Income Support
- Universal Credit

The list of qualifying benefits would mirror the qualifying means-tested benefits for England and Wales in 2025/26 and 2026/27. This option could therefore add recipients of 'Savings Credit' element of Pension Credit to the list of qualifying benefits.

Under this proposal, applicants in receipt of a qualifying benefit would not be subject to additional vulnerability criteria to be awarded a rebate; receipt of the qualifying benefit would be enough to demonstrate eligibility. This would be a change in approach to that of the current Broader Group arrangements in Scotland.

Under the current scheme period, the Broader Group in Scotland provides energy suppliers with some flexibility to determine their own scheme eligibility for a £150 rebate. This option to remove the Broader Group and replace it with one Core Group would instead bring all Scottish consumers on qualifying benefits into the scheme automatically. If this approach is adopted, it

is likely that some households who have previously received Warm Home Discount through the Broader Group annual application process but are not in receipt of a qualifying benefit would no longer be eligible for support through the rebate element of the scheme. Under this proposal, energy suppliers would no longer be able to establish their own eligibility criteria (under the current scheme this is subject to Ofgem approval). It is possible that some of these households could be supported through the Industry Initiatives part of the scheme, as is the case now. We are gathering stakeholder feedback in this consultation on the potential impact of this change, including on groups with protected characteristics, and possible mitigations, including through the design of Industry Initiatives.

Automatic data matching in Scotland

This winter's expansion to the scheme with the removal of the high-cost-to-heat threshold in England and Wales, creates an opportunity for data matching and automatic payments from 2026/27 under this option for a new Core Group in Scotland.

Currently only recipients of the 'Guaranteed Credit' element of Pension Credit are automatically data matched in Scotland, whereas all applicants to the Broader Group in Scotland must apply each year for the rebate directly to their energy supplier.

Under this option, automatic data matching facilitated by DWP would be introduced for all eligible households under the new Core Group in Scotland. Qualifying households, where the person in receipt of a qualifying benefit (as proposed above) is named on the bill (or their partner, or legal representative) and are data matched would automatically receive their £150 rebate from their energy supplier that winter, without needing to take any action or provide additional documentary evidence to support their application. If we assumed similar data matching rates to Core Group 2 in England and Wales in the latest scheme year (2024/25), replacing the Broader Group with data matching would mean 96% of the recipients would receive the rebate without needing to take any action¹³.

Households that are partially data matched, and deemed as potentially eligible, would receive a notification, as is the case now in England and Wales, to encourage them to contact the Warm Home Discount helpline for support.

It is anticipated that expansion of automatic data matching in Scotland, aligning with qualifying benefits in England and Wales could provide households in receipt of a qualifying benefit with greater confidence in the process. In comparison, the current Broader Group in Scotland causes considerable uncertainty for consumers. Currently, the likelihood of a successful application depends on the number of rebates available from an energy supplier, the specific eligibility criteria set by an energy supplier for that year, and any approach an energy supplier takes to distributing limited funding.

Proposals to introduce helpline support for Scottish households

Under the current arrangements the Warm Home Discount helpline is available only to the Core Group in Scotland and Core Groups 1&2 in England and Wales, providing support for example to those that are notified that they need to provide further information to receive the discount following the automatic data matching process. At present, Scottish households in the Broader Group have to contact their supplier to apply for Warm Home Discount.

We propose, that if automatic data matching is introduced for Scotland, the vast majority of recipients would receive the rebate without needing to take any action. If we assumed similar data matching rates to Core Group 2 in England and Wales in the latest scheme year

¹³ [Warm Home Discount statistics, 2024 to 2025 - GOV.UK](#)

(2024/25), replacing the Broader Group with data matching would mean 96% of the recipients would receive the rebate without needing to take any action¹⁴. In the instances where those potentially eligible in Scotland are notified they are unmatched in the new Core Group they will be supported through the Warm Home Discount helpline. Households would no longer have to apply for the Warm Home Discount through their supplier.

Eligibility Statement in Scotland

Under current arrangements, the eligibility criteria in Scotland are set out in regulations, with amending regulations required to alter eligibility, for example to update the list of mandatory qualifying Means-Tested benefits. Whereas, in England and Wales for the current scheme period, the eligibility criteria are set out in an eligibility statement, which can be published annually, and provides detail to stakeholders for the forthcoming scheme year.

It is proposed for the next scheme period that an eligibility statement is introduced in Scotland.

