

Consultation on Pension Age Winter Heating Payment (PAWHP)

October 2023

Ministerial Foreword



I am pleased to be launching this consultation on Pension Age Winter Heating Payment.

This seeks your views on our proposed new Scottish benefit to replace the UK Government's current Winter Fuel Payment scheme in winter 2024/25.

Pension Age Winter Heating Payment will seek to safely and securely transfer responsibility for the delivery of Winter Fuel Payment to the Scottish Government, ensuring that over a million pensioners currently eligible for Winter Fuel Payment continue to receive this support. This will be an investment of around £180 million in 2024/25 to help older people with the costs of heating their homes throughout the winter.

Working with individuals and organisations with experience of the benefits system is central to our approach to developing the devolved social security system in Scotland. We are now looking for your views through this consultation to finalise our policy on this benefit. I encourage you to respond to the consultation, and thank you in advance for taking the time to give us your views.

SHIRLEY-ANNE SOMERVILLE
Cabinet Secretary for Social Justice

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Section 1 – Background

1.1 Policy Development

In July 2016 the Scottish Government launched a public consultation to inform the content of the Social Security (Scotland) Act 2018.

The consultation set out a vision and key principles for social security in Scotland. The consultation was in three parts, covering:

- A Principled Approach;
- The Devolved Benefits; and
- Operational Policy.

Some of the themes highlighted by respondents on winter heating benefits included:

- In general respondents supported a broad continuation of the current eligibility criteria.
- Whether the delivery of Winter Fuel Payment (WFP) could be improved, particularly for households in remote rural and island communities that are not on the gas grid.
- Whether the way that cold weather events are identified could be improved, for example by considering whether the number of weather mapping points should be increased or if the effects of wind chill could be better recognised.

The Scottish Government have since introduced Child Winter Heating Payment (CWHP, previously known Child Winter Heating Assistance) in winter 2020 and Winter Heating Payment (WHP), which replaced the UK Government's Cold Weather Payment (CWP) in February 2023.

This consultation aims to build on the views in relation to WFP focusing specifically on the introduction of our Pension Age Winter Heating Payment (PAWHP), which will replace WFP in Scotland in winter 2024.

The Scottish Government believes that understanding and learning from the experiences of individuals and organisations that come into contact with the current benefits system is vital to help us develop PAWHP with dignity, fairness and respect.

The Scottish Government set up the innovative Social Security Experience Panels in 2017. Over 2,400 people who have recent experience of receiving at least one of the benefits devolved to Scotland registered to take part in the Experience Panels when they were launched. These people are instrumental in shaping the policy and design of winter heating benefits in Scotland, providing input to our research, through their views and opinions, which will inform our processes from end to end. The Experience Panels research on winter heating benefits was undertaken between February and March 2020 and covered the following areas:

- Experiences and understanding of the existing WFP and CWP
- Accessing support and information on heating your home
- How WFP and CWP could be improved

- The impact of individual circumstances such as energy/connection type
- Communications about WFP and CWP

The full report can be found on the Scottish Government website at:

[Social Security experience panels: cold spell and winter fuel payment – report - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultation-papers/cold-spell-and-winter-fuel-payment-report/)

We also set up and met with the Winter Heating Benefits Reference Group which was established in October 2020. The group has contributed ideas and views on our approach to devolving winter heating benefits to Scotland. They have helped gather evidence, bringing a variety of informed perspectives and providing feedback on proposals, including:

- Recipients will have a positive experience of Scotland's social security system
- Clear eligibility rules that are easily understood
- Benefits are paid automatically to those who are eligible within agreed timescales

Building on our work with Experience Panels we are now keen to gather further views of people with a working knowledge of social security, including WFP. The Scottish Commission on Social Security (SCoSS) has been established and will scrutinise the PAWHP regulations which will be drafted with consideration to feedback from this consultation.

1.2 Legislative Powers

The Scotland Act 2016 devolved certain powers over social security to Scottish Ministers, which included powers to create new benefits.

Following the Scotland Act 2016, the Social Security (Scotland) Act 2018 created the legal framework under which social security assistance will be given to people by the Scottish Government, which includes new winter heating benefits. Section 30 of the Social Security (Scotland) Act 2018 authorises the Scottish Ministers to make provision by way of regulations for assistance to help an individual to meet, or help towards meeting, the individual's heating costs during the winter months. This provides Scottish Ministers with the opportunity to take responsibility for WFP and ensure dignity and respect is at the core to its approach.

As we have been developing the law that will underpin how Social Security will be delivered in Scotland, we provided a series of position papers to the Scottish Parliament's Social Security Committee setting out current policy thinking on key matters, including winter heating benefits. The *Cold Spell and Winter Heating Assistance: policy position paper*, published on 28th February 2019, outlined the commitment of the Scottish Government to replace WFP with 'Winter Heating Assistance', now known as 'PAWHP'. The commitment included that:

- no-one will lose out when the Scottish Government takes responsibility for PAWHP
- there are no plans to change the current eligibility criteria
- there are no plans to change the amount paid
- we will not means test or tax the payment

Therefore, our intention had been to introduce our replacement for WFP in winter 2021. This work was paused due to COVID-19 and the priority of introducing the Scottish Child Payment (SCP).

Following a period of review Scottish Ministers considered the best approach for delivery. Consideration was given at this time on alternative approaches to delivery, including:

- a flat rate payment
- an application-based scheme
- a move away from a universal scheme, with more specific targeting on fuel poor pensioners and on others experiencing fuel poverty
- using the funding towards increasing the value of the Warm Home Discounts scheme

Scottish Ministers have been consistent in committing to a safe and secure transfer of this benefit, following launch of WHP in February 2023.

PAWHP will form part of a suite of winter heating benefits delivered by Social Security Scotland. A brand new benefit, CWHP, which extended eligibility for WFPs to help mitigate the additional heating costs that the households of the most severely disabled children and young people face in the winter months, has already been introduced in 2020. WHP, which replaced CWPs in Scotland, launched in February 2023 with a guaranteed payment each winter, targeting low income households who have additional need for heat, including households with young children, disabled people and older people, providing stable, reliable support every winter.

The Scottish Government is focussed on delivering PAWHP safely and securely and ensuring pensioners continue to receive this vital support each winter, whilst considering potential improvements that could be implemented before or after the launch in 2024.

1.3 Key Considerations

There are practical delivery and affordability considerations that will have to be appropriately considered when developing PAWHP. These include:

Affordability

The Scottish Government's primary consideration is always about providing the right level of financial support to those who are entitled to it. However, it is also important to consider to what extent changes might result in increased spending.

The Scottish Government will receive funding from the UK Government through the Block Grant Adjustment (BGA) and it is expected this will cover the benefit expenditure for PAWHP on the basis of a like-for-like delivery. The delivery is therefore subject to continued availability of resources. If we were to make further changes, which mean either that more people will receive PAWHP or higher payments, then any resulting increase in expenditure would need to be met from the largely fixed Scottish Budget. Alternatively, if the UK Government reduced WFP

eligibility, this would result in a lower BGA transfer and a consequent pressure for the Scottish Government. The Scottish Government's ability to make significant changes to the eligibility criteria must be balanced against the potential costs and challenging economic situation. Whilst the Scottish Government has some limited powers over social security and taxation, we must carefully balance priorities for spending within the context of our largely fixed budget.

Achieving value for money is a key consideration in our policy development process. It is enshrined as a principle within the Social Security (Scotland) Act 2018 and further defined in our Charter¹. As we continue to balance the Scottish budget, challenging decisions will need to be made regarding any new policy suggestions, ensuring that any new changes are affordable and deliver value for money for the public purse.

Social security budgets are demand-led and, once we have agreed who is entitled to a particular benefit, we will pay any eligible person who applies. Any changes that will increase future benefit spending will mean the Scottish Government would need to find the money for those changes. We will need to decide how affordable and sustainable any changes are as part of our wider budget setting process.

Deliverability

We are working to an 18 month technical and organisational development and delivery plan, to ensure the correct amount of support is paid to eligible clients. Potentially very small changes to any of our benefits can have a significant impact in areas of service delivery. Making more significant changes could take longer to implement, depending upon the scale and complexity of those changes. This is particularly significant with PAWHP as it will be introducing the largest caseload, of around 1 million clients, to Social Security Scotland since the launch of the agency. Taken together, complex issues regarding affordability and deliverability will be taken into consideration when developing the policy.

¹ [Social Security Scotland - Our Charter](#)

Section 2 – About the Consultation

2.1 What are we consulting about?

This document sets out the Scottish Government's proposed policy approach.

The Scottish Government has committed to replacing WFP with PAWHP on a like-for-like basis. Given the significant number of clients who will be transferred to Social Security Scotland with this benefit and the need to ensure a safe and secure transition, the focus of this consultation is around gathering evidence on people's views of the current benefit and considering how we could improve the system already in place.

We are therefore consulting on the policy intention behind the delivery of PAWHP, building on the broader consultation on the Social Security Bill in 2016 which asked respondents for their views on WFP and CWP. This consultation aims to provide an overview of the payments aim, its key eligibility criteria and format. It will lay out how we intend to deliver this new benefit through Social Security Scotland to provide assistance to individuals to help towards meeting heating costs in winter. We also want to identify any unintended consequences of our proposals.

This consultation asks questions on whether the policy intent set out in the Scottish approach to replacing WFP will best meet the needs of those it is intended to help.

We would like to gather views to ensure we have identified the impacts this policy will have, and provide the opportunity to make improvements to the benefit going forward.

2.2 Who might be affected by the approach proposed within the consultation document?

Any individual living in Scotland, or any individual living abroad (who remains covered by European social security agreements and has a genuine and sufficient link to Scotland) who receives a WFP during the winter from DWP, or anyone approaching state pension age will be affected by the approach set out in this consultation document.

