Consultation Response

Continuing the Warm Home Discount Scheme

Department for Energy Security and Net Zero (DESNZ)

November 2025

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About this consultation

This consultation explores the continuation of the Warm Home Discount scheme. The scheme currently provides a £150 payment to households in receipt of a means tested benefit, which is delivered through energy suppliers. Currently, the scheme is due to end in March 2026. The Government is proposing to extend the scheme to 2030/31. Another crucial part of the scheme is Industry Initiatives, which is a pot of funding used by energy suppliers to fund permitted activities that provide support to households in or at risk of fuel poverty. The Government is holding a call for evidence on Industry Initiatives through this consultation, focussing on the value they provide, examples of best practice, and ideas for improving Industry Initiatives in the next scheme period.

Key points and recommendations

- The Government should continue the Warm Home Discount scheme for the period proposed in the consultation.
- Industry Initiatives should remain a part of the scheme through the scheme period.
- Industry Initiatives should continue to be arranged through collaboration between suppliers and third parties, both of which are best suited to design efficient and well targeted initiatives compared to a centralised/prescribed approach.
- Enable multi-year funding arrangements, for the duration of the scheme period, to enable consistent support to be available for those in fuel poverty, and to combat the challenges raised by uncertainty, such as hiring staff on short term arrangements, and having to let them go between approval periods.

In terms of improving the scheme in the short term, the Government should:

- Introduce booster payments (uplifts) for low-income households with high energy costs, such as households with a disability or long-term health conditions. These would be for households that already receive a means tested benefit. One way for delivering this would be to identify households in receipt of a means tested benefit that also receive DLA, PIP, Attendance Allowance or Carer's Allowance.
- Open an application-based route that can be accessed by households on a low income, to apply for a rebate. This could also be open for social prescribing pathways and supporting households in crisis following sudden shocks such as job loss or bereavement.
- Consider expanding Industry Initiatives to compensate for the loss in value of the WHD rebate. Industry Initiatives are an effective way of reaching households in crisis. Expanding them would be a lower cost option compared to raising the value of the WHD rebate.

In terms of improving the scheme in the medium to long term:

- At the earliest opportunity, Government should transition the scheme from supporting those on a means tested benefit to those with low incomes, setting an income threshold for eligibility. This should be accompanied by an automatic data matching process, so consumers do not have to apply for support.

- With better targeting, which would improve the number of fuel poor households being supported by the scheme, Government should explore connecting the value of a WHD rebate to energy prices, ensuring that consumers can more easily manage price increases, and that the WHD will not be too costly to deliver if energy prices start to fall.

About Age UK

Age UK believes every older person should be included and valued. We're working locally, nationally and internationally to change the way we age. Together with our partners, we're changing the day-to-day experience of getting older through essential services and local support. In the UK, the charity helps more than seven million older people each year by providing advice and support, including through our national advice line and our friendship services. It also researches and campaigns on the issues that matter most to older people, aiming to put older people at the heart of public policy and shift the way ageing is treated and represented.

Introduction

Energy prices remain significantly higher than pre-crisis levels, having a significant impact on many pensioners' ability to heat their homes. Independent forecasters predict that prices will remain at elevated levels, compared to the average cost of energy before 2022, for the rest of the decade.

At the same time, the relative value of energy support has been decreasing. From the start of the price cap in 2019 up until 2022, a Warm Home Discount (WHD) scheme rebate covered between 12-14% of a typical user's annual energy bill. From 2022 onwards, the value of a Warm Home Discount scheme rebate has been between 3-8% of a typical annual bill.[1]

The result of these trends is that for many older people, the cost of living, and in particular the cost of heating their home, has worsened. In March 2025, polling from Age UK[2] revealed that among people aged 66+ in the UK:

- One in 3 (34%) said they felt less financially secure heading into 2025 compared to when 2024 began – equivalent to 4.1 million people. This includes nearly four in 10 (38%) carers.
- Four in 10 (41%) said they have cut back on heating or powering their home – equivalent to 5 million people. This includes nearly half (48%) of older people with a disability.
- Nearly one in four (23%) said their home is colder than they would like it to be 'all the time' or 'most of the time' – equivalent to 2.8 million people.

With the current iteration of the WHD scheme due to end in April 2026, and with a clear need for targeted energy support for those in most need, Age UK welcomes this consultation on continuing the scheme. Now is also the right time to explore the how the scheme can be improved to best support energy consumers and reduce fuel poverty.

We believe there is potential to evolve the scheme over the next five years into one that better meets the needs of low-income households.

While the current scheme has its limitations, it has also provided crucial support both to the root-causes of fuel poverty, as well as short term relief. Recent changes to the scheme have meant that more households than ever, around 6 million, will receive a rebate in winter 25/26. Energy prices are due to remain high and are forecast to increase further in the short term. It is right that more households on a low-incomes should continue to receive support.

