

Getting Warmer?

Why recent progress on energy bills falls short for high-need households

Executive summary

It is now four years since the coronavirus pandemic and Russia's invasion of Ukraine triggered a rapid rise in energy prices. In those four years, the price of energy bills has moved from a cyclical challenge to a structural threat to household financial stability in the UK. Energy bills are still high by historical standards and are around **44% higher than in January 2021**, despite Government intervention.

While many households are now able to cover their energy bills, a significant proportion of households have found themselves in a deeper crisis. New, nationally representative polling commissioned by Citizens Advice, shows how high energy bills remain a key financial challenge faced by millions of households.¹

Hardship caused by high energy bills is increasingly concentrated among specific groups on low incomes, who cannot easily shift their energy usage. These include those on means tested benefits and those with higher energy needs, such as households with children and those with disabilities or long term health conditions. Other groups, like renters, may be living in less energy efficient homes that they are unable to make upgrades to, while those who solely rely on electricity pay disproportionately high costs.

In our survey, **35% of renters said they struggled to reliably afford their energy bills** and **28% of those who only used electricity said they struggled to afford theirs**. Furthermore, national statistics tell us that electrically heated households are **twice as likely to be fuel poor**, with an affordability gap which is **nearly three times larger than those who use gas**.²

Our findings:

33% of respondents, equivalent to 9.4 million households, are worried about paying their energy bills

21% of respondents, equivalent to 5.7 million households, are unable to heat their homes to a comfortable temperature

24% of respondents, equivalent to 6.8 million households, find it difficult to reliably afford their energy bills - one of the highest essential bills

31% of respondents, equivalent to 8.8 million households, said if energy prices stayed at this level for 5 years, it would impact their ability to pay for essentials

Executive summary

Government interventions, such as extending the Warm Home Discount (WHD) to all households on means tested benefits and removing some policy costs off of energy bills, will help to alleviate some pressure. The removal of the 2 child limit on Universal Credit will also help those who have higher costs because they have larger families. The Government's Warm Homes Plan will also support households in coming years to make home upgrades like solar panels and batteries.

However, for many households at the sharp end of the crisis, this support is not targeted to their energy need, and therefore it does not provide adequate levels of support. More recent changes to the WHD will actively reduce its value for higher-use households who are most at risk of being fuel poor.



Our priorities for Government

To prevent repeated winter crises, support must be better aligned with households' actual energy needs. The Government should:

- **Reform the Warm Home Discount**, following our recommendation from our report Essentials Made Affordable, so that it provides tiered payments according to energy need. This will ensure that households with the highest needs will receive the highest amount of support. This reform could be implemented ahead of next winter and be adjusted based on future policy decisions. For example, if policy costs move onto gas, then the WHD could provide more support to gas users.
- **Further reduce policy levies on electricity bills** to address the high costs on electricity
- **Ensure renters and those in inefficient, electrically heated homes can access support in the Warm Homes Plan (WHP).**

Targeted bill support, alongside the WHP's improvements to the least efficient homes and more progress in making electricity cheaper will enable the Government to build a fairer, more sustainable energy system.

Beyond the average bill

Over the past two decades incomes have stagnated and the cost of essential bills like food, water and energy continued to rise. The cost of living has pushed more household budgets under strain, with energy bills becoming one of the least affordable expenses.

Throughout 2025, **around half of the people who came to Citizens Advice for debt advice were in a negative budget.** A negative budget is where a household's income is not enough to cover their essential bills.

Over time, this issue has only deepened, driven largely by the rising cost of essentials, including energy. In December 2025, **we helped 8,396 people with their energy debt.** This is almost double the number of people from before the crisis.

We commissioned a survey in January to understand the scale of the affordability crisis. Our findings paint a dark picture of the reality of the crisis for households across the country.

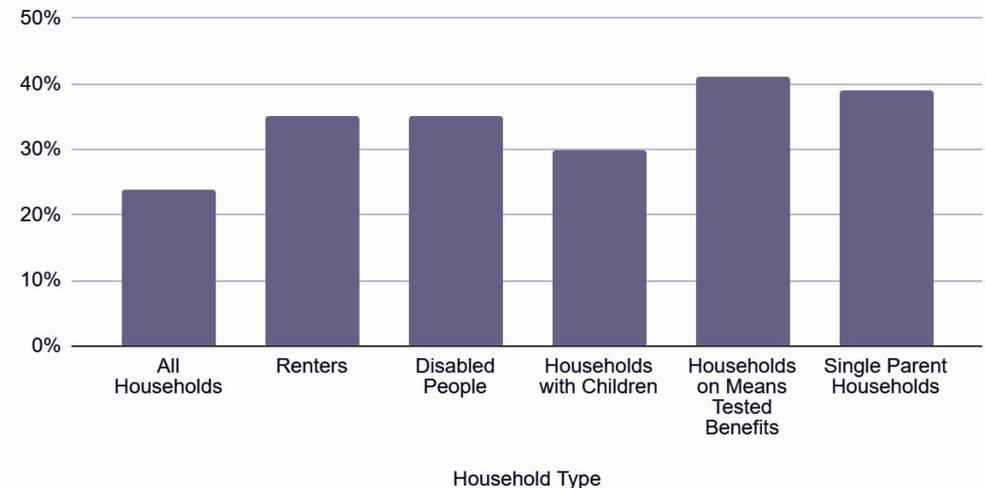
A significant proportion of households continue to struggle to cover essential costs which leaves them financially vulnerable. Certain groups of people who are more likely to face barriers and inequalities in other aspects of their lives are more likely to say they can rarely or never afford their essentials, for example:

21% of single parents can rarely or never afford their essentials

15% of people on means tested benefits can rarely or never afford their essentials

When looking at energy in particular, people told us it continues to be one of their least affordable bills for households, behind only childcare and rent. **Around 6.8 million households (24%) say they find it difficult to reliably afford their energy bills.** This number increases for those who face other structural disadvantages.