It is our view that an eligibility statement would provide appropriate flexibility as is the case now for England and Wales, for example in circumstances where a qualifying benefit is phased out and replaced, without requiring regulations to enact the change.

Industry Initiatives in Scotland

It is proposed that Industry Initiatives should continue to be a part of the Warm Home Discount scheme in Scotland with proposals for a review of their design. See relevant section below.

Questions

Q4: Which of the three options listed above is your preferred option for the next scheme period in Scotland?

Q5: Do you have any views on the advantages, disadvantages or concerns of any of the options presented?

Q6: 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.

Q7: 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?

Q8: Do you have a preferred option for the next scheme period in Scotland that is not presented above? If so, please provide details.

Q9: 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

¹⁴ [Warm Home Discount statistics, 2024 to 2025 - GOV.UK](#)

in Scotland?¹⁵ 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.

Q10: Do you think there are advantages or disadvantages in setting out eligibility separately in Scotland?

Review of the Industry Initiatives across England, Wales, and Scotland

As part of this consultation, we are seeking evidence on the current design of Industry Initiatives, and their impact. We are keen to understand more from energy suppliers, third-party partners and other stakeholders about:

- The nature and design of Industry Initiatives, and examples of best practice;
- The process by which energy suppliers design their Industry Initiatives, and considerations made in their design;
- The type of activities currently listed as a permissible Industry Initiative as set out in regulations;
- The delivery of Industry Initiatives, including challenges in delivery;
- The current approach to approving Industry Initiatives, monitoring and evaluating their impact;
- Interaction with other schemes provided by Government and/or energy suppliers, and delivery routes; and
- Proposals for reforms to improve the design and/or delivery of Industry Initiatives.

We welcome written responses on the above as part of this consultation, and plan to continue engagement with stakeholders on Industry Initiatives during the consultation period. In addition, we would welcome your responses where relevant to the following questions.

Questions

Q11: Do you agree that Industry Initiatives should be continued into the next scheme period?

Q12: 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?

¹⁵ Protected characteristics are set out under the Public Sector Equality Duty: age; disability; gender reassignment; marriage or civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

Q13: 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?

Q14: 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?

Specified activities

Under the current 2022 regulations, the Secretary of State may issue a notice to enable obligated energy suppliers to undertake 'specified activities' that, amongst other things, benefit wholly or mainly persons in fuel poverty or those in a fuel poverty risk group. The regulations allow for a supplier to count towards its non-core spending obligation financial contributions (excluding added VAT) made by the supplier in the scheme year to fund a specified activity.

In this consultation we are seeking views on the inclusion of 'specified activities' within the Warm Home Discount scheme. The specified activities element of the regulations has not been used by a Secretary of State during the current scheme period.

Questions

Q15: 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?

Scheme information and communicating with eligible customers

Under the current scheme in England and Wales (and for the Core Group in Scotland) a large number of letters are sent each year to eligible and potentially eligible consumers. There are three key purposes of these letters:

- Inform consumers about the scheme for the coming winter;
- Meet our obligations under UK GDPR to raise awareness of our use of data, inform consumers that have been subject to automated decision making, and offer the opportunity to opt out of automatic data matching; and
- For consumers where the data match is incomplete, encourage them to ring the WHD helpline.

Under the scheme this winter, we expect to send over 7 million letters across GB. Around 5 million of these are expected to go to customers who have been correctly matched and who will receive the rebate automatically. Around 2 million letters are expected to be sent to customers where the data match was incomplete, to encourage them to contact the helpline to complete eligibility checks. We are keen to explore more efficient means of getting this information to customers and increasing engagement from customers who need to provide further evidence of eligibility.

We recognise that suppliers have efficient and effective ways of engaging with their customers and are able to use channels unavailable to government. We would like to explore whether suppliers would be better placed to communicate these messages and any challenges or concerns this might create.

We propose that suppliers:

- Take on the role of informing consumers that have been subject to automated decision making, and offer the opportunity to opt out of automatic data matching; and
- Refer customers, in their communications to the Warm Home Discount webpage on gov.uk for details on how we use their data and how to opt out; and
- Inform automatically qualifying customers, that they have been automatically data matched, and that they can expect a rebate; and
- Refer customers, in their communications to the Warm Home Discount helpline for further support where required.

Questions

Q16: 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?

