

Warm Home Discount

Annual Report 2014-15

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Foreword

I am pleased to present our fourth annual report on the Warm Home Discount (WHD) scheme. The report covers the support provided to vulnerable consumers through the WHD scheme from 1 April 2014 to 31 March 2015. We also explain how the scheme works to help vulnerable consumers with their energy bills. We then highlight the main achievements from the last year and an overview of what has been achieved over the past four years. Lastly we take a look at some important changes to scheme activities brought in for 2015-16.

Now at the end of the scheme's original four-year period we have determined that suppliers have provided around £1.139 billion of eligible funding, exceeding the target of £1.13 billion. This is an excellent result for vulnerable consumers. We are also aware that suppliers frequently went beyond their obligations, choosing to provide additional support to consumers through channels established for WHD. This is not included in our assessment of compliance with obligations but has nonetheless benefited consumers.

I am delighted with the success of the scheme in our time as administrator. Using our expertise in scheme design and delivery we have driven best practice among suppliers and delivery partners. We did this by providing clear scheme guidance, carrying out targeted audits and quality assurance checks, monitoring supplier compliance and supporting scheme participants.

The scheme has grown and our support of new participants has become a key focus of our work. In 2014-15 we saw one new scheme entrant and we have also worked to support an additional two new entrants who will provide WHD in 2015-16. As part of our compliance checks we determined that although one supplier did meet their overall spending obligation for the year, they did not fully comply with their individual obligations for this scheme year. Despite this, together the participants met the overall scheme spending obligations, providing a total of £326 million of support to vulnerable consumers including £140 rebates to nearly 2.2 million vulnerable consumers.

Reducing fuel poverty is a priority for the UK government and devolved governments. We recognise the contribution that the WHD scheme makes to tackling fuel poverty in Great Britain and Ofgem has a clear focus on protecting consumers in vulnerable situations. Therefore, we are working to improve the scheme wherever we can. We are currently using our expertise to find innovative ways for suppliers to support consumers who currently find it difficult to access the scheme and I look forward to reporting on this work next year. As we progress with the fifth year of the scheme, we look forward to working with policy-makers as they consider the future of the WHD and wider support for vulnerable consumers.

Chris Poulton

Managing director, E-Serve

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Associated Documents

- The Warm Home Discount Regulations 2011 (as amended), the Warm Home Discount (Reconciliation) Regulations 2011, the Disclosure of State Pension Credit Information (Warm Home Discount) Regulations and relevant sections from the Energy Act 2010
<http://www.legislation.gov.uk/all?title=warm%20home%20discount>
- The Warm Home Discount: Guidance for Licensed Electricity Suppliers and Licensed Gas Suppliers (published 30 March 2015)
<https://www.ofgem.gov.uk/publications-and-updates/warm-home-discount-guidance-licensed-electricity-suppliers-and-licensed-gas-suppliers-version-4>
- The Warm Home Discount: Annual Report Scheme Year 3 (published 31 October 2014)
<https://www.ofgem.gov.uk/publications-and-updates/warm-home-discount-annual-report-scheme-year-3>
- Department of Energy & Climate Change (DECC), *Consultation on the Warm Home Discount* (published 2 December 2010)
<http://www.decc.gov.uk/assets/decc/Consultations/warm-home-discount/956-consultation-warm-home-discount.pdf>
- DECC, *Warm Home Discount: Extension to 2015/16* (published 29 January 2015)
<https://www.gov.uk/government/consultations/warm-home-discount-extension-to-201516>

Executive Summary

The Warm Home Discount Scheme requires participating domestic energy suppliers to provide support to those who are in or at risk of fuel poverty. The support may be direct, through rebates to eligible customers, or indirect, through support to third parties who help customers by offering them services to reduce the impact of fuel poverty.

The scheme has been running for over four years now and our annual reports summarise the outcomes achieved each scheme year. In part, the report meets our duty to keep under review the operation of the scheme and suppliers' compliance with it. **This report covers the fourth year of the scheme - 1 April 2014 to 31 March 2015.**

In the year, obligated suppliers provided around £326m worth of eligible support to consumers. This comprised direct support through the Core Group and Broader Group, and indirect support through Industry Initiatives. This spend was made against an original obligation to provide support of £310m in the year, so the budget has been significantly exceeded by the collective efforts of the suppliers.

Low income pensioners received over 1.4m rebates through the Core Group, of £140 each. Nearly 95% of these rebates were provided to customers who were automatically identified through joint working by suppliers and the Department for Work and Pensions, without taking any action themselves.

Other customers who were on a low income and vulnerable to fuel poverty received over 750,000 rebates, also worth £140. These customers received their rebates by applying directly to their supplier and providing evidence that they met the criteria for the rebate.

Suppliers funded more than £20m of other activities to support consumers, which provided services such as energy advice, help to reduce and manage energy debts, and helping consumers find additional benefits and sources of income to pay for their energy.

We found that eight of the nine participating suppliers complied overall with the requirements of the WHD Regulations in the scheme year. One supplier, First Utility, failed to provide all the required support within the scheme year and was judged not to have fully complied with its obligations. We identified a few other minor contraventions by suppliers, but these were limited to less than 0.06% of rebates provided. We are confident that consumers were not significantly affected and that all suppliers will comply with all future obligations.

The scheme was originally planned to last for four years, so would have come to an end in March 2015. But because the past four years have been so successful, it has been extended by one more year. In this report we look at the main outcomes from the past four years, the main changes to the scheme, and what the future of the scheme might be.

1. Regulatory Context

Chapter overview

This chapter describes the background to the WHD scheme. It summarises the Regulations which underpin it, outlines the obligations set across participating suppliers and explains the structure and content of this report, including our reasons for producing it.

The Warm Home Discount (WHD) scheme

- 1.1. The Warm Home Discount (WHD) scheme requires participating domestic energy suppliers to provide support to those who are in or at risk of fuel poverty. This support may be direct, through rebates to electricity accounts of eligible consumers, or indirect, through support to third parties who help consumers in or at risk of fuel poverty.
- 1.2. Originally, the scheme was intended to last for four years: 1 April 2011 to 31 March 2015. It was intended to provide support worth £1.13 billion across this period. The original period has now finished, but the Regulations were amended to extend the scheme to March 2016, with an additional £320 million to be delivered in the fifth year. This report looks at the original four-year period, with a focus on scheme year (SY) 4: 1 April 2014 to 31 March 2015.
- 1.3. The Warm Home Discount Regulations 2011 (WHD Regulations 2011) require all energy companies with over 250,000 domestic customers to participate in the WHD scheme, providing a minimum value of support to eligible consumers. The value of each supplier's obligation is proportionate to their share of the domestic energy market.
- 1.4. Suppliers with fewer than 250,000 customers may volunteer to participate in the scheme. Voluntary participants are only required to provide rebates through the Core Group. No suppliers have volunteered in the first four years of the scheme, however we have engaged with suppliers who considered participating in the fifth year and may do so in future.
- 1.5. Customers of participating suppliers may be eligible for direct rebates on their electricity accounts if they receive certain Pension Guarantee credits (the Core Group) or by meeting eligibility criteria set by their supplier, which must target customers in or at risk of fuel poverty – those who are on a low income and vulnerable to fuel poverty (the Broader Group). Direct rebates accounted for more than 93.8% of the support provided by suppliers in SY4.

- 1.6. The remaining support was provided through indirect means to alleviate fuel poverty, such as advice on managing energy use, energy efficiency measures and help to reduce energy debts. Again, this support was targeted at consumers in or at risk of fuel poverty. Suppliers were responsible for delivering this support to customers, and had discretion around the balance between direct Broader Group rebates and indirect support, within certain limits set by the WHD Regulations.