Table 1: How easy or difficult do you find it to reliably afford your energy bills?



The energy debt crisis

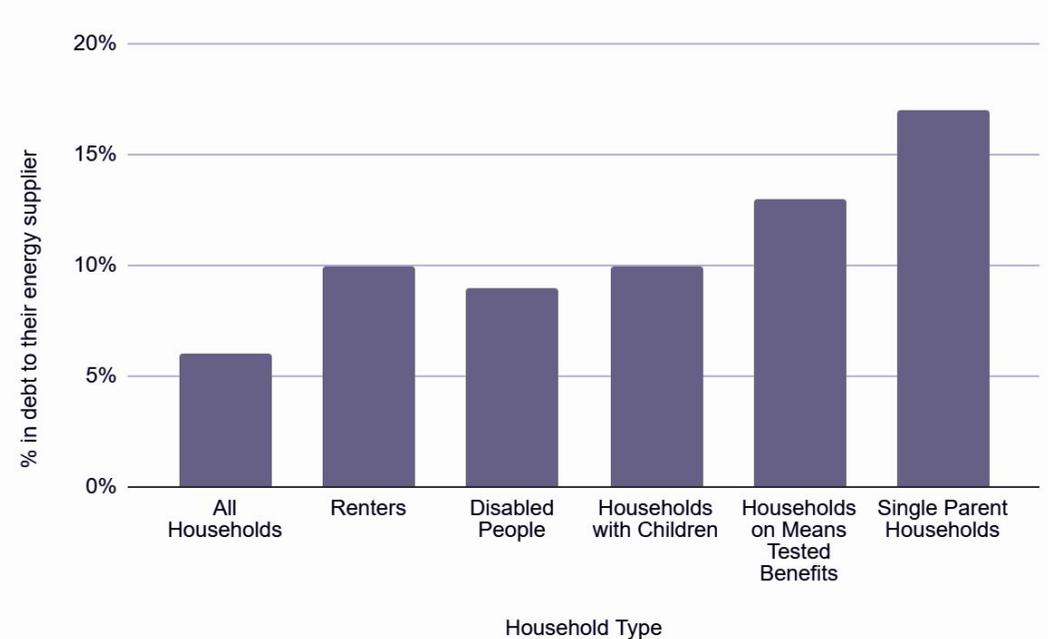
Data published by Ofgem estimates that the total value of debt and arrears owed by customers to suppliers is now higher than ever before, totalling £4.48 billion, with the average debt for energy consumers in arrears with the supplier standing at £1,494 for gas and £1,749 for electricity as of Q3 2025.³

The level of energy debt held by our clients has steadily increased. In 2025, the average debt for our clients was £1,710, which is nearly £700 over what it was before the crisis.

Our survey found that 6% of energy consumers were in debt to their suppliers. However, among key demographic groups, this figure rises significantly to **9% for disabled consumers, 10% for renters and 13% for those on means tested benefits. 10% of households with children** were in debt to their supplier, compared to 5% for households without children.

People in energy debt can experience a range of financial, social and health consequences. It can lead to some consumers rationing their energy in an effort to repay or to avoid further debt. This includes some consumers on prepayment meters disconnecting from their energy in an attempt to manage their costs. For others this could also mean falling further into other types of debt, or going without food or other essentials.

Table 2: households in debt to their energy supplier



Households in energy debt are taking multiple steps to manage their energy costs, including **rationing their heating when it is cold (40%), cutting back on essentials (26%) and cutting back on food spending (24%)**

Some households that were in energy debt took even more drastic measures, **including skipping meals (17%), avoiding paying bills (13%) or having cold showers (10%)**



The consequences of energy debt can be disastrous for individuals, with research evidencing a two way link between debt and mental health problems,⁴ and physical health.⁵ In addition, people who have energy debt can be blocked from moving suppliers. This can prevent them finding a cheaper tariff or engaging with low carbon technology and services, locking them out of the net zero transition.

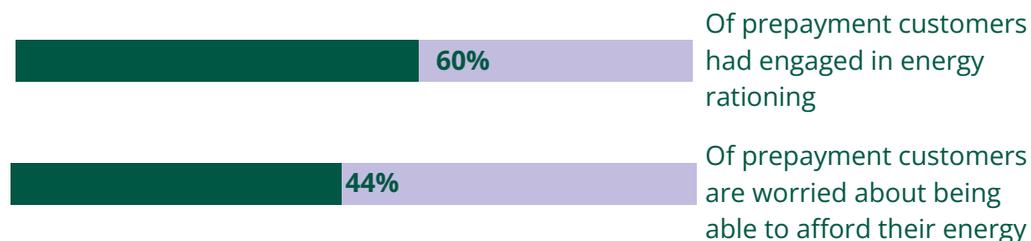
Energy debt also has implications for energy consumers and society as a whole. ‘Bad debt’, which is considered to be unrecoverable by suppliers, is paid for through the price cap, ultimately forming part of all consumer’s bills. The bad debt allowance in the current energy price cap (pre April 2026) adds an average of £52 to the average consumer’s energy bills.⁶

Prepayment meter challenges and disconnection

Prepayment customers are at the sharp end of the affordability and debt crisis. Unlike customers who pay direct debit, prepayment customers must pay upfront for their energy, leaving little margin for financial shock at a time when household budgets are already stretched and demand for heating is at its highest. For many vulnerable households, this presents a stark choice.

Even with the price of energy lower than the peak of the crisis, the threat of disconnection remains a reality for millions of households, as does the prospect of dangerous self rationing or going without other essentials.

