8. Winter Fuel and Cold Weather Payments

Summary

- The Winter Fuel Payment is a universal, annual tax-free payment made to pensioners to help towards their winter heating costs. In 2014-15 (the most recent statistics), over 1 million individuals received a Winter Fuel Payment in Scotland, with a total expenditure of over £180m.

- Cold Weather Payments are means-tested payments designed to help those on low incomes meet additional fuel costs during periods of cold weather. In 2015-16, there were an estimated 415,000 individuals eligible for Cold Weather Payments in Scotland with 119,000 actually receiving a payment and a total expenditure of £3.4m.

In this section, we will seek your views on what, if any, changes could be made to Cold Weather Payments and Winter Fuel Payments in order to tackle fuel poverty in Scotland more effectively. The Scottish Government has always been committed to reducing fuel poverty, which why we have allocated over half a billion pounds since 2009, to make Scottish homes more energy efficient, and we have provided assistance to over 700,000 of the most vulnerable households in our society have, to help them heat their homes affordably.

Last year, we launched our new flagship national fuel poverty scheme – Warmer Homes Scotland. This new scheme, which is focussed on the installation of a wide range of energy efficiency and heating measures, is expected to help around 28,000 of the poorest and most vulnerable households, including pensioners and fuel poor families, across Scotland during its lifetime. Warmer Homes Scotland has been designed to ensure that customers are not disadvantaged because of where they live, so householders in Orkney and the Highlands and Islands will receive the same high quality service as those in the central belt.
**Current arrangements**

### Winter Fuel Payment in Scotland 2014/15 – Key Facts

- **Tax-free payment to help with heating bills.**
- **For those born on or before 5 July 1952** (current State Pension Age for women).
- **Must be UK resident during a specified week in September of that year.**

**£184m**
- Spent on WFPs in Scotland
- 8.7% of the GB total
- Slightly more than Scotland’s 8.5% population share

**1,076,870**
- Received a WFP in 2014/15.

**Gender Split**
- 45%
- 55%

**A fifth of claimants are over 80.**
- Number of claimants:
  - Under 65: 156,430
  - 65-69: 296,210
  - 70-74: 220,060
  - 75-79: 176,100
  - 80+: 228,870

**27% are aged 65-69.**

**Winter Fuel Payments depend on age and circumstances.**

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Total WFPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 65</td>
<td>£100,000</td>
</tr>
<tr>
<td>65-69</td>
<td>£200,000</td>
</tr>
<tr>
<td>70-74</td>
<td>£300,000</td>
</tr>
<tr>
<td>75-79</td>
<td>£400,000</td>
</tr>
<tr>
<td>80+</td>
<td>£500,000</td>
</tr>
</tbody>
</table>

Sources: DWP benefit expenditure by local authority from 2000/01 to 2014/15, DWP Winter Fuel Payment: caseload and household figures 2014 to 2015.

### Winter Fuel Payment

The Winter Fuel Payment is a universal, annual tax-free payment made to pensioners to help towards their winter heating costs (though it is not tied to bills; recipients can spend it as they choose). People in Scotland born on or before 5 May 1953 are currently eligible for a tax-free payment of between £100 and £300. Most payments are made automatically between November and December. The age at which an individual becomes eligible changes every year and is linked to on-going changes in the State Pension Age.

In 2014-15 (the most recent statistics), over 1 million individuals in Scotland received a Winter Fuel Payment, with a total expenditure of over £180 million. Although the benefit operates as a pensions top-up, rather than being targeted at those in fuel

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poverty, the estimated impact on the rate of fuel poverty for this amount of expenditure was about a one percentage point reduction.

Since winter 2012-13, people living in the European Economic Area (EEA) or Switzerland with a link to the UK are potentially eligible to receive a payment. From 2015-16, this was restricted to countries where the average winter temperature is warmer than the warmest region of the UK (South West England, where the average temperature is 5.6 Celsius).

**Cold Weather Payments**

**Benefits currently part of the UK Government’s Regulated Social Fund 2014/15– Key Facts**

<table>
<thead>
<tr>
<th>Benefit</th>
<th>2014/15 expenditure (£m)</th>
<th>GB</th>
<th>Scotland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cold Weather Payments</td>
<td>11</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Funeral Expenses Payments</td>
<td>44</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Sure Start Maternity Grants</td>
<td>34</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

**Annual expenditure on Cold Weather Payments in Great Britain, 2004/05 to 2014/15.**

Expenditure is extremely volatile as it depends on weather conditions.

Sources: DWP Outturn & Forecast: Summer Budget 2015.

Cold Weather Payments are means-tested payments designed to help those on low incomes meet additional fuel costs during periods of cold weather. Eligibility is based on receipt of certain benefits (primarily Pension Credit and income-related

benefits where there is a disabled person or a child under five in the household).

Payments are made when local temperature is either recorded as, or forecast to be, an average of zero degrees Celsius or below over seven consecutive days. Recipients will get a payment of £25 for each seven day period of very cold weather between 1 November and 31 March. Payments are issued within 14 working days of the temperature trigger.

In winter 2015-16, there were an estimated 415,000 individuals eligible for Cold Weather Payments in Scotland with 119,000 actually receiving a payment and a total expenditure of £3.4 million.

**Options for Winter Fuel and Cold Weather Payments**

The Scottish Government is committed to extending Winter Fuel Payments to families with disabled children on the higher rate of DLA and to making early payments to households who live off the gas grid. Also, because Winter Fuel and Cold Weather Payments are both nominally fuel poverty-related benefits, we want to understand how they can be used to tackle fuel poverty more effectively. Both the independent, short-term Fuel Poverty Strategic Working Group and the Scottish Rural Fuel Poverty Task Force are considering, among other things, how these payments could be used to better tackle fuel poverty in Scotland.

Both of these expert groups are due to report later this year and their recommendations will inform a longer-term strategy for tackling fuel poverty. As well as their recommendations, we would welcome views on what, if any, changes should be made to either Winter Fuel or Cold Weather Payments.

In terms of Cold Weather Payments, we are aware that the current temperature threshold doesn’t recognise weather conditions in certain parts of Scotland, for example wind chill factor. We would look to work with rural stakeholders and the Met Office to identify trigger points more suitable to Scottish conditions.

**Questions**

| Do you have any comments about the Scottish Government’s proposals for Winter Fuel and Cold Weather Payments? |
| Could changes be made to the eligibility criteria for Cold Weather Payments? For example, what temperature and length should Cold Weather Payments be made on in Scotland? |