The scheme administrators

- 1.7. The Department of Energy and Climate Change (DECC) is responsible for WHD policy and legislation. Through the Energy Act 2010, the Secretary of State for Energy & Climate Change may make regulations which introduce support schemes for reducing fuel poverty, which led to the creation of the Warm Home Discount Regulations 2011 to establish the WHD scheme. The WHD scheme is an important part of the government's strategy for helping households in or at risk of fuel poverty, as it directly reduces eligible customers' energy bills.
- 1.8. As part of the WHD Regulations, DECC set the overall scheme budget, methods for determining obligations placed on participating suppliers and the types of support that can be attributed to a supplier's obligation in a scheme year. Where the Regulations have been amended during the life of the WHD scheme, DECC was responsible for consulting on policy changes and delivering the amendments through parliament.
- 1.9. Throughout the scheme, DECC has worked with the Department for Work and Pensions (DWP) to administer the delivery of the Core Group and provide the data matching service which identifies the majority of customers eligible to receive a Core Group rebate.
- 1.10. Part 2 of the Energy Act 2010 and the WHD regulations give Ofgem¹ the task of delivering certain aspects of the scheme. This includes administering the non-Core elements of the scheme and monitoring suppliers' compliance with their obligations in the Core and non-Core elements.
- 1.11. Beyond our statutory duties, we support suppliers in delivering eligible support to customers through engaging with new participants before their obligations begin, facilitating discussions between all stakeholders throughout the scheme year, and identifying and sharing best practice through our monitoring of scheme progress and regular process audits.
- 1.12. The Energy Act 2010 puts Ofgem under a statutory duty to review the operation of the WHD scheme, as well as the participating suppliers' compliance with it. To achieve this, we prepare an annual report detailing suppliers' performance against their obligations, with an overall review of the outcomes achieved by the scheme as a whole.

¹ The Energy Act (and other associated legislation) gives powers and responsibilities to the Gas and Electricity Markets Authority ("GEMA" or "the Authority"), whose day-to-day functions are performed from their office, Ofgem. In this document, the terms "GEMA", "the Authority" and "Ofgem" may be used interchangeably.

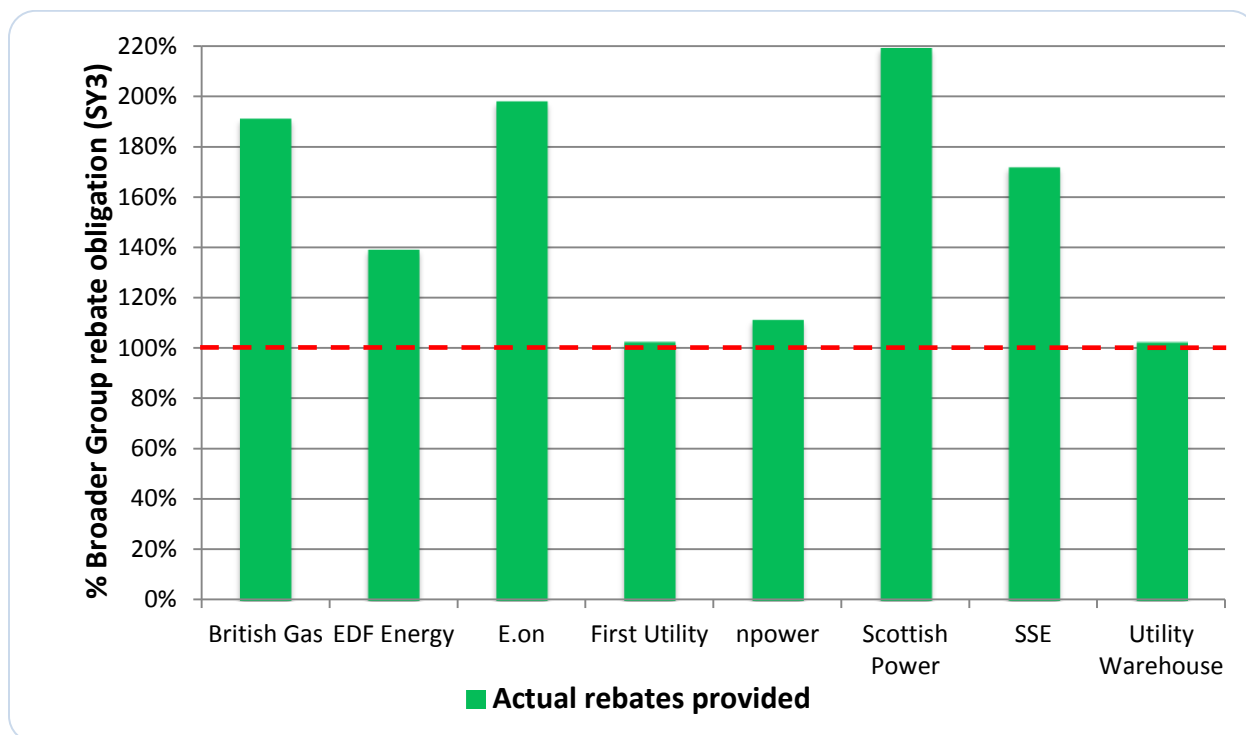
- 1.13. This report is prepared to update the Secretary of State on supplier performance against obligations and to input to future policy development of the scheme by DECC. The report also informs participating suppliers of the overall progress of the scheme and interested stakeholders of the outcomes achieved.
- 1.14. For Ofgem, transparency is an important part of our statutory duties and a core governance principle to support the predictable, authoritative decision making which is key to independent economic regulation. By publishing our reports on WHD externally, we adhere to the principle of transparency through providing clear, consistent, comparable and accessible information.
- 1.15. We prepare the report based on information submitted by suppliers in their end-of-year compliance reports for each scheme year that they participated in. We have reviewed these reports and supporting evidence. We have required suppliers' internal auditors to verify the reports' accuracy and have additionally contracted our own audits to provide additional verification.

Introduction of the WHD scheme

- 1.16. Before the WHD scheme existed, the six largest GB energy suppliers agreed with the UK government (known as the "Voluntary Agreement") to provide support to customers in or at risk of fuel poverty through discretionary rebates and subsidised tariffs. This agreement ended in March 2011, when the WHD scheme was implemented.
- 1.17. The Warm Home Discount Regulations 2011 were introduced with effect from 1 April 2011. They set the thresholds for obligation under the scheme, a standard rebate value for Core and Broader Group customers, arrangements for phasing out the use of subsidised tariffs in favour of easy-to-understand rebates and eligible activities to indirectly support customers with their energy bills.
- 1.18. The scheme has been implemented successfully over the four years so far. The Regulations were subject to one minor amendment during the period, to allow greater flexibility of spend between SY3 and SY4 – suppliers were allowed to provide extra Broader Group rebates in SY3 to smooth a transition to the significantly increased non-Core obligation set in SY4². The majority of suppliers took advantage of this flexibility, going well beyond the minimum requirement for the Broader Group in SY3, as Figure 1.1 shows.

² The increase in the non-core obligation for SY4 is explained in Chapter 4 of this report.

Figure 1.1: Broader Group delivery in Scheme Year 3



1.19. As a result of this expanded support in SY3 and further delivery in SY4, all suppliers met each of their obligations for SY3 and suppliers met eight out of nine overall obligations in SY4³. We have confirmed that over £1.13bn of attributable spend has been made across the four scheme years, in line with the original budget for the scheme.

1.20. As noted earlier, an amendment was made to the Regulations to extend the scheme for a further year, SY5, with an additional £320m obligation across the participating suppliers. The amendment also introduced additional activities which are eligible for SY5 and introduced a minimum set of eligibility criteria for the Broader Group. We explore these changes later in this report.

WHD scheme budget and obligations

1.21. The WHD Regulations set an overall target for each year of the scheme, to be shared among the participating suppliers for that year. The size of the Core Group is estimated by DECC each year before the start of the scheme year, with the remaining obligation forming the non-core obligation.