Q17: Do you have any views on appropriate governance arrangements or oversight to monitor the effectiveness of this approach?

Changes to the levy – removal of spending target

Under the current schemes, an annual spending target is set out in Schedule 1 of the respective England and Wales and Scotland Regulations for each year of the scheme period. DESNZ, working with DWP, estimates the likely number of Core Group beneficiaries each year, sets the high-cost-to-heat threshold for England and Wales, which is published in an eligibility statement, and sets the non-core obligation (spend available for Industry Initiatives and activities specified by the Secretary of State across Great Britain, and the Broader Group in Scotland) in line with spending targets. Where actual Core Group delivery results in an under or overspend, adjustments can be made to a future year's spending target, to carry over this under or overspend between scheme years. To meet the target, adjustments can be made either through changes to the eligibility statement or by changes to the non-core spending obligations. The initial funding level in Scotland (in regulations) was set by apportioning a relevant amount of the total funding for the GB scheme. This effectively set the Scottish spending target at 9.4% of the overall scheme value. Scotland's spending target has then been adjusted annually to take account of spending in previous years.

The removal of the high-cost-to-heat threshold this winter means that government will be unlikely to manage under/overspend between years by making amendments to the eligibility statement as it has done in previous scheme years (for example, in the past, scheme underspend was balanced by setting a more generous high-cost-to-heat threshold the next year). The demands on the scheme will instead be determined solely by the number of bill payers (or their partner or legal appointee) in receipt of means tested benefits. Government will

continue to be able to issue an eligibility statement when appropriate setting out the eligibility criteria for the Warm Home Discount scheme for a given scheme year, or scheme years. It would still be possible to adjust the non-core obligation i.e. to amend the budget available for Industry Initiatives. However, this could result in large variances from year to year in the budget for Industry Initiatives, which would disrupt their delivery. On this basis, an annual spending target within the Regulations no longer seems appropriate as the scheme does not include the levers to adjust spend to meet that annual spend target.

We propose a new approach: producing estimates each year of the total spend for the upcoming winter, based on expected number of households eligible for rebates (including the number of unmatched households likely to come forward). This will enable expected costs for the next winter to be included in the relevant price cap calculations. Using estimated costs in this way would enable consideration of the latest available information on households in receipt of means tested benefits and reflect updated estimates (actual, when available) of rebates delivered in previous scheme years (including scheme year 2025/26). This would allow for the costs of the scheme to be more accurately reflected in retail gas and electricity prices and provide a mechanism for Government to adjust for under and overspend from year to year.

Currently Ofgem consider Warm Home Discount costs twice in the year, for the April and October price caps, using the spend targets set out in the regulations. In practice, this means that the impact on bills is consistent throughout the year and suppliers start to recover costs from April ahead of winter delivery. Setting the price cap is a matter for Ofgem, and government cannot direct how scheme costs are taken into account, however we can ensure that our best estimates of cost are available for their consideration and any changes due to policy or scheme delivery changes are considered. This might mean that Ofgem decide to change the level of cost recovery in year, or change the recovery period to balance accurate reflections of costs with the impact of the scheme on consumer bills, as they have done for winter 2025-26.

As the non-core obligation will no longer need to be adjusted to take account of variations in core spend, the value of non-core obligation could be set out in Regulations for each scheme year. This would provide certainty for suppliers and organisations involved in the delivery of Industry Initiatives. We could consider adjusting the value of Industry Initiatives each year for inflation, to maintain the real value of Industry Initiatives from year-to-year.

Following delivery of scheme obligations, suppliers' Core Group expenditure is reconciled amongst suppliers to fairly distribute costs against market shares. The current process, overseen by Ofgem, has worked satisfactorily during the current scheme period. Unless suppliers have specific issues that need to be addressed, we propose that this element of the scheme continues to operate as it has during the current period.

The approach to setting spending targets in Scotland will depend on whether data matching is adopted, as explored above. In the current scheme period, the annual spending target for Scotland is set out in Schedule 1 of the Scottish Regulations. Overall funding for the Scottish scheme has been set by an apportionment methodology, relating to the proportion of GB domestic electricity meters located in Scotland. This effectively set the Scottish spending target at 9.4% of the overall scheme value. This was then adjusted to reflect under and overspend each year, once actual delivery rates were known.

