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Warm Home Discount (WHD)

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## **WHD Guidance: Scotland**

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This guidance is for suppliers and the broader supply chain. It describes Ofgem's role in administering parts of the Warm Home Discount (WHD) in Scotland and how suppliers can meet their obligations under the scheme. For further guidance on WHD, visit our [website](#).

This guidance details who is eligible for WHD, what supplier obligations are and Ofgem's role in the administration of Industry Initiatives and Specified Activities. The guidance also details the spending estimates for SY16-20 and our audit programme and reporting.

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## About this guidance

The Warm Home Discount (WHD) scheme, introduced in 2011, places a legal obligation on licensed gas and electricity suppliers, hereafter referred to as 'suppliers', to deliver support to persons on low-income and who are vulnerable to cold-related illness or living wholly or mainly in fuel poverty.

Ofgem (on behalf of the Gas and Electricity Markets Authority) administers parts of the WHD scheme. This document is version 3.0 of the WHD Guidance: Scotland and provides guidance on how Ofgem ('we', 'our' and 'us' in this document) will administer scheme years (SY) 16-20 of the Scotland WHD in line with the requirements of the Warm Home Discount (Scotland) Regulations 2026 ('the Regulations'). The Regulations replace the Warm Home Discount (Scotland) Regulations 2022. This guidance refers to the WHD in Scotland only and any references to the WHD hereafter in this guidance are limited to Scotland. See our WHD Guidance: England and Wales version 3.0 for information on the WHD in England and Wales.

This guidance does not cover information about reconciliation. The process for reconciliation for SY16-20 is to be provided in separate, dedicated guidance, which will be published once the regulations providing for this have been laid by Department for Energy and Net Zero (DESNZ). For reconciliation related to SY15, [please see version 2.0 of the guidance](#).

Suppliers will become obligated for a particular scheme year if they reach a certain threshold for domestic customer account numbers, hereafter referred to as the 'supplier obligation threshold'. The supplier obligation threshold for SY16-20 is 1,000 or more GB domestic customer as of 31 December each year. An obligated supplier must achieve its WHD obligations for each scheme year. The obligation is divided between suppliers according to each supplier's relative share of the domestic gas and electricity market. Non-obligated suppliers can become a voluntary supplier.

A licensed supplier is connected to another licensed supplier if they both belong to the same group of companies. This means that a licensed supplier with under 1,000 GB domestic customers may still be obligated if their connected supplier(s) take them over the customer threshold number.

This guidance (WHD Guidance: Scotland) explains:

- when suppliers are obligated under WHD
- the Core Group and non-core obligations in the Regulations that make up WHD

- our interaction with the Core Group Industry Initiatives and Specified Activities
- how suppliers should provide a rebate to customers
- how suppliers should comply with the Broader Group and deliver Industry Initiatives to contribute to non-core obligations
- how suppliers report progress towards achieving their obligations, and
- our role in administering parts of the WHD scheme.

This guidance document is designed to help participating licensed electricity and gas suppliers understand and deliver the WHD scheme. This document replaces version 2.0 of the WHD Scotland Supplier Guidance published on 24 September 2025. This guidance applies to scheme year 16 to 20 of WHD.

**It is the responsibility of each supplier to understand the provisions of the regulations and how they apply. This guidance document is not a definitive guide to the Regulations, and it does not constitute legal advice. Where there is any ambiguity or conflict between the guidance and Regulations, the Regulations take precedence. Suppliers are responsible for ensuring that they comply with the applicable requirements of the law and should obtain their own legal advice, if necessary.**

The Regulations were laid before Parliament on 17 March 2026 and came into force on 1 May 2026. The Regulations apply to the WHD Scotland scheme.

### **Date of effect for version 3.0 of this guidance**

It is our intention that stakeholders may apply these policies and use this document from its publication date. Version 2.0 of this guidance remains applicable to matters pertaining to end of Scheme Year 15 including sections that apply in relation to reconciliation of SY15.

## Useful links

[Warm Home Discount: Better targeted support from 2022 consultation and Government Response](#)

[Expanding the Warm Home Discount Scheme, 2025 to 2026 consultation and Government Response](#)

[Continuing the Warm Home Discount Scheme consultation and Government Response](#)

[Warm Home Discount \(WHD\): cost recovery consultation and Government Response](#)

For further information on TrustMark, please refer to: <https://www.trustmark.org.uk/>.

Any queries on the TrustMark Framework should be directed to [info@trustmark.org.uk](mailto:info@trustmark.org.uk).

## Updates to this document

This document contains minor corrections and alterations for accessibility requirements. It also contains the changes made by the Regulations.

## Contacts

If you would like to contact us, [visit the WHD contacts page](#).

If you would like to contact government on Core Group eligibility and contact the helpline, [visit the WHD page](#)

## Relevant legislation

[The Warm Home Discount \(Scotland\) Regulations 2026 \(legislation.gov.uk\)](#)

[The Warm Home Discount \(Scotland\) Regulations 2022 \(legislation.gov.uk\)](#)

[The Warm Home Discount \(England and Wales\) Regulations 2022 \(legislation.gov.uk\)](#)

[The Warm Home Discount \(Reconciliation\) Regulations 2022 \(legislation.gov.uk\)](#)

[The Warm Home Discount \(Reconciliation\) \(Amendment\) Regulations 2024 \(legislation.gov.uk\)](#)

[The Warm Home Discount \(Amendment\) Regulations 2025](#)

## 1. Introduction

- 1.1. This guidance details our administrative processes for the WHD SY16-20 and sets out the requirements for suppliers in accordance with the Regulations. The scheme will run from the commencement date to 31 March 2031 (SY20).
- 1.2. SY16 started with the commencement date, as stated in the Regulations, and terminates on 31 March 2027. The following scheme years 17, 18, 19, and 20 each run from 1 April for a 12-month period.

### What is the WHD scheme?

- 1.3. The WHD, first introduced in 2011, places a legal obligation on suppliers to deliver support to eligible persons on low-income and who are vulnerable to cold-related illness or living wholly or mainly in fuel poverty.
- 1.4. The WHD scheme from April 2026 is based on three key elements: the Core Group, the Broader Group, and Industry Initiatives.
- 1.5. Core and Broader Group rebates are provided by suppliers to customers who are living in fuel poverty or in a fuel poverty risk group. Certain criteria must be met to qualify for the rebate. The administrative process to manage these obligations are explained in Chapters 4, 5 and 6.
- 1.6. Industry Initiatives provide a wider range of support to persons wholly or mainly in fuel poverty or in a fuel poverty risk group Chapter 7 of this guidance provides information to help suppliers deliver Industry Initiatives in line with the Regulations.
- 1.7. If a supplier fails to meet the requirements of the Regulations, we may take enforcement action and record non-compliances and administrative non-compliances and non-compliance in our Supplier Performance Report.

### Core Group

- 1.8. Fixed rebate payments of £150.
- 1.9. Eligibility based on receipt of eligible benefits as outlined within Chapter 4 of this guidance and Schedule 1 of the Regulations.
- 1.10. On behalf of the DESNZ, the Department for Work and Pensions (DWP) identify eligible customers through a data matching process using DWP's means tested benefits database.

- 1.11. Spending on the Core Group will be estimated based on the size of eligible pool including benefit groups using DWP benefits forecast.

### **Broader Group**

- 1.12. Fixed rebate payments of £150.
- 1.13. Eligibility criteria and verification measures set by suppliers (within the scheme parameters, including some compulsory criteria) and subject to Ofgem approval.
- 1.14. Designed to target support at customers in fuel poverty or in a fuel poverty risk group.
- 1.15. Does not include person who is a Core Group customer.
- 1.16. Customers meeting the criteria will wholly or mainly be persons who are not former Core Group customers of the supplier.

### **Industry Initiatives**

- 1.17. Supplier funded programmes and partnerships which assist those wholly or mainly in, fuel poverty or in a fuel poverty risk group). See Chapter 7 on Industry Initiatives.
- 1.18. Cap on spending of £7 million per scheme year across suppliers.
- 1.19. Supplier cap is determined by market share.

### **Fuel Poverty**

- 1.20. To determine which customers are eligible for Core Group rebates the criteria set out in Schedule 1 of the Regulations must be met. For Broader Group rebates, Ofgem will consider whether the suppliers have proposed eligibility criteria that include descriptions of:
- persons in receipt of every type of benefit specified in Part 1 of Schedule 3 (excluding Core Group customers),
  - persons who are wholly or mainly in fuel poverty or in a fuel poverty risk group,
  - customers meeting the criteria will wholly or mainly be persons who are not former Core Group customers of the supplier.
- 1.21. The Scottish Government uses proxies to identify and measure fuel poverty. A household is defined as being in fuel poverty in Scotland if more than 10% of

their net income after housing costs is spent on fuel and their residual income after further adjustments is considered insufficient to maintain an acceptable standard of living.<sup>1</sup>

## **Types of suppliers and their roles and responsibilities**

1.22. There are three types of suppliers in the WHD scheme, which are established ahead of the start of each scheme year.

### **Compulsory Suppliers<sup>2</sup>**

1.23. A licensed electricity supplier is a compulsory supplier in relation to a scheme year if the supplier, including any connected licensed gas and electricity suppliers, had at least 1,000 GB domestic customers on 31 December preceding the start of that scheme year.

### **Voluntary Suppliers<sup>3</sup>**

1.24. A licensed electricity supplier that is not a compulsory supplier may notify Ofgem of its intention to be a voluntary supplier for a scheme year. The notification to participate in the WHD must be made no later than 21 days after the start of the scheme in SY16<sup>4</sup> and before 1 February preceding the start of the scheme year for the other scheme years. Notifications should be submitted as part of the customer data notification described in Chapter 3.

1.25. We will assess the voluntary supplier's notification and respond to the supplier within 20 working days of their notification or within 12 weeks of the start of SY16 if the notification was issued in the first eight weeks of the scheme starting.<sup>5</sup> If successful, a voluntary supplier will have an obligation under the Core Group and must comply with all aspects of the Core Group for the relevant scheme year.

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<sup>1</sup> [Fuel Poverty \(Targets, Definition and Strategy\) \(Scotland\) Act 2019 \(legislation.gov.uk\)](#)

<sup>2</sup> In this guidance, 'compulsory supplier' has the meaning of 'Compulsory Scheme Electricity Supplier' in regulations 3(1) and 6(2) the Regulations. A compulsory supplier is statutorily obligated to deliver the WHD scheme under section 25(8) of, and paragraph 6(f)(i) of Schedule 6A to the Electricity Act 1989 and section 28(8) of, and paragraph 4(e)(i) of Schedule 4B to the Gas Act 1986.

<sup>3</sup> In this guidance, 'voluntary supplier' has the same meaning as 'Voluntary Scheme Electricity Supplier' given in regulations 3(1) and 6(5) of the Regulations.

<sup>4</sup> See regulation 6 (6) of the Regulations

<sup>5</sup> See regulation 33(4) of the Regulations.

1.26. Prior to the start of SY16, we will contact all domestic suppliers as part of the customer number exercise to confirm whether they intend to be a voluntary supplier in line with the notification process as set out in Chapter 3 - Determining WHD obligations.

*Table 1: Summary of WHD obligations for compulsory and voluntary suppliers*

	<b>Core Spending Obligation</b>	<b>Non-Core Spending Obligation</b>	<b>Non-Core Spending Obligation</b>
	<b>Core Group</b>	<b>Broader Group</b>	<b>Industry Initiatives</b>
<b>Compulsory suppliers</b>	Yes	Yes	No
<b>Voluntary suppliers</b>	Yes	No	No

1.27. It is possible for a participant to move between being a compulsory and voluntary supplier in different scheme years. A supplier cannot remain a voluntary supplier if it meets the domestic customer threshold that requires it to become a compulsory supplier.

### **Scheme Gas Suppliers (SGS)**

1.28. A licensed gas supplier is an SGS in a scheme year if it supplied domestic customers on 31 December preceding the start of the scheme year and is connected to a licensed electricity supplier which is a compulsory supplier in that scheme year. A SGS can spend on behalf of a compulsory supplier for Industry Initiatives but does not have an obligation of its own.

## **The roles of Ofgem, DESNZ, and TrustMark**

### **Ofgem**

1.29. Ofgem’s role in the WHD scheme is to administer the non-core elements of the scheme and to monitor and facilitate suppliers’ compliance with all elements of the scheme. Our functions include:

- receiving suppliers’ customer data notifications,
- calculating the market share of each compulsory supplier for the non-core spending obligation

- setting compulsory supplier spending obligations and caps for the non-core obligation,
  - receiving proposals from or on behalf of compulsory suppliers for Broader Group and Industry Initiatives and approving, rejecting, or seeking more information on the proposals,<sup>6</sup>
  - monitoring and assessing suppliers' compliance with the scheme, including through the use of external auditors,
  - determining whether suppliers' obligations are met,
  - publishing an annual report detailing supplier achievements against their obligations for the previous scheme year, and
- 1.30. liaising with TrustMark to confirm issuance of certificates of lodgement and the status of any referrals to the Authority relating to the installation of boilers and central heating systems. For further information on our guidance or administration of the WHD scheme please contact the WHD inbox: [whd@ofgem.gov.uk](mailto:whd@ofgem.gov.uk)

## **DESNZ**

- 1.31. DESNZ maintains overall responsibility for the coordination and oversight of the WHD scheme and any policy and regulatory changes. It also oversees the delivery of the Core Group and Specified Activities.<sup>7</sup> DESNZ also provides certain information to Ofgem and suppliers to enable them to undertake the WHD scheme duties and functions.
- 1.32. DESNZ carries out actions on behalf of and instructed by the Secretary of State (SoS) in respect of the Regulations are described in Chapter 2 below.
- 1.33. Questions on the above should be directed to DESNZ via the following email: [warmhomediscount@energysecurity.gov.uk](mailto:warmhomediscount@energysecurity.gov.uk). There is also information online on the government website at <https://www.gov.uk/the-warm-home-discount-scheme>.

## **TrustMark**

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<sup>6</sup> Ofgem has extensive powers to request further information under regulation 35 of the Regulations.

<sup>7</sup> See regulation 32 of the Regulations.

- 1.34. In October 2018, TrustMark was launched as the new government-endorsed quality scheme, providing greater consumer protection for energy efficiency measures. TrustMark or equivalent requirements are incorporated into the WHD scheme in relation to the installation and repairs of boilers and central heating systems<sup>8</sup> Industry Initiatives from 1 April 2021.
- 1.35. Such installation and repairs under Industry Initiatives must be installed by, or under the responsibility of, a person who is registered with TrustMark (or equivalent) in order to be eligible under WHD. A certificate of lodgement is required for the installations. The installation must adhere to installation standards and arrangements under TrustMark or equivalent in accordance with the Regulations.
- 1.36. If an installation is referred to Ofgem, for failing to meet the relevant requirements of Trustmark or equivalent person, and a referral is not withdrawn before 31 August following the end of the scheme year in which the installation is installed the installation will not be deemed compliant.

### **Scottish Ministers**

- 1.37. Scottish Ministers may publish a notice detailing a 'Specified Activity' that can be delivered under Industry Initiatives. Spending on Specified Activities can be counted towards a supplier's non-core obligation. For further information on Specified Activities, please see paragraph 7.34.