1.22. The non-core obligation could be met through a combination of Broader Group, Legacy Spend, and Industry Initiative spending. However the Regulations placed a maximum

³ One supplier did not achieve their overall obligation during SY4. However we have determined that they have provided sufficient additional support after the end of SY4 to make amends for missing this obligation.

cap on the amount that could be spent on each of Legacy Spend and Industry Initiatives, which effectively creates a minimum obligation of Broader Group spend.

1.23. The obligations were designed to allow suppliers to transition their support away from Legacy Spend (which was made up of support similar to the Voluntary Agreement) to Broader Group. The breakdown of obligations therefore evolved each year until this transition was complete. The obligations for each of the first four years are shown in this table:

	SY1	SY2	SY3	SY4
Overall non-core scheme year target	£153m	£132m	£100m	£144m
Overall scheme Legacy Spending limit	£140m	£70m	£35m	£0
Overall scheme Industry Initiative limit	£30m	£30m	£30m	£30m
Overall scheme LS & II combined limit	£150m	£85m	£53m	£30m
Overall Broader Group minimum	£3m	£47m	£47m	£114m
Overall spending target	£250m	£275m	£300m	£310m

1.24. Each of the minimum obligations was met in each scheme year, collectively across the scheme participants. In some cases, suppliers chose to provide support beyond the maximum attributable spend on Legacy Spend and Industry Initiatives, and in a few cases provided non-core support beyond the value that they could carry forward to the following scheme year.

1.25. Hence, while we have reported attributable spend across the four years of £1.139bn, suppliers reported a further £13m that had been provided to customers in or at risk of fuel poverty which has not been attributed to WHD obligations.

1.26. In SY4, there were nine participating suppliers in the WHD scheme. This has increased from six suppliers who participated in the first year of the scheme, as the domestic supply market has developed and new suppliers have passed the threshold for participation in the scheme. The participating suppliers are in Appendix 1.

Vulnerable customers

1.27. Ofgem's statutory duties to energy customers include a specific focus on low income and vulnerable consumers. Ofgem has a Consumer Vulnerability Strategy that explains how we protect consumers in vulnerable situations and the success of the WHD

scheme makes a key contribution to this strategy. We have recently published a report on how we are achieving our mission to protect vulnerable consumers. This report is available on Ofgem's website⁴.

- 1.28. We have also published our Social Obligations report⁵ on supplier performance in 2014 on debt, disconnection, prepayment meters (PPMs) and services for consumers in vulnerable situations. Monitoring this performance and seeking continuous improvement from suppliers in these areas also feeds into our strategic goal to protect vulnerable consumers.

⁴https://www.ofgem.gov.uk/sites/default/files/docs/2015/09/ofgems_cvs_progress_report_22.09.2015_for_website_final.pdf

⁵https://www.ofgem.gov.uk/sites/default/files/docs/2015/09/annual_report_2014_final_0.pdf

2. Compliance in Scheme Year 4

Chapter overview

This chapter presents the overall achievements of suppliers against their obligations in Scheme Year 4, explaining the obligations and what suppliers did to meet them. We also outline any areas of concern.

Our assessment of compliance with WHD regulations

- 2.1. Under the WHD scheme, participating suppliers in SY4 had an obligation across three elements of the scheme: Core Group, Broader Group and Industry Initiatives. In May 2015, each supplier each submitted a report summarising the support they had provided to consumers during SY4, which they intended to attribute to meeting their obligations.
- 2.2. The Core Group element is administered and targeted differently to the other elements (which are collectively known as the 'non-core' elements). Suppliers are obligated to provide rebates to all customers identified by the Secretary of State as meeting the eligibility criteria. We assess whether suppliers have provided all Core Group rebates in line with the requirements of the WHD scheme, in order to determine that they comply with this part of the scheme.
- 2.3. The non-core elements, the Broader Group and Industry Initiatives, have a collective spending obligation for each supplier to provide a minimum value of eligible support to customers in or at risk of fuel poverty. Suppliers must provide a certain proportion of this support (about 80%) through the Broader Group rebates, and may choose whether to provide the remaining c.20% through additional Broader Group rebates or eligible Industry Initiatives, or a combination of both. If suppliers spent more than 20% of the value of their obligation on eligible Industry Initiatives, only the maximum allowed value was counted toward their spending obligation.
- 2.4. We assess whether the support each supplier has provided can be attributed to the scheme and whether the combined value of their activities for the year is sufficient to meet their overall non-core spending obligation.
- 2.5. Having made these assessments, we make an overall determination of a supplier's compliance with the WHD scheme for the year, taking into account any minor infringements of the WHD Regulations and the impact these infringements may have had on customers.
- 2.6. Minor infringements indicate that the supplier has, in some cases, failed to comply with all of the requirements of the Regulations. These infringements relate to not

providing support to a customer or customers in an efficient way. For each infringement, we checked that the customer had not been significantly affected, nor had the administration or delivery of the scheme been affected as a whole, and the supplier has resolved the issue within a reasonable timescale. If a supplier has kept the number of minor infringements reasonably low, we did not determine that the supplier was non-compliant overall.

- 2.7. We have assessed all supplier activities reported to us by suppliers relating to SY4. We then determined that eight of the nine participating suppliers in SY4 were compliant with their obligations, with a small number of minor contraventions. One supplier had a number of contraventions across each of the elements of the WHD scheme, so we determined that they had not complied with their overall obligation.
- 2.8. Supplier compliance in SY4 is summarised in Figure 2.1 below:

Figure 2.1: Supplier compliance with Scheme Year 4 obligations

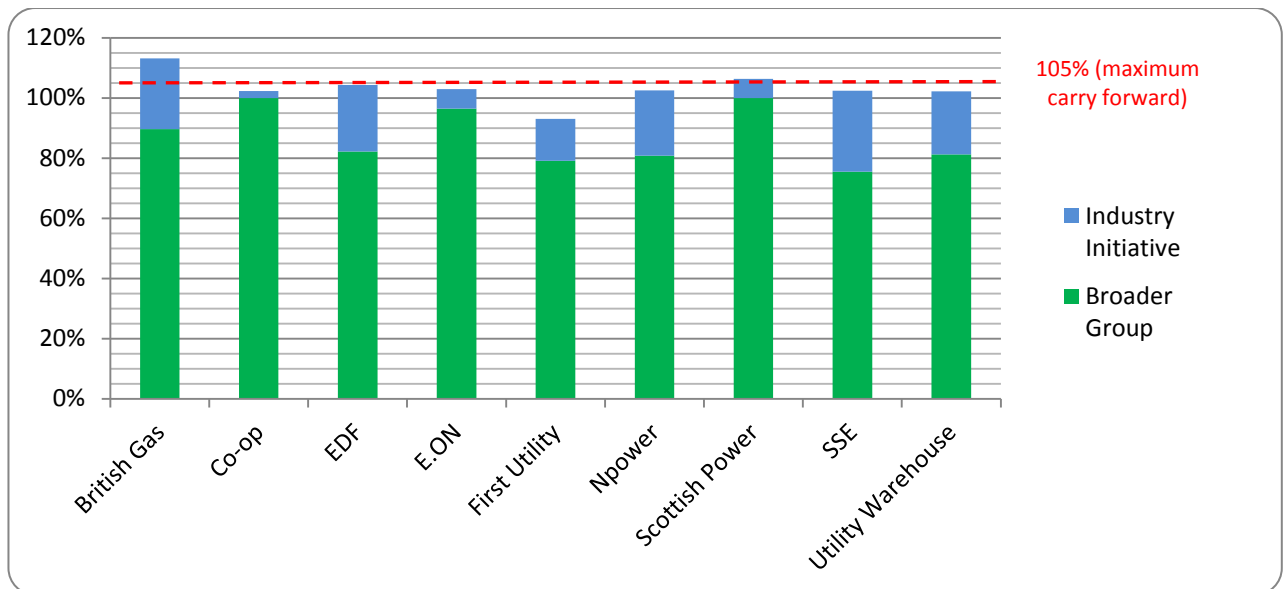
	Overall compliance	Core Group	Broader Group	Industry Initiatives
British Gas	Compliant	✓	✓	✓
Co-operative Energy	Compliant	∅	✓	✓
EDF Energy	Compliant	✓	✓	✓
E.ON	Compliant	✓	✓	✓
First Utility	Did not comply	X	X	∅
npower	Compliant	✓	✓	✓
SSE	Compliant	✓	✓	✓
ScottishPower	Compliant	∅	∅	✓
Utility Warehouse	Compliant	✓	✓	✓

