

**Independent Age's submission to the Department for Business,
Energy and Industrial Strategy's Warm Home Discount
consultation**
August 2021

1. About Independent Age

We are a national charity offering regular contact, a strong campaigning voice, and free, impartial advice on the issues that matter to older people: care and support, money and benefits, health and mobility. Our mission is to ensure that as we grow older, we all have the opportunity to live well with dignity, choice and purpose.

For more information, visit www.independentage.org. Registered charity number 210729.

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2. Summary

We welcome the Warm Home Discount scheme and its extension until at least 2025/2026. We hear from older people through the services we provide that it gives vital support to those on low incomes who struggle with energy bills.

We have a number of recommendations in response to the consultation around data-matching and automatic rebates, the duration of the scheme, the adequacy of rebate size and ensuring people who are eligible but not receiving the Guarantee Credit element of Pension Credit don't miss out on the Warm Home Discount.

Summary of our recommendations:

- The Department for Business, Energy and Industrial Strategy (BEIS) to find ways to work with energy companies and the Department for Work and Pensions (DWP) to promote Pension Credit to older people on low incomes, and ensure these recipients also receive the Warm Home Discount if they are eligible either through being in the Core Group or Core Group 2.
- The DWP to look at the work done by BEIS on data-matching and see if there are any learnings that could be applied to identifying eligible non-recipients of Pension Credit and automatically paying them the benefit.
- BEIS should regularly revisit the amount they are uprating the Warm Home Discount by, taking into consideration the recent rise in energy prices and the impact the pandemic has had on energy bills of the poorest households. Any increase in size of rebate should correspond with an

increase in the amount of total funding available, so that an increase in individual payments does not mean fewer families receive the discount.

- We welcome the extension of the Warm Home Discount scheme until at least 2025/2026, but would like to see a commitment to continue it after that point as it provides vital support to older people who need support with their energy bills.

3. Keeping people in receipt of the Guarantee Credit element of Pension Credit in the Core Group

We welcome, and support, the decision to keep those receiving the Guarantee Credit element of Pension Credit in the core group for the Warm Home Discount. Receiving Pension Credit and the other benefits linked to it, including the Warm Home Discount, makes a huge difference to the lives of older people living on low incomes. Older people we talk to tell us that receiving benefits like Pension Credit and the Warm Home Discount can mean they don't have to make difficult decisions like choosing between heating their home or eating healthy meals.

Anisah, 86, has seen a positive impact on her life since receiving Pension Credit and other associated benefits:

"I really don't know why I got a lower pension, but life was very hard. I bought the cheapest of whatever was available. Instead of putting on the heating, I'd put more clothes on so I could have another cup of tea or something to eat.

"Pension Credit really changed my life for the better. It meant I could eat better food, be healthier and I could be warmer. I got other benefits too, like help with my glasses and dental treatment. I started to live again."

4. Automatic payments, data-matching and the risk of missing people out

We welcome the use of data-matching to ensure older people in receipt of the Guarantee Credit element of Pension Credit automatically receive the Warm Home Discount. This meant 96% of the Core Group received their rebate automatically last year¹. We are pleased to see the Government using new innovative approaches and working with the private sector to do this.

However, we want to ensure that everyone entitled to the Warm Home Discount receives it and this might not happen because there are currently up to a million people eligible for Pension Credit who don't receive that benefit². At the moment, only 63% of pensioners eligible for Pension Credit receive it, and only 70% of pensioners eligible for the Guarantee Credit element of Pension Credit - that

¹ Ofgem, Warm Home Discount Annual Report: Scheme Year 9, <https://www.ofgem.gov.uk/environmentalprogrammes/social-programmes/warm-home-discount/warm-home-discount-reports-and-statistics>

² [Income-related benefits: estimates of take-up: financial year 2018 to 2019 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/income-related-benefits-estimates-of-take-up-financial-year-2018-to-2019)

automatically qualifies you for the Warm Home Discount - receive it³. For those eligible but not receiving Pension Credit, they may well also be missing out on receiving the Warm Home Discount.

