Data sharing for implementing targeted bill support blueprints

Annex 1

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citizens advice

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This annex was written by Policy in Practice, to outline practical implementation and data matching needs.

1. Introduction and purpose of this paper

This paper sets out how the targeted bill support schemes proposed in this report can be implemented in practice through data sharing. Its purpose is to demonstrate that the designs are credible, automatable, and consistent with approaches already in use across utilities and government.

As the Art of the Possible report showed, data-driven automation is not a theoretical exercise, it is happening today. From the Warm Home Discount (WHD), which auto-enrols around 70% of eligible households, to Thames Water's roll-out of automatic enrolment for their WaterHelp social tariff, which will distribute over £10m of support to more than 30,000 Londoners this year, the evidence base is clear: the mechanisms to deliver large-scale, low-friction access already exist.

Automating enrolment delivers not just efficiency but also fairness. People with mental health conditions, limited English, or facing digital exclusion are disproportionately likely to miss out on much-needed support when complex manual applications stand between them and that support. Automation reduces these barriers, increases take-up, and lowers administrative costs.

This paper first recaps key lessons from Art of the Possible. It then summarises how the four proposed schemes—energy, water, broadband, and motor insurance—can be operationalised. It closes with reflections on trusted third parties, information governance, and the limits of automation.

2. Lessons from *The Art of the Possible*

The Art of the Possible report identified three main ways to increase uptake using data:

- **Targeted and personalised communication** – Moving beyond traditional mass marketing, suppliers can contact eligible customers directly informing them of their eligibility, similar to a "you've been pre-approved for a credit card" message, which significantly increases take-up. The Greater London Authority, working with Policy in Practice, found its Pension Credit take-up letters achieved over 30% take-up, well in excess of the 3-4% that sign up normally as a result of today's traditional mass-marketing techniques. Response rates are further boosted when the messages are not just targeted but are personalised with an individualised calculation, e.g. "having looked at your bill, Jill, we think you could save c. £380-400 a month".
- **Apply Once** – When people face financial distress, government agencies, banks, debt collectors and third sector organisations direct them to benefits calculators on GOV.UK, like Policy in Practice's Better Off Calculator (free to the public). Apply Once streamlines access to social tariffs and bill support by assessing eligibility as part of the benefits calculation that these organisations will routinely do with their users, thus the social tariff reaches people in their hour of need. Eligible users can then "click to apply" leading to a much shortened application. Behind the scenes, the customer's data they just entered in the calculator is shared with the water company or support provider, meaning they don't need to re-enter their information, reducing complexity and effort, and increasing the number of successful applications.
- **Auto Enrol** – Auto-enrolment puts people onto a tariff automatically if government data says they qualify, skipping the need for an application altogether.

