

BEIS consultation on Warm Home Discount Scotland 2022-26

Citizens Advice Scotland's response – 22 May 2022

Scotland's Citizens Advice Network is an essential community service that empowers people through our local bureaux and national services by providing free, confidential, and independent advice. We use people's real-life experiences to influence policy and drive positive change. We are on the side of people in Scotland who need help, and we change lives for the better.

Summary

Citizens Advice Scotland (CAS), our 59-member CAB, and the Extra Help Unit form Scotland's largest independent advice network. Advice provided by our service is free, confidential, impartial, and available to everyone. Our self-help website Advice for Scotland provides information on rights and helps people solve their problems.

The Warm Home Discount provides important funding for the short-term relief of fuel poverty. Research and evidence from the Citizens Advice Network in Scotland has found that the Warm Home Discount is seen as vital by those who receive it, yet it is not reaching those who need it most. Our report, *Mind the Fuel Poverty Gap*, showed that 29-32% of Scottish households were eligible for the Warm Home Discount, but only 9.3% received it¹. This is despite high demand for advice relating to Warm Home Discount across the Citizens Advice network in Scotland. Evidence from Citizens Advice Bureaux found that there has been a 393% increase in searches for grants and benefits to help you pay your energy bills between April 2021 and April 2022.

Our evidence suggests that the majority of those eligible for the vital help offered through the Warm Home Discount scheme are missing out, that there is an opportunity to better target its support to those in fuel poverty, and that efforts should be made to remove issues relating to the application process and barriers to switching suppliers. Although the instability of the energy market has resulted in switching being inadvisable, the issue needs to be resolved for the next four years of the scheme to protect consumers once the energy market stabilises.

In August 2021, CAS responded to the Warm Home Discount consultation and raised concerns that there was no backstop scheme in the event that agreement could not be reached on a future scheme with the Scottish Government. Our research shows that the design of the scheme in previous years has been poorly targeted and created barriers for consumers to easily switch supplier. CAS would therefore highlight that there has been a missed opportunity to put into place a better designed and targeted scheme alongside the proposals for England and Wales.

¹ Citizens Advice Scotland (2020) Mind the Fuel Poverty Gap - <https://www.cas.org.uk/publications/mind-fuel-poverty-gap-warm-home-discount-scottish-context>

Notably, the absence of a proposal for data-matching has led to a poorer proposed scheme for Scotland, which will lead to Scottish energy customers being left behind in access to fuel poverty support. The absence of an equivalent scheme for Scotland creates significant risks for fuel poor consumers. The most up-to-date statistics show that there are higher rates of fuel poverty in Scotland than any other GB country. In 2019, an estimated 24.6% (around 613,000 households) of all households were in fuel poverty in Scotland². This is now estimated to be between 32-36%³⁴. In comparison, 13.2% (3.18 million households) of all households in England were fuel poor in 2019⁵. Without improvements to better target Warm Home Discount to those in fuel poverty across Scotland, along with addressing issues with administration costs for suppliers, there is a risk many fuel poor households in Scotland will be left behind.

In terms of the thresholds, CAS has raised concerns that this could lead to unfairness in access to the rebate between different suppliers based on market share. We have also raised concerns about lowering the thresholds for Scotland without an equivalent data-matching scheme in 2023. CAS has previously highlighted concerns that the 9.4% apportionment figure is not the fairest approach to allocation of funds, given the proportionate reduction from previous years (such as historic average of 10.11%⁶).

CAS would like to see any agreement on proposals for Warm Home Discount to be applicable for the first year only, with a similar scheme to England and Wales, within confines of data availability, to ensure that successive years beyond 2022-23 provide a scheme which is on par with that offered in England and Wales.

Given the UK Government's ambitions to level up the United Kingdom and reduce disparity in living conditions and access to public services between devolved nations⁷, the proposal of a better scheme for Scotland, as opposed to one which is an 'as is' version of the previous scheme, is needed to ensure Scottish energy consumers are protected from fuel poverty during a time of energy crisis. As a rising cost of living, including increasing energy bills, are likely to lead to a greater broader group demand, the UK Government and energy industry must step up to meet the demands of hugely increased costs for consumers.