Our polling found that



12% of respondents had disconnected from their energy supply because they could not afford to top it up at least once every 3 months or more in the past year. This rises to **13% for disabled consumers, 21% for consumers on means tested benefits, and 23% for consumers with children.**

This evidence shows that for millions of households, energy affordability and debt is a persistent burden, with the biggest impact felt by those already facing structural disadvantages. Without targeted and sustained action, these pressures will continue to undermine living standards and ability to engage with services that support the clean power transition.

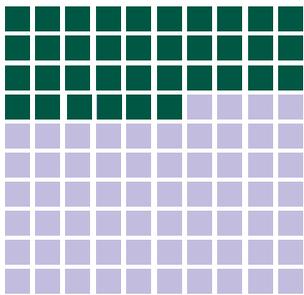
Policy interventions

Households across the UK have been adapting their budgets to try and cope with stubbornly high energy bills and the rising cost of living. Recognising this, the Government has taken the following approach to alleviate the costs of energy bills.

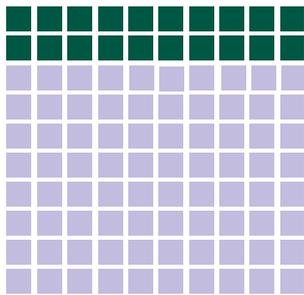
The extension of the Warm Home Discount (WHD)

This winter (2025/26) all households on means tested benefits were eligible to receive the £150 WHD payment, rather than targeting those with higher energy costs.⁷ While this is positive for those who haven't previously been eligible, the rebate amount has not kept pace with inflation or rising energy bills and so the scheme now provides less value to those who need it most. Many households are struggling to pay their increasingly high monthly energy costs, without taking into consideration their debt repayments as well.

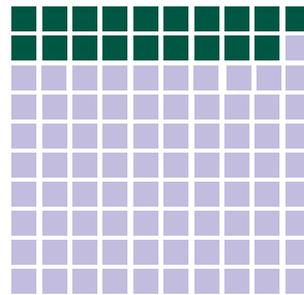
Our survey found that households who received the WHD and faced additional barriers still found energy bills hard to afford. These are:



36% are in debt to their supplier

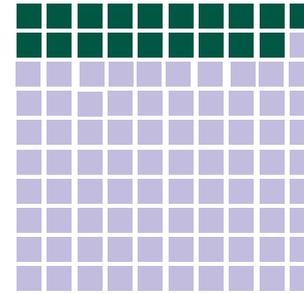


20% have a mental health problem

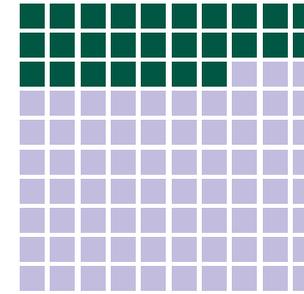


19% have a physical disability

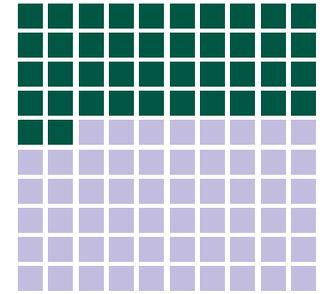
The majority of the households who still struggled to afford their energy bills and they would need a substantial amount more than £150 to be able to do so, with:



19% would need £150 more



27% would need £300-450 more



42% would need more than £450

Measures in the 2025 Autumn Budget

In the Autumn Budget, the Government made the welcome intervention to remove some policy costs which fund environmental and social programmes. From April 2026, 75% of the Renewables Obligation will move into general taxation (until 2029), and funding for the Energy Company Obligation (ECO) will end.

Together, these measures will save an average of £150 off the costs of household energy bills,⁸ with more of the savings falling on electricity. This is the right approach as electricity is used by all households, and electricity bills bear a disproportionate level of policy costs compared to gas. They will also come off unit rates, so higher users benefit more.

Changes to the Warm Home Discount cost recovery

From April 2026 the Government are changing how the WHD is recovered via bills, moving the costs from standing charges to unit rates.⁹ This means that instead of being a fixed amount for all consumers, regardless of their energy usage, consumers who use more energy will pay more towards the scheme.

These changes act against the purpose of the WHD to reduce fuel poverty, by reducing the net benefit for households on low incomes with higher energy needs who are at a higher risk.¹⁰

Until last winter, the WHD was targeted at low income households with higher heating needs. Since then, the expansion of the scheme to reach more households added around £19 to bills for all households taking it up to £39, including those who receive support. The new changes to how the cost is recovered will then add an additional £17 for low users, £33 for median users and £37 for high energy users. **This means higher users gain as little as £75 from the scheme.**

The measures introduced in the 2025 Autumn Budget to reduce energy bills will offset the impact of the change to the cost recovery. However, some of these are temporary measures and are set to expire in 2029, while the WHD is due to be extended to 2031. This means that in the later years of the scheme households with higher usage will see lower overall benefit from the combined impact of these changes, and could lose out overall.

Warm Homes Plan

The Warm Homes Plan (WHP) aims to support households to reduce their energy bills by investing £15bn in upgrading homes to be more energy efficient and adopt low carbon technologies like solar panels and heat pumps.¹¹

We support this important investment in upgrading homes, particularly through funded upgrades for households on low incomes. Low-interest loans can also play a positive role in unlocking home upgrades for households on middle or higher incomes, though there must be further support available for those who cannot fund upgrades through finance alone.

The Government has also confirmed that private landlords will need to meet higher minimum energy efficiency standards (MEES) from 2030, which should help to address poor energy efficiency and widespread damp and mould in the private rented sector.

It is essential that funding for home upgrades is accompanied by a robust consumer protections framework and a comprehensive advice offer, to make sure that these policies deliver benefits to consumers in practice.

