

Warm Home Discount Annual Report

Scheme Year 13 (2023 to 2024)

ofgem

Making a positive difference
for energy consumers



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Foreword

The Warm Home Discount (WHD) scheme was introduced in 2011 with a clear mission: to ensure that those most in need receive financial support to help keep their homes warm during the colder months. To achieve this, energy bill rebates are targeted at low-income pensioners and other low-income groups. Energy companies also operate a range of 'Industry Initiatives' under the scheme, providing alternative sources of financial and non-financial support to vulnerable energy consumers. The WHD is part of a wider range of targeted government support, which also includes cold weather and winter fuel payments for low-income and vulnerable consumers.

The Department for Energy Security and Net Zero (DESNZ) sets WHD policy and oversees the scheme, whilst Ofgem is the scheme administrator. Key to our role is the calculation of scheme targets which energy suppliers must meet and ensuring that they meet them. If suppliers fall short, we make sure they correct their mistakes and require assurances that the issues which led to their shortcomings have been resolved. If a supplier's failings are more serious, the supplier is likely to face compliance or enforcement action.

Now in its 13th year of operation, the scheme has been a cornerstone of efforts to support vulnerable and fuel-poor households. To date, over 31.5 million energy bill rebates (worth over £4.1 billion) have been provided, and an additional £400 million has been spent supporting consumers through supplier 'Industry Initiatives', which includes support such as the installation of energy efficiency measures and debt advice. In the face of high energy costs the WHD has made a real difference, providing a lifeline for millions of households.

I am proud of the vital role Ofgem has played supporting vulnerable consumers through effective delivery and monitoring of the WHD scheme. At £579 million, scheme year 13 (April 2023 to March 2024) has seen the highest ever spend on the WHD – a rise of over 30% when compared to scheme year 12. Key to this has been an overspend by some suppliers (following an underspend last year). In practice, this has meant even more people in need have had help with their energy bills, so they can keep their homes warm through the winter.

The scheme now reaches almost 700,000 more households with rebates than ever before, however there has unfortunately also been a rise in the number of suppliers being found non-compliant with the scheme rules. Whilst most incidents were administrative non-compliances with limited consumer impact, there were several suppliers that failed to meet their spending obligations or failed to deliver rebates on

time. This is clearly unacceptable when the support can mean the difference between a person having to decide between heating and eating. We expect better, and in cases where individual consumers were impacted, we made sure that the suppliers paid what they should have paid plus compensation to the affected consumers. Additionally, where suppliers missed overall spending targets, they have agreed to make payments to our voluntary redress fund or fuel poverty charities. Any shortfall has also been added to the individual supplier's spending obligations for scheme year 14 (April 2025 to March 2026).

Looking ahead, I am excited about the government's consultation on expanding the WHD scheme for scheme year 15. Removing the requirement that properties must be assessed as likely to have high energy costs (currently applied to most rebate recipients in England and Wales), and increasing the level of spend available in Scotland, will mean that an estimated 2.7 million more households can benefit from this vital support.

As always, we welcome comments from readers on the content of this report, so if you want to get in touch, please contact us at SchemesReportingFeedback@ofgem.gov.uk.

Neil Lawrence

Director, Delivery and Schemes

£578.7 million
of support

In SY13 suppliers delivered **£578.7 million** in WHD support to customers (**£525.6 million** in England & Wales and **£53.1 million** in Scotland). This is an increase of 30% on the £443.8 million spent during SY12.

3.35 million
Rebates

During SY13, energy bill rebates of £150 were provided to around **3.35 million customers** in or at risk of fuel poverty (**3.07 million** in England & Wales and **281,258** in Scotland). This is up from a total of 2.66 million in SY12.

£144 million
Rebates for low-income pensioners

959,826 of the 3.35 million rebates with a value of **£144.0 million** went to eligible low-income pensioners in SY13 (**868,619** in England & Wales and **91,207** in Scotland). This total is up slightly from the 946,572 rebates paid to low-income pensioners in SY12.

£358.3 million
Rebates for other fuel poor groups

The **2.39 million** other customers receiving rebates in SY13 is up from 1.72 million in SY12. **£329.8 million** went to customers on low incomes and with high energy costs in England & Wales and **£28.5 million** went to customers in or at risk of fuel poverty in Scotland.

£76.4 million
Industry Initiatives spend

Suppliers delivered a combined **£76.4 million** through other forms of support via Industry Initiatives in SY13 (**£65.5 million** in England & Wales and **£10.9 million** in Scotland). This was up from a total of £44.3 million spent in SY12.

£4.53 billion
Lifetime support

Since the start of the scheme in 2011, a total of **£4.53 billion** has been spent supporting vulnerable consumers through energy bill rebates and Industry Initiatives.

Executive summary

Ofgem runs a range of low-carbon energy and social schemes on behalf of government and for the devolved administrations. Together, these were worth around £12 billion in 2023 to 2024. Our schemes fall into three main categories: renewable electricity schemes, renewable heat schemes, and energy efficiency and fuel poverty schemes.

We work with energy companies, consumer groups and other stakeholders, including the UK's elected representatives and other delivery partners across government, to make sure policy targets are met in an economical and consumer conscious way.

The Warm Home Discount (WHD) scheme

The WHD Scheme was first introduced by government in 2011 to help persons on low-income and who are vulnerable to cold-related illness or living wholly or mainly in fuel poverty in Great Britain. Since its introduction, 31.5 million energy bill rebates worth £4.13 billion have been provided. Additionally, a range of alternative support has been provided through 'Industry Initiatives', collectively worth over £400 million since the start of the scheme.

The elements that make up the WHD scheme are detailed below. These are designed to provide support to different groups of consumers living in or at risk of fuel poverty.

- **Core Group 1 (England & Wales) and Core Group (Scotland)** – Energy bill rebates are provided to low-income pensioners in receipt of Pension Credit Guarantee Credit
- **Core Group 2 (England & Wales)** - Energy bill rebates are provided to low-income households with high energy costs
- **Broader Group (Scotland)** – Energy bill rebates are provided to a wider group of fuel poor customers or those at risk of fuel poverty
- **Industry Initiatives (England & Wales and Scotland)** – A wide range of activities that include both financial as well as non-financial support, run by energy suppliers to help consumers living in or at risk of fuel poverty.

To benefit from a WHD rebate (in the Core or Broader Groups), households must buy their energy from an obligated energy supplier and meet certain eligibility requirements. Other households may also be able to benefit via Industry Initiatives, since these tend to target wider groups of fuel poor consumers and are often not restricted to customers of a specific energy supplier.

The Department for Energy Security & Net Zero (DESNZ) maintain overall responsibility for the coordination and oversight of the WHD scheme, including changes to policy. They also oversee delivery of the Core Group elements. Ofgem are responsible for administering the Industry Initiatives and Broader Group in Scotland, monitoring supplier compliance, publishing guidance and publishing an annual report on activity under the scheme.

This report covers the thirteenth year of the scheme – with support delivered between 1 April 2023 and 31 March 2024 – scheme year 13 (SY13).

Compliance summary (page 19)

There were 18 suppliers participating in the WHD scheme at the end of SY13. This includes 2 suppliers participating in the scheme for the first time following the threshold for participation dropping from 50,000 domestic customers to 1,000 domestic customers.

During SY13, obligated suppliers provided almost £578.7 million of support to eligible consumers. Of this, £525.6 million was delivered in England & Wales and £53.1 million in Scotland. This included supporting around 3.35 million households with £150 rebates (up from 2.66 million households in SY12) and spending of £76.4 million on a range of alternative support through Industry Initiatives (up from £44.3 million in SY12).

Following a Core Group underspend of £74 million in SY12, overall spend by suppliers in SY13 exceeded the scheme budget of £546 million by around £33.7 million, or 6.2%. Of this, £27 million was spent on Core Group rebates - £26 million in England & Wales and £1 million in Scotland. It is expected that the remaining underspend will be utilised over the course of SY14.

Non-compliance

In total, 11 suppliers were responsible for 25 non-compliances on the England & Wales Scheme, and 9 suppliers were responsible for 18 non-compliances in Scotland. These were mostly administrative non-compliances but also included Core Group and Broader Group rebates not being provided by the relevant deadline, and some suppliers not meeting their non-core spending obligations. However, the rebates involved represent 0.1% of the 3.35 million rebates provided, and supplier non-core spending shortfalls are equivalent to 0.4% of the combined non-core spending obligations.

All of these incidents of non-compliance have been recorded in our Supplier Performance Report (SPR).¹ We take suppliers' compliance with their obligations, including engagement with Ofgem as scheme administrator, very seriously. We expect all suppliers to be diligent and proactive with their responsibilities and will continue to monitor all participants closely during SY14.

The Warm Home Discount (England & Wales) (page 22)

Core Group 1

In SY13, all customers of participating suppliers who received Pension Credit Guarantee Credit² were eligible for a rebate of £150 each.

Overall, 868,619 households were supported with a Core Group 1 rebate in SY13, worth almost £130.3 million.

Core Group 2

Suppliers provided rebates to low-income households with high energy costs and rebates were provided at the same value as for Core Group 1.

Overall, 2,198,726 households were supported with a Core Group 2 rebate in SY13, worth over £329.8 million.

Industry Initiatives

Industry Initiatives are the non-core component of the England & Wales WHD scheme. Suppliers had a combined minimum spend on Industry Initiatives in England & Wales of £60 million, divided among obligated suppliers according to their market share. However, due to the value of undelivered rebates from the SY12 core groups being added to SY13 supplier obligations, and some suppliers overspending or underspending on their non-core obligation during SY12, the minimum spend was adjusted to £65.31 million.

In total, suppliers spent £65.5 million on 47 attributable Industry Initiatives activities in SY13. These initiatives helped to provide support to over 1.7 million consumers.³

¹ [Information about the SPR](https://www.ofgem.gov.uk/supplier-performance-report-spr): <<https://www.ofgem.gov.uk/supplier-performance-report-spr>>.

² [Information on Pension Credit Guarantee Credit](https://www.gov.uk/pension-credit): <<https://www.gov.uk/pension-credit>>

³ Customers often receive more than one type of support through an initiative (eg a benefit entitlement check and energy advice), and it may be possible that consumers receive support through more than one initiative. This should be considered when looking at the total number of consumers supported.

The Warm Home Discount (Scotland) (page 45)

Core Group

The Core Group in Scotland operated in the same way as Core Group 1 in England & Wales. All customers of participating suppliers who received Pension Credit Guarantee Credit were eligible for a rebate of £150 each.

Overall, 91,207 households were supported with a Core Group rebate in SY13, worth a total of £13.7 million.

Broader Group

The Broader Group element of the WHD scheme required suppliers to provide rebates to a wider group of fuel poor customers or those at risk of fuel poverty. Rebates were provided at the same value as the Core Group.

Broader Group rebates form part of the Scottish non-core spending obligation for suppliers. The other part of the non-core obligation, Industry Initiatives, is capped at a maximum value. This in practice sets a minimum spend on the Broader Group.

In total the Scottish non-core obligation was £39 million in SY13, however due to overspend on the non-core obligation in SY12, this was reduced to £38.44 million. The maximum spending allowed on Industry Initiatives was £11.67 million (including transfers from the Broader Group – see below). This meant that the Broader Group minimum in SY13 was £26.77 million.

Overall, 190,051 households were supported with a Broader Group rebate in SY13, worth a total of £28.5 million.

Industry Initiatives

Suppliers do not have any minimum spend on Industry Initiatives in Scotland and do not have to carry out any Industry Initiatives activity. Of the 18 obligated suppliers, 15 chose to meet some of their non-core obligation through Industry Initiatives spending.

Suppliers had a combined maximum spend on Industry Initiatives in Scotland. For SY13 this was originally £7 million but increased to £11.7 million due to certain suppliers being allowed to transfer some of their Broader Group spending obligations (collectively around £4.7 million) to Industry Initiatives. The total value of the non-core obligation to support customers remained unchanged. Suppliers spent £10.9 million on 25 attributable

Industry Initiatives activities in SY13. These initiatives helped to provide support to almost 1.1 million consumers.⁴

Audit programme (page 65)

The onus is on obligated suppliers to ensure compliance with their obligations. To ensure the expected benefits are being delivered, our annual audit programme monitors supplier performance, providing assurance that information is being reported accurately, and the risks of non-compliance are minimised.

Our appointed auditors carried out 9 audits for SY13, each focusing on a relevant area of a supplier's operations. Of these audits, 6 were rated as being 'Good' (no weaknesses were identified, or any shortcomings were minor in nature), and 3 were 'Satisfactory' (a small number of minor weaknesses were identified). The audit results are shared with suppliers, and we work with them to agree any actions required to address the findings.

Please note: we publish a spreadsheet containing the data used in this report alongside the report on our website.

⁴ Customers often receive more than one type of support through an initiative (eg a benefit entitlement check and energy advice), and it may be possible that consumers receive support through more than one initiative. This should be considered when looking at the total number of consumers supported.

1. About the scheme

This chapter introduces the purpose, background and operation of the Warm Home Discount (WHD) scheme.

Introduction

- 1.1 The Warm Home Discount (WHD) scheme launched in April 2011 and requires participating domestic energy suppliers, including those who volunteer for the scheme, to provide support towards energy costs to persons on low-income and who are vulnerable to cold-related illness or living wholly or mainly in fuel poverty in Great Britain.
- 1.2 This support may be direct, through energy bill rebates to eligible customers, or indirect through Industry Initiatives, where support is available through a variety of services to reduce fuel poverty and its associated impacts. Support must be delivered within defined scheme periods.
- 1.3 In order for someone to benefit from a WHD rebate in the Core or Broader Groups,⁵ they must buy their energy from an obligated energy supplier and meet certain eligibility requirements. Other households may also be able to benefit via Industry Initiatives, since these tend to target wider groups of fuel poor consumers and are often not restricted to customers of a specific energy supplier.
- 1.4 This report covers the thirteenth year of the scheme – with support delivered between 1 April 2023 and 31 March 2024 – scheme year 13 (SY13).

Changes in SY13

- 1.5 Following implementation in SY12, SY13 had different core and non-core spending obligations, as well as divergent spending targets for England & Wales and Scotland. The components of the WHD scheme remained the same as in SY12.

⁵ The elements of the WHD are defined in the section starting at paragraph 1.7.

- 1.6 The spending profile for each scheme year is set in the 'WHD Regulations'⁶ and increases annually, with 9.4% of the total (2022 to 2026) GB spending target apportioned for the scheme in Scotland. In England & Wales, the initial spending target for SY13 was £494 million and will rise to £511 million by SY15. Scotland's spending target was set at £52 million for SY13 and will rise to £53 million by SY15. For both schemes, the proportion of the spending target allocated to the core spending obligation is estimated annually by The Department for Energy Security & Net Zero (DESNZ).

Elements of the WHD scheme

- 1.7 The WHD scheme is made up of core and non-core elements. Both mandatory and voluntary suppliers have obligations under the 'core' elements, whereas only mandatory suppliers have obligations under the 'non-core' elements. The 'core' elements of the WHD scheme are Core Group 1 and Core Group 2 in England & Wales, and the Core Group in Scotland. The 'non-core' elements are Industry Initiatives in England & Wales and the Broader Group and Industry Initiatives in Scotland.
- 1.8 Further information on each of these elements is provided in **Figures 1.1 & 1.2** below.

⁶ [The Warm Home Discount \(England & Wales\) Regulations 2022](https://www.legislation.gov.uk/uksi/2022/772/contents/made) the 'WHD Regulations England & Wales': <<https://www.legislation.gov.uk/uksi/2022/772/contents/made>>
[The Warm Home Discount \(Scotland\) Regulations 2022](https://www.legislation.gov.uk/uksi/2022/1073/contents/made) the 'WHD Regulations Scotland': <<https://www.legislation.gov.uk/uksi/2022/1073/contents/made>>
These separate pieces of legislation are collectively referred to in this report as the 'WHD Regulations'.

Figure 1.1: Elements of the WHD scheme in England & Wales

Core Group 1	Core Group 2	Industry Initiatives
<ul style="list-style-type: none"> •Targets low-income pensioners in England & Wales in receipt of Pension Credit Guarantee Credit. •Provides a rebate of £150 applied to the electricity or gas account. •The Department for Work and Pensions (DWP) works with participating suppliers to identify eligible customers. Most eligible customers receive their rebate automatically. •Customers identified as eligible under Core Group 1 must be provided with a rebate. •The cost of Core Group 1 rebates is reconciled between participating suppliers according to their market share. 	<ul style="list-style-type: none"> •Targets low income customers in England & Wales with high energy costs. •Provides a rebate of £150 applied to the electricity or gas account. •Customers on low income are identified through data matching with DWP benefit and HMRC Tax Credit data. Government data on property characteristics is used to identify which low-income households are likely to have high energy costs. •Customers identified as eligible under Core Group 2 must be provided with a rebate. •The cost of Core Group 2 rebates is reconciled between participating suppliers according to their market share. 	<ul style="list-style-type: none"> •The Industry Initiative element of the scheme allows suppliers to help fuel-poor customers through a variety of activities (e.g. energy advice, energy efficiency measures). •The Industry Initiatives spending obligations were set out in the Regulations for SY12 to SY15, and increase each scheme year to take account of inflation estimates. The spending obligations are split by supplier according to market share. •The spending obligation may be adjusted (up or down) to account for over or underspend in the Core Groups. The government committed to limit this to £10 million.

Figure 1.2: Elements of the WHD scheme in Scotland

Core Group	Broader Group	Industry Initiatives
<ul style="list-style-type: none"> •Targets low-income pensioners in Scotland in receipt of Pension Credit Guarantee Credit. •Operates in the same way as Core Group 1 in England & Wales. 	<ul style="list-style-type: none"> •Targets a wider group of customers in Scotland in or at risk of fuel poverty. •Provides a rebate of £150 applied to the electricity or gas account. •Suppliers' spending obligations determined according to market share. •In addition to mandatory eligibility criteria, suppliers had some discretion to vary the eligibility criteria to address their specific customer base. •Support under the Broader Group element of the scheme was generally delivered on a first come, first served basis and customers needed to apply for the rebate. 	<ul style="list-style-type: none"> •The Industry Initiatives element of the scheme allows suppliers to help fuel-poor customers through a variety of activities (e.g. energy advice, energy efficiency measures). •Total spending cap of £7 million on Industry Initiatives in Scotland, split according to market share. •Spending on Industry Initiatives in Scotland is optional. •Suppliers at risk of not meeting their minimum spending obligation on the Broader Group can apply to transfer up to 100% of their Broader Group obligation to Industry Initiatives.

Suppliers on the WHD scheme

- 1.9 Obligated suppliers have either passed a threshold for compulsory participation or have volunteered to join the scheme. The threshold for compulsory participation is based on the number of domestic customers the licensed supplier and any other licensed suppliers in the same group of companies⁷ have in Great Britain.
- 1.10 Within the thirteenth year, any licensed supplier within a corporate group which had at least 1,000 domestic customers for gas and/or electricity (calculated annually), was obligated to fully participate in the WHD scheme. This is a reduction from the 50,000 domestic customers required for full scheme

⁷ Suppliers with the same owner are treated as a group for the purposes of determining the obligation.

participation in SY12, meaning 2 more suppliers (Tomato Energy and Tru Energy) were required to participate during SY13.

WHD scheme budget and obligations

- 1.11 The 'WHD Regulations' set an overall obligation for each year of the scheme, to be shared among the participating suppliers for that year. The size of the Core Group is estimated by DESNZ each year before the start of the scheme year, with the remaining obligation being allocated to form the non-core spending obligation.
- 1.12 The non-core obligation must be met through just Industry Initiatives spending in England & Wales, or a combination of Broader Group and Industry Initiatives spending in Scotland. However, the 'WHD Regulations Scotland' place a maximum cap on the amount that can be spent on Industry Initiatives, which effectively creates a minimum obligation for Broader Group spend.
- 1.13 The scheme budget rises with inflation, so the sum spent on support over time is maintained in real terms. In England & Wales the overall spending target in SY13 was £494 million, whilst in Scotland the spending target was £52 million, giving a combined scheme budget of £546 million. More information on the WHD scheme budget is provided in **Figures 1.3 & 1.4** below.