CAS is calling for:

- **The proposed scheme should be introduced as an interim solution for the first year of the scheme only, with the scheme reformed from 2023-24 scheme year to allow for parity with the England and Wales scheme.**
- **Future scheme design to resolve issues with current administration of the scheme, including (1) eligibility, (2) barriers to switching, and (3) digital exclusion.**

² SHCS (2021) Scottish Housing Conditions Survey 2019 Key Findings - <https://www.gov.scot/publications/scottish-house-condition-survey-2019-key-findings/>

³ Scottish Government (2022) [Written question S6W-07464](#)

⁴ Scottish Government (2022) [Budget Stage 3 2022-23](#)

⁵ BEIS (2022) [Annual Fuel Poverty Statistics in England](#)

⁶ Ofgem (2019-20) - chart at [Warm Home Discount reports and data](#)

⁷ HM Government (2022) Levelling Up the UK (White Paper) - <https://www.gov.uk/government/publications/levelling-up-the-united-kingdom>

- **Alignment of the support available through the Warm Home Discount and Energy Company Obligation schemes with Scotland's Fuel Poverty Strategy.**
- **An increase in the value of the Warm Home Discount, at least in line with the increase in energy costs (£230).**
- **Future consideration of a scheme for temporary accommodation to catch vulnerable households missing out, funded through Industry Initiatives.**
- **A buy-out scheme in Scotland which could support the Warm Home Discount pot. A buy-out pot could be managed centrally in order to avoid the issues with GB market share between suppliers, to provide a fair distribution of funding based on consumer need and not suppliers' GB market share.**
- **A rebate that is based on customer need and not which supplier they are with.**
- **The allocation of the Warm Home Discount based on customer need and not market share of the GB energy market.**

1. Do you agree that the WHD Scotland should be extended as proposed until March 2026?

CAS agrees that the Warm Home Discount should be extended until March 2026. CAS recognise there is not sufficient time to have an equal scheme with England and Wales within the timeframe for the beginning of scheme year 1 for Warm Home Discount. Warm Home Discount is a vital pathway to alleviating fuel poverty in Scotland and research and evidence from our network shows it is seen as a lifeline payment for those who receive it.

Whilst we welcome the suggestion in the consultation to carry out and review the amendments to the scheme during the four-year period of Warm Home Discount, CAS would like to see a more explicit timeline and plans for the improvement of Warm Home Discount scheme after the first year of the scheme.

According to current estimate, the fuel poverty rate has risen due to the energy crisis. Therefore, even with the expanded spending envelope, it is unlikely that the expanded scheme has kept pace with the increase in households needing support. Below are statistics and cases drawn from across the 59 Citizens Advice Bureaux (CAB) in Scotland. When a client seeks help from a CAB, the advice they are given is coded, meaning we can track changes and trends in the advice needs of people across the country.⁸ Our Citizens Alerts are then drawn from CAS's Social Policy Feedback system, where advisers can flag serious

⁸ All figures are expressed as percentages of their "parent" advice code category: e.g., "Fuel - regulated (gas, electricity)" advice is expressed as a proportion of all "Utilities and Communications" issues, and "Billing / meter reading" advice is expressed as a proportion of all "Fuel - regulated (gas, electricity)" advice. This allows for more effective comparisons between quarters when overall numbers of clients fluctuate and/or there are changes in advice provision (e.g., the shift to telephone and email during lockdown).

cases to CAS. Together, these provide a picture of the impacts of the energy market by clients and CAB across Scotland.

For example, CAS have seen a 143% increase in advice related to disconnection from supply between January and February 2022 at a time we would usually see a reduction. A recent YouGov poll conducted by CAS reported a 282% increase of people who said they were very concerned about their energy bills between 2020-2022 and a 52% increase in those who had to go without gas and electricity more than 6 times if they had run out of money before payday.

Citizens Alert: *A North of Scotland CAB reports a social housing tenant with two children, including one under two. Despite receiving everything they are entitled to and one adult being self-employed, the family can no longer afford their energy costs and are having to ration their energy use. They are reliant on food banks and charity shops to keep their basic household costs to a minimum. They are using cloth nappies to keep costs down but are struggling to afford the washing machine to wash these. She is struggling to access prepayment vouchers due to a shortage within the housing association.*

Given the costs of living crisis, CAS would welcome a scheme that better targets support to those who need it most. Under current proposals, Scotland is currently expecting to see a scheme which does not improve on the shortcomings of the previous Warm Home Discount scheme. We urge the UK Government to ensure there is parity of outcome as well as costs between Scottish consumers and the rest of GB. Scottish consumers should not be left on a lesser scheme for the next four years due to an absence of Valuations Office Data and geographic location. Over the course of the next four years, the improved provision of the scheme should be in place to ensure Scottish consumers are not worse off in comparison to the data-matched scheme in England and Wales.

