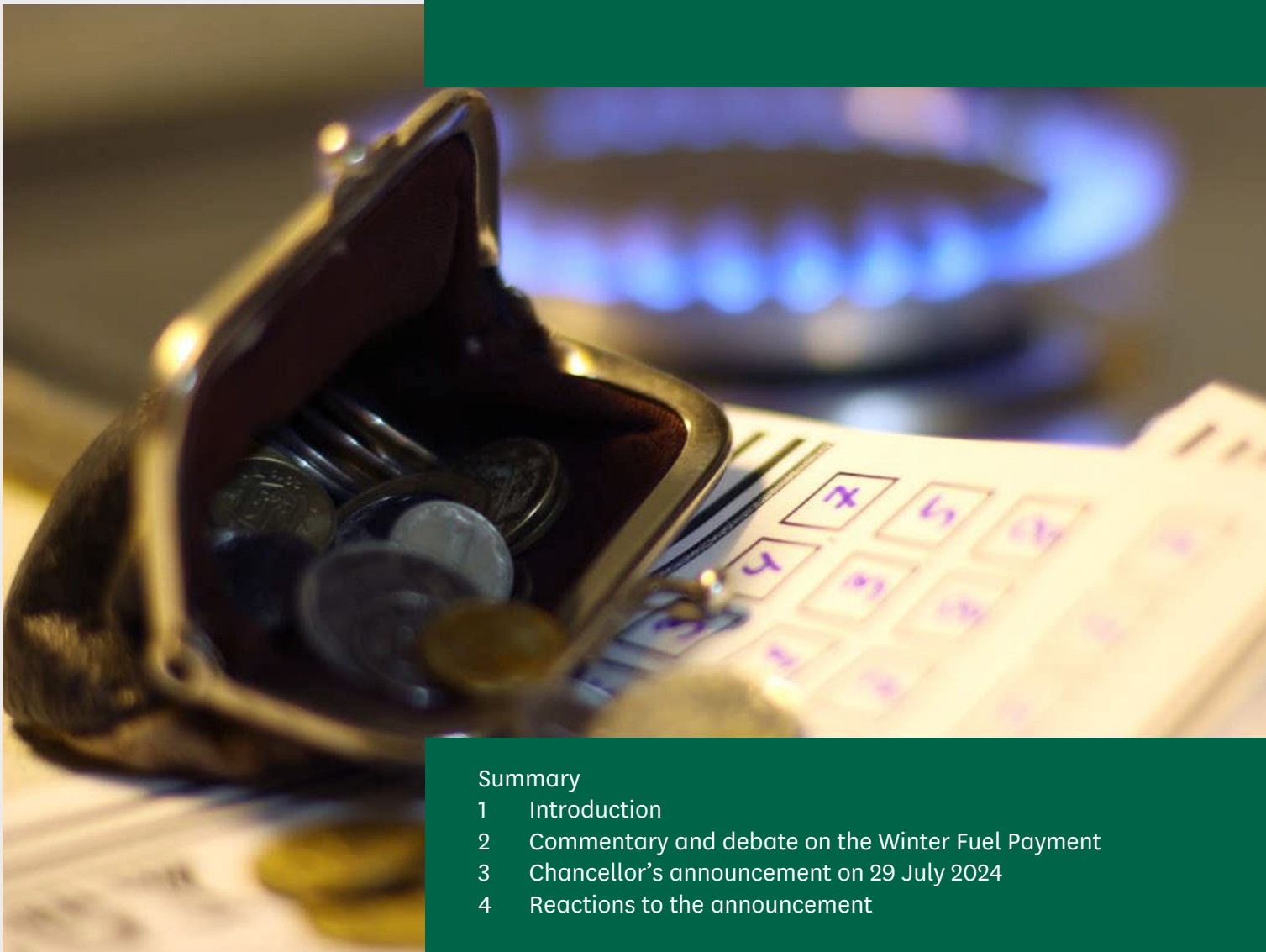


Research Briefing

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Changes to Winter Fuel Payment eligibility rules



Summary

- 1 Introduction
- 2 Commentary and debate on the Winter Fuel Payment
- 3 Chancellor's announcement on 29 July 2024
- 4 Reactions to the announcement

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Summary

The Chancellor of the Exchequer, Rachel Reeves, has announced that, from winter 2024/2025, households in England and Wales will no longer be entitled to the Winter Fuel Payment unless they receive Pension Credit or certain other means-tested benefits. 10.8 million pensioners in 7.6 million households in England and Wales received the Winter Fuel Payment for winter 2023/2024. The Department for Work and Pensions (DWP) estimates that 1.5 million individuals in 1.3 million households in England and Wales will receive a payment for winter 2024/2025.

The measure is part of a [package of measures announced by the Labour government](#) aimed at making immediate savings, following an audit of public spending. It is expected to save around £1.3 billion in 2024/25 and £1.5 billion in subsequent years.

What is the Winter Fuel Payment?

The [Winter Fuel Payment](#) is an annual, tax-free lump sum payment intended to give older people reassurance they can afford to heat their homes in winter. It is paid to people who have reached State Pension age on or before the end of the qualifying week (the week beginning the third Monday of September each year) and meet certain other entitlement conditions, such as not being in receipt of free treatment in hospital for more than a year.

First introduced in 1997, the Winter Fuel Payment amounts have varied, but in most years the amount has been £200 for households where the oldest person is under 80, and £300 for households with someone aged 80 or over. In some years, extra amounts have been paid on top of the standard payments. For the winters 2022/2023 and 2023/2024, households received an additional Pensioner Cost of Living Payment worth £300 along with their Winter Fuel Payment. These payments are not being repeated for winter 2024/2025.

Around 11.6 million people in just over 8 million households in Great Britain were expected to receive a Winter Fuel Payment for winter 2023/2024, at a total cost of £2.0 billion. Pensioner Cost of Living Payments totalled a further £2.6 billion.

Commentary and debate on the Winter Fuel Payment

The main criticism of the Winter Fuel Payment since its introduction has been that, if viewed as a measure to reduce fuel poverty, it is poorly targeted. Different options for reforming the Winter Fuel Payment have been suggested, including means-testing the payment, linking the payment to existing means-tested benefits such as Pension Credit, introducing some mechanism for withdrawing it from higher income pensioners, or making it taxable.

Others argue that paying the Winter Fuel Payment as a universal benefit ensures that all those needing help with energy bills get support. Means-testing the Winter Fuel Payment would mean that those just above the threshold for benefits who might otherwise struggle to pay their bills would lose support. Campaigners also point out that many older people on very low incomes do not claim the means-tested benefits they are entitled to. The DWP estimates that around 880,000 households eligible for Pension Credit do not claim it.

Encouraging low-income households to claim Pension Credit

Alongside the Winter Fuel Payment announcement, the government said it would work with older people's charities and local authorities to identify households eligible for Pension Credit but not claiming it. On 20 August 2024, the DWP announced a '[Pension Credit awareness drive](#)' to encourage eligible households not receiving the benefit to apply for it by 21 December. This would allow more eligible households to receive backdated payments and qualify for the Winter Fuel Payment this year.

The government also intends to speed up plans to introduce a housing element in Pension Credit, to replace Housing Benefit for people above State Pension age.

How are the changes being implemented?

[Regulations to restrict eligibility for the Winter Fuel Payment in England and Wales](#) were laid before Parliament on 22 August 2024, and come into force on 16 September 2024. The regulations are [subject to the negative procedure](#). A negative Statutory Instrument (SI) becomes law unless either the House of Commons or the House of Lords passes a motion within a specified period to annul (stop) it.

The DWP has not prepared a full impact assessment for the regulations because it says the changes will have “[no significant new impact on business, charities or voluntary bodies.](#)”

Why has the government made these changes?

The government states that the Winter Fuel payment changes, together with the other measures it announced in July 2024, are a necessary response to substantial pressures facing the public finances this year and next. It says the changes, while making the necessary Exchequer savings, will mean pensioner households on the lowest incomes still retain support.

The [Chancellor of the Exchequer, Rachel Reeves, has said](#) this was a “tough choice”, and not one she “wanted to make, or expected to make”. But, she argues, it will help put the public finances on a “firmer footing”. The government has also committed to retain the State Pension ‘triple lock’ for the duration of this parliament.

Response to the government’s announcement

Some commentators and pressure groups oppose outright the government’s decision to end the universal Winter Fuel Payment, highlighting continuing cost of living pressures on pensioners and the [forthcoming increase in the energy price cap](#) from 1 October. Withdrawing the Winter Fuel Payment from most pensioners would, they say, leave many facing a ‘heat or eat’ choice this winter.