Fuel poverty strategy 2026

The Government's updated Fuel Poverty Strategy, published alongside the Warm Homes Plan, maintains the commitment that, where reasonably practicable, fuel-poor homes should reach EPC C by 2030.¹² The strategy brings together measures to show how it aims to lift over 1 million households out of fuel poverty by the end of the decade, placing energy affordability at the heart of the approach. This includes the extension of the Warm Home Discount to 2030, alongside investment in improving home energy performance.

Ofgem's Debt Relief Scheme

Ofgem is developing a Debt Relief Scheme (DRS) which has the potential to deliver significant benefits to consumers by wiping off their eligible debt which was built up in the energy crisis period, and reducing the overall debt in the energy market.

We believe this scheme should be paid for by windfall profits made by energy networks, which they received through a misjudgement by Ofgem which allowed them to profit from high inflation that drove the cost-of-living crisis. Paying for the scheme with these profits will ensure it doesn't add anything extra onto bills.

These interventions show the Government is making progress to improve energy affordability. However the impact of the current measures is uneven and may not reach those at greatest risk of being fuel poor.

Other changes to energy bills

Whereas the interventions mentioned above all seek to reduce energy bills, the changes to network costs will increase household bills in the short term.

Network costs cover the charges for maintaining and upgrading the grid infrastructure. They currently make up around 23% of both an electricity and gas bill. These costs vary by region to reflect the fact that building and maintaining these networks is more expensive in some areas than others.

Ofgem have confirmed that from April 2026 there will be an increase in the cost of electricity and gas transmission. Electricity transmission will increase by £21 in 2026/27 to fund investment to connect net generation. Gas bills will increase by £19 on average in 2026/27 to fund investment, particularly around health and safety.

A new subsidy to build the Sizewell C nuclear plant will also increase electricity bills by another £12. Taken together, these changes will add £52 per year onto the average household.

Impact on energy bills

How these changes will impact energy bills

Latest predictions by energy consultancy Cornwall Insight estimated that **the typical household bill will fall by around £117, from £1,758 to £1,641.**¹³ This is based on the government interventions set to come into effect in April 2026, as well as changes to wholesale energy costs and network upgrades.

These predictions represent a 7% reduction for a typical household (as defined in Ofgem's Typical Domestic Consumption Values).¹⁴ However, **this remains 44% higher than the April 2021 price cap.** If the household also received the £150 Warm Home Discount, their bill would be approximately £1,491.

Additionally, some households will see proportionally smaller savings due to the effect certain policy changes have across electricity and gas prices.

- **Low usage households** will see their bills fall by 5% on average. Households in this group on means-tested benefits are likely to have been newly eligible for the WHD since last winter, with those receiving the WHD for the first time seeing year-on-year savings of 25%.
- **Medium usage households** will see their bills fall by 7% on average. If they also receive the WHD for the first time under the expanded scheme they'll see savings of 24% year-on-year.
- **High usage households** will see their bills fall by, on average, 8%. High usage households on means-tested benefits would likely have already received the WHD before it was expanded.



Pen Profile - Jack's energy bills

Jack is currently paying £1,758 a year for his energy. He has a dual-fuel bill (meaning he pays for both gas and electricity) and uses a typical amount of energy. Under the proposed government interventions, his annual bill would fall by £117.

However, as Jack is not on means tested benefits, he doesn't receive the Warm Home Discount. This means the overall impact represents a reduction of around 7% on his current bill, bridging his annual costs down to approximately £1,660.

While this provides some relief, Jack is still paying 44% more for his energy bills than under the April 2021 price cap. His energy bills still remains high, despite the policy interventions

What these changes mean for energy bills

Citizens Advice have conducted modelling to demonstrate how the policy interventions will impact household bills. Our modelling assumes prices from Cornwall Insight's prediction of the April 2026 price cap and that households are on a standard variable tariff paid by direct debit. It shows that most households will see a reduction of around 7%.

To assess the impact through an affordability lens we looked at how it impacted a household's share of net income spent on energy. In the UK, the average household spent around 4.4% of its disposable income on energy in FY 2024.¹⁵

While absolute spending amounts may differ under today's price conditions, the relative differences observed between household types remain relevant. In particular, the finding that certain household types spend significantly more on energy than others is structural in nature and is expected to persist even as overall price levels change. To supplement this, we have used data from Citizens Advice clients from FY 2025, when prices match today's levels more closely.

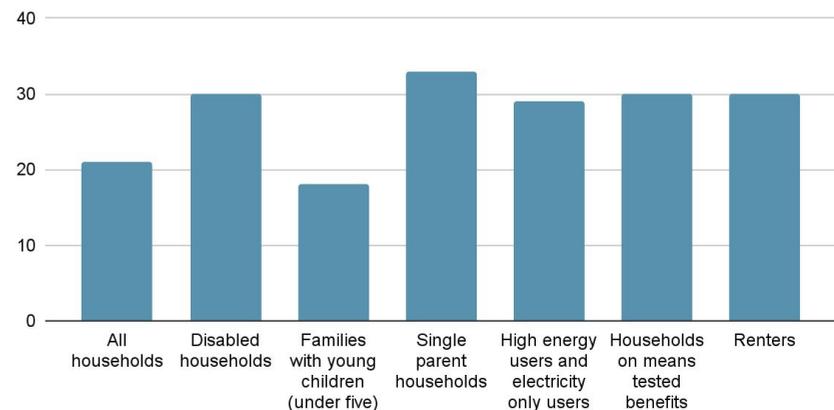
The measure of energy affordability we are using for our analysis is classifying households who spend more than 10% of their income on energy as 'fuel poor'.¹⁶

Combining both our survey results and an analysis of our local office data, we identified the following archetypal groups struggling with energy affordability:

- **Disabled households**
- **Families with young children (under five)**
- **Single parent households**
- **High energy users and electricity only users**
- **Households on means tested benefits**
- **Renters**

These disadvantages frequently intersect. For example, 34% of renters in our survey are on means-tested benefits; 34% of disabled people rely on means-tested benefits; and nearly half (49%) of benefit recipient families with children are single-parent households. This layering of disadvantages compounds exposure to high energy costs.