Increases to the number of eligible households will come at a cost for all consumers, since energy bills will have to increase to fund 3 million additional households receiving the rebate. It could especially impact those consumers that already received a rebate. The proposals to maintain an expanded eligibility compound the issue that the real terms value of a Warm Home Discount rebate is much lower than it was just a few years ago.

An increase to the value of a rebate has not been proposed. Rising energy debt[3] indicates an ongoing inability of many households to afford their energy bills. If the cost of energy is not significantly reduced, and soon, low-income households will need more energy support. Otherwise, debt will continue to rise - to the detriment of all consumers and at risk to the resilience of the market.

The scheme also supports households through Industry Initiatives, designed to address the root causes of fuel poverty rather than just its symptoms. These initiatives target a broader range of households that can be considered in or at risk of fuel poverty, picking up many who might not receive a rebate through the scheme. In short, they represent a smart, preventative investment that complements direct financial support while delivering long-term, systemic value. That's why Age UK supports the proposals to continue Industry Initiatives in the next scheme period.

In response to the questions below, we have outlined the impact that our Industry Initiative funded services have had for older people, including a demonstration of how they provide significant value for money. We have also outlined ways through which industry initiatives could be improved, to maximise efficiency and lead to better outcomes for consumers.

Finally, our consultation response outlines ways in which Government could improve the delivery of the Warm Home Discount scheme over the short, medium and long term. These reforms focus on both the reach of the scheme, as well as the level of support it provides. We have made proposals that Government could introduce at limited cost, and have highlighted how existing funding could be better targeted if Government were to move away from eligibility determined by receipt of a means tested benefit.

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.

Age UK strongly supports the proposal to continue the Warm Home Discount scheme for the proposed period. An extension of five years will provide certainty to consumers, who rely on the rebate to heat their homes, suppliers, who face a significant business challenges arising from energy affordability, and Industry Initiative delivery partners, whose services are dependent on a continuation of funding.

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?

The proposals for removing the high-cost-to-heat threshold, coupled with an increase to scheme funding, means that anyone on a means tested benefit should be receiving the rebate, by the same process, with the same likelihood. So, there is less need to separate consumers into different delivery groups. Age UK believes it would be simpler to bring these groups together under a single Core Group title, since that would be easier to communicate to our audience.

Prior to Scheme Year 15, the distinction between Core Group 1 and Core Group 2 was helpful for two purposes: Core Group 2 included a high energy cost eligibility criterion and, consequently, this allowed limited funding to be prioritised for households that needed it most. Additionally, having two groups, each with different eligibility rules made it easier to communicate to consumers whether they should be receiving support and the process by which they could receive it.

One benefit of having two groups, which could be lost through moving to one, is in having a breakdown of who receives support through the scheme, and if, for instance, there might be a shortfall in support for our client group. If Government proceed with bringing the existing groups together, they should continue to ensure that end of scheme year reporting includes a breakdown of rebates delivered to each of the qualifying benefits.

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.

Yes, there are potential impacts across three protected characteristics in our view. Our concerns are outlined below, as well as our proposed mitigations.

Age

Around a million pensioner households across Great Britain receive a Warm Home Discount rebate through Core Group 1 per year. The figure can change slightly between years, not because of changes in eligibility criteria, but because of the levels of pension credit uptake.

Expanded Warm Home Discount eligibility will negatively impact households that were previously eligible through Core Group 1, by about £15 each, or £15 million in total.[4] That is because the expanded scheme will require more funding, and that funding is collected through energy bills which will have to rise to generate the funding. As a result, the net value of a Warm Home Discount rebate for eligible households will be £113 under these proposals, compared to £128 before the changes.

The expanded eligibility means that more low-income households will receive the rebate compared to before, which is why Age UK continues to believe that an expanded eligibility is the right approach. However, it should be accompanied by deepened support, mitigating the loss of value that these proposals will create.

The Government's fuel poverty data shows that households where the oldest resident is over 60 years old have an above average fuel poverty gap. The average fuel poverty gap is £407 for all ages, where older people face a gap of around £423 or £425 where the oldest person is 75 or older.[5] This is after accounting for the energy support to which they might be entitled such as the Warm Home Discount and Winter Fuel Payment.

Our concern is therefore that older people are likely to receive less support at a time where the data, and the reality that we see through our local services, shows they are in need of more.

