

24 March 2025

By email to
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Expanding the Warm Home Discount Scheme 2025/26

About us

Consumer Scotland is the statutory body for consumers in Scotland. Established by the Consumer Scotland Act 2020, we are accountable to the Scottish Parliament. The Act defines consumers as individuals and small businesses that purchase, use or receive in Scotland goods or services supplied by a business, profession, not for profit enterprise, or public body.

Our purpose is to improve outcomes for current and future consumers, and our strategic objectives are:

- to enhance understanding and awareness of consumer issues by strengthening the evidence base
- to serve the needs and aspirations of current and future consumers by inspiring and influencing the public, private and third sectors
- to enable the active participation of consumers in a fairer economy by improving access to information and support

Consumer Scotland uses data, research and analysis to inform our work on the key issues facing consumers in Scotland. In conjunction with that evidence base we seek a consumer perspective through the application of the consumer principles of access, choice, safety, information, fairness, representation, sustainability and redress.

Consumer principles

If relevant, use this space to explain which consumer principles are engaged by the consultation response e.g.

The Consumer Principles are a set of principles developed by consumer organisations in the UK and overseas.

Consumer Scotland uses the Consumer Principles as a framework through which to analyse the evidence on markets and related issues from a consumer perspective.

The Consumer Principles are:

- Access: Can people get the goods or services they need or want?
- Choice: Is there any?
- Safety: Are the goods or services dangerous to health or welfare?
- Information: Is it available, accurate and useful?
- Fairness: Are some or all consumers unfairly discriminated against?
- Representation: Do consumers have a say in how goods or services are provided?
- Redress: If things go wrong, is there a system for making things right?
- Sustainability: Are consumers enabled to make sustainable choices?

We have identified access as being particularly relevant to the consultation proposal that we are responding to.

Our response

We welcome the opportunity to respond to this consultation and have focused our response on issues particularly affecting Scottish consumers.

We support the proposed expansion of the Park Homes WHD Scheme to include other consumers who do not pay bills directly to energy suppliers, but stress the need for additional funding rather than redistributing resources from vital Industry Initiatives.

Our submission highlights key concerns regarding the current structure and administration of the Warm Home Discount (WHD) scheme in Scotland, and recommending that the proposed 25/26 Extension presents an opportunity to implement GB-wide approach that ensures equal access to support.

We also recommend the UK Government improve targeting of energy support, by recognising both low income and high essential energy expenditure, particularly for disabled consumers, families with young children, and those using costly heating systems.

Consultation Response

Question 4. Do you agree the Park Homes Warm Home Discount Scheme should be broadened to include other household types where bills are not paid directly to an energy supplier?

We welcome DESNZ's consideration of expanding the eligibility criteria for the Park Homes Warm Home Discount to include other consumer groups who may otherwise be excluded from support. The Scottish Government's fuel poverty strategy recognises that certain households, such as Gypsy/Traveller communities, face a heightened risk of fuel poverty due in part to their lack of direct relationships with energy suppliers—similar to many park homes residents. Extending the scheme to these groups could help address disparities in access to essential support.

However, we are concerned that DESNZ proposes funding this expansion solely through the existing Industry Initiatives budget, rather than increasing overall funding to reach more consumers at risk of fuel poverty. The Industry Initiatives fund plays a crucial role in delivering energy advice and non-financial support, including crisis interventions such as fuel vouchers for prepayment meter users to prevent self-disconnection. Reducing this funding to accommodate additional WHD recipients could undermine these essential services. Instead, we recommend that DESNZ explore alternative sources of additional funding to expand support without increasing costs for energy consumers.

Question 7. Do you agree that we should retain the broader group in Scotland for the time being, and instead ensure that more people become eligible for rebates by increasing suppliers' non-core obligations in Scotland in proportion to any expansion of the scheme in England and Wales?

Warm Home Discount In Scotland, Broader Group and Lottery Problem

DESNZ should aim to introduce a GB-wide WHD scheme for this coming winter to ensure equal access to support for consumers across Scotland, England and Wales.

Currently, access to the WHD differs between Scotland, and England and Wales, due to historic policy developments. When the WHD scheme was reformed in 2022, the reforms being implemented in England and Wales could not be directly replicated in Scotland. This was a result of data-matching issues. The Valuation Office Agency (VOA) data, which is used to identify homes in the "Core Group 2" which meet a "high cost to heat threshold" under the current WHD scheme from 2022, does not apply in Scotland, and the Scottish Assessors (the Scottish equivalent of the VOA) do not collect equivalent data for properties in Scotlandⁱ. The UK Government could only set up a structure of automatic payments in England and Wales in line with its aim to better target fuel poor households.

Therefore, for practical reasons, provisions were made so that Scotland would maintain the previous structure of the WHD in place across Great Britain in 2021/22, utilising the Core Group, the Broader Group, and Industry Initiatives. While a majority of respondents agreed that the WHD in Scotland should continue with the preexisting structure, consumer groups, charities and suppliers urged that the changes to the England and Wales scheme structure (i.e. transition from Broader Group to Core Group 2) should be applied in Scotland as soon as data matching processes became available. Standardisation of the scheme across Great Britain would avoid consumer confusion, avoid the "lottery" problems associated with the Broader Group (discussed further below), and remove extra administration burden for suppliers.