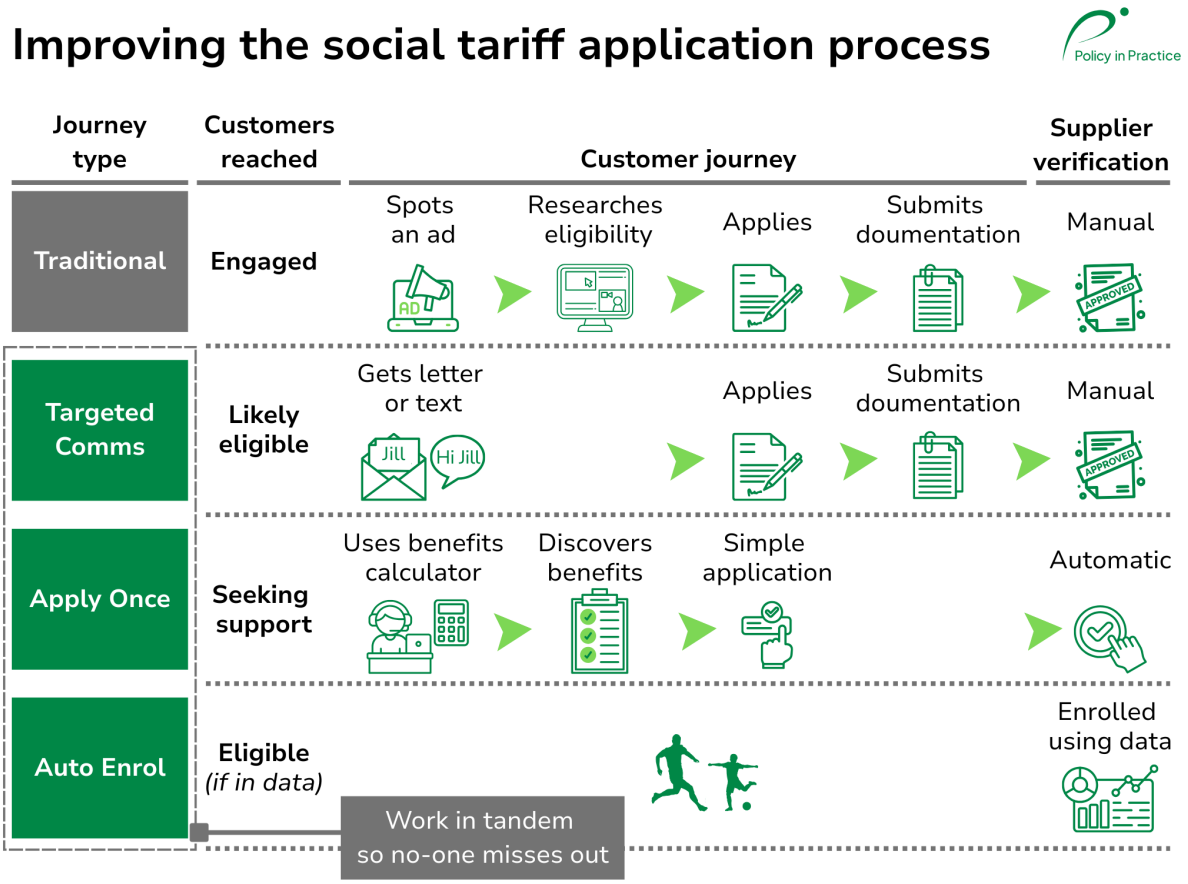

Figure 1. Improving the social tariff application process

Each approach is feasible today and already in use: South West Water's Water Poverty Tool, Anglian Water's Apply Once integration, and Thames Water's auto-enrol pilot are leading examples. Going beyond social tariffs, British Gas Energy Trust has also shown the benefits of integrating other energy bill support access into benefits calculators.

The lessons from these models are that:

- Where the policy is designed to use available data, automation can be achieved quickly and will achieve take-up at scale, with companies like Thames Water enrolling thousands of families in water debt in each borough
- It is a false dichotomy that schemes must be either simple or automated - we can automate sophisticated eligibility criteria like water poverty (water costs as a percentage of equivalised income after housing), as long as schemes are designed to use available data
- These schemes also reduce administration costs, a win-win for providers and citizens, and
- Automated enrolment reduces fraud and error, since the same process can both enrol and disenrol customers. As our report Hidden Holes sets out, sanctions

and deductions mean that 1 in 4 couples with children cannot meet their basic costs.

3. Overview of each scheme

The main changes to data shares to support the proposed schemes are to:

- **Energy**: Adapt the Warm Home Discount, restoring functionality removed in its 2025 iteration to include energy need
- **Water**: Develop a Warm Home Discount-style data share for water suppliers, starting with automating households who meet the income threshold and are on means-tested benefits
- **Broadband**: Develop a Warm Home Discount-style data share for broadband providers, and create a legal gateway
- **Motor insurance**: Allow motor insurance companies to use the benefits checking API (Application Programming Interface), used today by broadband providers, and create a legal gateway

For automation to work, two factors must be in place. Firstly, schemes must use data that is reliably captured. Secondly, sharing and using the data must be legal. When examining each scheme, we consider data availability, setting out where trade-offs are required, the legal power to share data, and operational challenges of implementation.