Key to symbols		
✓	∅	X
No infringements	Minor contraventions	Contravention

Supplier spend against non-core spending obligations

2.9. Suppliers who exceeded their obligation were able to carry over part of their spending to SY5, where it would be attributed to the spending obligation that year. The amount they were allowed to carry over was limited to 5% of the value of their obligation for SY4. Most suppliers reported spend in SY4 which allowed them to carry over some eligible spend. We show supplier spend against their obligation and how suppliers chose to split their spend between the non-core elements in Figure 2.2 below.

Figure 2.2: Supplier spend against non-core spending obligations



2.10. Two suppliers, British Gas and Scottish Power, chose to significantly exceed their obligations such that they spent more than 5% over their obligation value in SY4. They have carried the maximum 5% to SY5. Our assessment indicated that the spend beyond this 5% maximum was effectively provided to those in or at risk of fuel poverty.

2.11. As noted earlier, each supplier had a maximum value of eligible Industry Initiatives which could be attributed to their non-core obligation. Suppliers split their spending between Broader Group and Industry Initiatives in many different ways, and the figure above illustrates the proportion of each supplier's chosen spend. This ranged from almost exclusively focusing on Broader Group (Co-operative Energy) to maximising the use of Industry Initiatives (e.g. SSE) alongside the Broader Group. Both approaches, and others in between, are acceptable.

2.12. The WHD Regulations set specific requirements on how support through each element should be provided to customers. For the direct rebates of the Core Group and Broader Group, these requirements primarily related to the timing of rebate payments,

how the rebates can be provided and how customers are told they have received their rebate.

- 2.13. For Industry Initiatives, the Regulations make fewer specific technical requirements, however we expect suppliers to work within the principles of the Regulations in providing eligible support to consumers within reasonable timescales, and ensuring that the support they provide is appropriately targeted and achieves reasonable value for money.
- 2.14. In SY4 and across the whole period of the scheme, participating suppliers have met these requirements in the vast majority of cases, but we have found a small number of failures.
- 2.15. As part of our assessment, we monitor any infringements by suppliers, including how many have occurred in a particular scheme year, and the reasons they occurred. We work with suppliers to prevent further infringements by improving their scheme administration processes.
- 2.16. In SY4, three of the nine suppliers committed some minor infringements, but we were pleased to note that the other six suppliers met all requirements of the Regulations. The number of minor infringements by each supplier is below:

	Core Group	Broader Group	Industry Initiative
British Gas	0	0	0
Co-operative Energy	7	0	0
EDF Energy	0	0	0
E.ON	0	0	0
First Utility	543	441	1
npower	0	0	0
SSE	0	0	0
ScottishPower	162	37	0
Utility Warehouse	0	0	0

- 2.17. We are pleased to see that the majority of obligations across suppliers was met with no infringements of the Regulations.
- 2.18. Although some suppliers infringed, this should be viewed in the context of the entire scheme. The total of 712 infringements in the Core Group represents less than 0.05% of the 1,427,142 rebates provided, while the 478 Broader Group infringements are around 0.06% of the total rebates (758,132).
- 2.19. Only one activity in the Industry Initiatives failed to deliver fully in line with the Regulations, out of 20 activities across all suppliers in total.
- 2.20. From the above assessment we have concluded that, despite minor problems with delivery, the scheme has generally been delivered very successfully by the participating suppliers in SY4.

- 2.21. We have talked to the suppliers that had made minor infringements in one or more of their obligations to ensure that customers were not adversely affected and that the infringements have been resolved.
- 2.22. We do not expect to see these infringements repeated in SY5 and any future scheme years and will monitor what suppliers do to prevent them recurring.**

3. Core Group

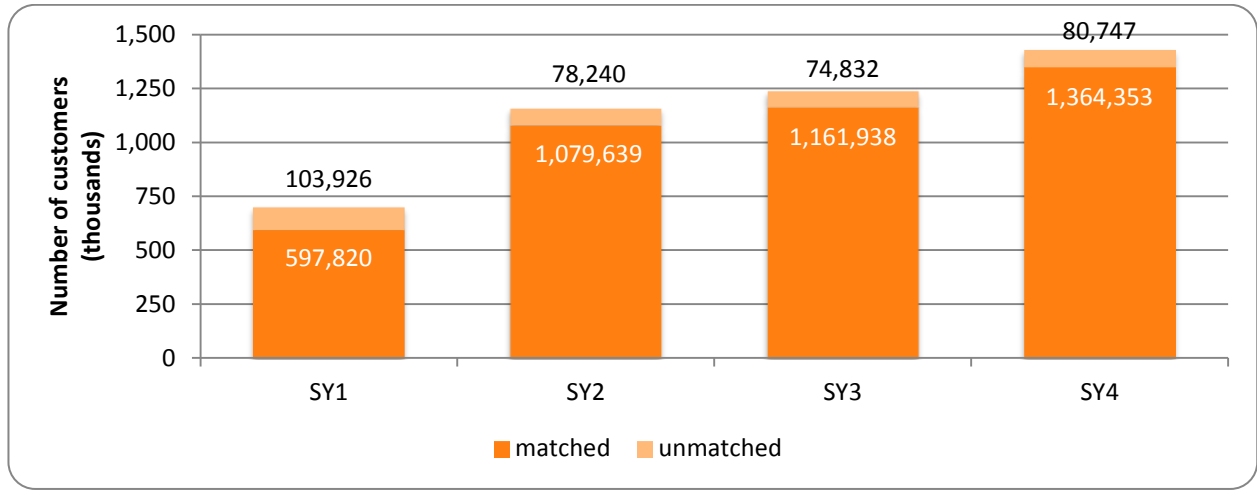
Chapter overview

This chapter summarises the delivery of support to low income pensioners through the Core Group, including the success of data matching to improve the service to these consumers.

Introduction

- 3.1. The Core Group element of the WHD scheme is administered by DECC, which works closely with the Department for Work and Pensions (DWP) and participating suppliers to identify eligible Core Group customers.
- 3.2. In WHD Scheme Year 4, the eligibility criteria for the Core Group were expanded from the previous year. In this year, all customers of participating suppliers who received Pension Credit Guarantee Credit were eligible for a rebate of £140 each. This meant more customers of each participating supplier could be supported.
- 3.3. In SY4, a ninth supplier (Co-operative Energy) joined the group of participating suppliers, which widened access to the WHD scheme to customers of more suppliers. All suppliers with at least 250,000 domestic customers on 31 December 2013 were required to participate in the WHD scheme in SY4.
- 3.4. In total, 1,427,108 customers received a Core Group rebate in SY4. This was an increase of 190,338 from the previous scheme year, and more than double the number of customers in SY1.
- 3.5. Figure 3.1 below illustrates the increase in customers supported for the duration of the scheme. The graph also shows the increased success of the data matching process used to identify customers, which is explained further in the following section.