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<sup>8</sup> 'Central heating system' is defined in regulation 3 (1) of the regulations as a system: (a) which provides heat for the purposes of space heating through a boiler or other heat source connected to one or more separate heat emitters, and (b) where the heat source and heat emitters are all situated in the same domestic premises or building.

## 2. Spending Profiles and Limits

### The WHD Scheme Estimated Spend Profile

- 2.1. For SY16 onwards, the WHD initial overall spending targets are:
- £92 million for SY16
  - £92 million for SY17
  - £92 million for SY18
  - £93 million for SY19
  - £93 million for SY20
- 2.2. Please note that the above initial overall spending targets are estimates and are subject to change each scheme year in accordance with paragraph 3 of Schedule 2 of the Regulations.
- 2.3. We report the attribute spend for each scheme year to the SoS and publish these reports on our website.<sup>9</sup>

### The Core Group Spending Estimate

- 2.4. For SY16 the SoS will provide the aggregate core spending estimate on or before the 5<sup>th</sup> working day after commencement. For SY17-20 the SoS will provide the aggregate non-core spending on or before 10 February.
- 2.5. The SoS must update the aggregate core spending estimate for each scheme year and notify Ofgem of the updated estimate on or before 10 August in the scheme year<sup>10</sup>.
- 2.6. This is based on the estimated number of eligible customers under a benefit mentioned in Schedule 1 of the regulations and chapter 4.

### Calculating Non-Core Spending Obligations

- 2.7. The aggregate non-core spending obligation for a scheme year is determined by the SoS by the 5<sup>th</sup> working day after the start of SY16 otherwise by 10 February for SY17-20. This is calculated by subtracting the SoS estimate for that year's

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<sup>9</sup> [Warm Home Discount \(WHD\) - Reports and data | Ofgem](#)

<sup>10</sup> See regulation 8 of the Regulations

aggregate Core Group spending from the total WHD overall spending target for that year (including any adjustments as described in Schedule 2 to the Regulations).

- 2.8. A compulsory supplier's portion of this total non-core spending obligation is calculated using its GB market share.

### **Cap on Industry Initiatives**

- 2.9. The aggregate value of WHD spending that can be attributed to approved Industry Initiatives is £7 million in each scheme year.
- 2.10. We calculate the proportion of each compulsory supplier's non-core spending obligation that can be delivered through Industry Initiatives based on each supplier's market share for the non-core obligation and then deduct the Broader Group minimum spending target.
- 2.11. If a supplier spends above its cap for Industry Initiatives, the overspend will not count towards its WHD non-core spending obligation.
- 2.12. Spending on Industry Initiatives is optional. A supplier may meet its entire non-core obligation through providing Broader Group rebates.

### **Cap on Boiler and Central Heating System Replacements**

- 2.13. There is a spending limit on all boiler and central heating system replacements under Industry Initiatives. Under the WHD it is possible to install mains gas, wholly or mainly renewable, or mains gas hybrid boilers and central heating installations<sup>11</sup>. The spend on boiler and central heating system replacements is limited to an aggregate £800,000 per scheme year. The cap is distributed between suppliers according to their market share. Repairs of boilers and central heating systems are not subject to this £800,000 aggregate cap.
- 2.14. We calculate the proportion of each compulsory supplier's non-core spending obligation that can be delivered through boiler and central heating system replacement activities. This is based on each supplier's market share for the non-core obligation.

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<sup>11</sup> See Schedule 4 Part 1 of the Regulations

- 2.15. Mains gas boilers and central heating installations (including mains gas hybrids) would be permitted only where they replace a previous mains gas boiler or central heating system that has broken down and therefore only in emergency situations. See Chapter 7 - Industry Initiatives for further information on boiler and central heating installation under WHD.
- 2.16. Industry Initiatives are intended to provide funding for longer-term solutions and give customers long-term relief from fuel poverty. The replacement of boilers, however, provides more immediate support for households in need, which is why boiler and central heating system replacements under Industry Initiatives are intended to be provided to households in distress or emergency situations.

### **Cap on Debt Write-off Activities**

- 2.17. The total value of WHD scheme spending that can be attributed to debt write-off is £600,000 per scheme year. Debt write-off is defined in the Regulations as the provision of assistance to reduce debts for electricity or gas supply to domestic premises by cancelling or reducing the debts. There is no minimum obligation to deliver debt write off activities as part of Industry Initiatives.
- 2.18. Debt assistance activities are not affected by the cap. This may include advice and support for vulnerable customers on financial management and smart meters, energy efficiency and other non-monetary measures to keep down energy bills, measures which have a more holistic and long-lasting impact on households.
- 2.19. The amount of spending on debt write-off that a supplier can count towards its non-core spending obligation:
- Must not exceed the obligation percentage of £300,000 in respect of customers who are supplied with neither electricity nor gas through a pre-payment meter (PPM).
  - Must not, in total, exceed the obligation percentage of £600,000.
- 2.20. We calculate the proportion of each compulsory supplier's non-core spending obligation that can be delivered through debt write-off activities including their portion of the cap relating to non-PPM customers. This is based on each supplier's market share for the non-core obligation.
- 2.21. If a supplier spends above its cap for debt write-off, the additional spend will not be counted towards its WHD non-core spending obligation.

- 2.22. Suppliers must ensure debt write-off for individuals is no more than £2,000. If a supplier spends above its cap of £2,000 for debt write-off for an individual customer, then the additional spend will not be counted towards its WHD non-core spending obligation. This cap is on debt write-off only. This includes the reduction or cancellation of debt on a customer's electricity or gas account and any associated administration costs (excluding costs arising from a billing error by the supplier).
- 2.23. Alongside a debt write-off measure, suppliers are expected to provide a wider package of measures to customers aimed at providing longer-term support from fuel poverty.
- 2.24. Debt assistance activities which have a more holistic and long-lasting impact on households, are not affected by the cap. These may include advice and support for vulnerable customers on financial management and smart meters, energy efficiency and other non-monetary measures to keep down energy bills.

### **Cap on Financial Assistance with Energy Bills**

- 2.25. Financial assistance payments to domestic customers are allowed under Industry Initiatives including recipients of the Core Group or Broader Group.
- 2.26. Financial assistance payments are capped at £150 per eligible customer per scheme year.

### 3. Determining WHD obligations

- 3.1. The supplier obligation threshold for mandatory participation in WHD for SY16-20 is 1,000 or more GB domestic customers. Figure 1: The process for determining obligations provides a breakdown of how WHD obligations are determined.
- 3.2. The SoS will notify Ofgem of the aggregate core spending estimate and aggregate non-core spending obligation on or before the fifth working day after the commencement day for SY16 and by 10 February for the other scheme years.

#### Customer Definition

- 3.3. The Regulations define customers as follows:
  - "Scotland domestic customer" means an owner or occupier of domestic premises in Scotland, who is supplied with electricity or gas at those premises wholly or mainly for domestic purposes.<sup>12</sup>
  - "GB domestic customer" means an owner or occupier of domestic premises in England, Wales or Scotland, who is supplied with electricity or gas at those premises wholly or mainly for domestic purposes.<sup>13</sup>
  - "Dual fuel" means electricity and gas, where both are supplied to a GB domestic customer at the same domestic premises by a person who is both a licensed electricity supplier and a licensed gas supplier. A supply of dual fuel to a GB domestic customer is treated as a supply to two GB domestic customers.<sup>14</sup>
  - "Core Group customer" means a person who is a Scotland domestic customer of the supplier or was a Scotland domestic customer of the supplier, if, during the scheme year in which the notice is given, the supplier has informed the SoS that the person is a Scotland domestic customer of the supplier.

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<sup>12</sup> See regulation 2(3) of the Regulations

<sup>13</sup> See regulation 2(2) of the Regulations

<sup>14</sup> See regulation 5(6) of the Regulations

## **Market share calculations**

- 3.4. Suppliers are obligated to notify Ofgem of their GB domestic customer numbers as of the 31 December, for the purposes of calculating suppliers' WHD obligations by the 21st day after the start of SY16, otherwise by 1 February for SY17-20<sup>15</sup>. See Figure 1: The process for determining obligations which provides an overview of the process for determining obligations. See Chapter 8 - Reporting for further information on customer number reporting.

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<sup>15</sup> See regulation 5 (1) of the Regulations

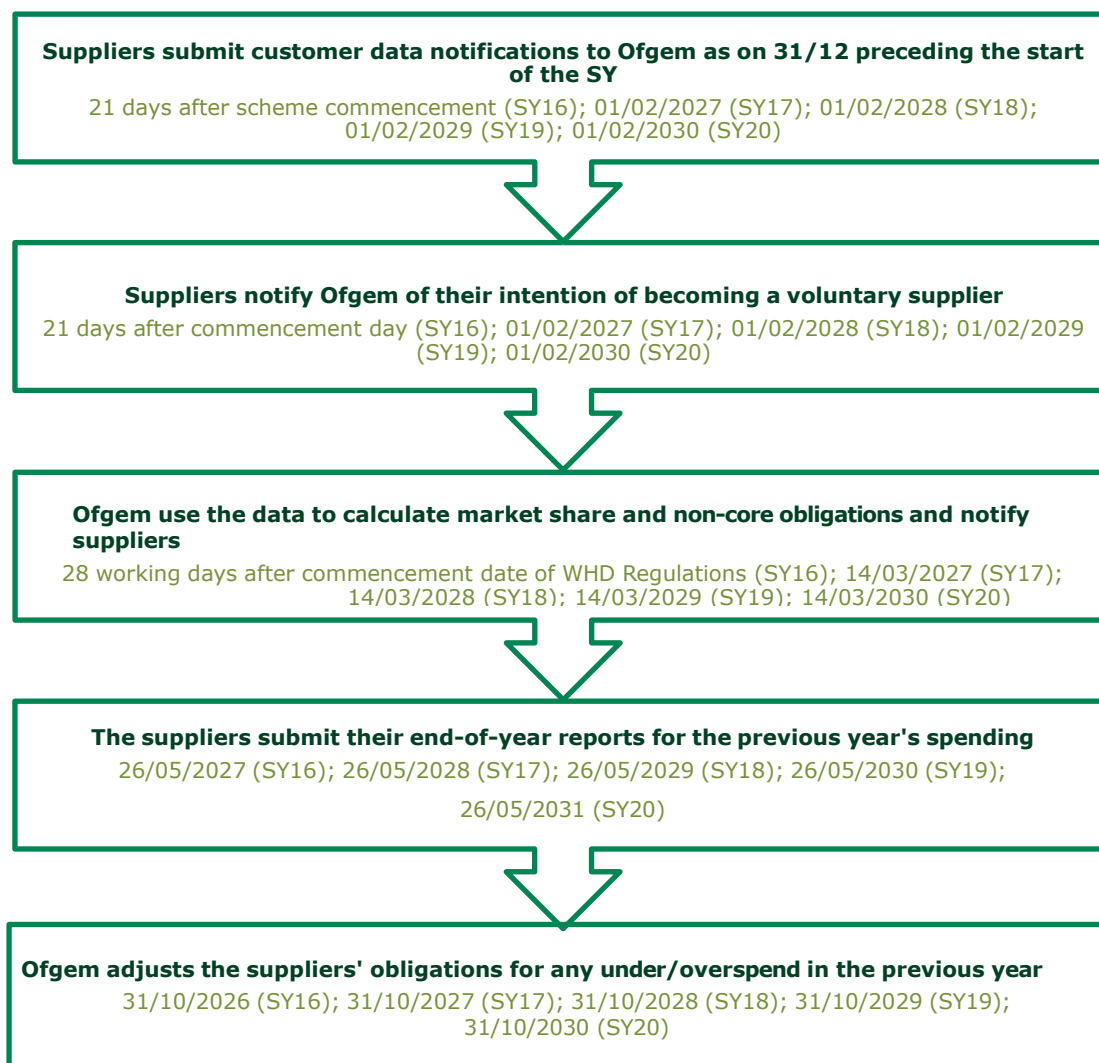


Figure 1: The process for determining obligations

- 3.5. For compulsory suppliers, we use the customer data notifications of a supplier's number of GB domestic customer numbers on 31 December preceding the start of a scheme year to calculate the market share for the non-core obligations of the scheme. We will also contact all other domestic suppliers asking them to confirm whether they wish to be a voluntary supplier.

- 3.6. At the start of each scheme year, we notify a Scheme Gas Supplier<sup>16</sup> of its status. Each compulsory supplier will be notified of:
- its market share for the non-core spending obligation,
  - the value of its non-core spending obligation,
  - the Broader Group rebate target and the equivalent financial value of the rebate target for the scheme year, and
  - the cap to spending that a supplier can count towards its non-core obligation through Industry Initiatives, including maximum amount of spending on debt write-off and boiler & central heating installations as part of Industry Initiatives.
- 3.7. We will notify suppliers of the above information by the 28<sup>th</sup> working day after the commencement of the regulations in SY16 and by 14 March preceding the start of each of the following scheme years.
- 3.8. For compulsory suppliers, this notification will provide an initial non-core spending obligation. Compulsory suppliers' non-core spending obligations may be adjusted, as described below.
- 3.9. We will notify each compulsory supplier of its final adjusted non-core spending obligation by 31 October of the scheme year to which it relates.

### **Adjustments for overspend on the non-core obligation**

- 3.10. After each scheme year, Ofgem reviews suppliers' WHD compliance and determines the proportion of approved spending on Industry Initiatives or Specified Activities that can count toward their non-core obligation. Suppliers may overspend but only overspend up to 5% of their non-core obligation (plus any Supplier of Last Resort (SoLR)-related carry-forward up to 10%). Any allowable overspend is carried forward to reduce the following year's non-core obligation. Spending above specified caps (e.g., debt write-off) cannot be included. Ofgem will notify suppliers of any adjustments by 31 October.
- 3.11. For more details on this please see paragraphs 3.16- 3.18.

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<sup>16</sup> Scheme Gas Supplier is defined in Chapter 1 'Supplier roles and responsibilities', and regulation 6(7) of the Regulations.

### **Adjustments for underspend on the non-core obligation**

- 3.12. An adjustment will be made to a supplier's non-core spending obligation if it did not meet its non-core obligation in the previous scheme year. This happens once a supplier's attributable spend has been determined, Ofgem will notify the supplier of any adjusted obligation by 31 October.
- 3.13. Not achieving the overall non-core spending obligation in a scheme year will mean that a supplier is non-compliant. As well as adding any underspend to the supplier's obligation in the following scheme year, we may take enforcement action.

### **Adjustments for undelivered rebates**

- 3.14. An adjustment will be made to a supplier's non-core spending obligation for a current SY to account for rebates provided but not delivered in the previous scheme year. The total value of undelivered Core Group rebates from the previous SY is added to the non-core obligation for the next SY. The information on undelivered rebates will be taken from the redemption reports that are submitted by suppliers by 31 August at the end of the scheme year<sup>17</sup>. See Chapter 6 - Provision of the rebate for further information on undelivered rebates.
- 3.15. A voluntary supplier's undelivered Core Group rebates from the previous scheme year will be carried forward and added to their non-core obligation for the scheme year in which they become fully obligated. This will apply in respect of suppliers that become newly fully obligated in SY16 (2026/27) and in future scheme years.

### **Adjustment for non-core additional overspend for Supplier of Last Resort**

- 3.16. If, following their appointment by Ofgem as the SOLR, a supplier chooses to meet all or part of the failed supplier's non-core spending obligation for that scheme year, an overspend of up to 10% of the supplier's original non-core spending obligation can be carried over towards their non-core spending obligation of the next scheme year.