Others question the mechanism the government has chosen to restrict eligibility for the Winter Fuel Payment. Basing eligibility on receipt of means-tested benefits creates a ‘cliff edge’ where people who just miss out on benefits lose support completely. Pensioners eligible for, but not claiming, Pension Credit would also lose the Winter Fuel Payment.

Welfare rights organisations question whether the DWP has sufficient staff to process an increase in claims resulting from its Pension Credit awareness campaign. They argue that the Winter Fuel Payment changes should be put on hold to allow time to consult on them, and that no changes should be made until Pension Credit take-up rates have increased significantly.

Some commentators argue the government should consider other options for reforming the Winter Fuel Payment. Suggestions include limiting payments to households on lower Council Tax bands, making the payment taxable, or only paying it to older pensioners. However, other options could be complex to

administer, and save significantly less money than the government's proposal.

The [House of Lords Secondary Legislation Scrutiny Committee](#) has said it is "unconvinced" by the government's reasons for the urgency attached to laying the regulations. It says it seems the policy is being introduced at a pace that prevents appropriate scrutiny, particularly as the DWP's explanatory memorandum lacks information about the expected impact of the policy change and because the Social Security Advisory Committee (SSAC) was not pre-consulted.

What is the situation in Scotland and Northern Ireland?

Winter Fuel Payments are devolved in Scotland and Northern Ireland.

The Scottish Government was going to introduce a new benefit – the Pension Age Winter Heating Payment (PAWHP) – to replace the UK Government's Winter Fuel Payment on a "like for like" basis, starting from winter 2024/2025. Following the Chancellor's announcement, the Scottish Government said that the resulting [cut to its funding had left it with "no choice"](#) and that it would follow the UK Government's decision to restrict payments.

The Northern Ireland Executive has said that, despite its "deep concerns" about the Chancellor's decision, it [will also make equivalent changes to the Winter Fuel Payment in Northern Ireland](#). Executive ministers say diverging from the UK Government would require significant cuts to other public services.

1 Introduction

1.1 Background to the Winter Fuel Payments scheme

Winter Fuel Payments were first introduced by the Labour government in 1998. In his Pre-Budget Statement on 25 November 1997, the then Chancellor of the Exchequer, Gordon Brown, said:

We have already cut VAT on fuel and power to 5 per cent., as we promised, but it would be wrong to wait until we have the results of our pensions review to take action to help elderly people with winter fuel bills. Although the poorest do receive some help through cold weather payments, they go only to those on income support, who generally have to wait until after the cold weather for help to be available. The payments are no help at all to most pensioners, including the 1 million not receiving income support entitlements and those on the margins of poverty, and they are of doubtful help even to those who do qualify, who often do not know whether they can afford to spend extra money on fuel when it is cold.¹

Mr Brown said he and the then Secretary of State for Social Security (Harriet Harman) were “...simply not prepared to allow another winter to go by when pensioners are fearful of turning up their heating, even on the coldest winter days, because they do not know whether they will have the help they need for their fuel bills.”²

The first payments were worth £50 to pensioner households on Income Support or income-based Jobseeker’s Allowance, and £20 to other pensioner households. In winter 1999/2000 all pensioner households received £100, increased to £200 from winter 2000/2001. An extra £100 for households with someone aged 80 or over was first paid in winter 2003/2004. As detailed further below, in some years additional amounts have been paid alongside the ‘standard’ £200/£300 Winter Fuel Payment, including the £300 Pensioner Cost of Living Payments in 2022/2023 and 2023/2024.

In 2023, the Department for Work and Pensions set out the rationale for Winter Fuel Payments as follows:

Winter fuel payments are intended to give older people reassurance they can afford to heat their homes in winter. They are paid in a lump sum each winter to ensure that money is available when fuel bills arrive. They are made to older people because they are potentially particularly vulnerable to the effects of

¹ [HC Deb 25 November 1997 cc779-780](#)

² As above, c780

cold weather during the winter months, and because they are more likely to be on fixed incomes.³

The Winter Fuel Payment was introduced by Statutory Instrument (SI), made under powers in [section 138\(2\) of the Social Security Contributions and Benefits Act 1992](#) and other primary legislation. The first set of regulations – the Social Fund Winter Fuel Payments Regulations 1998⁴ – were replaced by the Social Fund Winter Fuel Payment Regulations 2000.⁵

The regulations were subject to the [negative procedure](#). Negative SIs become law automatically on the date stated in the SI unless either House annuls (stops) them within a certain period. As the regulations were not ‘[prayed against](#)’, there has to date been no vote in Parliament on Winter Fuel Payments.

The Winter Fuel Payment is not the only source of help with heating costs. Other schemes include:⁶

- [Cold Weather Payments](#) are made to certain recipients of means-tested benefits in England, Wales and Northern Ireland during periods of very cold weather. In Scotland, Cold Weather Payments have been replaced by the [Winter Heating Payment](#), a single annual payment which is not dependent on the weather.
- The [Warm Home Discount Scheme](#) provides a discount of £150 off electricity bills between October and March for eligible customers in receipt of certain benefits, or on a low income.
- The [Household Support Fund](#) allows local authorities in England to make discretionary payments to people most in need to help towards the rising cost of food, energy, and water bills. The government has announced further funding for the Household Support Fund up to the end of March 2025.

1.2

Eligibility rules prior to winter 2024/2025

To be eligible for the Winter Fuel Payment for winter 2023/2024, a person had to have reached the qualifying age (now State Pension age) on or before the end of the ‘qualifying week’ (the week beginning the third Monday of September each year) and meet other entitlement conditions.

The September qualifying week gives the Department for Work and Pensions time to make the required checks on entitlement, calculate the payment an

³ [Explanatory Memorandum to the Social Fund Winter Fuel Payment \(Temporary Increase\) Regulations 2023](#), para 7.1

⁴ [SI 1998/19](#)

⁵ [SI 2000/729](#)

⁶ For further information see [Help with your energy bills](#) on gov.uk

individual is entitled to, issue notifications and start to make the payments. Payments begin in November, with the aim to make all Winter Fuel Payments before Christmas.⁷

People did not qualify for a Winter Fuel Payment if:

- they were in hospital getting free treatment during the qualifying week and had been for at least a year immediately before
- they were in prison for the whole of the qualifying week
- they lived in a care home for the whole period from 12 weeks prior to the final day of the qualifying week, and got Pension Credit, Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance⁸

People could still receive the payment if they lived in an eligible [EEA country](#) or Switzerland and had a "[genuine and sufficient link](#)" to the United Kingdom. This could include having lived or worked in the UK and having family in the UK.

The Winter Fuel Payment was formerly payable in all EEA countries, but in 2015 the government introduced a 'temperature test.' As a result, Winter Fuel Payments are no longer payable in warmer countries and territories of the EEA, which are Cyprus, France, Gibraltar, Greece, Malta, Portugal and Spain.⁹

For new claims from people abroad from winter 2021/2022 onwards, people have had to meet both the genuine and sufficient link requirement and come within the scope of the EU-UK [Withdrawal Agreement](#) before being eligible for a Winter Fuel Payment.

Winter Fuel Payments were paid automatically to people getting a State Pension or another social security benefit (not including Housing Benefit, Council Tax Reduction, Child Benefit or Universal Credit). Pensioners not getting a State Pension or an eligible social security benefit, or those living abroad, might have to [make a claim](#). The deadline for making a claim for a particular winter was 31 March following the qualifying week.

Payments to individuals

While the 'standard' Winter Fuel Payment rates per household have been either £200 or £300 in most years, depending on whether the household

⁷ [PQ 19649 \[on Winter Fuel Payment\], 22 June 2022](#)

⁸ People in care homes getting means-tested benefits are not entitled to Winter Fuel Payments because the majority have their care and accommodation costs, including heating, met by the local authority. See Commons Library briefing SN01475, [Winter Fuel Payments: people in residential care; PQ 125911 \[on Winter Fuel Payment: Care Homes\], 5 February 2018](#)

⁹ For further information on the 2015 change see Commons Library briefing CBP-6019, [Winter Fuel Payments update](#), section 5

includes someone aged 80 or over, the Winter Fuel Payment is based on an individual's entitlement.

Shared payment rates apply in some circumstances, depending on household composition, benefits received, or if a person is in residential care.

The box overleaf, sets out how much individuals received in winter 2021/2022, depending on their situation.

The amounts were different in winters 2022/2023 and 2023/2024, due to the additional Pensioner Cost of Living Payments worth £300 per household paid as an increase to the usual Winter Fuel Payment.

The individual payment amounts were such that, in 2022/2023 and 2023/24 almost all eligible households received a combined Winter Fuel Payment and Pensioner Cost of Living Payment totalling either £500 or £600, depending on whether it included someone aged 80 or over.