Figure 3.1: Core Group rebates provided, SY1 to SY4



Data matching

- 3.6. To identify customers eligible for the Core Group, suppliers share a limited amount of customer data with the DWP, who matches this against records of Pension Credit recipients. If there is enough information for the customer to be 'matched', the relevant supplier receives an instruction to pay a rebate to this customer in the scheme year. For SY4, 94.41% of Core Group customers received their rebate this way, without needing to take any action (93.95% in SY3).
- 3.7. The remaining eligible customers who could not be matched automatically were asked to provide further information to a government call centre, to confirm their electricity supplier. Only 80,747 of these 'unmatched' customers (5.59% of the total) needed to do this.
- 3.8. Suppliers are expected to fulfil each rebate instruction they are sent. However, the WHD Regulations recognise that there can be certain specific situations where this isn't possible. Regulation 8 allows the Secretary of State (SoS) to determine situations where it would not be practical to provide the rebate.
- 3.9. Currently, the SoS has determined that if a customer has died and their estate cannot be contacted, or if the customer has otherwise closed their account and cannot be contacted by any means, these instructions may be treated as **exceptions** and the supplier is not required to pay a rebate.
- 3.10. There may be other reasons why it was impossible to provide a rebate to the named domestic customer. If suppliers provide an explanation and we agree it is justified, these may also be treated as exceptions.
- 3.11. In total, suppliers treated 24 instructions as exceptions in SY4. We are satisfied in all cases that reasonable efforts were made to provide the rebate and that the treatment as exceptions was justified.

4. Broader Group

Chapter overview

This chapter summarises the delivery of support to low income and vulnerable customers through the Broader Group in SY4, and how suppliers made use of the flexibility across SY3 and SY4 to meet their obligations.

Introduction

- 4.1. The Broader Group element of the WHD scheme requires suppliers to provide a minimum number of rebates to a wider group of fuel poor customers. Rebates are provided at the same value as the Core Group throughout the duration of the scheme, which was £140 in SY4.
- 4.2. Broader Group rebates form part of the non-core spending obligation for suppliers. The other part of the non-core obligation, Industry Initiatives, are capped at a maximum value, so there is a de facto minimum spend on Broader Group for each supplier.
- 4.3. In SY4, Industry Initiatives were capped at £30m, therefore the Broader Group minimum spending obligation across all suppliers was £114m, 79.2% of suppliers' total non-core spending obligation of £144m. This made the Broader Group a much higher proportion of the non-core spending obligation than in previous years, as the transition was completed from Legacy Spend in the early years of the scheme to a focus on Broader Group support by the end of the original four years. Legacy Spend ceased to be attributable against WHD obligations at the end of SY3.
- 4.4. The WHD scheme was designed to move support for consumers in or at risk of fuel poverty from various subsidised tariffs and rebates, which customers did not always understand well, to consistent and simple Broader Group rebates. This policy intention has now been fulfilled and continues in the following scheme year, SY5.

Banking of SY3 spending

- 4.5. As noted above, the original minimum obligation for the SY4 Broader Group was set at £114m. This represented a large increase on the SY3 obligation (£47.4m), and this increase is mostly for two reasons:
 - The transition from Legacy Spend to Broader Group increased the requirement to provide support through Broader Group in comparison to previous years.
 - Demographic changes in the Core Group target group in SY3 meant that less support was provided through the Core Group, so suppliers were required to provide additional

support through the Broader Group in SY4 in order to meet the original policy intention for the first four years of the scheme.

- 4.6. In consultation with suppliers, an amendment was made to the WHD Regulations which allowed suppliers to make additional spend through the Broader Group in SY3 once they had met their SY3 non-core obligation, and attribute the excess (up to a defined maximum) to SY4 obligations – a process known as “banking”.
- 4.7. The amendment and the resulting additional support provided by suppliers during SY3, meant that far more customers were supported through the Broader Group than would have been otherwise. These customers are likely to have been supported in SY4 as well.
- 4.8. In aggregate, suppliers banked around £23.9m. They were allowed to attribute this to SY4 obligations, reducing the amount they were required to spend, and therefore the number of rebates they were required to deliver, during SY4.
- 4.9. Delivering the extra rebates in SY3 meant that customers have been supported earlier than would have been possible without the added flexibility. Once these banked amounts were taken into account, suppliers needed to provide at least 655,230 rebates to customers (equivalent to £90.1m).
- 4.10. In SY4, suppliers provided 758,132 rebates, for a total value of around £106.1m. Added to the banked amounts from SY3, the total Broader Group spending attributable to SY4 is c. £130m, which is 114% of their minimum spend.
- 4.11. The £106.1m spend in SY4 made up around 87% of non-core spending in SY4, with the remaining attributable £20.1m being spent on Industry Initiatives. We look at Industry Initiatives in more detail in Chapter 5.
- 4.12. As well as collectively meeting the scheme minimum Broader Group obligation, eight of the nine suppliers met their individual obligation and in most cases exceeded their obligation (as described in Chapter 2). Where suppliers went beyond their minimum Broader Group obligation, this meant that they did not have to spend the full amount allowed on Industry Initiatives to meet their overall obligation.

Broader Group Eligibility

- 4.13. Eligibility criteria for the Broader Group are set by individual suppliers to best match their customer profile, however the criteria sets must be approved by Ofgem before being used to ensure that the support is being targeted at customers who are on a low income and have a specific vulnerability to the impact of fuel poverty.
- 4.14. The WHD Regulations include a framework for the criteria which suppliers may use, which we would approve automatically. Although no suppliers used this framework exactly as presented, all of them used some or all of the criteria, along with other criteria which were based on a similar structure.

- 4.15. We reviewed all sets of criteria in use during the scheme year, and were satisfied that each set was consistent with the requirements of the WHD regulations.
- 4.16. As well as setting clear eligibility criteria which target low income and vulnerable consumers, suppliers must ensure that rebates are provided only to people who are eligible, and protect the scheme from fraud and abuse. In particular, the WHD regulations require suppliers to obtain documentary evidence from a minimum of 5% of customers who receive a Broader Group rebate to verify the eligibility information on their application to the scheme.
- 4.17. Suppliers take a random selection of applicants and seek documentary evidence from each applicant selected, confirming their eligibility before paying the rebate. If an applicant cannot provide the evidence, the rebate is withheld.
- 4.18. All suppliers achieved this requirement for SY4. In all, 70,897 applicants to Broader Group schemes were asked to provide evidence to support their application, and 76.9% of the sample successfully passed the check. We are satisfied that suppliers made reasonable efforts to minimise the risk of fraud or abuse of the scheme during the scheme year.

5. Industry Initiatives

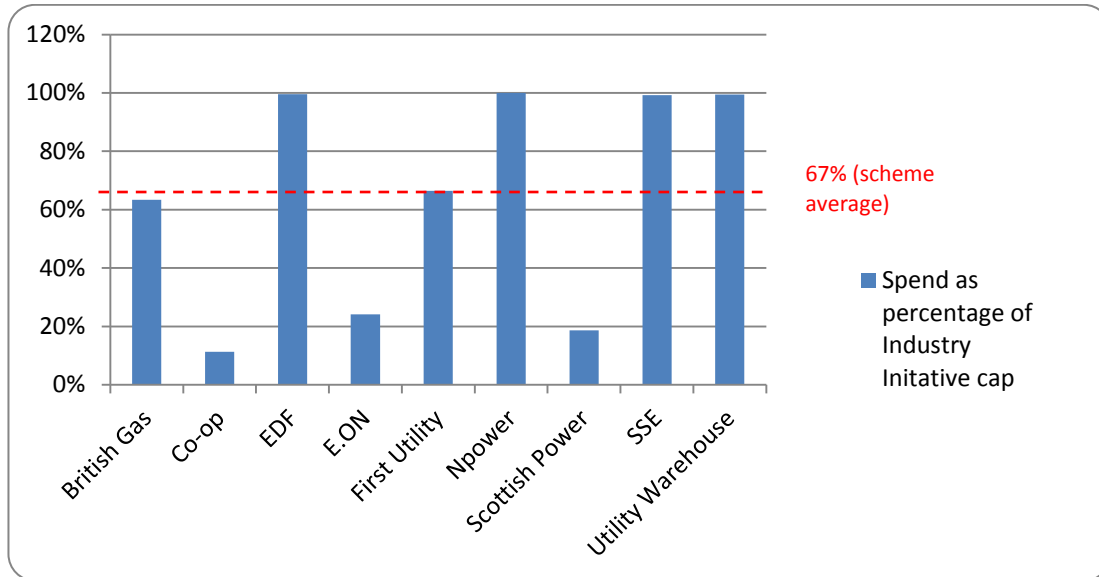
Chapter overview

This chapter summarises the activity funded through the Industry Initiatives element of the scheme in SY4, and explains the activities which are deemed eligible for support by the WHD scheme.