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<sup>17</sup> See regulation 14 (6) of the Regulations

- 3.17. Any additional overspend allowance will be subject to the SOLR having notified Ofgem of their intention to meet all or part of the failed suppliers non-core spending by no later than 15 February of the respective scheme year in order to ensure any additional Broader Group and Industry Initiatives activity or spending can be reviewed by Ofgem and approved (if appropriate) for that scheme year.
- 3.18. For further information on the SOLR process, please see the Ofgem Supplier of Last Resort: Revised Guidance 2016.<sup>18</sup>

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<sup>18</sup> [Supplier of Last Resort: Revised Guidance 2016](#)

## 4. Core Group

- 4.1. The Core Group uses data sharing between government and suppliers to target rebates at low-income households in receipt of qualifying means tested benefits.
- 4.2. A Core Group customer in Scotland is identified as a person specified in a rebate notice who<sup>19</sup>:
- is a Scotland domestic customer of the supplier, or
  - was a Scotland domestic customer of the supplier, if, during the scheme year in which the notice is given, the supplier has informed the SoS that the person is a Scotland domestic customer of the supplier.
- 4.3. Customers are eligible for the Core Group if:
- their electricity supplier is a compulsory or voluntary supplier,
  - their or their partner's name is on the electricity bill,<sup>20</sup> and
  - they receive the qualifying benefits<sup>21</sup> and meet the additional criteria<sup>22</sup> for the Core Group as outlined in Table 2.

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<sup>19</sup> See regulation 10(2) of the Regulations

<sup>20</sup> A DWP appointee can apply on behalf of a Core Group or Broader Group customer.

<sup>21</sup> See Schedule 1 of the Regulations

<sup>22</sup> DESNZ is aware that certain benefits will become legacy benefits due to being transferred to UC but are still included to ensure such eligible households can be eligible for the Core Group whilst the migration process to UC is completed

*Table 2: Core Group benefit eligibility*

<b>Benefit</b>	<b>Additional criteria</b>
Pension Credit (both the Guaranteed Element and Savings Credit)	No additional criteria
Universal Credit	<p>Person must be:</p> <p>Employed or self-employed and get a child or young person disability element; or,</p> <p>Not employed or be in gainful self-employment and either;</p> <ul style="list-style-type: none"> <li>• The person is responsible for a child under the age of 5 who normally lives with the person; or</li> <li>• The person receives a child or young person disability element; or</li> <li>• The person has limited capability for work or limited capability for work and work-related activity for the purposes of the Universal Credit</li> </ul>
Income Support or Income based Jobseeker's Allowance	<p>Person is responsible for a child under the age of 5 who normally lives with the consumer or the person's income-based jobseeker's allowance includes any of the following premiums:</p> <ul style="list-style-type: none"> <li>• Pensioner premium;</li> <li>• Higher pensioner premium;</li> <li>• Disability premium;</li> <li>• Severe disability premium;</li> <li>• Enhanced disability premium;</li> <li>• Disabled child premium.</li> </ul>

<b>Benefit</b>	<b>Additional criteria</b>
Income Related Employment Support Allowance	<p>Person is responsible for a child under the age of 5 who normally lives with the person or has limited capability for work or work-related activity, or the person’s income-related employment and support allowance includes any of the following premiums:</p> <ul style="list-style-type: none"> <li>• Pensioner premium;</li> <li>• Severe disability premium;</li> <li>• Enhanced disability premium.</li> </ul>
Support for Mortgage Interest	<p>Person must be treated as entitled to state pension credit or,</p> <p>The loan payments are made by virtue of the person being treated as entitled to income support, an income-based jobseeker’s allowance or an income-related employment and support allowance, and</p> <ul style="list-style-type: none"> <li>• The person is responsible for a child under the age of 5 who normally lives with the person; or</li> <li>• If the person had been entitled to income support, an income-based jobseeker’s allowance or an income-related employment and support allowance, it would have included any of the pensioner or disability premiums mentioned under each benefit above.</li> </ul>

- 4.4. Customers identified as eligible for the Core Group must be provided with a rebate. For information on the value of the rebate, and how to provide a rebate, please see chapter 6 - Provision of the rebate.
- 4.5. The Core Group administration is led by DESNZ and DWP. For further information, contact DESNZ at [warmhomediscount@energysecurity.gov.uk](mailto:warmhomediscount@energysecurity.gov.uk).
- 4.6. We determine each supplier’s compliance with its Core Group obligation following the end-of-year reporting process (see end-of-year reporting process from paragraph 8.30).

## Supplier obligations

- 4.7. A supplier's core obligation is to the Core Group. The SoS will send suppliers a standard rebate notice specifying which of their customers the suppliers must provide a Core Group rebate of £150. The SoS may send suppliers more than one standard rebate notice.
- 4.8. In a standard rebate notice, the SoS provides a list of Core Group customers following an initial 'data matching' with data from DWP and the supplier records, which may include a subsequent 'mop-up' data match carried out by DWP to account for qualifying benefits that can be backdated for up to three months.
- 4.9. Each entry on this list is known as an 'instruction' to pay. This list consists of standard rebate notices. The matched customers are expected to receive a rebate automatically as outlined in the regulations.
- 4.10. Customers identified through the matching process will receive written confirmation from DESNZ that they have been automatically matched and that no action is required from them. The customer should receive the WHD rebate automatically. Occasionally, a supplier may not be able to provide a rebate. See 4.33 for further information on scenarios where this might occur and what suppliers should do in such instances.
- 4.11. From SY16, the SoS has the power to direct suppliers to issue written confirmation to customers who have been automatically matched<sup>23</sup>. Where such a direction is given, suppliers must comply with the requirements set out in that direction. Further information is provided in section 4.22.
- 4.12. Where the eligibility criteria for a Core Group rebate were met in a preceding scheme year, but the prescribed rebate was not provided due to an administrative error by a supplier, SoS or Ofgem, the SoS may issue a late rebate notice. See section 6.28-6.32 on late rebates.
- 4.13. A supplier must provide a rebate to the appropriate Core Group customer(s) for each instruction that it is sent. Occasionally, a supplier may not be able to provide a rebate. Paragraph 4.33 lists some of the scenarios where this might occur and what suppliers should do in such instances.

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<sup>23</sup> See regulation 15 of the Regulations

- 4.14. Suppliers must provide all Core Group rebates by 31 March in the relevant scheme year, except for late rebate notices, which must be provided 30 days after receipt of late rebate notice.
- 4.15. Ofgem expects suppliers to provide rebates as early as possible within the winter period, as consumers will get the most benefit from this.
- 4.16. Suppliers who leave the scheme as they fall under the participation threshold for the following scheme year, would still need to report undelivered rebates and not provided to Ofgem. The value of the undelivered rebates will not count towards the supplier's contribution to the scheme obligation for the purposes of the end-of-year determination.
- 4.17. Undelivered rebates of voluntary suppliers will be added to the non-core obligation in the following scheme year should they become fully obligated. This will apply in respect of suppliers that become newly fully obligated in scheme year 2026/27 and in future scheme years.
- 4.18. Where rebates have been provided but are not delivered, suppliers are encouraged to make multiple attempts to deliver the rebate to customers.
- 4.19. The value of the undelivered rebates will be added to a supplier's non-core obligation for the following scheme year. It is recommended that suppliers make all reasonable attempts to deliver the rebates especially during winter months to help those in fuel poverty or at risk of fuel poverty.
- 4.20. Generally, rebates can only be paid to a supplier's own customers. See 4.28 regarding actions to take when a customer switches supplier.
- 4.21. For further information on providing rebates, including delivery and provision requirements, please refer to chapter 6 - Provision of the rebate.

### **Information to Customers Identified Through Automated Decision-Making**

- 4.22. The SoS may, in certain circumstances, direct suppliers to provide additional information to customers in writing before issuing their Core Group rebate<sup>24</sup>. This requirement applies only where:

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<sup>24</sup> See regulation 15 of the Regulations

- the customer is a Core Group customer<sup>25</sup>,
  - the customer is included in a standard rebate notice issued within a specified period, and
  - the customer's eligibility for the rebate has been determined using automated processing of data.
- 4.23. Suppliers must comply with all requirements set out in this direction. This includes delivering the information to customers by the specified date and in the format prescribed by the SoS. The information should consist of:
- that the customer is eligible for the rebate,
  - that eligibility is assessed using automated processing of data and
  - details of where to find the SoS privacy notice for the scheme.
- 4.24. The prescribed rebate may only be delivered once the supplier has fulfilled the information-provision requirement. Failure to comply with a direction may be treated as non-compliance under the Regulations. The SoS may issue more than one direction to suppliers within a scheme year.
- 4.25. The SoS has advised that for SY16, a direction to suppliers to provide additional information to customers will not be issued.

### **Qualifying date**

- 4.26. A qualifying date is set to determine whether a person meets the eligibility criteria set in the Regulations to enable the data matching to take place. The qualifying date, which is set by the SoS, will be set close to the commencement of the data matching each scheme year in order to minimise gaps between identifying eligible households for the Core Group, matching customers with suppliers and providing the rebates.
- 4.27. The qualifying date for each scheme year will be the same in Scotland as for the Core Group in England and Wales. The qualifying date will be set out in the eligibility statement for England and Wales. A 'mop up' process is carried out during the scheme year by DWP to ensure that households whose benefits claim

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<sup>25</sup> See regulation 10(2) of the Regulations

is awarded later in the year but is backdated to before the qualifying date, are picked up.

- 4.28. In case customers eligible for a Core Group rebate switch energy supplier after the qualifying date, the supplier on the qualification date continues to hold the obligation to deliver the WHD rebate to the customer that switches suppliers after the qualifying date and is responsible for ensuring the customer receives the rebate. If the customer is a dual fuel customer of the supplier and switches suppliers for their electricity account only, so that the supplier continues to provide gas to the customer, the WHD rebate has to be issued to the customer's electricity account, unless requested differently by the customer. See paragraphs 3.16- 3.18 in the event of a SoLR situation.
- 4.29. In circumstances where the eligible person is in a hospital, hospice or staying at a care home<sup>26</sup>, the person is considered as continuing to be resident in their premises, if their stay in a hospital does not exceed 52 weeks from when they were admitted, or their stay in a care home or hospice is temporary.
- 4.30. For the purpose of WHD, an individual is understood to be the partner of an eligible person if they are married or civil partners that live in the same household. If they are not married or civil partners, they are considered to be partners if they are living together in the same household as if they were spouses or civil partners.

### **Customers not provided or delivered with a Core Group rebate**

- 4.31. In most cases, we expect a supplier to provide a rebate to all customers that are identified through the data matching process in a standard rebate notice.
- 4.32. Rebates that are provided but not redeemed by the customer are considered undelivered. The value of undelivered rebates required to make up a supplier's spending obligation will be added to the supplier's non-core obligation for the following scheme year. Ofgem strongly encourages suppliers to ensure that every rebate they provide is also delivered. Where rebates are not provided, this is non-compliant and Ofgem may consider pursuing enforcement action. Where rebates have been provided but are not delivered, suppliers are encouraged to

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<sup>26</sup> See regulation 2 (6) and (7) of the Regulations

make multiple attempts to deliver the rebate to customers. Please see section 6.18 – 6.22 for further information.

4.33. The below list summarises some of the reasons why a standard or late rebate may not be paid and what suppliers should do in these scenarios.

a) Scenario: The standard rebate notice or late rebate notice has been sent about a wrong customer.

Action: The customer instruction must be returned to the SoS within 30 days of receiving the instruction.

b) Scenario: The customer is deceased, and their account is closed. The supplier has not been able to contact a relative or executor

Action: Situations (b) and (c) are possible exceptions under regulation 12. Suppliers should follow the action at (c).

c) Scenario: The customer is no longer living at that property, has closed their account and has no forwarding address.

Action: Where suppliers do not provide the rebate to one or more Core Group customers under regulation 10, the supplier must notify us by 31 August of:

4.34. the number of Core Group customers and late rebate customers the supplier has not provided the rebates to;

- the reasons why the supplier has not provided the rebate to those customers; and
- any steps taken by the supplier to attempt to provide the rebate to those customers.<sup>27</sup>

These exceptions are determined by the SoS and so may be subject to change. The application of regulation 12 will be determined on a case-by-case basis. Suppliers are required to report the number of exceptions applied as part of the end-of-year reports.

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<sup>27</sup> See regulation 14(4)(c) of the Regulations

d) Scenario: A supplier's information does not match the data supplied, i.e., the MPAN does not match.

Action: Suppliers should rectify and credit the correct domestic account.

e) Scenario: A supplier's information does not confirm that the customer is eligible, i.e., this is a domestic property on a commercial tariff (such as a farmhouse), or the customer is believed to be of commercial origin.

Action: Suppliers should seek further information from the customer to clarify whether they meet the definition of a Scotland domestic customer:

"An owner or occupier of domestic premises in Scotland, who is supplied with electricity or gas at those premises wholly or mainly for domestic purposes"<sup>28</sup>

If a supplier has evidence that this customer does not meet the definition of 'Scotland domestic customer', it should not provide the rebate. A section in the end-of-year reporting template is available to record these cases. This is not an 'exception', but a decision by a supplier that the information available about the customer does not meet the 'Scotland domestic customer' definition. Suppliers should keep a detailed record of the discussions and write to the customer to confirm why they will not receive the rebate.

f) Scenario: The customer does not redeem or accept their rebate.

Action: The rebate will be considered 'provided' but not 'delivered'. Refer to Chapter 6, 'Providing a rebate where the account is not credited directly'.

g) Scenario: Any other reason not outlined above.

Action: Suppliers should contact DESNZ, or Ofgem, at the earliest opportunity.

h) Scenario: Late rebate customer

If a supplier receives a late rebate notice from the SoS for a customer, the supplier must treat that customer as a late rebate customer. However, where the supplier provided them with a Broader Group rebate in the relevant scheme year an exception may be available under regulation 12 (1). The relevant scheme year is:

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<sup>28</sup> See regulation 2(3) of the Regulations

- the scheme year immediately before the scheme year in which the late rebate notice is issued; or
- where the late rebate notice is issued in scheme year 16, then scheme year 15.

Action: Suppliers should contact DESNZ, or Ofgem, at the earliest opportunity.

### **Supplier licence termination mid-way through the scheme year**

- 4.35. Ofgem has put in place a process to work with suppliers delivering the WHD who are experiencing financial difficulties. Suppliers should contact Ofgem as soon as they are aware they may not be able to deliver their WHD obligation. In addition to this, as set out within Ofgem's Supplier Licensing Review, suppliers should include details of where their WHD scheme payments are held as part of the 'Customer Supply Continuity Plans'.<sup>29</sup>
- 4.36. Please refer to V2 of our guidance in regards to reconciliation for SY15. Guidance for reconciliation for SY16 onwards will be published once the regulations providing for this have been made.

### **Governance and Management**

- 4.37. We expect suppliers to have robust governance and management processes in place to be satisfied that the Core Group element of the scheme is being delivered in line with the regulations. We seek evidence that a supplier can:
- Oversee, at an appropriate level of senior management, the implementation of the Core Group and rebate payments.
  - Monitor and report on implementation progress at management level suppliers should be aware of progress throughout the year to ensure delivery is completed by the end of the scheme year.
  - Ensure at an operational level that there is sufficient management and administrative capacity to pay rebates on time.