Age UK has four recommendations in this area to mitigate the risks that these proposals present for older people. The Government should:

- Have a clear plan to raise the value of a Warm Home Discount rebate to around £407, equivalent with the average fuel poverty gap.
- continue industry initiatives, to ensure additional support, which complements direct financial support, can be delivered for older people.
- introduce an uplift for WHD recipients who have additional energy consumption needs, such as carers, those with disabilities or long term health conditions.
- develop a sustained and strategic approach to tackle the persistently low take-up of Pension Credit and other pensioner benefits.
    - This approach should go beyond public campaigns to include increased data sharing and targeting of information, integration of benefit claim lines, an impactful merger between Pension Credit and Housing Benefit, improved awareness and support in the working-age benefits system for people approaching State Pension age, and sustainable support for benefit advice services, all underpinned by an action plan or strategy.

Disability

With regard to disability, our concern is like that of age: that the net value of the rebate will have decreased for those who were already receiving it. Additionally, previous reforms to the scheme mean that fewer disabled households are receiving the Warm Home Discount. While these reforms were partially offset by changes to the functioning of Industry Initiatives, there is still insufficient support for households with a disability or long-term health condition.

These households typically face higher costs of consumption, due to additional need, but this is not reflected in the scheme design. Analysis of the Living Cost and Food Survey conducted by Public First in a report for Scope, Age UK and others[6] estimates that disabled households, defined under the Equality Act 2010, pay an average of £86 more per year for energy, and disability benefit claimants pay £97 more per year than non-disabled households.

Age UK proposes that Government introduce booster payments through the Warm Home Discount scheme for households in receipt of a means tested benefit that are also claiming Attendance Allowance, Carer's Allowance, Disability Living Allowance or Personal Independence Payments.

We believe this could be done swiftly, since DWP data sharing infrastructure is already relied upon for delivering the scheme in its current form.

Race

The extended use of means tested benefits for the delivery of this scheme creates some grounds for concern with regard to the racial aspect of who receives energy support. For instance, in recent research by Age UK[7], we found that older Black Caribbean households face some specific barriers in relation to benefit take-up. These barriers include trust, especially for those families impacted by the Home Office/Windrush Scandal, lack of awareness of the benefits available to them, and a strongly engrained cultural mindset of resilience and self-sufficiency that prioritises self-reliance rather than state support.

While the findings of our research speak to broader cross-departmental policy issues, they indicate how the effective delivery of energy support must move away from the use of means tested benefits and move towards household level income data as a means of assessing eligibility.

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

Age UK does not have experience with the delivery of Warm Home Discount in Scotland, so we are less able than Scottish stakeholders to appreciate the impact that any of the proposed solutions may have.

It is, however, Age UK's view that, as far as possible, the schemes for Scotland, England and Wales should be aligned where they can to ensure ease of communication when it comes to advising on who should receive support.

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

Yes, Age UK strongly supports the continuation of Industry Initiatives.

At a policy level, Industry Initiatives serve two purposes within the wider Warm Home Discount scheme. The first is that they can capture households in or at risk of fuel poverty, but who do not meet the eligibility criteria for a rebate or are not claiming a qualifying benefit to which they are entitled. In this regard, they mitigate the impact of eligibility criteria which fails to capture a significant number of fuel poor households.

The second is that they provide deeper, and in many cases holistic, support than a £150 rebate can, addressing the symptoms of fuel poverty and providing lasting impact. In short, they represent a smart, preventative investment that complements direct financial support while delivering long-term, systemic value.

Discontinuing Industry Initiatives would significantly damage the availability of support services for fuel poor households and therefore limit the Government's ability to meet its statutory fuel poverty targets. This view is based 15 years of experience in delivering Industry Initiatives - since the beginning of the Warm Home Discount scheme.

While the core purpose of Industry Initiatives is to support households in or at risk of fuel poverty through the permitted activities, their value extends well beyond the direct assistance provided. Below, we have highlighted practical reasons for continuing Industry Initiatives, which are based on the value of partnerships between delivery organisations such as us, energy suppliers, and wider stakeholders, and the context of Industry Initiatives within the wider support and advice network.

Partnerships

The partnerships between energy suppliers and their delivery partners — and the wider networks these partners have with local authorities, healthcare providers, and community support services — create important benefits.

Collaborations help to identify vulnerable households that might otherwise be missed, ensure that energy support is integrated with other forms of assistance (such as debt advice, health interventions, housing support, and broader financial assistance), and promote more sustainable outcomes for consumers. By fostering trusted, locally rooted partnerships, Industry Initiatives strengthen the social infrastructure around fuel poverty prevention, improving coordination across sectors and ensuring help is holistic, person-centred, and effective.

Age UK has delivered Industry Initiatives through partnership with six separate energy suppliers over the course of 15 years. While some of these partnerships have been limited to the delivery of Industry Initiatives, many have expanded to wider relationships within which Age UK and our supplier partners work collaboratively to:

- Bridge the trust gap between consumers in need of support and their energy supplier, ensuring support reaches those most in need.
- Learn from frontline insight and lived experience about the issues facing older people, from which suppliers can use to develop their services.
- Connecting households to a wider network of assistance — such as debt advice, welfare benefits, general money advice, housing help, and other services — complementing the energy-specific aid provided by suppliers.