Welfare rights agencies, fuel poverty organisations, local authorities and rights organisations may also want to consider the impact of the proposed policy intent both on their organisations as well as on any client groups they support.

2.3 Who do we want to hear from?

We would like to gather views from a range of organisations and individuals, in particular those individuals currently receiving WFP, or people approaching state pension age.

We are also taking this chance to collect additional evidence to inform our impact assessments on the introduction of PAWHP, this will include the impact on different

groups as well as businesses. There is an opportunity to feed into these in SECTION 6 of this consultation and we would welcome your views.

2.4 How will my views inform the policy?

Responses to the consultation will be analysed and, taking this evidence into account, policy decisions will be made. The final policy will be set out in draft regulations which will be scrutinised by the Scottish Commission on Social Security (SCoSS) before they are laid in the Scottish Parliament. These will have to be approved by the Parliament before delivery can take place.

We will also continue to develop and design the business processes which will allow citizens to access and receive PAWHP. This work will include developing the communications that clients receive about their payments. We want to test and evolve designs with stakeholders and members of the public who have experience of the current DWP system to ensure it is as user-friendly as possible.

2.5 What comments are requested and by when?

We are inviting responses to this consultation paper by 15 January 2024.

To submit your response online please visit our consultation website at <https://consult.gov.scot/social-security/pension-age-winter-heating-payment>

If you would prefer, you can email your response to our email address; WinterBenefitsPolicy@gov.scot or send to:

Social Security Policy Division
Welfare Fund and Winter Benefits Policy Unit
150 Broomielaw
5 Atlantic Quay
Glasgow
G2 8LU

Section 3 – Policy Objectives of Pension Age Winter Heating Payment

The Scottish Government intends to deliver a like-for-like benefit, which means continuing eligibility for all those who have previously been eligible for a WFP. The main objective of PAWHP is to provide all older people with additional money during winter which will allow them to heat their homes for longer, helping to tackle fuel poverty. Older people are targeted because they may be particularly vulnerable to the effects of cold weather during the winter months² and are more likely to be on fixed incomes.

Ensuring financial security in older age was a key priority identified in [‘A Fairer Scotland for Older People: framework for action’](#) published by the Scottish Government in 2019. This strategy affirmed that whilst remaining in paid employment for longer will clearly support this aspiration, for many older people, financial security depends on ongoing access to pension funds (both state and private) and a range of other financial benefits and measures. As such, tackling pensioner poverty in the short term will primarily be the result of action to tackle costs of living and to maximise incomes from social security and benefits in kind.

PAWHP will form part of a suite of winter benefits which includes CWHP, which provides additional support to households of the most severely disabled children and young people, and WHP which is targeted at low income households, including people of pension age who are in receipt of Pension Credit.

The Scottish Government are taking a number of actions to support older people.

Local government have been provided in excess of £350m in 2023-24 to deliver the Council Tax Reduction (CTR) Scheme, ensuring over 450,000 households receive some level of Council Tax Reduction and on average recipients save over £750 a year. Data shows that 165,820 CTR recipients were aged 65 and over as of March 2022, with the entitlement of 89,250 of these recipients passported by Pension Credit Guarantee Credit. Older People also receive free bus travel, Pension Age Disability Payment is set to pilot in Autumn 2024, ahead of national rollout in 2025, and can also benefit from wider energy efficiency and retrofit schemes such as those laid out below:

Area Based Schemes

Our Area Based Schemes (ABS) have helped over 108,000 fuel poor households to benefit from warmer homes that are less expensive to heat since 2013. Local ABS schemes are designed and delivered by local councils, in conjunction with utility companies and local delivery partners. Local schemes target communities facing high levels of fuel poverty to provide energy efficiency measures to a large number of Scottish households.

² [Winter Mortality in Scotland 2020/21: Report \(nrscotland.gov.uk\)](#)

The Scottish Government is maintaining our investment of £64 million in ABS this year. ABS funding allows local delivery partners to offer energy efficiency measures at no cost or a reduced cost to owner occupiers and private landlords with no more than 3 properties (grant-in-kind). Typically, this includes insulation (fabric first) but since 2021 the ABS programme has been extended to include heating, microgeneration and battery storage.

Warmer Homes Scotland

The Warmer Homes Scotland programme offers funding and support to households struggling to stay warm and keep on top of energy bills. It is designed to help people make their homes warmer and more comfortable by installing a range of energy saving improvements. The primary objectives of the Warmer Homes Scotland programme are to support households in, or at risk of, fuel poverty through the heat transition and to remove poor energy efficiency as a driver of fuel poverty for these households.

The programme was refreshed and re-launched in October 2023 to significantly expand on the offer available with a greater focus on deep, whole-house retrofit and zero direct emissions heating where this is not detrimental to fuel poverty objectives.

Home Energy Scotland Grant and Loan Scheme

The Home Energy Scotland Grant and Loan Scheme offers homeowners in Scotland a grant, interest free loan or combination of both to support the installation of zero emissions heating and energy efficiency measures.

For zero emission heating measures, grant funding of up to £7,500 is available, with an additional £7,500 of funding available as an interest free loan.

For energy efficiency measures, grant funding of up to 75% of the combined costs of measures up to a maximum £7,500 is available, with an additional £7,500 of funding available as an interest free loan.

There is a rural uplift of £1,500 for both the zero emission heating and energy efficiency grants for rural and island homes, meaning rural households can claim up to £18,000 in grant funding.

Fuel Insecurity Fund

We have invested £30 million in our Fuel Insecurity Fund for 2023/24 which can provide support to anyone at risk of self-disconnection, or self-rationing their energy use. Eligibility does not depend upon receipt of benefits, or income thresholds, allowing our delivery partners the flexibility and discretion to provide support on the basis of an holistic assessment of people's needs.

Support is primarily provided to people either as fuel vouchers, or via direct payments to their energy suppliers. Assistance can be provided regardless of what kind of tariff a household is on, or what type of fuel they use for their heating. This is particularly important because we know that many consumers in remote and island areas of

Scotland live off the gas grid and rely upon heating oil, or other kinds of solid and liquid fuels, which have increased substantially in price. Delivery partners can assist not only with purchase costs for these types of fuel, but can also help with arranging deliveries to remote locations.

Section 4 – Proposals for Pension Age Winter Heating Payment

4.1 Pension Age Winter Heating Payment – Overview

Under PAWHP, everyone in Scotland who would currently be eligible to receive WFP would continue to receive the same level of support but will be transitioned to PAWHP, paid by Social Security Scotland. Our intention is that this payment will continue to be non-means tested and tax free. The universal entitlement to, and automatic payment of WFPs means that take-up is very high, with 96% of the eligible population receiving a WFP in 2021/22, and means that it is received by those pensioners on very low incomes who do not claim their entitlement to Pension Credit.

This will provide universal support to pension age people to help them keep their homes warmer throughout the winter. Evidence has shown that living in a cold home can have a negative impact on health, emotional wellbeing and resilience. The PAWHP will not solely be a fuel poverty measure but continues to provide reassurance to older people that they can afford to keep warm in the winter months when heating bills are higher. This is particularly important given the significant increase in cost of living.

In addition to the targeted support for fuel for older households, this also provides a mechanism for any additional financial support that may be required. The UK Government have used the WFP mechanism throughout the Covid-19 pandemic, for example, to provide additional ‘cost of living’ payments, providing a financial boost to older households who have less ability to earn to cover the increased costs.

Based on estimations of eligible claimants, PAWHP will be an investment of around £180 million in the first year (2024/25), providing support to over 1 million eligible people.

During the consultation on Low Income Winter Heating Assistance (LIWHA, now WHP), we considered the naming of the winter benefits and asked for respondent’s views. In our [response to the consultation analysis](#) we committed to undertaking further testing of potential names prior to the launch. This concluded in the change in name to ‘Winter Heating Payment’, as people felt it was clearer what type of support was available when ‘payment’ was used in comparison to ‘assistance’. We now plan to align the name of the winter heating benefits and intend to call this new benefit ‘Pension Age Winter Heating Payment’, as we think it will help people identify the purpose of the payment and who it is aimed at.

Question 1a. Do you agree or disagree with the proposal to replace Winter Fuel Payment with a ‘like-for-like’ replacement? (Agree/Disagree/Don’t know)

Question 1b. Please provide further information on why you agree or disagree

Question 2a. Do you agree or disagree that this approach is an effective way for the Scottish Government to provide financial support for older people? (Agree/Disagree/Don’t know)

Question 2b. Please provide further information on why you agree or disagree

Question 2c. Do you have any further comment on the potential longer term development of this benefit in order to provide the most effective support?

Question 3a. Do you agree or disagree with the proposal to name the replacement for Winter Fuel Payment in Scotland 'Pension Age Winter Heating Payment' (PAWHP)? (Agree/Disagree/Don't know)

Question 3b. Please provide further information on why you agree or disagree

4.2 Timing of Payment

We understand the importance for clients in receiving money towards energy costs earlier in the winter, allowing them to budget accordingly. For households that are off-gas grid or whose energy is supplied via a prepayment meter it is also important that they receive the payment earlier in the winter to support paying for the fuel in advance.

WFP is currently paid automatically to eligible recipients during November or December, making payments into individuals' bank accounts just before the coldest winter weather is likely.

Scottish Ministers had previously committed to considering how we could improve PAWHP for people who are off-gas grid. A [recent Scottish Government report](#) also indicates that approximately 100,000 off-gas-grid households were considered to be in fuel poverty in 2019, representing a fuel poverty rate of 34%, above the national rate of 24.6%. This is likely to have risen with rising costs. The vast majority (250,000 out of 280,000) of off-gas-grid households live in island or rural communities and use fuel such as oil, gas canisters or solid fuels. The recent cost increases in heating oil prices are likely to see more households fall into fuel poverty. During our [consultation on LIWHA](#) (now WHP), we heard that people paying for fuel in advance found it was helpful to receive a payment earlier in the winter as fuel costs can increase as demand increases during the colder winter months.