CAS recommends that the targeting of Warm Home Discount should be in line with the Scottish Government's fuel poverty strategy. The proposed data-matching scheme for England and Wales is based on data that is unavailable in Scotland and in line with England's fuel poverty strategy. Therefore, a future data-matched scheme for Scotland must identify an equivalent dataset which is in line with the Scottish Fuel Poverty strategy.

Therefore, CAS recommends that any future scheme beyond 2023 should include:

- An equivalent data-matching solution which will offer a scheme with Scottish-equivalent benefits as currently offered to England and Wales
- Improving access to Warm Home Discount for those in vulnerable situations, including disabled people and those in temporary or sheltered accommodation
- Update the value of Warm Home Discount in line with increasing energy prices and cost of living/call for other support
- A Warm Home Discount scheme that is also aligned to the Scottish fuel poverty strategy.

2. Do you agree with the methodology for setting the obligation threshold and the level of individual obligation?

Obligation thresholds

CAS is concerned about the impacts of the proposed distribution of the 9.4% allocation to Scotland. Given that Scotland has the highest levels of fuel poverty across GB, the allocation and resulting obligation thresholds cause concern that distribution of funding for Warm Home Discount will be based on market share rather than the needs of fuel poor customers. As some suppliers have disproportionately higher levels of qualifying customers their spend will be capped. This will result in customers of suppliers with a higher market share in Scotland struggling to access a very small, finite pot. Furthermore, some of the bigger suppliers with higher market share in Scotland have previously funded critical energy advice services which are even more important during the current crisis. These suppliers may choose to only offer rebates and reduce the amount spent on Industry Initiatives.

In the case of suppliers with low/no market share, they will only be able to fund industry initiatives if they have no Broader or Core group customers. There is a significant risk to vulnerable people's access to the rebate and CAS would like to see greater certainty on ensuring that the rebate is available based on customer need, and not GB-wide market share. Also, if the administration costs for Warm Home Discount in Scotland are higher than England and Wales, whilst the threshold is lowered to 1000 customers as proposed in 2023, this could disincentivise suppliers from taking on Scottish customers. As well as potential issues for the market, this could also reduce consumer choice of suppliers in Scotland, impacting switching (which is a critical way consumers can pay bills) and competition.

The reduction in supplier thresholds from 2023-24 scheme year makes it all the more urgent to introduce a data-matched scheme in Scotland, which would result in reductions in administration costs for suppliers. This would also mean that thresholds could be fairly reduced across nations.

Apportionment

CAS has also frequently flagged issues with the proposed 9.4% apportionment figure for Scotland. We are concerned that the calculation based on gas and electricity meter points does not take into account the circumstances of fuel-poor people living in Scotland. These circumstances are reflected in the higher-than-GB-average rates of fuel poverty than in any other GB nation.

Whilst fuel poverty is measured differently between nations and is therefore not directly comparable, regardless of the definition of fuel poverty and using the most up-to-date statistics available, there are higher rates of fuel poverty in Scotland than any other GB country. In 2019, an estimated 24.6% (around 613,000 households) of all households were

in fuel poverty in Scotland⁹. This is now estimated to be between 32-36%¹⁰. In comparison, 13.2% (3.18 million households) of all households in England were fuel poor in 2019¹¹.

These higher rates are driven by multiple factors, including:

- **Climate:** Scotland has a colder, wetter, and windier climate than other GB nations. The apportionment figure in the consultation does not take into account this higher energy demand in Scotland.
- **Metering type:** Scotland's high fuel poverty rates are partly driven by the greater prevalence of non-Economy 7 restricted meters and prepayment meters which limit consumer choice and result in higher-than-average energy bills. It is well-known that consumers with prepayment meters are more likely to be vulnerable¹² and consumers in Scotland are more likely than those in England and Wales to pay for their gas and electricity in advance through a prepayment meter¹³. Those with prepayment meters are also significantly more likely to be in fuel poverty than those who pay for their energy through direct debit or standard credit¹⁴.
- **Off-gas properties:** Scotland has a lower proportion of households with a mains gas supply than England or Wales and households that do not use mains gas are significantly more likely to be in fuel poverty¹⁵. In 2019, 43% of Scottish households using electricity as their primary heating fuel were fuel poor, compared to 22% of households using mains gas¹⁶.
- **Geography:** Scotland's rural and remote communities (including its 94 inhabited islands) are more likely to be living in fuel poverty and extreme fuel poverty. Between 2018 and 2019, rates of fuel poverty and extreme fuel poverty increased in remote rural areas (from 33% to 43%, and from 23% to 33%, respectively). Extreme fuel poverty rates in rural areas (19%) were almost twice as high as those in urban areas (11%)¹⁷.