Figure 1.3: The WHD scheme budget (England & Wales) – SY12 to SY13

	Industry Initiatives spending obligation	Core Groups spend estimate	Overall spending target
SY12	£40m	£434m	£474m
SY13	£60m	£434m	£494m

Figure 1.4: The WHD scheme budget (Scotland) – SY12 to SY13

	Industry Initiatives spending limit	Broader Group minimum spend	Core Group spend estimate	Overall spending target
SY12	£7m	£28m	£14m	£49m
SY13	£7m	£32m	£13m	£52m

Core Group Reconciliation

1.14 Customers who are eligible for one of the Core Group rebates are not necessarily distributed evenly in proportion to supplier market shares, meaning that some suppliers may have a disproportionate number of customers eligible to receive rebates. To manage the financial impact of this, an important part of the Core Group elements is the mechanism to balance the cost of delivery across all participating suppliers. This process is known as the Core Group Reconciliation and is underpinned by the Warm Home Discount (Reconciliation) Regulations 2022 ('the Reconciliation Regulations').⁸ 'The Reconciliation Regulations' set out the method by which the costs are reconciled and therefore fairly distributed between suppliers through a series of payments organised by Ofgem.

The roles of Ofgem and DESNZ

Ofgem

- 1.15 Ofgem's role includes:
- Administering the non-core elements of the scheme (Broader Group and Industry Initiatives for Scotland, or just Industry Initiatives for England & Wales)
 - Monitoring suppliers' compliance with all elements of the scheme
 - Managing the reconciliation process
 - Publishing scheme guidance for suppliers
 - Publishing an annual report on activity under the scheme.⁹

The Department of Energy Security and Net Zero (DESNZ)

1.16 DESNZ maintains overall responsibility for coordination and oversight of the WHD scheme and any policy changes. It also oversees delivery of the Core Groups.

⁸ [Warm Home Discount \(Reconciliation\) Regulations 2022:](https://www.legislation.gov.uk/ukxi/2022/1162/contents/made)

<<https://www.legislation.gov.uk/ukxi/2022/1162/contents/made>>

⁹ Publishing this report is part of our discharging our ongoing duty to keep the scheme under the review under section 13 of the Energy Act 2010.

2. Compliance summary

This chapter provides information on overall compliance with scheme obligations and non-compliances for the England & Wales and Scotland WHD schemes.

Determining compliance

- 2.1 One of our key responsibilities administering the WHD scheme is to determine supplier compliance with scheme obligations. To do this, each supplier submits separate reports for England & Wales and Scotland, summarising the WHD support provided to consumers during the scheme year. We then assess whether they have provided all support in line with the requirements of the WHD scheme.
- 2.2 The 'WHD Regulations' set specific requirements for how support through each element should be provided to eligible customers. For the direct rebates of the Core Groups and Broader Group, these requirements primarily relate to the timing of rebate payments, how the rebates can be provided, and how customers are told they have received their rebate.¹⁰
- 2.3 For the non-core elements of the scheme, we assess whether the support that suppliers provided can be attributed to the scheme. For Industry Initiatives we work with suppliers to ensure they can evidence that all the funded Industry Initiatives activities were eligible. We also assess whether the value of their activities for the year was sufficient to meet their overall non-core spending obligations.

Overall scheme spending in SY13

- 2.4 There were 18 suppliers reporting compliance under the WHD scheme at the end of SY13. Two suppliers (Tomato Energy and Tru Energy) participated in the scheme for the first time.¹¹ Details of all suppliers participating in the scheme can be found in the appendix.

¹⁰ Regulation 10 to the 'WHD Regulations England & Wales'; Regulation 23 to the 'WHD Regulations Scotland'.

¹¹ In SY13 suppliers were obligated to participate in the scheme if they had 1,000 or more domestic customers, down from a threshold of 50,000 domestic customers in SY12.

- 2.5 In total, during SY13 obligated suppliers provided almost £578.7 million worth of eligible support to consumers, including 3.35 million energy bill rebates and £76.4 million of support through Industry Initiatives. £525.6 million of this was delivered in England & Wales and £53.1 million in Scotland. This was a 30.4% increase on the £443.8 million spent in SY12 and comfortably above the spending targets for England & Wales (£494 million) and Scotland (£52 million).
- 2.6 The variance between the scheme budget of £546 million (as described in chapter 1) and delivered spending in England & Wales and Scotland is discussed at paragraph 2.10.

Scheme non-compliance

- 2.7 A non-compliance occurs when a supplier has failed to comply with the requirements of the 'WHD Regulations'¹² or a rule set out in our guidance. In addition to incidents occurring in relation to the core or non-core obligations, there are other scenarios where non-compliance can occur, including:
- not providing support to customers in an efficient way
 - not passing information to other organisations within set timescales
 - delays to the provision of a customer's rebate
 - poorly targeted support
 - poor evidence of eligibility for targeted support.
- 2.8 For each non-compliance we assess the impact on customers and the scheme overall. We ensure that incidents have been resolved within a reasonable timescale and where customers have been impacted, we seek action from the supplier to mitigate the impact of customers missing out on the support that should have been provided. This includes ensuring that suppliers do not benefit from not providing the support. In addition, we also expect suppliers to take preventative actions to prevent issues reoccurring in future.
- 2.9 In total, 11 suppliers were responsible for 25 non-compliances on the England & Wales scheme and 9 suppliers were responsible for 18 non-compliances in Scotland. These were mostly administrative non-compliances but also included Core Group and Broader Group rebates not being provided by the relevant

¹² The 'WHD Regulations England & Wales' and the 'WHD Regulations Scotland' are collectively referred to in this report as the 'WHD Regulations'.

deadline and suppliers not meeting their non-core spending obligations. Further details are provided in the following chapters and full details of each suppliers' compliance are provided in the appendix.

WHD SY12 underspend

- 2.10 In SY12, there was a Core Group underspend of about £74 million across England, Wales, and Scotland. The WHD regulations allow any underspend or overspend to be carried forward for two years. As a result, suppliers overspent by around £27 million in SY13 and the remaining underspend is on track to be utilised supporting low-income and fuel poor households over scheme year 14.

Core Group Reconciliation

- 2.11 There are 3 elements to the Core Group in WHD, respectively known as Core Group 1 (England & Wales), Core Group 2 (England & Wales) and Core Group (Scotland). As the elements are administered in a similar way, they were collectively reconciled in a single exercise referred to as the Core Group Reconciliation process.
- 2.12 An interim Core Group Reconciliation took place between February and March 2024. All participating suppliers in the Core Groups that were required to make payments made these in full. As a result, £43.7 million was collected and subsequently distributed to eligible suppliers in line with the Core Group Reconciliation process.
- 2.13 The final reconciliation took place in November 2024. All participating suppliers in the Core Groups that were required to make payments made these in full. As a result, £12.8 million was collected and subsequently distributed to eligible suppliers in line with the Core Group Reconciliation process.

3. The Warm Home Discount (England & Wales)

This chapter provides information on the England & Wales WHD scheme. Details are provided on overall compliance with scheme obligations, non-compliances, and a breakdown of activity under each of the components of the England & Wales scheme.

England & Wales compliance summary

- 3.1 The 18 suppliers reporting compliance at the end of SY13 provided 3.07 million rebates across Core Groups 1 and 2. Additionally £65.5 million was spent providing alternative support through Industry Initiatives.
- 3.2 A summary of individual supplier compliance is shown in **Figure 3.1** below. Where a non-compliance has been identified this is highlighted in red, with the number of incidents also shown. Note that each incident may impact many rebates/customers. Further information on each scheme element is provided later in this chapter and full details of individual supplier compliance are provided in the appendix.
- 3.3 All non-compliance incidents are recorded in our Supplier Performance Report (SPR)¹³. We take suppliers' compliance with their obligations, including engagement with Ofgem as scheme administrator, very seriously. We expect all suppliers to be diligent and proactive with their responsibilities and will continue to monitor all participants closely during SY14.

¹³ [Information about the SPR](https://www.ofgem.gov.uk/supplier-performance-report-spr): <<https://www.ofgem.gov.uk/supplier-performance-report-spr>>.

Figure 3.1: Supplier compliance with scheme year 13 obligations - England & Wales

Supplier	Core Group 1	Core Group 2	Non-Core	Administrative
British Gas				1
E				
Ecotricity				1
EDF				
E.ON				
Foxglove			1	2
Good Energy		1		
Green Energy			1	3
Octopus				
OVO				1
Rebel	1	1		3
Scottish Power				
Shell				
So Energy				
Tomato			1	1
Tru Energy				1
Utilita	1	1		
Utility Warehouse	1		1	2

Administrative non-compliance

- 3.4 In addition to non-compliances occurring within Core Groups 1 and 2 and Industry Initiatives, we also record administrative non-compliances. In total 15 administrative non-compliances were recorded across 9 suppliers on the England & Wales WHD scheme. These were for a variety of reasons, including failing to provide the minimum level of 'financial assistance payments' under Industry Initiatives, and failing to complete end of year reporting by the required deadline.
- 3.5 OVO were found to be non-compliant as they provided inaccurate customer numbers, resulting in WHD scheme obligations being calculated incorrectly for all suppliers, and subsequently amended obligations having to be issued. This was a significant failing on the part of OVO. Failures such as this can undermine Ofgem's ability to administer the WHD scheme efficiently. We have engaged with OVO to seek improvements with their data governance procedures. OVO

engaged effectively with Ofgem to rectify the error. For further information on other administrative non-compliances please refer to the appendix.

Core Group 1 (England & Wales)

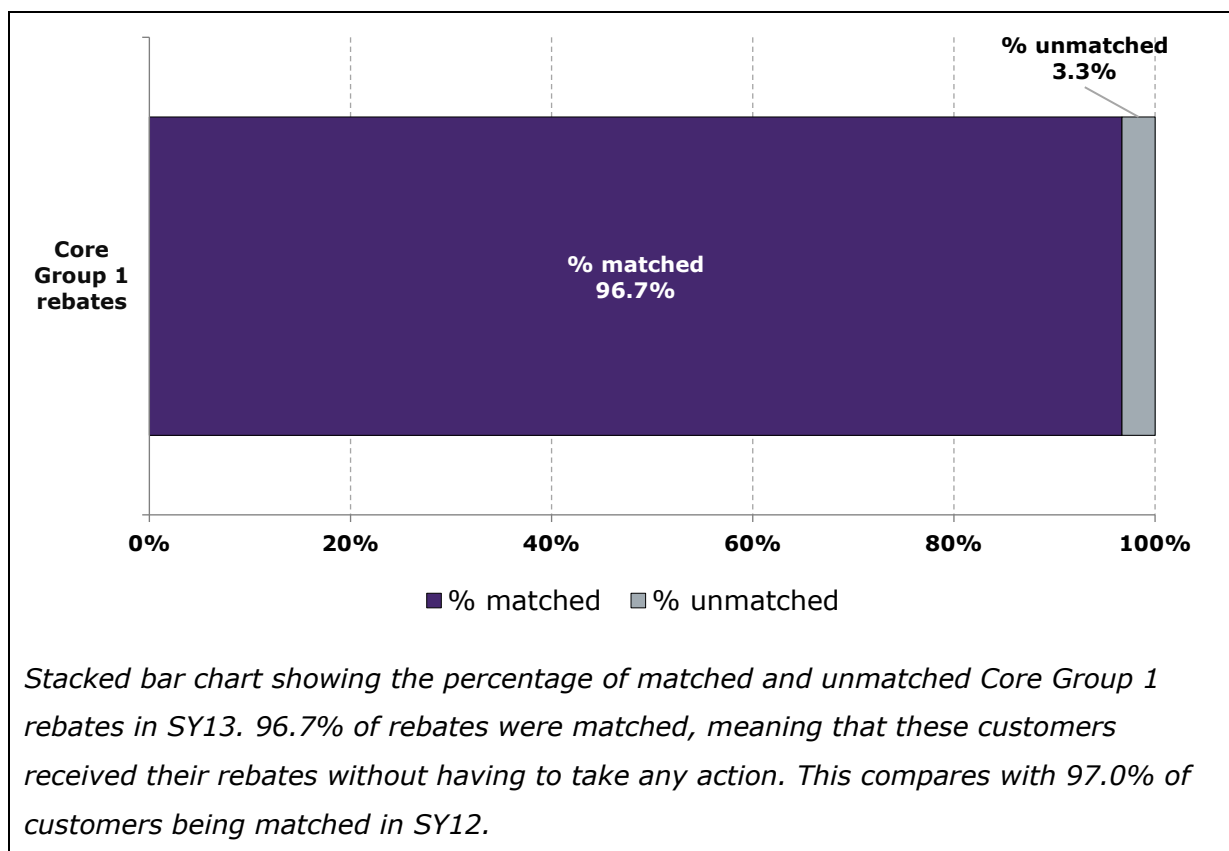
- 3.6 The Core Group 1 element of the WHD scheme is administered by DESNZ, which works closely with the Department for Work and Pensions (DWP) and participating suppliers to identify eligible Core Group 1 customers.
- 3.7 In SY13, the eligibility criteria for Core Group 1 remained the same as for Core Group 1 in SY12. All customers of participating suppliers who received Pension Credit Guarantee Credit¹⁴ were eligible for a rebate of £150 each. Customers identified as eligible for Core Group 1 must be provided with a rebate.
- 3.8 In total, 868,619 households were provided with a Core Group 1 rebate in SY13. These rebates were collectively worth £130.3 million.

Data matching

- 3.9 To identify customers eligible for Core Group 1, suppliers share a limited amount of customer data with the DWP who match this against records of Pension Credit recipients. If there is enough information for the customer to be 'matched', the relevant supplier receives an instruction to pay a rebate to this customer in the scheme year. As shown in **Figure 3.2**, for SY13, 96.7% of Core Group 1 customers received their rebate this way, without needing to take any action.
- 3.10 The remaining customers that received a rebate, who could not be matched automatically, were asked to provide further information to a government call centre to confirm their electricity supplier. There were 28,473 'unmatched' customers that received a rebate (3.3% of the total) through this method during SY13.

¹⁴ [Information on Pension Credit Guarantee Credit](https://www.gov.uk/pension-credit): <<https://www.gov.uk/pension-credit>>

Figure 3.2: Core Group 1 rebates matched in SY13



Exceptions

- 3.11 Suppliers are expected to fulfil each rebate instruction they are sent. However, the 'WHD Regulations' recognise that there can be certain situations where this is not possible. 'Regulation 11' ('WHD Regulations England & Wales') allows the Secretary of State (SoS) to determine situations where it would not be reasonably practicable to provide the rebate.
- 3.12 The SoS has determined that if a customer has died and their estate cannot be contacted, or if the customer has otherwise closed their account and cannot be contacted by any means, these instructions may be treated as exceptions and the supplier is not required to pay the rebate.
- 3.13 There may be other reasons why a supplier was not able to provide a rebate to the named domestic customer. If suppliers provide an explanation and we agree it is justified, these may also be treated as exceptions.

- 3.14 Suppliers treated 21 Core Group 1 instructions as exceptions in SY13, about 0.002% of the total. Based on our review of the information provided, we are satisfied in all cases that the treatment as exceptions was justified.

Rebate provision and delivery

- 3.15 We treat a rebate as being 'provided' when a supplier attempts to give a rebate to a customer, and 'delivered' when the customer has successfully redeemed it. In a small number of cases, the customer may not redeem a voucher or cheque sent to them. These rebates are considered to be 'provided' but not 'delivered'.
- 3.16 We are aware that customers sometimes have difficulty redeeming rebates provided by suppliers. As such, the requirements imposed on suppliers ensure they make reasonable efforts to help customers get the benefit of rebates provided through the WHD scheme. We expect suppliers to treat customers fairly and in addition to normal processes used to 'deliver' outstanding rebates to customers, we ensured that suppliers followed this up and made at least one additional attempt to 'deliver' the rebate.
- 3.17 The value of rebates that a supplier 'provides' but does not 'deliver' to customers is added to the supplier's non-core obligation for the following scheme year.¹⁵ This allows suppliers to use unredeemed rebates to support additional customers in future scheme years. Any rebates that are not 'delivered' where the supplier has not made one additional reasonable attempt to deliver may be treated as a non-compliance.
- 3.18 In SY13, 868,619 Core Group 1 rebates were 'provided' with a value of almost £130.3 million. In total, 861,108 Core Group 1 rebates were 'delivered' with a value of £129.2 million (99.1% of rebate value was delivered). We are satisfied with the overall high redemption rate across suppliers.

Core Group 1 non-compliance

- 3.19 In England & Wales non-compliances were recorded against 3 suppliers in Core Group 1. Rebel Energy and Utilita both failed to provide rebates by the 31 March deadline, 2 and 155 rebates were missed respectively. Rebel Energy paid £150 of compensation to each affected customer in addition to the £150 rebate. At the time of writing we are discussing appropriate redress with Utilita.

¹⁵ Regulation 18(6) to the 'WHD Regulations England & Wales'

- 3.20 Utility Warehouse was found to be non-compliant as they failed to give notice to the Secretary of State within the 30-day timescale, that one person identified by the Secretary of State as a Core Group customer was not a Core Group customer, or that the supplier was unable to identify them as a Core Group customer.
- 3.21 Each of the above non-compliances has been added to our Supplier Performance Report (SPR)¹⁶. Full details of supplier non-compliance across the England & Wales and Scotland schemes can be found in the appendix.

¹⁶ [Information about the SPR](https://www.ofgem.gov.uk/supplier-performance-report-spr): <<https://www.ofgem.gov.uk/supplier-performance-report-spr>>.

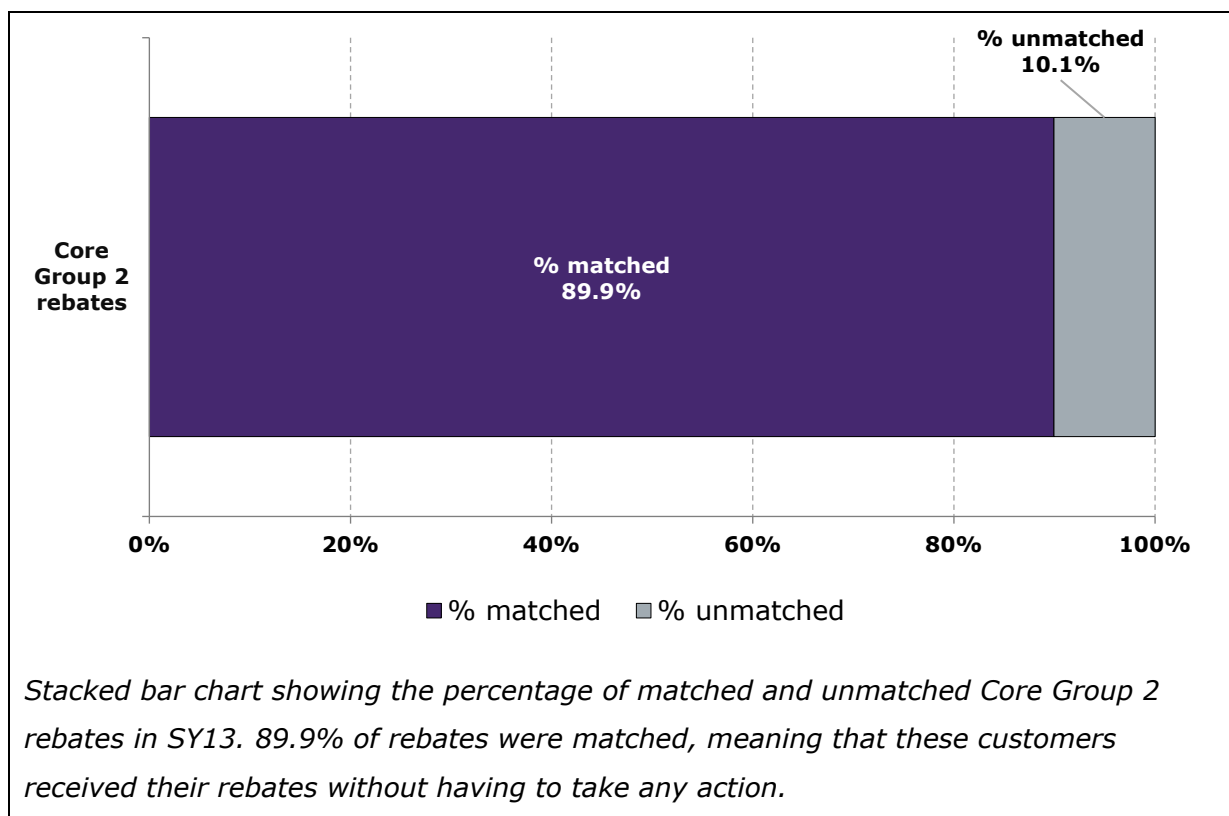
Core Group 2 (England & Wales)

- 3.22 The Core Group 2 element of the WHD scheme is administered by DESNZ, which works closely with the DWP, HM Revenue & Customs (HMRC), and participating suppliers to identify eligible Core Group 2 customers.
- 3.23 Suppliers provide rebates to low-income households with high energy costs and rebates are provided at the same value as for Core Group 1, which was £150 during SY13. Customers identified as eligible under Core Group 2 must be provided with a rebate.
- 3.24 In total, 2,198,726 households were provided a Core Group 2 rebate in SY13. These rebates were collectively worth £329.8 million.