- Build trust and credibility in the sector by informing consumers of the support available to them through their supplier.

The value of partnerships generated by Industry Initiatives also extends to the local communities in which initiatives are being delivered.

Below are two case studies, from Age UK Bolton and Age UK East London, which highlight how the funding they receive for Industry Initiatives has enhanced relationships with local authorities, healthcare providers, and other local services, and how the funding enables the efficient delivery of support for consumers.

Case Study: Age UK Bolton

Age UK Bolton receive Industry Initiative funding to provide Benefit Entitlement Checks. To identify households most likely to be eligible for benefits, Age UK Bolton works in collaboration with Bolton Council, whose data allows the identification of households in receipt of Housing Benefit. Due to similar eligibility criteria, these households are likely to be eligible for Pension Credit and the passported benefits, such as Warm Home Discount, in many cases amounting to thousands of pounds of additional income. These households are contacted by the council, highlighting their potential eligibility for Pension Credit, and the availability of support in processing an application from Age UK.

This year, Age UK Bolton have also begun working on a six-month pilot scheme in collaboration with a local GP practice. With input from both Age UK Bolton and healthcare professionals, a list of health conditions was created to form the basis of a signposting campaign. Patients with relevant conditions, increasing their risk of experiencing fuel poverty, were provided information about the potential to get support with applying for Attendance Allowance through the local Age UK.

For the older people going through either of these pathways, the support offered by Age UK Bolton is not usually limited to a Benefit Entitlement Check. Age UK Bolton supports with applying for benefits, and challenging decisions all the way through the appeals process. They also provide wraparound support by referring to other local services. Through funding from the Energy Redress Scheme, Age UK Bolton also offer broader energy support from a trained energy advisor who has years of experience working at an energy supplier. This support can include home visits, to assess the potential for energy efficiency upgrades in the home, and referrals to LEAP (Local Energy Advice Partnership), who can fund improvements.

Case Study: Age UK East London

Age UK East London receive Industry Initiative funding to provide Benefit Entitlement Checks and Home Energy Checks. They cover an area consisting of multiple local authorities, many of which have worked closely with local service providers like Age UK to establish referral pathways. In Tower Hamlets, for instance, Tower Hamlets Council created Tower Hamlets Connect: a free local service connecting local residents to support and advice on health, social care, housing, money, and community services.

Around 95% of clients supported by Age UK East London, each year, are new. This is because of the holistic approach to support that they take, addressing complex issues in one case. Support for a client is therefore not usually limited to one function, like a benefit entitlement check funded through Industry Initiatives. Their approach also demonstrates a strong network of referrals. Many clients are referred through initiatives like Tower Hamlets Connect from GPs, social workers and social prescribers, and at the point of hospital discharge.

A big part of the support provided by Age UK East London relates to their Hospital to Home Service, which supports adults to go back to their home for up to four or six weeks following hospital discharge. This provides a unique opportunity to see how clients live on a day-to-day basis. This enables Age UK East London to identify clients experiencing fuel poverty, who are in crisis, and additional areas of need, which informs the basis of referrals into wider services.

Holistic Support

Industry Initiatives funding enables delivery partners to provide support that goes beyond a single intervention, linking households into wider, more holistic forms of help. For example, through Industry Initiative funding we deliver benefit entitlement checks and home energy checks, which help maximise household income and improve energy efficiency. However, our engagement with clients rarely ends there, as demonstrated in the case studies above.

Individuals receiving this support often also receive tailored energy advice — including information on smart meters, efficient energy use, and tariff understanding — and are connected to additional services where needed. This may include referrals to services offering debt advice, welfare support, or health-related assistance, ensuring that each household receives comprehensive, person-centred support. In this way, Industry Initiatives are one part of a wider ecosystem of help, addressing the root causes of fuel poverty rather than just its immediate symptoms, and delivering far-reaching social and wellbeing benefits.

The current format of the Initiatives allows the right balance of centralised and flexible, community-led control over the Warm Home Discount funds. Organisations like Age UK have the reach into local communities across the country, allowing different areas to alter the provision and help local older people in different and more meaningful ways. Continuing the scheme along these lines is integral to the continued success of the overall Warm Homes Discount programme. Please see the case studies below of Kenneth and Priya, which illustrate the support that Industry Initiatives can provide.