We have considered the current evidence available, including research that is available in the [House of Commons library](#) based on WFP delivery. Making advance payments potentially requires moving the qualifying week to earlier in the year for all recipients or for a sub-set of recipients who meet defined criteria for an earlier payment. Early payment to all recipients would effectively define a new qualifying week for eligibility, which would need to be earlier than it currently is which breaks the link with the intention of the support being delivered in winter. Automatic payment to off-grid households as a sub-set of recipients would be dependent upon a mechanism being available to identify affected claimants. This is not considered practicable due to the difficulty in identifying whether an individual is living in an off-grid property. Alternatively, an application based delivery for off-gas grid recipients could be developed. However, the cost of publicising the scheme, processing applications and verifying eligibility would entail additional costs.

At the current time, we have some evidence that this particular group of clients may find earlier payments helpful. However, (a) it's not clear how many of them would find it helpful, (b) it'd be costly to cater to them only, and (c) making changes for

everyone because it would (possibly) benefit a small number of people may not be sensible. We propose sticking with the current approach, making payments in November or December, but would welcome more evidence on the subject.

Question 4a. Do you agree or disagree with the proposal to continue making payments to clients in November or December each year? (Agree/Disagree/Don't know)

Question 4b. Please provide further information on why you agree or disagree

Question 5. How could we improve delivery for households in remote rural and island communities that are not on the gas grid?

4.3 Eligibility and value of payment

Eligibility for WFP is linked to the individuals age (reaching state pension age) and their circumstances during the qualifying week. This is a universal payment and Scottish Ministers have committed to not means testing or taxing it when we take responsibility and deliver PAWHP.

Schedule 4 of the Social Security (Scotland) Act 2018 limits means-testing of winter heating assistance, unless entitlement is based on receipt or underlying eligibility to receive another type of assistance.

For delivery of PAWHP we rely on DWP to provide the data required to identify eligible clients. This is drawn from a number of different DWP technical systems. Making significant changes to the qualifying criteria would increase the technical complexity of identifying clients and therefore impact on the delivery timetable we have set out. Agreement with DWP would be needed for them to undertake the necessary development work and this would also create a risk that clients are not paid correctly or on time.

We do not intend to make changes to the eligibility criteria that establishes entitlement to PAWHP. Therefore, those clients who are currently eligible for WFP due to reaching state pension age will automatically be eligible for a PAWHP payment. This will ensure that older people continue to receive support with minimal disruption.

Residency

Most people eligible for PAWHP will be resident in Scotland. When WFP was introduced it was not originally payable to people resident abroad. However, following discussions between the UK Government and the European Commission (EC), it was decided in 2002 that it came within the scope of EC regulations on the co-ordination of social security systems and was therefore "exportable" within the European Economic Area (EEA) and Switzerland. This meant that people who qualified for the WFP could continue to receive it if they moved to another EEA country or Switzerland. In order to make this support more targeted, work was undertaken to limit this to people residing in countries with colder or similar climates to the UK and from 2015-16 WFP was no longer payable to individuals living in

countries with an average winter temperature higher than the warmest region of the UK (the south west of England).

For PAWHP we intend to reflect the same residency criteria which will mean if someone falls into scope of the UK-EU Withdrawal Agreement, has a genuine and sufficient link to Scotland, and hasn't been claiming WFP previously, they may still be eligible for a PAWHP.

Value of Payment

The amount you will get paid depends on your household circumstances. The payment rates are £100, £150, £200 or £300 for individuals, resulting in a typical household of two generally receiving £200 or £300 in total. Keeping the same eligibility criteria, but introducing a flat rate of payment, would simplify the process and the technical solution.

In order to ensure that no one is worse off the flat-rate payment would need to be £300, which would have a significant impact on the budget and would be unaffordable at this time. An alternative flat rate of £200 was considered which would also increase the budget but would likely have a detrimental effect on those aged over 80 who were living alone or with no-one else over the state pension age. Given the increased vulnerability of those over the age of 80 we would not consider this as an appropriate alternative.

We therefore intend to maintain the current values of payments. That means, generally, that a typical household where the oldest person is under 80 will receive £200 and a household containing a person aged 80 or over will receive £300. The exception to this is where someone is in residential care.

Table 1: eligibility criteria for different value of payments

Circumstance	Aged 66–79	Aged 80+
You qualify and live alone (or live with someone who does not qualify for PAWHP).	£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 residential care and you do not receive certain benefits (e.g. Pension Credit).	£100	£150
You qualify, live in residential care and you do receive certain benefits (e.g. Pension Credit).	£0	£0

Residential Care

As illustrated in the table above, people who are living in residential care during the qualifying week, and the period of 12 weeks immediately before the qualifying week, do not qualify for the 'full' rate of WFP.

People in residential care who are not in receipt of specific benefits listed in the table are entitled to a WFP of either £100 if they are aged 66 to 79 or £150 if they are

aged 80 or over. This is because they share the accommodation with other people who are also entitled to the payment and are responsible for a share of the heating costs.

Those who are living in residential care and receiving one of the specific benefits receive no payment. This is because historically people living in a care home and in receipt of an income-related benefit have received public funding for their care and accommodation costs including heating through funding from the local authority. As this is still the case for the vast majority of people receiving Pension Credit, the WFP is not payable.

Other exclusions

Other exclusions apply for WFP which we intend to reflect for PAWHP and would result in no award. That includes if the individual has been in hospital for more than a year or are in prison throughout the qualifying week. Similarly to those in residential care, public funding will cover the costs of heating the accommodation and therefore no additional support is required.

Financial Implications

In winter 2021/22 there were over 973,000 payments made to WFP recipients in Scotland totalling more than £171 million. On the basis of delivering a like-for-like benefit the benefit expenditure for PAWHP will be covered by the Block Grant Adjustment. Any changes in value that would lead to increased benefit expenditure would need to be found from within the fixed Scottish Budget. Given the significant pressures on public finances, and the significant amount of money required to provide any increase to all eligible recipients, this limits scope for additional increases to the value.

Table 2: expenditure and caseload for WFP from 2019/20 – 2021/22 broken down by payment value

		2019/2020	2020/2021	2021/2022
Caseload (ind)	£100	380,000	359,858	368,683
	£150	68,000	64,802	68,394
	£200	376,000	372,478	375,742
	£300	160,000	161,674	160,783
	Total	980,000	958,812	973,602
Expenditure (£m)	£100	£38	£36	£37
	£150	£10	£10	£10
	£200	£75	£74	£75
	£300	£48	£49	£48
	Total	£171	£169	£171

Table 3: Forecast caseload and expenditure from delivery in winter 2024/25 to 2028/29

Year	2024-25	2025-26	2026-27	2027-28	2028-29
Payments, Thousand people receiving PAWHP	1,039	1,064	1,074	1,066	1,082
Forecast spending for Pension Age Winter Heating Payment (£ million)	180	184	186	185	188

Question 6a. Do you agree or disagree that our approach to identifying eligibility should be based on reaching state pension age? (Agree/Disagree/Don't know)

Question 6b. Please provide further information on why you agree or disagree

Question 7a. Do you agree or disagree that the eligibility criteria for the PAWHP are clear? (Agree/Disagree/Don't know)

Question 7b. Please provide further information on why you agree or disagree

Question 8a. Do you agree or disagree with the proposal to retain the current value of payments? (Agree/Disagree/Don't know)

Question 8b. Please provide further information on why you agree or disagree)

Question 9a. Do you agree or disagree that people in residential care who do not receive the income-related benefits listed should receive half of the 'full' rate of PAWHP? (Agree/Disagree/Don't know)

Question 9b. Do you agree or disagree that people in residential care who receive one of the income-related benefits listed should not receive PAWHP? (Agree/Disagree/Don't know)

Question 9c. Please provide further information on why you agree or disagree

4.4 Receiving the Payment

Our intention for PAWHP is to continue to pay clients automatically on an annual basis. This would take the form of a cash payment, as is the case now with individual WFPs. Currently eligible clients for WFP are identified and paid through the system which processes their State Pension or other benefits.

The majority of respondents to our Experience Panels survey on winter heating benefits reported positive experiences, and some respondents particularly appreciated that payments were made automatically into their account. For the vast majority of people there is no need to apply and payments are made automatically into a client's bank account.

Generally, any eligible person in receipt of a DWP-administered benefit, including their state pension, or who has previously received a WFP, will automatically receive a WFP with no requirement to claim. An individual will need to claim:

- if they are not in receipt of a DWP-administered benefit (including their State Pension) and has not received a WFP before or has deferred their State Pension since their last WFP.
- if they live abroad, even if they do get a DWP-administered benefit.
- if they're a mixed aged couple in receipt of Universal Credit.

We intend for applications for each winter to open on the Monday of the qualifying week and to close on 31 March. This would allow applications throughout the winter that the payment is intended to provide support with.

Opting-out

WFP is a universal payment for older age people and we know there will be some people who may not require additional support during the winter due to their level of income. DWP currently provide an option to opt-out of receiving WFP if the eligible person does not wish to receive it or alternatively suggest people can donate it to a charity of their choice. We intend to mirror that approach for PAWHP, and provide the opportunity to opt-out of the payment ahead of the winter period. The person would continue to be 'opted out' unless they advised Social Security Scotland that they wanted their payment to resume. This means that pensioners who do not feel they require additional support, because they have a high level of income for example, can choose not to receive it.