Table 3: Households who felt unable to heat their homes to a comfortable temperature





Disabled households

For many disabled people, energy use is essential to help manage their health. Heating helps to alleviate pain from chronic pain and electricity is needed for essential medical equipment, such as CPAP machines or electric wheelchairs. As a result, there is little scope to reduce usage without harm.

It is therefore worrying that **nearly a third (30%) of disabled people said they did not feel able to heat their homes to a comfortable temperature**, and **35% said they find it difficult to reliably afford their energy bills**.

Of the people we support at Citizens Advice, disabled people on average spend 8.44% of their income on energy. **At a national level, disabled people in the lowest income quintile spent 12.4% on energy which makes them fuel poor.**

To look at these groups, we used the proxy of Ofgem's A3 household archetype¹⁷. Based on our modelling, these households would see a **saving of approximately 7.5% off of their annual bill** from both policy interventions.

Our survey found that among disabled people in debt:

- **37% turned off the heating, even when it was cold**
- **21% skipped meals**
- **11% took cold showers**

These behaviours indicate that affordability pressures are acute, and while the 7.5% reduction in bills will help it is unlikely to be enough prevent continued self-rationing

Aisha*

Aisha* is disabled: she has fibromyalgia, a chronic lung disease and poor mobility. She had to sell her home after her ill health forced her to go part-time at the hospital where she worked. "The council offered me a high-rise flat and I went there not realising how cold it was," she says. "It had storage heaters which cost an absolute fortune and didn't heat the place. You couldn't get the place warm, which made my symptoms worse.

"I had the choice of either having food, or trying to keep warm. It became an absolute nightmare. I got so depressed I was going to kill myself."



Families with young children and single parents

Families with young children face structurally higher energy needs. Maintaining safe indoor temperatures, heating water, cooking regularly and powering appliances are all needed to keep young children healthy. Reducing energy usage could directly impact on children's health and wellbeing. Even with the dangers of self-rationing, our survey shows that among families with young children in debt:

- **39% of reported turning the heating off even when it was cold**
- **Nearly 1 in 4 (19%) reported skipping meals**
- **Nearly a quarter (23%) cut back on other essentials**
- **15% used a food bank**

For single parents who are balancing energy costs against rent and food on a single income, there are limited opportunities for them to make reductions in consumption without financial or health consequences. Our survey shows that among single parent households who are in debt:

- **30% turned off the heating, even when it was cold**
- **27% skipped meals**
- **39% cut back on other essentials**
- **Nearly a quarter (23%) used a food bank**

According to ONS data from 2024, dual parent households in the lowest quintile for disposable income **spent 9.2% of their disposable income on energy**, close to the fuel poor indicator. Citizens Advice data from 2025 shows that clients with children spend on average **8.2% of their income on energy**. For single parent households, the burden is even more severe: **8.5% for our clients and 10.9% for those in the lowest income quintile**.

Based on modelling of Ofgem's household archetypes for households with children,¹⁸ we would expect the April price cap to cut these consumers' bills by an average of around 8%, slightly above the average for a typical usage household of 7%.

This modest bill reduction, alongside the welcome removal of the two child limit in Universal Credit for households with more than 2 children, will provide some relief from higher bills. **However, it may not relieve the significant pressure placed on these households because of their higher energy needs**, especially for those on low incomes whose family size means they don't benefit from the 2 child limit being removed.



Patrick*

Patrick is in his 30s and lives in the North of England. He lives alone but his young daughter stays with him every weekend. While between jobs, he struggled to pay bills and his heating was cut off. Citizens Advice helped Patrick find a debt solution and get his heating reconnected, so his flat is more comfortable when his daughter visits.

Patrick says. "For months I hadn't touched the heating. One day it snowed and inside it was so cold we huddled under a duvet on the couch, like a cocoon. When I took her upstairs to bed at night, her room was just ice cold and her teeth were chattering until she started to warm up. I felt I was failing as a parent if I couldn't provide such a basic necessity for my child."

Renters

Renters are exposed to poor energy efficiency and have limited ability to improve their homes. Among Citizens Advice clients, **renters spend on average 8.2% of their income on energy**. Nationally, renters in the lowest disposable income quintile spend an average **9.5% of their income on energy in 2024**, meaning many are likely to be fuel poor.

Our survey found that:

- **35% of renters report difficulty reliably affording their energy bills**, and;
- **30% said they cannot heat their homes to a comfortable temperature.**

Because renters are not easily able to upgrade insulation or heating systems, the amount of energy they use is often due to the condition of their property, which they are not able to improve.

For our modelling and analysis, we have combined both private and social renters. We have also looked at how fuel type interacts with tenure. For example, Ofgem's archetypes C7 and C8.¹⁹ C7, however, is dual-fuel whereas C8 represents households with electric heating. Those with electric heating see a larger percentage bill reduction (11%) than dual-fuel (8%) reflecting the changes to the electricity unit rate.

We have welcomed the confirmation of new minimum energy efficiency standards (MEES) in the private rented sector, meaning properties will need to be rated EPC C or above from 2030. It's now essential that the policy is robustly enforced and delivered in a way which protects renters, as well as supporting landlords.



Hayley*

Hayley lives in South East England with her partner and their young children, two of whom are disabled. Evicted from their home after complaining about dangerous damp, leaks and mould, they came to Citizens Advice for help.