CAS recommends:

- A data-matching scheme for Scotland introduced as a priority to avoid issues with thresholds in 2023-24.
- A rebate that is available based on customer need and not which supplier they are with.

⁹ SHCS (2021) Scottish Housing Conditions Survey 2019 Key Findings -

<https://www.gov.scot/publications/scottish-house-condition-survey-2019-key-findings/>

¹⁰ Scottish Government (2022) [Written question S6W-07464](#); Scottish Government (2022) [Budget Stage 3 2022-23](#).

¹¹ BEIS (2022) [Annual Fuel Poverty Statistics in England](#)

¹² Ofgem (2021) [Consumer Vulnerability Protections](#)

¹³ BEIS (2021) [Quarterly Domestic Energy Customer Numbers](#)

¹⁴ SHCS (2021) Scottish Housing Conditions Survey 2019 Key Findings -

<https://www.gov.scot/publications/scottish-house-condition-survey-2019-key-findings/>

¹⁵ CAS (2018) [Off-gas consumers: updated information on households without mains gas heating](#)

¹⁶ SHCS (2021) Scottish Housing Conditions Survey 2019 Key Findings -

<https://www.gov.scot/publications/scottish-house-condition-survey-2019-key-findings/>

¹⁷ SHCS (2021) Scottish Housing Conditions Survey 2019 Key Findings -

<https://www.gov.scot/publications/scottish-house-condition-survey-2019-key-findings/>

- The allocation of the Warm Home Discount based on customer need and not market share of the GB energy market.
- A buy-out scheme in Scotland which could support the Warm Home Discount pot to be managed centrally in order to provide a fair distribution of funding based on consumer need and not suppliers GB market share.

3. Do you agree that the WHD Scotland should continue with the Core Group, Broader Group and Industry Initiatives?

CAS agrees that Warm Home Discount Scotland should continue with the Core Group and Broader Group only as an interim solution in the first year of the scheme until a realistic and workable solution for data-matching has been created for Scotland. CAS is very concerned that Scotland would be left with a less effective and poorly targeted scheme, but with higher levels of need. Therefore, a feasible and defined plan for improving the targeting of Warm Home Discount beyond the first year of Warm Home Discount delivery needs to be brought forward to ensure parity with the rest of GB. This should include a deadline for the identification of relevant and equivalent data for Scotland, such as data collected by on energy efficiency or dwelling type or other available data. This would not need to be directly comparable to England and Wales, but in line with the Scottish Fuel Poverty Strategy.

As outlined in question 5, there have been historic issues with the targeting of Warm Home Discount for Broader Group customers which means that many fuel poor households in Scotland are not eligible to receive the benefits – particularly working age households. The proposed scheme does not identify mechanisms to overcome these issues and better target the rebate.

There are further issues resulting from an application-based scheme which have now been overcome for England and Wales but not for Scotland. These include difficulties caused by inconsistent eligibility between suppliers and issues for switching, digital exclusion and short and unseasonal application windows. See question 5 for more information.

We recognise the value of Industry Initiatives and their ability to support households through financial and non-financial means. For example, Industry Initiatives has allowed the Citizens Advice Network in Scotland to deliver the Energy Best Deal project, which has been delivered for the eleventh consecutive year in 21/22 (subject to Ofgem approval).

Industry Initiatives – Energy Best Deal case study

Energy Best Deal is an energy advice project, funded through Industry Initiatives and delivered through Citizens Advice Bureaux. Energy Best Deal sessions are delivered to consumers who are in, or at risk of fuel poverty, and frontline workers who meet these vulnerable groups. Advice includes: switching supplier or tariff; applying for Warm Home Discount; help with energy efficiency measures; benefits and fuel debt; support with billing or metering issues; advice on reducing energy consumption; and access to emergency funding.

Feedback from clients has also shown the importance of the advice they receive:

- *'Had a large debt over my head for some time and thanks to this service had it all cleared. AMAZING EFFORT thank you!'*
- *'Had gas debt looked into and sorted. Gas now reconnected and in a warmer home after 9 months. Great.'*
- *'Extremely good/useful service which was carried out very professionally in extremely difficult circumstances (COVID).'*
- *'Absolutely brilliant so grateful for the service. Such a lovely efficient manner means a lot to me to be helped this way and have one less thing to contend with.'*

4. Do you agree that the Core Group should continue in Scotland?

Yes, CAS supports the retention of automatic entitlement for recipients of the Guarantee Credit element of Pension Credit in any future Warm Home Discount scheme that applies to Scotland. However, there are many households in fuel poverty who are not eligible for Core Group and are unable to access Broader Group as they have missed out on the application window or as it is 'first come, first served'.