1 Winter Fuel Payment amounts, winter 2021/2022

Situation	Over State Pension age but hadn't reached 80 by the September qualifying week	Aged 80 or over in the September qualifying week
You qualify and live alone (or none of the people you live with qualify)	£200	£300
You qualify and live with someone under 80 who also qualifies	£100	£200
You qualify and live with someone 80 or over who also qualifies	£100	£150
You qualify, live in a care home and don't get certain benefits	£100	£150

If you get certain benefits

Your payment may be different if you or your partner get one of the following benefits: Pension Credit; income-based Jobseekers Allowance; income-based Employment and Support Allowance; Income Support.

Situation	Over State Pension age but hadn't reached 80 by the September qualifying week	Aged 80 or over in the September qualifying week
You qualify, get one of the benefits and live alone (or none of the people you live with qualify)	£200	£300
You qualify and live with someone who also gets one of the benefits	£200 – only one of you will get the payment	£300 – only one of you will get the payment
You qualify, live in a care home and get one of the benefits	Nil	Nil

Source: adapted from [Winter Fuel Payment > How much you'll get](#), gov.uk [archived 3 March 2022]

The individual payment amounts were such that, in 2021/2022, almost all eligible households received in total either £200 or £300, depending on whether it included someone aged 80 or over.

Households with three or more people qualifying for a Winter Fuel Payment could however receive more than the standard £200/£300 payment.

1.3 Winter Fuel Payment rates

The Winter Fuel Payment was £20 (or £50 for those in receipt of means-tested benefits) when first introduced in winter 1997/1998. It increased to £100 in 1999/2000, and then to £200 in 2000/2001. An extra £100 for households with someone aged 80 or over was first introduced in 2003/2004.

Additional payments have also been made alongside the ‘standard’ Winter Fuel Payment, sometimes for reasons other than to help with fuel bills.

In winter 2004/2005, households with a person aged 70 or over received an additional “one-off” payment of £100 along with their Winter Fuel Payment, to help with Council Tax bills.

In winter 2005/2006, two additional payments were made along with the Winter Fuel Payment - a £50 payment for “living expenses” for pensioners aged 70 or over and getting the guarantee element of Pension Credit, and a £200 “Council Tax Refund” for households containing someone aged 65 or over but not getting the guarantee element of the Pension Credit.

These additional “one-off” payments were not repeated in 2006/2007 and 2007/2008, but Budget 2008 announced additional one-off payments of £100 for over-80s households and £50 for all other households eligible for the Winter Fuel Payment in winter 2008/2009. Budget 2009 announced that the additional payments would again be made for winter 2009/2010, and the pledge was repeated in the March 2010 Budget for winter 2010/2011.

The Winter Fuel Payment remained at the standard £200/£300 rate for winters 2011/2012 to 2021/2022. In winters 2022/2023 and 2023/2024, households eligible for the Winter Fuel Payment received an additional Pensioner Cost of Living Payment worth £300.¹⁰ These payments are not being repeated in winter 2024/2025.

The table below summarises the main rates and additional payments over time.

¹⁰ See Commons Library briefing CBP-9616, [Cost of Living Payments: Overview and FAQs](#). For the combined Winter Fuel Payment and Pensioner Cost of Living Payment amounts paid to individuals in winter 2023/2024, see [Winter Fuel Payment > How much you'll get](#) on gov.uk [archived 1 July 2024]

Main rates for Winter Fuel Payment		
	Standard rate	Additional amounts
1997/1998	£20 (£50 if on certain means-tested benefits)	
1998/1999	£20 (£50 if on certain means-tested benefits)	
1999/2000	£100	
2000/2001 to 2002/03	£200	
2003/2004	£200 for under 80s £300 for 80+	
2004/2005	£200 for under 80s £300 for 80+	£100 for 70+ households "to help with Council Tax bills"
2005/2006	£200 for under 80s £300 for 80+	"Council Tax Refund" of £200 for 65+ if not getting Pension Credit guarantee element. £50 "Living Expenses" if 70+ and getting Pension Credit guarantee element
2006/2007 and 2007/08	£200 for under 80s £300 for 80+	
2008/2009 to 2010/11	£200 for under 80s £300 for 80+	Additional payment of £50 for under 80s, £100 for 80+
2011/2012 to 2021/22	£200 for under 80s £300 for 80+	
2022/23 and 2023/24	£200 for under 80s £300 for 80+	£300 Pensioner Cost of Living Payment for households including at least one person entitled to a Winter Fuel Payment

1.4

Statistics

Around 11.6 million people in over 8 million households in Great Britain were expected to receive a Winter Fuel Payment for winter 2023/2024, at a total cost of £2.0 billion (at 2024/25 prices). Before the Chancellor's announcement, the DWP had expected that around 10.8 million people in England and Wales would receive a Winter Fuel Payment for winter 2024/2025, at a total cost of £1.9 billion.¹¹ The forecasts for 2024/2025 did not include Scotland, as the Scottish Government's Pension Age Winter Heating

¹¹ DWP, [Benefit expenditure and caseload tables: Spring Budget 2024](#)

Payment (PAWHP) was expected to replace the Winter Fuel Payment in Scotland from winter 2024/2025 (see section 1.5 below).

An estimated 10.8 million pensioners in 7.6 million households in England and Wales received the Winter Fuel Payment for winter 2023/2024. The Department for Work and Pensions estimates that, as a result of the changes, 1.5 million individuals in 1.3 million households in England and Wales will receive a payment for winter 2024/2025.

More detailed statistics on Winter Fuel Payments, including household level analyses, recipients in each Parliamentary constituency and local authority, and the number of recipients in EEA countries or Switzerland, are available for winter 2022/2023.¹² Equivalent statistics for winter 2023/2024 are expected to be published on 24 September 2024.¹³

In winter 2022/2023, of the 11.4 million individuals paid a Winter Fuel Payment by the DWP, 35,900 resided in the EEA or Switzerland.¹⁴

The number of Winter Fuel Payment recipients in Great Britain reached a peak of 12.78 million in winter 2010/2011. The subsequent decline was the result of the qualifying age for Winter Fuel Payments increasing from 2010 in line with the rising State Pension age for women.

The equalised State Pension age for both men and women reached 66 in 2020, after which the number of Winter Fuel Payment recipients began to gradually rise (from 11.1 million in winter 2020/2021 to an expected 11.6 million in winter 2023/2024).

The increase in the qualifying age, coupled with the fact that payment amounts are not uprated annually in line with inflation, has meant that total expenditure on Winter Fuel Payments in Great Britain has fallen in real (inflation-adjusted) terms. DWP expenditure on Winter Fuel Payments fell from £3.9 billion in winter 2008/2029 to an estimated £2.0 billion in winter 2023/2024 (both figures at 2024/2025 prices).¹⁵

1.5

Northern Ireland and Scotland

Winter Fuel payments are devolved in Northern Ireland and in Scotland.

Northern Ireland

Northern Ireland has its own separate [Winter Fuel Payments scheme](#) which has operated on an identical basis to the DWP scheme in Great Britain. The

¹² DWP, [Winter Fuel Payment statistics for winter 2022 to 2023](#), 19 September 2023

¹³ DWP, [Winter Fuel Payment statistics for winter 2023 to 2024 - Official statistics announcement](#), 20 June 2024

¹⁴ DWP, [Winter Fuel Payment statistics for winter 2022 to 2023](#), 19 September 2023

¹⁵ As above

scheme in Northern Ireland is administered by the Department for Communities.

298,378 people in Northern Ireland benefited from a Winter Fuel Payment in winter 2022/2023.¹⁶

The long-standing principle of parity, now reflected in [section 87 of the Northern Ireland Act 1998](#), means that in general benefits in Northern Ireland are paid at the same rates and have the same conditions of entitlement as elsewhere in the UK. Although measures are in place to ‘mitigate’ the impact in Northern Ireland of some of the UK Government’s recent welfare reforms, parity generally requires that any deviation from UK policy that entails additional social security expenditure in Northern Ireland must be met from the Executive’s block grant.¹⁷

Scotland

The Scotland Act 2016, among other things, gave the Scottish Government and Parliament new powers in relation to certain social security benefits.