Introduction

- 5.1. Industry Initiatives can be used to contribute to meeting suppliers' non-core spending obligations, in conjunction with their spend on Broader Group rebates. Suppliers do not have any minimum spend on Industry Initiatives, and do not have to carry out any Industry Initiative activity if they choose not to. However in SY4, all suppliers did attribute some Industry Initiative spend towards their obligations to supplement the Broader Group rebates.
- 5.2. For this scheme year, as in all years of the WHD scheme, suppliers had a combined maximum attributable spend of £30m, divided among them according to their market share.
- 5.3. Suppliers are required to submit notifications to Ofgem outlining their Industry Initiative plans each scheme year, which must be approved by Ofgem before suppliers spend any money for it to be attributable to their obligation. We approve the Industry Initiative if the proposal is in line with the requirements of the WHD regulations, and has clear robust plans to deliver the activity successfully.
- 5.4. In total, suppliers spent £20.1m on attributable Industry Initiative activities in SY4. Two suppliers spent more than their individual Industry Initiative cap, so although the activities delivered were eligible for the scheme, we only attributed the value of the cap to their SY4 obligation.
- 5.5. Suppliers' approach to using Industry Initiative allowances varied. Some focused their SY4 spending on the Broader Group, so used relatively little of their industry initiative allowance, while others used the majority or all of their allowance to provide customers with different types of support. Both approaches are acceptable, and Figure 5.1 summarises each supplier's approach with a comparison to their maximum allowance and the average across the scheme.

Figure 5.1: Supplier spend compared to Industry Initiative cap



Industry Initiative activities in SY4

5.6. The WHD Regulations allow for spending on industry initiatives to be attributed to a supplier’s WHD obligation, however this spending must be on certain types of activity to be eligible. Broadly, these activities fall under six types:

1. Funding referral services to sources of support	2. Providing benefit entitlement checks and assistance to claim
3. Providing energy efficiency measures and energy efficient appliances	4. Providing energy advice
5. Funding training for other organisations to provide energy advice	6. Providing assistance to reduce or cancel household energy debts

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

5.8. Suppliers may also collaborate on Industry Initiatives – an activity can be funded by more than one supplier to provide a joint service. Each supplier then attributes the value of the funding they provided to their own obligation, and the activity is assessed as a whole through Ofgem’s compliance checking.

5.9. In SY4, suppliers funded a total of 20 different industry initiatives, two of which were collaborations between suppliers. All six types of activity were included in at least one of the initiatives, although there was a range of values of funding and numbers of consumers helped with each type of activity. We have summarised the outcomes and spending on each type of activity in this table:

Industry Initiative type	Spend attributed (£)	%	No. consumers helped	%
Referrals	2,000	0.01	105	0.08
Benefit checks	802,763	3.77	10,365	7.80
Energy efficiency	2,016,833	9.46	4,991	3.76
Energy advice	2,348,148	11.01	83,890	63.15
Training	855,232	4.01	5,568*	4.19
Debt assistance	15,295,403	71.74	27,918	21.02

* This is the number of people trained to provide energy advice

Meeting the WHD requirements

5.10. The WHD Regulations place three conditions on approval of industry initiatives – before receiving approval at the notification stage, the proposed activity must demonstrate plans to meet each of the three conditions. At the end of the scheme year, suppliers must be able to provide evidence that each of the conditions was achieved.

5.11. The three conditions can be summarised as follows:

- The activity funded must be one, or a combination of more than one, of the activities listed in the WHD Regulations (and summarised at paragraph 5.9)
- The activity must benefit target groups who are wholly or mainly in fuel poverty, or in a fuel poverty risk group
- The activity should demonstrate value for money.

5.12. We found that all the activities funded in SY4 were eligible.

5.13. We are generally satisfied that the 127,269 consumers who received support through the industry initiatives were wholly or mainly in or at risk of fuel poverty. We are also satisfied that the 5,568 people who were trained to provide energy advice would go on to assist people who were wholly or mainly in or at risk of fuel poverty.

5.14. We are generally satisfied that activities were delivered at a reasonable cost. We compared the costs reported to us against industry benchmarks, confirming that all delivery costs were necessary to providing and managing the service effectively, and that indirect delivery costs were kept acceptably low.

Trends in industry initiative activity

5.15. In comparison to the previous scheme year (SY3), the main differences in the funding provided and the outcomes achieved are:

- A greater proportion of funding (11%) was used to offer energy advice services than in SY3 (6%). We have seen an increase in tailored, in-home advice services which, although more expensive, is generally far more effective for the consumer.
- The proportion of funding used to help consumers manage and repay energy debt increased, which meant more than 21% of consumers helped received some form of debt assistance, compared to only 10% in SY3.
- Benefit checks represented an increased proportion of both money spent and consumers helped; suppliers are helping consumers find ways to pay for energy as well as manage their energy use, often as a holistic one-stop service.

5.16. We have seen throughout the scheme that the lowest cost eligible activity is providing energy advice. It can be brought to a wide group of consumers and suppliers generally make efforts to link it to other services. This means consumers can receive advice on managing their future energy bills and make better use of their energy, on top of other more immediate types of support.

5.17. We also note that the largest proportion of funding is made to provide debt assistance, and this proportion (71.7% in SY4) has increased compared to previous year (60% in SY3). Debt assistance tends to focus on the most vulnerable consumers who find it most difficult to pay for heating, as they are trying to pay back existing debts as well as the costs of ongoing usage. Consumers being helped with debts are also given advice and support to manage their debts in future. The immediate improvement in ability to pay heating costs justifies the funding provided to individuals, and we have found over the course of the scheme that more than half of consumers given debt assistance manage to remain debt-free for at least 12 months after receiving help.

6. Audit Programme

Chapter overview

This chapter summarises the audit work that helps ensure suppliers use good practice in delivering their WHD activities.

- 6.1. Ofgem has a duty to keep under review the operation of any support scheme it administers. As part of these duties, we must make sure that suppliers are complying with their obligations effectively and efficiently. One way we do this is through an annual audit programme that provides assurance that information is being reported accurately. It also helps suppliers follow best practice in delivering the support and reduces the risk of them not complying with obligations. This helps suppliers protect consumers by minimising the risk of fraud in the scheme.
- 6.2. We work with suppliers to provide the assurance using Ofgem-appointed external auditors and suppliers' own independent internal audit and quality assurance teams. Ofgem-appointed auditors focus on the highest risk areas of suppliers' activities, while supplier teams verify reporting data and effective processes.
- 6.3. As part of year-end reporting, all nine participating suppliers had completed the required audit testing and submitted the results and any findings. Suppliers agreed actions to mitigate any points of concern raised.
- 6.4. Our appointed auditors covered three areas of scheme activities, carrying out a total of 27 audits across the scheme year. The three types of audit were:
 - Verifying market share data (used to set scheme obligations)
 - Testing supplier support delivery processes during the scheme year
 - Verifying selected supplier reporting information after the scheme year end
- 6.5. The breakdown of results of our audits is shown here:

	Good / Satisfactory	Weak	Unsatisfactory
External Audit ratings	23	4	0

- 6.6. The results of audits are shared with the suppliers, including the overall rating and an explanation of any points of concern. This allows the supplier and us to confirm that the report is accurate and to agree actions to address any findings.