In the event that data matching is used, an approach to making an estimate as recommended for England and Wales would also be appropriate, as demand under the scheme would largely be determined by the number of households in receipt of means tested benefits. A separate

obligation for Scottish Industry Initiatives would need to be determined, as a proportion of the total non-core spend available to Industry Initiatives.

If data matching is not adopted in Scotland and the Broader Group is retained, an alternative approach for setting the Scottish non-core spending target (combined funding for the Broader Group and Scottish Industry Initiatives) will be required. For simplicity, transparency and certainty, we propose to continue in these circumstances with a similar apportionment approach. The Scottish spending target would be set by reference to expected expenditure in the England and Wales scheme. As is the case under current regulations, the spending target would then be communicated to Ofgem by 14 February preceding the start of the scheme year.

Questions

Q18: 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.

Q19: 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?

Q20: 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?

Q21: 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?

Q22: Do suppliers have any views on whether the reconciliation process works as currently organised? Do you consider whether any changes could improve the process?

Q23: Do you have any other comments, views or evidence on the proposals for the changes to the levy?

Proposals for the issuing of rebate notices after the end of the scheme year

The deadline for consumers to contact the Warm Home Discount helpline and provide information to receive a rebate is the last working day before 1 March, with suppliers having 30 days to issue rebates before the end of the scheme year. The current scheme period for the Warm Home Discount ends on 31 March 2026. In the 2025 amendment regulations we extended the period to issue rebate notices to suppliers from 1 March 2026 to 31 March 2026. Suppliers then have 30 days to pay those rebates. This allows suppliers additional time to pay rebates that have been missed or delayed, reflecting the significant changes in eligibility for the scheme expected in winter 2025/26.

In future years, we propose that the deadline for consumers to contact the Warm Home Discount helpline and provide information to receive a rebate will remain set ahead of 1 March in each scheme year so that suppliers continue to have a clear 30 days to issue those rebates before the end of that scheme year.

In most cases we would expect this to be a sufficient period for people who need to contact the scheme to do so. However, it is possible that someone may have not received the rebate through no fault of their own, for example if a data matching error has occurred. We therefore propose that, in limited circumstances, the Secretary of State should be able to issue a rebate notice after the end of the scheme year (e.g. for Scheme Year 15 (winter 2025/26) after 31 March 2026), as long as they are satisfied that there is evidence that an error has occurred in administration either directly by government or the energy supplier that prevented the consumer from receiving the rebate.

For reconciliation purposes, rebate notices issued after 31 March should be considered in the following scheme year (e.g. rebates issued after 31 March 2026 should be considered as Scheme Year 16 (2026/27) i.e. in the scheme year in which the rebate notice was issued. However, that does not prevent Ofgem taking action against a supplier for late issue of rebates.

Additional scheme expenditure, under the current scheme period, made after 31 March, will be included in the estimation process for levy collection set out above. For the transition between 2025/26 and 2026/27 in the event that the scheme continues with a Scottish spending target, payments made in Scotland after 31 March 2026 will be counted against the spending target for 2026/27.

Questions

Q24: 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?

Innovation and improvement during the scheme period

The Warm Home Discount scheme continues to provide valuable support to eligible low-income households, but it has its limitations. The amount of support available, which must be balanced against the cost of providing it, is insufficient to fully alleviate the level of fuel poverty faced by many households. Many fuel poor households are unable to access the support, either by not being in receipt of means tested benefits or by not paying their energy bills directly to a participating supplier. The different impacts of the energy transition, towards clean heat and clean power, could adversely affect many households of different characteristics. There may be a need for transitional bill support for different groups of households as we move towards clean heat.

During this scheme period, we will explore improvements, both in terms of the level of support available and the reach of the scheme. Options might include providing additional support to households in fuel poverty (rated EPC band D or below), and/or a digital applications route that would enable support to be offered to low-income households who are currently excluded from the scheme.

The aim of any such developments would be to enable the scheme to respond in a targeted fashion in future to the impacts of other policies and events, both positive and negative (for example, potential future energy price shocks or to accelerate progress towards meeting the objectives of the Fuel Poverty Strategy).

Where proposed changes are significant, impact certain households or have a material impact on the customer levy required, they will be subject to further consultation.

Questions

Q25: 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?

Q26: 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?

Impacts and Costs

Fuel poverty is the problem faced by households living on a low income in a home which cannot be kept warm at reasonable cost¹⁶. The Government has statutory duties to address and reduce fuel poverty. There are different fuel poverty targets across England, Scotland and Wales (Table 1). Analysis of the future scheme has been undertaken using the English Housing Survey, and as a result figures will reflect the definition of fuel poverty used for the target in England but have been scaled up to reflect the whole of Great Britain.

