

Call for evidence

Data-matching and benefit letter evidencing routes in ECO4 & GBIS

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This call for evidence relates to methods of evidencing Help to Heat Group (HTHG) membership under ECO4 and low-income group membership under the Great British Insulation Scheme (GBIS).

The call for evidence is to consider how Ofgem should seek to increase the number of people using automated verification methods to demonstrate their eligibility for support under these schemes.

This call for evidence closes at 11.59pm on Monday 11th November 2024.

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Introduction

How to respond

We are seeking written comments to these questions by 11.59pm on Monday 11th November 2024. Please send comments to ECO@ofgem.gov.uk.

Rationale for calling for evidence

This call for evidence relates to methods of evidencing Help to Heat Group (HTHG) membership under ECO4 and low-income group membership under the Great British Insulation Scheme (GBIS). The call for evidence is to consider how Ofgem should seek to increase the number of people using automated verification methods to demonstrate their eligibility for support under these schemes.

We want to ensure effective administration and improve the rate of measures that are successfully matched by maximising the take-up of automatic verification routes, namely the DWP data-matching process. We also want to improve the consumer journey by removing or addressing any barriers which prevent engagement with this automatic verification route, such as for individuals with any protected characteristics under the Equality Act 2010, like age or disability. For example, if a consumer is concerned about sharing their personal data or losing entitlement to DWP benefits, this could prevent them from using DWP data-matching to evidence HTHG membership.

Throughout the call for evidence, we are seeking views on how we could achieve this. We are keen to gather a range of perspectives on whether DWP data-matching should be the default method of verification, and on the household eligibility requirement. In addition to this, we also want to understand the advantages and risks of removing benefit letters as evidence of eligibility, including any impacts on specific consumer groups (such as those with particular protected characteristics).

Background

The Energy Company Obligation (ECO), first introduced in 2013, is a series of energy efficiency schemes in Great Britain that place legal obligations on medium and large energy suppliers to deliver energy efficiency to domestic premises. The ECO schemes support energy efficiency measures in the home of those considered to be in fuel poverty¹. The Office of Gas and Electricity Markets (Ofgem) is administrator of the ECO schemes. The ECO4 scheme launched on 27 July 2022 and is due to close on 31 March 2026. The ECO4 scheme is complemented by the Great British Insulation Scheme (GBIS), which runs from 25 July 2023 to 31 March 2026.

To receive energy efficiency measures under ECO4, a domestic premises must meet various eligibility criteria. For a private rented sector or owner-occupied premises, this includes the requirement that the premises is or has recently been occupied by a member of the “help to heat group” (HTHG). A person living at a private domestic premises is an eligible member of HTHG if they receive at least one of the qualifying benefits.² GBIS also targets a low-income group which mirrors the eligibility criteria for the HTHG within ECO4.³

There are several ways for suppliers to evidence HTHG or low-income group membership. This includes, but is not limited to, a matched Department for Work and Pensions (DWP) reference number or a benefit letter.⁴

To obtain a matched DWP reference number, there are two processes for cross checking a person’s benefit status: Energy Saving Trust (EST) data matching and ECO Eligible Referral (EER) data matching. Both routes work with DWP to check whether individuals are in receipt of specific benefits. Supply chain organisations can currently access the EST route through the Energy Saving Trust, which acts as a third-party intermediary body.

¹ The UK Government uses Low Income Low Energy Efficiency (LILEE) as the metric for measuring fuel poverty in England. Households in England are in fuel poverty if they live in a property with a fuel poverty energy efficiency rating of Band D or lower and if they met those costs would be left with a residual income below the poverty line. In Scotland and Wales households are considered fuel poor if they need to spend more than 10% of their income on household energy.

² Paragraph 3.129 of Ofgem’s Energy Company Obligation (ECO4) Delivery Guidance V2.1

³ Paragraph 3.130 of Ofgem’s Great British Insulation Scheme Delivery Guidance V1.1

⁴ Paragraph 10.40 of Ofgem’s Energy Company Obligation (ECO4) Delivery Guidance V2.1; Paragraph 11.50 of Ofgem’s Great British Insulation Scheme Delivery Guidance V1.1

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The EER route is a new expanded option which is due to launch soon. Unlike the EST route, the EER route is direct with the DWP and can only be utilised by suppliers. It encompasses benefits of the data matching service but with the added benefit that obligated energy suppliers will be able to directly share their own 'vulnerable customer lists' with the DWP. If DWP confirms, through either route, that a person is in receipt of a qualifying benefit, this can be used to contact potentially eligible households in relation to the schemes, and ultimately as evidence of HTHG or low-income membership.

Your response, data and confidentiality

You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you *do* wish to be kept confidential and those that you *do not* wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.

If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.

If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

Next steps

Once the call for evidence is closed, we will consider all responses. We will ensure that any changes resulting from the call for evidence are appropriately communicated. If you have any questions on the contents of this call for evidence, please contact us via ECO@ofgem.gov.uk.

DWP data-matching

Background

Supply chain organisations can currently use EST data-matching, and suppliers will soon be able to use EER data-matching, to evidence HTHG or low-income group membership. Ofgem is considering how to maximise participation in the DWP data-matching process, as this is the main automated verification route for evidencing eligibility. This is to ensure stakeholders can benefit from effective scheme administration and an improved consumer journey. Automated processes inherently reduce administrative burden for consumers, suppliers, and supply chain organisations. Automated verification can also improve data security, ensuring consumers' personal data is correctly processed, while minimising data protection risks, within a centrally managed data protection governance regime. This reduces the need for consumers to share personal information with other parties, such as installers and managing agents.