- 6.7. We have discussed the four processes that were judged 'Weak' with the suppliers, and agreed how they will prevent similar problems in the future. We are pleased to note that no processes were rated "Unsatisfactory" during SY4.
- 6.8. Our guidance document for suppliers⁶ sets out our requirements for audit of scheme activities. We will continue to work with suppliers to ensure that their internal audits meet these requirements, and that they continue to strive for best practice in supporting consumers through their own quality assurance, as well as our audit work and compliance reviews.

⁶https://www.ofgem.gov.uk/sites/default/files/docs/2015/03/whd_supplier_guidance_sy5_0.pdf

7. Looking back: Scheme Years 1 to 4

Chapter overview

The WHD scheme launched in 2011 and was originally planned to provide £1.13bn of support to consumers over last four years. This chapter looks at the key outcomes of the scheme so far, from its beginning in April 2011 to the end of the fourth scheme year. We consider how this compares to the scheme's original objectives.

- 7.1. Over the four years April 2011 to March 2015, the Warm Home Discount scheme has been a key part of the UK government's strategy to reduce the impact of fuel poverty. The scheme has been successful in targeting those in or at risk of fuel poverty and transitioning the type of support offered from varied tariffs and rebates to standard rebates with clear eligibility criteria – which in the majority of cases is automatically provided to the lowest-income pensioners.
- 7.2. The scheme was originally intended to provide £1.13bn to consumers, delivered to customers directly by their energy supplier. In fact, suppliers provided a total of £1.139bn of eligible spend, around £9m more than the minimum collective obligation placed on them.
- 7.3. In each year, suppliers were set a maximum amount that could be attributed to their obligation in order to ensure a consistent level of support for the duration of the scheme. Despite this, suppliers often chose to spend beyond these limits in order to support additional customers, so the actual benefit to consumers over four years is likely to be significantly more than the attributed £1.139bn.
- 7.4. The successful implementation of the scheme and the effective delivery of support to customers meant the government decided to extend the scheme for a further year. We consider this further in the following chapter.

Participating suppliers

- 7.5. For the first two years of the scheme, only six GB energy suppliers were large enough to be mandatory participants in the scheme. Due to changes in the GB energy market and increased switching by consumers since 2012, other suppliers have grown and passed the participation threshold of 250,000 electricity and gas customers. We are pleased to see this increased access to the scheme for customers of smaller suppliers.
- 7.6. First Utility, Utility Warehouse, and Co-operative Energy all participated in SY4, along with the six largest suppliers who have provided support throughout the duration of the scheme.

- 7.7. When a new supplier joins the scheme, they are required to set up new processes to provide direct rebates to customers and carry out Industry Initiatives. We are aware that this can involve significant effort for the suppliers who do not have experience of participating in government schemes to support consumers. One of Ofgem's priorities as administrator of the scheme is to engage with each new supplier and help them to understand and deliver their obligations effectively.
- 7.8. In part thanks to our engagement, each new supplier has complied with their obligation in the first year of joining, and over four years there has only been one instance of a supplier not complying with their overall obligation for a scheme year, from a total of 29 obligations across suppliers.

Compliance with obligations

- 7.9. So far, there has been only one failure to comply with the overall WHD obligation, which occurred this year (SY4). We reviewed the scheme year reporting and supporting evidence submitted by First Utility, and noted that it had failed to provide support to customers by the specified deadlines on several occasions. Because of the number of customers affected, we determined that First Utility had not complied with its obligations to support customers in SY4.
- 7.10. On all other occasions, including First Utility's participation in SY3, suppliers have complied with their overall obligations. We have noted in each year a small number of technical breaches of the requirements of the WHD regulations, mainly related to timely processing of customer information. However these have been kept to less than 1% in each scheme year, and we have ensured that customers have not lost out on support despite small delays.
- 7.11. Where we found problems with delivering support to consumers, we have sought assurances from suppliers that they have improved processes, before beginning delivery in the next year. This helps to avoid these problems in future. We keep this under review and in almost all cases we have seen better performance by as a result.

Core Group

- 7.12. The Core Group is an example of effective joint working between government departments and stakeholders. As described earlier, DECC, DWP and energy suppliers share data to identify low income pensioners and provide Core Group rebates against their electricity, in most cases without the customer doing anything.
- 7.13. In the first year of the scheme, when the data matching process was introduced, government and suppliers successfully identified 85.2% of eligible Core Group customers automatically. By continuously seeking process improvements, this success ratio increased every year, reaching 94.4% this year. All other eligible customers were able to contact a central call centre on a single number to provide extra information, regardless of who their supplier was.

- 7.14. Eligibility for the Core Group eligibility has expanded each year, making it available to a wider group of low income pensioners. We have also seen three new suppliers participate in the WHD scheme since the first scheme year, which has opened the Core Group to a larger group of customers as well as a larger demographic group.
- 7.15. The data matching process to confirm customer eligibility has been extended to the Broader Group to assist the verification requirement, and has again streamlined the eligibility process and made it easier for customers.

The Broader Group

- 7.16. The previous support for customers in or at risk of fuel poverty came as a result of an agreement between government and suppliers (known as the “Voluntary Agreement”). Suppliers agreed to provide subsidised tariffs and energy bill rebates to customers who met supplier-defined criteria to show that they were at risk of fuel poverty. This agreement had little consistency in how it was delivered to customers, so the WHD scheme was intended to standardise the support and make accessing it easier for consumers to understand.
- 7.17. The scheme allowed suppliers to transition from the majority of WHD support being delivered through similar tariffs and rebates in the earlier years (called Legacy Spend) and increasing the Broader Group rebate requirement each scheme year. This allowed suppliers to introduce the Broader Group gradually and we saw suppliers take advantage of this: from a spend of £28.1m on Broader Group rebates in the first scheme year, the amount of support through the Broader Group increased each year to reach £106.1m in SY4.

Industry Initiatives

- 7.18. Support for consumers through the Industry Initiatives has remained reasonably consistent throughout the scheme period. Although individual suppliers have varied the value and type of activities offered in different scheme years, overall the value across the scheme has remained quite static.
- 7.19. We have found the most common activity offered has generally been providing energy advice, which can help a large number of consumers and makes it possible for consumers to make long term changes to behaviour which will save them money for a number of years.
- 7.20. In financial value terms, the majority of funding each year has been used to assist customers reduce or clear household energy debt – this is due the high cost per customer, as these customers have often been struggling with the impacts of fuel poverty for a long time and built up a sizeable debt. Each customer assisted also receives a wider package of measures, such as debt advice and energy advice, which help to stop them falling back into debt.

7.21. We have monitored the effectiveness of debt assistance, and we are pleased that in general customers manage to remain debt-free for at least 12 months following this assistance.

Legacy Spend

7.22. The WHD scheme was designed to phase out the support for subsidised tariffs and rebates offered by suppliers under the Voluntary Agreement. The regulations set a framework for this phased approach, however suppliers were not prohibited from continuing to offer these to customers, so suppliers had control over whether, and how quickly, they stopped these offers.

7.23. We found that some suppliers moved from Legacy Spend to Broader Group well ahead of schedule, hence the result that suppliers spent, in total, over £28m on Broader Group in SY1 despite having a combined minimum spend of around £3m.

7.24. Other suppliers chose to move customers gradually, to help give customers a clear path to the new tariff and billing structure. This meant that some suppliers spent more on Legacy Spend than the maximum caps allowed them to attribute to their obligation.