Table 1: Fuel poverty definitions and targets in Great Britain

Country	Fuel poverty definition	Fuel poverty target
England ¹⁷	For the purpose of England's fuel poverty targets, fuel poverty is measured using the Low Income Low Energy Efficiency (LILEE) indicator. Under this indicator, a household is fuel poor if they are living in a property with a Fuel Poverty Energy Efficiency Rating of band D or below <u>and</u> when they spend the required amount to heat their home, they are left with a residual income below the official poverty line	In England, the fuel poverty target is to ensure that as many fuel poor homes as is reasonably practicable achieve a minimum energy efficiency rating of Band C, by 2030.
Wales ¹⁸	Fuel poverty is measured in Wales as any household that needs to spend more than 10% of their full household income to maintain a satisfactory heating regime*. *A satisfactory heating regime is 23°C in the living room and 18°C in other rooms achieved for 16 hours in a 24 hour period in households with older or disabled people. For other households, a temperature of 21°C in the living room and 18°C in other rooms for nine hours in every 24 hour period on weekdays, and 16 hours in a 24 hours period on weekends is considered satisfactory	In Wales, the fuel poverty target is that by 2035 no households are estimated to be living in severe or persistent fuel poverty as far as reasonable practical, that not more than 5% of households are estimated to living in fuel poverty at any one time as far as reasonably practical, and the number of all households 'at risk' of falling into fuel poverty will be more than halved based on the 2018 estimate.
Scotland ¹⁹	Scottish legislation describes a fuel poor household as one where more than 10% of net income is required to pay for their reasonable fuel needs after housing costs have been deducted and the remaining household income is not enough to maintain an acceptable standard of living, defined as at least 90% of the UK Minimum Income Standard (MIS) once childcare costs and disability or care benefits are deducted	In Scotland, statutory targets are that by the end of 2040, no more than 5% of households will be in fuel poverty, no more than 1% of households will be in extreme fuel poverty, and the median fuel poverty gap of households in fuel poverty is no more than £250 in 2015 prices before adding inflation.

¹⁶ This is how fuel poverty is defined in the Warm Homes and Energy Conservation Act 2000

¹⁷ [Fuel poverty statistics - GOV.UK](#)

¹⁸ [Tackling fuel poverty 2021 to 2035 \[HTML\] | GOV.WALES](#)

¹⁹ [Fuel poverty - Home energy and fuel poverty - gov.scot](#)

Table 2: Costs and targeting rates by number of Warm Home Discount rebates

	Cost		Fuel Poverty*		Required energy costs are more than 10% of income (after housing costs)	
Number of rebates in GB (millions)	Average cost to dual fuel billpayer (£)	Total scheme cost (£m)	Hit rate ²⁰	Coverage ²¹	Hit rate ²²	Coverage
6m**	£37	£1bn	~25%	~45%	~55%	~45%

*Note that this table uses the English measurement of fuel poverty (Low-Income Low-Energy Efficiency) but other definitions are used in Wales and Scotland. The “low-income households with energy costs greater than 10% of income (after housing costs)” columns do not precisely align with the fuel poverty definitions in Scotland and Wales, but demonstrates scheme coverage and targeting using metrics expressing required energy costs as a percentage of after housing costs income.

** rounded to nearest million

Table 2, from the June 2025 Impact Assessment²³ shows an estimate of the size and coverage of the expanded scheme expected in winter 2025/26, which is expected to support around 6 million households across GB. As there are no proposed changes to eligibility requirements in England and Wales in this consultation for the next scheme period, and no overall change to the level of funding for the scheme, it is a reasonable expectation that these remain appropriate estimates for future years of the scheme.

In Scotland, this consultation considers options to introduce automatic data matching for eligible households and to remove the mandatory vulnerability criteria for eligibility. These options would standardise the eligibility criteria across suppliers, with data-matched eligibility based on receipt of means-tested benefits (or means-tested benefits plus a vulnerability) replacing any discretionary additional eligibility groups that suppliers have agreed with Ofgem. This would increase the overall number of eligible households who go on to receive a rebate, but may result in some households who benefited from the additional eligibility set by some suppliers in Scotland missing out on a rebate. There is no single comprehensive dataset on recipients in the Broader Group, meaning it is not possible to robustly estimate how many of the group that currently receives the rebate would receive it following a change to a data matched approach. Overall, Scotland’s increased Broader Group budget for 2025/26 is equivalent to 440,000 rebates.