Kenneth*, supported by Age UK Gateshead

Kenneth, an 89-year-old gentleman, lives alone in a social housing property in Gateshead. Fully retired, he is generally upbeat and a lovely person. He faces several health challenges, primarily related to mobility, including heart disease, spinal fractures, and osteoporosis. He underwent a triple bypass 10 years ago and had a pacemaker fitted a year ago. Unfortunately, his health has deteriorated over the past year, with the effects of his longstanding spinal fractures worsening.

Visibly frail, Kenneth walks slowly and struggles with bending over. Despite these difficulties, he tries to manage on his own and remains upbeat. He was rejected for Attendance Allowance last year, likely because he didn't fully identify the issues he faces, and his difficulties have since increased

Kenneth visited our office with his bank statements, allowing us to complete the benefit check immediately. This facilitated a more in-depth discussion of his circumstances and led to the completion of forms for Attendance Allowance, a Blue Badge and Pension Credit.

We also discussed the possibility of getting a cleaner and directed him to some potential options. Throughout the process, Kenneth was lovely and always expressed his gratitude for the support provided.

With our support, Kenneth was awarded the higher rate Attendance Allowance and a Blue Badge. This led to a successful Pension Credit application. Additionally, the letter we completed for Carer's Allowance/Carer's Element resulted in him receiving the disability premium on means-tested benefits. He has also been able to afford a cleaner, which has been a great help. Kenneth was especially grateful for the support in obtaining Attendance Allowance, which he had previously been rejected for, he no longer worries about his finances as his income has increased to pay his bills.

Priya*, supported by Age UK Trafford

Priya is 73 years old, lives alone in rented accommodation and does have some family around her. She receives an Occupational Pension of £230 per month and a State Pension of £194 per week.

She was working part time when she came to us. However, she was struggling to be in the workplace due to arthritis and suffered pain at work. She worked as she could not afford to.

We discussed Attendance Allowance with Priya and carried out a benefit check. Priya was entitled to £5.17 Pension credit savings, £15.37 Council Tax Reduction, £105.85 Housing benefit, if she was to leave work.

We assisted her in making an Attendance Allowance claim and she was awarded Higher Rate AA. We also carried out another benefit check – she is now entitled to £68.91 Pension Credit Guarantee, £18.92 in Council Tax Support and Housing Benefit of £117.37 per week if she left work.

All of this has meant that she can afford to leave work and stay in her own home. Priya feels that her wellbeing will improve and that she does not have to worry about money in the same way as she did before.

She informed that she has had such a positive experience of Age UK Trafford that she would like to volunteer at one of our social events and is looking forward to making new friends. She also spoke to other work colleagues and friends about our services and the help she has received. At least two people have called us asking for help stating Priya had told them we can help.

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?

We agree that Industry Initiatives should continue to be designed and delivered by individual energy suppliers in partnership with trusted third-party organisations. This approach has proven effective in reaching a wide range of vulnerable households, allowing interventions to be both targeted and responsive, in a way which complements the scheme's delivery of direct financial assistance. This flexibility could be supported by stronger oversight in some areas, particularly around understanding and consistent reporting of positive outcomes for consumers and assessing value for money, as well as ensuring sufficient funding for the Park Homes Discount initiative.

Benefits of this approach:

1. **Direct engagement with consumers:** Energy suppliers have extensive day-to-day contact with millions of customers, giving them valuable insight into patterns of vulnerability, payment behaviour, and barriers to engagement. Similarly, charities and community organisations regularly support people in financial hardship and crisis, offering a deep understanding of lived experiences. Together, these perspectives enable the design of schemes that are practical, relevant, and sensitive to real consumer needs—something that a more centralised, one-size-fits-all model would struggle to replicate.

2. **Flexibility and innovation:** Supplier- and partner-led design encourages creative and locally tailored responses that can adapt to regional energy challenges and consumer needs.

3. **Strong partnerships:** Collaboration between suppliers and third-party partners leverages existing relationships and expertise, improving reach and trust among vulnerable groups. Industry Initiatives can also create new relationships between suppliers and partners, which, over time, can lead to greater collaboration on issues beyond the scope of the WHD scheme.

4. **Responsiveness:** Decentralised delivery allows quick adaptation to emerging issues, such as spikes in energy costs or the growing prevalence of debt

Drawbacks:

1. **Transparency and evaluation challenges:** Current reporting makes it difficult to compare outcomes or measure cost-effectiveness across suppliers and initiatives. In part, this is the result of having diversity across the schemes that are funded through industry initiatives – which is inherently a good thing - making it difficult, and to an extent undesirable, to capture the positive consumer outcomes. Age UK would like to work with Government and Ofgem to explore how the positive outcomes of industry initiatives can be better monitored and reflected in annual reporting.

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?