7.25. While suppliers could not benefit from this extra support, we were pleased to see suppliers putting customers first in managing the transition.

8. Looking forward: Future of WHD

Chapter overview

We look at the main areas of interest about the future of the WHD scheme, both in how the scheme has developed in Scheme Year 5 and what may affect the scheme in the years to come.

The Warm Home Discount Scheme

- 8.1. Having completed the original four-year plan, the WHD scheme has now entered a fifth year of delivery. Consumers will continue to be supported by suppliers through the scheme, with a total planned support of around £320m across the participating suppliers. As with the previous two years, there are new entrants to the scheme – both Ovo Energy and Utilita Energy have reached the threshold for participation and will be providing support to their eligible customers throughout the scheme year.
- 8.2. The new Fuel Poverty Strategy for England was published in March 2015, and the Warm Home Discount remains a key part of that strategy. We worked with DECC to help develop schemes to target low income consumers, including publishing our responses to consultations on the extension to this scheme, a call for evidence on Park Homes and the fuel poverty strategy itself.
- 8.3. Scheme Year 5 sees the introduction of some new elements of the scheme as well as new participants, to make the scheme more effective and widen access to it.
- 8.4. The amendments to the regulations which extended the length of the scheme also made some of the criteria for Broader Group eligibility mandatory for all participating suppliers. This ensures a more consistent approach by suppliers and that key target groups can take advantage of the scheme.
- 8.5. The scheme now also makes it possible for suppliers to offer rebates to customers who live in mobile homes⁷, where previously they could not receive them without a direct electricity account with a participating supplier. DECC's Call for Evidence on Energy Issues Affecting Park Homes⁸ noted that those living in park homes (one type of mobile home) are often older, likely to be vulnerable to adverse weather conditions, and are more likely to live in rural areas and have lower than average incomes. This suggested that park home residents are more likely to be fuel poor on average, and therefore should be able to access WHD support.

⁷ Defined by the Mobile Homes Act 1983

⁸https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/332939/call_for_evidence_on_energy_issues_affecting_park_homes.pdf

- 8.6. In addition, suppliers are now expected to provide energy advice to consumers who receive the various types of support through industry initiatives, as government recognises the value of helping consumers to manage and get the best from their energy use.
- 8.7. We are still assessing supplier proposals to achieve these changes, however we are pleased with the engagement from all parties so far to implement these additional types of support.

The definition of Fuel Poverty

- 8.8. A key outcome of the WHD is to effectively target customers who are in or at risk of fuel poverty. Until recently, the accepted definition of fuel poverty has judged that a consumer who pays more than 10% of their income to heat their home to an adequate standard. The Hills Review of Fuel Poverty in 2012 recommended that a more sophisticated definition be used to indicate fuel poverty, known as the Low Income High Cost (LIHC) indicator.
- 8.9. The devolved governments of Scotland and Wales have partial responsibility for fuel poverty policy and strategy, while the UK government retains responsibility for England. The new fuel poverty strategy for England has adopted the LIHC definition, although the governments of Scotland and Wales retain the pre-existing 10% definition.
- 8.10. The WHD scheme gives suppliers discretion over their targeting methods and criteria, with our approval. This means that suppliers can choose which definition to use when targeting support for consumers, and we have seen a combination of both, although the 10% definition is still predominant.
- 8.11. We continue to engage with suppliers on how to successfully implement the use of the LIHC indicator in WHD activities. Given that the LIHC indicator is more sophisticated in measuring customers' ability to pay for adequate heating, a new approach is required to identify consumers' eligibility and provide evidence of meeting the indicator.

The Warm Home Discount: Extension to 2015/16 consultation

- 8.12. The UK government consulted on plans to extend the WHD scheme beyond the original four-year plan, issuing the results of the consultation on 29 January 2015. The consultation sought views on the proposed changes to the scheme which introduced mandatory Broader Group criteria and support for Mobile Home residents, but also asked for input on other potential changes to the administration of the scheme.
- 8.13. The consultation asked respondents whether the administration of the WHD scheme created a barrier to switching. It was felt that the introduction of a mandatory minimum set of criteria would be helpful in making the Broader Group comparable across different suppliers - this was incorporated to the amended regulations and has been successfully implemented by all participating suppliers in SY5.

- 8.14. The consultation highlighted that residents of Mobile Homes struggled to access support through WHD under the original scheme. As a result of the consultation, the WHD scheme in 2015/16 now includes an option to provide support to these consumers as an Industry Initiative. We have been working with suppliers to find a way to provide eligible support and anticipate this to be brought in during SY5.
- 8.15. The consultation explained DECC's intention to encourage participants in the scheme to include energy advice to consumers as part of all of their Industry Initiatives. Our work programme in 2014 included the commissioning of research to determine the effectiveness of energy advice for consumers and we published this research in November 2014⁹. The research found consumers generally benefited from receiving advice through WHD-funded activities, and the Regulations now place an expectation on suppliers to provide advice to all consumers assisted through Industry Initiative support.

The Confidence Code

- 8.16. The ability to understand your bill and switch to a new tariff or supplier, is one key tool for all consumers to better afford their energy costs, and consumers vulnerable to fuel poverty are no exception. Ofgem has made a recent update to the Confidence Code¹⁰ for switching websites.
- 8.17. The most recent version of the Confidence Code, published in March 2015, now requires switching sites to alert relevant customers to the possibility that if they move to certain suppliers, they could lose their Warm Home Discount benefit. This helps consumers understand the value of the support available through WHD, and also who the current participating suppliers are. The site may also signpost customers to other sources of information about the scheme.
- 8.18. Switching websites must meet all of the requirements of the Confidence Code to be accredited by Ofgem under the code, and websites are audited by Ofgem to ensure requirements are met by the accredited websites.
- 8.19. We are confident that this step will encourage consumers to consider switching tariff or supplier without significant concerns around losing the benefit of the WHD, and that the standard criteria in use will also make the switching process easier. Where consumers can take more action on managing their energy costs, this will help them reduce their vulnerability to fuel poverty in the long term.

⁹https://www.ofgem.gov.uk/sites/default/files/docs/2014/11/warm_home_discount_energy_advice_consumer_experiences_final_0.pdf

¹⁰<https://www.ofgem.gov.uk/information-consumers/domestic-consumers/switching-your-energy-supplier/confidence-code>

Appendix 1: Participating suppliers

WHD compulsory scheme electricity suppliers

Supplier Group	Licensed Supplier	Participation Scheme Years
British Gas	<ul style="list-style-type: none"> British Gas Trading Limited 	1, 2, 3, 4
Co-operative Energy	<ul style="list-style-type: none"> The Co-operative Energy Ltd. 	4
EDF Energy	<ul style="list-style-type: none"> EDF Energy Customers Plc 	1, 2, 3, 4
E.ON	<ul style="list-style-type: none"> E.ON Energy Solutions Limited 	1, 2, 3, 4
First Utility	<ul style="list-style-type: none"> First Utility Limited 	3, 4
npower	<ul style="list-style-type: none"> npower Limited npower Northern Supply Limited npower Yorkshire Supply Limited npower Direct Limited 	1, 2, 3, 4
ScottishPower	<ul style="list-style-type: none"> ScottishPower Energy Retail Limited 	1, 2, 3, 4
SSE	<ul style="list-style-type: none"> SSE Energy Supply Limited 	1, 2, 3, 4
Utility Warehouse	<ul style="list-style-type: none"> Electricity Plus Supply Limited 	1*, 2*, 3, 4

* Utility Warehouse was, until SY3, connected to the npower supplier group and met its obligations as a part of that supplier group. From SY3 onwards, Utility Warehouse met its obligations as a distinct supplier group entity.

A list of suppliers' subsidiary companies is on the DECC website
<http://www.decc.gov.uk/en/content/cms/funding/whds/whds.aspx>