Data matching

- 3.25 As with Core Group 1, rebates are required to be provided automatically. To identify eligible Core Group 2 customers the following data is matched to identify low-income households with high energy costs:
- Benefits and Tax Credit receipts, which are held by DWP or shared by HMRC with DWP
 - Property characteristics, primarily obtained using Valuation Office Agency (VOA) data
 - Customer accounts provided by the participating suppliers.
- 3.26 If there is enough information for the customer to be 'matched', the relevant supplier receives an instruction to pay a rebate to this customer in the scheme year. As shown in **Figure 3.3**, for SY13, 89.9% of Core Group 2 customers given a rebate received their rebate this way without needing to take any action. The remaining customers that received rebates had to provide further information to a government call centre to confirm their eligibility.

Figure 3.3: Core Group 2 rebates matched in SY13



Exceptions

- 3.27 Exceptions in Core Group 2 are treated in the same way as exceptions in Core Group 1.
- 3.28 Suppliers treated 113 Core Group 2 instructions as exceptions in SY13, about 0.01% of the total. However, based on our review of the information provided we are satisfied in all cases that the treatment as exceptions was justified.

Rebate provision and delivery

- 3.29 In SY13, 2,198,726 Core Group 2 rebates were 'provided' with a value of £329.8 million. In total, 2,174,378 Core Group 2 rebates were 'delivered' with a value of £326.2 million (98.9% of rebate value was delivered). We are satisfied with the overall high redemption rate across suppliers.
- 3.30 For more information on the process for rebate provision and delivery refer to paragraph 3.15.

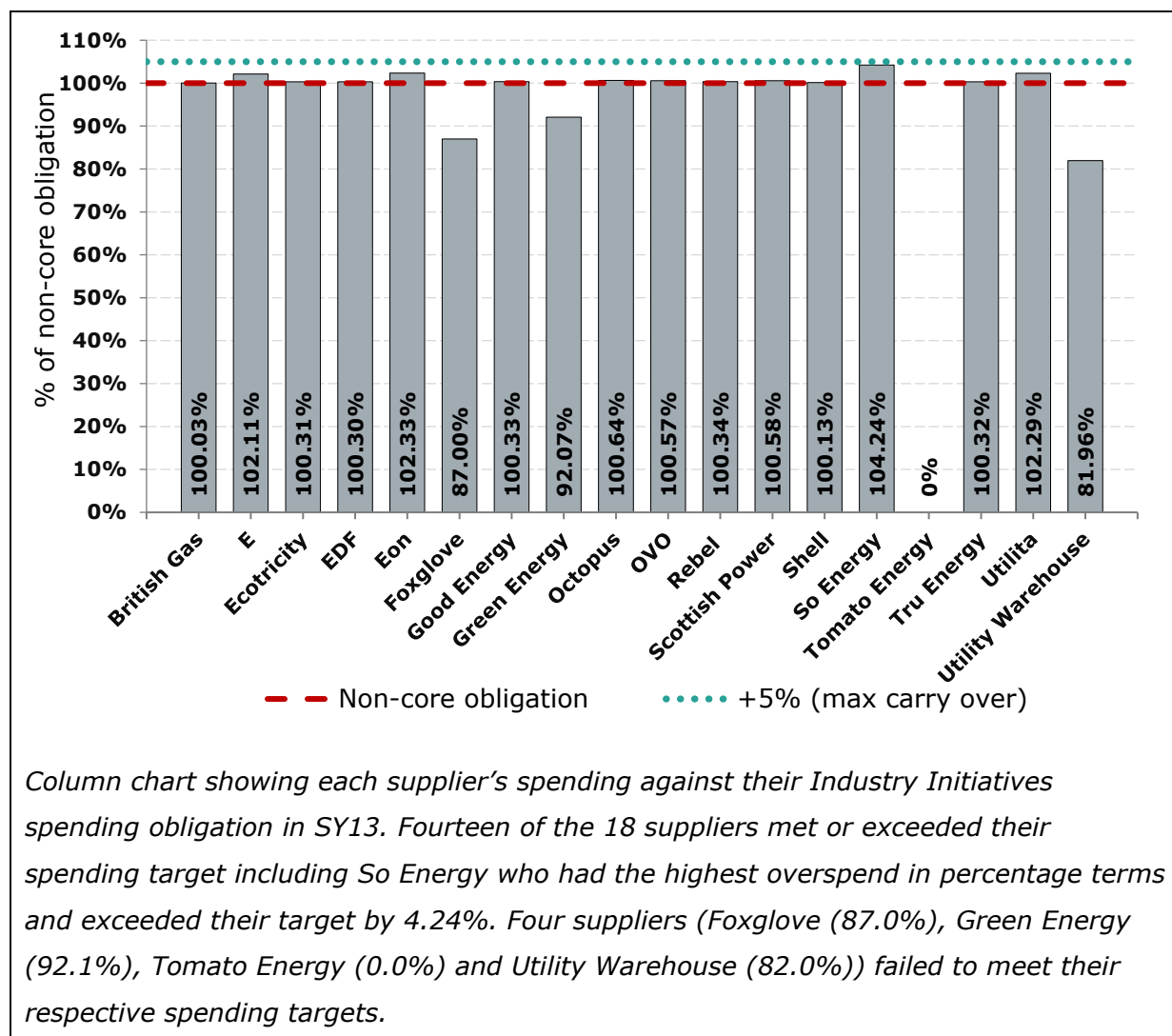
Core Group 2 non-compliance

- 3.31 For Core Group 2, non-compliances were recorded against 3 suppliers. These suppliers all failed to provide rebates by the 31 March deadline, Rebel Energy (23 rebates), Good Energy (2 rebates) and Utilita (3,856 rebates). In the case of Rebel Energy and Good Energy, £150 of compensation was provided to the affected customers in addition to the £150 rebate. At the time of writing we are discussing appropriate redress with Utilita.
- 3.32 Each of the above non-compliances has been added to our Supplier Performance Report (SPR). Full details of supplier non-compliance across the England & Wales and Scotland schemes can be found in the appendix.

Non-core obligation (England & Wales)

- 3.33 Non-core spending on the England & Wales WHD is comprised solely of spending on Industry Initiatives. **Figure 3.4** below shows details of individual supplier spend against their non-core obligations in SY13.
- 3.34 Suppliers had a combined minimum spend on Industry Initiatives in England & Wales of £60 million, divided among obligated suppliers according to their market share. However, due to the value of undelivered rebates from the SY12 core groups being added to SY13 supplier obligations, and some suppliers overspending or underspending on their non-core obligation during SY12, the minimum spend was adjusted to £65.31 million.
- 3.35 Suppliers who exceeded their SY13 non-core obligation by over delivering can carry over the excess to SY14, reducing their spending obligation that year. However, this carry over is limited to 5% of the SY13 obligation value¹⁷. Fourteen suppliers reported over delivery in SY13.

¹⁷ Regulation 18(5)(a) to the 'WHD Regulations England & Wales'

Figure 3.4: Supplier spend - England & Wales non-core spending obligations**Non-core non-compliance**

3.36 As shown above, 4 suppliers failed to meet their Industry Initiatives, and therefore their non-core spending obligations. Details are shown in **Figure 3.5**.

Figure 3.5: England & Wales Industry Initiatives spending non-compliances

Supplier	Spending obligation	Actual spend	Shortfall	Shortfall (%)
Foxglove	£221,623.90	£192,817.97	£28,805.93	13%
Green Energy	£27,707.86	£25,511.00	£2,196.86	8%
Tomato Energy	£9,741.42	£0.00	£9,741.42	100%
Utility Warehouse	£1,685,176.23	£1,381,166.37	£304,009.86	18%

- 3.37 Foxglove, Green Energy and Utility Warehouse all made other spending in the scheme year but did not obtain the approvals required by the WHD regulations for this, so was not attributable to their non-core obligations. All 3 suppliers took this failure seriously and have acknowledged the importance of adhering to scheme requirements. In lieu of their underspends:
- Foxglove agreed that they should make a payment to Ofgem's Voluntary Redress Fund¹⁸
 - Green Energy agreed to make a payment to a charitable organisation whose aim is to help consumers in fuel poverty
 - Utility Warehouse agreed to make extra payments to consumers with a high-risk vulnerability status.
- 3.38 The amount paid in each case was equivalent to the amount of the underspend. Additionally, the underspend sum has been added to the SY14 obligation for these suppliers.
- 3.39 Tomato Energy failed to spend anything towards their non-core obligation spending target. This resulted from not properly monitoring their obligations, which became apparent at the scheme year end. After we engaged with them on their obligations, Tomato Energy took this failure seriously and agreed to make a payment to the Voluntary Redress Fund in recognition of their failure. They paid a total of £24,353.53, which is equivalent to double the amount of their underspend plus an additional 25% uplift. Additionally, £9,741.42 has been added to their obligation for SY14.

Industry Initiatives – overview

- 3.40 Suppliers are required to submit notifications to Ofgem outlining their Industry Initiatives plans each scheme year. We approve Industry Initiatives if the proposal is in line with the requirements of the 'WHD Regulations', and there are clear, robust plans in place to deliver the activity successfully.
- 3.41 The 'WHD Regulations' place 4 conditions on approval of Industry Initiatives. Before receiving approval at the notification stage, the supplier must demonstrate plans meet each of the 4 conditions for the proposed activity. At the end of the scheme year, suppliers must be able to provide evidence that each of the conditions were met.

¹⁸ [The Voluntary Redress Fund](https://energyredress.org.uk/): < <https://energyredress.org.uk/>>

3.42 The 4 conditions can be summarised as follows:

- The activity funded must be one, or a combination of more than one, of the activities permitted in the 'WHD Regulations' (and summarised in paragraph 3.43)
- The activity must benefit target groups who are fuel poor, or at risk of fuel poverty
- The activity must ensure, as far as reasonably practicable, that every domestic consumer provided with benefits under the initiatives will be provided with energy advice and smart meter advice
- The activity should demonstrate value for money.

3.43 The 'WHD Regulations' require that Industry Initiatives spending must be on certain types of activity to be eligible.¹⁹ Broadly, these activities fall into 8 categories:

1. **Referrals** - Payments to organisations that refer customers who are in or at risk of fuel poverty and may be eligible for a benefit under the WHD scheme or any other support provided by the supplier
2. Providing **benefit entitlement checks** and/or assistance to claim benefits
3. Providing **energy efficiency measures**
4. Providing **energy advice**
5. **Training** persons to provide energy advice
6. **Debt assistance**, including non-monetary debt assistance and debt write-off
7. Payments to eligible occupiers of **mobile homes**
8. **Financial assistance payments** - towards energy bills, including rebates.

3.44 Suppliers can fund any of these types of activities and may fund more than one activity of the same or different types. Funded activities may offer more than one type of support at the same time.

¹⁹ Regulation 21 of the 'WHD Regulations England & Wales'

- 3.45 Suppliers may also collaborate on Industry Initiatives – an activity can be funded by more than one supplier to provide a joint service. Each supplier then attributes the value of the funding they provided to their own obligation, and the activity is assessed through Ofgem’s compliance checking.
- 3.46 There were also several caps on different types of Industry Initiatives spending during SY13 in England & Wales, and these are outlined below. If a supplier spent above their share of these limits, then the additional spend would not be counted towards their WHD non-core spending obligations.
- **Debt write-off** across all suppliers could not exceed £6 million.
 - There was a collective minimum spend on **financial assistance payments** of £5 million, and a cap of £10 million.
 - For **boiler and central heating replacements** there was a collective spending cap of £8 million.
- 3.47 For more information on the rules around Industry Initiatives please refer to our guidance.²⁰

Pilot initiatives

- 3.48 A supplier may run a new Industry Initiatives activity as a pilot for one scheme year. If an Industry Initiative is notified as a pilot, we can be more flexible when assessing the success of targeting suitable customers and delivering value for money. This flexibility is intended to encourage suppliers to develop more innovative initiatives.
- 3.49 There were 2 pilot initiatives conducted in SY13, both of which were deemed compliant:
- British Gas Pilot Scheme, Groundwork Green Doctors, provided support to customers with their energy bills. This included assistance with bill enquiries, advocacy with energy suppliers, smart meter guidance, and strategies to manage energy debt. Additionally, they helped maximise household income by facilitating applications for hardship grants or local programs and referred customers to agencies for benefit checks. The scheme offered advice to 506 households and installed 1,914 small energy-saving and thermal efficiency measures to help customers reduce

²⁰ [Warm Home Discount Guidance \(England & Wales\)](https://www.ofgem.gov.uk/publications/warm-home-discount-guidance-v1-england-and-wales):
<<https://www.ofgem.gov.uk/publications/warm-home-discount-guidance-v1-england-and-wales>>

energy consumption and maintain suitable indoor temperatures. All supported customers were identified as being in or at risk of fuel poverty, with 51% of the core costs allocated to households with significant health issues or disabilities.

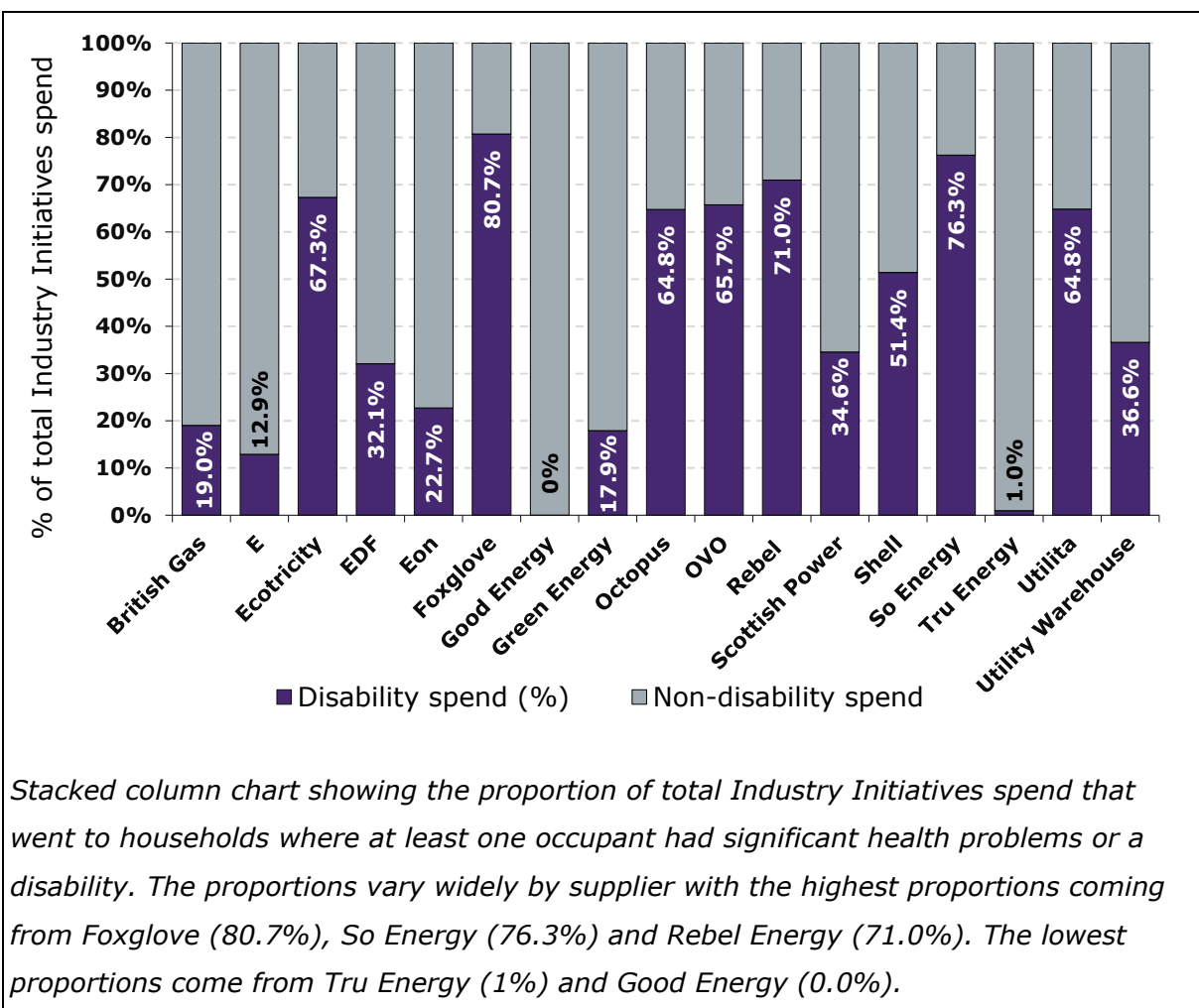
- OVO conducted a pilot scheme, Home Energy Assessment Team (HEAT) by working with partners Rochdale Council and Barnsley Council. Through this pilot, 92% of the customers supported were considered to be in or at risk of fuel poverty. Additionally, 19% of the core costs were dedicated to households with at least one person experiencing significant health problems or a disability. Rochdale Council identified approximately £5.16 in savings and grants for every £1 spent on delivery for the households supported. Residents benefited financially in various ways, such as maximising their incomes where possible, receiving financial support for energy debts, and accessing grants to upgrade their heating and insulation.

Delivery

3.50 In total, suppliers spent £65.5 million on attributable Industry Initiatives activities in England & Wales during SY13. This compares to the £34.3 million spent in SY12. These initiatives helped to provide support to over 1.7 million consumers.²¹ A total of £27.5 million (42.0%) of the amount spent on Industry Initiatives went to households with at least one person with significant health problems or a disability. Details are shown in **Figure 3.6**.

²¹ Customers often receive more than one type of support through an initiative (eg a benefit entitlement check and energy advice), and it may be possible that consumers receive support through more than one initiative. This should be considered when looking at the total number of consumers supported.

Figure 3.6: Proportion of Industry Initiatives spend in households where at least one occupant has significant health problems or a disability



3.51 **Figure 3.4** earlier in this chapter shows each supplier's Industry Initiatives spend in relation to their spending target.

3.52 In SY13, suppliers funded 47 different Industry Initiatives, 10 of which were collaborations between multiple suppliers. All 8 types of activity were funded in at least one of the initiatives.

3.53 We are aware from supplier reporting that referral services were in some cases offered at no additional cost alongside advice services. We are also aware that supplier methods for identifying customers in need of support took risk groups into consideration, although the focus was on individuals as in previous years.