Question 10a. Do you agree or disagree with the proposal for PAWHP to be given to clients in the form of a cash payment and not another form?
(Agree/Disagree/Don't know)

Question 10b. Please provide further information on why you agree or disagree

Question 11a. Do you agree or disagree with the proposal to pay PAWHP as an annual one-off payment each winter? (Agree/Disagree/Don't know)

Question 11b. Please provide further information on why you agree or disagree

Question 12a. Do you agree or disagree with the proposals for providing a way for people to opt-out of receiving PAWHP?' (Agree/Disagree/Don't know)

Question 12b. Please provide further information on why you agree or disagree

4.5 Qualifying Week

Eligible clients are identified and paid automatically if they meet the qualifying criteria during the qualifying week. We understand that a preference for a later qualifying week would reduce the number of people who 'miss out' on the payment in their first winter due to not meeting the age criteria.

However, it is important that we maintain the qualifying week in September as this allows DWP to identify and provide Social Security Scotland with data on eligible clients and for Social Security Scotland to then determine the correct rate of payment for each person. This enables clients to be identified before the beginning of the winter period, ensuring that they are notified early and paid in early winter. The work involved and the scale of the task means that late September is the latest possible date for establishing entitlement in order to make payments in time.

Setting the 'qualifying week' for the week beginning with the third Monday in September of any given year is also consistent with the approach for CWHHP.

Question 13a. Do you agree or disagree with the proposal to continue having the 'qualifying week' in September to identify eligible clients? (Agree/Disagree/Don't know)

Question 13b. Please provide further information on why you agree or disagree

Question 13c. If you disagreed, please provide a preference for when you think the qualifying week for PAWHP should be

Section 5 – Request for a Re-determination and Appeals

The Social Security Act (Scotland) 2018 provides a right for an individual to challenge a decision made by Social Security Scotland if they believe it is not right. The individual will be able to ask for a re-determination without having to supply further supporting information, but Social Security Scotland will take into consideration any new information provided that is in relation to the qualifying week.

The focus of the re-determinations approach is on getting the decision right, to have clearly published procedures and timescales for challenging decisions, with meaningful redress, and to have processes in place for Social Security Scotland to put things right quickly where there has been an error.

Unlike the DWP's Mandatory Reconsideration process that only examines whether the original decision was right or not, Social Security Scotland will put aside the original determination and a different, independent officer will undertake the full process of making a new determination, which will replace the earlier determination completely. A person is not required to provide further supporting information as part of a re-determination, but any new information will be considered should the person choose to do so. If the individual is dissatisfied with the re-determination outcome, or if it has not been completed within the prescribed timescales, then the individual can exercise their right to appeal to the First-tier Tribunal for Scotland (Social Security Chamber).

We have designed a re-determination and appeals process which is informed by lived experience, including their previous experience of the current, DWP process. The Scottish Government has worked closely with Scottish Courts and Tribunal Service in co-designing the appeals process to ensure the individual is at the centre of the process.

Timescales for the re-determination process

Section 41 (4) of the 2018 Act includes provision to set out the timescales for requesting a re-determination in regulations. In line with the approach taken for Best Start Grant, Funeral Support Payment and WHP, we are proposing that a re-determination request relating to PAWHP should be made within 31 calendar days of being notified of the determination. This timescale is the same as the timescale for bringing an appeal to the First-tier Tribunal.

If a request is not made within the 31 days allowed, a request for a re-determination can still be considered at any point up to a year after being notified of the original determination, if there is a good reason for the request being made late. In the first instance the Agency will decide whether the reason provided is acceptable. Social Security Scotland will take a supportive role during this late request process and will assess every request individually, on a case-by-case basis. If the request for a late re-determination is refused, the individual will have a right of appeal against this decision to the First-tier Tribunal.

Making a determination on entitlement for PAWHP will be heavily reliant on DWP data, which can increase the time it takes to gather the relevant information to make a re-determination. Given the significant caseload numbers, it is anticipated there may be higher numbers of re-determinations than experienced with WHP. Whilst Social Security Scotland will aim to process re-determination requests as quickly as possible, it is important to ensure that re-determinations timescales are achievable. We propose that, on validation of a request for a re-determination of entitlement to PAWHP, Social Security Scotland should have 56 calendar days, beginning with the day Social Security Scotland validates the request, to make the fresh determination. This period is to be counted from the next working day after Social Security Scotland receives a re-determination request in the format required by the Agency. If there is a failure to make the re-determination within the 56 day period, the individual will be informed that they have a right to appeal to the First-tier Tribunal against the original determination.

Question 14a. Do you agree or disagree with the proposal that clients have 31 days to request a re-determination? (Agree/Disagree/Don't know)

Question 14b. Please provide further information on why you agree or disagree

Question 15a. We have proposed that Social Security Scotland have a period of 56 working days to consider a re-determination of PAWHP. Do you agree or disagree with this proposal? (Agree/Disagree/Don't know)

Question 15b. Please provide further information on why you agree or disagree

Question 16. Can you identify any potential unintended consequences which we have not considered in these proposals?

Section 6 – Impact Assessments

As we have been assessing options for the policy we have been gathering evidence and developing our Impact Assessments for the introduction of PAWHP.

We would therefore like to use this consultation process to explore the possible impacts of this policy and give you the opportunity to feed into the evidence gathering and development of the following Impact Assessments:

6.1 Draft Equality Impact Assessment

An Equality Impact Assessment involves assessing the impact of a new or revised policies, practices or services against the requirements of the public sector equality duty. The duty requires all Scottish Public authorities to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations. It covers people in respect of all aspects of equality. It helps to ensure the needs of people are taken into account during the development and implementation of a new policy or service or when a change is made to a current policy or service.

Title of Policy: Pension Age Winter Heating Payment

Summary of aims and desired outcomes of Policy

Pension Age Winter Heating Payment (PAWHP) will replace the UK Government's Winter Fuel Payment (WFP), which is a reserved benefit paid annually in November or December to individuals over the state pension age. We intend to introduce PAWHP on a like-for-like basis, reflecting the WFP policy, providing continued support to around one million eligible people who have reached the state pension age. This will ensure that everyone currently eligible for WFP continues to receive this support every year. Our intention is that this payment will continue to be non-means tested and tax free and will provide payments of between £100 and £300 to help older people keep their homes warmer during the winter.

Our proposed new benefit will be delivered by Social Security Scotland and will seek to safely and securely transfer responsibility for delivery of WFP to the Scottish Government.

PAWHP will provide older people with additional support to help meet increased heating costs during the winter. This support is particularly important given the significant increase in energy prices amid the current cost of living crisis. In addition, PAWHP may also provide a vehicle for any additional financial support that is targeted at older people, such as the 'pensioner cost of living payments' that have been delivered through WFP by the UK Government.

This will be an annual investment of more than £180 million to assist around one million older people. The universal entitlement to, and automatic payment of WFPs means that take-up is very high (approximately 96% in 2021/22). This provides guaranteed support to pensioners who receive a very low income who may be entitled to Pension Credit, but for whatever reason have not claimed their

entitlement. It is estimated that in 2019/20 up to £1.7 billion of Pension credit was not received by people eligible for it.³

The key policy aim of this new benefit is to mitigate some of the impact of additional domestic heating costs in winter by providing universal, reliable financial support to people of pension age who are more vulnerable to cold temperatures due to their age and therefore have a greater need for household heating.

The payment value is generally between £100 and £300 and is dependent on the recipient's age and household circumstances during "the qualifying week" in September when entitlement is established.

Delivery of PAWHP is scheduled for winter 2024 and it remains a reserved benefit until then.

Executive Summary

1. This draft EQIA has considered the potential effects of the introduction of Pension Age Winter Heating Payment (PAWHP), which replaces DWP's WFP, and how the policy might impact people with protected characteristics as defined in section 4 of the Equality Act 2010. The findings here are based on desk research and feedback from people with lived experience of the current social security system⁴, and the Consultation on Winter Heating Payment⁵. We will continue to collect additional evidence as we develop the policy and will be engaging with relevant stakeholders throughout the consultation on PAWHP.
2. The rationale for providing PAWHP to this group is to provide all older people with additional money to meet increased heating costs during the winter. Having additional financial support can encourage them to heat their homes for longer whilst also helping to tackle fuel poverty. In addition, older people are likely to have a higher need to keep their home warm due to being older and less likely than younger people to regulate their temperature.⁶ Cold temperatures can be particularly dangerous for those with pre-existing health conditions. Older people are also more likely to live in 'colder' and 'harder to heat homes'⁷, and spend more time indoors according to a recent survey carried out by Age Scotland.⁸

Background

3. In July 2016 the Scottish Government launched a public consultation to support the development of a framework that would become the Social Security (Scotland) Bill. Questions in relation to Winter Fuel Payments (WFP) and Cold Weather Payments (CWP) were incorporated into this consultation. We asked

³ [Credit where it's due: A briefing on low uptake of Pension Credit \(independentage.org\)](https://independentage.org)

⁴ [Social Security Experience Panels: publications](#)

⁵ [Low Income Winter Heating Assistance: consultation analysis - gov.scot \(www.gov.scot\)](https://www.gov.scot)

⁶ [Age UK calls on everyone to look out for their older family members and friends this wintertime](#)

⁷ [Age Scotland: "Turn up the heat this winter to save lives and protect our NHS and social care" \(ageuk.org.uk\)](https://ageuk.org.uk)

⁸ [The impact of rapidly rising energy bills on older people in Scotland \(ageuk.org.uk\)](https://ageuk.org.uk)

'Do you have any comments about the Scottish Government's proposals for Winter Fuel and Cold Weather Payments?' 164 respondents answered this question (82 individuals and 82 organisations).