Though making rebates automatic is good news, it is possible that it also further compounds this inequality. With automation in place it's even more vital that energy companies, BEIS and DWP take every opportunity to promote Pension Credit, and the Warm Home Discount, to people who may be eligible but are currently missing out.

The DWP estimates that up to 630,000 people aged 65+ across Great Britain are missing out on the Guarantee Credit element of Pension Credit⁴. Our analysis at Independent Age's shows that this means eligible non-recipients of Pension Credit are potentially missing out on £88million of the Warm Home Discount every year⁵.

Eligible non-recipients of Pension Credit are among the poorest older people in England and Wales. They are often forced to make choices between buying fresh food or putting the heating on. Some have shared with us they wear a hat and coat in bed to save money on their energy bills. This group would benefit hugely from receiving the Warm Home Discount and Pension Credit. We want the Department for Work and Pensions, the Department for Business, Energy and Industrial Strategy and energy companies to take a strategic approach to working proactively to promote Pension Credit and improve uptake. This will also help more eligible people receive the Warm Home Discount.

Recommendations:

- The Department for Business, Energy and Industrial Strategy (BEIS) to find ways to work with energy companies and the Department for Work and Pensions (DWP) to promote Pension Credit to older people on low incomes, and ensure these recipients also receive the Warm Home Discount if they are eligible either through being in the Core Group or Core Group 2.
- The DWP to look at the work done by BEIS on data-matching and see if there are any learnings that could be applied to identifying eligible non-recipients of Pension Credit and automatically paying them the benefit.

5. Adequacy

While we are pleased to see that size of the rebate will be increased from £140 to £150 for the duration of the scheme, we are still concerned that this increase is not enough to meet rising fuel prices. The size of rebate has remained the

³ [Income-related benefits: estimates of take-up: financial year 2018 to 2019 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/dwp-benefits-statistics-august-2021/dwp-benefits-statistics-august-2021#pensions)

⁴ <https://www.gov.uk/government/statistics/dwp-benefits-statistics-august-2021/dwp-benefits-statistics-august-2021#pensions>

⁵ [Tens of millions of pounds denied to some of the poorest older people this pandemic winter | Independent Age](#)

same since 2014, even though energy prices have gone up. Furthermore, Ofgem confirmed recently that due to an increase of wholesale prices of fuel there will be a rise of the domestic energy deals price cap coming into force this year, which could add another £139 to households energy bills each year⁶.

We believe the size of rebate should be re-evaluated and increased in line with energy prices.

We also think the impact of the pandemic should be taken into account. Lockdown measures meant over a million people in later life were told to shield for a significant period. In addition, everyone aged over 70 was told they were more clinically vulnerable to COVID-19 than others in the population, and to take extra care. This resulted in many of the people we support not leaving their homes for a year or more. In addition, the places they would normally go to for connection and companionship have been closed such as day centres, community centres and libraries. This has meant many older people have spent more time at home and, especially over Winter, used more heating and energy. It is highly likely this would have led to increased costs of bills, or worse, people not turning the heating on when they need it. In August 2020, in our survey of more than 5,000 people aged 65+, one in four said they are feeling more financially unstable as a result of the pandemic, with a large number of them stating rise in energy bills as the reason⁷.

Recommendation:

- BEIS should regularly revisit the amount they are uprating the Warm Home Discount by, taking into consideration the recent rise in energy prices and the impact the pandemic has had on energy bills of the poorest households. Any increase in size of rebate should correspond with an increase in the amount of total funding available, so that an increase in individual payments does not mean fewer families receive the discount.

6. Duration of the scheme

We welcome the extension of the Warm Home Discount scheme until at least 2025/2026, but would like to see a commitment to continue it after that point as it provides vital support to older people who need support with their energy bills.

⁶ [Record gas prices drive up price cap by £139 – customers encouraged to contact supplier for support and switch to better deal if possible | Ofgem](#)

⁷ Home Truths, Independent Age, <https://www.independentage.org/campaigns/covid-survey>