The Scottish Government was to have introduced a new benefit – the Pension Age Winter Heating Payment (PAWHP) – to replace the UK Government’s Winter Fuel Payment, starting from winter 2024/2025. PAWHP was, initially, to have been a “like-for-like” replacement for the Winter Fuel Payment, payable at the same rates and subject to the same rules the universal Winter Fuel Payment.¹⁸

On 29 April 2024 the Scottish Government’s Cabinet Secretary for Social Justice referred draft regulations on the Pension Age Winter Heating Payment, together with an explanatory policy note, to the Scottish Commission on Social Security, for scrutiny.¹⁹ This followed a public consultation on PAWHP launched by the Scottish Government in October 2023.²⁰

The Scottish Commission on Social Security published its report on the draft regulations on 22 July 2024.²¹ The Scottish Government had intended to lay

¹⁶ Northern Ireland Department for Communities, [Annual Report on the Social Fund 2022–2023](#), 30 November 2023

¹⁷ For more information on parity see Commons Library briefing CBP-9535, [An introduction to social security in the UK](#), pp28-29

¹⁸ For further information see Scottish Government, [Pension Age Winter Heating Payment \(PAWHP\): consultation response](#), 14 May 2024

¹⁹ See Scottish Commission on Social Security, [Referral of draft regulations from the Cabinet Secretary for Social Justice](#), 29 April 2024

²⁰ Scottish Government, [Pension Age Winter Heating Payment \(PAWHP\): consultation response](#), 14 May 2024

²¹ [The Winter Heating Assistance \(Pension Age\) \(Scotland\) Regulations 2024: scrutiny report](#), 22 July 2024

revised PAWHP regulations before the Scottish Parliament in September 2024.²²

²² Scottish Commission on Social Security, [Referral of draft regulations from the Cabinet Secretary for Social Justice](#), 29 April 2024

2 Commentary and debate on the Winter Fuel Payment

Since its introduction, the Winter Fuel Payment has been subject to criticism that, if viewed as a measure to address fuel poverty, it is poorly targeted. Different options for reforming it have been suggested over the years to target it more effectively at pensioners in greatest need.

2.1 Commentary on how the Winter Fuel Payment addresses fuel poverty

In December 2009 the Institute for Public Policy Research (IPPR) published a report, [Opportunities in an Age of Austerity: Smart ways of dealing with the UK's fiscal deficit](#), which included a chapter assessing the case for reforming universal benefits such as Winter Fuel Payment in light of fiscal constraints ('Welfare spending – Time to reassess universal benefits?').

The authors noted that, at that time, 12% of Winter Fuel Payment recipients were thought to be “fuel poor” and that therefore the benefit was a “significant and poorly targeted expenditure” in need of reform. Nevertheless, the authors of this chapter also noted the Winter Fuel Payment was not just a fuel poverty measure, but also a way of increasing the incomes of pensioners without subjecting them to a means test. This, combined with the fact that Winter Fuel Payment was universal and paid automatically, meant take-up was very high and in particular was received by pensioners on low incomes who were entitled to Pension Credit but who did not claim it. The authors recommended that a “well-targeted programme of domestic energy improvements” would be a more sustainable way of reducing fuel poverty, which might then require that the level of and entitlement to Winter Fuel Payment should be revisited in the future.²³

In a report on Fuel Poverty in March 2010, the Energy and Climate Change Committee concluded that the Winter Fuel Payment was unfocused and not targeted at people in or near fuel poverty. But it noted that, as a universal means of supplementing pensioner incomes, the political case for keeping it was strong. It therefore recommended renaming Winter Fuel Payment to make it clear it was a “general income supplement” rather than a fuel poverty

²³ Institute for Public Policy Research (IPPR), [Opportunity in an Age of Austerity: Smart ways of dealing with the UK's fiscal deficit](#), December 2009, pages 22-25

measure.²⁴ The Coalition government's response, however, explained that the Winter Fuel Payments provided reassurance to older people that they can afford heating bills during the winter months and so did not plan to change them.²⁵

Research from the Institute for Fiscal Studies (IFS) published in 2011 suggested that households receiving Winter Fuel Payments were almost 14 times as likely to spend the money on fuel than would have been the case had their incomes been increased by payments with a different name.²⁶ However, the same authors in another IFS study published in January 2014 found that, despite policies aimed at tackling fuel poverty, there was evidence that in periods of very cold weather the poorest pensioners cut back on spending on food to finance the additional cost of heating their homes.²⁷

The authors of these reports had argued in an earlier IFS publication that Winter Fuel Payment could be replaced with a payment providing more targeted support to those most in need of help with fuel bills by linking it more closely to household income or extreme cold weather or both. One way of linking support more closely to both income and the weather, they suggested, would be to increase the rates of Cold Weather Payments.²⁸

In a Work and Pensions Committee report published in 2016, the Winter Fuel Payment was described as a “blunt instrument for alleviating fuel poverty” and provided “a cash payment to many households who did not need it.” The committee also noted that as the value of payments were fixed in cash terms their real value would decrease gradually over time.²⁹

2.2

Debates around reforming Winter Fuel Payment

A number of different options for reforming the Winter Fuel Payment have been suggested over the last decade, including means-testing the payment, introducing a mechanism for withdrawing it from higher income pensioners, or making it taxable.

The case for reform

In a report published in May 2009, the Environment, Food and Rural Affairs Committee recommended “improved targeting” of the Winter Fuel Payment

²⁴ Energy and Climate Change Committee, [Fuel Poverty](#), HC 424, 30 March 2010, paras 34-35

²⁵ Energy and Climate Change Committee, [Fuel Poverty: Government Response to the Committee's Fifth Report of Session 2009-10 \(PDF\)](#), HC 541, 25 October 2010

²⁶ Institute for Fiscal Studies (IFS), [Cash by any other name? Evidence on labelling from the UK Winter Fuel Payment](#), June 2011

²⁷ IFS, [Is there a 'heath-or-eat' trade-off in the UK](#), 14 January 2014

²⁸ IFS, [How to keep warm in winter: winter fuel payments or cold weather payments?](#), 18 October 2010

²⁹ Work and Pensions Committee, [Intergenerational fairness](#), HC 59, 6 November 2016, para 80

by making it taxable and withdrawing it from those subject to higher rate tax.³⁰ The then Labour government's response explained that the Winter Fuel Payment aimed to "reassure older householders they can afford to heat their homes in winter" and that taxing it would "add an extra level of complexity and bureaucracy for both individuals and Government".³¹

A report from the Social Market Foundation in February 2012 called for Winter Fuel Payments (as well as free TV licences for pensioners) to be restricted to people in receipt of Pension Credit, on the grounds that evidence suggested recipients of Winter Fuel Payment (particularly those with higher incomes) were more likely to save the extra money rather than spend it on energy bills. In terms of fairness, it suggested it was not clear why older, wealthier people should receive more money than poorer, younger people.³²

An IFS report published in June 2012 also suggested restricting the Winter Fuel Payment (and free TV licences) to those on Pension Credit. However, the authors of this report also acknowledged the problem of the low take-up of Pension Credit from people who were eligible for it, and the fact that additional means-testing would weaken the incentive for individuals to save for retirement.³³

In its report on Energy Prices, Profits and Poverty published in July 2013, the Energy and Climate Change Committee criticised the Winter Fuel Payment as being a poorly targeted measure for tackling fuel poverty. It recommended the government consider better targeting through means-testing, and use the savings to "boost investment in energy efficiency programmes".³⁴

The case against reform

An Age UK briefing published in April 2015 argued against means-testing the Winter Fuel Payment. It said means-tested benefits are complicated and can fail to reach many people who need them. It pointed to low take-up rates for Pension Credit as evidence of this and said it would be a "disaster" if the same were to happen to the Winter Fuel Payment. It argued that "all the evidence is that it would lead to some of the most vulnerable older people missing out, putting their health and for some even their lives at risk".³⁵

It also argued against taxing the Winter Fuel Payment, noting that it would add complexity to the tax system and be expensive to administer. It also cautioned against excluding higher rate taxpayers from receiving the Winter Fuel Payment, noting that while there are some very wealthy older people

³⁰ Environment, [Food and Rural Affairs Committee, Energy efficiency and fuel poverty](#), HC 37, 10 June 2009, para. 51

³¹ Department of Energy and Climate Change, [Government's response to the Efra Select Committee inquiry: energy efficiency and fuel poverty](#), 8 October 2009, page 10-11

³² Social Market Foundation, [Osborne's Choice: Combining fiscal credibility and growth](#), February 2012

³³ IFS, [Pensioners and the tax and benefit system](#), June 2012

³⁴ Energy and Climate Change Committee, [Energy Prices, Profits and Poverty](#), HC 108, 29 July 2013, para 114

³⁵ Age UK, [The Winter Fuel Payment \(PDF\)](#), April 2015

who do not need extra help towards their energy bills, the government should be cautious to change a system which is “straightforward and that works well for the majority of pensioners who are on low or modest incomes”.³⁶

Consideration of eligibility for the Pension Age Winter Heating Payment in Scotland

Winter Fuel Payment is now devolved in Scotland and will eventually be replaced by Pension Age Winter Heating Payment (PAWHP), to be provided by the Scottish Government. The Scottish Government had intended to introduce PAWHP in Scotland from winter 2024/2025 as a like-for-like replacement for the universal Winter Fuel Payment (see section 1.5). It conducted a consultation as part of its work to develop PAWHP between October 2023 and January 2024.