Under Option 3, where Scottish households are data matched with the same eligibility criteria as are currently used in England and Wales, households in receipt of the ‘Savings Credit’ element of Pension Credit would become newly eligible and automatically receive the rebate. Some of these households may already receive a rebate if their suppliers currently use receipt of the ‘Savings Credit’ element of Pension Credit as part of their additional eligibility criteria.

²⁰ The fuel poverty hit-rate is defined as the proportion of recipients who are fuel poor.

²¹ The coverage refers to the estimated proportion of all fuel poor homes that would receive the discount

²² The affordability hit-rate is defined as the proportion of recipients who spend more than 10% of their after-housing-costs income on energy and are classed as low-income

²³ [Expanding the Warm Home Discount Scheme, 2025 to 2026 - GOV.UK](#)

The most recent DWP data ²⁴ shows that there were around 16,000 Scottish claims in payment for Savings Credit only who could benefit from this change.

Impacts on Fuel Poverty

Table 2 shows that the overall coverage of fuel poor households is expected to be 45% from scheme year 2025/26 onwards. This estimate is based on the definition of fuel poverty in England. Further coverage beyond 45% is not achieved because:

- Many households in fuel poverty do not claim a means-tested benefit
- Of those who claim a means-tested benefit, we estimate that around 30% will not go on to receive the Warm Home Discount due to factors like the benefit recipient or their partner not being the named person responsible for paying the energy bill, or not having their energy account successfully matched with their benefits data.

Scotland and Wales use different definitions of fuel poverty to England, in both cases using a metric based around the fraction of household income which is required to be spent on energy. The affordability metric shown in Table 1 does not precisely align with these fuel poverty definitions, but gives a broad indication of the likely effects in Scotland and Wales.

Income distribution of recipients

Figure 1: Income decile distribution of recipients and non-recipients²⁵

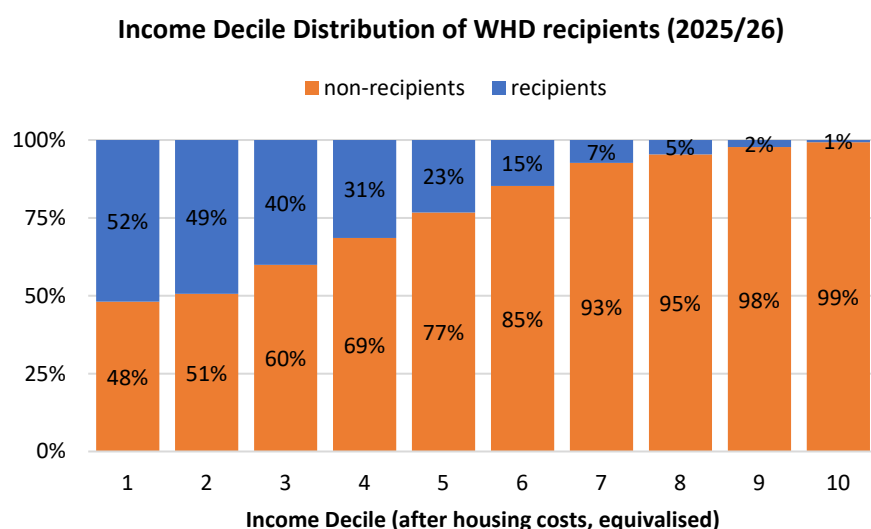


Figure 1 shows that the majority of rebate recipients in the 2025/26 scheme will be in the lowest income deciles (i.e. recipients will be among the poorest households). The proposals for 2026/27 are not expected to substantially impact the income distribution of recipients.

However, it also illustrates that a significant share of households in the lowest deciles will remain non-recipients and so will receive no support and still pay the levy cost.

²⁴ [Stat-Xplore - Home](#) [refers to the number of Pension Credit claims in payment at the end of February 2025]

²⁵ Income decile distributions estimated based on the English Housing Survey, 2023 Fuel Poverty dataset

Scheme costs

The Warm Home Discount is expected to support around 6m recipients in winter 2025/26, meaning an estimated cost of around £1 billion, equating to around £37 for the average dual fuel billpayer.