Whilst take-up of the DWP data-matching process is good, there is scope for it to be increased. Of all the ECO4 projects notified to Ofgem, 94% (84,252) used the DWP data-matching process to evidence HTHG membership and 5% (4,660) used benefit letter evidence. Approved ECO4 projects notified to Ofgem have similar rates of take-up, with 93% (9,612) using the DWP data-matching process and 5% (551) using benefit letter evidence to evidence HTHG membership.⁵ We are therefore seeking views on

⁵ Notified ECO4 projects and GBIS measures, by eligibility and verification method, as of 8 August 2024

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whether DWP data-matching (including EST and EER data-matching) should be the default method of verification to evidence HTHG and low-income group membership.

We want to identify any barriers that might prevent take-up of DWP data-matching. We are particularly interested in barriers preventing suppliers and supply chain organisations from using this evidencing route. For example, if supply chain organisations prefer and are encouraging other evidencing routes, we want to understand why this is the preferred approach. We would also welcome information and evidence on barriers preventing consumer engagement with this process and whether any specific consumer groups are more likely to be impacted, including any groups with particular protected characteristics under the Equality Act 2010. This will help us to improve the consumer journey by removing or addressing any barriers, which prevent engagement with this automatic verification route.

We also want to improve match rates where suppliers and supply chain organisations do use the DWP data-matching process. The EST return the following results to suppliers:

- a) Matched – confirmed by the DWP as receiving an HTHG benefit.
- b) Unmatched – confirmed by the DWP as not receiving an HTHG benefit at the time of the search.
- c) Unverified – the person’s details could not be found and verified by the DWP. This is typically due to an error with the data submitted (i.e. hidden spacing or a spelling mistake).⁶

Since the start of ECO4, the EST match process has resulted in a verified rate of 83% and a matched rate of 54%.⁷ A verified result means that a person of that name is found at the given address. A matched result confirmed receipt of a HTHG benefit.

We want to understand stakeholder perspectives on what might be driving unmatched or unverified results in this process. We are therefore inviting proposals for Ofgem to consider on how to improve DWP match rates.

⁶ Paragraph 3.139 of Ofgem’s Energy Company Obligation (ECO4) Delivery Guidance V2.1

⁷ Statistics provided by the Energy Savings Trust, as of 13 August 2024

Questions

1. Do you agree that DWP data matching (including EST and EER data-matching) should be the default method of verification to evidence Help to Heat Group and low-income group membership?
2. What, if any, barriers prevent consumers from engaging with DWP data matching? Are any consumer groups more impacted? Please include any relevant quantitative and qualitative evidence.
3. Where you have identified consumer barriers, do you have any proposals to overcome these?
4. What, if any, barriers prevent suppliers and/or supply chain organisations from using DWP data matching? Please include any relevant quantitative and qualitative evidence.
5. Where you have identified supplier and/or supply chain barriers, do you have any proposals to overcome these?
6. Are there any other proposals you have that would improve DWP match rates? Please explain the proposal and provide evidence if available.

ECO4 household eligibility requirement: 12-month rule

Background

The 'household eligibility requirement' within ECO4 requires households to be occupied by a member of the HTHG at any time within the 12-month period ending with the day on which the measure is completed. This requirement is set out in relevant legislation⁸ and Ofgem's ECO4 Delivery Guidance⁹.

However, a limitation of the current DWP data-matching process is that this can only confirm receipt of a HTHG benefit at the time of the search. The data match uses a snapshot in time to evidence current benefit status. As a result, the data-matching process would not capture some HTHG members meeting the household eligibility requirement. Specifically, a person that was not receiving a HTHG benefit at the time of

⁸ Article 13(1)(a) of The Electricity and Gas (Energy Company Obligation) Order 2023

⁹ Paragraph 3.125(d) of Ofgem's Energy Company Obligation (ECO4) Delivery Guidance V2.1

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the DWP match, but was in receipt at any point in the 12-month period prior to installation, would not be captured by this process. Instead, a past benefit letter may be used as evidence in this case.

We want to ensure that evidencing processes are aligned with relevant legislative requirements, while also benefitting consumers. We are therefore seeking views on the time period for verification in the data-matching process, and consumer impacts.

Questions

7. Do you agree with the current approach to DWP data matching, which confirms receipt of a Help to Heat Group (HTHG) benefit at the time of the search?
8. Do you think DWP data matching should widen its search, to consider receipt of a HTHG benefit at any point in the 12-month period? If so, should the data match confirm receipt of a HTHG benefit over the previous 12 months, 6 months or another period?
9. What would be the benefits and risks of DWP data matching moving from verification of current benefit status to receipt of a HTHG benefit at any point in the 12-month period? Would any consumer groups be more impacted?

Benefit letter evidence

Background

Suppliers can currently provide benefit letters to evidence HTHG or low-income group membership. Whereas the DWP data-matching process is an automated verification route, benefit letter evidence is non-automated. We are therefore seeking views on the benefits and risks of different approaches to benefit letter evidence, to maximise take-up of automated verification routes. This is to ensure effective scheme administration, reducing administrative burden, and improve the consumer journey and data security.

We are seeking information and evidence on the potential equality impacts of different approaches to benefit letter evidence. We want to understand whether specific consumer groups are more likely to rely on benefit letter evidence. This will help us assess whether removing benefit letters as evidence of HTHG or low-income group membership could potentially preclude eligible households from benefitting from ECO4 & GBIS measures.

Questions

10. What would be the benefits and risks of removing benefit letters as evidence of eligibility and how could they be mitigated?
11. Which, if any, consumer groups are more likely to rely on benefit letters, over other verification methods, to evidence eligibility? Why might they be more likely to rely on this form of evidence? Please include any relevant quantitative and qualitative evidence.
12. Are there any alternatives to benefit letter evidence, which are non-automated, that we should continue to accept, or consider introducing, as evidence of eligibility?