Industry Initiatives permit a wide range of activities to be funded. These are broadly the most effective activities for addressing the root causes of fuel poverty and, to that end, Age UK does not have any proposals for additional activities. However, there are ways through which Age UK believes Industry Initiatives can be better designed and delivered.

One current challenge with Industry Initiative delivery is that a growing number of households are in or at risk of fuel poverty and are therefore in need of Industry Initiative funded services. In previous years, this challenge has been met inadvertently, by increases to funding for industry initiatives coming from underspends in the delivery of core rebates, and inflationary uplifts.

The Park Homes Discount initiative is a good example of this challenge, since the funding for support for park home residents has remained a very small part of Industry Initiatives and the wider Warm Home Discount scheme, despite a clear growth in the need for support on account of rising energy costs.

During the consultation to expand the Warm Home Discount scheme in SY15, Government consulted on expanding the Park Homes Discount initiative, to ensure that all park home residents in receipt of a means tested benefit would receive financial support equivalent to a rebate. It was also proposed that other beneficiaries could be included within the initiative, such those living on houseboats, those with private wire connections, and those in the private rented sector for whom the landlord is listed as the bill payer.

It is right that the Government identified these consumers as potential beneficiaries of Industry Initiatives. However, it was unclear how support for these consumers can be delivered without taking funding away from other Industry Initiatives. Age UK's view is that, going into the next scheme period, additional funding should be provided to cover the cost of providing rebates to those households. Government could also make clear how suppliers should apportion funding for this initiative versus funding other initiatives.

More generally, as we transition into a new scheme period, Government should consider how to ensure that Industry Initiatives account for the scale of fuel poverty.

Since there are several factors determining the level of the Industry Initiatives budget, it is not surprising that there have been significant variances in the size of Industry Initiatives relative to the overall size of the Warm Home Discount scheme. At its lowest, in 2015/16, Industry Initiatives formed just 4.6% of scheme spending for that year. In 2023/2024, it formed around 13% of spending for that scheme year.[8]

There are two issues with this variance. One is that it can create uncertainty from a delivery perspective, since it is unclear how much funding might be available for future scheme years, and therefore how third-party partners should anticipate the need to scale Industry Initiative funded services up or down. Uncertainty can also impact service efficiency.

The other is issue is that it is unclear at a policy level what role industry initiatives should play in helping to alleviate fuel poverty compared to the direct financial assistance provided through rebates.

As demonstrated in response to Q11, Industry Initiatives can provide deep, meaningful support, and often connect households in or at risk of fuel poverty to a wider support network. Since the cost of WHD scheme is being weighed against the impact on energy bills for all consumers, Government should consider whether the size of Industry Initiatives could be increased in the short term to compensate for the fact that the value of the rebate will decrease under these proposals. Increasing Industry Initiatives might be a less costly way of increasing the impact of the WHD scheme in addressing fuel poverty.

Finally, Government should look at enabling suppliers and third sector parties to work on long-term projects rather than continue with the current annual or biannual approval process. The short-term nature of Industry Initiatives is a key challenge stopping continuous support for older people. It also creates challenges such as hiring staff on temporary arrangements and having to let go of staff between approval periods due to the lack of certainty over whether funding will be available in the future. Having a different approval process in place that allows multi-year funding, for the duration of the next scheme period, would make delivery of support more sustainable and robust. Ultimately, it would lead to the better outcomes for those in or at risk of fuel poverty.

To address the uncertainty over Industry Initiatives, and improve their ability to alleviate fuel poverty, Government should begin by addressing:

1. The extent to which it should provide direct financial assistance to homes without a direct relationship to an energy supplier
2. The level of funding for Industry Initiatives, and how this will be determined between scheme years.
3. The potential for multi-year Industry Initiatives, for the duration of the scheme period, enabling further efficiency gains in how initiatives are delivered.

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?

As noted in response to Q12, Age UK believes that Industry Initiatives should continue to be designed and delivered by individual energy suppliers in partnership with trusted third-party organisations. That includes having discretion and flexibility over who is eligible to receive support through Industry Initiatives. In our view, the current approach to Industry Initiatives is effective at targeting households in or at risk of fuel poverty.

Our reasons for taking this view are:

1. Energy suppliers have extensive day-to-day contact with millions of customers, giving them valuable insight into patterns of vulnerability, payment behaviour, and barriers to engagement. Similarly, charities and community organisations regularly support people in financial hardship and crisis, offering a deep

understanding of lived experiences. Together, these perspectives enable the design of schemes that are practical, relevant, and sensitive to real consumer needs—something that a more centralised, one-size-fits-all model would struggle to replicate.
2. Industry Initiative funded services are often connected to services which are unrelated to the Warm Home Discount scheme. A centralised approach to eligibility might undermine the prospect of referrals into Industry Initiative services, as well as from Industry Initiative services towards other support services.
3. Centralised eligibility rules could exclude people who narrowly miss whatever criteria might be set but are still in genuine need of support. Discretion and flexibility on the part of suppliers and partners ensures support can reach those whose situations fall outside strict definitions.
4. Our Industry Initiative delivery demonstrates the effective targeting of households in or at risk of fuel poverty, especially those with health conditions and disabilities. This is possible because of our flexible approach and outreach into communities via our network of local partners. Changing the process risks removing this flexibility.