These costs were modelled in the Impact Assessment for the 2025 regulations and included the potential increase in the number of recipients under qualifying benefits in Scotland. The proposals in this consultation for 2026/27 are not intended to increase the number of recipients overall and therefore are not expected to impact costs to billpayers.

Analytical assumptions

The estimated number of recipients (and hence the total cost and billpayer cost) is uncertain and depends on the number of households on a qualifying benefit as well as the proportion of those who ultimately receive a rebate.

An estimate of the number of current benefit claimants and rebate conversion rates observed from previous scheme years have been used in estimating the ultimate number of rebates issued.

Fuel poverty rates, affordability rates and income distributions are based on DESNZ analysis of the English Housing Survey, 2023 Fuel Poverty dataset.

Social Cost-Benefit Analysis

A full social cost benefit analysis was produced for the Final Stage Impact Assessment accompanying Warm Home Discount (2025) amending regulations for the England & Wales scheme²⁶. It showed that, against a counterfactual of no scheme, the policy has a net cost of £410m when the monetised costs and benefits are not equity weighted to account for the additional value placed on bill support by lower income households, and a net benefit of £590m when equity weighting is applied. This is expected to be the case for the 2026/27 scheme proposals given recipients would be on low incomes by definition.

The objective of the Warm Home Discount is the redistribution of energy costs, to provide support to households who cannot afford to heat their home sufficiently. By implementing an equity weighting we are applying the principle that relatively lower income households put a greater value on a unit of additional bill saving than higher income households.

The benefits of the rebates delivered to eligible households are split between bill savings and the comfort from heating their homes to a higher temperature. More comfortable indoor temperatures will lower households' susceptibility to cold-related diseases and are therefore likely to improve social outcomes. Additionally, it may reduce cost burdens to the health service. Aside from the cost of the rebate itself, the main costs of the policy are the administrative costs faced by Government and energy suppliers as well as the resource costs of an estimated net increase in energy consumption, plus the associated carbon and air quality costs.

Households in receipt of the Warm Home Discount are expected to increase their energy consumption somewhat to keep warmer, leading to a net increase in energy consumption and higher emissions. The cost of the scheme is added to all household energy bills which may slightly reduce household energy demand for those not receiving a rebate, leading to lower energy consumption and subsequent lower emissions.

For the proposals set out in this consultation, we would expect administrative costs to decrease slightly, as more recipients in Scotland would be automatically data matched. A full Impact Assessment will be produced to accompany the 2026 regulations for Warm Home Discount.

²⁶ [Expanding the Warm Home Discount Scheme, 2025 to 2026 - GOV.UK](#)

Equalities Impact

The Public Sector Equality Duty (the ‘Duty’) is a statutory requirement imposed by section 149 of the Equality Act 2010. In broad terms, the Duty requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. Advancing equality of opportunity includes having due regard to the need to remove or minimise disadvantages, take steps to meet the needs of persons sharing a protected characteristic and encouraging their participation in activities where their participation is disproportionately low.

The following relevant protected characteristics are set out under the Duty: age; disability; gender reassignment; marriage or civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

An Equalities Assessment was undertaken for the Final Stage Impact Assessment accompanying Warm Home Discount (2025) amending regulations for the England & Wales scheme²⁷. Equality analysis of rebate distribution by protected characteristic was presented but limited to those characteristics captured by the English Housing Survey 2022-23 and Fuel Poverty Dataset 2023 (disability, long-term illness, age, and ethnicity).

The analysis indicates that households with a disability benefit recipient, or those self-reporting a long-term illness, are more likely than average to receive the rebate. It also shows that single parent households are disproportionately likely to benefit, (70% of single-parent households reported receiving a means-tested benefit to the English Housing Survey and could therefore be eligible). Overall, the findings suggest that the distribution of rebates across age groups is expected to reflect the general population, and no disproportionate effects on ethnic minority households are anticipated.

The remaining protected characteristics (sex, gender reassignment, marriage or civil partnership, pregnancy and maternity, religion or belief, and sexual orientation) are not covered in this analysis because either the English Housing Survey does not include them as variables or because the household-based nature of the survey (and indeed the scheme) prevent analysis based on these factors. We would expect the scheme to broadly reflect the profile of means-tested benefit recipients with respect to these factors.