3.54 We have summarised the spending and customers supported by activity type in **Figures 3.7** and **3.8** below.

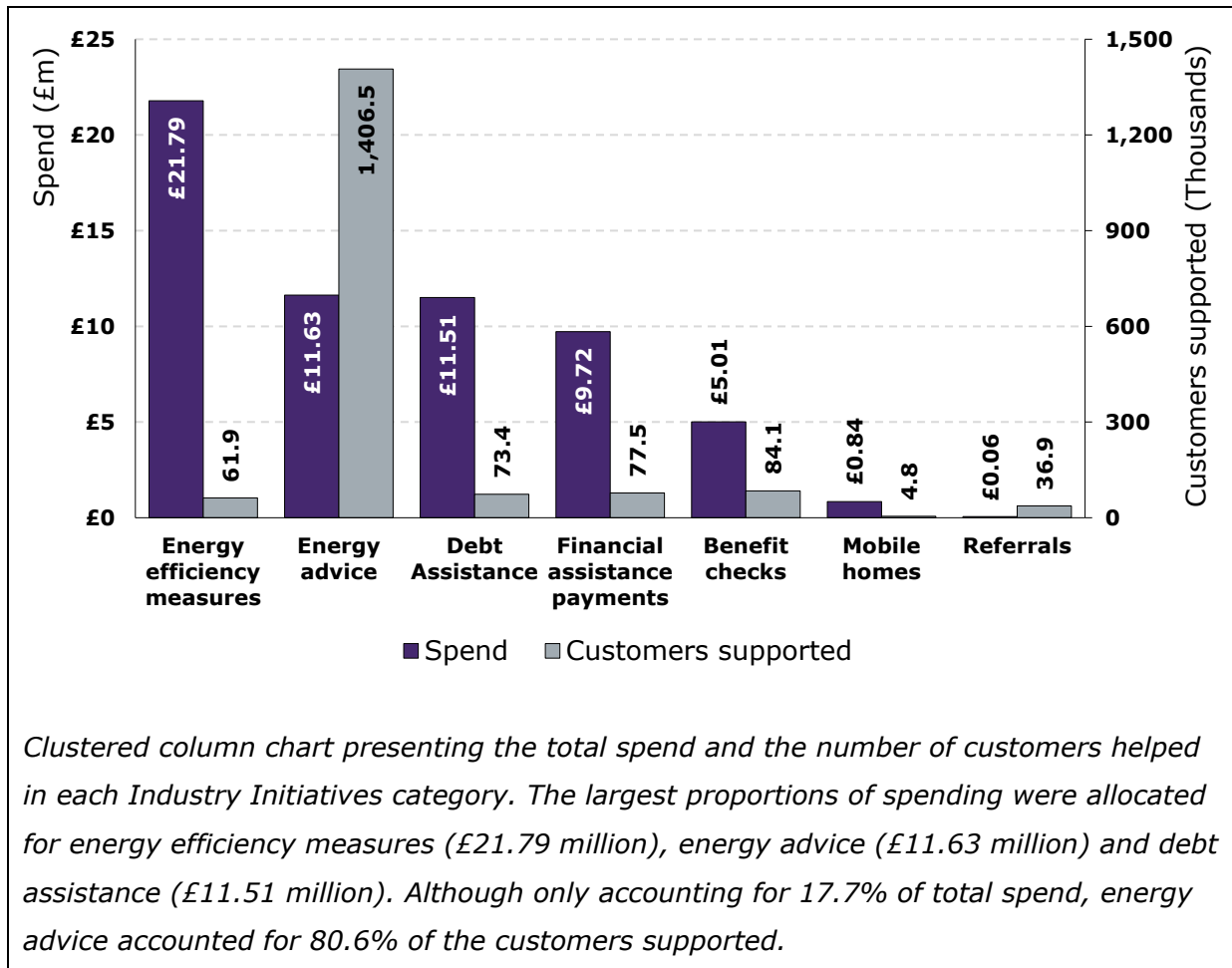
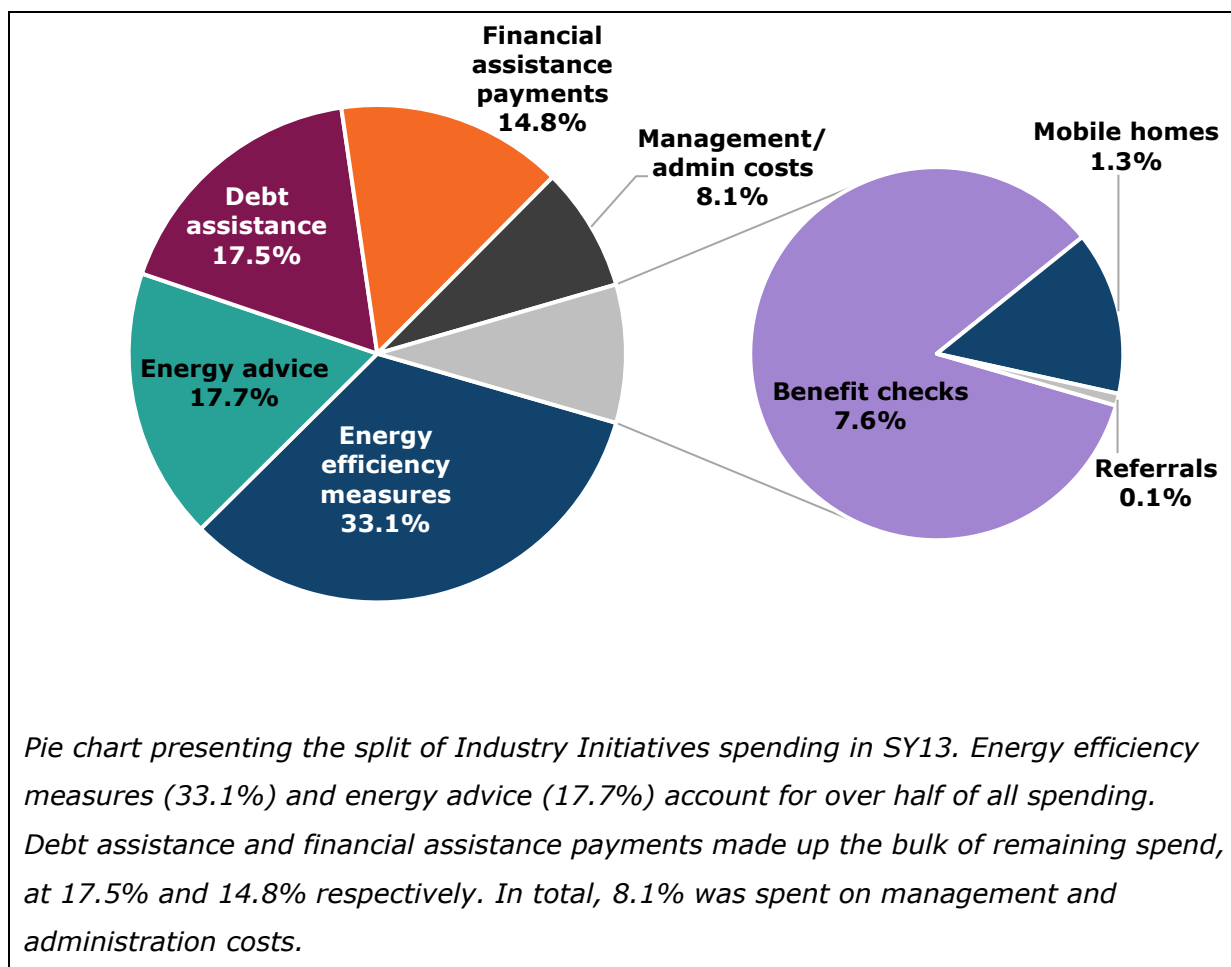
Figure 3.7: Customer support activity figures in SY13

Figure 3.8 Industry Initiatives spending breakdown in SY13 - England & Wales



3.55 The largest proportion of funding was attributed to providing energy efficiency measures, accounting for over £21.79 million of total spend. Suppliers were required to confirm that this spend was not double counted as part of any other obligation, such as the Energy Company Obligation (ECO)²².

3.56 In total £5.31 million, or 8.1% of the Industry Initiatives spend went towards 'management and administration costs'.

Industry Initiatives activities caps

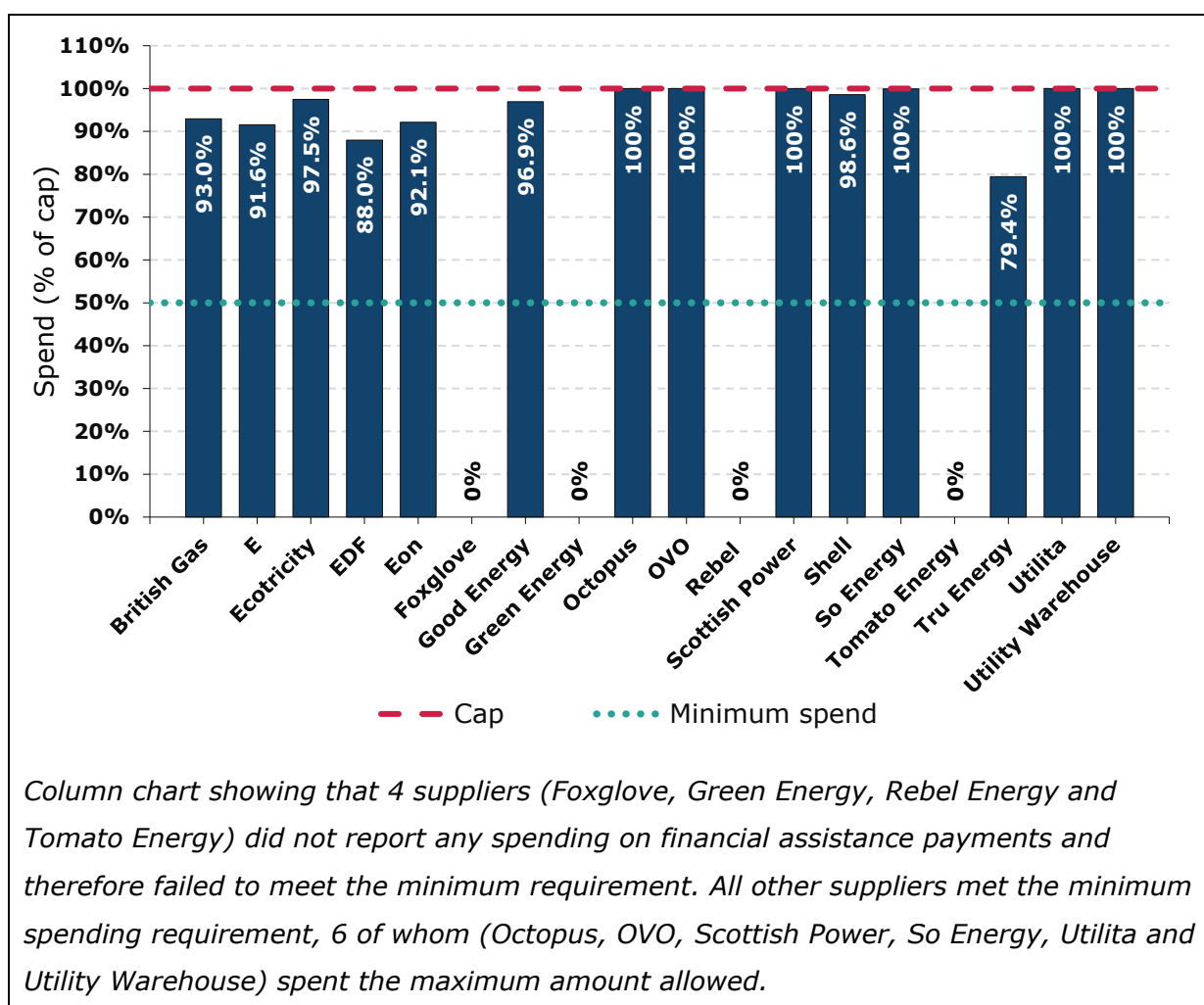
3.57 As described in paragraph 3.46 there are spending limits (caps) on certain Industry Initiatives activities. Details of supplier performance against these caps follows.

²² [The Energy Company Obligation \(ECO\) scheme](https://www.ofgem.gov.uk/environmental-and-social-schemes/energy-company-obligation-eco): <<https://www.ofgem.gov.uk/environmental-and-social-schemes/energy-company-obligation-eco>>

Financial assistance payments

3.58 Overall £9.5 million was spent on financial assistance payments. Well above the minimum required of £5 million, and below the cap of £10 million. **Figure 3.9** shows individual supplier spend on financial assistance payments.

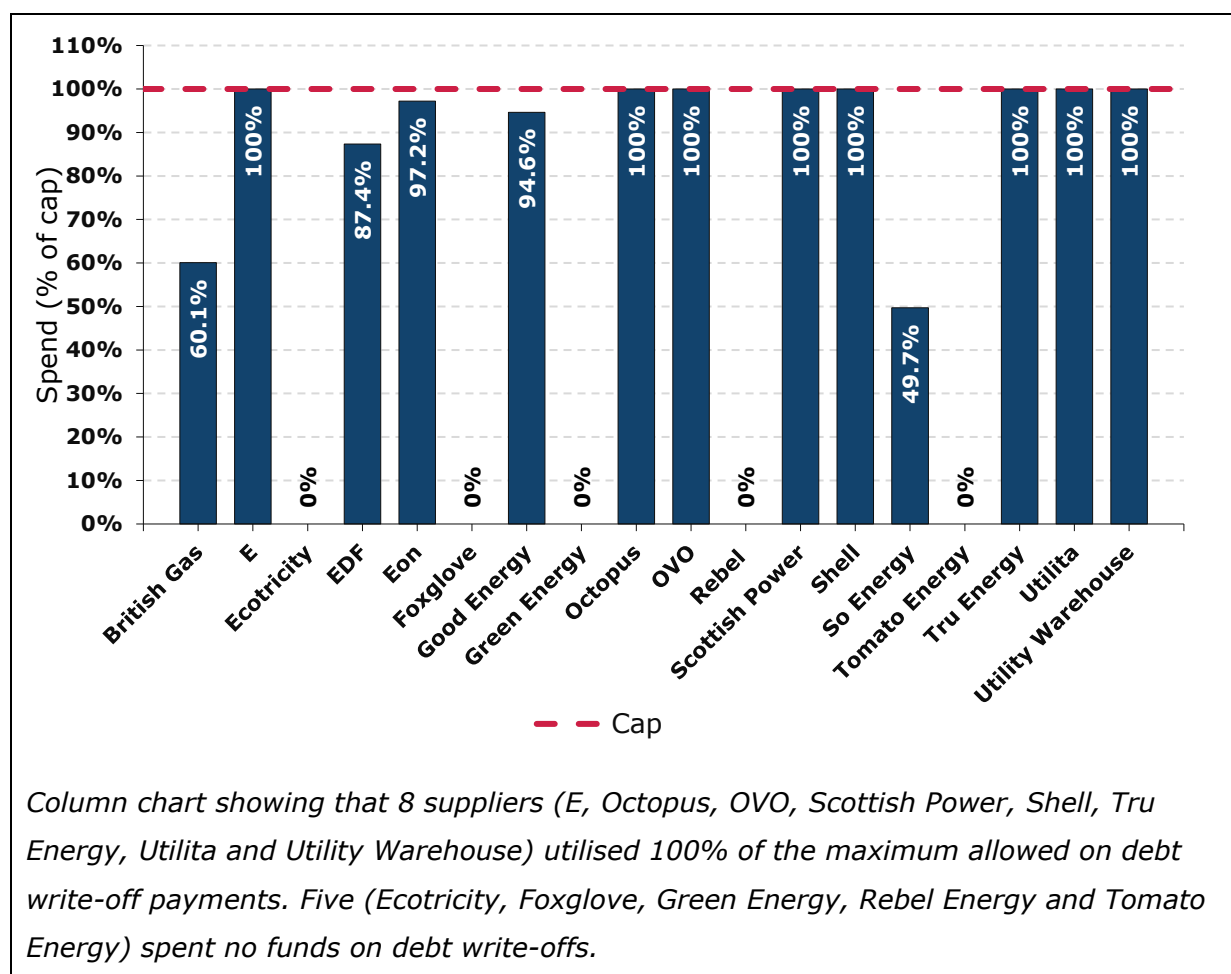
Figure 3.9: Individual supplier spend on financial assistance payments



Debt write-off payments

3.59 Looking at debt write-off payments, collectively almost £5.3 million was spent. This represents 87.4% of the £6 million spending cap. **Figure 3.10** shows individual supplier spend against the debt write-off cap.

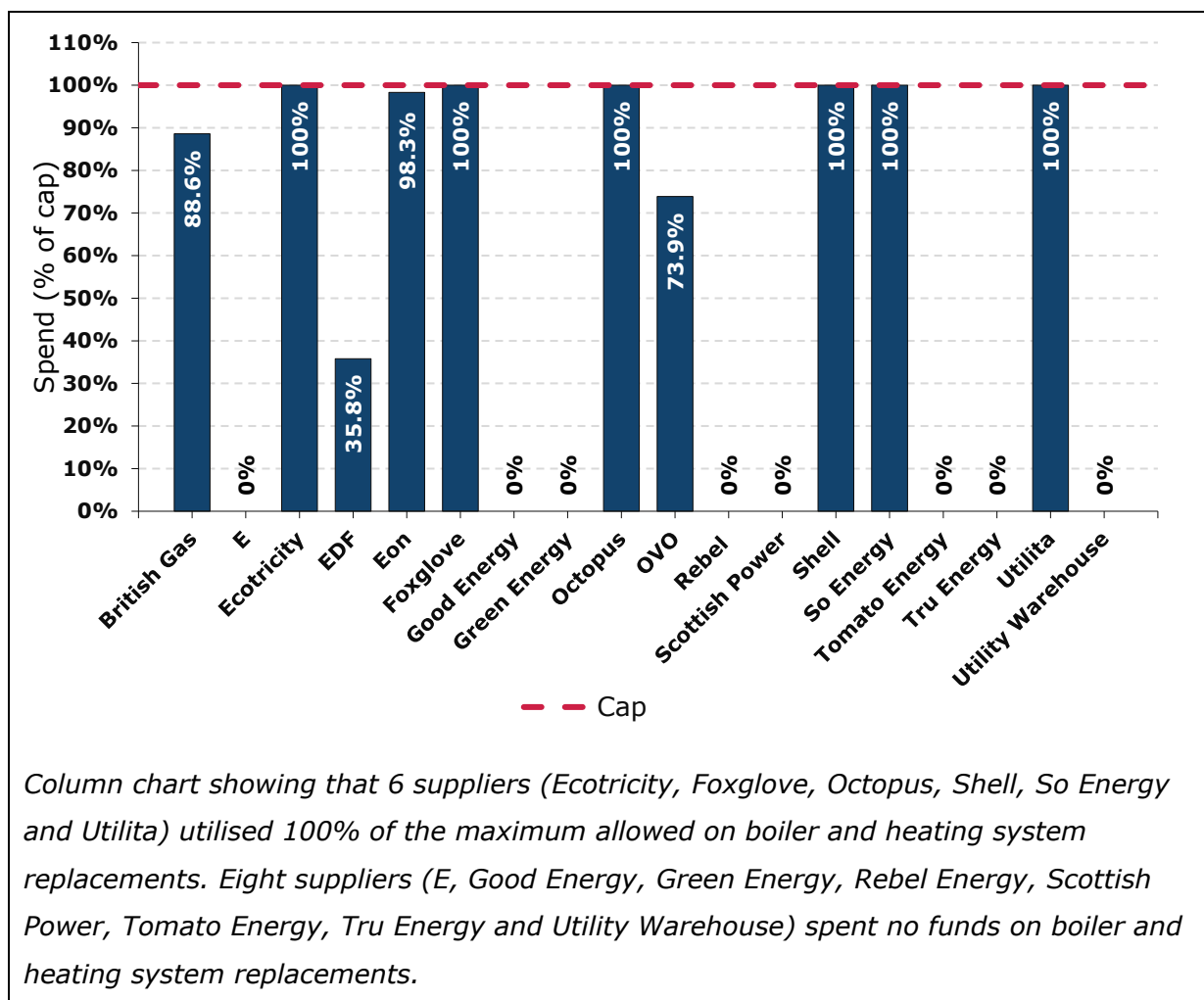
Figure 3.10: Individual supplier spend on debt write-off payments



Boiler and heating system replacements

3.60 For boiler and heating system replacements £6.0 million was spent. This represents 75.1% of the £8 million spending cap. **Figure 3.11** shows individual supplier spend against the boiler and heating system replacements cap.

Figure 3.11: Individual supplier spend on boiler and heating system replacements



Meeting the WHD requirements

- 3.61 We worked with suppliers to ensure they could evidence that all the Industry Initiatives activities funded in SY13 were eligible. Following completion of the annual compliance assessment, we allocated eligible spend to the Industry Initiatives which are reported in this chapter.
- 3.62 Based on the information provided, we are satisfied that the consumers who received support through the Industry Initiatives were fuel poor, or at risk of fuel poverty.
- 3.63 We are generally satisfied that activities delivered were at a reasonable cost. We compared the costs reported to us against industry benchmarks, confirming that delivery costs were necessary to provide and manage the service effectively.
- 3.64 We noted in some cases that suppliers had chosen to absorb indirect management and administration costs, meaning that the full value of their spending went direct to services helping consumers.
- 3.65 We expect suppliers to be proactive in their engagement with us. Where they identified delivery risks, suppliers generally engaged with us early to notify us of any issues that had arisen.