4. Overall, a large number of respondents felt that WFP was necessary to help tackle fuel poverty and inequality and they generally welcomed the approach.
5. Some of the themes highlighted by respondents on winter heating benefits included:
 - In general respondents supported a broad continuation of the current eligibility criteria.
 - Whether the delivery of Winter Fuel Payment could be improved, particularly for those with protected characteristics.
6. The Scottish Government have since introduced Child Winter Heating Payment (CWHP, previously Child Winter Heating Assistance) in winter 2020, to help mitigate the additional heating costs that the households of the most severely disabled children and young people face in the winter months and Winter Heating Payment (WHP), which replaced the UK Government's CWP in February 2023. During policy development for WHP the Scottish Government reconsidered the previous commitment to deliver a like-for-like benefit and in winter 2021/22 consulted on proposals to move away from a benefit that was dependent on weather conditions. Instead, it was decided to deliver a stable, reliable, annual one-off payment to ensure everyone that had been identified as requiring additional support during the winter would receive it, regardless of the weather conditions.
7. A Social Security Experience Panel survey⁹ undertaken in February 2020 showed that respondents who used the WFP application process had a mostly positive experience, describing the process as quick and simple. They also noted that the payment was helpful to them. Some people felt that the payment amount could be increased and that the payment could have been advertised better. Some people also felt that payments could have been made earlier in the year, particularly those with off-grid supplies.
8. We are currently consulting on our policy proposals for PAWHP. The purpose of the consultation and associated stakeholder engagement is to gather views on the proposed like-for-like delivery, considering eligibility criteria, the proposed payment format, to collect additional evidence for those who will receive PAWHP and who are off-gas grid, and to identify any unintended consequences of introducing this new payment.
9. We also plan to invite members of our Social Security Experience Panels for their views on the key policy considerations for this new benefit alongside the public consultation.

⁹ [Social Security Experience Panels: publications - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/social-security-experience-panels/)

The scope of the Equality Impact Assessment

10. The scope of this EQIA is to look at the impact of introducing PAWHP on those with protected characteristics.

11. A variety of information sources were used in compiling this EQIA, including:

- Scottish Health Survey 2019 and 2022
- Scottish Household Survey 2021¹⁰
- Scottish House Condition Survey¹¹; -
- Equality Evidence Finder¹²;
- Social Security Experience Panel findings¹³;
- Independent Age Pensioner Poverty in Scotland¹⁴
- Age Scotland Taking the Temperature Report¹⁵

12. Due to the Covid-19 pandemic, some annual surveys such as Scottish Health Survey, Scottish Household Survey and Scottish House Condition Survey have been unable to take place or the method of data collection has changed in comparison with previous years. For example, in 2020 a shorter telephone survey was completed instead. Where updated statistics are available, these have been used.

Key Findings

Protected Characteristics

Age

13. Poverty and income inequality statistics define pensioners as adults who have reached their state pension age – with the State Pension age for both men and women increasing to 66 years in the most recent reporting period.¹⁶

14. According to a 2023 report by Independent Age, 1 in 7 people over state pension age live in poverty in Scotland.¹⁷ By 2030, 1.1 million people in Scotland will be over pension age (1 in 5 people).¹⁸

¹⁰ [Scottish Household Survey 2021 - telephone survey: key findings - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultations-petitions/html/2021/01/20210101-scottish-household-survey-2021-telephone-survey-key-findings)

¹¹ [Scottish House Condition Survey - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultations-petitions/html/2021/01/20210101-scottish-house-condition-survey)

¹² [Equality Evidence](#)

¹³ [Social Security Experience Panels - Low Income Winter Heating Assistance: survey findings](#)

¹⁴ ["Not enough to live on": Pensioner poverty in Scotland \(independentage.org\)](#)

¹⁵ [Taking the temperature energy survey | Age Scotland \(ageuk.org.uk\)](#)

¹⁶ [Poverty and Income Inequality in Scotland 2019-22 \(data.gov.scot\)](#)

¹⁷ ["Not enough to live on": Pensioner poverty in Scotland | Independent Age](#)

¹⁸ ["Not enough to live on": Pensioner poverty in Scotland \(independentage.org\)](#)

15. The Scottish Government estimates that 15% of pensioners (150,000) were living in relative poverty after housing costs in 2019-22, with levels of pensioner poverty largely stable in recent years.¹⁹ Before housing costs, 16% of pensioners (150,000) were in relative poverty. Before housing cost poverty rates are higher than the after housing costs poverty rates because the majority of pensioners tend to have a relatively low income but also low housing costs as they own their home.²⁰
16. Research shows that a lower proportion of older households (36%) live in dwellings with the highest energy efficiency bands (EPC C or better, SAP 2012) than families (55%) or other households (46%)²¹. In addition to this, older households (27%) and other households (27%) have a higher fuel poverty rate than families (17%).²²
17. Research published by Age Scotland in 2022 suggest that 76% of older people are always concerned about paying fuel bills²³ and Public Health Scotland records indicate that over half of single pensioner households and nearly half of pensioner couples in Scotland live in fuel poverty.²⁴ According to Age Scotland, just 16% of respondents to their 2022 'Taking the Temperature' survey were very satisfied that they could heat their home to a comfortable level. 30% were fairly satisfied, with 34% not satisfied they could heat their home to a satisfactory level.²⁵
18. In a poll commissioned by Independent Age of those over 65 with a household income below £20,000, 65% were worried they won't be able to pay for gas and 69% were worried they couldn't pay for electricity. 74% admitted to cutting back on their heating.²⁶ 53% of participants in a recent study also revealed that their current income negatively impacts their quality of life.²⁷
19. Older households are less likely than families and other household types to report that their heating system doesn't always keep them warm in winter; 12%, compared to 16% of families and 21% of other households.²⁸ Living in a cold home can be detrimental to many older people, due to reduced muscle mass and poorer circulation they are not as physiologically able to keep warm during cold

¹⁹ [Poverty and Income Inequality in Scotland 2019-22 \(data.gov.scot\)](https://data.gov.scot)

²⁰ [Poverty and Income Inequality in Scotland 2019-22 \(data.gov.scot\)](https://data.gov.scot)

²¹ Table 21: Scottish House Condition Survey 2019 [Scottish house condition survey: 2019 key findings - gov.scot \(www.gov.scot\)](https://www.gov.scot)

²² Section 198: [Scottish house condition survey: 2019 key findings - gov.scot \(www.gov.scot\)](https://www.gov.scot)

²³ [Taking the temperature energy survey | Age Scotland \(ageuk.org.uk\)](https://ageuk.org.uk)

²⁴ [Older people - Population groups - Public Health Scotland](https://publichealthscotland.org.uk)

²⁵ [Taking the temperature energy survey | Age Scotland \(ageuk.org.uk\)](https://ageuk.org.uk)

²⁶ ["Not enough to live on": Pensioner poverty in Scotland | Independent Age](https://independentage.org)

²⁷ ["Not enough to live on": Pensioner poverty in Scotland \(independentage.org\)](https://independentage.org)

²⁸ [5 Energy Perceptions - Scottish house condition survey: 2019 key findings - gov.scot \(www.gov.scot\)](https://www.gov.scot)

periods. This can affect their immune systems which can amplify any pre-existing condition.²⁹

20. Ensuring financial security in older age was a key priority laid out in the Scottish Government's paper 'A Fairer Scotland for Older People: framework for action' published in 2019.³⁰ This framework affirmed that whilst remaining in paid employment for longer will clearly support this aspiration, for many older people, financial security depends on ongoing access to pension funds (both state and private) and a range of other financial benefits and measures. As such, tackling pensioner poverty in the short term will primarily be the result of action to tackle costs of living and to maximise incomes from social security and benefits in kind.
21. The Fairer Scotland Action Plan³¹, published in 2018, also set out the Scottish Government's commitment to ensuring that, wherever possible, older people can enjoy a thriving 'third age'. The Plan set out that this meant supporting people who want to keep on working and maximising incomes and reducing costs where possible.
22. The evidence shows that older people do experience financial barriers. In particular, older people are more likely to face higher energy bills due to the likelihood of existing health conditions and spending more time at home, as well as living in older and harder to heat homes. We believe that the introduction of PAWHP, and the continuation of universal support, will have a neutral impact on pensioners.

Disability

23. In 2017-2020, as in previous years, the poverty rate was higher for individuals in households with a disabled person (23%) than a non-disabled person (17%), when disability related benefits are not included in the household income.³²
24. Fuel poor households with low levels of energy efficiency are more likely to have at least one member who has a long-term illness or disability (56%) when compared to non-fuel poor households in similarly inefficient homes (41%).³³
25. Evidence highlights that there is a relationship between long-term health conditions or disability and increasing age. The 2020 Scottish Health Survey found that the prevalence of any long-term condition increased with age, from 32% among those aged 16-44 to 68% among those 75 and over.³⁴ The likelihood

²⁹ [Fuel Poverty \(Target, Definition and Strategy\) and Fuel Poverty Strategy: health impact assessment](#)

³⁰ [A Fairer Scotland for Older People: framework for action - gov.scot \(www.gov.scot\)](#)

³¹ [Fairer Scotland Action Plan - gov.scot \(www.gov.scot\)](#)

³² [Poverty and Income Inequality in Scotland 2018-21 - analytical report \(data.gov.scot\)](#)

³³ [Tackling Fuel Poverty in Scotland: A Strategic Approach \(www.gov.scot\)](#)

³⁴ [National Care Service - adult social care: equality evidence review - gov.scot \(www.gov.scot\)](#)

of being disabled/experiencing chronic and complex health conditions among those 65 and over increases with age.³⁵

26. PAWHP will help disabled people of pension age with their energy bills each winter. We do not anticipate anyone to be negatively impacted by the introduction of this policy on the basis of disability.