Detailed, per-scheme reviews of data availability, the legal position, and implementation challenges have been included in the scheme-specific papers, but the following table provides an overview:

Scheme	All data is available	Main enrolment route	Closest model	Legal gateways in place[1]
Energy targeted bill support	✅ Yes	Auto enrolment	Warm Home Discount	✅Yes
Water targeted bill support - income	✅/❌ Yes if on MTB	Auto enrolment if on MTB	Warm Home Discount	✅Yes
Water targeted bill support - water poverty	✅/❌ Partial	Manually apply w/ API to verify	Broadband benefits API	✅Yes
Broadband voucher	✅ Yes	Auto enrolment	Warm Home Discount	❌No[2]
Motor insurance voucher	✅ Yes	Manually apply w/ API to verify	Broadband benefits API	❌No[2]

Figure 2. Table overview of schemes

Working with incomes

Data is available on an individual's income, but there are limitations to using it for social tariffs. We are deep-diving on income data as it is important to the schemes we have proposed but has several challenges.

A key challenge with using data for households' bills is working out who is in a household. This is straightforward for people on means-tested benefits, as a household (also known as a benefits unit) is clearly defined and reliably and routinely recorded.

A second challenge is that there is no timely income data for self-employed people not on means-tested benefits. Fortunately, this is a relatively minor issue given these schemes are targeted at people living on little to no income.

[1] Legal gateway here means an express statutory powers or obligations to share data explicitly for this purpose.
[2] There may be other legal powers to share this data, e.g., reuse powers, implied statutory powers, or under broader gateways to support individuals e.g., those experiencing financial difficulties.

A third challenge is that even for households on benefits, non-dependents' income is not captured. Non-dependents are people who live in the same household but are not dependent on the benefit UC claimant, which can include adult children in employment or a flatmate. The proposed energy, water, and broadband schemes work around this limitation by assuming their income is zero.

A fourth, often overlooked challenge is income volatility. Our research, Cheques and Imbalances, found that over 1 in 5 households on Universal Credit (UC) had highly erratic incomes, meaning that if a supplier tried to assess a customer's eligibility for the scheme based just on the customer's income from last month, the customer's eligibility would often change month to month.[3]

This matters because:

- many eligible people would miss out because they checked their eligibility in a month when they had a higher income, or they forget to re-enrol when their income goes down
- many customers will be inadvertently overclaiming as they forget to dis-enrol when their income goes up, and may face sanctions or criminal penalties as a result, and
- because the hassle involved may act as a disincentive to work.

Fortunately, the answer is reasonably simple, which is to look at multiple months' data, e.g., to look at the customer's income from the last 6 or 12 months.

The first and second challenges both only affect households not on means-tested benefits. We have proposed approaches below to dealing with people in these situations, but we note that with 1.7 million households missing out on Universal Credit and nearly 800,000 missing out on Pension Credit (see our Missing Out 2025 report[4]), many of these households will be missing out on these core benefits and the priority should be supporting them to claim these benefits.

The remainder of this section discusses the API that is proposed in the water bill support and broadband voucher schemes. In these schemes, we have proposed an API that will allow providers to verify incomes to avoid the complex process of a customer sending documentary evidence like payslips to their water or broadband company to sign up, the supplier then having to review them and resolve any queries with the customer, a process that may need to be repeated annually to renew. This API would be used to check if a customer or a household is below a threshold income on application

[3] Policy in Practice, Cheques and Imbalances
[4] Policy in Practice, Missing Out 2025, 2025

and again at renewal. Alternatively, eligibility could be fixed for longer periods, e.g. every two years, reducing the need for ongoing reassessments.

Practically, there are challenges to creating the API, but they can be overcome. HMRC generally chooses not to share an individual's actual income, preferring, not unreasonably, to minimise the data transferred to a yes/no response of whether that person is above or below a certain threshold. Income records are split across DWP (benefits and state pensions) and HMRC (PAYE and occupational pension data), meaning that to achieve this yes/no response to the water company, one department would need to handle the API query, farm it out to HMRC and DWP to get individual's combined income, then return the yes/no. Though novel, this is not difficult, and we note similar efforts are underway within the government, such as DESNZ's Low Income Verification API (LIVA) project. This complexity is compounded where there are multiple people at an address, as queries must go out for each individual. As with all data sharing projects, protections would need to be in place to avoid leaking address or income information about a third party.

The other limitation is that the API would not be able to confirm everyone's income, specifically self-employed income for people not on means-tested benefits as mentioned above. Self-employed people could still access the tariffs by providing evidence of their income. Even with this limitation, the API will still be helping the vast majority of people in the target cohort.