However, despite strong stakeholder support for this alignment, Scotland remains subject to the preexisting structure of a Core Group and Broader Group.

The Broader Group approach in Scotland raises significant concerns about fairness and accessibility for those consumers who need this support. While suppliers have some flexibility in setting their Broader Group eligibility it is primarily targeted at working-age consumers on means tested benefits, such as Universal Credit, and Income-Related Job Seekers Allowance. Crucially, rebates are allocated on a "first-come first serve" basis, with suppliers opening and closing application windows at different times, depending on when they reach their allocated funding capⁱⁱ.

This results in a "lottery problem", where eligible consumers do not receive the rebate as they have not applied before their supplier becomes oversubscribed and the fund is exhausted. Although suppliers can reallocate funds from their Industry Initiatives envelope

to their Broader Group this approach risks diverting funding for important fuel poverty and energy advice initiatives, which address issues beyond direct financial support.

Even with the proposed increased Broader Group funding in this consultation, the reliance on an application-based system means that some eligible consumers that do not know about the WHD scheme or are otherwise excluded from making an application (i.e. through digital exclusion or disabilities and accessibility issues) may miss out on support.

Equal Access in a GB-Wide Scheme

This consultation proposes to remove the “high cost to heat threshold” from the WHD eligibility criteria in England and Wales, which is the primary barrier to a uniform GB-wide scheme. If implemented, we strongly recommend that DESNZ extends the same WHD structure to Scotland, ensuring automatic payments to all eligible consumers rather than requiring applications.

This would eliminate the risk of consumers in Scotland missing out due to administrative complexities, supplier funding limits, awareness gaps or accessibility issues.

We recognise, and as highlighted in the consultation, that the Warm Home Discount Regulations require non-core spending to be determined and communicated to suppliers by 14 March 2025. While this may present logistical challenges, we urge DESNZ to work with suppliers to assess whether these barriers are genuinely insurmountable or if a transition to a GB-wide scheme is feasible.

If practical, or other time-related constraints prevent alignment of the schemes, despite the proposed eligibility being nearly identical across the UK, we would like to see further equality and distributional analysis on the impact of maintaining different schemes across the UK, and whether this impact was considered in the developing this policy proposal.

If the High Heating Threshold is Maintained

If the high heating threshold for England and Wales -in a current or recalculated form- is maintained, then implementing a comparable scheme in Scotland will remain impractical due to the persistent data-matching challenges.

In this scenario, we support extending the existing Broader Group structure as proposed in the consultation. However, we urge both the UK and Scottish Governments prioritise addressing these data-matching limitations. As discussed above, respondents across the energy retail market have called for a standardised Warm Home Discount scheme since 2022. The UK and Scottish Governments should commit to data improvements and solving this data matching challenge to improve the ability to target support in Scotland.

Improved Targeting of Support

The extension of the WHD scheme for this coming winter presents an opportunity to enhance the targeting of support so that it reaches those most in need. We recommend that this is done by targeting consumers on a low income and certain groups of consumers with high essential energy expenditure.

Consumer Scotland researchⁱⁱⁱ and engagement with frontline agencies in Scotland^{iv} has previously found groups of consumers that report being particular at risk of energy affordability and debt challenges, including:

- Disabled people – particularly those limited a lot by disability;
- Those on low income;
- Those with children under 5;
- Those on prepayment meters; and
- Those using traditional electric-only heating or heating oil.

While the existing WHD scheme focuses on eligible means-tested benefits, future reforms should better reflect the intersection between low income and high essential energy use, as Consumer Scotland has previously recommended^v. By focusing affordability policy on both income and high essential energy expenditure, support can better mitigate affordability challenges for key consumer groups.

We recommend that DESNZ consider reviewing the targeting of WHD support so that it effectively reaches these key consumer groups. This could be achieved by opening up eligibility to WHD to disabled consumers that receive disability benefits, similar to the way eligibility for WHD was set prior to 2022, and that often having higher energy expenditure because of the side effects of conditions, treatments or the cost of running medical equipment^{vi}, or using child benefit data to target households with young children.

We also recommend DESNZ consider the intersection of these groups, e.g. low-income and disabled households. The intersection of a household's expenditure and its income is crucial to its ability to afford energy. We recommend that the WHD and other redesigned affordability support takes into account this intersection and reflects these additional needs in the level of support that is provided to different households.

ⁱ Department for Business, Energy & Industrial Strategy (2022) [Warm Home Discount Scotland: The Government Response to the Consultation](#)

ⁱⁱ Citizens Advice Scotland (2020) [Mind the Fuel Poverty Gap](#)

ⁱⁱⁱ Consumer Scotland (2024) [Insights from Latest Energy Affordability Tracker: Causes and Impact of Energy Debt](#)

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- iv Consumer Scotland (2023) [Scottish Energy Insights Coordination Group Report](#)
 - v Consumer Scotland (2024) [Energy Affordability Policy](#)
 - vi Consumer Scotland (2024) [Designing Energy Support for Disabled Consumers](#)