In Scheme Year 14, 75% of the older people we supported with an Industry Initiative funded benefit check had a significant health issue or disability. Around half of the benefit entitlement checks we conducted were delivered in person, at the home of the client or in one of Age UK's offices, with the other half being over the phone or by video call. And in total, 85% of the older people supported being identified as eligible for benefits they were not already claiming.[9]

This shows our services are efficient and targeted, resulting in successful claims for most of our clients. This success relies on working in partnership with local service providers, including healthcare professionals and social prescribers, such as we highlighted in the case studies cited in Q11. Our services are also adaptable, accommodating for the challenges many older people face with regards to applying for support. This is especially important for those undergoing health challenges – who may not be able to access support without accommodations.

Age UK believes that a prescribed approach to Industry Initiatives would be counterproductive. A more centralised approach risks impacting the ability of local services to work together to provide holistic support to consumers. A flexible approach allows for suppliers to partner with organisations like Age UK and our network of local charity partners, which are deeply embedded in local communities across the country. The benefit of that is that Industry Initiative funding can be designed to complement existing support networks, not challenge them. We are convinced that this approach leads to the best outcomes for older people.

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?

As noted in response to Q13, Age UK believes that Government should consider increasing funding for Industry Initiatives over the short term, on the basis that they can provide deeper and lasting support for households in or at risk of fuel poverty. That's why we believe Industry Initiatives should be funded at least to current levels, if not more – especially to account for an enhanced Park Homes Discount initiative.

Industry Initiatives also provide significant value for public money. For instance, in SY14, for every £1 of Industry Initiative funding received, Age UK delivered over £20 for each of our clients through savings from energy efficiency measures and benefit checks.[10]

Age UK strongly supports the proposal for adjusting the value of Industry Initiatives to inflation during the scheme period. Without inflationary adjustment, industry initiatives will be unable to deliver equivalent support between scheme years. As outlined above, Industry Initiatives deliver great value for public money, and Age UK support their continuation in the new scheme period.

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?

Yes, Age UK welcomes Government's commitment to explore improvements, both in terms of the level of support available and the reach of the scheme, through the next scheme period. Some of these reforms can be achieved in the short to medium term, such as in the next winter or two, whereas more significant reforms to the scheme's reach, including income data matching, may take longer to implement.

Reaching the households most in need of support – long term reform

Many of our proposals for improvement are based on recent research funded by a coalition of charities, consumer groups and an energy supplier, and conducted by Public First.[11]

Public First's analysis shows that the WHD in its expanded form leaves out more fuel-poor households than it helps, using a 10% definition for fuel poverty. About 2.5 million fuel-poor households are not included in the expanded WHD. Most of these, around 2.2 million, are low-income, disabled, or older households, often overlapping.

The report highlights that "*nearly three quarters (72%) of households spending more than 10% of their income after housing costs on energy bills are below the poverty line. 99% of households in 'deep fuel poverty' (i.e. households spending more than 20% of their income after housing costs on energy bills) are below the poverty line. Given that the most extreme cases of fuel poverty are, in practice, a reflection of wider poverty, income should be central to the design and targeting of any targeted bill support, ensuring support reaches those facing the greatest strain.*"

An improved bill support system needs fresh methods to identify and assist households, focused on support according to income levels. Age UK supports Public First's proposals for action to improve the targeting of energy support:

1. Data integration and matching to reach households beyond the welfare system

• Create a data-sharing framework that connects different departments. This includes HMRC for income data, DWP for benefits data, NHS and DHSC for health and disability indicators, and energy suppliers for consumption and payment method data.

• Appoint a trusted data processor, like DWP or an independent public body, to manage sensitive data securely. Provide suppliers with only anonymised eligibility flags.

• Triangulate address data by cross-referencing council tax records, HMRC income data, and supplier info. This helps to accurately combine household incomes, reducing the risk of under- or over-targeting.

• Refine the Priority Services Register (PSR) needs codes. This will help identify vulnerable households, especially disabled customers who may not receive benefits but have high energy needs.

2. Legislative change

Updating the Digital Economy Act 2017 is essential. This will broaden its focus from just fuel poverty to include more support for affordability and vulnerability. This would let departments share data legally and improve information flow between the Government, suppliers, and the data processor, all while following GDPR rules.