In response to questions on the eligibility criteria, 80% of those who answered, including 81% of organisations, said that this replacement benefit should be universal, arguing that it is fairer, avoids discrimination, promotes uptake, and meets all heating needs. Many argued against means-testing, arguing that this would be unfair to those who had made provision for older age, that it was costly and complex to administer, and risked pensioners in need missing out. However, the potential of means-testing the benefit was also raised by several respondents, several of whom advocated for this as an approach to eligibility, arguing that “not all older people need financial support”.³⁷

In response, the Scottish Government commented that any targeted approach, or expansion of eligibility, would “increase annual caseload, cost and complexity”. It therefore considered that it was appropriate to proceed with its plan to make PAWHP a universal benefit available to all pensioners in Scotland, but would “continue to review the eligibility and scope” of the payment going forward.³⁸

2.3

Party manifesto commitments

The question of whether Winter Fuel Payment should remain a universal benefit has been raised in recent general elections.

In its 2017 election manifesto, the Conservative Party proposed means-testing it:

³⁶ Age UK, [The Winter Fuel Payment \(PDF\)](#), April 2015

³⁷ Scottish Government, [Pension Age Winter Heating Payment \(PAWHP\): consultation analysis](#), May 2024

³⁸ Scottish Government, [Pension Age Winter Heating Payment \(PAWHP\): consultation response](#), 14 May 2024

[...] we will means-test Winter Fuel Payments, focusing assistance on the least well-off pensioners, who are most at risk of fuel poverty. The money released will be transferred directly to health and social care, helping to provide dignity and care to the most vulnerable pensioners and reassurance to their families. We will maintain all other pensioner benefits, including free bus passes, eye tests, prescriptions and TV licences, for the duration of this parliament.³⁹

The Labour Party said in 2017 that the “Winter Fuel Allowance and free bus passes will also be guaranteed as universal benefits.”⁴⁰ The Liberal Democrats said they would withdraw eligibility from pensioners paying tax at the higher rate (40%).⁴¹ The SNP pledged to protect the Winter Fuel Payment and extend eligibility “to families with severely disabled children.”⁴²

However, following the election and the formation of a minority Conservative government, the June 2017 confidence and supply [agreement between the Conservative and Democratic Unionist Parties](#) said there would be no change to “the universal nature of the Winter Fuel Payment”.⁴³

In the 2019 general election, both the Labour and Conservative party manifestos committed to keeping the Winter Fuel Payment – with the Labour manifesto promising specifically to maintain it as a universal benefit.⁴⁴

In the 2024 general election, the Labour Party manifesto made no mention of the Winter Fuel Payment, although it promised to retain the triple lock for State Pension uprating.⁴⁵ The Conservative party manifesto committed to maintain “all current pensioner benefits”, including Winter Fuel Payments.⁴⁶ Neither the Liberal Democrat nor the SNP manifestos mentioned Winter Fuel Payment.⁴⁷

³⁹ Conservative Party, [Forward Together: Our Plan for a Stronger Britain and a Prosperous Future \(PDF\)](#), May 2017, page 66

⁴⁰ Labour Party, [For the many, not the few \(PDF\)](#), May 2017, p54

⁴¹ The Liberal Democrat Party, [Change Britain's Future, May 2017 \(PDF\)](#), p60

⁴² Scottish National Party, [Stronger For Scotland, May 2017 \(PDF\)](#), p36

⁴³ Cabinet Office, [Confidence and Supply Agreement between the Conservative and Unionist Party and the Democratic Unionist Party](#), 26 June 2017

⁴⁴ Labour Party, [It's time for real change: the Labour Party Manifesto 2019 \(PDF\)](#), November 2019;

Conservative Party, [Get Brexit Done: Unleash Britain's Potential \(PDF\)](#), November 2019

⁴⁵ The Labour Party, [Change – Labour Party Manifesto 2024 \(PDF\)](#), June 2024, p79

⁴⁶ The Conservative Party, [Clear Plan, Bold Action, Secure Future \(PDF\)](#), June 2024, p15

⁴⁷ The Liberal Democrat Party, [For a Fair Deal \(PDF\)](#), June 2024; Scottish National Party, [A Future Made in Scotland \(PDF\)](#), June 2024

3

Chancellor's announcement on 29 July 2024

The Chancellor of the Exchequer, Rachel Reeves, announced that the government would change the rules to withdraw the Winter Fuel Payment from pensioner households not in receipt of Pension Credit or certain other means-tested benefits in her statement to the House of Commons on public spending on 29 July 2024. The Chancellor said it had been a “difficult decision”:

Let me be clear: this is not a decision I wanted to make, nor is it the one that I expected to make, but these are the necessary and urgent decisions that I must make. It is the responsible thing to do to fix the foundations of our economy and bring back economic stability.⁴⁸

Alongside the change, the Chancellor said she would work with the Secretary of State for Work and Pensions to maximise the take-up of pension credit by bringing forward the administration of Housing Benefit and Pension Credit which, she said, had been “repeatedly pushed back by the previous Government.”⁴⁹

Housing Benefit for people of working age will cease to exist when Universal Credit has rolled out to all the existing groups claiming means-tested legacy benefits. The previous government had intended to introduce a new housing element of Pension Credit – to replace Housing Benefit for people of pension age – from April 2025, but in the 2022 Autumn Statement it announced that the assumed date had been pushed back to 2028/29.⁵⁰

In her Winter Fuel Payments announcement, the Chancellor also said the government would work with older people’s charities and local authorities to raise awareness of Pension Credit and help identify households not claiming it.

In her statement, the Chancellor also committed to retain the [State Pension ‘triple lock’](#), which ensures the State Pension is uprated every year by the highest of earnings growth, inflation, or 2.5%.⁵¹ She has committed to increase the State Pension using the triple lock for the duration of this parliament.⁵²

⁴⁸ [HC Deb 29 July 2024 c1038-9](#)

⁴⁹ As above

⁵⁰ HM Treasury, [Autumn Statement 2022](#), para 5.14

⁵¹ [HC Deb 29 July 2024 c1038-9](#)

⁵² [HC Deb 3 September 2024 cc144-146](#)

The Winter Fuel Payment changes are part of a package of immediate measures announced by the new government to address pressures identified in its audit of government spending. In total, the package is expected to deliver savings of £5,455 million in 2024/25, and £8,145 million in 2025/26. The Winter Fuel Payment changes were initially estimated to save £1,400 million in 2024/25, and £1,500 in 2025-26.⁵³ The estimated savings in 2024-25 were subsequently revised down to £1.3 billion.⁵⁴

The announced changes only applied to England and Wales, as Winter Fuel Payments are devolved in Scottish Government. The Scottish Government and the Northern Ireland Executive had to decide whether to make equivalent changes to their schemes.

3.1 Implementing the changes to the eligibility rules

[The Social Fund Winter Fuel Payment Regulations 2024](#)⁵⁵ were made on 22 August 2024 and laid before Parliament the same day, together with an [explanatory memorandum](#) prepared by the DWP. The regulations come into force on 16 September 2024, which is the first day of the qualifying week for the Winter Fuel Payment for winter 2024/2025.

The regulations are subject to the [negative procedure](#). A negative Statutory Instrument (SI) becomes law unless either the House of Commons or the House of Lords passes a motion within a specified period to annul (stop) it.

The regulations revoke and replace the existing Winter Fuel Payment regulations.⁵⁶ The new regulations provide that to be eligible for the Winter Fuel Payment, in addition to satisfying the usual age rules, a pensioner household must in the September qualifying week be entitled to:⁵⁷

- a relevant benefit; or
- an award of Child Tax Credit or Working Tax Credit of not less than £26 in respect of the tax year 2024/25

A “relevant benefit” means:

- Income Support
- income-based Jobseeker’s Allowance (JSA)

⁵³ HM Treasury, [Fixing the foundations: Public spending audit 2024-25](#), 29 July 2024, Table 2

⁵⁴ DWP, [Explanatory memorandum to the Social Fund Winter Fuel payment Regulations 2024](#), para 9.4

⁵⁵ SI 2024/869

⁵⁶ [The Social Fund Winter Fuel Payment Regulations 2000](#), SI 2000/729 as amended

⁵⁷ [SI 2024/869, regulation 2\(2\)\(b\)](#)

- Pension Credit
- income-related Employment and Support Allowance (ESA)
- Universal Credit

As outlined in section 1.2 of this briefing, in certain circumstances the Winter Fuel Payment may be received by someone resident in a European Economic Area country or in Switzerland (but not in Cyprus, France, Gibraltar, Greece, Malta, Portugal or Spain).