4. The Warm Home Discount (Scotland)

This chapter provides information on the Scottish WHD scheme. Details are provided on overall compliance with scheme obligations, non-compliances, and a breakdown of activity under each of the components of the Scotland scheme.

Scotland compliance summary

- 4.1 The 18 suppliers reporting compliance at the end of SY13 provided 281,258 rebates, worth £42.2 million, across the Core and Broader Groups. Additionally, £10.9 million was spent providing alternative support through Industry Initiatives.
- 4.2 A summary of individual supplier compliance is shown in **Figure 4.1** below. Where a non-compliance has been identified, this is highlighted in red with the number of incidents also shown. Note that each incident may impact many rebates/customers. Further information on each scheme element is provided later in this chapter and full details of individual supplier compliance are provided in the appendix.
- 4.3 All non-compliance incidents are recorded in our Supplier Performance Report (SPR)²³. We take suppliers' compliance with their obligations, including engagement with Ofgem as scheme administrator, very seriously. We expect all suppliers to be diligent and proactive with their responsibilities and will continue to monitor all participants closely during SY14.

²³ [Information about the SPR](https://www.ofgem.gov.uk/supplier-performance-report-spr): <<https://www.ofgem.gov.uk/supplier-performance-report-spr>>.

Figure 4.1: Supplier compliance with scheme year 13 obligations - Scotland

Supplier	Core Group	Broader Group	Overall non-core	Admin.
British Gas				
E				
Ecotricity				1
EDF				
Eon				
Foxglove				
Good Energy			1	
Green Energy		1	1	1
Octopus				
OVO				1
Rebel		1	1	2
Scottish Power				
Shell				
So Energy				
Tomato		1	1	
Tru Energy		1	1	
Utilita	1			
Utility Warehouse			1	2

Administrative non-compliance

- 4.4 In addition to non-compliances occurring within the Core Group, Broader Group, and Industry Initiatives, we also record administrative non-compliances. In total, 7 administrative non-compliances were recorded across 5 suppliers on the Scotland WHD scheme. These were for a variety of reasons, including failing to complete end of year reporting by the required deadline.
- 4.5 OVO were found to be non-compliant as they provided inaccurate customer numbers, resulting in WHD scheme obligations being calculated incorrectly for all suppliers and subsequently amended obligations having to be issued. This was a significant failing on the part of OVO. Failures such as this can undermine Ofgem's ability to administer the WHD scheme efficiently. We have engaged with OVO to seek improvements with their data governance procedures. OVO engaged effectively with Ofgem to rectify the error. For further information on the administrative non-compliances please refer to the appendix.

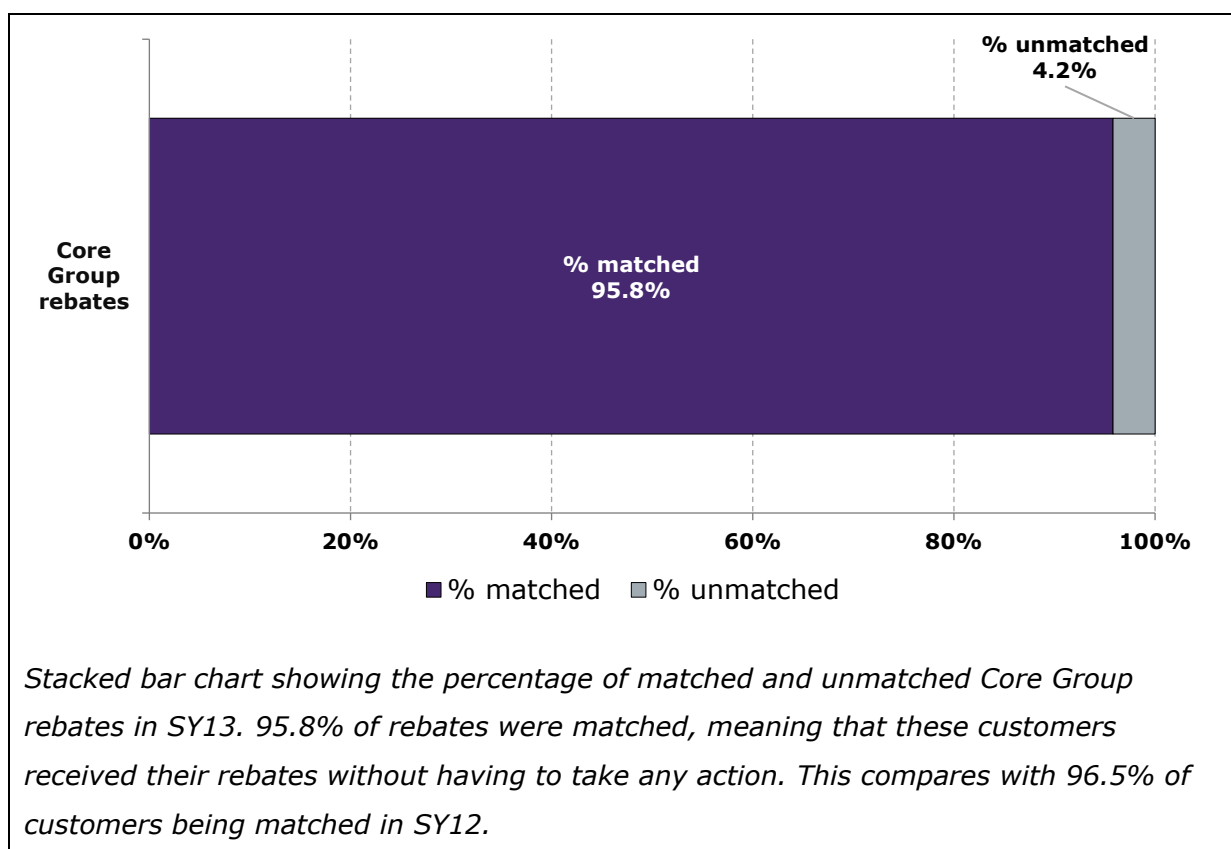
Core Group (Scotland)

- 4.6 The Core Group element of the Scottish WHD has the same approach as Core Group 1 in England & Wales. For more information on the operation of the Core Group in Scotland please refer to the Core Group 1 section starting at paragraph 3.6.
- 4.7 In total, 91,207 customers were provided a Core Group rebate in Scotland during SY13. These rebates were collectively worth £13.7 million.

Data matching

- 4.8 As shown in **Figure 4.2**, for SY13, 95.8% of Core Group customers were 'matched' and received their rebate automatically.
- 4.9 There were 3,793 'unmatched' customers (4.2% of the total) who needed to provide further information to a government call centre to confirm their electricity supplier before they received their rebate during SY13.

Figure 4.2: Core Group rebates matched in SY13



Exceptions

- 4.10 Suppliers treated 2 Core Group instructions as exceptions in SY13, about 0.002% of the total. Based on our review of the information provided we are satisfied in both cases that the treatment as exceptions was justified.

Rebate provision and delivery

- 4.11 In SY13, 91,207 Core Group rebates were 'provided' with a value of over £13.7 million. In total, 90,509 Core Group rebates were 'delivered' with a value of £13.6 million (99.2% of rebate value was delivered). We are satisfied with the overall high redemption rate across suppliers.

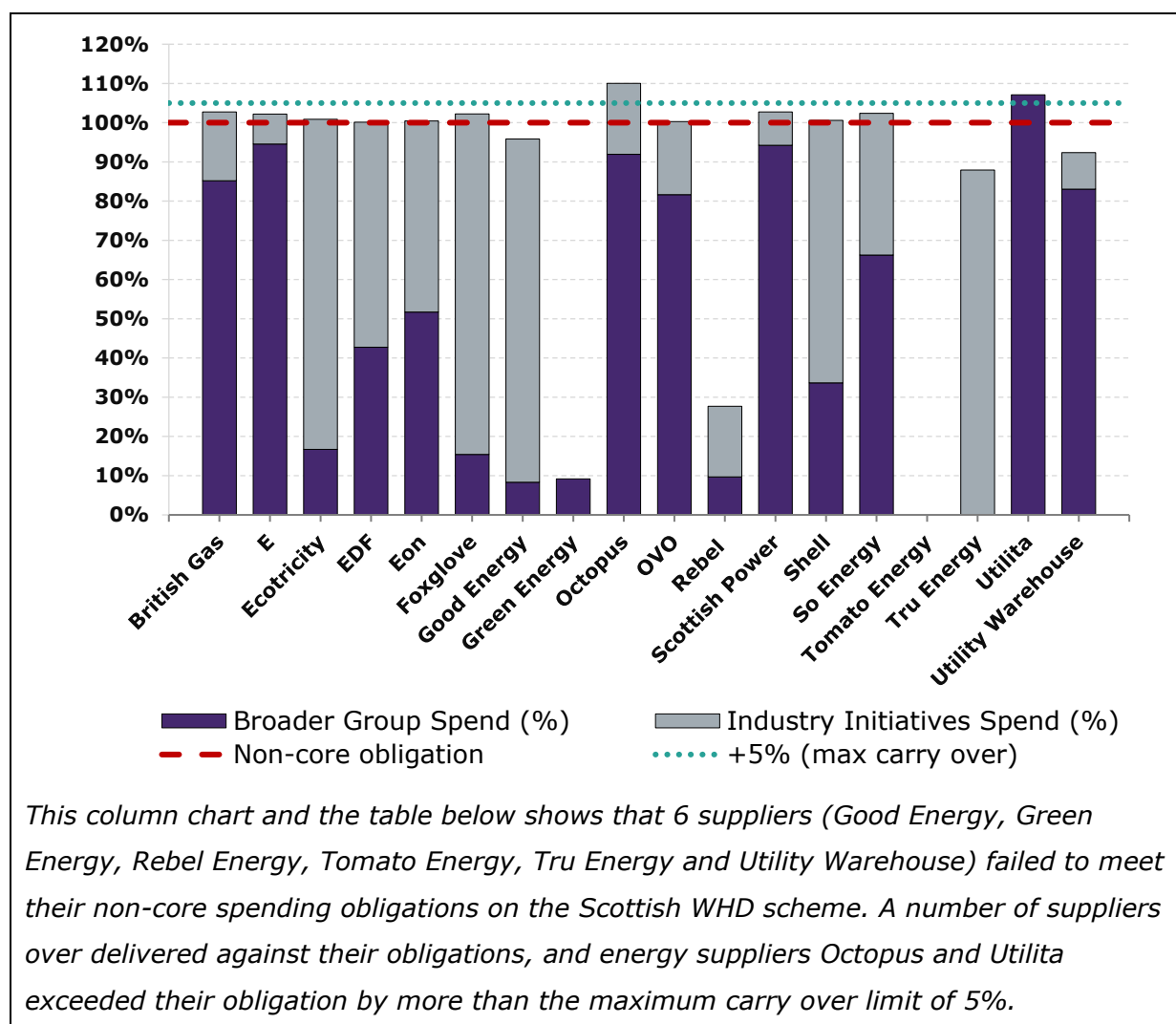
Core Group non-compliance

- 4.12 In Scotland one supplier, Utilita, recorded a non-compliance against the Core Group element of the scheme. Utilita failed to provide 30 rebates by the 31 March deadline. At the time of writing we are discussing appropriate redress with Utilita.

Non-Core obligation (Scotland)

- 4.13 The non-core obligation on the Scotland WHD is comprised of spending on the Broader Group and Industry Initiatives. **Figure 4.3** below shows details of individual supplier spend against their non-core obligations in SY13.
- 4.14 Suppliers who exceeded their SY13 non-core obligation by over delivering can carry over the excess to SY14, reducing their spending obligation that year. This carry over is limited to 5% of the SY13 non-core obligation value²⁴.
- 4.15 For SY13, 12 suppliers reported over delivery of their obligation, allowing them to carry over eligible spend to SY14. Further details of activity in relation to the Broader Group and Industry Initiatives can be found in the following sections.

Figure 4.3: Supplier spending against Scottish non-core spending obligations



²⁴ Regulation 17(5)(a) to the 'WHD Regulations Scotland'

Figure 4.3 (Table): Supplier spend against Scotland non-core spending obligations

Supplier	Broader Group Spend (%)	Industry Initiatives Spend (%)	Overall Achievement
British Gas	85.18%	17.56%	102.74%
E	94.56%	7.64%	102.20%
Ecotricity	16.70%	84.17%	100.87%
EDF	42.74%	57.37%	100.11%
Eon	51.71%	48.73%	100.44%
Foxglove	15.40%	86.81%	102.21%
Good Energy	8.33%	87.51%	95.85%
Green Energy	9.16%	0.00%	9.16%
Octopus	91.95%	18.09%	110.04%
OVO	81.64%	18.63%	100.28%
Rebel	9.69%	18.01%	27.70%
Scottish Power	94.25%	8.48%	102.72%
Shell	33.65%	66.93%	100.57%
So Energy	66.24%	36.15%	102.39%
Tomato Energy	0.00%	0.00%	0.00%
Tru Energy	0.00%	87.91%	87.91%
Utilita	107.11%	0.00%	107.11%
Utility Warehouse	83.05%	9.30%	92.35%

Non-core non-compliance

4.16 As shown above, 6 suppliers failed to meet their non-core spending obligations. The sums are shown in **Figure 4.4** below. In all these cases, the shortfall has been added to the supplier's non-core spending obligations for SY14. Additional detail for each non-compliance is also provided below.

Figure 4.4: Non-core spending non-compliances - Scotland

Supplier	Spending obligation	Actual spend	Shortfall	Shortfall (%)
Good Energy	£64,799.38	£62,108.65	£2,690.73	4%
Green Energy	£18,010.11	£1,650.00	£16,360.11	91%
Rebel Energy	£10,834.27	£3,001.13	£7,833.14	72%
Tomato Energy	£6,331.93	£0.00	£6,331.93	100%
Tru Energy	£12,477.29	£10,969.12	£1,508.17	12%
Utility Warehouse	£1,005,301.13	£928,382.66	£76,918.47	8%

4.17 Good Energy and Tru Energy missed their spending obligations as boiler measures they funded as part of their Industry Initiatives, did not have the specific accreditations required by the WHD Regulations. Both suppliers took this failure seriously. In addition to the shortfall being added to their SY14 obligations:

- Good Energy agreed that they should make a payment to Ofgem's Voluntary Redress Fund²⁵. The sum paid was equivalent to the amount of the underspend, plus an additional 15% uplift in recognition of the fact that this specific issue had already been raised with them in relation to SY12.
- Tru Energy agreed that they should make a payment to Ofgem's Voluntary Redress Fund with a sum equivalent to their underspend.

²⁵ [The Voluntary Redress Fund](https://energyredress.org.uk/): < <https://energyredress.org.uk/> >

- 4.18 Green Energy and Rebel Energy both missed their non-core spending targets as they failed to meet their minimum spending obligations for the Broader Group. As a result, they each made a payment to a fuel poverty charity. The sum paid was equivalent to their underspend which was added to their SY14 obligation.
- 4.19 Tomato Energy failed to spend anything towards their non-core obligation spending target. This resulted from not properly monitoring their obligations under the scheme, which became apparent at the scheme year end. After we engaged with them on their obligations, Tomato Energy took this failure seriously and agreed to make a payment to the Voluntary Redress Fund in recognition of their failure. They paid a total of £15,829.85 which is equivalent to double the amount of this underspend plus an additional 25% uplift. Additionally, the underspend sum has been added to their SY14 obligation.
- 4.20 Utility Warehouse met their Broader Group minimum spending obligation but failed to meet their overall non-core spending obligation. Utility Warehouse made other spending in the scheme year but did not obtain the approvals required by the WHD regulations for this. Utility Warehouse engaged with Ofgem early and took this failure seriously. Utility Warehouse agreed to make payments to vulnerable consumers equivalent to the amount of their underspend, in addition to the shortfall being added to their SY14 obligation.

Broader Group (Scotland)

- 4.21 The Broader Group element of the WHD scheme requires suppliers to provide a minimum number of rebates to a wider group of fuel poor customers or those that are at risk of fuel poverty. Rebates are provided at the same value as the Core Group, which was £150 in SY13.
- 4.22 Broader Group rebates form part of the Scottish non-core spending obligation for suppliers. The non-core spending obligation was set at £39 million for SY13. The other part of the non-core obligation, Industry Initiatives, is capped at a maximum value. This in practice sets a minimum spend on Broader Group for each obligated supplier.
- 4.23 In SY13, Industry Initiatives were originally capped at £7 million, meaning a Broader Group minimum spend of £32 million. However, overspend on the non-core obligation in SY12 reduced the total Scottish non-core obligation to £38.4 million for SY13. Additionally, certain suppliers asked to transfer some of their Broader Group spending obligation (collectively around £4.7 million) to Industry Initiatives. This reduced the overall Broader Group minimum spend to £26.8 million. This equates to approximately 178,500 broader group rebates and 70% of suppliers' total non-core spending obligation.
- 4.24 In total, 190,051 households were provided a Broader Group rebate during SY13. These rebates were collectively worth £28.5 million.

Broader Group eligibility

- 4.25 The 'WHD Regulations Scotland' include a mandatory set of criteria to assess claims which suppliers must use as a minimum²⁶, although further criteria may be added subject to approval by Ofgem. A supplier may elect to use only the mandatory criteria in a scheme year, but in most cases during SY13, suppliers included additional criteria in their proposals for Broader Group rebates.
- 4.26 We reviewed all sets of criteria in use during the scheme year and were satisfied that all obligated suppliers met the mandatory criteria and were consistent with the requirements of the 'WHD Regulations Scotland'.
- 4.27 As well as setting clear eligibility criteria which target low income and vulnerable consumers, suppliers must ensure that rebates are provided only to people who are eligible and protect the scheme from fraud and abuse. In particular, the

²⁶ Regulation 21 and Part 1 of Schedule 2 to the 'WHD Regulations Scotland'

'WHD Regulations Scotland' require suppliers to obtain documentary evidence from a minimum of 5% of customers who receive a Broader Group rebate. This is to verify the eligibility information on their application to the scheme.²⁷

- 4.28 Suppliers take a random selection of applicants and seek documentary evidence from each applicant selected, confirming their eligibility before paying the rebate. If an applicant cannot provide the evidence, the rebate is withheld.
- 4.29 For SY13, suppliers were collectively required to obtain evidence of eligibility from 9,503 Broader Group customers to meet this regulation.
- 4.30 All suppliers met this requirement and in total 24,031 applicants for Broader Group rebates provided satisfactory evidence when asked – well over double the required number.

Delivery

- 4.31 Of the 190,051 rebates 'provided' with a value of £28.5 million, the total number of 'delivered' Broader Group rebates was 188,946 with a value of £28.3 million (99.4% of the rebate value was 'delivered'). We are satisfied with the overall high redemption rate across suppliers. For more information on our approach to rebate provision and delivery, please refer to paragraph 3.15.
- 4.32 The £28.5 million spend made up 72.3% of total non-core spending in SY13, with the remaining non-core spending of £10.9 million coming from Industry Initiatives. We look at Industry Initiatives in more detail in the section starting at paragraph 4.35.
- 4.33 Details of Broader Group spend against the minimum, split by supplier, can be seen in **Figure 4.5** below.