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<sup>29</sup> Supplier Licensing Review: Ongoing requirements and exit arrangements – Decision [Supplier Licensing Review: Ongoing requirements and exit arrangements - Decision \(ofgem.gov.uk\)](https://www.ofgem.gov.uk/consult/condocs/slr/slr160116/slr160116.pdf)

## 5. Broader Group

### Broader Group Overview

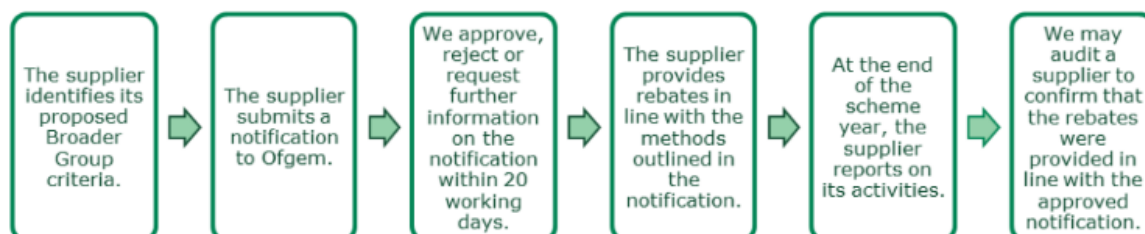
- 5.1. The Broader Group forms part of a compulsory supplier's non-core obligation. It obligates suppliers to identify Scotland domestic customers to provide a rebate to. The customers should be in fuel poverty or a fuel poverty risk group and not captured under the Core Group or will wholly or mainly be persons who are not former Core Group customers of the supplier. This section outlines the obligations and conditions, including approval processes, for delivering Broader Group rebates.
- 5.2. For each scheme year, a compulsory scheme electricity supplier must provide the prescribed rebate to at least the number of Scotland domestic customers specified by its Broader Group rebate target that appear to the supplier to meet its eligibility criteria approved by Ofgem.<sup>30</sup>
- 5.3. Broader Group rebates must be provided by the end of the scheme year to be counted towards a supplier's non-core spending obligation. The scheme year end date is 31 March for each scheme year. The qualifying date is required only for the Core Group and does not apply to the Broader Group.
- 5.4. Suppliers should aim to provide rebates during the winter months, as the customer will get most benefit from this.
- 5.5. 5.12 lists compulsory benefits which a supplier must include in its eligibility criteria for Broader Group rebate payments. Suppliers can also choose additional eligibility criteria to target customers who are wholly or mainly in fuel poverty or in a fuel poverty risk group and excluding those who are Core Group or will wholly or mainly be persons who are not former Core Group customers of the supplier. These criteria cannot be used by a supplier unless it is approved by Ofgem.
- 5.6. Generally, rebates can only be paid to a supplier's own customers.<sup>31</sup> However, if a customer approved for the rebate has switched supplier since applying, the supplier can choose whether to pay the rebate.

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<sup>30</sup> See regulation 26 of the Regulations

<sup>31</sup> DWP appointees who hold an account on behalf of an eligible customer are also eligible

- 5.7. Rebates that are provided but not redeemed by the customer are considered undelivered.<sup>32</sup> Rebates which are provided but not delivered are counted towards the current scheme year so that the total Broader Group spending is calculated based on the provided figure. The value of undelivered rebates by 31 August required to make up a supplier's spending obligation will be added to the supplier's non-core obligation for the following scheme year.<sup>33</sup> Ofgem strongly encourages suppliers to ensure that every rebate they provide is also delivered. Where rebates are not provided, this is non-compliant and Ofgem may consider pursuing enforcement action. See section 6.18 - 6.22 on failure to attempt to deliver a rebate.
- 5.8. Suppliers who leave the scheme as they fall under the participation threshold for the following scheme year, would still need to report undelivered rebates to Ofgem. The value of the undelivered rebates will not count towards the supplier's contribution to the scheme obligation for the purposes of the end of year determination.
- 5.9. For further information on providing rebates, including delivery and provision requirements, refer to Chapter 6.



\*If we reject a notification, we will provide reasons and expect the supplier to amend and resubmit the notification

Figure 3: The process of submitting a Broader Group notification

- 5.10. A supplier must achieve a minimum spend on the Broader Group, unless Ofgem approve their request to transfer its Broader Group minimum target. See section on mid-year report: Transfer of Broader Group obligation. Suppliers can also meet all of its non-core obligation through providing Broader Group rebates.

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<sup>32</sup> See regulation 27(6)(b) of the Regulations

<sup>33</sup> See regulation 21 and 22(6) and(7) of the Regulations

## Eligibility Criteria

### Compulsory Broader Group Criteria

- 5.11. All compulsory suppliers must include the compulsory Broader Group criteria in their notification. We provide notification templates which include these criteria as standard for suppliers to confirm that they are using the compulsory criteria.
- 5.12. The qualifying benefits for the Broader Group are as follows:<sup>34,35</sup>
- A person who receives Pension Age Disability Payment
  - A person who receives Adult Disability Payment
  - A person who receives Universal Credit
  - A person who receives Income Support
  - A person who receives Income-based Jobseeker's Allowance (JSA)
  - A person who receives Income-related Employment and Support Allowance (ESA)
  - A person who receives Housing Benefits
- 5.13. Suppliers must check that a consumer that applies through Broader Group via these benefits is not eligible for WHD rebate via the Core Group or will wholly or mainly be persons who are not former Core Group customers of the supplier.
- 5.14. Ofgem must **always** approve a supplier's eligibility criteria if it is satisfied that the following conditions are met, even where a supplier only uses the compulsory criteria to define its Broader Group eligibility:
- The eligibility criteria includes all of the mandatory eligibility criteria: benefits as set out in (Part 1 of Schedule 3 of the Regulations) but are such as to ensure that recipients of those benefits who are within the Core Group are excluded. Any eligibility criteria not included in Part 1 of Schedule 3 will relate to persons who are wholly or mainly in fuel poverty or in a fuel poverty risk group; and

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<sup>34</sup> See Part 1 of Schedule 3 to the Regulations.

<sup>35</sup> "Disability premium", "enhanced disability premium", "severe disability premium", "pensioner premium" and "higher pensioner premium" mean a premium of that name specified in the relevant legislation

- The eligibility criteria will ensure that customers meeting the criteria will wholly or mainly be persons who are not former Core Group customers of the supplier.
- For the purposes of the scheme, a former Core Group customer in relation to a supplier is a Scotland domestic customer who was a Core Group customer of the supplier in the preceding scheme year (or, where the current year is scheme year 16, who was a SY15 customer of that supplier)<sup>36</sup>.

5.15. The information provided to a supplier regarding Core Group rebates should be used to reduce the chance that a customer account receives more than one WHD rebate in each scheme year. If a supplier has included any pension credit or any other qualifying benefit customer group in its additional criteria, the supplier should monitor its Broader Group and Core Group to minimise the potential for duplication.

### **Evidencing eligibility**

5.16. For all Broader Group customers,<sup>37</sup> suppliers must verify that the customer meets its eligibility criteria before providing a rebate. To evidence this, suppliers must either follow the steps outlined below,<sup>38</sup> or a process that is at least as effective as these steps.<sup>39</sup> We will check that a supplier's Broader Group notification application forms include information that addresses these requirements. The steps are as follows:

1) Obtain from each customer orally or in writing:

- the customer's name, address and telephone number,<sup>40</sup>
- a declaration that the customer meets the supplier's eligibility criteria, and
- an explanation of how the customer meets the criteria.

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<sup>36</sup> See regulation 7(5) of the Regulations

<sup>37</sup> See regulation 25(1) of the Regulations.

<sup>38</sup> See Part 2 of Schedule 3 of the Regulations.

<sup>39</sup> See regulation 26(5) of the Regulations.

<sup>40</sup> In exceptional circumstances, where a customer may not be able to provide a telephone number, under regulation 26(5)(b) an email address may be considered as effective for verification purposes. We recommend that suppliers collect a statement from the customer that they do not have a telephone or prefer not to use one

- 2) Explain to the customer that they may be asked to provide evidence of their eligibility before receiving the rebate.
- 5.17. In relation to at least 5% of the number of customers which the compulsory scheme electricity supplier provides with the prescribed rebate in a scheme year, obtaining documentary evidence before providing the prescribed rebate that the customer meets the supplier's eligibility criteria.
- 5.18. Details of how a supplier will verify eligibility must be included in a suppliers Broader Group notification and must be approved by Ofgem as part of the Broader Group notification.
- 5.19. Failure to demonstrate any of the above specifications may result in further investigation. A compulsory supplier will be at risk of non-compliance if we are not satisfied that measures have been put in place to ensure Broader Group payments have been targeted correctly, or eligibility has not been evidenced correctly.

## **Governance and management**

- 5.20. We expect suppliers to have robust governance and management processes in place to be satisfied that the Broader Group element of the scheme is being delivered in line with the regulations. We seek evidence that a supplier can:
- oversee, at an appropriate level of senior management, the implementation of Broader Group schemes and rebate payments,
  - monitor and report on implementation progress at management level, and
  - ensure at an operational level that there is sufficient management and administrative capacity to pay rebates on time.

## **Fraud, misuse and abuse prevention**

- 5.21. We expect suppliers to be able to manage fraud. We seek evidence in Broader Group notifications of the measures in place to:
- minimise the risk of misuse, abuse and fraudulent payments, and
  - ensure that the rebate is paid to an eligible person or household (for example, this can include validating the account before a payment is provided).

5.22. Further details on audit and fraud prevention can be found in Chapter 9.

### **Notification and approval process**

- 5.23. A supplier's Broader Group proposal must be submitted to the WHD inbox [whdsupplier@ofgem.gov.uk](mailto:whdsupplier@ofgem.gov.uk) using the notification template provided by us. Suppliers may also upload the completed template to their Huddle area and notify Ofgem upon having done this. A supplier should tell us if it is having any problems with using the template before it submits. Notifications should be signed by an appropriate senior officer from the supplier, who is an authorised signatory and will be accountable for the Broader Group rebates outlined in the notification.
- 5.24. Within 20 working days of receiving a Broader Group notification the WHD team will approve or reject the proposal or request additional information. Where we request further information, the determination timeframe pauses and will re-start from the beginning once the requested information has been received. A determination will be issued after the requested information is received and assessed.
- 5.25. A Broader Group rebate should only be provided and delivered after receipt of Ofgem's approval and in line with the approved notification for spend to be eligible. If there is a problem in providing the Broader Group rebate in line with the approved notification, suppliers should contact the WHD team as soon as possible.
- 5.26. Approval of a supplier's Broader Group notification, including the estimated spend, does not mean that spend is counted towards the supplier's non-core obligation, or that a supplier complies with the Regulations. Following the end of each scheme year suppliers must report on their Broader Group rebates as detailed in Chapter 8. We will assess the reports and inform compulsory suppliers of the attributable spend by 31 October of each scheme year.
- 5.27. Approval for Broader Group schemes can be requested and given for multiple scheme years, up to the end of existing legislation.

### **Amending an approved Broader Group notification**

- 5.28. Ofgem will circulate the Broader Group notification template to suppliers ahead of the start of each scheme year. For SY16, this will be circulated ahead of the

Regulations coming into force. The Broader Group notification template must be completed and submitted to Ofgem by email to [whdsupplier@ofgem.gov.uk](mailto:whdsupplier@ofgem.gov.uk).

- 5.29. Any proposed amendments to approved notifications must be submitted to Ofgem. Determination on whether to approve amendments will follow the process outlined for initial notifications. Suppliers must have received our approval before implementing the amendments. Amendments can be submitted using the same templates as initial notifications. For minor amendments, suppliers should contact us to agree the best method for notification.
- 5.30. If a supplier believes there is a risk that it will not be able to meet its minimum level of spending on Broader Group rebates, despite making all reasonable efforts, it must notify us by 30 November for SY16 otherwise by 15 November in the relevant scheme year.<sup>41</sup> Refer to Mid-year report: Transfer of Broader Group obligation for details.

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<sup>41</sup> See regulation 24(3) and (4) of the Regulations

## 6. Provision of the rebate

- 6.1. The value of the rebate provided to Core Group (including late rebate customers) and Broader Group customers is £150 in each scheme year. All rebates must be provided to Scotland domestic customers.
- 6.2. The value includes VAT. VAT should be applied to rebate payments when crediting an account or providing the rebate to a customer.<sup>42</sup>
- 6.3. The Core Group and Broader Group rebate must be provided by 31 March in a scheme year if a rebate notice is issued on or before 1 March of that scheme year. If notified after 1 March, the supplier has 30 days to provide the rebate, and it will be treated as provided in the scheme year when the notice was given. Notifications received after 1 April should be treated as instructions for the new scheme year. If it is a late rebate notice the supplier has 30 days to provide the rebate. See section 6.28 on late rebate notices.
- 6.4. The Broader Group rebate needs to be provided by 31 March in a scheme year after Ofgem approves the eligibility criteria.
- 6.5. We encourage suppliers to provide the rebates as early as possible, however, to provide maximum benefit to the recipients during the winter months. In SY20, SoS may not give a rebate notice after 1 March 2031.

### Payment methods

- 6.6. Providing a rebate means:
  - crediting the amount of the rebate to the customer's electricity account (or gas account upon the request by the customer),
  - providing a customer who prepays for with credit against future electricity use, (or following a customer's request, a credit against future gas use), or
  - tendering payment to the customer.<sup>43</sup>
- 6.7. Providing credit for future use may include using the rebate to reduce debts on PPMs. If requested by the customer, suppliers can credit rebates onto customer

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<sup>42</sup> See regulations 10(3) and 27(2) of the Regulations

<sup>43</sup> See regulations 10(3) and 27(2) of the Regulations

gas accounts. See paragraphs 6.11- 6.15 for further information on when a customer's gas account can be credited.

- 6.8. The preferred methods are to directly credit the customer account or provide credit (including rebates through tokens) to the prepayment device. Tendering the payment by cheque or electronic transfer should be a last resort (minimising the opportunity for fraud).
- 6.9. A supplier must specify on the recipient's energy bill, or otherwise notify in writing, the rebate was made under the WHD scheme.<sup>44</sup>
- 6.10. Suppliers may provide rebates through a smart meter. In this scenario, the supplier must notify the customer in writing that the rebate was made under the WHD scheme.

### **Rebates provided to the electricity or gas account**

- 6.11. For customers with dual fuel accounts, the default is to provide the rebate to a customer's electricity account. The rebate can only instead be provided to a customer's gas account if a customer has requested to do so.
- 6.12. Following a customer request, the supplier may credit a customer to their gas account, or where the customer prepays for gas, the supplier may provide the credit to the customer PPM for future gas use.<sup>45</sup> We encourage the suppliers to act in the customer's interest and accommodate the request.<sup>46</sup>
- 6.13. Where there is not a separate account for gas and electricity, the suppliers should consider the rebate as being applied to the electricity account.
- 6.14. Suppliers must ensure that each customer is provided with the correct rebate amount, regardless of how this is distributed across accounts.
- 6.15. In the end-of-year reports we ask suppliers to provide the amount credited to each account type. This information should be provided where the rebate is directly applied to the gas account on the customer's request. Where the rebate is applied to an electricity account and then transferred to the gas account, suppliers do not need to report this.