“The estate agent told us to open the windows and keep the heating on to deal with the mould. But we couldn’t afford to put the heating on at all,” says Hayley. “We were in constant debt with our energy supplier, up to £500 at one point.

“I’d layer my children in two sets of pyjamas to keep them warm. But after our youngest was born, I sometimes put the heating on when it dropped below freezing at night. I was scared she’d pass away.”

Electric heated households

Households who rely solely on electricity face disproportionately high energy bills, particularly those with traditional storage heaters. Our survey shows that:

- **28% of electricity-only households do not feel able to heat their homes to a comfortable temperature, and;**
- **28% report difficulty reliably affording their energy bills.**

Fuel poverty statistics show that they are twice as likely to be fuel poor compared to gas-heated households, and face an average **fuel poverty gap that is nearly twice as large.**²⁰ For the people we support at Citizens Advice who have electric heating, **on average they spend 7.1% of their income on energy.**

This reflects both higher unit costs for electricity compared to gas, and the way that policy and network costs are distributed across bills. **As a result, electricity-heated households are more at risk of being unable to afford their bills.**

There are also limited ways for many electricity-heated households to safely reduce their energy usage to bring down their bills. Our survey found that of households in debt who have electricity only:

- **38% turned the heating off, even when it was cold**
- **Over a quarter (27%) cut back on other essentials**
- **31% skipped meals and 14% used a food bank**

The changes made by government to reduce electricity unit rates will provide a larger bill decrease for households who rely on electrical heating. Our modelling on the previous page shows how electrically heated households will see a greater benefit from these policy changes, with an 11% reduction in their energy bills, compared to 8% for dual-fuel households.

Even with this reduction, electricity bills still bear a disproportionate burden of policy costs, and the size of the fuel poverty gap many face demonstrates that further action is needed to reduce the cost of electricity.



Means tested benefits

Nearly **one third households (30%) on means-tested benefits report being unable to heat their homes to a comfortable temperature**, and **41% struggle to reliably afford their energy bills**. This is almost double the rate for households not on benefits (21%).

The £150 rebate equates to around £25 per month over the winter period. Compared to average winter energy spending of over £900 among the clients we support with energy debt, it provides limited support.

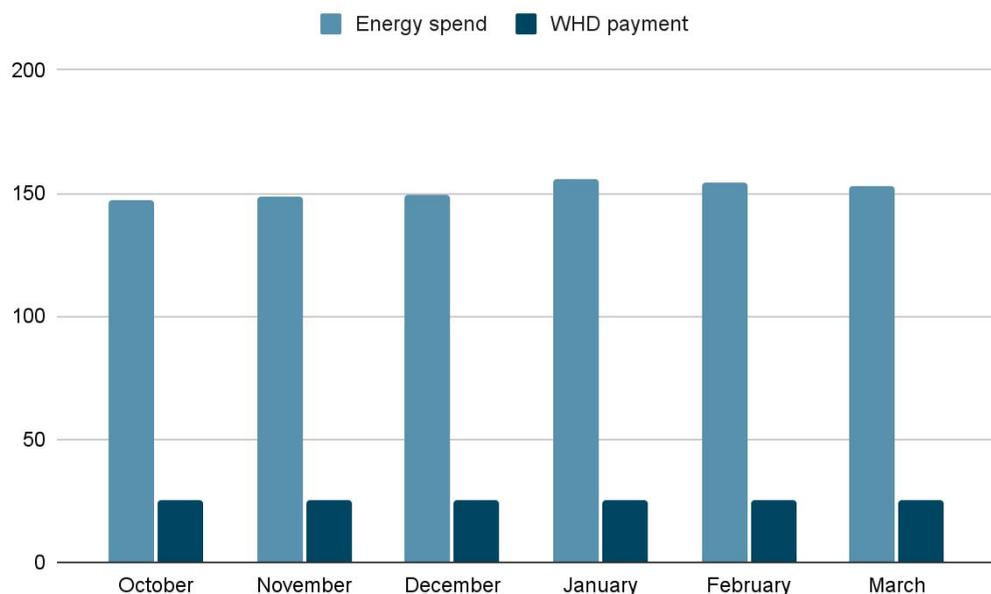
Moreover, because the WHD is a flat-rate, it does not scale with energy need, while recent changes to the scheme have benefited those with lower energy needs.

Last year the Government expanded the scheme by removing requirements for working age households on means-tested benefits to meet a high costs threshold, expanding support to around 3 million more households. This was welcome for those households who benefited, but as the WHD is paid for by all bill payers, it reduced the net benefit of the scheme for recipients from ~£130 to ~£110.

A lower-usage household that is newly eligible for the WHD will see savings of 25% of their annual bill compared to a year ago before the scheme was expanded. A higher-usage household who already received support under the scheme will have saved around 15% of their bill over the same period.

This is in part driven by more recent changes to the cost recovery of the scheme so it is paid for via unit rates, which reduces the net benefit for households with higher energy needs. This leaves them with less support than lower usage households who benefit from the scheme.

Table 4: average monthly energy spend for people we support at Citizens Advice compared to WHD payment



What these changes mean for energy bills

Overall view

Across the different household archetypes we have identified, most households see savings of around 7%. However, because the WHD distributes at a flat rate, rather than through consumption or income, it does not meaningfully concentrate support to those facing the greatest affordability constraints.

The result is that many low-income disabled households, single parent households and renters in the lowest income quintile are likely to remain fuel poor even after the interventions. For many energy use is not easily reduced without resorting to harmful self rationing.