Regulation 2(3) of the new regulations provide that **for winter 2024/2025 only**, a Winter Fuel Payment may be paid to someone habitually resident on one of the countries where it has previously been payable if the person meets all the following conditions:

- they are covered by the UK-EU Withdrawal Agreement or another parallel agreement
- they receive a benefit in their country of residence equivalent to a relevant benefit listed above
- they can demonstrate a genuine and sufficient link to the United Kingdom.

Neither the regulations, nor the explanatory memorandum, explain how the DWP will decide whether someone is receiving a benefit equivalent to one of the qualifying UK benefits.

Factors that are relevant when demonstrating whether a person has a “genuine and sufficient link” to the UK can include whether they have worked in the UK, whether they have spent a significant part of their life in the UK, and whether they are receiving a UK contributory benefit. Their family circumstances may also be relevant.⁵⁸

Impact of the changes

The government estimates that the overall Exchequer effect of the changes will be savings of £1.3 billion in 2024/25, and around £1.5 billion a year in subsequent years.⁵⁹

The DWP’s explanatory memorandum states that a full Impact Assessment has not been prepared for the regulations because there is “no significant new impact on business, charities or voluntary bodies.” It adds:

⁵⁸ See the [DWP Decision Maker’s Guide](#), Volume 2, Chapter 7, Part 6, para 077248

⁵⁹ [Explanatory memorandum to the Social Fund Winter Fuel payment Regulations 2024](#), para 9.1

There is no, or no significant, impact on business, charities or voluntary bodies beyond their existing obligations, because they are out of scope of the legislation.⁶⁰

In supplementary material provided to the Lords Secondary Legislation Scrutiny Committee, the DWP said the estimated number of Winter Fuel Payment claimants in England and Wales for winter 2024/2025 is expected to be 1.5 million individuals in 1.3 million households. This is a decrease of 9.3 million individuals and 6.3 million households from the 10.8 million individuals in 7.6 million households who received a payment for winter 2023/2024.⁶¹

The DWP's estimates for 2024/2025 assume that the take-up rate for Pension Credit will increase by five percentage points in response to the Winter Fuel Payment changes.⁶²

Before the Chancellor's announcement, the DWP had expected that around 10.8 million people in England and Wales would receive a Winter Fuel Payment for winter 2024/2025, at a total cost of £1.9 billion.⁶³

The most recent outcome figures for the number of individuals and households receiving Winter Fuel Payments are for winter 2022/2023.⁶⁴ For that winter, 11,375,000 individuals in 8,365,000 households in Great Britain received the Winter Fuel Payment, of whom 10,383,000 individuals in 7,629,000 households were in England and Wales. The number of individuals and households receiving the Winter Fuel Payment in each country were:

- 9,763,000 individual recipients in 7,173,000 households in England
- 620,000 individual recipients in 456,000 households in Wales
- 991,000 individual recipients in 736,000 households in Scotland

Equivalent outcome statistics for winter 2023/2024 are expected to be published on 24 September 2024.⁶⁵

Scrutiny of the proposals

The DWP must normally submit proposals for regulations – whether subject to the affirmative or negative procedure – to the independent [Social Security Advisory Committee \(SSAC\)](#) for them to scrutinise. The Department's explanatory memorandum states however that ministers decided to invoke

⁶⁰ [Explanatory memorandum to the Social Fund Winter Fuel payment Regulations 2024](#), para 9.2

⁶¹ Lords Secondary Legislation Scrutiny Committee, [2nd Report of Session 2024-25](#), HL 4, 5 September 2024, para 80

⁶² As above, para 83

⁶³ DWP, [Benefit expenditure and caseload tables: Spring Budget 2024](#)

⁶⁴ DWP, [Winter Fuel Payment statistics for winter 2022 to 2023](#), 19 September 2023

⁶⁵ DWP, [Winter Fuel Payment statistics for winter 2023 to 2024 - Official statistics announcement](#), 20 June 2024

the “urgency procedure” to make and lay the regulations before consideration by SSAC.⁶⁶

SSAC will however still scrutinise the regulations and any report it produces, together with the government’s response, must be laid before Parliament. The DWP’s explanatory memorandum states that SSAC is due to consider the regulations on 11 September 2024.⁶⁷

3.2 Increasing take-up of Pension Credit

[Pension Credit](#) is the principle means-tested benefit received by people over State Pension age and will be the main qualifying benefit giving entitlement to the Winter Fuel Payment from winter 2024/2025 onwards.

There are two types of Pension Credit. The guarantee credit ensures a minimum level of income, while the savings credit (available only to those who reached State Pension age before 6 April 2016) is for people who have saved some money for retirement, for example through a personal or workplace pension. Pensioner households may get the guarantee credit, or the savings credit, or both.

The guarantee credit [tops up a household’s income to a certain level](#). In 2024/25, this is £218.15 a week for a single person and £332.95 a week for a couple. Additional amounts may be included for disability, caring, children, and certain housing costs.

In February 2024, 1.36 million households in Great Britain were receiving Pension Credit, of whom 1.18 million were single pensioners and 180,000 were pensioner couples.⁶⁸ However, significant numbers of pensioners who would be entitled to Pension Credit do not claim the benefit.

Take-up of Pension Credit

The Department for Work and Pensions (DWP) produces [survey-based estimates of Pension Credit take-up](#) – defined as the percentage of entitled people who actually claim their entitlement – for Great Britain as a whole. The sample size does not permit reliable estimates to be produced for any smaller geographies.

The latest estimates are for 2021/22, when there were 1.35 million recipients of Pension Credit in Great Britain. The DWP estimates that between 720,000 and 880,000 entitled people did not take up Pension Credit in that year (with a

⁶⁶ Under provisions in [section 173 of the Social Security Administration Act 1992](#)

⁶⁷ [Explanatory memorandum to the Social Fund Winter Fuel payment Regulations 2024](#), para 9.2

⁶⁸ Source: [DWP Stat-Xplore](#)

central estimate of 800,000). The figures equate to a take-up rate of around 63%, based on the central estimate.⁶⁹

The DWP estimates that in 2021/22, up to £2.1 billion of available Pension Credit went unclaimed in Great Britain. On average, this amounted to around £2,200 per year for each family entitled to receive Pension Credit who did not claim the benefit.⁷⁰

Why do some people eligible for Pension Credit not claim it?

Concern about low take-up of Pension Credit has been a recurring theme ever since the benefit was introduced. The most recent DWP-commissioned research on the reasons why some people eligible for Pension Credit do not claim it was published back in 2012. This looked at a sample of people identified from departmental databases as being potential “eligible non-recipients” (ENRs) of Pension Credit.⁷¹

The main finding – supporting findings from previous research – were that perceived ineligibility was the primary barrier to claiming Pension Credit, with barriers related to the claims process and stigma as secondary barriers. 65% of ENR respondents said that they did not claim Pension Credit because they thought they weren’t eligible, were no longer eligible, or had too much money.

Only 2% of ENRs were put off claiming due to a perception that the application process would be too long or too complicated, and only 1% said that they were not claiming because they felt bad asking for benefits or help from the government. There did however appear to be a secondary barrier around perceived stigma, with 62% of ENRs agreeing that they “do not like asking for benefits”. Despite this, 92% of ENR respondents said they would apply for Pension Credit if they knew they were eligible.

More recently, organisations working with older people have identified further reasons why some people do not claim the benefits they are entitled to. These include the difficulty navigating the process without expert support, not knowing how to go about claiming, barriers for those with limited digital access, long waits on phone lines and for applications to be processed, and confusion and mixed opportunities for people making the transition from working age and pension age benefits.⁷²

⁶⁹ DWP, [Income-related benefits: estimates of take-up: financial year ending 2022](#), Pension Credit table PC1

⁷⁰ As above

⁷¹ Lucy Radford, Lisa Taylor and Claire Wilkie, [Pension Credit eligible non-recipients: Barriers to claiming](#), DWP Research Report No 819, November 2012

⁷² Tatania Sherwood, [“Jumping through hoops”: Older people’s experiences of claiming social security entitlements](#), Independent Age, 7 August 2024; [Age UK, Benefit take-up and older people \(PDF\)](#), May 2024

Pension Credit awareness campaign

On 20 August 2024 the DWP announced it was launching a “Pension Credit awareness drive” urging pensioners to check their eligibility for Pension Credit in order to secure this year’s Winter Fuel Payment.⁷³ At the same time, the [Deputy Prime Minister and the Secretary of State for Work and Pensions wrote to local authorities](#) asking them to “redouble” their efforts and work closely with the DWP to help it reach pensioners who could benefit from Pension Credit and receive the Winter Fuel Payment.