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<sup>44</sup> See regulation 10(7) and 27(4) of the Regulations

<sup>45</sup> See regulation 10(3) and 27(2) of the Regulations

<sup>46</sup> See The Government Response to the Warm Home Discount Consultation 2016/2017 [Warm Home Discount Scheme 2016/17 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/warm-home-discount-scheme-2016-17)

## **Providing and delivering a rebate where the account is not credited directly**

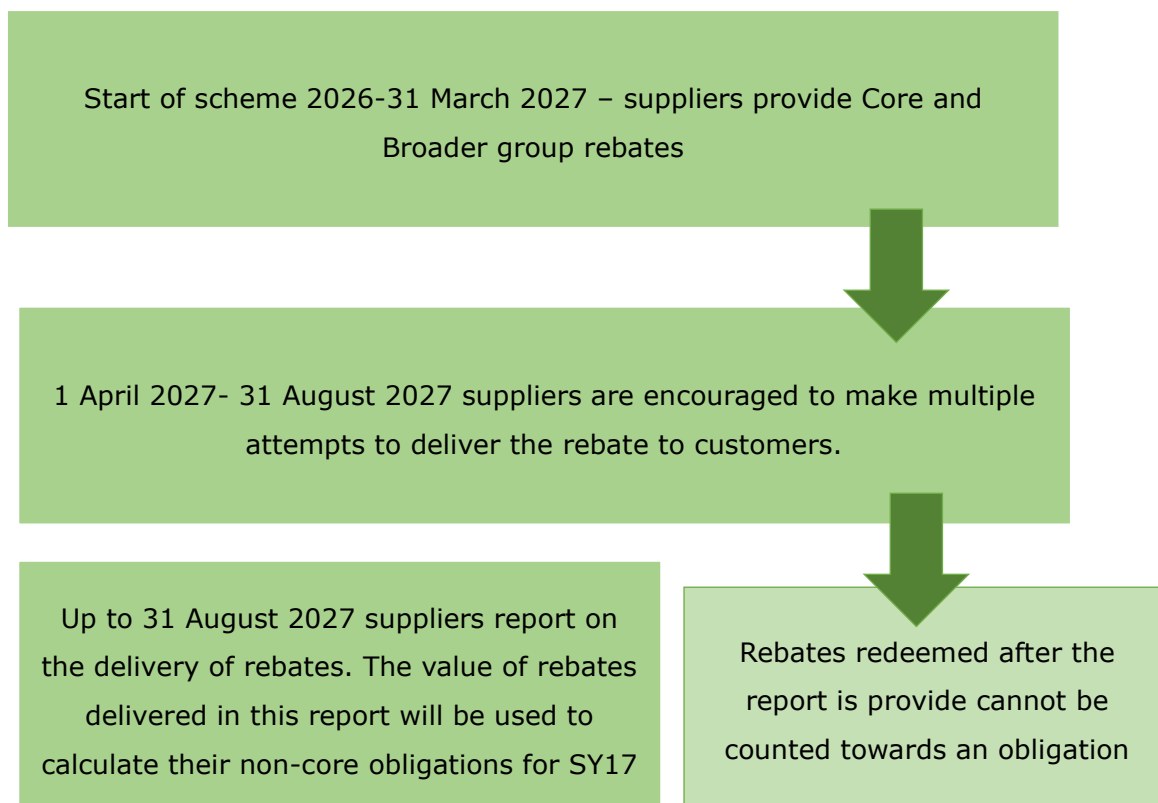
- 6.16. Some customers, for example PPM customers or Core Group customers who have since switched supplier, often receive their rebate via a voucher, cheque or Special Action Message (SAM). Sending a rebate is deemed as a rebate being *provided*. If the voucher/SAM/cheque is cashed or the account/meter is successfully credited the rebate is considered delivered. If this payment is not redeemed or accepted the rebate is considered provided but undelivered.<sup>47</sup>
- 6.17. A supplier's end-of-year report must notify us of:
- the number of rebates that were provided but not delivered,
  - the reasons why any rebates were not provided, and
  - any steps the supplier intends to take to provide any outstanding rebates.
- 6.18. Where rebates are not provided, this is non-compliant and Ofgem may consider pursuing enforcement action.
- 6.19. Ofgem strongly encourages suppliers to ensure that every rebate they provide is also delivered. The benefits of this are two-fold:
- it supports the scheme's purpose, to ensure that as many customers as possible who are living in fuel poverty or in a fuel poverty risk group receive financial support for their winter fuel payments; and
  - if all rebates are delivered, suppliers will ensure they meet their core group spending obligation and will avoid any shortfall being carried over into their non-core spending obligation for the following scheme year.
- 6.20. Where rebates have been provided but are not delivered, suppliers are encouraged to make multiple attempts to deliver the rebate to customers.
- 6.21. For example, if a supplier originally made provision for the rebate through a voucher but this was not redeemed, suppliers could consider telephoning the customer to remind them to redeem the rebate or issuing a SAM.

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<sup>47</sup> See regulation 14(6)(b) and 27(6)(b) of the Regulations.

- 6.22. Suppliers must provide the rebate to customer accounts before the end of a scheme year.<sup>48</sup> Suppliers must report on the rebates that are delivered and provided between 1 April to 31 August of each relevant year.

Figure 4: Timelines for monitoring rebate redemption in SY16



- 6.23. For the following scheme years (SY17-20), the dates apply respectively, i.e. 31 March is the end of a scheme year and 31 August end of the reporting period.
- 6.24. Where rebates are not provided, this is non-compliant and Ofgem may consider pursuing enforcement action.
- 6.25. Where rebates have been provided but are not delivered, Ofgem strongly encourages suppliers to make multiple attempts to deliver the rebate to customers.

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<sup>48</sup> Unless suppliers are given a rebate notice after 1 March, in this situation they have 30 days to provide the rebate which may be after the end of scheme year. Rebates given in this period will be treated as provided in the scheme year in which the notice was given. See regulation 10(6) of the Regulations.

- 6.26. The value of any undelivered rebates will be added to a mandatory supplier's non-core obligation for the following scheme year.
- 6.27. Undelivered rebates of voluntary suppliers will be added to the non-core obligation in the following scheme year should they become a mandatory obligated supplier. This will apply in respect of suppliers that become newly fully obligated in SY26/27 and in future scheme years. It is recommended that suppliers make all reasonable attempts to deliver the rebates especially during winter months to help those in fuel poverty or at risk of fuel poverty.

### **Late Rebate Notices**

- 6.28. A late rebate notice may be issued by the SoS during a relevant scheme year where the eligibility criteria for a Core Group rebate were met in the preceding scheme year, but the customer did not receive the prescribed rebate because of an administrative error by a supplier, the SoS or the Authority as outlined in regulation 11. This includes errors from SY15.
- 6.29. Where a supplier receives a late rebate notice and is the relevant supplier for the customer, the supplier must:
- Provide the prescribed rebate using one of the methods permitted under regulation 10(3)(a) to (e); and
  - Do so within 30 days of receiving the late rebate notice.
- 6.30. If a supplier receives a late rebate notice from the SoS for a customer, the supplier must treat that customer as a late rebate customer. However, where the supplier provided them with a Broader Group rebate in the relevant scheme year an exception may be available under regulation 12(1). The relevant scheme year is:
- The scheme year immediately before the scheme year in which the late rebate notice is issued; or
  - Where the late rebate notice is issued in scheme year 16, then scheme year 15.
- 6.31. Where the rebate is provided after the end of the relevant scheme year, it is still treated as being provided in that scheme year for the purposes of the WHD scheme.

- 6.32. A late rebate notice must be issued by the SoS by 31 March of the relevant scheme year if the error is identified on or before the last day of February for that scheme year, or by 30 April following the end of the relevant scheme year if identified later.

### **Dealing with suppliers no longer participating**

- 6.33. Where a supplier participates in one scheme year and then does not participate in the following scheme year, for example, as a result of falling beneath the obligation threshold, the supplier is required to notify their customers that they will no longer be participating in the scheme as outlined in regulation 7(2).
- 6.34. A supplier must notify its former Core Group customers in writing that the supplier is not participating in the WHD scheme no later than one month after the start of the scheme year.
- 6.35. The supplier must also publish a statement on its website detailing that they are not participating in the WHD scheme. This should be readily accessible on the supplier's website during the remainder of the scheme year.

## 7. Industry Initiatives

7.1. Industry Initiatives are projects that help customers who are in fuel poverty or in a fuel poverty risk group through a variety of activities. This section describes the permitted activities, the approval process and how the projects are administered.

### Industry Initiatives Overview

7.2. Compulsory suppliers are able to meet part of the non-core spending obligation through Industry Initiatives or Specified Activities (if applicable). Spending on Industry Initiatives can be done by either licensed electricity or connected licensed gas suppliers. There are criteria that must be complied with to ensure that the Industry Initiatives spending can be counted towards a supplier's non-core obligation.

7.3. Where electricity suppliers are connected to one or more scheme gas suppliers the following applies as outlined in regulation 30:

- If a compulsory scheme electricity supplier (C) is not connected to other scheme electricity suppliers, then C can treat any amount spent by a connected scheme gas supplier as part of C's Industry Initiatives spending.
- If a compulsory electricity supplier (C) is connected to one or more scheme electricity supplier(s) on the qualifying date (connected compulsory scheme electricity supplier(s)), C can count spending incurred by a connected scheme gas supplier as part of C's Industry Initiatives spending up to a certain percentage. This percentage is equal to C's number of GB domestic customers as a percentage of the combined number of GB domestic customers of C and its connected compulsory scheme electricity supplier(s). For example, if C has 150,000 customers, and its connected scheme electricity supplier(s) have 100,000 then the combined customer number is 250,000. The percentage C can count towards its Industry Initiatives spending occurred by its connected compulsory scheme supplier(s) is in this case  $150,000 / 250,000$  which equals 60%.
- For SY16, suppliers may count spending incurred on Industry Initiative activities from 1 April 2026 even if the scheme year starts on a later date

with the commencement of the Regulations if we subsequently approve the spending meets all the requirements for Industry Initiatives.<sup>49</sup>

- 7.4. The Industry Initiatives spending will take into account some of the overspending or underspending in the Core Group.
- 7.5. Spending on Industry Initiative activities must be incurred by a supplier after approval by us (subject to the last bullet point above in relation to SY16) and by the end of the scheme year to be counted towards its non-core spending obligation for that scheme year.
- 7.6. If the activity is a requirement under, or if the activity is being used by a supplier in order to meet spending obligations or targets imposed by other legislation or a supplier's electricity or gas supply licence, then spending will not count towards a supplier's non-core spending obligation for WHD.
- 7.7. Spending will also not count towards the fulfilment of a supplier's non-core spending obligation if the activity is part of a settlement between Ofgem and a supplier to provide consumer redress as a result of previous licence breaches or failure to meet a target under a licence condition.
- 7.8. Suppliers must complete a declaration in the Industry Initiative notification to confirm that the activities undertaken in the Industry Initiative are not also being counted as part of another obligation or licence condition.
- 7.9. It is not necessary for recipients of support funded by a supplier through Industry Initiatives to be a customer of that supplier.
- 7.10. An Industry Initiative must meet all of the following requirements:
  - be permitted in the Regulations,<sup>50</sup>
  - provide energy advice and smart meter advice, so far as is reasonably practicable, to every customer benefitting from the Industry Initiative,
  - include adequate measures to ensure, so far as reasonably practicable, that benefits will be provided wholly or mainly to people in fuel poverty or in a fuel poverty risk group, and

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<sup>49</sup> See regulation 28 of the Regulations

<sup>50</sup> See Part 1 of Schedule 4 of the regulations and Regulation 29(3)(a) of the Regulation

- provide value for money.

7.11. Figure 5: Process for confirming Industry Initiatives provides an overview of the timeline of Industry Initiatives.

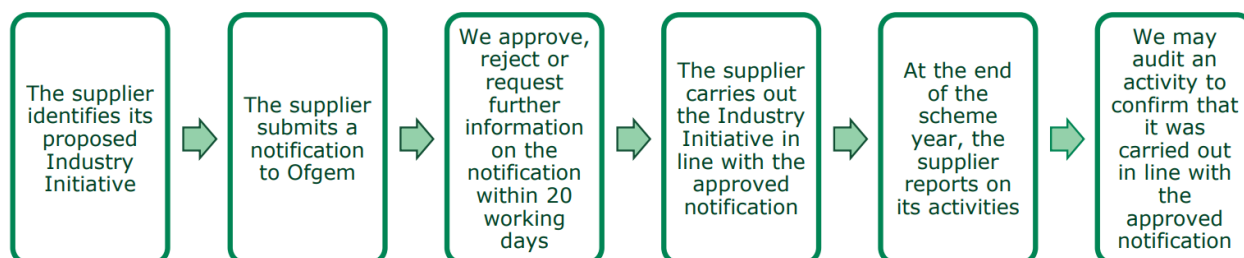


Figure 5: Process for confirming Industry Initiatives

## Permitted Activities

7.12. An Industry Initiative must be an activity permitted under Part 1 of Schedule 4 of the Regulations<sup>51</sup>. The notification should clearly identify the different eligible activities that the supplier proposes to carry out and provide information describing how the service will be provided. Permissible activities are summarised below, including a description of what type of spend can be counted towards a supplier’s non-core obligation:

### **Payments to organisations which refer to electricity or gas suppliers, or facilitate the referral of, Scotland domestic customers**

7.13. Who are in fuel poverty or in a fuel poverty risk group, and are or may be, eligible for a benefit under the Scheme or any other assistance from the supplier.

### **Providing, or funding the provision by other persons of benefit entitlement checks**

7.14. Provision of benefit entitlement checks for persons who are resident in Scotland, or benefit entitlement checks for persons who are resident in Scotland and assistance to those persons in claiming benefits.

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<sup>51</sup> See column 1 in Part 1 Schedule 4 – type of initiative

### **Providing energy and smart meter advice**

- 7.15. Energy and smart meter advice should be provided, so far as is reasonably practicable, to every customer benefitting from an Industry Initiative. Energy advice means advice on reducing or preventing the wastage of energy in domestic premises. This includes advice on fuel options, tariffs and energy bills, as well as thermal efficiency advice and energy efficiency advice.
- 7.16. Research has shown that energy advice services offer the best outcomes for vulnerable and poor consumers when the service is bespoke, offers additional support and is delivered in their home.<sup>52</sup> Where possible we encourage suppliers to consider delivering energy advice services in this way.
- 7.17. Smart meter advice means advice on the benefits of using a smart meter in domestic premises.

### **Providing or funding the provisions by other parties to Scotland domestic energy customers of:**

- Energy efficiency measures
  - Thermal efficiency measures
  - Energy efficient appliances, or
  - Microgeneration.
- 7.18. A supplier must ensure that any measures provided through an Industry Initiative are not also counted towards any other obligation, and that it has a robust process in place for identifying potential overlaps.
- 7.19. A supplier may not count costs arising from the installation of a boiler or central heating system unless:
- a) The boiler or central heating system:
- is fuelled wholly by mains gas, and
  - generates heat wholly or mainly by means of a source of energy or technology mentioned in section 100(4) of the Energy Act 2008, or

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<sup>52</sup> Warm Home Discount - Energy Advice: Consumer Experiences (published 2014)  
<https://www.ofgem.gov.uk/publications-and-updates/warm-home-discount-whd-research-consumer-experiences-receiving-energy-advice>

- generates heat only by means of combustion of mains gas and a source of energy or technology mentioned in that section of that Act.

b) Where the boiler or central heating system that is installed ('N') is fuelled wholly or partly by mains gas:

- N replaces an existing boiler or central heating system which is fuelled (whether wholly or not) by mains gas; and
- at least one person living in the domestic premises where N is installed is:
  - Aged 65 or over,
  - Under the compulsory school age, or
  - Has significant health problems or a disability which may be exacerbated by the cold, makes the person vulnerable to cold-related illness or means that the person spends the majority of their time in the premises.
- the installation meets the requirements of Part 2 of Schedule 4 of the Regulations.