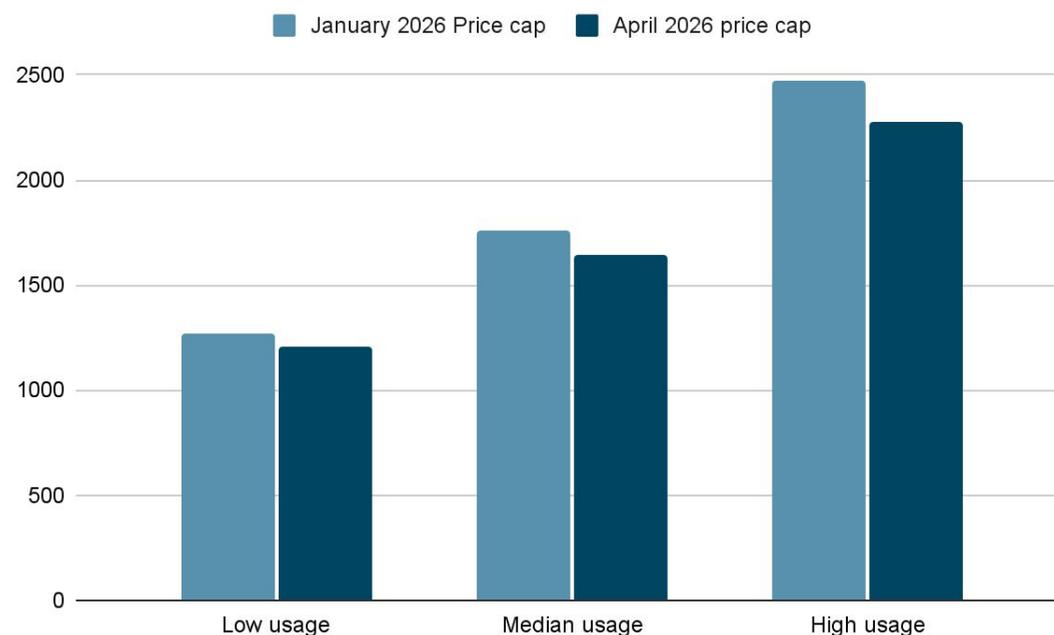
While the policy changes will reduce bills across the board and provide some additional relief to high users, specifically electricity users, they do not adequately target households with both low incomes and high, unavoidable energy needs.

Because renters, disabled people, families with young children and single parent households often experience intersecting disadvantages - for example reliance on means-tested benefits, lower incomes and inefficient homes - their exposure to high energy costs is structural rather than behavioural. Broad unit rate reductions and policy interventions help to bring down bills, but they leave an underlying affordability gap largely intact.

Without specific targeted support, the 'heat gap' between those who can absorb energy costs and those who cannot will continue.

Table 5: January 2026 price cap compared to April 2026 price cap*

For dual-fuel households



How to provide better support

Recent efforts to help consumers with energy bills by cutting levies and offering debt relief are welcome steps. However, as we outlined in Frozen in Place, the level of support provided by the WHD has not kept pace with the rise in energy costs. In 2014 it was worth 12.5% of the average bill, but now only makes up around 8.5%.

This means that energy remains unaffordable for millions of energy consumers, with those with the highest energy needs bearing a disproportionate burden. At the same time, necessary upgrades to electricity networks will also place additional pressure on bill payers in the next few years. While these upgrades will eventually yield benefits to consumers, in the near term they will erode some of the savings made through levy reform.

It is clear that if the government is looking to ease the burden on household finances and to end the cycle of winter crises, it must extend bill support to match the level of need.

The Government must reform the Warm Home Discount

As we have laid out in our previous reports Frozen in Place²¹ and Essential Bills Made Affordable,²² the simplest and most effective way to deliver support for households is by reforming the Warm Home Discount to support those with the highest energy needs.

A tiered version of this scheme would retain the same eligibility mechanism but introduce multiple thresholds, offering higher payments to households with the greatest needs.

Our proposal for a tiered Warm Home Discount

Our recommended model of support would be tailored to households depending on their energy needs, as assessed by the characteristics of their property from the Valuation Office Agency (VOA). This is how the WHD previously operated, prior to the winter of 2025, with heating needs estimated based on data held on the age, size and type of property.

In our report, Energy Bills Made Affordable, we modelled our reformed WHD with the following payments:



1.9 million households with the highest energy needs receive £710



1.9 million households with the second highest energy needs receive £510



1.9 million households with the lowest energy needs receive £310

How to provide better support to households

Our modelling, which was done in partnership with IPPR and Policy in Practice, assumed that 5.6 million households on means tested benefits would receive the support. On average, these households would receive £360 towards their energy bills. **This would see 600,000 households no longer spending over 10% of their income on energy.** If implemented, this would have a significant impact on households who are struggling with their energy bills.

Implementing this model would cost an additional £2bn, on top of the funding already in the system. To prevent further increases in bills for everyone else this requires full Treasury funding. With many households already struggling to pay their energy bills, it is not appropriate to increase them any more with extra policy costs. To do so would work against the steps the Government have taken to reduce energy bills

