

Consultation response

Scottish Fuel Poverty Advisory Panel response to the Department for Energy Security and Net Zero's Continuing the Warm Home Discount Scheme Consultation.

Scottish Fuel Poverty Advisory Panel

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To: Charlotte DuBern and Julie McLynch – Deputy Directors for Fuel Poverty & Warm Home Discount, Department for Energy Security and Net Zero – whd.consultation@energysecurity.gov.uk

Dear Charlotte and Julie

The Scottish Fuel Poverty Advisory Panel (SFPAP) is an advisory non-departmental public body which provides independent advice to Scottish Ministers on fuel poverty and scrutinises Scottish Ministers' progress towards delivering Scotland's 2040 fuel poverty targets. SFPAP is made up of the following members:

- Matthew Cole, Chair of SFPAP and Head of Fuel Bank Foundation
- Kirsten Jenkins, Panel Member and Senior Lecturer in Energy, Environment and Society at the University of Edinburgh
- Alister Steele, Panel Member and former Managing Director of Castle Rock Edinvar Housing Association
- Fraser Stewart, Panel Member and Just Transitions Lead at Regen

Since it was established on the 1st of January 2022, the Panel has engaged widely across the third sector (advice agencies and housing associations) and energy sector (retail and network energy companies, trade associations), Ofgem, and with the Energy Ombudsman and Consumer Scotland. It has also engaged with and is informed by those with lived experience of fuel poverty. The Panel's views are shaped by this engagement as well as their own knowledge, experience and understanding.

Earlier this year, we, the Panel, [responded](#) to the Department for Energy Security and Net Zero's consultation on expanding the Warm Home Discount scheme 2025/26. In this response, we stressed the urgent need to reform the support given

to low income and vulnerable households in order to tackle fuel and extreme fuel poverty. There are 34% of all households (approximately 861,000) estimated to be in fuel poverty, with around 19.4% (approximately 491,000) estimated to be in extreme fuel poverty in Scotland.¹ This rises to 44% in remote rural areas. In our previous response, we also pointed to the recommendations we have made for the introduction of [a targeted, flexible, and dynamic discount mechanism \(social tariff\)](#) to replace the Warm Homes Discount (WHD). We have consistently highlighted the need for a flexible energy discount mechanism (social tariff) and have played an active part in the Scottish Government's [Social Tariff Working Group](#) whose recommendations align with the [Principles and Recommendations](#) which we set out for a flexible energy discount mechanism in 2023. We recognise that the WHD could evolve into such a discount mechanism with sufficient funding, re-design and operational capability offering the potential to substantially reduce the fuel poverty gap, which is currently estimated to be £1,250² in Scotland.

The WHD is the main mechanism for reducing the cost of energy bills for vulnerable consumers and in the absence of any social or discount energy tariff it is critical. We think a core strength of WHD is that it supports the reduction of costs rather than raising income. The Analytical Annex to the Fuel poverty Strategy shows that reducing fuel bills directly will be a more effective means of reducing fuel poverty rates than providing a more general income-related benefit.³

In considering the three options set out in the consultation for the design of WHD in Scotland for the 2026/27 to 2030/31 scheme, we support the principle of ease of access and therefore support the automatic payments for both the current Core and Broader groups which options 2 and 3 offer. We do not support option one, the status quo, which only automatically pays to those in Core Group 1. We also strongly support the continued expansion of the WHD and the commitment to continue this to reach more households in or vulnerable to fuel poverty, with an estimated increase of 86%⁴ in the number of Scottish households which will be reached through the expansion of the WHD. Using benefits as a proxy for fuel poverty is, however, inevitably imperfect and there will be some who would have received WHD under option 1 who will no longer do so, as well as those who will not be eligible under any of the options but nonetheless need support. We would like to have seen modelling and data presented in support of the different options set out for Scotland to make their potential impact, including on those consumers missing out on WHD under options 2 and 3, transparent. We would also like to have seen a stakeholder session held for Scottish stakeholders to explore and debate the different options set out in this important consultation.

¹ Scottish Government (2025) [Scottish House Condition Survey: 2023 Key Findings - gov.scot](#)

² Ibid.