5. Do you believe that the Broader Group should continue in Scotland, with the addition of Housing Benefit to the mandatory criteria?

CAS agrees that the Broader Group should continue in Scotland as an interim solution. Beyond the immediate scheme year (2022-23) we would urge the UK Government to identify a clear and practical pathway to put in place automation of a Warm Home Discount rebate through an equivalent data-matching scheme for Scotland to ensure parity with the rest of Great Britain. Currently, the evidence from our network, as well as commissioned research presented in Mind the Fuel Poverty Gap, is that the Warm Home Discount scheme is not reaching those who need it. As mentioned above, between 29-32% of Scottish households were eligible for the Warm Home Discount but only 9.3% claimed it. A good proportion of those missing out were of working age.⁶

The England and Wales consultation estimated that the new data-matching scheme for England and Wales will increase the targeting of fuel poor households to 47% compared to 39% of current scheme¹⁸. Without an equivalent scheme, Scotland will continue with a scheme that is not well-targeted which risks fuel poor households in Scotland missing out on a lifeline payment.

CAS have identified issues where fuel poor households are missing out on the Warm Home Discount rebate. These issues need to be resolved beyond 2023, in order for Scotland to have a scheme which effectively addresses fuel poverty and ensures Scottish fuel poor consumers are not left behind. These include issues related to the application process, disability and housing.

¹⁸ BEIS (2021) [Warm Home Discount: Better targeted support from 2022](#)

1. Issues with the application process

A combination of research and evidence from our bureaux has highlighted several issues in which the application process for Warm Home Discount has meant that consumers have missed out on vital support. Many of these issues have been improved by better targeting and data-matching for the England and Wales scheme, but currently continue to be an issue for Scotland. These issues include:

- **A limited pot means eligible fuel-poor households miss out:** the result is that eligible fuel-poor households may continue to struggle without access to available support from Warm Home Discount which does not seem fair.
- **Varying eligibility for the Broader Group between different suppliers which make it difficult to apply and hard to switch.** There is no standardisation for eligibility criteria for Broader Group customers, although certain benefits such as Universal Credit, Child Tax Credit, Jobseeker's Allowance, and Employment and Support Allowance are accepted by the large suppliers.
- **Non-inclusive applications:** such as short application windows (some as short as a week) which lead to many fuel-poor households missing out. Digital exclusion is also a factor, as online applications are not accessible to those without access to the necessary technology or skills.

Cases drawn from the CAB network in Scotland evidence the difficulties people can have in accessing the scheme.

Citizens Alert: *An East of Scotland CAB reports an elderly client who has a health condition or disability which limits him a lot and whose energy supplier has been switched without his knowledge. He has large debt on his account and his Warm Home Discount was not paid before the switch. Although he wants to switch back to the original supplier, his Warm Home Discount will not be paid because of the switch.*

Citizens Alert: *A West of Scotland CAB reports a single parent with a child under 5 who is in part time work and missing out on Warm Home Discount. Despite the client meeting the suppliers' eligibility criteria, the one week window in August to apply for Warm Home Discount has meant that the client cannot access Warm Home Discount even though she sought help with her energy bills.*

Citizens Alert: *A West of Scotland CAB reports a client who missed out on Warm Home Discount after missing a one-week August application window. The client also doesn't have easy access to the internet so struggles to make online applications for support such as Warm Home Discount as he doesn't have a computer and can't afford to use the internet on his phone.*

Approaches such as automatic data-matching may be a pathway to improving the targeting of the Warm Home Discount to reach those missing out. CAS recognise that the Valuations

Office Agency data does not extend to Scotland but would urge the UK Government to identify a pathway and timeline for the use of an appropriate equivalent data set in any future Warm Home Discount scheme that applies to Scotland. This is a matter of urgency to ensure Scottish consumers do not lose out on the Warm Home Discount.

Citizens Advice Scotland has identified some potential pathways to improve the current targeting and delivery of Warm Home Discount which may help meet fuel poverty targets, including:

- Improvements to data matching for Broader Group customers, in line with proposed changes to Broader Group matching in England and Wales
- Standardisation of eligibility criteria across suppliers
- Preventing short application windows (some as short as a week).