Table 6: the current WHD payment vs the WHD payment under our model

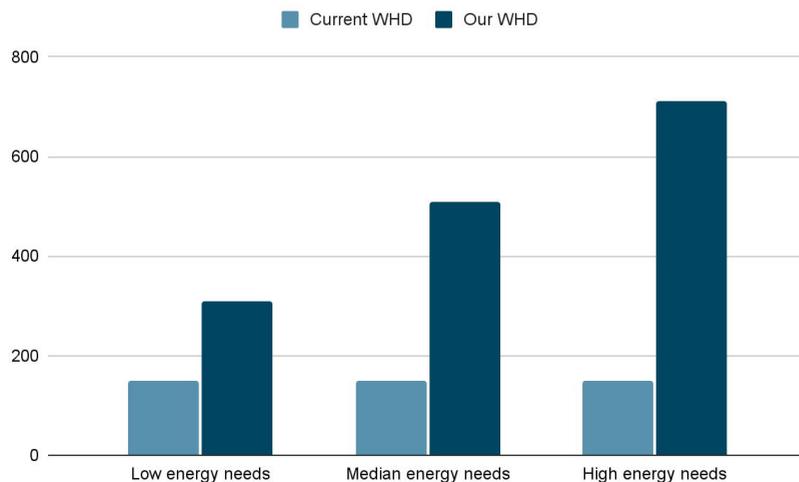
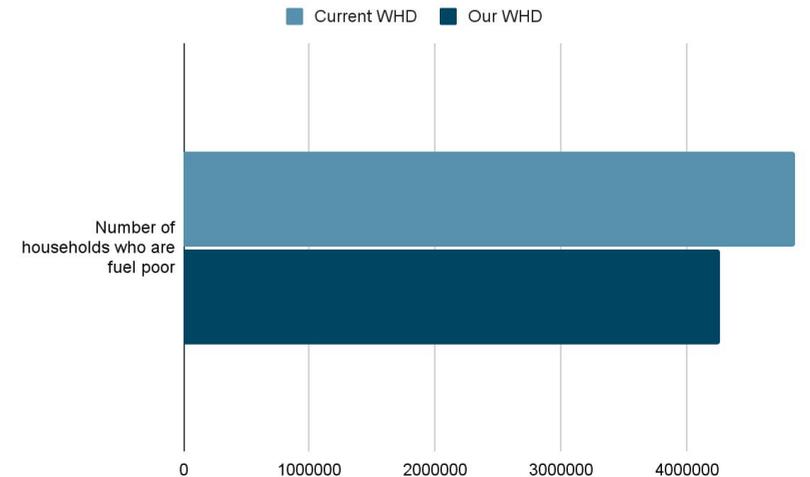


Table 7: number of households under the energy affordability indicator



It should be noted that using means tested benefits as a mechanism for eligibility is an imperfect solution. According to research from the Joseph Rowntree Foundation from 2023, 23% of households in the lowest income quintile with low or no savings were not receiving any means tested benefits.

This requires action to ensure that everyone who needs help receives it, but in the near term receipt of means tested benefits remains the simplest and most practicable way to identify fuel poor households.

The Government must improve data sharing

As we have laid out in this report, certain groups of people are at the sharp end of the affordability crisis. Unless they receive means tested benefits, they are not eligible for any support from the Government with their energy bills. In our survey, we found that 33% of households on low incomes felt unable to heat their homes to comfortable temperature, compared to 18% of households not on a low income. We are therefore keen for the Government to explore widening eligibility for the Warm Home Discount beyond the benefits system in the future

To improve future support, the Government must build a new data-matching system that can provide support to those beyond the welfare system. It should integrate HMRC, DWP, NHS and supplier data, while safeguarding privacy - which should make it possible to reach certain groups, for example low income households, households with a disabled person, families with young children and single parents.

We understand that improving data sharing between government departments may take time. As an interim step, we recommend expanding access to support to all who have difficulties affording their energy bills through the Industry Initiatives aspect of the WHD. This could be evidenced through looking at a consumer's income and expenditure, which our local advisers do when creating budget planners for those struggling to make ends meet.

Government and Ofgem should ensure costs are fair and efficient

Ofgem's review of how energy system costs are allocated and recovered (CARR) is a welcome step to recognising the investments needed for the UK's clean energy transition must be funded in a way that is efficient and fair. The ambition to move more households onto sustainable, electrical heating could help to bring down everyone's bills and reduce our vulnerability to external shocks to fossil fuels.

We're opposed to options which arbitrarily reduce standing charges and push costs onto higher users, and think Ofgem and government should explore options such as capacity charging, e.g. based on peak electricity use, or incorporating ability-to-pay mechanisms into the standing charge.

How to provide better support to households

Making electricity cheaper

The Government should implement further cuts to electricity costs. This can be done by moving policy costs off of electricity into general taxation, or onto gas with appropriate protection for higher users on lower incomes. Doing so will help bring down bills for everyone, and particularly help those with traditional storage heaters, who we know are in the deepest fuel poverty, while also supporting the transition to heat pumps.

The Minimum Efficiency Standards (MEES) and the Warm Homes Plan

The confirmation of new minimum energy efficiency standards (MEES) in the private rented sector is an extremely positive step, which can help bring down renters' energy costs and lift privately renting households out of fuel poverty. It's now essential that the policy is robustly enforced and delivered in a way which protects renters, as well as supporting landlords.



Conclusion

The UK energy affordability crisis is no longer a temporary challenge but a structural threat to many household budgets. Despite interventions such as the Warm Home Discount, levy reductions from Government, and Ofgem's debt relief scheme, millions of households remain unable to afford essential energy services. This is even more acute for households with high energy needs, low incomes, or intersecting disadvantages.

Disabled households, families with young children, single-parent households and those reliant on means-tested benefits face disproportionate burdens, with many resorting to harmful self-rationing strategies such as turning off heating, skipping meals, or reducing essential energy use.

Our modelling demonstrates that broad interventions which reduce average bills by around 6% will help, and should continue with further cuts to electricity costs. However, these won't go far enough for those who need support the most, and the Government's changes to the WHD cost recovery actively reduce the net benefit of this scheme for those with the highest bills.

Without tailored support, households at the sharp end will continue to face financial challenges and could have their health and wellbeing impacted. To address these challenges, the government should reform the Warm Home Discount into a tiered scheme that provides support based on a household's energy needs.

In the longer term, the Government should work to improve data-sharing systems to reach households not currently captured by the benefits system to ensure all those who are at risk of being fuel poor can access support.

Alongside this, it's imperative that the Warm Homes Plan is delivered in a coherent and efficient way. As well as funding for home upgrades, the plan must include a robust consumer protections framework and a comprehensive advice offer, to make sure these policies deliver benefits to consumers in practice.



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