3. Supplementary referral and application routes

Even with improved data matching, there is a risk that some households might still be missed due to inaccurate data or sudden 'crisis' situations. The system should therefore continue to include mechanisms such as Industry initiatives to help reach households in or at risk of fuel poverty. The Government could also explore:

• Social prescribing pathways build on the success of Warm Homes Prescription pilots. They enable health professionals and local services to refer households for bill support.

• Self-referral tools help households facing sudden shocks, like job loss or bereavement. They make it easy to access support quickly. This could include an application pathway for support.

Over the longer term, the introduction of income-based data matching could enable the limited funding for energy support to be better directed towards households most in need. The Government could tier support so that those on the lowest incomes receive extra support, with support tapering off for households with higher incomes up to a threshold set by Government. This approach was modelled by Public First, whose analysis shows that a formula-based payment approach could provide up to twice the value for money than a fixed payment approach, when considering impact fuel poverty levels.

The Government could also explore connecting the value of a WHD rebate to energy prices, ensuring that consumers can more easily manage price increases, and that the WHD will not be too costly to deliver if energy prices start to fall.

Ensuring households receive the right amount of support

The value of energy support has hardly increased since the introduction of the Warm Home Discount in 2011. At the same time, energy prices are several hundreds of pounds higher than they were at that time. The consequence is that the Warm Home Discount is significantly less likely to alleviate the level of fuel poverty faced by households than it was at the time it was introduced.

Data released by Government shows that the average fuel poverty gap, the amount of money a household needs to escape fuel poverty is around £407 for 2024. The figure is even higher for older households, sitting at £423 where the oldest person is aged 60-74 and £425 where the oldest person is 75 or older. This is despite the additional support that's available to older people such as the Winter Fuel Payment.

While Age UK recognises that the Government's efforts to tackle fuel poverty extend beyond providing direct financial assistance, for example through upgrading 5 million homes before the end of this parliament, the value of the rebate clearly falls well short of what is needed to tackle fuel poverty.

In the section above, we highlighted how existing funding could be better targeted through an income-based data matching approach. However, we recognise those changes would take time. Many consumers need additional support now. With that in mind, we believe there are several options for improving the scheme within the next year or two. These measures could be temporary, while the Government focuses on developing an income data matching process, or permanent. Crucially, they can be introduced quickly and at limited cost – with the Government determining the threshold for support, and therefore the cost of implementing these reforms.

Short term reform options

Age UK recognises that the amount of support available must be balanced against the cost of providing it. That's why Age UK believes the Government should look at introducing an uplift in support for households more likely to be experiencing fuel poverty, such as those with a disability, long-term health condition as well as for carers, while working on a data matching solution which can enable better targeting of support.

As a short-term solution, Age UK proposes booster payments where one member of an eligible household is claiming Employment and Support Allowance, Personal Independence Payment, Disability Living Allowance, Carer's Allowance or Attendance Allowance. Public First's analysis that shows disabled households pay £86 more per year for energy than non-disabled households. This figure could be used as a basis for calculating how much a booster payment should be. Crucially, we believe that these booster payments could be delivered automatically, through the same mechanism used for data matching means tested benefit recipients.

Alternatively, or in addition to booster payments, Age UK believes Government should introduce an application-based route for receiving support. Under this approach, low-income households would be able to apply for the Warm Home Discount rebate. It could also incorporate a social prescribing pathway, whereby consumers could be referred into the scheme. The benefit of introducing an application-based route for support is that many consumers in fuel stress are not in receipt of a means tested benefit. It could also capture households in crisis as a result of sudden shocks, like job loss or bereavement.

Finally, as outlined in response to Q13, Government could look at expanding funding for Industry Initiatives, which can reach households most in need of support. This could be a temporary expansion which focusses on enhancing the levels of direct financial assistance, including through the Park Homes scheme, debt relief, income maximisation and home improvements. This approach would ensure that, for a limited cost, enhanced support could reach the homes experiencing the deepest fuel poverty.

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[1] Based on energy price cap figures for a dual fuel household paying by Direct Debit.

[2] Back to Cutbacks Report, Age UK, 2025

[3] Ofgem Debt and Arrears Indicators

[4] Based on DESNZ's Impact Assessment associated with the Expanding the Warm Home Discount Consultation, 2025.

[5] Fuel Poverty Statistics for 2024, DESNZ, 2025.

[6] Closing the Fuel Poverty Gap, Public First, 2025

[7] Ageing while Black, Age UK, 2025

[8] Based on Ofgem data

[9] Age UK Warm Homes Programme delivery data – shared separately to this submission.

[10] Age UK Warm Homes Programme delivery data – shared separately to this submission.

[11] Closing the Fuel Poverty Gap, Public First, 2025