2. Disabled consumers

CAS also disagrees with the removal of Personal Independence Payment and Disability Living Allowance from the eligibility criteria for the 2022-26 Warm Home Discount scheme. According to assessments, 34% of fuel poor households contain someone with a disability and 42% of all households in poverty in Scotland include a disabled person¹⁹. This suggests that not all disabled people will be included in the proposed eligibility due to an increase in need that is not included in fuel poverty measures. Conventional measurements of fuel poverty do not take into account the higher energy needs and use of certain groups, including disabled people. In order to stay safe and well, disabled people often require increased levels of heating and energy use in their homes compared to non-disabled people²⁰ such as a need for an enhanced heating regime which could mean increased time needs for heating and higher temperatures required²¹. Recent CAS data has found that 50% of those seeking support due to disconnection from regulated supply also sought advice for Personal Independence Payments/Disability Living Allowance. This rose to 92% for those seeking advice for unregulated fuels²².

Those with mobility-related conditions in particular require a warmer temperature to prevent their own body temperatures dropping to low levels. In addition, many disabled people use aids or equipment in their daily lives that require power, such as electric scooters and wheelchairs, medical equipment, stair and shower lifts, IT and communication devices or hoists. Some disabled people may also require high levels of hot water use to appropriately clean and sanitise equipment and clothing, particularly where their bowel or urinary function is affected by their condition. Many disabled people are on the Priority Services Register because they have a medical condition or medical equipment or medication that requires power so they need extra support during power outages.

¹⁹ Scottish Government (2020) [Winter Heating Assistance for Children and Young People \(Scotland\) Regulations 2020](#)

²⁰ Scope (2018) Out in the cold

²¹ Scottish Government (2019) Enhanced heating regime: response to consultation

²² CAS (2022) Internal data on advice codes

Given that their needs are great enough to be on the PSR, they should also be made eligible for Warm Home Discount, to recognise their greater needs and costs arising from having a particular medical condition. This is in light of the fact measurements of fuel poverty do not account for these significant higher costs. Research from Scope, prior to COVID and the energy price crisis, highlighted that, on average, disabled adults face extra costs of £583 per month with 1 in 5 facing extra costs of £1000 a month, even after welfare benefit²³.

The Scottish Fuel Poverty Bill also recognises the enhanced heating regime for disabled people which will also increase costs for these households that are not recognised by conventional fuel poverty measures²⁴. The Fuel Poverty Bill sets out standard heating temperatures as 23 degrees C in the living room and 20 degrees for any other room for 16 hours a day (compared to 21°C and 18°C for 9 hours on weekdays and 16 hours for weekends for standard energy needs).

However, there are also barriers for disabled people accessing Warm Home Discount if they are in receipt of means-tested benefits too. People in the Broader Group need to meet additional mandatory criteria to be eligible for Warm Home Discount, such as having a child under the age of five within the home or being in receipt of relevant disability premiums.²⁵ To access these disability premiums, a person must undergo a Work Capability Assessment – a process which can take many months. While statistics for Universal Credit are not currently published, completing the full Work Capability Assessment process for ESA can take over five months according to the most recent DWP statistics.²⁶ Combined with the short application window for Warm Home Discount, this can leave many disabled people unable to access the scheme.

Citizens Alert: *A North of Scotland CAB reports a client is struggling to manage household finances. Client lives with her husband who has blood cancer. Slow decisions with Personal Independence Payment and work capability assessments for her husband have hindered the client from accessing Warm Home Discount.*

Citizens Alert: *An East of Scotland CAB reports of a client who has been waiting almost a year for a Work Capability Assessment and whose ESA claim is likely to expire before he is assessed.*

Citizens Alert: *A South of Scotland CAB reports of a client waiting more than six months for a Work Capability Assessment for her Universal Credit claim.*

3. Housing situation

Temporary accommodation: data from our bureaux has highlighted that the consumers who live in temporary accommodation are currently unable to access Warm Home Discount as

²³ Scope (2019) [The Disability Price Tag 2019](#)

²⁴ Scottish Government (2020) [Fuel Poverty \(Enhanced Heating\) \(Scotland\) Regulations 2020](#)

²⁵ BEIS, [Warm Home Discount Scotland consultation](#), Annex 1: Mandatory Broader Group criteria.

²⁶ DWP, [ESA: Work Capability Assessments, Mandatory Reconsiderations and Appeals: March 2022](#), Section 10.

they pay their bills as part of rent or the council is listed as the account holder. This has led to people in temporary accommodation missing out on vital support.