²⁷ Regulation 25(5)(a) and Part 2 of Schedule 2 to the 'WHD Regulations Scotland'

Figure 4.5: Supplier Broader Group spend against minimum spend in SY13

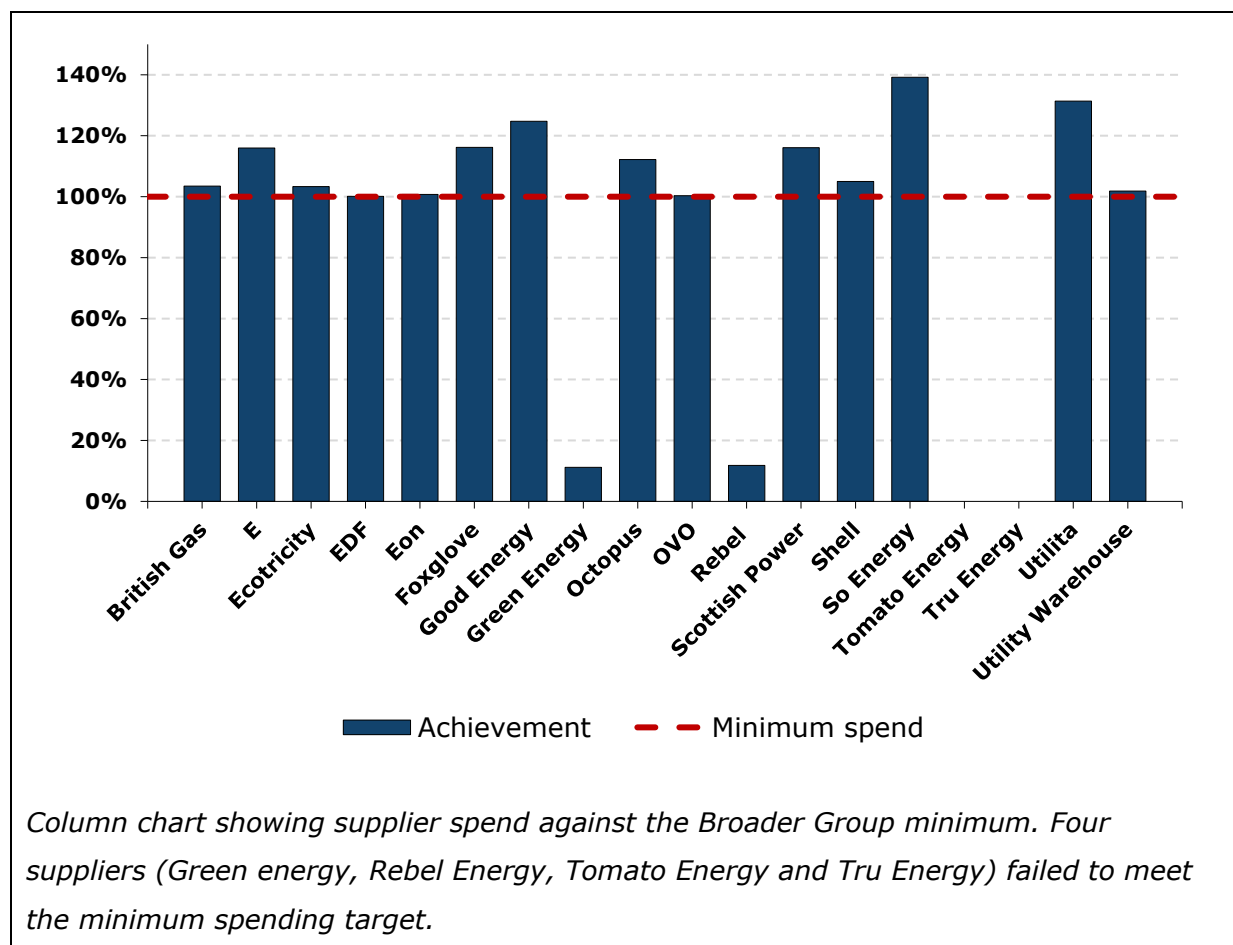


Figure 4.5 (Table): Supplier Broader Group spend against minimum spend in SY13

Supplier	Minimum spend	Actual spend	Achievement
British Gas	£7,829,418.83	£8,100,900.00	103.47%
E	£182,662.77	£211,800.00	115.95%
Ecotricity	£18,150.00	£18,750.00	103.31%
EDF	£1,734,985.82	£1,736,850.00	100.11%
Eon	£3,057,883.91	£3,080,250.00	100.73%
Foxglove	£19,103.53	£22,200.00	116.21%
Good Energy	£4,328.29	£5,400.00	124.76%
Green Energy	£14,777.53	£1,650.00	11.17%
Octopus	£5,156,812.82	£5,784,600.00	112.17%
OVO	£3,756,212.74	£3,769,050.00	100.34%
Rebel	£8,889.66	£1,050.00	11.81%
Scottish Power	£2,571,548.24	£2,984,850.00	116.07%
Shell	£587,526.34	£616,950.00	105.01%
So Energy	£193,870.26	£269,850.00	139.19%
Tomato Energy	£5,195.43	£0.00	0.00%
Tru Energy	£115.68	£0.00	0.00%

Broader Group non-compliance

4.34 In the Broader Group, 4 suppliers failed to meet their minimum spending obligation. Details are shown in **Figure 4.6** below. For further information on these non-compliances, please refer to the Scottish non-core obligation text starting at paragraph 4.16.

Figure 4.6: Broader Group spending non-compliances

Supplier	Spending obligation	Actual spend	Shortfall	Shortfall (%)
Green Energy	£14,777.53	£1,650.00	£13,127.53	89%
Rebel Energy	£8,889.66	£1,050.00	£7,839.66	88%
Tomato Energy	£5,195.43	£0.00	£5,195.43	100%
Tru Energy	£115.68	£0.00	£115.68	100%

Industry Initiatives (Scotland)

- 4.35 Industry Initiatives can be used to contribute to meeting suppliers' Scottish non-core spending obligations. Suppliers do not have any minimum spend on Industry Initiatives and do not have to carry out any Industry Initiatives activity. Fifteen of the 18 obligated suppliers met some of their non-core obligation through Industry Initiatives spending.
- 4.36 Suppliers had a combined maximum spend on Industry Initiatives in Scotland. For SY13 this was originally £7 million but increased to £11.7 million due to certain suppliers being allowed to transfer some of their Broader Group obligation to Industry Initiatives.
- 4.37 There were also some caps on different types of Industry Initiatives spending during SY13 in Scotland, and these are outlined below. If a supplier spent above their share of these limits, then the additional spend would not be counted towards its WHD non-core spending obligation.
- **Debt write-off** across all suppliers could not exceed £600,000
 - For **boiler and central heating replacements**, there was a collective spending cap of £800,000.
- 4.38 Aside from some differences detailed above, Industry Initiatives in Scotland operate in a very similar way to Industry Initiatives in England & Wales. Further information on Industry Initiatives can be found starting at paragraph 3.40, and in our guidance²⁸.

Pilot initiatives

- 4.39 There was one pilot initiative conducted during SY13 in Scotland, this was deemed compliant:
- During SY13, OVO Energy, in partnership with Changeworks, conducted a pilot initiative. Changeworks, Scotland's leading energy efficiency organisation, supports households in reducing their energy use, lowering their carbon footprint, and achieving affordable warmth. Building on the successes of Changeworks' fuel poverty work in Scotland, this scheme specifically targeted ethnic minority households, which are most affected by fuel poverty and least likely to be engaged and supported in achieving

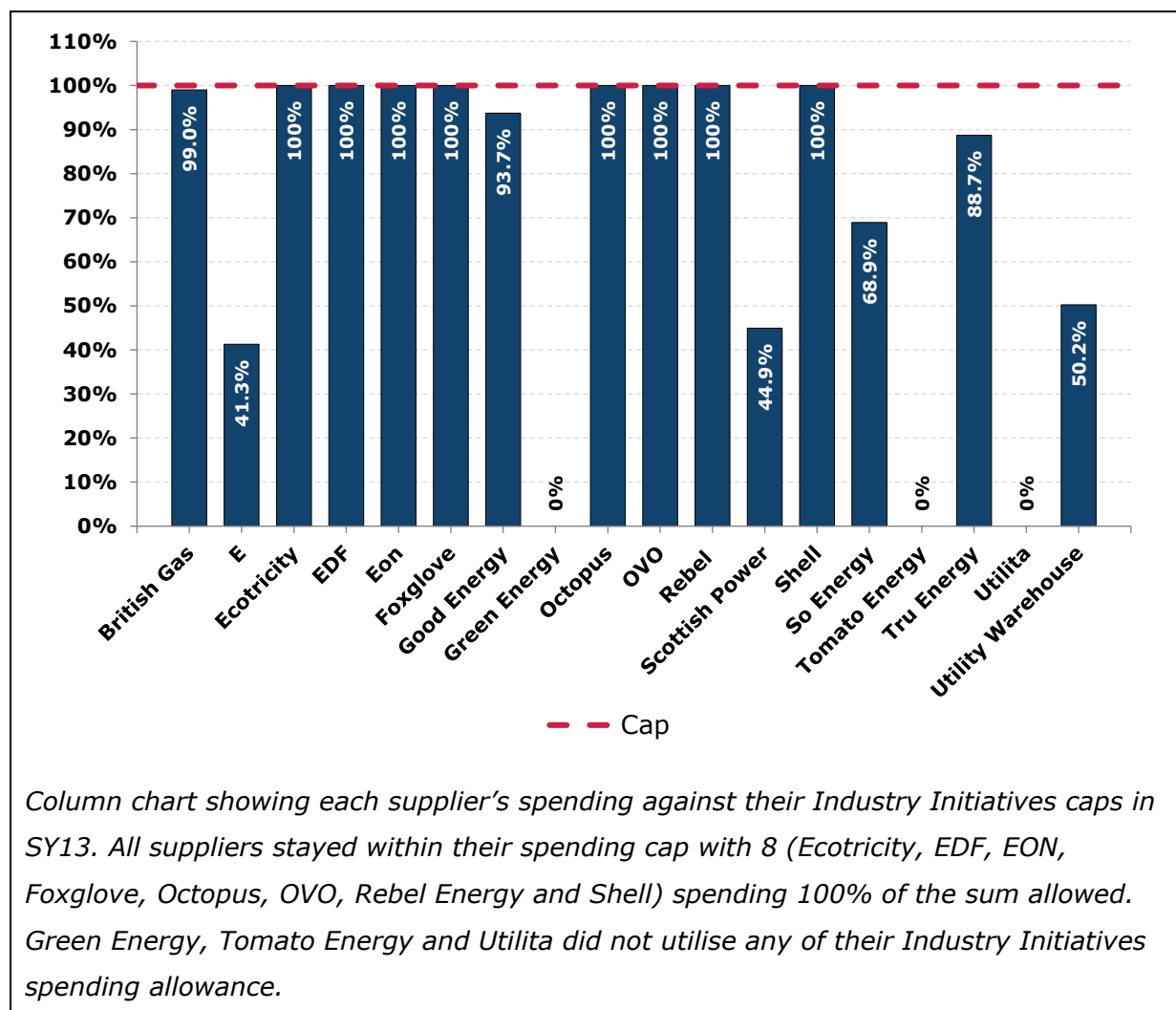
²⁸ [Warm Home Discount Guidance \(Scotland\)](https://www.ofgem.gov.uk/publications/final-warm-home-discount-supplier-guidance-version-1-scotland): <<https://www.ofgem.gov.uk/publications/final-warm-home-discount-supplier-guidance-version-1-scotland>>

lower energy costs and improved energy efficiency at home. As part of this initiative, energy efficiency small measures packs were distributed to 378 households, energy and smart meter advice was provided to 428 households, and 152 households were referred to Changeworks' Affordable Warmth or Home Energy Scotland teams for follow-up advice and support.

Delivery

- 4.40 In total, suppliers spent £10.9 million on attributable Industry Initiatives activities in Scotland during SY13. This compares to the £10.0 million spent in SY12. These initiatives helped to provide support to almost 1.1 million consumers.²⁹
- 4.41 Suppliers' approaches to using Industry Initiatives allowances varied. Some focused their SY13 spending fully on the Broader Group (Utilita did not use any of their Industry Initiatives allowance), while others split their allowance to provide customers with different types of support. Both approaches are acceptable. **Figure 4.7** below shows each supplier's Industry Initiatives spending in relation to the maximum allowed.

²⁹ Customers often receive more than one type of support through an initiative (eg a benefit entitlement check and energy advice), and it may be possible that consumers receive support through more than one initiative. This should be considered when looking at the total number of consumers supported.

Figure 4.7: Supplier spend against the Industry Initiatives cap in SY13

4.42 In SY13, suppliers funded 25 different Industry Initiatives, 5 of which were collaborations between suppliers. All 8 types of activity were funded in at least one of the initiatives.

4.43 We are aware from supplier reporting that referral services were in some cases offered at no additional cost alongside advice services. We are also aware that supplier methods for identifying customers in need of support took risk groups into consideration, although the focus was on individuals as in previous years.

4.44 We have summarised the spending and customers supported by activity type in **Figures 4.8** and **4.9** below.

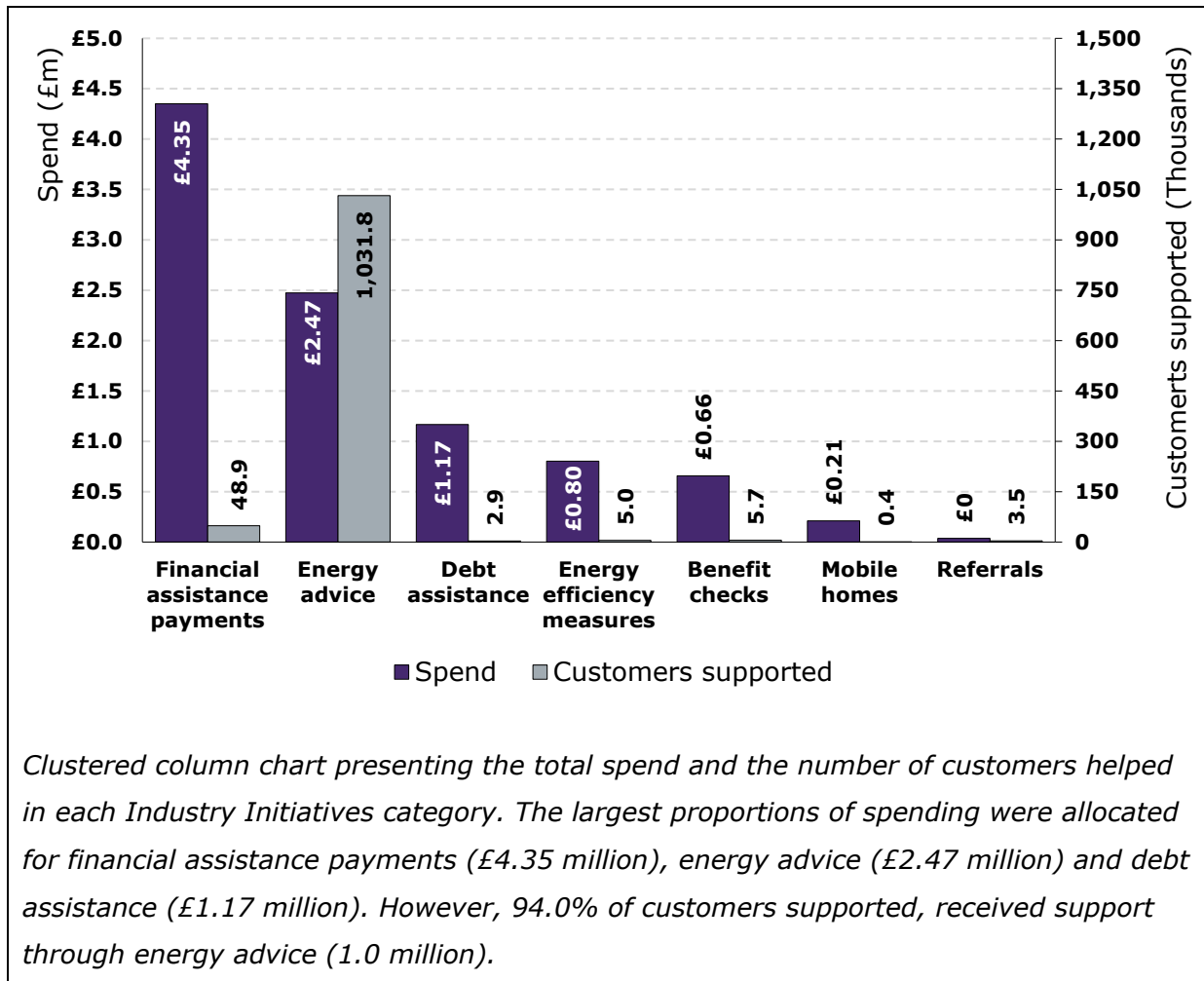
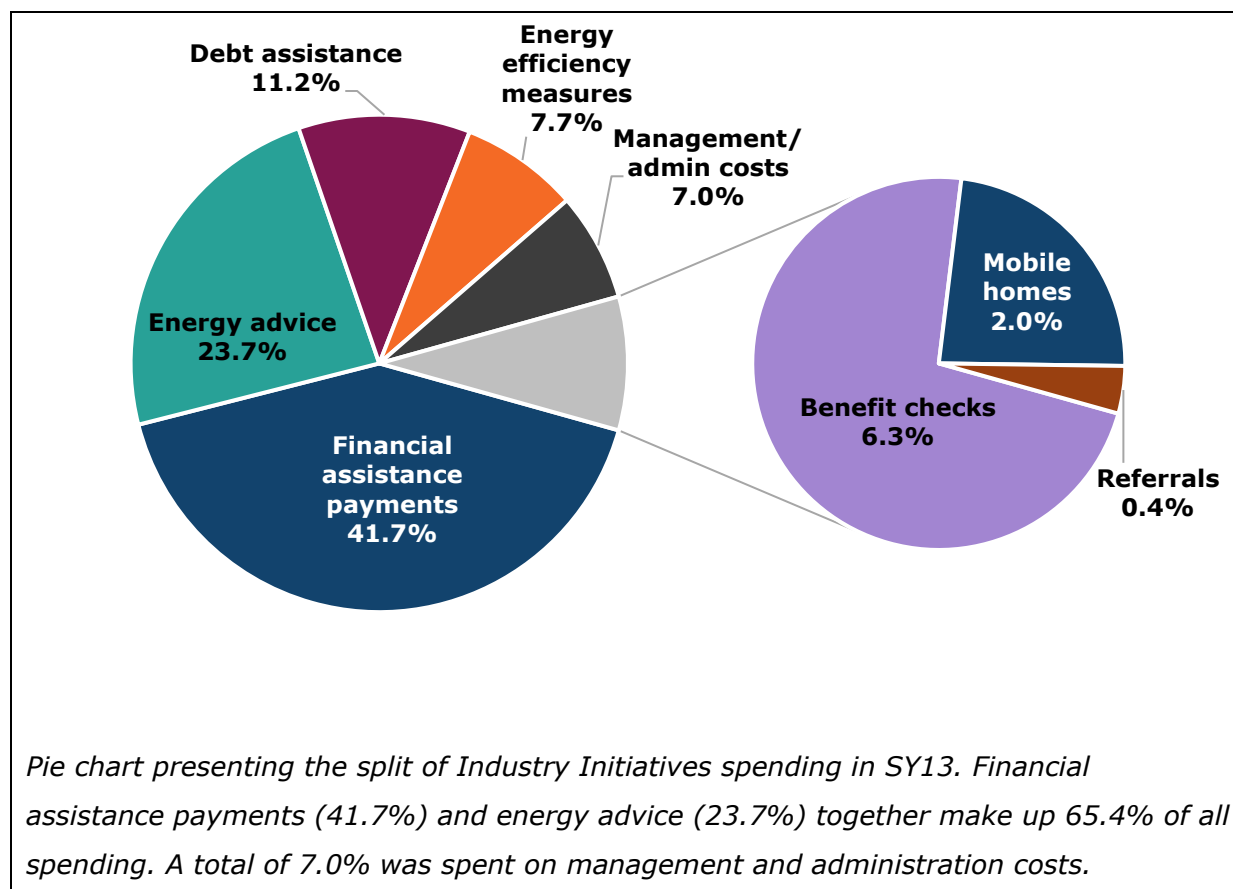
Figure 4.8: Customer support activity figures in SY13

Figure 4.9: Industry Initiatives spending breakdown in SY13 - Scotland



- 4.45 The largest proportion of funding was attributed to providing financial assistance, accounting for over £4.35 million of total spend.
- 4.46 In addition to funding activities which directly helped consumers, the energy advice category also includes funding for the training of advisors who could assist consumers with managing their energy and energy bills.
- 4.47 In total £735,425 of the Industry Initiatives spend went towards 'management and administration costs'.

