

Consumer Focus briefing on the Warm Home Discount Scheme

On 1 April, the new Warm Home Discount (WHD), which is intended to replace the existing voluntary arrangements with energy suppliers, will come into effect.

This briefing contains details of what is currently known about the scheme. Consumer Focus will circulate an updated briefing in the summer as more information becomes available.

What:

All suppliers with over 250,000 domestic customers are part of the WHD scheme. This includes British Gas, EDF Energy, E.ON, npower, Scottish and Southern Energy and Scottish Power. Small suppliers – those with less than 250,000 customers – can participate in the scheme on a voluntary basis.

Suppliers are required to provide an annual discount on electricity bills to all customers in a defined 'Core Group' and a selection of customers in a 'Broader Group'. Suppliers have a degree of discretion over which customers fall into the 'Broader Group'. This Broader Group should either consist of recipients of certain benefits prescribed by Government or suppliers must provide evidence that these customers are in fuel poverty or at risk of fuel poverty. Suppliers are required to get Ofgem approval for their 'Broader Group' schemes.

These six suppliers currently provide a range of social tariffs, discounts or rebates as well as funding for other industry initiatives such as independent trust funds or Benefit Entitlement Checks.

Over the next four years, suppliers will reduce their spending on the voluntary social tariffs and rebate schemes and ramp up spending on the WHD for the Core and Broader Group of energy consumers. Total spending on the Warm Homes Discount scheme is set to increase from £250 million in 2011/12 to £310 million by 2014/15.

The Department for Work and Pensions (DWP) and suppliers will try to make sure that all eligible consumers in the Core Group automatically receive the WHD as an annual rebate on their electricity bill through a 'data matching' exercise. However, this will not identify all eligible consumers in the Core Group. The DWP will also carry out a 'data sweep' exercise to try and identify some of these consumers. However, there may be some eligible Core Group consumers not identified through either of these processes. Advice workers may be able to play a valuable role in referring these consumers.

Who:

The Core Group – WHD for low income pensioners			
Year	Who's eligible	Annual discount	Number of consumers helped
2011/2012	Households in receipt of guarantee element of Pension Credit	£120	807,000
2012/ 2013	Households in receipt of guarantee element of Pension Credit and Over 80 and in receipt of savings element of pension credit	£130	1,097,000
2013/2014	Households in receipt of guarantee element of Pension Credit and Over 75 and in receipt of guarantee and savings element of pension credit	£135	1,179,000
2014/2015	All households in receipt of guarantee and savings element of pension credit	£140	1,355,000

Suppliers are required to provide details of how they will identify 'Broader Group' customers, who meet their defined eligibility criteria, to Ofgem. Once suppliers decide their eligibility criteria for the Broader Group, advice workers may play a valuable role in helping refer eligible consumers. However, the number of consumers in the Broader Group is very limited so many consumers may not get the discount even if they meet the eligibility criteria.

More details will be available in the summer and we will circulate an updated briefing.

The Broader Group – providing the WHD to other vulnerable consumers			
Year	Who's eligible	Annual discount	Minimum number of consumers helped
2011/2012	Either certain CWP eligible households or criteria set by supplier with Ofgem approval	£120	26,000
2012/ 2013	Either certain CWP eligible households or criteria set by supplier with Ofgem approval	£130	364,000
2013 /2014	Either certain CWP eligible households or criteria set by supplier with Ofgem approval	£135	654,000
2014/ 2015	Either certain CWP eligible households or criteria set by supplier with Ofgem approval	£140	645,000

How:

Over the next four years, suppliers will transfer some customers on their current social tariff or rebate schemes onto the WHD. As part of this process, suppliers will need to understand and assess the circumstances of all the customers on their existing social and discounted tariffs.

It is likely that some suppliers' existing social tariff customers will not be eligible for the Broader Group of the Warm Home Discount scheme. There are a number of reasons why:

- Customers' circumstances may have improved meaning they no longer require the additional support

- The qualifying criteria for a supplier's voluntary social tariff is different for the qualifying criteria (still to be finalised) for the Broader Group
- The 'cap' on those customers eligible for the Broader Group is less than the existing number of customers on a supplier's voluntary social tariff

Furthermore, some consumers may also find that the WHD is less than the discount they had been receiving via the social tariff.

Consumer Focus is encouraging suppliers to offer further assistance to any households in these circumstances during this transition period, either as part of their WHD spend or their additional Corporate Responsibility Spend.

Other households, which are not existing recipients of a social tariff or rebate may now automatically receive the WHD via the data matching procedure with DWP.

Ofgem will continue to monitor supplier spend on social tariff and rebate schemes along similar lines to the existing voluntary scheme. Suppliers will be expected to follow existing Ofgem guidance on these schemes.

Consumer Focus believes there are clear benefits to suppliers using a consistent definition for the consumers eligible for assistance under the Broader Group scheme. The regulations suggest that the Cold Weather Payments eligibility criteria is a good proxy for a particularly vulnerable section of the fuel poor, which Consumer Focus is also in favour of. However, many more consumers are eligible for Cold Weather Payments than the 'Broader Group' cap suggests, even in the final year of the scheme. Suppliers which choose to use the Cold Weather Payment criteria, rather than develop their own criteria, may choose to use a subset of those eligible.

Consumer Focus and a number of the suppliers consider there is a strong case for using data matching powers, currently only available for pensioners, to enable certain Cold Weather Payment eligible households to receive the WHD automatically. This would mean that these households do not have to make a separate claim for the discount.

It is also important to emphasise that there is nothing to prevent suppliers from spending more than the WHD cap. Any additional spend won't count under the Scheme, but would instead form part of the supplier's general Corporate Social Responsibility spend.