Citizens Alert: *A North of Scotland bureaux reports a client in temporary accommodation who is not eligible for Warm Home Discount. Client pays approximately £150 a month for gas and electricity and is unable to claim Warm Home Discount. The impact of also not receiving benefits means the client is at risk of falling into fuel debt and poverty.*

Sheltered housing: CAS are also aware that people in sheltered housing are missing out on Warm Home Discount. There are potential routes through Industry Initiatives to expand support to include people in sheltered housing.

Given the success of the Park Homes Warm Home Discount scheme, there is an opportunity for Industry Initiatives to be used to fund a similar scheme for temporary accommodation and/or sheltered housing to prevent consumers missing out based on their housing status.

In summary, too many fuel poor consumers are falling between the gaps and are not being reached. There is a window of opportunity to improve on the issues with Warm Home Discount to ensure a equivalent scheme and parity with the England and Wales Warm Home Discount scheme. Whilst this may not be possible for 2022-23, we would like to see a dedicated and focussed effort from 2023 to improve the scheme for Scottish consumers.

CAS recommends:

- A deadline to be set for more data to be identified in order to put in place an equivalent data-matching scheme and ensure parity with England and Wales
- Maintaining access to Warm Home Discount for those receiving non-means tested benefits including disability benefits
- Ensuring that recipients of the new Scottish disability benefits are also eligible to access Warm Home Discount under a GB-wide scheme.
- The rollout of an Industry Initiatives-based scheme to support those in temporary accommodation. This would be modelled on the successful park homes Warm Home Discount scheme which will likely need to be a GB-wide scheme.

6. Do you agree with the proposed threshold increases for Child Tax Credit and Universal Credit?

Yes, CAS agrees with the proposed threshold changes for Child Tax Credit in line with the threshold for CTC awards. We also support proposals for threshold increases for UC.

7. Do you agree that suppliers should be able to transfer up to 100% of their Broader Group target to Industry Initiatives subject to Ofgem approval based on market share in Scotland?

Yes, CAS agrees assuming that it is only for suppliers who have a very low market share in Scotland. However, as already raised, the proposal for allocation based on GB market share could lead to some suppliers becoming overburdened with applications and others not having enough qualifying customers. This could create fairness issues in terms of access to the rebate with fewer rebates being offered in Scotland because it is not allocated according to customers' needs.

However, CAS also recognises the vital role of energy advice in providing a longer-term approach to reducing fuel poverty through improving consumers' ability to engage in the energy market. If there were proposals after scheme year 1 for an improved scheme for Scotland, other delivery models could be explored, such as a centralised 'buy-out' pot in which suppliers are able to pay their obligation costs for delivery by a central partner. This would potentially avoid some of the issues created by having allocation based on market share and ensure a fairer approach to distributing funding to consumers, regardless of their supplier. A buy-out approach may support more customers to access Warm Home Discount as part of the Broader Group.

CAS recommends:

- A buy-out scheme in Scotland which could support the Warm Home Discount pot to be managed centrally in order to avoid the issues with GB market share to provide a fair distribution of funding based on consumer need and not suppliers GB market share.

8. Do you agree with the Industry Initiatives spending cap on proposals?

CAS has not responded to this question.

9. Do you agree with the proposals for financial assistance?

CAS agrees that households eligible for financial support must be in fuel poverty and in off-gas homes, a household with a person with significant health conditions or disability, living in communities wholly or mainly in fuel poverty or supplied through prepayment meters.

A combination of research and evidence from our bureaux highlights that prepayment meter customers often face the greatest risks because of high energy costs as they are able to disconnect from supply. The multiple impacts of self-disconnection includes being unable to cook, wash, stay at a healthy and warm temperature or keep medical equipment on or medication cold. Therefore, CAS strongly supports continuing to use Industry Initiatives' financial assistance to support consumers on prepayment meters. Furthermore, Scotland has a lower proportion of households with a mains gas supply than England and Wales and households which are off-gas are significantly more likely to be in fuel poverty. CAS would welcome the provision of financial assistance to households who are off mains gas supply.

If Personal Independence Payment and Disability Living Allowance are not included as eligible benefits, then CAS would like to see dedicated support for households with a disabled person at risk of fuel poverty as part of Industry Initiatives. This would be in line with proposals for England and Wales and recognise the greater energy needs of disabled people, as evidenced in question 5.