The government wants to work with local authorities on:

- Support in driving a national Pension Credit promotion campaign and awareness-raising.
- Building on the findings of the recent “Invitation to claim” trial begun by the previous government, where DWP invited pensioner households claiming Housing Benefit in ten local areas to claim Pension Credit as well.⁷⁴ The government’s aim is to “apply the lessons from this trial and extend the approach to all Local Authorities in the coming months.”
- Working with DWP and other partner organisations such as Age UK and Citizen’s Advice to explore ways to reach out to eligible pensioners and help them to make a Pension Credit claim.
- To help the DWP consider the safest and most sensible way to bring together the administration of pensioner Housing Benefit and Pension Credit.
- Ensuring effective information sharing so that each citizen receives the benefits they are entitled to.

The letter also said the government acknowledged the “difficult financial situation” local government was facing, and that it had asked officials to get in touch with councils with support from the local authority associations “to see what more can be done working together on this important issue.”

On 2 September 2024, the DWP launched a “Pension Credit Week of Action” aiming to spread awareness and increase claims for Pension Credit. A press release states:

Joining forces with charities, broadcasters, Local Authorities, and a range of partners, the campaign will tackle myths that may prevent people applying, for instance having a small private pension, savings or owning their own home.

Families, friends and neighbours are being encouraged to reach out to retired family members to encourage them to check their eligibility and apply. 21

⁷³ DWP press release, [Pension Credit awareness drive as thousands of eligible pensioners yet to claim](#), 20 August 2024

⁷⁴ See the DWP press release, [Trial encourages low-income pensioners to apply for extra financial support](#), 17 July 2023

December is the last possible date to make a successful backdated claim in order to receive the Winter Fuel Payment.⁷⁵

New claims for Pension Credit can be backdated up to three months, provided the claimant met the entitlement conditions throughout the period. 21 December 2024 is the last possible date for making a Pension Credit claim to receive the Winter Fuel Payment for winter 2024/2025, as to qualify for the Winter Fuel Payment pensioners need to have been entitled to Pension Credit (or another qualifying means-tested benefit) for at least one day in the qualifying week. For this winter, the qualifying week is 16-22 September.

The DWP's estimates for 2024/2025 (see section 3.1 above) assume that the take-up rate for Pension Credit will increase by five percentage points in response to the Winter Fuel Payment changes.⁷⁶

3.3

Changes in Scotland and Northern Ireland

The Chancellor's announcement only extended to the Winter Fuel Payments scheme in England and Wales. Winter Fuel Payments are devolved in Scotland and Northern Ireland.

Scottish Government response

The Scottish Government was to have introduced a new devolved benefit – the Pension Age Winter Heating Payment (PAWHP) – to replace the Winter Fuel Payment, starting from winter 2024/2025 (see section 1.5 above). PAWHP would, at least initially, have been a “like-for-like” replacement for the universal Winter Fuel Payment, payable at the same rates and subject to the same rules.⁷⁷

Following the UK Government's announcement that the Winter Fuel Payment would be restricted to pensioner households in England and Wales receiving means-tested benefits from winter 2024/2025, the Scottish Government said that the resulting funding cut meant it had been left with “no choice” but to follow suit. The UK Government's decision had reduced the block grant adjustment associated with devolving the Winter Fuel Payment to Scotland by an estimated £140-£160 million in 2024/25, nearly 90% of the estimated cost of the PAWHP.⁷⁸

The Scottish Government has postponed the launch of the PAWHP until winter 2025/2026. The DWP will administer a payment equivalent to the Winter Fuel

⁷⁵ DWP press release, [“You could get Pension Credit” – Week of Action to drive take up](#), 1 September 2024

⁷⁶ As above, para 83

⁷⁷ For further information see section 1.5 of this briefing and Scottish Government, [Pension Age Winter Heating Payment \(PAWHP\): consultation response](#), 14 May 2024

⁷⁸ Scottish Government press release, [UK Government decision ends universal fuel payments](#), 14 August 2024

Payment to older people in Scotland for winter 2024/2025, under the same rules as in England and Wales.⁷⁹

The Scottish Government's initial estimate is that about 900,000 people in Scotland will no longer receive the Winter Fuel Payment for winter 2024/2025, based on current Pension Credit take-up rates. It expects up to 130,000 individuals getting Pension Credit and other means-tested benefits will continue to receive the Winter Fuel Payment.⁸⁰

Northern Ireland Executive response

On 30 August, the Northern Ireland Communities Minister, Gordon Lyons, announced that, while he strongly disagreed with the Chancellor's decision to restrict Winter Fuel Payments to people receiving means-tested benefits, equivalent changes would be made to the scheme in Northern Ireland to maintain parity with the rest of the United Kingdom. The Minister said there was "no additional resource available in the budget to allow us to diverge from the UK Government decision without significantly cutting other public services."⁸¹

Mr Lyons noted that the principal of parity meant any deviations from UK policy resulting in additional social security expenditure would normally have to be funded from Northern Ireland's block grant. He said that the estimated additional cost to the block grant of maintaining a universal Winter Fuel Payment in Northern Ireland for winter 2024/2025 was £44.3 million, not including additional delivery or staffing costs.

All Northern Ireland Ministers have signed a letter to the Prime Minister voicing deep concerns about the Winter Fuel Payment changes and urging him to reconsider.⁸²

⁷⁹ Lords Secondary Legislation Scrutiny Committee, [2nd Report of Session 2024-25](#), HL 4, 5 September 2024, para 83

⁸⁰ As above

⁸¹ Northern Ireland Assembly, [Written Statement to the Northern Ireland Assembly by Minister Lyons](#), 30 August 2024

⁸² As above

4

Reactions to the announcement

Some commentators and pressure groups oppose outright the government's decision to end the universal Winter Fuel Payment from winter 2024/25 onwards, highlighting continuing cost of living pressures on pensioners and the forthcoming [increase in the energy price cap](#) from 1 October 2024. Withdrawing the Winter Fuel Payment from most pensioners would, they say, leave many facing a 'heat or eat' choice this winter.

Others question the mechanism the government has chosen to restrict eligibility for the Winter Fuel Payment. Basing eligibility on receipt of means-tested benefits creates a 'cliff edge' where people who just miss out on benefits lose support completely. Pensioners eligible for, but not claiming, Pension Credit, would also lose the Winter Fuel Payment. The DWP estimates that up to 880,000 households eligible for Pension Credit do not claim it.

The government has launched a campaign to encourage more pensioners to claim Pension Credit and secure a Winter Fuel Payment this year, but welfare rights organisations question whether the DWP has sufficient staff to process an increase in claims. They argue that the Winter Fuel Payment changes should be put on hold to allow time to consult on them, and that no changes should be made until Pension Credit take-up rates have increased significantly.

Some commentators argue the government should consider alternative options for reforming the Winter Fuel Payment. Suggestions include limiting payments to households on lower Council Tax bands, making the payment taxable, or only paying it to older pensioners. Alternatives could, however, be complex to administer, and save significantly less than the government's proposal.

The House of Lords Secondary Legislation Scrutiny Committee is "unconvinced" by the government's reasons for the urgency attached to laying the regulations introducing the change. It says the policy is being introduced at a pace that precludes appropriate scrutiny, particularly given that key information is missing from the DWP's explanatory memorandum and the Social Security Advisory Committee (SSAC) was not pre-consulted.

4.1

Age UK petition

A [petition organised by Age UK](#) states that cutting the Winter Fuel Payment at virtually no notice and with no compensatory measures to protect poor and vulnerable pensioners is the wrong policy decision. Age UK believes that as

many as two million pensioners who would struggle with energy bills could lose support. They include:

- Those on low incomes who just miss out on Pension Credit
- Those with high energy needs because of illness or disability, and/or who live in energy inefficient homes which are costly to heat. Age UK estimates 200,000 people fall into this category.
- Around 1 million who would be eligible for Pension Credit but do not claim it.

The Age UK petition is calling on the government to “halt their proposed change to the Winter Fuel Payment and think again.”⁸³

4.2 ‘Cliff edge’ concerns

An analysis by the social policy software and analytics company Policy in Practice estimates that around 130,000 older people who miss out on Pension Credit have incomes less than £500 a year above the threshold for Pension Credit. Taking into account the ‘passport benefits’ they also miss out on – now including the Winter Fuel Payment – Policy in Practice notes that people in this group could be worse off than those with lower incomes who qualify for Pension Credit.⁸⁴

4.3 Mitigating measures

In response to concerns about the potential impact of limiting the Winter Fuel Payment to those on means-tested benefits, some have suggested the government look at alternative approaches to targeting the payments on those most in need, or consider other measures to mitigate the impact of the changes.