7.20. Repairs and the installation of renewable/mainly renewable boilers and central heating systems are not within this restriction. A supplier cannot count cost arising from the installation or repair of a boiler or any central heating system installed in properties<sup>53</sup> unless the boiler and central heating system:

- is installed by or under the responsibility of a person who is registered with TrustMark or equivalent;
- there is a certificate of lodgement issued by the operator of TrustMark;
- it is installed subject to arrangements for quality assurance and consumer protection, including installation standards and arrangements for repairs and other remedies and compliance with PAS 2030:2023 and PAS 2035:2023;

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<sup>53</sup> High-risk properties are park homes as defined in the Mobile Homes Act 1983, and high-rise buildings that are both traditionally constructed and protected as defined in PAS 2030:2023 and PAS 2035:2023. See: [Warm Home Discount Scheme 2021 to 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/warm-home-discount-scheme-2021-to-2022)

- the installation adheres to those requirements, and Trustmark has not made a referral to the Authority for failure to so adhere, or where a referral has been made the referral has not been made and not withdrawn before 31 August following the end of the relevant scheme year.

The installation of new Liquefied Petroleum Gas (LPG) or oil boilers and central heating systems is not allowed under WHD. Repairs of existing boilers and central heating systems running on LPG, oil, and other fuels are permitted under WHD.

The installation of a central heating system includes solar power. The installation of Solar PV (under microgeneration) must be installed by a certified Microgeneration Scheme (MCS) installer or equivalent<sup>54</sup> and must adhere to installation standards and arrangements under TrustMark or equivalent.

### **Training, or funding Training of People to Provide Energy Advice**

7.21. A supplier may not count costs of training its own employees or contractors or the employees or contractors of a company in the same group of companies as the supplier. For training initiatives, we would look for evidence that the trainees were from organisations that would be providing a service to customers in fuel poverty or in a fuel poverty risk group. This may include:

- charitable organisations working with people with particular vulnerabilities,
- advice agencies that can show that their customers comprise wholly or mainly low income or fuel poor clients,
- organisations solely operating in geographies with low scoring multiple deprivation indices.<sup>55</sup>

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<sup>54</sup> [Support for Gaining PAS & MCS Certification • TrustMark](#)

<sup>55</sup> Multiple Deprivation Indices in: Scotland [Scottish Index of Multiple Deprivation 2020 - gov.scot \(www.gov.scot\)](#)

**Providing assistance, or funding the provision by others of assistance, to reduce energy debts, as part of a package of measures aimed at giving customers long-term relief from fuel poverty**

- 7.22. A supplier may not count costs arising from a billing error, or back billing that falls within the Ofgem criteria.<sup>56</sup>
- 7.23. There is an overall aggregate cap of £600,000 for debt write off of which a maximum of £300,000 can be allocated to customers which are not on a pre-payment meter. There is an individual customer cap of £2,000 for debt write-off in a scheme year.
- 7.24. Debt write-off is the provision of assistance to reduce debts for electricity or gas supply to domestic premises by cancelling or reducing the debts, and the administrative costs associated with this. Debt assistance activities are not affected by this cap. Debt assistance may include advice and support for vulnerable customers on financial management and smart meters, energy efficiency and other measures to keep down energy bills. Costs associated with Insolvency and bankruptcy debt recovery and incurred by the supplier cannot be included as attributable spend as part of an Industry Initiatives activity.
- 7.25. PPM debt is built up when pre-payment consumer cannot afford to top up their meter and suppliers provide them with a temporary credit to avoid the energy supply to be cut off, which a customer has to pay back. A supplier might add this credit automatically if a consumer is running out of credit.<sup>57</sup> As the credit builds up and a consumer is in debt to their supplier; this is referred to as PPM debt. A consumer may pay back part of the debt each time they top up their meter. The reservation of at least £300,000 to customers with PPM debt within the overall debt write-off cap is aimed at supporting consumers that are having difficulties in paying back their suppliers and avoiding the build-up of high PPM debt.

**Provision, or funding the provision by others, of payments to eligible occupants of mobile homes**

- 7.26. A supplier may make, or fund the making of, payments to eligible occupants of mobile homes in Scotland where the mobile home is the occupant's sole or main

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<sup>56</sup> [What to do if you get a back bill | Ofgem](#)

<sup>57</sup> [You can't afford to top up your prepayment meter - Citizens Advice](#)

residence and where they or where both they and their partner occupy the mobile home as their sole or main residence, they or their partner are in fuel poverty or in a fuel poverty risk group. This includes Park Homes buildings, which fall under the meaning given in Section 5 of the Mobile Homes Act 1983.

- 7.27. Payments may be made up to £150 per eligible occupier of a mobile home per year.
- 7.28. Most occupants of mobile homes do not have a direct relationship with an energy supplier, and as such it will not be possible in the majority of cases to apply a rebate directly to an energy account. To encourage these recipients to use the Industry Initiative payment to pay for future energy use or to reduce debts on energy accounts, we encourage that correspondence attached to the WHD rebate Industry Initiative payment for eligible occupiers of mobile homes would state that the payment is used to assist with energy costs. When notifying Ofgem of the proposal for the Industry Initiative, we also expect suppliers to clearly show how the risk of fraud or abuse on these payments will be minimised. This should include plans to counter fraud, abuse, and misuse in relation to applications and interception of the payment.

**Making, or funding the making by other persons of, payments towards the gas or electricity bills of Scotland domestic customers**

- 7.29. Suppliers may make payments of up to £150 per household towards the gas or electricity bills of consumers who meet at least one of the following criteria:
- living in off-gas grid homes,
  - having a significant health problem or a disability,
  - living in a household with a person who has significant health problems or a disability,
  - living in communities where residents are wholly or mainly in fuel poverty or a fuel poverty risk group,
  - supplied with gas or electricity through a pre-payment meter, or
  - falling under the mandatory Broader Group eligibility criteria as described under Part 1 of Schedule 3 of the regulations.

- 7.30. Payments in relation to charges incurred by a Scotland domestic customer before the date on which the financial assistance payment was made cannot be counted towards a supplier's Industry Initiatives obligation.<sup>58</sup>
- 7.31. The limit on the amount of spending allowed for financial assistance is £150 per Scotland domestic customer as described in Chapter 2.
- 7.32. Suppliers will not be able to count debt write-off spending under financial assistance, though financial assistance can be given in combination with other Industry Initiatives, such as debt reduction advice. In the cases where both types of assistance are provided, suppliers will need to set out clearly the level of support provided as financial assistance and the level of support provided as debt write-off. Payments in relation to charges incurred by a Scotland domestic customer before the date on which the payment was made cannot be counted as spending incurred on Industry Initiatives for the non-core spending obligation.
- 7.33. Please note that these options do not remove or replace the requirement for Industry Initiatives to target people who are wholly or mainly in fuel poverty or in a fuel poverty risk group.

### **Specified Activities**

- 7.34. Scottish Ministers will provide further guidance on Specified Activities as required. Specified Activities will be detailed and published in a notice by Scottish Ministers. The same criteria apply to Specified Activities as to Industry Initiatives in general, as set out in chapter 6 of this Guidance.<sup>59</sup>

### **Eligibility Criteria**

- 7.35. The outcomes of Industry Initiatives must be delivered, as far as reasonably practicable, wholly or mainly to people in fuel poverty or in a fuel poverty risk group.
- 7.36. We interpret wholly or mainly to mean significantly more than half. We expect suppliers to show that a significant proportion of Industry Initiatives beneficiaries are in fuel poverty or a fuel poverty risk group.

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<sup>58</sup> See Part 1 of Schedule 4 to the Regulations

<sup>59</sup> See regulation 34 of the Regulations

- 7.37. Persons who may be in risk of fuel poverty or in a fuel poverty risk group could include households with children under the age of 5, vulnerable households who because of frailty, particular needs or medical conditions require heating their home for longer or to a higher ambient temperature. If suppliers provide alternative definitions or criteria these will be fully examined and considered.
- 7.38. We will check the notification to ensure that the supplier has clearly described how the initiative will be targeted and how evidence will be gathered to support targeting. Where a supplier conducts a financial assessment as part of its service, we expect this to form part of the evidence proving the number of recipients on low income. If this type of information is not routinely collected about individuals, then we will look for evidence that the group targeted are wholly or mainly in fuel poverty or in a fuel poverty risk group. This evidence may include:
- working with organisations that operate in areas of deprivation, or
  - working with client groups that are likely to be wholly or mainly fuel poor.
- 7.39. We encourage any supplier that uses a method of group verification to also randomly sample individual beneficiaries of an initiative to confirm that the group is wholly or mainly in fuel poverty or in a fuel poverty risk group.

## **Value for Money**

- 7.40. In assessing value for money, we may take into account:
- the administration cost per applicant, awardee, or trainee,
  - the average amount of each award or benefit,
  - the spend versus the outputs, and
  - any additional value.
- 7.41. The type of information that a supplier should provide to demonstrate value for money depends on the nature and scope of the proposal. Administration costs must be provided if they are attributed to the non-core obligation. This should include the costs (where applicable) of the direct service, central overheads, publishing, advertising, equipment costs and accommodation costs, and VAT should be excluded from all such costs. We expect that activities like referrals, benefit entitlement checks, energy advice and training should be able to itemise

their running costs within this overall heading. If the administration cost will not be attributed to the non-core obligation, the notification should confirm this.

- 7.42. For industry Initiative activities, if the debt write-off administration costs are included in the notification, these will count towards the cap on debt write-off.
- 7.43. For debt assistance schemes there should be information on the range and average income of the beneficiaries and awards made to them. Information should also be included on the number of applicants that receive benefits or financial advice, energy efficiency advice, smart meter advice, and other assistance whether this is energy efficiency measures, other financial assistance, etc.
- 7.44. For energy efficiency measures, in addition to providing separate information on the administration of the scheme, information on costs of the individual measures, the number of each type of measure provided, and the number of awardees should be included.
- 7.45. The cost breakdown detailed above should be provided as a minimum.

### **Interaction with other schemes**

- 7.46. Any measure delivered under Industry Initiatives should not be used to meet any other obligation, including, but not limited to, the Energy Company Obligation (ECO), the Boiler Upgrade Scheme (BUS) or Home Upgrade Grant (HUG).
- 7.47. The Regulations do not anticipate co-funding of WHD with other schemes. The scheme regulations state that WHD measures must not be the beneficiary of other government funding. As such, support cannot be provided for any measures that have received other government funding. Accordingly, appropriate action will be taken against suppliers who breach these conditions.

### **Governance and management**

- 7.48. We expect a supplier's governance and management processes to be strong enough to satisfy themselves that the Industry Initiatives element of the scheme is being operated in line with the Regulations. Suppliers must provide evidence that they can:
- oversee at senior management level the implementation of Industry Initiatives schemes and payments,
  - monitor and report on implementation progress at management level,

- monitor to ensure delivery is completed by the end of the scheme year, and
- ensure that there is sufficient management and administrative capacity to deliver the Industry Initiatives at operational level.

## **Delivery Agents**

- 7.49. We recognise that suppliers may appoint third parties or engage in partnerships with organisations to effectively administer Industry Initiatives activities. We expect suppliers to be prudent when choosing a third party to carry out any of its functions as a compulsory supplier. Suppliers are responsible for ensuring that any third party spends the money correctly. Suppliers remain responsible for delivery in line with the regulations and for meeting their non-core spending obligations regardless of any third-party involvement.
- 7.50. Suppliers should be able to demonstrate that a third party is best placed to deliver the initiative. This can be either an explanation of why the organisation is the preferred provider, or through a tendering process demonstrating that the organisation provides the best value for money.
- 7.51. For Industry Initiatives that involve third parties the following information is required:
- a description of which organisation is responsible for which activities;
  - evidence that a contract or formal agreement is in place with the third party / parties, including instructions from suppliers to third party partners as to what the money must be spent on, relevant scheme restrictions and reporting and confirmation that the money was spent correctly by the third-party partner;
  - the frequency and nature of reporting between a supplier and the third-party organisation(s);
  - other information e.g. on the internal governance structures of the third-party organisation(s); and
  - if a supplier provides a donation or other payment to a trust fund or charitable trust, we expect the supplier to record details that the payment was made within the relevant scheme year, and to keep a record of this for audit;

- if applicable, data relating to the TrustMark lodgement including but not limited to the TrustMark Business Licence Number and Certificate Number for the measures installed and whether they were installed in a High or Low Risk Property.
- 7.52. If a supplier uses a third party, including a trust, the supplier is ultimately responsible for ensuring adequate controls and compliance and for meeting its non-core spending obligations.
- 7.53. We are able to discuss initiatives with third parties and advise them on proposals or reporting, if we receive confirmation from a supplier that they want us to do so. Where an Industry Initiative is a multi-supplier Industry Initiative, any notification submitted on behalf of the supplier by a third party must be accompanied by a letter of support from at least one obligated supplier. Third party Industry Initiative notifications, including proposed increases in funding levels or changes to underlying activities, cannot be processed or approved without at least one letter of support.
- 7.54. If a supplier has any concerns regarding its obligations when working with third parties or trusts, it should contact the WHD team.

## **TrustMark**

- 7.55. TrustMark or equivalent requirements were incorporated in WHD in relation to the installation and repair of boilers and central heating systems under Industry Initiatives from 1 April 2021. Such measure must be installed or repaired by, or under the responsibility of, a person who is registered with TrustMark (or equivalent). Only a measure that has not been referred to Ofgem (or where a referral has not been withdrawn before 31 August following the end of the relevant scheme year) will count towards the energy supplier's non-core spending obligation. TrustMark sets out the process for lodgement in their Framework Operating Requirements.<sup>60</sup>

## **Relevant standards**

- 7.56. This section refers to the inclusion of the Publicly Available Specification (PAS) standards PAS 2035:2023 and PAS 2030:2023<sup>61</sup> into WHD.

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<sup>60</sup> [Documents For Businesses • TrustMark](#)

<sup>61</sup> Part 2 of Schedule 4 to the Regulations.