10. Do you agree with the caps for debt write-off?

For certain clients, such as those with chronic lack of income and no disposable income in which to repay debts, debt write can be an extremely welcome relief from problem debt and the stress and anxiety that this can encompass

However, the caps for debt write off in the current climate, with the ever-increasing cost of living, are too low. We are seeing more people falling into debt due to the cost of living crisis pushing them further into poverty, especially following the economic fallout of the pandemic.

Recent YouGov polling we conducted found that 600,000 people across Scotland have fallen into problem debt, either for the first time or seeing their problem debt worsen due to the pandemic. This indicates the increase in debt problems for those across Scotland, especially on the lowest incomes. This is particularly true for energy arrears and fuel poverty.

In our recent monthly data report, we have found demand for advice around utilities, namely energy is now actually higher than before the pandemic. This is before the impact of the energy price cap increase in April 2022 is factored into demand for advice but indicates clearly the increasingly concern around the cost of living which has been growing significantly amongst our clients.

Therefore, having a cap set too low could mean those who would benefit from such needed relief are unable to do so due to their supplier reaching the cap too quickly.

Whilst we can understand matching the debt write off cap to the equivalent in England and Wales to ensure equity across the UK, this doesn't take into account the actual reality faced by thousands across Scotland. We need a cap which reflects the rising cost of living, especially after the energy price cap itself is set to increase in October as is inflation.

11. Do you agree that a £300,000 portion of the energy debt write-off cap should be reserved for customers with prepayment meters?

Yes a proportion of the energy debt write off cap should be reserved for customers with pre-payment meters. It is more common for those on the lowest incomes to be on a Pre-Payment Meter which in itself can be the most expensive form of energy payment. However, as we have stated above the energy cap being proposed is set too low to reflect the current economic client which is set to worsen. At the moment, we are in the summer months and whilst people are making extremely hard choices with their bills, some households are able to be economical with their electricity usage and turn off their heating. When we hit the

colder and darker months, people are really going to struggle and this is after months, even years of struggling to get by.

With the energy price cap anticipated to rise again in October, we need to put in interventions and support now to stave off the worst before we see another energy cap rise. This includes having a debt write off amount which reflects the reality thousands are facing and which makes a real significant impact for families on the lowest incomes and facing increasingly significant problem debt issues.

12. Do you agree with the proposed restrictions and cap for boiler and central heating installations?

CAS has no comment on this question.

13. Do you agree that the rebate value should be set at £150?

It is CAS's position that Warm Home Discount is not an adequate rebate value to offset the scale and depth of fuel poverty across Scotland (or Great Britain) given the current energy crisis. Since the proposed £150 for England and Wales was proposed in August 2021, the GB energy market has seen an unprecedented increase in the cost of energy, with significant implications for fuel poverty. The proposed rebate value represents an increase of 7% in the value of Warm Home Discount against a recent 54% increase in the energy price cap.

Evidence from Citizens Advice Bureaux found that there has been a 104% increase in people seeking advice for fuel debt compared with February 2021, and a 127% increase in website views for our 'struggling to pay your energy bill' page in the same period. Recent research by CAS found that Warm Home Discount is not sufficient to bridge the fuel poverty gap²⁷. The fuel bill-related poverty gap, prior to both COVID and the energy crisis, was found to be £656 (or adjusted for location in Scotland: £580 urban and £1,100 rural), of which the proposed Warm Home Discount rate covers less than a quarter. We anticipate that this has increased, given recent increases in fuel poverty, energy bills and cost of living. The Fuel Poverty Strategy sets out a target that the median fuel poverty gap must be no higher than £250 by 2040 with a statutory milestone of £350 by 2030²⁸. Without a greater value of Warm Home Discount or the provision of progressive and tax-funded fuel poverty support (and investment in energy efficiency), this target will be difficult to meet.

Therefore, CAS would like to see an increase in support fuel poor households that is sufficient to address the scale of the crisis – a proposed figure could be one which, as minimum, is in line with the increase to the energy price cap and anticipated October increases. Therefore, the extension of fuel poverty support is needed to ensure that vital lifeline support is available to those who are experiencing the most extreme impacts of high costs of energy.

²⁷ CAS (2020) [Mind the Fuel Poverty Gap: WHD in the Scottish Context](#)

²⁸ Scottish Government (2021) [Tackling fuel poverty in Scotland: a strategic approach](#)

CAS recommends:

- An extension of support to fuel poor households – through the Warm Home Discount or other available mechanisms which doesn't place extra costs onto consumers

14. Do you agree that Ofgem should continue to run the reconciliation process in Scotland?

Yes, CAS agrees.

For further information, please contact:

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