Supplier Question & Answer

Will your existing social tariff be closed to new applicants as of 1 April?

Suppliers will continue to accept new applications for their existing social and discounted tariffs for a short period of time. *It is still worthwhile submitting an application if you have a client that is eligible.*

When will your existing social tariff customers be migrated onto the Warm Homes Discount scheme?

Suppliers are still developing their proposals. There will be a cap on the number of consumers in the Broader Group, which will continue to receive this support.

The impact on individual consumers will depend on the existing eligibility criteria for the supplier's social tariff eg a supplier offering a social tariff restricted to the over 60s may not be as affected by the cap compared to a supplier with a social tariff based on household income.

Will existing social tariff customers who are not eligible for the Warm Homes Discount be offered any additional support to ease the transition? What will this support include?

Suppliers have committed to provide some form of transitional support to their customers who are not eligible for the Warm Homes Discount. Further details should be available in the summer.

When will information be available on the eligibility criteria for the broader group?

Further details will be available in the summer once Ofgem has approved suppliers' proposals.

How will your company identify consumers in the broader group?

Suppliers are still developing their proposals. Some suppliers may seek to work with third party organisations to help identify candidates eligible for the Broader Group.

Will your company continue to take referrals from advice agencies or the Extra Help Unit for consumers eligible for the Broader Group?

More details will be available in the summer.

Will there be any impact on the funding for your company's existing charitable trust?

Suppliers are committed to providing continued support for their Trust Funds. Suppliers may spend up to £30 million pa for the next four years on trust funds and other 'industry initiatives'.

Suppliers' existing social tariffs

Company & tariff name	Eligibility criteria	Eligible benefits	Definition of household income
British Gas Essentials	Maximum household income of £15,600 and must be over 70 in receipt of pension credit or suffer from a chronic illness or in receipt of Disability Living Allowance (DLA) or Attendance Allowance	DLA, Attendance Allowance	British Gas will take into account DLA and Housing Benefit when calculating household income.
EDF Energy Energy Assist	Must spend more than 10% of income on energy bills or in receipt of Pension Credit or Income Support	Income Support or Pension Credit	EDF Energy will take DLA into account when calculating household income.

Company & tariff name	Eligibility criteria	Eligible benefits	Definition of household income
E.ON Warm Assist	Must be over 60 and in receipt of pension credit or disability living allowance or attendance allowance or have high energy consumption resulting from a medical condition	Pension Credit, DLA, Attendance Allowance	E.ON does not use household income as part of its eligibility criteria.
Npower Spreading Warmth	Maximum household income of under £13,500 and must be over 60, or disabled, or chronically sick, or a child under 16		Npower will take Housing Benefit into account when calculating household income.
Scottish and Southern Energy Energyplus Care	Must spend more than 20% of household income on energy bills		SSE will take Housing Benefit and Council Tax Benefit into account when calculating household income.
Scottish Power Fresh Start	Must be over 60 and in receipt of one of certain benefits	Attendance allowance, or Council tax benefit (not including single occupancy discount), or DLA, or Disabled persons tax allowance, or Child tax credit (where income is less than £15,460), or Housing benefit, or Income-based JSA, or Pension Credit, or Working tax credit (where household income is less than £15,592) or War disablement pension (which either includes a mobility supplement or constant attendance allowance) or Industrial injuries disablement benefit (must also have a constant attendance allowance)	Scottish Power does not use household income as part of its eligibility criteria.

Useful contact details

British Gas

To enquire about the Essentials tariff, customers with a credit meter should contact **0800 072 5230** and prepayment consumers should call **0800 294 8604**

British Gas Energy Trust

Address:

Freepost RRZJ-XBSY-GYRG

British Gas Energy Trust

PO Box 42

Peterborough PE3 8XH

Tel: 01733 421060

Fax: 01733 421020

Email: bget@charisgrants.com

Online application form: <https://bget.app.charisgrants.com/>

Website: www.britishgasenergytrust.org.uk

EDF Energy

To enquire about the Energy Assist tariff, customers should contact **0800 269 450**

EDF Energy Trust

Address:

Freepost RLXG-RBYJ-USXE

EDF Energy Trust

PO Box 42

Peterborough PE3 8XH

Tel: 01733 421060

Fax: 01733 421020

Email: edfet@charisgrants.com

Online application form: <https://edfet.app.charisgrants.com>

Website: www.edfenergytrust.org.uk

E.ON

To enquire about the Warm Assist tariff, customers should contact **0800 404 6287**

Npower

To enquire about the Spreading Warmth tariff, customers should contact **0808 172 6999**

Npower Energy Trust

Address:

Freepost RSKL-YZAE-RRHA

npower Energy Trust

PO Box 42

Peterborough PE3 8XH

Tel: 01733 421060

Fax: 01733 421020

Email: npet@charisgrants.com

Online application form: <https://npet.app.charisgrants.com/>

Website: www.npowerenergytrust.org.uk/

Scottish and Southern Energy

To enquire about the Energyplus Care tariff, customers should contact **0800 300 111**

ScottishPower

To enquire about the Fresh Start tariff, customers should contact **0845 2700 700**

Additional resources

Ofgem draft guidance on Warm Home Discount <http://bit.ly/hfJK4R>

DECC Warm Home Discount consultation response <http://bit.ly/hEb6p1>

Consumer Focus publication: Reaching the fuel poor <http://consumerfocus.org.uk/g/4oe>

Consumer Focus discussion paper on the Energy Company Obligation
<http://consumerfocus.org.uk/g/4of>