Gender

27. Research shows us that female pensioners are more likely to live in poverty than male pensioners, this could be largely a result of having fewer years of employment due to caring responsibilities.³⁶ In 2019-22, 23% of single female pensioners (60,000 women each year) were in relative poverty after housing costs compared to 18% of single men.³⁷

28. Healthy Ageing in Scotland's (HAGIS) pilot survey notes a substantial amount of older people live alone (34%) with women more likely to live in a single household (30% men and 44% women).³⁸ We know that in most years, the poverty rate after housing costs for single female pensioners has been higher than for single male pensioners.

29. We have not identified any particular barriers resulting from our policy approach which may affect people based on their gender.

Gender reassignment and sexual orientation

30. There is no robust data relating to the proportion of people of any age in Scotland to whom the gender reassignment protected characteristic would apply. However, we recognise that a potential barrier to trans people and those who identify as non-binary accessing support can be a requirement for individuals to provide their gender if they were to make an application. Non-binary people in particular can be excluded if individuals are asked to tick a box to indicate their gender and only binary options are available.

31. This was reiterated by LGBTI youths throughout previous Scottish Government consultation engagement for CWAH. Those who had undergone gender reassignment discussed feelings of being 'outed' by this process as they had to reiterate that they had changed gender.

32. PAWHP will be an automated payment for the vast majority of eligible recipients and therefore very few people will need to make an application. Where applications are required, a person will not be required to provide their gender. However, anyone that does apply is asked to provide this information for statistical purposes only. The design of our systems and the training of our staff

³⁵ [Living longer - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk)

³⁶ [Older people - Population groups - Public Health Scotland](https://www.healthscotland.com)

³⁷ [Poverty and Income Inequality in Scotland 2019-22 \(data.gov.scot\)](https://data.gov.scot)

³⁸ <https://www.hagis.scot>

will ensure that regardless of who the applicant or client is, they will be treated respectfully. Agency staff will be recruited and trained to embody values of dignity and respect and all training for new staff will include LGBTI awareness and be underpinned by human rights principles.

33. We do not anticipate anyone to be negatively impacted by the introduction of PAWHP on the basis of gender re-assignment or sexual orientation.

Religion or belief

34. We have not identified any particular barriers resulting from our policy approach which may affect people with the protected characteristic of religion or belief.

Pregnancy and maternity

35. As our benefit will be universally paid to people of pension age, we don't believe pregnancy and maternity status to be a significant factor for our target group.

Race

36. Poverty rates for people in minority ethnic households are higher than for the general population in Scotland and minority ethnic people are more likely to be in relative poverty after housing costs.³⁹
37. At the time of the 2011 census⁴⁰, 96% of Scotland's population identified as "White", while 4% identified as belonging to another ethnic group. In 2011, 7% of Scotland's population communicated in languages other than English at home with Polish and Urdu as the most commonly spoken language at home after English, Scots and Gaelic.⁴¹ Pensioners from black and Asian communities are around twice as likely as white pensioners to be living in poverty. 33% of Asian pensioners and 30% of black pensioners compared to 16% of white pensioners.⁴²
38. Gypsy/Traveller households were more likely to have no central heating (5%) than all households (2%). They were also more likely to have "Electric Central Heating" and "2 or more types of Central Heating". Only 62% of Gypsy/Traveller households had gas central heating compared to 74% of the population⁴³. The guaranteed payment will benefit older members of their community with heating costs during the winter months.

³⁹ [Poverty and Income Inequality in Scotland 2017-20 \(data.gov.scot\)](https://data.gov.scot)

⁴⁰ [Search | Scotland's Census \(scotlandscensus.gov.uk\)](https://scotlandscensus.gov.uk)

⁴¹ [Languages | Scotland's Census \(scotlandscensus.gov.uk\)](https://scotlandscensus.gov.uk)

⁴² [New Age UK analysis finds one in five UK women pensioners now living in poverty](https://www.gov.uk)

⁴³ [7. Housing - Gypsy/Travellers in Scotland - A Comprehensive Analysis of the 2011 Census - gov.scot \(www.gov.scot\)](https://www.gov.scot)

39. We recognise that the payment method will be important for some people and in particular Gypsy/Traveller communities. Payments can be made in a range of ways: into a UK bank account, into a building society account, into someone else's account that they can access or through using i-Movo (New Payment Exception Service) which is a secure digital voucher system that can be delivered to individuals in several media (SMS, email). These can be redeemed at one of 2850 PayPoint outlets in Scotland.
40. Gypsy/Travellers are more likely to have one or more long-term health conditions – 37% reported at least one condition compared to 30% of the population as a whole. They are twice as likely to report three or more health conditions (6% compared 3%).⁴⁴
41. PAWHP is intended to be an automatic payment for the vast majority of clients, with an application only required in specific circumstances. This automated approach should reduce any additional challenges to accessing this benefit.
42. Furthermore, Social Security Scotland will create a bank of PAWHP stakeholder resources and content in accessible formats that will be available to stakeholder organisations through the National Stakeholder Engagement team, for organisations to distribute to people in local communities. The languages we proactively translate materials into were selected through stakeholder consultation. These are: BSL, Farsi, Mandarin, Cantonese, Urdu, Gaelic, Polish, Arabic, Ukrainian, braille and easy read formats. Social Security Scotland will produce communications materials in other languages on request. In some circumstances printed marketing materials may not be the right way to engage with these communities and where this is the case we will provide an engagement approach through work carried out by the National Stakeholder Engagement and Local Delivery functions.
43. While it is clear that older people from ethnic minority communities experience numerous barriers, we have not identified any particular barriers resulting from our policy approach which may affect people based on race.

Marriage and Civil Partnership

44. In data published for 2019-22, married adults were the least likely to be in poverty.⁴⁵ Over half of single pensioner households and nearly half of pensioner couples in Scotland live in fuel poverty.⁴⁶
45. Analysis from AGE UK shows that single female pensioners (27%) have a much higher risk of being in poverty than single men (23%) and pensioner couples (13%).⁴⁷

⁴⁴ [Improving access for Gypsy/Travellers to the NHS and health and social care in Scotland \(publichealthscotland.scot\)](https://publichealthscotland.scot)

⁴⁵ [Poverty and Income Inequality in Scotland 2019-22 \(data.gov.scot\)](https://data.gov.scot)

⁴⁶ [Older people - Population groups - Public Health Scotland](#)

⁴⁷ [New Age UK analysis finds one in five UK women pensioners now living in poverty](#)

46. We have not identified any particular barriers resulting from our policy approach which may affect people with the protected characteristic of marriage or civil partnership. We are keen to seek feedback on lived experience of the current UK benefit to identify any issues related to Marriage, Civil Partnership and relationship.

Recommendations and Conclusion

47. PAWHP will seek to safely and securely transfer responsibility for delivery of WFP to the Scottish Government, ensuring around one million pension age households currently eligible for WFP continue to receive this support every year.

48. Based on the evidence collated there are currently no recommendations. This draft EQIA has identified that the introduction of PAWHP is likely to have a neutral impact on those who share protected characteristics. The PAWHP will not solely be a fuel poverty measure but continues to provide reassurance to older people that they can afford to keep warm in the winter months when heating bills are higher. This is particularly important given the significant increase in the cost of living. In addition to the targeted support for fuel for older households, this also provides a vehicle for any additional financial support that may be required.

49. Working with individuals and organisations with experience of the benefits system is central to our approach to developing the devolved social security system in Scotland.

50. We will be working with members of the Experience Panels who have lived experience of the benefit system, specifically targeting those who will have reached pension age and also people with experience of receiving and applying for WFP with the aim of gathering robust evidence on their experiences.

51. The public consultation is currently ongoing. Engagement with stakeholders will help us to collect additional evidence to support the further development of our policy, and evidence collected during that will be reflected in our impact assessments.

Question 17. Please set out any information you wish to share on the impact of PAWHP on groups who share protected characteristics

6.2 Draft Business and Regulatory Impact Assessment

A Business and Regulatory Impact Assessment is used to analyse the cost and benefits to businesses and the third sector of any proposed legislation or regulation, with the goal of using evidence to identify the proposal that best achieves policy objectives while minimising costs and burdens as much as possible.

Purpose and Intended Effect

Background

1. In July 2016 the Scottish Government launched a public consultation which went on to inform the content of the Social Security (Scotland) Act 2018. This legislation provided Scottish Ministers with the legislative power to deliver new Winter Heating Assistance in Scotland, with the intention of replacing the UK Government's Cold Weather Payments (CWP) and Winter Fuel Payments (WFP).
2. In 2020 we launched Child Winter Heating Payment (CWHP, previously known as Child Winter Heating Assistance) which extended eligibility for WFP to help mitigate the additional heating costs that the households of the most severely disabled children and young people face in the winter months.
3. Last winter we launched 'Winter Heating Payment' (WHP), replacing CWP in Scotland with a guaranteed payment each winter, targeting low income households who have additional need for heat, including households with young children, disabled people and older people, providing stable, reliable support every winter.
4. We now propose to introduce Pension Age Winter Heating Payment (PAWHP) on a like-for-like basis, mirroring the UK Government's approach taken to deliver WFP, ensuring continued support is provided to people who have reached the state pension age.
5. Our proposed new benefit will be delivered by Social Security Scotland and will seek to safely and securely transfer responsibility for delivery of WFP to the Scottish Government. Our intention is that this payment will continue to be non-means tested and tax free and will provide payments of between £100 and £300 to help older people keep their homes warmer throughout the winter.
6. PAWHP will be an annual investment of over £180 million each year, providing a guaranteed payment to around one million people in Scotland of state pension age each winter.