The government has announced a further six-month extension of funding for the [Household Support Fund](#), which was due to expire at the end of September 2024.⁸⁵ The Household Support Fund allows local authorities in England to provide support, on a discretionary basis, to people most in need of help towards the cost of essentials.⁸⁶ While local authorities could use the

⁸³ See also Age UK press release, [Age UK responds to the Chancellor’s announcement to means test Winter Fuel Payment](#), 29 July 2024; and Age UK, [Winter Fuel Payment Campaigner Pack \(PDF\)](#), August 2024

⁸⁴ Deven Ghelani, [One million households will miss out due to the Winter Fuel Payment changes](#), Policy in Practice, 4 August 2024

⁸⁵ DWP press release, [Government support extended to help struggling households with bills and essential costs over winter](#), 2 September 2024

⁸⁶ See Commons Library briefing CBP-9616, [Cost of Living Payments: Overview and FAQs](#), section 5

fund to assist pensioners no longer entitled to the Winter Fuel Payment who need help, the fund is intended to help vulnerable people of all ages in need of help, and not just to meet energy bills.

The additional funding for the period to the end of March 2025 totals £500 million, including £79 million for Scotland, Wales, and Northern Ireland. The government is to issue new guidance on how it expects local authorities in England to use the funding.

4.4 Analysis of alternative options

On 4 September 2024, the pensions consultants Lane Clark and Peacock (LCP) published new analysis by Sir Steve Webb, the former Pensions Ministers and now a partner at LCP, assessing alternative options that have been suggested for targeting the Winter Fuel Payment, and comparing them with the government's policy.⁸⁷

The analysis looks at three alternative approaches for the Winter Fuel Payment:

- Paying it only to households in Council Tax bands A-D.⁸⁸
- Paying it only to pensioners aged 80 and over (as “older pensioners are more likely to spend more time at home and spend a higher percentage of their income on fuel”).
- Making Winter Fuel Payments taxable.

For each option, the analysis looks at how many of the estimated 1.9 million pensioners in relative income poverty (defined as living in a household below 60% of the median income for the whole population) would be affected, and at how much the government would save.

Looking at the government's policy of basing entitlement on receipt of means-tested benefits, the analysis found that only 0.3 million of the 1.9 million pensioners in poverty were receiving Pension Credit (and would therefore keep the Winter Fuel Payment). The 1.6 million pensioners in poverty but not receiving Pension Credit includes those eligible for the benefit but not claiming it, as well as those with incomes above the Pension Credit threshold who have housing costs which are not fully covered by the benefits system, which reduces their core income and takes them below the poverty line.

⁸⁷ Lane Clark & Peacock, [What are the Chancellor's options for Winter Fuel Payments?](#), 4 September 2024; see also Lane Clark & Peacock press release, [“5 out of 6 pensioners below the poverty line set to lose Winter Fuel Payments” – Steve Webb, LCP](#), 4 September 2024

⁸⁸ This alternative approach has been suggested by, among others, the personal finance commentator Martin Lewis: see [“Martin Lewis: The Chancellor is restricting Winter Fuel Payment to just those on benefits – that's too narrow a group”](#), MSE News, 29 July 2024

Looking at the other three options, the analysis found:

- Given the strong link between the risk of a pensioner living in poverty and the Council Tax band of their property, **only paying the Winter Fuel Payments to those in bands A-D** protected all but 300,000 of the 1.9 million poorest pensioners, but only saved around £500 million a year (compared with estimated savings of £1.3 or £1.4 billion under the government's option).
- **Limiting the Winter Fuel Payment to pensioners aged 80 or over** yielded similar savings to the government's option, but would mean around 1.3 million pensioners under 80 in poverty would lose out.
- **Taxing Winter Fuel Payments** would raise only a modest amount – around £300 million a year – and would be complex to administer as Winter Fuel Payments are paid per household, while income tax is charged to individuals.

Commenting on the findings, Sir Steve Webb said:

It is ultimately a matter for politicians to decide on the balance between raising revenue and protecting the vulnerable, but it is clear that continuing payments only to those on pension credit will mean large numbers of already low-income pensioners losing out.⁸⁹

4.5

Processing of new Pension Credit claims

The [National Association of Welfare Rights Advisers \(NAWRA\)](#) has written to the Secretary of State for Work and Pensions, Liz Kendall, to voice concerns about delays in processing Pension Credit claims, in light of the Winter Fuel Payment changes and the DWP's planned Pension Credit take-up campaign.⁹⁰

NAWRA highlights that advisers across the UK have for some time been reporting significant problems, with Pension Credit claims sometimes taking many months, or even more than a year, to be processed. NAWRA notes that it had shared with the DWP's Operational Stakeholders Engagement Forum research it had undertaken along with the Greater Manchester Law Centre on the extent of the issue, along with a series of recommendations on reducing delays, reviewing DWP staffing levels and staff training. Despite this, NAWRA said it had "not seen evidence of any improvement or of the recommendations being put in place."

While welcoming the government's plans to encourage more Pension Credit claims, NAWRA has "strong reservations" about the DWP's capacity to

⁸⁹ Lane Clark & Peacock press release, "[5 out of 6 pensioners below the poverty line set to lose Winter Fuel Payments](#)" – [Steve Webb, LCP](#), 4 September 2024

⁹⁰ NAWRA, [Letter to Secretary of State calling for winter fuel payment changes to be put on hold until there is a 95% take-up rate for pension credit](#), 22 August 2024

manage the influx of claims a take-up campaign might generate. NAWRA is recommending “in the strongest terms” that the DWP ensure sufficient staffing resources are in place to reflect the estimated increase in claims, that staff are properly trained, that claims taking longer than six weeks are escalated to a specialist team, and that there is “full transparency” about the Department’s performance.

NAWRA also says that given the current level of delays and uncertainty about resources, the government should put on hold the Winter Fuel Payment changes until there has been an opportunity to consult on them, and until the take-up rate for Pension Credit is above 95%.

4.6

Lords Secondary Legislation Scrutiny Committee report

On 5 September 2024, the House of Lords Secondary Legislation Scrutiny Committee published a report drawing the regulations which introduce the Winter Fuel Payment changes to the “special attention” of the House.^{91,92}

The committee says it found the DWP’s explanatory memorandum on the regulations “lacking in information” about the expected impact of the policy change. Supplementary material provided by the DWP to the committee stated that an estimated 1.5 million individuals in 1.3 million households would now be eligible for the Winter Fuel payment, down from 10.8 million individuals in 7.6 million households who received it in winter 2023/2024.

The committee said it was “unconvinced” by the reasons given by the department for the urgency in laying the regulations, and was particularly concerned that this both precluded appropriate scrutiny and created issues with the practicalities of bringing in the change at short notice.

The committee’s report further notes:

- While the explanatory memorandum states the aim of the policy is to retain support for pensioner households on the lowest incomes, the group of pensioner households on low incomes is potentially far larger than just those claiming benefits. The committee is concerned about potential inequalities between low income pensioners claiming benefits

⁹¹ [Secondary Legislation Scrutiny Committee 2nd Report of Session 2024–25](#), HL 4 2024-25

⁹² The Committee considers the policy effects of secondary legislation to determine whether a measure should be drawn to the “special attention” of the House of Lords. This could be, for example, because a measure is politically or legally important or gives rise to issues of public policy likely to be of interest, there are doubts about whether it achieves its policy objectives, explanatory material provided by a government department is inadequate, or consultation on the measure may have been inadequate.

and low income pensioners not claiming benefits, and it is not clear whether the DWP has assessed this risk.

- While welcoming measures to encourage take-up of Pension Credit, the House of Lords may wish to ask the Minister what the cost (including administrative costs) is expected to be of the increase in the take-up rate (estimated by the department to be an additional 5%).
- Given reported delays in processing Pension Credit claims, the House of Lords may wish to ask the Minister whether the timetable for the changes will provide claimants with sufficient reassurance that their Winter Fuel Payment will be paid, so they feel confident to put their heating on when needed.
- The House may wish to ask the Minister whether the government has taken into account the “double hit” for pensioners resulting from the increase in the energy price cap from 1 October 2024, alongside the changes to Winter Fuel Payment eligibility.
- The committee notes that the regulations were laid during Parliament’s summer recess. It also notes that while any report produced on the regulations by the Social Security Advisory Committee (SSAC) will be published along with the government’s response, the government’s decision to invoke urgency provisions means SSAC’s consideration if the regulations will be retrospective. The committee concludes that “the policy seems to be being introduced at a pace that does not permit appropriate scrutiny, particularly given that key information is missing from the [DWP explanatory memorandum] and the SSAC has not been preconsulted.”

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