Analysis is based on English Housing Survey (EHS) 2022/23 data (with no consistent dataset available to represent Scotland and Wales) and is therefore representative of England only. We would expect similar trends to hold in Wales and Scotland (based on analysis of latest Census data of disability, age and household composition²⁸).

Removal of Broader Group in Scotland

The possible replacement of the Broader Group in Scotland with a new Core Group mirroring either the eligibility in England and Wales or the mandatory eligibility rules for the Scottish Broader Group would mean replacing the varied approaches to eligibility taken by different suppliers currently. This could have an adverse impact on some people with protected characteristics such as those with disabilities and long-term health conditions, or families and pregnant people, where they are on low incomes but not on a qualifying means-tested benefit; these are two examples of groups to which some suppliers have extended additional eligibility which directly relate to protected characteristics. Some suppliers have created additional

²⁷ [Expanding the Warm Home Discount Scheme, 2025 to 2026 - GOV.UK](#)

²⁸ [Census - Office for National Statistics](#)

criteria which do not directly align with any protected characteristics but may be correlated with them (e.g. receipt of working tax credit, veterans).

However, previous equalities analysis suggests that some of these groups are also disproportionately more likely to receive Warm Home Discount under the eligibility criteria that will operate in England and Wales in winter 2025 and potentially in Scotland from winter 2026. For example, analysis from DWP's benefit statistics on Stat-Xplore, published in the 2025 Impact Assessment²⁹, indicates that over 40% of disability benefit recipients (DLA, PIP, and AA³⁰) received a qualifying means-tested benefit in August 2024. So, these customers in Scotland could benefit from the move from the current Broader Group to a Core Group with automated data matching, since currently their eligibility is inconsistent depending on their supplier, with some oversubscribed suppliers only issuing rebates on a first come, first served basis.

This shows that there is a trade-off between the households within these groups, with some households at risk of no longer being eligible and other households who may gain eligibility through the removal of a first come first served system, which will make the scheme fairer and more consistent for recipients. We would therefore not expect the replacement of the Broader Group to represent a systematic disbenefit to the cohorts of people with these protected characteristics. However, there is no single comprehensive dataset on recipients of Broader Group, meaning it is not possible to robustly estimate the size of the groups that currently receive the rebate compared who could be expected to receive the rebate following the proposed reforms.

Industry Initiatives may also represent a potential mitigation to some of the households in these groups who lose out. In the case of disability and long-term health conditions, there is an obligation on energy suppliers to report the estimated value and proportion of their Industry Initiatives spending that supports customers with a disability or significant health conditions. This obligation was established in 2022 when England and Wales moved away from the Broader Group. In 2013, a total of £27.5 million (42.0%) of the amount spent on Industry Initiatives went to households with at least one person with significant health problems or a disability. In this consultation, we have included a call for evidence on the design of Industry Initiatives to explore their design and delivery by energy suppliers and their third-party partners.

²⁹ [Impact Assessment](#)

³⁰ Disability Living Allowance / Attendance Allowance / Personal Independence Payment

Consultation questions

Q1: 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.

Q2: 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?

Q3: 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 use of Industry Initiatives? Please provide any evidence you may have to support your answer.

Q4: Which of the three options listed above is your preferred option for the next scheme period in Scotland?

Q5: Do you have any views on the advantages, disadvantages or concerns of any of the options presented?

Q6: 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.

Q7: 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?

Q8: Do you have a preferred option for the next scheme period in Scotland that is not presented above? If so, please provide details.

Q9: 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.

Q10: Do you think there are advantages or disadvantages in setting out eligibility separately in Scotland?

Q11: Do you agree that Industry Initiatives should be continued into the next scheme period?

Q12: 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?

Q13: 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?

Q14: 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?

Q15: 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?

Q16: 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?

Q17: Do you have any views on appropriate governance arrangements or oversight to monitor the effectiveness of this approach?

Q18: 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.

Q19: 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?

Q20: 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?

Q21: 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?

Q22: Do suppliers have any views on whether the reconciliation process works as currently organised? Do you consider whether any changes could improve the process?

Q23: Do you have any other comments, views or evidence on the proposals for the changes to the levy?

Q24: 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?

Q25: 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?

Q26: 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?

Next steps

Following this consultation, the Department for Energy Security and Net Zero will review the responses and publish a response in due course, taking account of feedback received. Subject to the outcome of this consultation, the government would propose to lay regulations in time for any changes to apply for the 2026/27 scheme year.