³ Scottish Government (2021) [Fuel Poverty Strategy \(2021\) Analytical Index – gov.scot](#)

⁴ Department for Energy Security and Net Zero (2025) [Expanding the Warm Home Discount Scheme 2025/26: Impact Assessment](#)

Our view is that automating the allocation of the WHD makes it more equitable for vulnerable consumers by removing the barriers of complex application processes, the vagaries associated with who the supplier is, and pressure on those support agencies who previously needed to understand different supplier schemes' entry criteria and capacity constraints. We have heard from those with lived experience of fuel poverty, and eligible for WHD in the Broader Group, who miss out because they were unaware they could apply, or of the qualifying date for WHD, or whose supplier did not have sufficient allocated funding for all customers eligible for WHD in the Broader Group. We have also heard from suppliers in Scotland who have struggled to onboard the Broader Group. With automatic matching, the WHD rebate will now reach these.

A multi-year commitment, as set out in the consultation, is also a step forward since the previous year-by-year approach was time consuming and added uncertainty. Receiving the £150 WHD will be transformative for many who do not currently receive it. However, the lack of inflation proofing of the WHD, and the rebate level itself falls well below what is needed by many in fuel poverty in Scotland where the gap between the energy needed to heat their homes and what they can afford remains. The reality of what it takes to heat a house, particularly in rural and remote areas is not addressed by the WHD level, and we have previously commented on the desirability of regional variations in the level of support.⁵ This is an important way to provide fairness given average variations in energy costs and annual energy bills between regions.

Although we recognise that there is a trade-off between the scale and rate of the WHD, and increasing the levy on bills to expand it, we are concerned about the levy for policy costs per household which has increased by an additional £15 to cover the cost of expanding the WHD. This clearly impacts the net rebate for recipients of the WHD. It also leaves those on low incomes but not in receipt of passport benefits, or those in fuel but not income poverty, even less able to heat their homes sufficiently. We know that although fuel poverty is correlated with low income, it is not equivalent to income poverty and that around 31% of fuel poor households in Scotland would not be considered income poor.⁶ This means that some households will have been pushed into fuel poverty through the £15 levy increase, or had their fuel poverty deepened. This is one of the reasons why we think that reducing the cost of energy bills should be funded via taxation rather than through levy funding which is regressive. We do nonetheless see that the current or an evolved WHD could be the foundation for additional affordability support.

⁵ Scottish Fuel Poverty Advisory Panel (2025) [Response to the Department for Energy Security and Net Zero's consultation on expanding the Warm Home Discount scheme 2025/26](#)

⁶ Scottish Government (2025) [Scottish House Condition Survey: 2023 Key Findings - gov.scot](#)

We think it is important that industry initiatives continue. They are, and will if continued, be a source of support for those who are in need but do not meet the eligibility criteria for WHD – this is true of any of the three options in the consultation for Scotland. We have heard of the efficacy of industry initiatives in mitigating fuel poverty stretching beyond energy top-ups and debt relief to income maximisation and energy efficiency measures. A clearer picture of those who are vulnerable but likely to miss out on the WHD would help inform the shape and design of these going forward.

However, more focus is needed on delivering initiatives that have an impact - short or long term. A greater focus on evaluating the impact of industry initiatives would be useful in the future design of these. We have heard from some stakeholders how an unintended focus can be on spending money rather than delivering impact. We would hope that a multi-year WHD scheme should also enable multi-year WHD industry initiative projects too.

Scotland does need to be able to work within the GB energy system, and now that the UK Government has made the decision to reform the existing national pricing system, rather than split the country into different pricing zones, this is even more the case. Our view is that harmonising across GB increases transparency of the needs of vulnerable Scottish consumers. It also potentially paves the way for the WHD to evolve into a flexible energy discount mechanism (or social tariff) if appropriately developed.

In conclusion, Warm Home Discount (WHD) is the most far-reaching mechanism for the support of vulnerable households. It currently has limitations in its structuring, funding, and delivery. Issues with the existing WHD model are that: it has not kept pace with the high cost of energy so its value is insufficient, it is not tapered in a way that is equitable for those who have to pay more to heat their homes, and its funding, through electricity bill levy, is regressive. As we made clear at the outset, we see the expansion of WHD as an interim step in providing better support for vulnerable consumers. Automatic eligibility for those in Scotland to the WHD is welcome. We would also like to see an expansion of eligibility to include those with low incomes, not in receipt of means tested benefits, and including those in receipt of Carer's allowance. This would be a welcome step towards a flexible energy discount mechanism and would have some impact on the fuel poverty gap. We hope that discussion on widening scheme eligibility will continue, as DESNZ has indicated, throughout the lifetime of the scheme and we would be pleased to meet with DESNZ officials to discuss further.

Yours sincerely,



Matt Cole

Chair, Scottish Fuel Poverty Advisory Panel