- 7.57. PAS 2035:2023 covers the whole life cycle of a retrofit project, from the initial engagement with a client, through the assessment, design, installation and evaluation stages that should be undertaken to ensure that suitable energy efficiency measures are installed appropriately to the right premises.<sup>62</sup>
- 7.58. PAS 2030:2023 sets out how the installation of specific energy efficiency measures should be carried out in existing domestic buildings.
- 7.59. Suppliers should ensure central heating systems in all homes are installed or repaired in accordance with PAS 2030:2023 and PAS 2035:2023. The installation and repair of boilers in higher technical risk properties is to be carried out in accordance with PAS 2035:2023. Definition on what is considered high risk can be found in PAS 2030:2023 and PAS 2035:2023, table B.1. The following can be classed as high-risk properties:
- Park homes
  - High rise building and building that are both traditionally constructed and protected as defined in PAS 2030:2023 and PAS 2035:2023.
- 7.60. All installers carrying out measures installed in accordance with PAS 2030:2023 and PAS 2035:2023 must be a TrustMark registered business at the time of the installation. However, TrustMark may have further requirements beyond evidencing that an installer is PAS 2030 and PAS 2035 certified and can be found within TrustMark's Framework Operating Requirement document.<sup>63</sup>
- 7.61. To provide assurance that the relevant measures are installed in accordance with PAS 2030:2023 and PAS 2035:2023, TrustMark will issue a Certificate of Lodgement once the project Retrofit Coordinator has signed off the project and submits a lodgement.
- 7.62. For every measure, suppliers must obtain the following information for the purpose of the WHD end-of-year report:
- TrustMark Business Licence Number
  - Certificate Number

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<sup>62</sup> This is available for purchase on the BSI website: [PAS 2035:2023 | 31 Aug 2024 | BSI Knowledge \(bsigroup.com\)](#) and [PAS 2030:2023 | 31 Aug 2024 | BSI Knowledge \(bsigroup.com\)](#)

<sup>63</sup> [Documents For Businesses • TrustMark](#)

- Lodged by TrustMark installer name
- TrustMark installer name
- Measure handover date
- Measure type
- Measure standard
- Unique Measure Reference
- Lodgement status
- Any referral withdrawal before 31 August

7.63. We will validate the certificate number and unique measure reference against information received from TrustMark.

### **Fraud prevention**

7.64. We expect suppliers to prevent fraud and abuse. In its notification, a supplier will need to demonstrate how it plans to make sure that the funding committed to Industry Initiatives activity is used appropriately, and that the outcomes delivered by it are accurately represented. Ofgem needs to be satisfied with the fraud prevention measures in place before we approve an Industry Initiative.

7.65. Further details on audit and fraud prevention are in Chapter 8.

### **Notification and approval process**

7.66. A supplier's Industry Initiative proposal must be submitted to Ofgem using the notification template we provide. Ofgem will circulate the SY16 notification template to suppliers and WHD delivery partners. Notifications should be signed by an appropriate senior officer from the supplier who will be accountable for the activity outlined in the notification.

7.67. A supplier cannot count spend on Industry Initiative activities towards a supplier's non-core spending obligation unless;

- the industry initiative has been notified to Ofgem, and;
  - the spending takes place after Ofgem approves the initiative, or
  - in relation to scheme year 16, the spending takes place before Ofgem decides whether to approve the initiative, but Ofgem subsequently approves it.

- 7.68. Within 20 working days of receiving a scheme notification we will approve or reject the proposal or request additional information.<sup>64</sup> Where we request further information, the determination timeframe pauses and will re-start from the beginning once the requested information has been received. A determination will be issued after the requested information is received and assessed. In case the notification is received in the first eight weeks of the commencement of the scheme, we will get back to the supplier within 12 weeks of the start of the scheme.
- 7.69. Spending on Industry Initiatives in SY17-20 do not count towards a supplier's non-core spending obligation unless the industry initiative has been notified to the Authority and the spending takes place after the Authority approves the initiative. For SY16 only the spending can take place before Ofgem decides to approve the initiative but gives subsequent approval<sup>65</sup>.
- 7.70. An activity should only be conducted in line with the approved notification for spend to be eligible. If there is a problem in undertaking the Industry Initiative activity in line with its approved notification, the supplier should contact us as soon as possible. Further information on this process is detailed in paragraph 7.76 of this guidance.
- 7.71. Please see below for possible outcomes for an Industry Initiative:
1. The Industry Initiative was successfully delivered and achieved the outcomes specified in the notification.
    - We will confirm this to the supplier as part of the end-of-year reporting process.
  2. The value for money or targeting did not deliver to the extent outlined in the notification.
    - If a supplier can give evidence that they attempted to meet the criteria, and followed the processes outlined in its approved notification, we may accept the Industry Initiative as compliant for that scheme year and count all of the spending on this initiative towards the supplier's non-core obligation. If a supplier intends to continue the activity in future scheme

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<sup>64</sup> See regulation 33(3) and (4) of the Regulations

<sup>65</sup> See regulation 28 (3)(b) (ii) of the Regulations

years, we expect it to make amendments to address any shortfalls. In this case the activity would be subject to our usual scrutiny.

3. The Industry Initiative was not successful for any other reason.
  - We will not count all or part of the spending on this initiative towards the supplier's non-core obligation.

7.72. Multi-supplier Industry Initiatives, undertaken by one or more compulsory suppliers, are permitted under the WHD scheme. In this case, we will accept a single notification document on behalf of multiple suppliers, if each supplier confirms they are supporting the initiative and the level of funding they will provide through an accompanying cover letter.

7.73. Approval can be requested and given for activities spanning multiple scheme years, however value for money and funding amounts will be required for each of the scheme years up to the end of existing legislation, currently SY20.

7.74. A supplier should inform us of any funding provided to Specified Activities, so that we can monitor spending on its non-core obligation.

### **Amending an approved Industry Initiative notification**

7.75. Any proposed amendments to Industry Initiative proposals must be submitted to Ofgem. This includes situations where anticipated spend or level of outputs has changed significantly from the original notification. Approval of amendments will generally follow the process outlined above for initial proposals. An amendment should not be put into effect by the supplier until we have approved it.

## 8. Reporting

### Customer data notification

- 8.1. In each customer data notification, we require the number of customers for the licensed domestic electricity suppliers and any licensed domestic gas suppliers connected to the licensed domestic electricity supplier.<sup>66</sup> Domestic dual fuel customers need to be counted twice (once as an electricity customer and once as a gas customer). To reduce the administrative burden on suppliers, we encourage joint notifications from connected licensed domestic suppliers as long as they detail each licensed supplier's relevant customer data separately.<sup>67</sup>
- 8.2. The number of GB domestic customers on 31 December or calculation date entails the number of customers that a supplier provides electricity, gas or dual fuel to on that date. If a supplier is connected to any other scheme gas suppliers, the customer numbers of the connected suppliers are to be included. Where a supplier is connected to any other scheme gas as well as scheme electricity supplier, the supplier's share is to be calculated as the percentage of their customers in relation to the combined number of the supplier's and its connected scheme gas and electricity supplier customer number.
- 8.3. In case a supplier does not communicate its customer numbers by the appointed reporting date, Ofgem will calculate the supplier's GB domestic customer number on the calculation date.<sup>68</sup> Along with any relevant action, we will record this as a WHD scheme non-compliance on our Supplier Performance Report and record it in our annual report. We may also take enforcement action, if appropriate.

### Initial customer number reporting

- 8.4. Each licensed domestic electricity supplier, and any licensed domestic gas supplier connected to a licensed domestic electricity supplier, is required to notify Ofgem of the number of domestic customers it had on 31 December preceding the start of a scheme year.

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<sup>66</sup> For the purposes of the Regulations, an electricity supplier or gas supplier (A) is connected to an electricity supplier or gas supplier (B) if A and B are companies belonging to the same group of companies

<sup>67</sup> As per regulation 3(2) of the Regulations a licensed supplier is connected to another licensed supplier if they both belong to the same group of companies.

<sup>68</sup> See regulation 5(3) of the Regulations

- 8.5. This notification needs to take place by the 21<sup>st</sup> day after the commencement date for SY16, and by 1 February for the following scheme years 17, 18, 19 and 20.
- 8.6. We will use the information notified by suppliers or determined by us in the absence of a notification by suppliers to determine who is obligated and calculate the size of their non-core obligations for the subsequent scheme year

### **Mid-year report: Transfer of Broader Group obligation**

- 8.7. Suppliers have an obligation to deliver the non-core element of the scheme, which consists of both the Broader Group element and the Industry Initiatives element. Suppliers are expected to provide rebates to at least the number of rebates which is specified in their Broader Group rebate target (i.e. their minimum Broader Group spending obligation). The delivery under Industry Initiatives is optional and is capped at an aggregate of £7m per scheme year which is distributed across suppliers according to their market share.
- 8.8. If a supplier considers it will not be able to meet its minimum spending obligation on the Broader Group, the supplier must notify Ofgem by 30 November for SY16 otherwise by 15 November for SY17-20 why they cannot meet their obligation and request to transfer up to 100% of their Broader Group obligation to Industry Initiatives spending. See chapter 7 on Industry Initiatives.
- 8.9. Following the process outlined below, we will determine whether it is not reasonably practicable for the supplier to meet the minimum Broader Group target, and if not determine a smaller number which could be zero as the Broader Group rebate target.<sup>69</sup>
- 8.10. If a supplier is successful in having any of the Broader Group obligation transferred to Industry Initiatives, the supplier would have to submit one or more Industry Initiatives notifications covering the transfer spending for approval to Ofgem.
- 8.11. As laid out in the government response to the WHD Scotland 2022 consultation:<sup>70</sup>

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<sup>69</sup> See regulation 24(5) of the Regulations

<sup>70</sup> [Warm Home Discount Scotland: the government response to the consultation \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/100000/warm-home-discount-scotland-the-government-response-to-the-consultation.pdf)

- DESNZ expects suppliers will start preparations early and publicise their Broader Group in good time.
- 8.12. DESNZ expect suppliers to prioritise Broader Group rebates where possible, so the transfer can only be allowed where Ofgem have determined it is not reasonably practicable.
- 8.13. The main criterion used when considering transfers will be whether suppliers are likely to have enough customers eligible for their Broader Group having explained to us how many applications, they have had so far and the steps the supplier is taking to satisfy their obligations.
- 8.14. Suppliers will be able to expand their own Broader Group eligibility criteria as long as they can prove these include 'wholly or mainly persons in fuel poverty' or 'in a fuel poverty risk group', and this provision already affords some flexibility in delivering the Broader Group target. The person must be wholly or mainly be persons who are not former Core Group customers of the supplier.
- This could include:
    - low-income households in groups that are wholly or mainly be persons in fuel poverty or in a fuel poverty risk group including living in off-gas grid homes;
    - living in a household with a person who has significant health problems or a disability;
    - supplied with gas or electricity through a pre-payment meter; or in emergency situations such as households in one of the risk groups described above who don't have sufficient credit or where a heating system is broken and households are forced to use more expensive temporary heating.
- 8.15. Suppliers considering making this notification should engage with Ofgem early.

### **Making a notification**

- 8.16. A supplier must make a notification that it considers it will not achieve its Broader Group minimum obligation by 15 November of the relevant scheme year between SY17-20. For SY16 this notification needs to be made on or before 30

November. We encourage suppliers to engage with us as soon as they have any concerns on meeting their Broader Group target.<sup>71</sup>

8.17. For us to determine that it is not reasonably practicable for the supplier to meet its minimum Broader Group spend we require the following information as a minimum<sup>72</sup>:

- details of the marketing and targeting strategy implemented by the supplier, which will include:
  - any analysis of its customer base, information from its Priority Services Register and any other relevant customer data sets
  - information about marketing through the supplier's web site, mailshots and other campaigns
  - the marketing strategy with key milestones, targets, monitoring information and any responses/actions.
- the implementation plan for the Broader Group – including the assumptions behind the number of Broader Group applications required, the likely number of eligible applicants, the verification sample size, likely attrition rate, and the payment schedule. We also expect to receive the monitoring framework and any corresponding actions, and
- the forward plan of action for the Broader Group from the date of the notification to the end of the scheme year.

8.18. The minimum information that we will need to determine any increase in Industry Initiatives spending is:

- details of the targets, outcomes and spend profile of the initiative, and any reports that show the initiative has met existing targets and plans that show the initiative has the capability to meet the additional spending targets before the end of the scheme year.
- Once an application is submitted, we will respond within 20 working days whether, and the extent to which, the supplier may spend below the minimum Broader Group amount and increase its spending on Industry

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<sup>71</sup> See regulation 24(4) of the Regulations.

<sup>72</sup> Further Information on the Broader Group can be found in chapter 5 Broader Group.

Initiatives or if further information is needed to make a decision, Ofgem may request further information from the supplier in this period.

- 8.19. Suppliers may not request to notify or amend the value of the transfer after 30 November for SY16 or 15 November of the relevant scheme year between SY17-20.
- 8.20. As a condition of approval, we would normally expect suppliers transferring funds to leave their Broader Group open to applications until at least one month prior to the scheme year end.

### **End-of-year report**

- 8.21. Following the end of each scheme year we will write to each compulsory and voluntary supplier asking it to confirm that it complied with its WHD obligations and include a reporting template to supply supporting information and/or documentation.
- 8.22. Ofgem's reporting-related information requests are underpinned by the relevant regulation,<sup>73</sup> which enables the Authority to request that a scheme supplier provide it with such information or evidence as the Authority requires for the purposes of carrying out its functions in relation to the WHD scheme.
- 8.23. Suppliers must complete the template and return it to the WHD mailbox in the original format as provided (usually MS Excel). Suppliers may also upload the completed template to their Huddle area and notify Ofgem upon having done this. This format is used to reduce the risk of calculating errors and manual checking. If suppliers are unable to use the template as provided, they should contact the WHD team as soon as possible to agree a suitably robust alternative.
- 8.24. Suppliers with multiple licences remain individually responsible for meeting the WHD obligations attached to each licence, and obligations cannot be combined, transferred or traded between licensees. Each licensee must therefore meet its own non-core and core obligations in full. However, suppliers holding multiple licences may submit their reporting in a single consolidated submission for administrative convenience, provided that the spending and delivery data for each individual licence is clearly identified and reported separately. Ofgem

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<sup>73</sup> See regulation 35 of the Regulations

determines at end of a year whether the spend has been met and caps adhered regarding the overall supplier group obligation rather than at individual licence level. Trading obligations is not permitted.

- 8.25. We also require suppliers to report on any spending incurred by a connected scheme gas supplier to confirm any WHD activities they have undertaken and outline how spending should be allocated to the suppliers, if a supplier wishes to count it towards its non-core spending obligation to the extent permitted by regulation 30. See paragraph 7.3 for further information.
- 8.26. The end-of-year report must be provided by 26 May following the end of each SY.
- 8.27. Suppliers must submit accurate and correct information. Each end-of-year report we receive should include confirmation that the results reported by a supplier have been independently checked to be accurate and compliant with the Regulations. We require each supplier to submit an audit report to accompany its end-of-year report. This should outline the audit assurances for compliance of the activities included in the end-of-year report. For further information, see the 'Supplier internal audit requirements' section of chapter 9.
- 8.28. If we ask for clarification or additional information it must be provided within 15 working days of our request, or by the deadline indicated in the request.
- 8.29. Late and incomplete reporting will be treated as non-compliance with the scheme's requirements and may be subject to enforcement action.

### **End-of-year reporting process**

- 8.30. We will initially review each of the individual reports for completeness (i.e. that the reports contain all the relevant information required to be able to determine compliance). If a supplier's report is considered incomplete, we will contact the supplier and request the relevant information. Once we are satisfied that the information is complete, we will send written confirmation to the supplier. This confirmation will be issued within 20 working days of a supplier submitting its final report, or within 20 working days of a supplier submitting any additional information requested.
- 8.31. After determining completeness, we will review the reports to determine compliance. This will include ensuring that a supplier's spending obligations have been met (taking spending caps into account where appropriate) and ensuring that compulsory suppliers have carried out activities as described in their

approved notifications. If concerns are identified at this stage, we may ask for further information and evidence and will raise them with the supplier immediately.