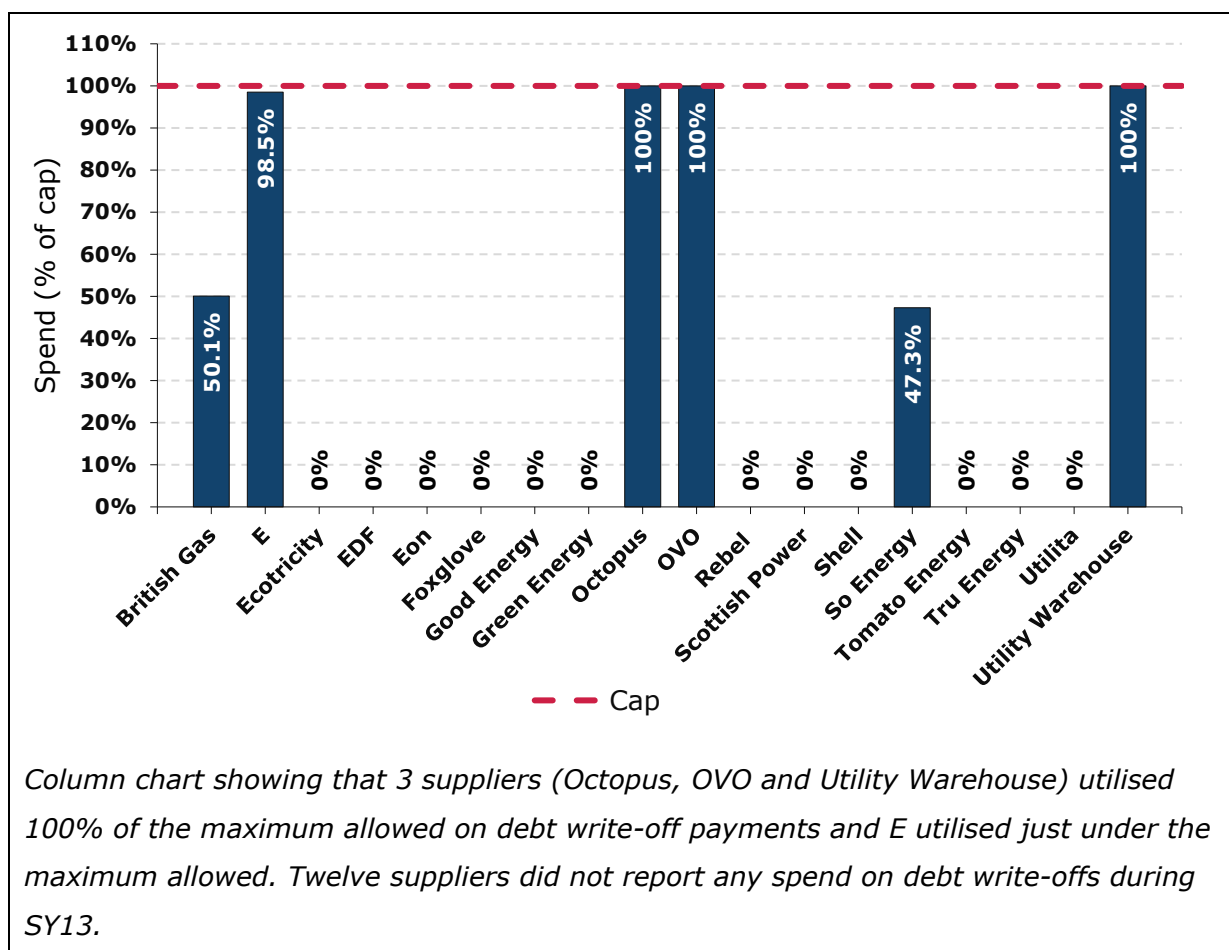
Industry Initiatives activities caps

4.48 As described in paragraph 4.37 there are spending limits (caps) on certain Industry Initiatives activities. Details of supplier performance against these limits follows.

Debt write-off payments

4.49 **Figure 4.10** shows individual supplier spend against the debt write-off cap, which was set at a total of £600,000 shared between suppliers according to their market share. Suppliers collectively spent £266,125, or 44.2% of the cap.

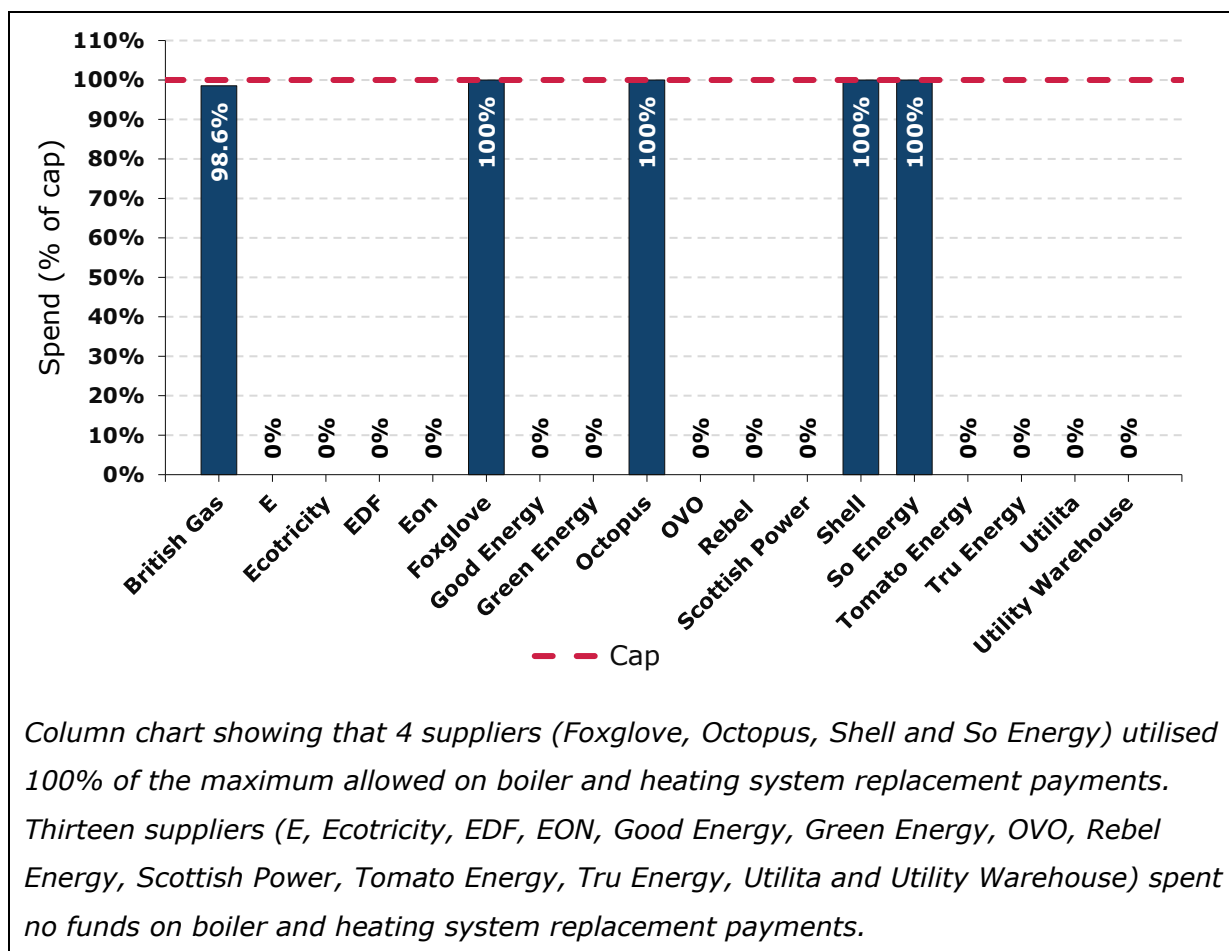
Figure 4.10: Individual supplier spend on debt write-off payments



Boiler and heating system replacements

4.50 A total of £369,441 was spent on boiler and heating system replacements. This represents 46.0% of the £800,000 spending cap. **Figure 4.11** shows individual supplier spend against the boiler and heating system replacements cap.

Figure 4.11: Individual supplier spend on boiler and heating system replacements



Meeting the WHD requirements

4.51 We worked with suppliers to ensure they could evidence that all the Industry Initiatives activities funded in SY13 were eligible. Following completion of the annual compliance assessment, we allocated eligible spend to the Industry Initiatives which are reported in this chapter.

- 4.52 Based on the information provided, we are satisfied that the consumers who received support through the Industry Initiatives were fuel poor, or at risk of fuel poverty.
- 4.53 We are generally satisfied that activities delivered were at a reasonable cost. We compared the costs reported to us against industry benchmarks, confirming that delivery costs were necessary to provide and manage the service effectively.
- 4.54 We noted in some cases that suppliers had chosen to absorb indirect management and administration costs, meaning that the full value of their spending went direct to services helping consumers.
- 4.55 We expect suppliers to be proactive in their engagement with us. Therefore, it was positive that where delivery risks were identified, suppliers generally engaged with us early to notify us of any issues that had arisen.

Transfer of Broader Group obligation to Industry Initiatives spend

- 4.56 If there is a risk that a supplier will not be able to meet its minimum Broader Group spending obligation, the supplier can apply to transfer some, or all, of its Broader Group obligation to Industry Initiatives.
- 4.57 We have seen the use of transfers increase in SY13. Following the split of the WHD into Scotland and England & Wales schemes, the Broader Group is now only relevant in Scotland. Following scheme rules, the Broader Group targets were calculated based on supplier market share across the whole of Great Britain. As a result, several suppliers were allocated Broader Group targets that could not be supported by their customer bases in Scotland.
- 4.58 Ecotricity, EDF, E.ON, Foxglove, Good Energy, Shell, So Energy, and Tru Energy all asked to transfer part of their Broader Group obligation to Industry Initiatives. These suppliers all expressed concerns about meeting their Broader group obligations due to not having sufficient eligible customers on supply in Scotland. The request to transfer was processed under Regulation 20(3).

5. WHD audit programme

This chapter provides information on the audit programme in respect of the WHD during scheme year 13 (SY13). It provides an overview of the results of our 'external' and suppliers' own 'internal' audits.

Introduction

- 5.1 Ofgem has a duty to keep under review the operation of any support scheme it administers.³⁰ As part of this, we must make sure that suppliers are complying with their obligations effectively and efficiently. One way we do this is through an annual audit programme which provides assurance that information is being reported accurately. It also helps suppliers follow best practice in delivering support to consumers and reduces the risk of them not complying with obligations. This also helps suppliers protect consumers by minimising the risk of error or fraud on the scheme.
- 5.2 There are two types of audit that take place on the WHD scheme:
- **External audits** – Obligated suppliers are selected for audit by us based on a number of criteria. Once selected Ofgem-appointed external auditors focus on the highest risk areas of the selected supplier's activities.
 - **Internal audits** - Suppliers internal audit and quality assurance work verifies data reporting and assesses the effectiveness of their processes.
- 5.3 The criteria used to select suppliers for external audit include, but are not limited to:
- If the supplier is a new entrant to the scheme
 - If a supplier has generated a high volume of queries during compliance checks
 - The length of time since their last audit
 - A previous weak audit rating
 - Any concerns arising in the previous compliance year.

³⁰ Section 13 of the Energy Act 2010.

5.4 The audit ratings are defined as:

- **'Good'** – either no weaknesses identified or if there are, they are reported to the supplier to action the minor shortcomings
- **'Satisfactory'** – a small number of minor weaknesses identified, of which none are considered 'major'
- **'Weak'** – several weaknesses identified which individually or collectively may impact negatively on the overall level of compliance
- **'Unsatisfactory'** – numerous weaknesses identified, including those graded as 'medium' or 'major', which individually or collectively may impact negatively on the overall level of compliance.

5.5 It is important that suppliers engage effectively with these audit processes, which includes providing accurate and complete information in a timely manner.

External audits

5.6 There are different types of external audit which focus on either a Core Group, the Broader Group, or an Industry Initiative. These can be either an interim audit (conducted during the scheme year) or a final audit (based on end of year data). A supplier can be audited more than once during the year, with each audit having a different area of focus.

5.7 All SY13 external audits were interim audits designed to promote best practice across supplier delivery of their activities. This was also intended to identify early, any potential issues with delivery of obligations under the new structure between England & Wales and Scotland schemes.

5.8 Our appointed auditors carried out 9 audits for SY13, covering the 2 areas of scheme activity shown below.

- Testing supplier support delivery processes
- Verifying selected supplier reporting information.

5.9 The results of the SY13 external audits are shown in **Figures 5.1** and **5.2**.

Figure 5.1: WHD external audit ratings SY10 to SY13

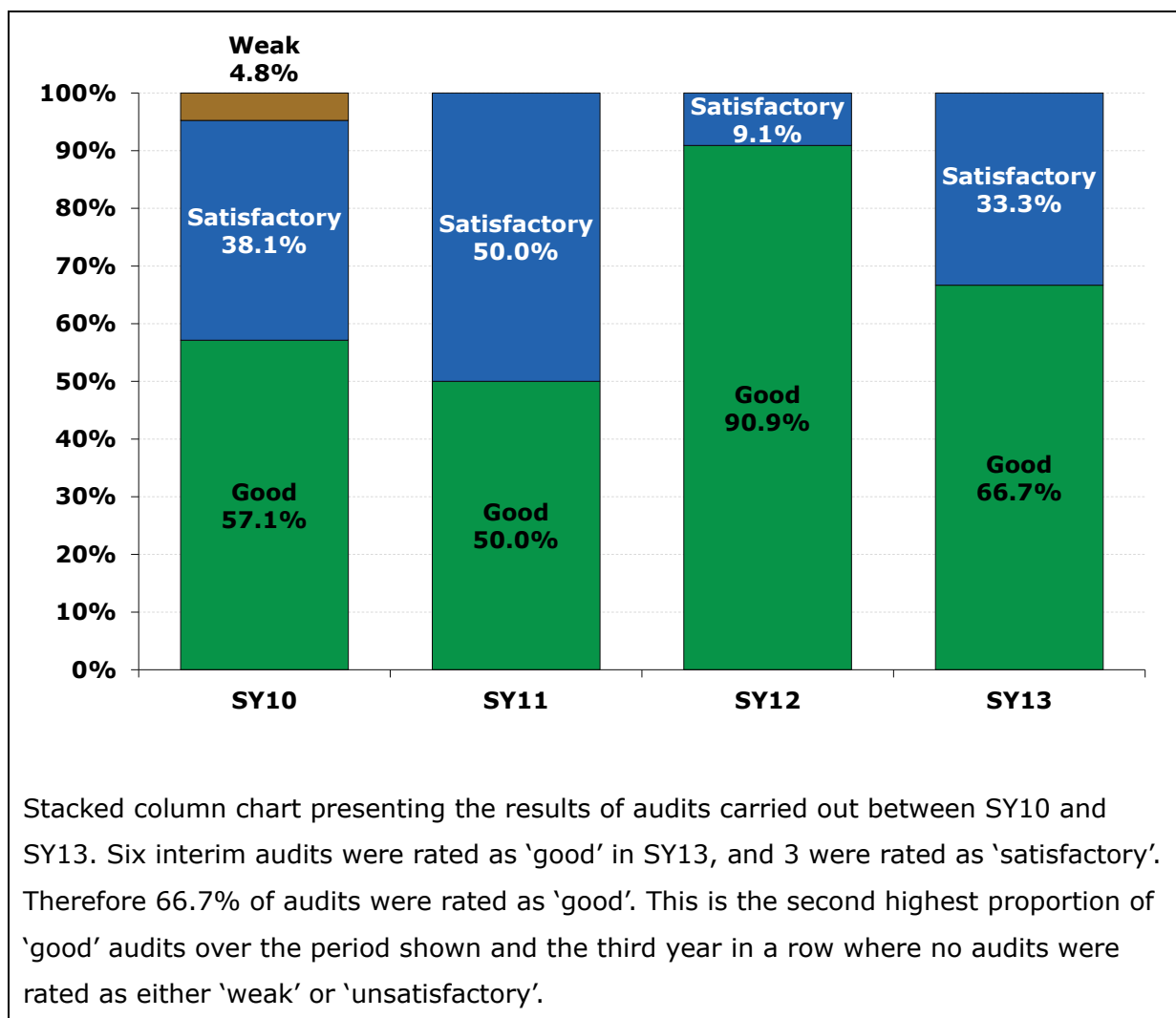


Figure 5.2: SY13 audit results

Supplier	Focus	Rating
Ecotricity	Industry Initiative (Energy Outreach in Fuel Poor Rural Communities)	Good
E.ON	Core Group	Good
Foxglove	Broader Group	Satisfactory
Good Energy	Industry Initiative (NEA Warm & Safe Homes)	Good
Octopus	Core Group 1/2/SC & Broader Group	Good
Scottish Power	Industry Initiative (FAP)	Satisfactory
Tomato Energy	Core Group	Good
Tru Energy	Core Group	Satisfactory
Utilita	Core Group	Good

5.10 The audit results are shared with the suppliers, this includes an explanation covering any points of concern. We then work with the suppliers to confirm the accuracy of the report and to agree actions to address any findings. If the issues found during the audit process raise substantial concern and cannot be resolved to our satisfaction, we could refuse to approve some or all of the scheme spend, and the supplier would be at risk of failing to comply with their overall WHD obligation.

Internal audits

5.11 Our guidance document for suppliers sets out our requirements for suppliers' internal audits of scheme activities.³¹ We work with suppliers to ensure that their audits meet these requirements, and that they continue to strive for best practice in supporting consumers through their own quality assurance.

5.12 To support end of year reporting, all suppliers provided evidence demonstrating internal audits had been conducted.

³¹ [Warm Home Discount Guidance \(England & Wales\)](https://www.ofgem.gov.uk/publications/warm-home-discount-guidance-v1-england-and-wales): <<https://www.ofgem.gov.uk/publications/warm-home-discount-guidance-v1-england-and-wales>>
[Warm Home Discount Guidance \(Scotland\)](https://www.ofgem.gov.uk/publications/final-warm-home-discount-supplier-guidance-version-1-scotland): <<https://www.ofgem.gov.uk/publications/final-warm-home-discount-supplier-guidance-version-1-scotland>>

6. Looking forward

This chapter provides information on policy and administrative changes planned or due to take place from SY14 onwards alongside other information affecting the broader policy landscape.

- 6.1 The current iteration of the Warm Home Discount (WHD) scheme is set to run until 31 March 2026 in both England & Wales and Scotland. The overall spending profiles are set to increase each scheme year, with SY14's initial profile at £501m and £52m for England & Wales and Scotland respectively.³² Scotland's spending accounts for 9.4% of the total GB spend.
- 6.2 Following the SY12 split of the WHD into schemes for England & Wales and another for Scotland, we have continued to improve our processes and work hard to ensure all those who are eligible for support gain it. We continue to develop our communication with consumers and stakeholders to maximise the benefits of the WHD scheme.
- 6.3 We also continue to work with suppliers to ensure they deliver on their scheme obligations. We expect all suppliers to meet their obligations on time and in full. We have high expectations of supplier performance, including those suppliers recently obligated under the scheme. As such, we have a low tolerance for any failures, in particular where suppliers have not been proactive in raising and addressing delivery risks at an early stage.
- 6.4 On 25 February 2025 DESNZ published a consultation³³ on expanding the support offered under WHD for SY15. Under the proposals, an estimated additional 2.7 million households will receive support via the removal of the high-cost-to-heat threshold and an increase to the spending targets set out in the regulations. These proposed changes represent exciting opportunities to tackling fuel poverty in the Great Britain, and when required, we will work closely with DESNZ to ensure their successful implementation.

³² Note that the figures quoted are the original spending targets. These figures will be adjusted to account for any spending obligations being carried over, or to account for any supplier overspend in SY13.

³³ [Consultation: Expanding the Warm Home Discount Scheme, 2025 to 2026:](https://www.gov.uk/government/consultations/expanding-the-warm-home-discount-scheme-2025-to-2026/expanding-the-warm-home-discount-scheme-2025-to-2026-consultation-document-accessible-webpage)

<<https://www.gov.uk/government/consultations/expanding-the-warm-home-discount-scheme-2025-to-2026/expanding-the-warm-home-discount-scheme-2025-to-2026-consultation-document-accessible-webpage>>

Appendix 1: Individual supplier performance

Presented below is information on individual supplier performance against their obligations on the England & Wales and Scotland WHD schemes. Red indicates a non-compliance has occurred with the number of non-compliance incidents for that area also shown. Note that one non-compliance can impact multiple customers. The accompanying text should be read for details.

