

## Briefing: Warm Homes Discount

- The Warm Homes Discount (WHD) is a four-year support scheme running from April 2011 to March 2015 to help disadvantaged customers with the rising costs of domestic energy.
- For 2011-12 the help will be in the form of a £120 credit on energy bills or vouchers for those on prepayment meters.
- The Government's intention is that WHD will provide £1.1 billion of support over the 4 year period, helping around 2 million households annually
- The funds are being provided by the participating energy suppliers via a levy on domestic energy bills. (Scottish & Southern Energy already quote the rising cost of Government mandated schemes such as WHD as just contributing to the price rises that took effect in September 2011).
- According to Consumer Focus the scheme will only cover around 25% of households in fuel poverty. This is significantly less than the Government itself recognises as a 'super priority group' within the Carbon Emissions Reduction Target framework if these were included in the scheme the number of eligible households would be around 3.5 million.
- Most of the energy companies have set limits of around 35-50,000 households to benefit from the scheme.
- British Gas is the only energy company that has not set a limit and has promised to pay all eligible customers that apply before the end of January 2012.
- SSE claims to have 210,000 on its now defunct social tariff while it intends to limit the numbers receiving WHD to 35-40,000.

There are 4 elements to the Warm Homes Discount scheme.

### 1. Core Group

This covers people in receipt of the state pension, Guaranteed Credit (NOT Savings Credit). This is people on around £103pw or £164pw for a couple. This group does not need to apply as the payment will be made automatically. They will be identified via an information sharing process between the Department of Work and Pensions (DWP) and the energy suppliers. It is estimated that this group will cover approximately 600,000

people. This group should get a letter from the Government confirming that they are to receive the payment 'sometime this winter'.

To be eligible their supplier must be in the scheme and either their name or that of their partner must appear on their energy bill.

Funding for 2011-12 is capped at £97million for this group.

## **2. Broader Group**

This is supposed to cover 'low income' families and those already suffering from, or vulnerable to, fuel poverty, as well as those suffering long-term illness and disabilities. For this group the energy companies set their own criteria for identifying and verifying those that are eligible, though they must be cleared by the energy regulator OFGEM.

In reality the qualification criteria for all but the British Gas scheme, which also covers those in fuel poverty, and the E.ON scheme which covers those in receipt of Child Tax Credits, are very limited.

They include those in receipt of a means tested benefit, either Income based Jobseekers Allowance, Income Support or Income-related Employment and Support Allowance and the person must also fulfil one of the following criteria.

They have either:

1. Responsibility for a child under 5
2. Receive child tax credits with a disability component
3. Receive a disabled child premium
4. Receive disability, enhanced disability or severe disability premium
5. Or be in receipt of the pension premium, higher pension premium or enhanced pension premium.

People who meet these criteria need to apply to their energy supplier by the end of Jan 2012. (see contact details below). The money for this group is on a first come first served basis so people need to apply as soon as possible.

Funding for 2011-12 is capped at £3million for this group.

## **3. Legacy Spend**

This states that energy companies can continue to provide social tariffs and rebates, though in reality all but one of the energy suppliers has taken the opportunity to close

their social tariffs. The exception is E.ON, which at present has no plans to discontinue its WarmAssist tariff.

Consumer Focus estimates that there could be up to £150 million available for this element.

#### **4. Industry Initiatives**

These are the standard industry schemes to help those in fuel poverty that deliver such things as benefit checks, debt advice and energy efficiency advice.

#### **Participating Energy Suppliers**

**British Gas. Inc Scottish Gas/Sainsbury's Energy.** Tel: 0800 072 8625. Social Tariff now closed to new applicants in favour of WHD.

**EDF.** Tel: 0800 096 9000. No plans so far to close social tariff, 'Energy assist'.

**E.ON.** Tel: 0800 051 1480. No plans as yet to close social tariff,

**npower.** Tel: 0808 172 6999. Social tariff closed to new customers.

**SSE. Inc Atlantic/ Scottish Hydro/ Southern Electric/ Swalec/ EBICO/ Equipower / M&S Energy.** Tel: 0800 300 111. Social tariff closed to new customers **but** also offering a one-off payment to customers that do not qualify for WHD of £50 per account (i.e. £100 for dual fuel customers) to ease the burden as they are transferred to the standard tariff.

**Scottish Power.** Tel: 0800 027 2700. Social tariff closed

**Utility Warehouse** will be operating the scheme as well but **only** for core group members.

#### **Further Information & References:**

Direct Gov: <http://bit.ly/92Tr6J>

Consumer Focus: <http://bit.ly/nRShUn>

Department of Energy & Climate Change: <http://bit.ly/nwWQZX>

And the energy company web-sites.