- 8.32. Should we determine that an activity is not compliant with the Regulations, including where an Industry Initiative measure is rejected by TrustMark, or the referral is not withdrawn before 31 August following the end of the relevant scheme year, we may not allow a supplier to attribute all or part of the spending towards its non-core spending obligation.
- 8.33. We may choose to take action, including enforcement action against a supplier deemed non-compliant with its non-core spending obligation or where it fails to complete other duties required under the Regulations.
- 8.34. We will conduct end-of-year compliance checks, and report our final determination to suppliers, as soon as possible, and no later than 31 October following the end of the relevant SY.

### **Core Group report**

- 8.35. The Core Group report should be specific to the WHD Scotland scheme.

### **Spend**

- 8.36. Compulsory and voluntary suppliers are required to provide us with their total spending on the Core Group. We will check that the spending is in line with the rebates provided.

### **Rebates**

- 8.37. Each supplier must provide details on the total number of Core Group rebates it has provided. This will include a breakdown of how many were provided as a result of the data match, and how many were provided through the sweep up and imputation exercises. We will use this data to cross-check against information provided by the SoS.
- 8.38. Suppliers must also provide details of the number of standard and late rebates that were provided but not delivered, the reasons why any rebates were not provided, and any steps the supplier intends to take to provide any outstanding rebates.

- 8.39. In addition, suppliers must notify Ofgem of the number of prescribed rebates that have been provided, or treated as having been provided, but not delivered in the relevant scheme year. This notification must:
- be made before the end of the specified period;
  - include all rebates that remain undelivered at the date the notification is submitted, regardless of when the rebate was originally provided; and
  - the total number of rebates delivered, and the steps it intends to take to provide any outstanding rebates.
- 8.40. A breakdown of the value of rebates provided and delivered via vouchers or cash and cheque and via SAM to electricity accounts and gas accounts must be provided where this information is available. This data will be used to monitor how the scheme is being delivered but will not be considered as part of our compliance assessment.
- 8.41. We will require confirmation that all Core Group rebates were provided by the end of the scheme year, or within 30 days of receiving the customer instruction from the SoS if this was provided after 1 March of that scheme year. If any standard rebate was paid late, the supplier should provide the reasons for this.
- 8.42. We would require confirmation that all late rebate notice were paid, within 30 days of receipt.
- 8.43. If any late rebate was paid late, the supplier should provide the reasons for this.
- 8.44. Where an instruction to pay (ITP) a customer contained within a rebate notice was returned to the SoS we need confirmation that this took place within 30 days. If any instructions were not returned or were returned late, the supplier should provide reasons for this.
- 8.45. The rebate provision is for Scottish domestic customers only. To determine which customers live in Scotland, suppliers may use the Scottish Postcode Directory (SPD)<sup>74</sup>, which is also used by DWP for determining Scottish postcodes for the Core Groups. Suppliers may also use their own methods which will be subject to verification by Ofgem.

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<sup>74</sup> [Scottish Postcode Directory \(SPD\) | National Records of Scotland \(nrscotland.gov.uk\)](https://www.nrscotland.gov.uk)

- 8.46. Suppliers must confirm that all Core Group customers were notified either on the customer's bill or otherwise in writing that the rebate was provided as part of the WHD scheme and that rebates were provided by one of the methods outlined in the 'Payment Methods' section of Chapter 6.

### **Exceptions**

- 8.47. Suppliers must provide us with the total number of Core Group customers and late rebate customers where they think a Regulation 12 exception should apply. We require suppliers to explain the efforts they have taken to provide the rebates before the exception was determined.
- 8.48. Any exception under regulation 12 of the regulations can only be determined by the SoS, where they are satisfied that it is not reasonably practicable for the supplier to provide the prescribed rebate to the Core Group customer.
- 8.49. In cases where a supplier is not able to provide a rebate and an exception is not available under Regulation 12, the supplier should set out the circumstances, provide the number of customers that fall under each circumstance and outline the steps taken in attempting to provide each of the rebates.

### **Final rebate redemption report**

- 8.50. Following the scheme year suppliers must notify us of the total number of rebates delivered. The report must be provided by 31 August after the end of each SY.
- 8.51. Ofgem strongly encourages suppliers to ensure that every rebate they provide is also delivered. Where rebates are not provided, this is non-compliant and Ofgem may consider pursuing enforcement action
- 8.52. Suppliers must confirm that the data has been independently checked through an internal verification process.

### **Broader Group report**

#### **Spend**

- 8.53. The Broader Group report requires compulsory suppliers to provide us with the total spend on this element of the scheme and the total number of rebates provided. We will check that these match and that a supplier's minimum Broader Group rebate target has been met.

#### **Rebates**

- 8.54. Suppliers must provide details of the total number of rebates delivered in the end-of-year reporting, and the steps it intends to take to provide any outstanding rebates. The supplier needs to notify Ofgem by the 31 August after the start of the following scheme year (1 April) of the number of Broader Group rebates provided in the previous scheme year.
- 8.55. We require confirmation that all Broader Group rebates were provided by the end of the scheme year.
- 8.56. A breakdown of the value of rebates provided to electricity accounts and gas accounts must be provided where this information is available. This data will be used to monitor how the scheme is being delivered but will not be considered as part of our compliance assessment.
- 8.57. For the Broader Group, suppliers may wish to use the Scottish Postcode Directory (SPD)<sup>75</sup>, to confirm geographical location which is also used by DWP for determining Scottish postcodes for the Core Groups. Suppliers may also use their own methods.
- 8.58. Suppliers must confirm that all Broader Group customers were notified on their bill or otherwise in writing that the rebate was provided as part of the WHD scheme, and that rebates were provided by one of the methods outlined in the 'Payment Methods' section of Chapter 6.

### **Eligibility criteria and evidence**

- 8.59. Suppliers will need to confirm that the eligibility criteria used for the Broader Group were the same as those outlined in the approved scheme notification and any approved amendments. We also seek assurance that the quality controls outlined in the notification were applied.
- 8.60. Suppliers should provide the breakdown of Broader Group rebates provided by eligibility criteria. This data will be used to monitor how the scheme is being delivered but will not be considered as part of our compliance assessment.
- 8.61. We need confirmation that the customer's eligibility was verified in accordance with the scheme notification and any amendments. We will require suppliers to outline the number of Broader Group customers who passed the documentary

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<sup>75</sup> [Scottish Postcode Directory \(SPD\) | National Records of Scotland \(nrscotland.gov.uk\)](https://www.nrscotland.gov.uk)

evidence check and, if available, the numbers that failed or did not return the documentary evidence, and that the verification reached the minimum 5% requirement<sup>76</sup>.

- 8.62. Records of all Broader Group applicants must be kept until one year after the end of the relevant scheme year. This should include applications, documentary evidence submitted, and assessment records by the verifying party. This includes for applicants who fail the verification process.

### **Industry Initiatives reports**

- 8.63. Suppliers must provide reports for each individual Industry Initiative, including multi-supplier initiatives and those being run on behalf of suppliers by third parties as part of the end of-year reporting process. All spending figures provided in each report should exclude any VAT.

### **Spend**

- 8.64. Suppliers are required to provide details on how much was spent on the Industry Initiatives, and how much of that spend is to be attributed to the WHD scheme. If there is a variance of more than 5% between the spending projected in the notification and the actual spend, a supplier should explain this.
- 8.65. Where there is a variance, suppliers should contact the WHD team (as soon as possible) and not rely on reporting this at the end of the scheme year.
- 8.66. Suppliers should provide evidence that the spending was incurred within the scheme year.
- 8.67. We will check whether a supplier's Industry Initiative cap is exceeded (including the cap on individual activities). This may be an adjusted Industry Initiative spending post any Broader Group transfer approval. If any cap is exceeded, we will only attribute the maximum allowable spend to a supplier's obligation.
- 8.68. Suppliers should provide confirmation from Scottish Ministers of any spending on Specified Activities.<sup>77</sup>

### **Targeting**

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<sup>76</sup> See Part 2 of Schedule 3 of the Regulations

<sup>77</sup> See regulation 32 of the Regulations

8.69. Suppliers need to confirm that the targeting used was the same as approved in the scheme notification, and that any conditions put in place during the approval process have been met. We will review the percentage of people evidenced as being in fuel poverty or in a fuel poverty risk group.

### **Activities**

- 8.70. Suppliers must confirm that the activity carried out is in line with what was approved in the scheme notification. This will also include confirmation that:
- the spending or activity was not a requirement under a supplier's electricity or gas supply licence, and that the activity is not being used by a supplier to meet spending obligations or targets imposed in another legislation or scheme, and
  - the activities fall within the first column of the table in the Part 1 of Schedule 4 to the Regulations, and do not fall within an exception in the second column.
- 8.71. If a supplier fails to provide such evidence, the spend may not be eligible under the WHD scheme and the supplier may be found non-compliant.

### **Value for money**

8.72. We look for evidence that any provisions put in place around value for money during the approval process are met. We will look at the spend versus the outputs to help us determine that value for money was delivered. We will also assess any evidence of additional value.

## 9. Fraud and Auditing

9.1. We carry out audits to help suppliers meet the requirements of the WHD and monitor compliance. This section describes the requirements for the WHD scheme, including Ofgem's programme of audits, and the requirement for suppliers to conduct internal audits.

### **Ofgem's audit programme**

9.2. Our audit programme could cover any element of the scheme. We take a risk-based approach to audit and assurance. Although any supplier's activities may be audited, it is more likely that we will audit a new scheme activity, a newly obligated supplier or where earlier audits have identified recommendations.

9.3. Our audits aim to establish that:

- suppliers have robust processes for administering WHD,
- suppliers are following the processes outlined in notifications for Industry Initiatives, and
- information provided by suppliers has been prepared accurately using appropriate evidence.

9.4. We will appoint an independent auditor to conduct WHD audits on our behalf. Suppliers will be notified at least two weeks in advance of when these will take place, along with the detail of the scheme activity we intend to audit. Audits will generally take place at four key stages:

- Customer data notification: we may audit the customer data provided by suppliers to inform the market share calculations. This is conducted because any variation in a single supplier's data affects every supplier's obligation. This audit usually takes place in February.
- Mid-year audit: may be conducted to minimise the risk of supplier non-compliance at scheme year end. If the audit highlights problems with delivery of an obligation, the supplier will have to agree remedial actions and confirm that these have been resolved before the end of the scheme year.
- End-of-year audits: may be conducted to verify specific information provided by suppliers in their annual reports. This audit would usually

take place in the month following the end-of-year reporting deadline however, the exact timing may vary from year to year.

- Rebate delivery audit: to verify the number of rebates delivered and check any exceptions. This audit would usually take place in the month following the final reporting deadline for rebate delivery.

- 9.5. After an audit, a meeting will take place between the auditor and the audited party to share and discuss the main findings. If the audit report contains any significant findings, we will highlight these to suppliers as soon as possible, so remedial action can be taken.
- 9.6. Suppliers will receive a copy of the draft audit report to consider within eight weeks of the date of visit. Key findings will be highlighted in the audit report, with associated recommendations to mitigate any issues. The supplier response to this should cover management's proposed actions to address these recommendations, including timescales and who is responsible for which actions.
- 9.7. Once the finalised audit report has been agreed and issued, we will track the progress of agreed recommendations.
- 9.8. We may also request to conduct observation visits to selected supplier scheme activities during the scheme year. This helps us to assess the risk of non-compliance or fraud. We will notify suppliers before any visits and provide them with our expectations.

## **Supplier internal audit requirements**

- 9.9. Suppliers must do their own internal audits to make sure that information in their end-of-year reports, and final rebate redemption reports, is correct. Ofgem will be specifically looking for confirmation and assurance on the areas outlined below:
  - For all scheme elements, the information submitted must be accurate
  - Scheme element: Core Group
    - Core Group rebates and late rebate notices were provided to all customers instructed by the SoS on time, subject to any exceptions.

- All Core Group customers and late rebate customers were notified, either through their bill or in writing, that the rebate payment was made under the WHD scheme.
- Incorrect customer instructions were returned to the SoS within 30 days.
- Exceptions have been reported in line with those identified in this guidance.
- Scheme element: Broader Group
  - The total number of Broader Group rebates provided by the end of the scheme year is correct.
  - All Broader Group customers were notified, either through their bill or in writing that the rebate payment was made under the WHD scheme.
  - The mandatory eligibility criteria and any additional approved eligibility criteria were used and consistently applied across all applications channels throughout the year.
  - The approved method of evidencing eligibility was used and consistently applied across all application channels throughout the year.
  - The supplier has done enough random sampling and at least 5% of Broader Group rebate recipients successfully provided documentary evidence to demonstrate that they met the eligibility criteria, or had their eligibility confirmed via an appropriate third party
- Scheme element: Industry Initiatives
  - Total eligible spend is accurate.
  - The targeting used is consistent with the approved notification.
  - The activity cost breakdown and outputs achieved are accurately reported.

- The activities were undertaken in line with the approved notification and spending was after the date of approval.<sup>78</sup> Or was related to an Industry Initiatives notification that was subsequently approved for SY16.
- Scheme element: rebate redemption
  - Where accounts are not credited directly (e.g. PPM customers), the number of rebates delivered is correct. Where rebates have been provided but are not delivered, suppliers are encouraged to make multiple attempts to deliver the rebate to customers.

Ofgem would require an additional internal audit of the information provided for the redemption report. This audit will be required alongside the final rebate redemption report due by 31 August of each respective scheme year.

- 9.10. Staff employed on this activity do not need to hold professional audit qualifications. However, they need to be competent to perform such functions. They should also be able to demonstrate their independence from company management and supplier WHD operational staff.
- 9.11. The audit report should accompany the end-of-year report and rebate redemption report and should include details of the results of the verification, the independence and competence of the party who did the audit, and when it was done.
- 9.12. Suppliers must ensure that audit assurance can be provided for the accuracy of the information reported for each activity under the WHD scheme, to support compliance assessment.

## **Fraud, misuse and abuse prevention**

- 9.13. Ofgem takes a zero-tolerance approach to fraud. A dedicated Counter Fraud team works to detect, prevent, deter and take firm action where there is evidence of fraud across the schemes we administer. In the context of WHD, fraudulent activity is any dishonesty or misrepresentation of the Regulations that undermines the government's policy intent or our administration of the scheme.

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<sup>78</sup> More information on spending can be found in Chapter 6 'Industry Initiatives'

- 9.14. It is important that suppliers have robust fraud prevention controls in place to maximise the benefits for customers in or at risk of fuel poverty. Suppliers should work closely with us to reduce the risk of fraud, and the risk of reputational damage to them and us. We expect that Core Group rebate payments are only provided to customers identified by the SoS and expect that suppliers will have effective internal management controls to allow for such assurance to be reached. We expect that Broader Group rebates should only be made to customers suppliers identify as meeting their approved eligibility criteria and subject to approved verification measures.
- 9.15. Where Core Group/Broader Group rebates are not provided directly to a customer account (such as for those customers with prepayment meters) any alternative process should be strong enough that it cannot be intercepted by someone other than the recipient. Suppliers must outline how such payments are to be made and the controls they have that minimise the risk of cheques being fraudulently cashed. Suppliers should promptly report any instances of suspected fraud to the Ofgem Counter Fraud team at: [counterfraud@ofgem.gov.uk](mailto:counterfraud@ofgem.gov.uk). Suppliers must ensure that their investigations are thorough and completed promptly, and they should contact us if they have any questions about their investigation or findings.