Representation to Autumn Budget 2026: A plan for targeted energy support

Submitted by Fair By Design, on behalf of Scope, EON, Fair By Design, Independent Age and Sense.

> *"Poverty, poor mental health and barriers to engaging with the workforce carry significant social and financial costs. For someone like me a social tariff would return the cost of unpaid care work. A social tariff would mean I could keep the lights and heating on, and still have something left over. It isn't simply financial assistance. Making my energy bills more affordable would provide me with dignity and recognition that we all have value."* – **Colin, a member of Fair By Desing's Lived Experience Panel. Colin is currently self-employed and works part-time, as he has caring responsibilities for his elderly mum and his older brother.**

1. Executive Summary

Prime Minister Burnham has said that he wants this Government to be a cost-of-living Government. Cutting energy bills is key to this commitment. Energy bills are still around 50% higher than before the energy crisis and nearly half of GB adults are worried about how to pay them[1].

We welcome the Government's decision to extend the Warm Home Discount (WHD) through to 2031 and to widen its eligibility criteria in 2025. However, the scheme's £150 payment has not increased since 2011 and, even in its expanded form, the WHD still excludes many fuel-poor households. An estimated 2.5 million, primarily low-income, disabled, or older, are not eligible for support[2].

Through this representation, we ask HM Treasury to use the Autumn Budget 2026 to commit funding for a better-targeted, better-funded system of energy bill support. Our asks draw on modelling by Public First in the August 2025 report "Closing the fuel poverty gap: A plan for targeted energy support"[3] and are endorsed by the following organisations who contributed to it: Scope, EON, Fair By Design, Independent Age and Sense. These asks are closely aligned with the recent proposal from Energy UK for a social discount[4].

[1] Plugging The Gap. Utilities Arrears Report. StepChange
[2] Public First, Closing the fuel poverty gap: A plan for targeted energy support, August 2025.
[3] https://fairbydesign.com/wp-content/uploads/Read-Only-Closing-the-Fuel-Poverty-Gap-Public-First-Aug25-2-1.pdf
[4] Energy UK, Energy-UK-Improved-Energy-Bill-Support-The-case-for-a-social-discount-Aug-2026.pdf, August 2026

2. Policy ask

Immediate ask: Uprate the Warm Home Discount to £400, with £100 booster payments for disabled households in receipt of disability benefits and standard credit customers

The WHD payment, was worth 14% of the average energy bill when it was launched in 2011, compared to 8.7% now. The £150 payment (last increased by £10 in 2022) also falls far short of the £381 average fuel poverty gap in England[5] (estimated to be £407 when the report was published). Public First modelling finds fewer than 5% of the scheme's 6.1 million beneficiaries are lifted out of fuel poverty by the current payment level[6].

Receiving disability benefits does not make you eligible for the £150 Warm Home Discount rebate. However, disabled households in receipt of disability benefits pay £97 more per year on energy than non-disabled households[7]. We are therefore asking for all households in receipt of disability benefits to receive £100. For those households on a low-income, this will be in addition to the £400 Warm Home Discount payment, and for those above the income threshold this £100 will be the only energy bill support they receive, in recognition of the extra energy costs these households face.

We are also asking for a booster payment to be made to standard credit customers who are eligible for the Warm Home Discount in recognition of the extra costs these households face. Standard credit customers face a premium of £143[8] under the current price cap (compared to direct debit customers) driven by debt costs and manual billing[9].

Cost: £2.7bn a year

Benefit*:* Would bring over half a million households out of fuel poverty, contributing significantly to the Government's ambition to lift 1m out of fuel poverty by 2030 (compared with roughly 160,000 under the current £150 scheme[10]).

Deliverability: The Finance Bill would need to amend the Energy Act 2010 which the Warm Home Discount regulations sit under.

Medium term ask: A long-term targeted bill support scheme

The Public First report was clear that the main predictor of fuel poverty was being in poverty more generally. Therefore, any long-term bill support scheme needs to be based on income and not just benefit eligibility. Whilst we are asking for a flat rate payment of £400 in the short term, we would like to see a tiered income-linked payment, tapering from £700 for the lowest-income households to £0 at £30,000 equivalised income

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[5] Department for Energy Security and Net Zero, Annual Fuel Poverty Statistics in England, 2026 (2025 data), March 2026.
[6] Public First, Closing the fuel poverty gap: A plan for targeted energy support, August 2025.
[7] Public First, Closing the fuel poverty gap: A plan for targeted energy support, August 2025.
[8] Standard credit premium under the energy price cap July to September 2026, using 2023 Typical Domestic Consumption Values
[9] Public First, Closing the fuel poverty gap: A plan for targeted energy support, August 2025.
[10] Public First, Closing the fuel poverty gap: A plan for targeted energy support, August 2025.

as soon as the data matching capacity to identify eligible households is ready. This will deliver materially better value than a flat payment of the same overall cost[11] , lifting an estimated 930,000 households out of fuel poverty, compared to roughly 500,000 under a flat £400 payment at a broadly comparable cost[12]. Our research showed that income-based targeting is not only a more accurate targeting mechanism but also offers the ability to taper payments based on ability to pay. This means relative to fixed payment options, income-based models can therefore reduce the cost of bringing a household out of fuel poverty by over a third.[13]

Retaining boosters for households in receipt of disability benefits and for households in receipt of standard credit would keep a further 80,000 households out of fuel poverty on top of the 930,000 stated above.

A sustainable, long-term solution requires building a new data-matching system that reaches beyond the welfare system, integrating HMRC, DWP, NHS and supplier data while safeguarding privacy. Supplementary referral routes – through social prescribing, self-referral tools, and industry initiatives – will ensure no household is missed. We therefore welcome the Government's announcement that the Energy Independence Bill will contain measures to "expand the Government's toolkit to protect low-income and vulnerable households when needed by enabling the provision of targeted support for energy bills".

3. Conclusion

We recognise the fiscal constraints facing this Budget. However, we believe households in need cannot afford to wait any longer for appropriate, targeted, and sufficient support. We ask HM Treasury to commit, in this Budget, to an uprated £400 WHD payment with booster payments of £100 for disabled households and households who pay by standard credit from winter 2026/27, with a path to transitioning to an income-linked scheme as soon as the capability to identify eligible low-income households exists[14]. Continuing to defer reform leaves millions of low-income, disabled and older households paying more than they can afford for an essential product.

[11] Public First, Closing the fuel poverty gap: A plan for targeted energy support, August 2025.
[12] Public First, Closing the fuel poverty gap: A plan for targeted energy support, August 2025.
[13] Public First, Closing the fuel poverty gap: A plan for targeted energy support, August 2025.

[14] Please see further detail in Public First, Closing the fuel poverty gap: A plan for targeted energy support, August 2025.