Rationale for Government Intervention

7. The rationale for introducing PAWHP is to provide all older people with additional support to meet increased heating costs during the winter, with the intention of helping them to heat their homes for longer.
8. These households are likely to have a greater need to keep their home warm due to being older and it being harder for them than younger people to regulate their

body temperature.⁴⁸ Cold weather can be particularly dangerous for those with pre-existing health conditions. Older people are also more likely to live in 'colder' and 'harder to heat homes'⁴⁹, spending more time indoors according to a recent survey carried out by Age Scotland.⁵⁰

9. PAWHP will not solely be a fuel poverty measure but continues to provide reassurance to older people that they can afford to keep warm in the winter months when heating bills are higher. This is particularly important given the significant increase in cost of living. In addition to providing financial support for fuel for older households, this can also provide a vehicle for any additional financial support that may be required, such as the pensioner cost of living payments that were provided by the UK Government.

10. The universal entitlement to, and automatic payment of WFP means that take-up is very high (around 96% in 2021/22) This provides guaranteed support to pensioners who receive a very low income who may be entitled to Pension Credit, but for whatever reason have not claimed their entitlement. It is estimated that in 2019/20 up to £1.7 billion of Pension credit was not received by people eligible for it.⁵¹

11. The policy closely aligns with the Scottish Government's Wealthier and Fairer Strategic Objectives, but also links with the Scottish Governments key priorities to tackle fuel poverty, ensuring financial security in older age as well as supporting people through the cost of living crisis

12. The policy will contribute towards the following National Outcomes:

- Economy: We have a globally competitive, entrepreneurial, inclusive and sustainable economy; This policy will provide continued investment in financial support for older people, including those on low incomes in Scotland.
- Communities: We live in communities that are inclusive, empowered, resilient and safe. This additional support recognises older people have particular needs in relation to heating and will help towards ensuring older people communities are living in a warm home.
- Health: We are healthy and active. The policy may reassure vulnerable older people that they can afford to maintain a safe temperature at home during the winter, reducing the health risks due to living in cold environments.

⁴⁸ [Age UK calls on everyone to look out for their older family members and friends this wintertime](#)

⁴⁹ [Age Scotland: "Turn up the heat this winter to save lives and protect our NHS and social care" \(ageuk.org.uk\)](#)

⁵⁰ [The impact of rapidly rising energy bills on older people in Scotland \(ageuk.org.uk\)](#)

⁵¹ [Credit where it's due: A briefing on low uptake of Pension Credit \(independentage.org\)](#)

- Human Rights: We respect, protect and fulfil human rights and live free from discrimination. Social Security is a human right and through provision of a new benefit we help progress the support that is available.
- Poverty: We tackle poverty by sharing opportunities, wealth and power more equally. The policy intention of PAWHP is to provide financial support to people of pension age who have a greater need for heat during the winter months. PAWHP in particular specifically targets households who, due to their age, may require an enhanced heating regime, and therefore may incur greater energy costs (around one million older people living in Scotland every year).

Consultation

13. We are currently consulting on our policy proposals for PAWHP. The purpose of the consultation and associated stakeholder engagement is to gather views on the proposed like-for-like delivery, considering eligibility criteria, payment format, to collect additional evidence for those who will receive PAWHP and who are off-gas grid and to identify any unintended consequences of introducing the new payment including the impact of the new benefit on businesses and key stakeholders.

14. We also plan to invite members of our Social Security Experience Panels for their views on the key policy considerations for this new benefit alongside the public consultation.

Options

15. As part of our policy development for PAWHP, we have examined the current DWP WFP and considered the specific concerns and alternative options alongside their affordability and feasibility for delivery. Below is a brief examination of the policy options considered when developing PAWHP.

Option 1: Like for Like Delivery

16. Under a 'like for like' replacement for WFP, everyone who would currently be eligible to receive WFP would continue to receive the benefit at the level they were previously entitled to, due to their age or household composition. This payment would continue to be non-means tested and tax free.

17. The universal entitlement to, and automatic payment of the benefit means that take-up would continue to be high and will ensure all older people will receive additional money during winter which will encourage them to heat their homes for longer. We know that living in a cold home can be detrimental to many older people and that reduced muscle mass and poorer circulation can have an impact on the ability to stay warm. This can impact on the immune system, amplifying any pre-

existing condition⁵², therefore continuing entitlement to all older people will ensure continued positive health effects for older people.

18. The Scottish Government will receive funding from the UK Government through the Block Grant Adjustment and it is expected this will cover the benefit expenditure for PAWHP on the basis of a like-for-like delivery. If there are further changes, which mean either that more people will receive PAWHP or higher payments, then any resulting increase in expenditure would need to be met from the largely fixed Scottish Budget.

19. Based on estimations of eligible claimants, this option would be an investment of around £180 million in the first year (2024/25), providing support to over one million eligible people.

Potential alternatives to delivering a 'like for like' benefit

Option 2: Preserve current eligibility but introduce flat rate of payment

20. WFP currently delivers four different payments of either £100, £150, £200 or £300 for individuals. Keeping the same eligibility criteria, but introducing a flat rate of payment would simplify the process.

21. We committed to no one being worse off when introducing the replacement benefit, and therefore, in order to meet that commitment, the flat rate payment would need to be maintained at £300 to individuals over the State Pension Age regardless of household composition (i.e., to the same level currently provided to a household if one or both members are over 80).

22. Consideration was also given to a flat rate of £200. However, at that time, around 160,000 people would receive less than they would under the current system and around 440,000 would receive more. Individuals receiving less would impact those aged over 80 and living either alone or with no-one else over the State Pension Age.

23. Both of these options would have a significant increase in the cost of the benefit and reducing the cost by offering a flat rate of £200 would have an impact on those most vulnerable to the cold, those over 80. This option was therefore not deemed to be acceptable and has not been explored further.

Option 3: Targeted approach

24. WFP is a universal payment to older people and has been criticised previously for the lack of targeting at those who are fuel poor.

25. We will be delivering PAWHP under the powers of Section 30 of the Social Security (Scotland) Act 2018. This does not give provision for establishing an individual's entitlement based on their financial circumstances, unless that is

⁵² [Fuel Poverty \(Target, Definition and Strategy\) and Fuel Poverty Strategy: health impact assessment+](#)

established by entitlement to another form of assistance. This approach does not align with our commitment to ensuring that ‘no one would miss out’, or the Scottish Government’s key commitment to ensuring financial security for older people. A more targeted approach, such as narrowing eligibility to people in receipt of Pension Credit for example, would remove significant financial support from a group that is vulnerable to cold temperatures and therefore require their homes to be maintained at a warmer temperature.

26. Research has shown the majority of pensioners tend to have a relatively low income but also low housing costs as they own their home⁵³. This means that those in relative poverty after housing costs is slightly reduced in comparison to before housing costs. However, low levels of income alongside the likelihood of being on a fixed income makes it harder to pay more for heating during the winter, particularly given the significant increase in energy prices amid the cost of living crisis.

27. Consideration was also given to a more targeted approach such as using the funding towards increasing the value of the Warm Home Discounts scheme or limiting the payment to people who have been identified as fuel poor. However, additional support is already available to support householders improve energy efficiency, such as ABS, Warmer Homes Scotland and Home Energy Scotland which will reduce the costs of heating homes in the future.

28. We are currently developing systems to reflect the UK Government’s option for people to opt-out, should they wish to do so, which may help reduce the number of older people on high incomes receiving the payment.

29. We therefore think it is appropriate to continue with the delivery of a like-for-like benefit, ensuring over one million older people are transferred safely and securely to Social Security Scotland.

Sectors and groups affected

30. In consulting on the proposed introduction of PAWHP, we will consider the potential impact on businesses and organisations that have a particular focus on the following:

- organisations supporting older people;
- welfare rights organisations;
- advice giving organisations;
- energy advice and support organisations.

31. Stakeholders and organisations will be invited to consider the impact of the proposed policy intent both on their organisations as well as on any client groups they support. We plan to engage directly with stakeholders through focused stakeholder events.

⁵³ [Poverty and Income Inequality in Scotland 2019-22 \(data.gov.scot\)](https://data.gov.scot/publications/poverty-income-inequality-scotland-2019-22/)

Costs

32. PAWHP is an investment in financial support for people of state pension age in Scotland. Scottish Fiscal Commission forecasts show investment of £180 million at launch in 2024/25 with a steady rise to £188 million by winter 2028/29.

33. The Scottish Government expects benefit expenditure to be covered by the budget provided as part of the annual Block Grant Adjustment on the basis of a like-for-like delivery. By continuing this universal support to older people in Scotland, the Scottish Government expects to invest over £180 million to the Scottish economy each year as PAWHP is expected to be used to ease the financial pressures of increased winter heating bills for around one million older people. The payments are not restricted to payment of energy costs and therefore other sectors may also benefit from the investment.

Scottish Firms Impact Test

34. There may be some impact on businesses and third sector organisations operating in Scotland in relation to the way the Social Security Scotland agency delivers the devolved benefits compared to DWP. For PAWHP, the demands placed on third sector organisations to provide advice and support for people receiving and enquiring this new payment may change slightly. However, given the like for like approach and the automated nature of the benefit, this should not require provision of complex advice.

Competition Assessment

35. The Scottish Government does not believe that PAWHP will have an adverse impact on the competitiveness of businesses or the third sector in Scotland, the UK, Europe or the rest of the world. PAWHP does not directly or indirectly limit the number of suppliers, nor does it limit the ability of suppliers to compete or reduce suppliers' incentives to compete vigorously. Additionally the Scottish Government does not expect there to be any significant impact on the operational business of local authorities or health boards as a result of introducing this provision.

Competition Assessment Questions

1) Will the measure directly or indirectly limit the number or range of suppliers?

No

2) Will the measure limit the ability of suppliers to compete?

No

3) Will the measure limit suppliers' incentives to compete vigorously?

No

4) Will the measure limit the choices and information available to consumers?