4. Go-further options

Option 1: Automating water tariffs for households in water poverty

Citizens Advice's proposal for water is to automatically enrol households on means-tested benefits who meet the income criteria, but not for households who meet the water poverty criteria, because of the challenge of housing costs and the requirement for proxies for some groups of people.

That said, it is possible to automate water social tariffs for households on means tested benefits who qualify because they meet the 5% water poverty threshold, using bill information from providers. We have done this with Thames Water and local authority partners, as profiled in the Art of the Possible report.

The information required to calculate water poverty are:

- Water costs, which can be provided by the water company, with estimates required for some edge cases (e.g., following a move)

- Household income, which DWP/HMRC can supply at household level - with the usual exception of non-dependents
- Housing costs are more complex. DWP will have this data for many but not all households. For those others, we propose estimating housing costs based on the Local Housing Allowance (LHA) rate

A lesson from scaling from local voluntary initiatives like the Thames Water project to a national regulated scheme is the need for proxies / estimates, e.g., for housing costs. This leads to an important 'watch out' for regulators. Presumably, the scheme will be created in regulations. It will be important as those regulations are drafted to allow for estimates to be used, otherwise they may inadvertently make it impossible to automate these tariffs.

People will, reasonably, not want their full benefits information to be shared with utility companies. DWP could do the assessment, but because this approach requires water bill information from the water companies, it probably exceeds the complexity that DWP wants to manage in-house. In these situations, a trusted third party (TTP) approach can be used. In a typical TTP model, a company or organisation acts as a data processor for both sides. The water companies send their customer lists and DWP sends their UC enrolment data to the TTP. The TTP checks the customer lists against the benefit records and returns a flag indicating eligibility to the water company, but otherwise shares no personal data with DWP or the water company. The model is well established with the Energy Savings Trust providing such a service for DESNZ, and is the same approach as the "trusted data processor" Scope & Public First called for in their Closing the Fuel Poverty Gap report.

There is no technical or legal reason to choose between DWP acting as the data processor or using a trusted third party as the data processor. However, a trusted third party helps in three ways:

1. **Simplicity** - DWP has historically preferred to use a third party when required to deal with a substantial number of counterparties
2. **Flexibility** - It allows water and energy companies to tailor social tariffs to local circumstances, and automate them, as a trusted third party will be more willing to respond to provider-specific requests than DWP, who will look to support a single national set of criteria. Water and energy companies could also use this data to target other support, such as debt support or water and energy efficiency schemes, as profiled in the Art of the Possible report
3. **Privacy** - It means less data is shared with the government from utility companies, which may comfort some customers

Option 2: All water, energy, and broadband companies to implement Apply Once with the GOV.UK endorsed benefits calculators

There is a lot of value from individual water companies adopting Apply Once with one or all of the benefit calculators listed on GOV.UK, in particular:

- **Simple nationwide message** - It would allow the single, simple message to low income households: "go to GOV.UK and use a benefits calculator to find out if you're eligible and apply for social tariffs"
- **Reach people in their hour of need** - As set out above, when people face financial distress, government agencies, banks, debt collectors and third sector organisations already direct them to benefits calculators on GOV.UK - so this would be building on top of the established workflow
- **Surfaces other, related support** - As profiled in our Art of the Possible report, benefit calculators can, in the background, assess a customer's eligibility for other related support, e.g., British Gas Energy Trust's debt relief support is available through our betteroffcalculator.co.uk (free to the public). This means someone who may not qualify for a social tariff but is in need, finds out about other essential support

For more detail, read our Art of the Possible report.

5. Conclusion

The proposals set out in this report and the blueprints are active already, and can be implemented at scale. They build directly on existing precedents—most obviously the Warm Home Discount—and extend proven approaches from pioneering water and energy companies.

Where new ground is being broken, the challenges are often organisational rather than technical or legal. More data shares, trusted third-party models, new APIs, and modest investment (hundreds of thousands rather than billions) can unlock the data flows required.

Automation will not capture everyone: around 30% of eligible households may still need to engage by applying directly. But the combination of Auto Enrol, Apply Once, and targeted communications offers a clear path to dramatically increase uptake, reduce administrative burden, and ensure equitable access to targeted bill support.