British Gas

England & Wales

Core Group 1	Core Group 2	Non-core	Administrative
			1

Administrative non-compliance

Partial spending towards British Gas Energy Trust Industry Initiative was made prior to date of notification approval.

Scotland

Core Group	Broader Group	Overall non-core	Administrative

Fully compliant

E (Gas and Electricity)

England & Wales

Core Group 1	Core Group 2	Non-core	Administrative

Fully compliant

Scotland

Core Group	Broader Group	Overall non-core	Administrative

Fully compliant

Ecotricity

England & Wales

Core Group 1	Core Group 2	Non-core	Administrative
			1

Administrative non-compliance

Statutory deadline to submit redemption report by 31 August 2024. Ecotricity submitted their redemption report on 3 September 2024.

Scotland

Core Group	Broader Group	Overall non-core	Administrative
			1

Administrative non-compliance

Statutory deadline to submit redemption report by 31 August 2024. Ecotricity submitted their redemption report on 3 September 2024.

EDF

England & Wales

Core Group 1	Core Group 2	Non-core	Administrative

Fully compliant

Scotland

Core Group	Broader Group	Overall non-core	Administrative

Fully compliant

EON

England & Wales

Core Group 1	Core Group 2	Non-core	Administrative

Fully compliant

Scotland

Core Group	Broader Group	Overall non-core	Administrative

Fully compliant

Foxglove

England & Wales

Core Group 1	Core Group 2	Non-core	Administrative
		1	2

Non-core non-compliance

Failure to incur spending under Part 4 to the amount of Foxglove Energy Supply Ltd's non-core spending obligation, as required by Regulation 20.

Foxglove Energy Supply Ltd incurred attributable non-core spending of £192,817.97 against a non-core spending obligation of £221,623.90, an underspend of £28,805.93.

Foxglove took this failure seriously and have acknowledged the importance of adhering to scheme requirements. Therefore, Foxglove agreed that they should make a payment to Ofgem's Voluntary Redress Fund³⁴ in lieu of this underspend, equivalent to the amount of the underspend. Additionally, the underspend sum has been added to their SY14 obligation, as required by regulation 19(3) of the England and Wales Regulations.

Administrative non-compliances

1. Failure to meet financial assistance payment minimum spend obligation of £18,540.16 as per regulation 20(3)(a) with £0 financial assistance payments being attributed.
2. Failure to submit notifications to the Authority in relation to spending on debt write-off and financial assistance payments activities during scheme year 13.

Scotland

Core Group	Broader Group	Overall non-core	Administrative

Fully compliant

³⁴ [The Voluntary Redress Fund](https://energyredress.org.uk/): <https://energyredress.org.uk/>

Good Energy

England & Wales

Core Group 1	Core Group 2	Non-core	Administrative
	1		

Core Group 2 non-compliance

Failure to provide two Core Group 2 rebates within the timescales as outlined in regulation 10(5) or regulation 10(6) where notice under regulation 8(1) is given after 1 March 2024.

Good Energy took this failing seriously and voluntarily provided an additional £150 of compensation to each consumer that received their rebate late.

Scotland

Core Group	Broader Group	Overall non-core	Administrative
		1	

Overall non-core non-compliance

Industry Initiative boiler measures submitted without appropriate Trustmark registration as required by Part 2, Schedule 3 of the Scotland Regulations. This issue was initially raised with Good Energy during our compliance assessment for scheme year 12. These measures have not been attributed to non-core spending obligation. As a result Good Energy failed to incur spending under Part 4 to the amount of Good Energy's non-core spending obligation, as required by Regulation 19. Good Energy incurred attributable non-core spending of £62,108.65 against a non-core spending obligation of £64,799.38, an underspend of £2,690.73.

Good Energy took this failure seriously. Therefore, Good Energy agreed that they should make a payment to Ofgem's Voluntary Redress Fund in lieu of this underspend, equivalent to the amount of this underspend, plus an additional 15% in recognition of the repeated issue. Additionally, the underspend sum has been added to their SY14 obligation, as required by regulation 18(3) of the Scotland Regulations.

Green Energy

England & Wales

Core Group 1	Core Group 2	Non-core	Administrative
		1	3

Non-core non-compliance

Failure to incur spending under Part 4 to the amount of Green Energy (UK) Ltd's non-core spending obligation, as required by Regulation 20. Green Energy (UK) Ltd incurred attributable non-core spending of £25,511.00 against a non-core spending obligation of £27,707.86, an underspend of £2,196.86.

Green Energy made other spending in the scheme year but did not obtain the approvals required by the WHD regulations for this, so was not attributable to their non-core obligation. Green Energy took this failing seriously and have acknowledged the importance of adhering to scheme requirements. Therefore, they have agreed to make a payment to a charitable organisation, equivalent to the amount of the underspend, whose aim is to help consumers in fuel poverty. Additionally, the underspent sum has been added to their SY14 Obligation, as required by regulation 19(3) of the England and Wales Regulations.

Administrative non-compliances

1. Failure to meet financial assistance payment minimum spend obligation of £2,316.73 as per regulation 20(2) with £0 financial assistance payments being reported.
2. Failure to submit notification to the Authority in relation to spending on financial assistance payments activity during scheme year 13.
3. Failure to provide complete end of year reporting by the deadline of 26 May 2024, treated as a request for provision of information to the Authority (Ofgem) under the England and Wales Regulations and the Standard Licence Conditions (SLCs) of the electricity supply licence. Fully completed reporting was received on 6 August 2024.

Green Energy (continued)

Scotland

Core Group	Broader Group	Overall non-core	Administrative
	1	1	1

Broader Group non-compliance

Failure to meet Broader Group minimum spend of £14,777.53 as per regulation 19(2a) with attributable spend of £1,650.00.

Recognising they would struggle to meet their Broader Group minimum spending obligation, Green Energy tried to mitigate the issue by making a payment of £16,360.11 to a fuel poverty charity.

Overall non-core non-compliance

Failure to meet non-core spending obligation of £18,010.11 as per regulation 19(1) with attributable spend of £1,650.00. The underspend sum has been added to their SY14 obligation, as required by regulation 18(3) of the Scotland Regulations.

Administrative non-compliance

Failure to provide complete end of year reporting by the deadline of 26 May 2024, treated as a request for provision of information to the Authority (Ofgem) under the Scotland Regulations and the Standard Licence Conditions (SLCs) of the electricity supply licence. Fully completed reporting was received on 13 June 2024.

Octopus

England & Wales

Core Group 1	Core Group 2	Non-core	Administrative

Fully compliant

Scotland

Core Group	Broader Group	Overall non-core	Administrative

Fully compliant

OVO

England & Wales

Core Group 1	Core Group 2	Non-core	Administrative
			1

Administrative non-compliance

OVO were found to be non-compliant as they provided inaccurate customer numbers for obligation setting in scheme year 13. This resulted in WHD scheme obligations being calculated incorrectly for all suppliers and subsequently amended obligations having to be issued.

Scotland

Core Group	Broader Group	Overall non-core	Administrative
			1

Administrative non-compliance

OVO were found to be non-compliant as they provided inaccurate customer numbers for obligation setting in scheme year 13. This resulted in WHD scheme obligations being calculated incorrectly for all suppliers and subsequently amended obligations having to be issued.

Rebel Energy

England & Wales

Core Group 1	Core Group 2	Non-core	Administrative
1	1		3

Core Group 1 & Core Group 2 non-compliance

Failure to provide two Core Group 1 rebates and 23 Core Group 2 rebates within the timescale as outlined in regulation 10(5) or regulation 10(6) where notice under regulation 8(1) is given after 1 March 2024.

Rebel Energy took this failing seriously. They voluntarily provided an additional £150 of compensation to each consumer that received their rebate late. Rebel have also added control measures into their process to prevent reoccurrence of this failure.

Administrative non-compliance

1. Failure to meet financial assistance payment minimum spend obligation of £1,393.67 as per regulation 20(2) with £0 financial assistance payments being reported.
2. Failure to accompany end of year report with appropriate internal audit report by the deadline of 26 May 2024, treated as a request for provision of information to the Authority (Ofgem) under the England and Wales Regulations and the Standard Licence Conditions (SLCs) of the electricity supply licence. The audit report was submitted on 13 June 2024.
3. Failure to provide complete end of year reporting by the deadline of 26 May 2024, treated as a request for provision of information to the Authority (Ofgem) under the England and Wales Regulations and the Standard Licence Conditions (SLCs) of the electricity supply licence. Fully completed reporting was received on 6 August 2024.

Rebel Energy (continued)

Scotland

Core Group	Broader Group	Overall non-core	Administrative
	1	1	2

Broader Group non-compliance

Failure to meet Broader Group minimum spend of £8,889.66 as per regulation 19(2a) with reported spend of £1,050.

Overall non-core non-compliance

Failure to meet non-core spending obligation of £10,834.27 as per regulation 19(1) with reported spend of £3,001.13.

Rebel took this failure seriously. Therefore, they agreed to make a payment to a fuel poverty charity in lieu of this underspend, equivalent to the amount of the underspend. Furthermore, Rebel Energy voluntarily secured £5,000 in shopping vouchers that will be utilised to assist their most vulnerable customers. Additionally, the underspend sum has been added to their SY14 obligation, as required by regulation 18(3) of the Scotland Regulations.

Administrative non-compliances

1. Failure to accompany end of year report with appropriate internal audit report by the deadline of 26 May 2024, treated as a request for provision of information to the Authority (Ofgem) under the Scotland Regulations and the Standard Licence Conditions (SLCs) of the electricity supply licence. Their audit report was submitted on 13 June 2024.
2. Failure to provide complete end of year reporting by the deadline of 26 May 2024, treated as a request for provision of information to the Authority (Ofgem) under the Scotland Regulations and the Standard Licence Conditions (SLCs) of the electricity supply licence. Fully completed reporting was received on 6 August 2024.

Scottish Power

England & Wales

Core Group 1	Core Group 2	Non-core	Administrative

Fully compliant

Scotland

Core Group	Broader Group	Overall non-core	Administrative

Fully compliant

Shell

England & Wales

Core Group 1	Core Group 2	Non-core	Administrative

Fully compliant

Scotland

Core Group	Broader Group	Overall non-core	Administrative

Fully compliant

So Energy

England & Wales

Core Group 1	Core Group 2	Non-core	Administrative

Fully compliant

Scotland

Core Group	Broader Group	Overall non-core	Administrative

Fully compliant

Tomato Energy

England & Wales

Core Group 1	Core Group 2	Non-core	Administrative
		1	1

Non-core non-compliance

Failure to incur spending under Part 4 to the amount of Tomato Energy Limited's non-core spending obligation, as required by Regulation 20. Tomato Energy Limited incurred attributable non-core spending of £0 against a non-core spending obligation of £9,741.42, an underspend of £9,741.42.

Tomato Energy's non-compliance resulted from not properly monitoring their obligations under the scheme, which became apparent at the scheme year end. After we engaged with them on their obligations, Tomato Energy took the situation seriously and agreed to make a payment to the Voluntary Redress Fund in recognition of their failure. They paid a total of £24,353.53, which is equivalent to double the amount of this underspend plus an additional 25% uplift. Additionally, the underspend sum has been added to their obligation for SY14, as required by regulation 19(3) of the England and Wales Regulations.

Administrative non-compliance

Failure to meet financial assistance payment minimum spend obligation of £814.51 as per regulation 20(2) with £0 financial assistance payments being attributed.

Tomato Energy (continued)

Scotland

Core Group	Broader Group	Overall non-core	Administrative
	1	1	

Broader Group non-compliance

Failure to meet Broader Group minimum spend of £5,195.43 as per regulation 19(2a) with reported spend of £0.

Overall non-core non-compliance

Failure to meet non-core spending obligation of £6,331.93 as per regulation 19(1) with reported spend of £0.

Tomato Energy's non-compliance resulted from not properly monitoring their obligations under the scheme, which became apparent at the scheme year end. After we engaged with them, Tomato Energy took this failure seriously and agreed to make a payment to the Voluntary Redress Fund in recognition of their failure. They paid a total of £15,829.85 which is equivalent to double the amount of this underspend plus an additional 25% uplift. Additionally, the underspend sum has been added to their SY14 obligation, as required by regulation 18(3) of the Scotland Regulations.

Tru Energy

England & Wales

Core Group 1	Core Group 2	Non-core	Administrative
			1

Administrative non-compliance

Failure to accompany end of year report with appropriate internal audit report by the deadline of 26 May 2024, treated as a request for provision of information to the Authority (Ofgem) under the England and Wales Regulations and the Standard Licence Conditions (SLCs) of the electricity supply licence. Their audit report was submitted on 10 June 2024.

Scotland

Core Group	Broader Group	Overall non-core	Administrative
	1	1	

Broader Group non-compliance

Failure to meet Broader Group minimum spend of £115.68 as per regulation 19(2a) with reported spend of £0.

Overall non-core non-compliance

Tru Energy submitted Industry Initiative boiler measures without appropriate Trustmark registration as required by Part 2, Schedule 3 of the Scotland Regulations. These measures have not been attributed to their non-core spending obligation. As a result Tru Energy failed to meet their non-core spending obligation of £12,477.29 as per regulation 19(1) with reported spend of £10,969.12.

Tru Energy took this failure seriously. Therefore, Tru Energy agreed that they should make a payment to Ofgem's Voluntary Redress Fund in lieu of this underspend, equivalent to the amount of the underspend. Additionally, the underspend sum has been added to their SY14 obligation, as required by regulation 18(3) of the Scotland Regulations.

Utilita

England & Wales

Core Group 1	Core Group 2	Non-core	Administrative
1	1		

Core Group 1 & Core Group 2 non-compliance

Failure to provide 155 Core Group 1 rebates and 3,856 Core Group 2 rebates within the timescale as outlined in regulation 10(5) or regulation 10(6) where notice under regulation 8(1) is given after 1 March 2024.

We are discussing appropriate redress with the supplier.

Scotland

Core Group	Broader Group	Overall non-core	Administrative
1			

Core Group non-compliance

Failure to provide 30 Core Group rebates within the timescales as outlined in regulation 9(5) or regulation 9(6) where notice under regulation 8(1) is given after 1 March 2024.

We are discussing appropriate redress with the supplier.

Utility Warehouse

England & Wales

Core Group 1	Core Group 2	Non-core	Administrative
1		1	2

Core Group 1 non-compliance

Failure to return one rebate to the Secretary of State within the 30-day timescale outlined in regulation 12(6).

Non-core non-compliance

Failure to incur spending under Part 4 to the amount of Utility Warehouse's non-core spending obligation, as required by Regulation 20. Utility Warehouse incurred attributable non-core spending of £1,381,166.37 against a non-core spending obligation of £1,685,176.23, an underspend of £304,009.86.

Utility Warehouse made other spending in the scheme year but did not obtain the approvals required by the WHD regulations for this, so was not attributable to their non-core obligation. Utility Warehouse engaged with Ofgem early and took this failure seriously and have acknowledged the importance of adhering to scheme requirements. Therefore, they agreed to make extra payments to consumers with high-risk vulnerability status, equivalent to the amount of this underspend. Additionally, the underspend sum has been added to their SY14 obligation, as required by regulation 19(3) of the England and Wales Regulations.

Administrative non-compliances

1. Failure to accompany end of year report with appropriate audit report by the deadline of 26 May 2024, treated as a request for provision of information to the Authority (Ofgem) under the England & Wales Regulations and the Standard Licence Conditions (SLCs) of the electricity supply licence. Their audit report was submitted on 11 June 2024.
2. Failure to submit obligation setting data to the Authority by the deadline of 1 February 2023. This was submitted on 6 February 2023.

Utility Warehouse (continued)

Scotland

Core Group	Broader Group	Overall non-core	Administrative
		1	2

Overall non-core non-compliance

Failure to incur spending under Part 4 to the amount of Utility Warehouse's non-core spending obligation, as required by Regulation 19. Utility Warehouse incurred attributable non-core spending of £928,382.66 against a non-core spending obligation of £1,005,301.13, an underspend of £76,918.47.

Utility Warehouse made other spending in the scheme year but did not obtain the approvals required by the WHD regulations for this, so was not attributable to their non-core obligation. Utility Warehouse engaged with Ofgem early and took this failure seriously and have acknowledged the importance of adhering to scheme requirements. Therefore, they agreed to make extra payments to consumers with high-risk vulnerability status, equivalent to the amount of this underspend. Additionally, the underspend sum has been added to their SY14 obligation, as required by regulation 18(3) of the Scotland Regulations.

Administrative non-compliances

1. Failure to accompany end of year report with appropriate audit report by the deadline of 26 May 2024, treated as a request for provision of information to the Authority (Ofgem) under the Scotland Regulations and the Standard Licence Conditions (SLCs) of the electricity supply licence. Their audit report was submitted on 11 June 2024.
2. Failure to submit obligation setting data to the Authority by deadline of 1 February 2023. This was submitted on 6 February 2023.

Appendix 2: Participating suppliers

Figure A2.1: WHD participating electricity suppliers SY13

Supplier ³⁵	Years participating
British Gas	1 to 13
E	9 to 13
Ecotricity	10 to 13
EDF	1 to 13
Eon	1 to 13
Foxglove	11 to 13
Good Energy	12 to 13
Green Energy	10 to 13
Octopus	9 to 13
OVO	5 to 13
Rebel	11 to 13
Scottish Power	1 to 13
Shell ³⁶	3 to 13
So Energy	10 to 13
Tomato	13
Tru Energy	13
Utilita	5 to 13
Utility Warehouse	1 to 13

³⁵ The suppliers listed include specific licensed suppliers, plus alternative brand names and white label suppliers who do not hold a supply licence but offer tariffs under their own name through partnership with a licensed supplier. Customers of white label suppliers in partnership with a licensed supplier are also eligible for the WHD scheme. [A list of suppliers' subsidiary companies is published on the DESNZ website: <https://www.gov.uk/the-warm-home-discount-scheme/energy-suppliers>](https://www.gov.uk/the-warm-home-discount-scheme/energy-suppliers)

³⁶ Octopus Energy Ltd acquired Shell Energy Retail Ltd during SY13 on 1 December 2023.

Appendix 3: Associated documents

The **WHD Regulations** on the legislation.gov.uk website

[The Warm Home Discount \(England and Wales\) Regulations 2022](#)

<<https://www.legislation.gov.uk/uksi/2022/772/contents/made>>

[The Warm Home Discount \(Scotland\) Regulations 2022](#)

<<https://www.legislation.gov.uk/uksi/2022/1073/contents/made>>

The **WHD Guidance for Suppliers** on the Ofgem website:

[Warm Home Discount Guidance \(version 1\) - England and Wales](#)

<<https://www.ofgem.gov.uk/publications/warm-home-discount-guidance-v1-england-and-wales>>

[Warm Home Discount Supplier Guidance \(version 1\) – Scotland](#)

<<https://www.ofgem.gov.uk/publications/final-warm-home-discount-supplier-guidance-version-1-scotland>>

The **WHD Annual Report:** scheme year 12:

[Scheme Year 12 Warm Home Discount annual report](#)

<<https://www.ofgem.gov.uk/publications/warm-home-discount-annual-report-sy12>>

WHD Reports and Data on the Ofgem website:

[WHD reports and data](#)

<<https://www.ofgem.gov.uk/environmental-programmes/social-programmes/warm-home-discount/warm-home-discount-reports-and-statistics>>

WHD consultations:

[Consultation on WHD scheme from 2022](#)

<<https://www.gov.uk/government/consultations/warm-home-discount-better-targeted-support-from-2022>>

[Consultation on expanding the Warm Home Discount Scheme, 2025 to 2026](https://www.gov.uk/government/consultations/expanding-the-warm-home-discount-scheme-2025-to-2026/expanding-the-warm-home-discount-scheme-2025-to-2026-consultation-document-accessible-webpage)

<<https://www.gov.uk/government/consultations/expanding-the-warm-home-discount-scheme-2025-to-2026/expanding-the-warm-home-discount-scheme-2025-to-2026-consultation-document-accessible-webpage>>