No

Consumer Assessment

36. The Scottish Government does not believe that PAWHP will have an adverse impact on either eligible individuals or any other consumer either within Scotland, the UK, or elsewhere in Europe or the rest of the world. PAWHP does not directly or indirectly limit the choices of consumers, nor does it limit the ability of consumers to compare the quality, availability or price of goods or services in a market. Furthermore, PAWHP will not impact a consumer's ability to understand their rights.

Consumer Assessment Questions

1) Does the policy affect the quality, availability or price of any goods or services in a market?

No

2) Does the policy affect the essential services market, such as energy or water?

No

3) Does the policy involve storage or increased use of consumer data?

No

4) Does the policy increase opportunities for unscrupulous suppliers to target consumers?

No

5) Does the policy impact the information available to consumers on either goods or services, or their rights in relation to these?

No

6) Does the policy affect routes for consumers to seek advice or raise complaints on consumer issues?

No

Test run of business forms

37. We foresee no need for new business forms as a result of this policy.

Legal Aid Impact Test

38. The right to appeal to a the First-tier Tribunal (Social Security Chamber) is provided for in the Social Security (Scotland) Act 2018. Legal Assistance will continue to be available to individuals to appeal an entitlement decision to the Upper Tribunal, Court of Appeal or Supreme Court.

39. The Scottish Government expects the impact on the Legal Aid budget to be minimal as a result of the introduction of PAWHP. Current recipients are already able to access legal aid to appeal entitlement decisions and the circumstances in which somebody could make an appeal are rare. Given that the majority of the caseload for this assistance will be paid automatically, the number of manual applications is expected to be fairly low. We do not anticipate high numbers of re-determination or appeal requests due to these factors.

Enforcement, sanctions and monitoring

40. The Scottish Government has established the Scottish Commission on Social Security (SCoSS), an independent expert body that will scrutinise the Scottish social security system (including benefit regulations) and hold Scottish Ministers to account. As part of their function, they will examine the regulations required for the administration of PAWHP and will produce reports setting out their observations and recommendations in relation to the proposals. These reports will be submitted to Scottish Ministers, the Scottish Parliament and made available to the wider public as required by the duty conferred on Scottish Ministers by section 97 of the Social Security (Scotland) Act 2018.

41. The Social Security (Scotland) Act 2018 places a duty on the Scottish Ministers to publish an annual report on the performance of the Scottish social security system during the previous financial year. The report is to describe what the Scottish Ministers have done in that year to meet the expectations on them set out in the charter.

42. The Scottish Government will put in place a monitoring and evaluation plan for PAWHP. Monitoring the impact of the PAWHP will be a continuous process and where any unintended consequences are identified, we will consider what steps can be made to minimise any negative impact.

43. We will collate management information to monitor the characteristics of recipients and will undertake qualitative research to test whether PAWHP is meeting its policy intentions. This will inform any future consideration of variations to policy or delivery arrangements.

Implementation and delivery plan

44. We are consulting on PAWHP which will inform policy development ahead of delivery in winter 2024.

45. A communications strategy will be developed in advance of the launch of PAWHP, which will aim to ensure that individuals, the third sector, local government, and advice providers are aware of the introduction of PAWHP, and understand the eligibility criteria, as well as understanding how and when recipients will receive the payment.

Post-implementation Review

46. As with all social security benefits, we will carry out an evaluation following the delivery of the benefit and continue to investigate ways of improving the benefit after it has been launched.

Summary and Recommendation

47. The Scottish Government's primary consideration is always about providing the right level of financial support to those who are entitled to it. However, it is also important to consider to what extent changes might result in increased spending.

48. The Scottish Government will receive funding from the UK Government through the Block Grant Adjustment and it is expected this will cover the benefit expenditure for PAWHP on the basis of a like-for-like delivery. If there are further changes, which mean either that more people will receive PAWHP or higher payments, then any resulting increase in expenditure would need to be met from the largely fixed Scottish Budget. The Scottish Government's ability to make significant changes to the eligibility criteria must be balanced against the potential costs and challenging economic situation. Whilst the Scottish Government has some limited powers over social security and taxation, we must carefully balance priorities for spending within the context of our largely fixed budget.

49. We are working to an 18 month technical and organisational development and delivery plan, to ensure the correct amount of support is paid to eligible clients including system design of a household matching system which will help us identify the right amount of support to be paid to each household and therefore changes ahead of launch will be limited. Potentially very small changes to any of our benefits can have a significant impact in areas of service delivery, this could involve making changes to application forms, letters, guidance for our case managers, training, or more complex changes to our systems.

50. Making more significant changes could take longer to implement, depending upon the scale and complexity of those changes. This is particularly significant with PAWHP as it will be introducing the largest caseload, of around one million clients, to Social Security Scotland since the launch of the agency. Taken together, complex issues regarding affordability and deliverability will be taken into consideration when developing the policy.

51. Based on affordability and deliverability considerations laid out above, as well as ensuring we deliver on our commitment that no one will miss out and working towards our goal of ensuring financial security for older people⁵⁴, the Scottish Government intends to replace WFP with PAWHP on a like-for-like basis.

52. We are focussed on delivering PAWHP safely and securely and ensuring pensioners continue to receive this vital support each winter, whilst considering potential improvements that could be implemented before or after the launch in 2024.

Question 18. Please set out any information you wish to share on the impact of PAWHP on businesses

⁵⁴ [A Fairer Scotland for Older People: framework for action - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/documents/2023/06/A_Fairer_Scotland_for_Older_People_framework_for_action_-_gov.scot)

6.3 The Island Community Impact Assessment summary

The Islands (Scotland) Act 2018 provides for a new duty on the Scottish Ministers and other relevant public bodies that they must have regard to island communities in exercising their functions and in the development of legislation. An Island Community Impact Assessment (ICIA) is about testing any new policy, strategy or service which is likely to have an effect on an island community which is significantly different from the effect on other communities.

Draft Island Community Impact Assessment

Introduction

1. The importance of island-proofing was recognised in the "Empowering Scotland's Island Communities prospectus" published in June 2014. The principle of island-proofing is one of building a broad-based islands awareness into the decision making process of all parts of the public sector.

2. The Islands (Scotland) Act 2018⁵⁵ ("2018 Act") places a duty on the Scottish Ministers and other relevant authorities, including a number of public authorities, to have regard to island communities in exercising their functions, and for the Scottish Ministers this will also include the development of legislation. This duty is often referred to as 'island-proofing'. The Scottish Government is also committed to island-proofing the legislation required in support of the devolution of social security powers to Scotland.

3. If the Scottish Ministers are of the opinion that any piece of proposed legislation is likely to have an effect on an island community which is significantly different from its effect on other communities, then the duty to island-proof legislation requires the Scottish Ministers to:

- Describe the likely significantly different effect of the legislation;
- Assess the extent to which the Scottish Ministers consider that the legislation can be developed in such a manner as to improve or mitigate, for island communities, the outcomes resulting from the legislation; and
- Set out the financial implications of steps taken under this subsection to mitigate, for island communities, the outcomes resulting from the legislation.

Executive Summary

4. This draft ICIA has considered the potential effects of the introduction of Pension Age Winter Heating Payment (PAWHP) which will replace Winter Fuel Payments (WFP), currently delivered by DWP, and how the policy might impact people living in island communities.

⁵⁵ [Islands \(Scotland\) Act 2018](#)

5. The findings here are based on desk research and feedback from stakeholders and people with lived experience during the public consultation to inform the content of the Social Security (Scotland) Act 2018.

6. During our public consultation on PAWHP and Social Security Experience Panel survey, we intend to gather further evidence from key stakeholders and those with lived experience of the benefit system and experience of island and rural life, including specifically how we might improve delivery for those living off-gas grid.

7. In accordance with section 13 of the 2018 Act, this ICIA has:

- Identified and described areas where PAWHP will have an effect on an island community which is likely to be significantly different from its effect on other communities (including other island communities);
- Assessed the extent to which the Scottish Ministers consider that PAWHP can be developed in such a manner as to improve or mitigate, for island communities, the outcomes resulting from it;
- Considered and proposed mitigation or actions to support the aims of PAWHP within the island communities; and
- Considered any financial implications of the above.

8. Based on the data considered so far and our intention to deliver a like-for-like benefit to replace WFPs, we think this policy will have a neutral impact on people living in island communities.

Policy Background

9. In July 2016 the Scottish Government launched a public consultation which went on to inform the content of the Social Security (Scotland) Act 2018. This legislation provided Scottish Ministers with the legislative power to deliver new Winter Heating Assistance in Scotland, with the intention of replacing the UK Government's Cold Weather Payment (CWP) and WFPs.

10. In 2020 we launched 'Child Winter Heating Payment' (CWHP, previously Child Winter Heating Assistance) which extended eligibility for WFP to help mitigate the additional heating costs that the households of the most severely disabled children and young people face in the winter months.

11. Last winter we launched 'Winter Heating Payment' (WHP), replacing CWP in Scotland with a guaranteed payment each winter, targeting low income households who have additional need for heat, including households with young children, disabled people and older people, providing stable, reliable support every winter.

12. We now intend to introduce PAWHP on a like-for-like basis, reflecting the UK Government's WFP policy. This will provide continued support to help meet increased heating costs during the winter to those who have reached the state pension age.

13. Our proposed new benefit will be delivered by Social Security Scotland and will seek to safely and securely transfer responsibility for delivery of WFP to the Scottish Government, ensuring everyone currently eligible for WFP continues to

receive this support every year. Our intention is that this payment will continue to be non-means tested and tax free and will provide payments of between £100 and £300 to help older people meet their heating costs during the winter months.

14. PAWHP will provide an annual investment of over £180 million each year, providing a guaranteed payment to around one million recipients above the state pension age each winter.

15. The policy aligns closely with the Scottish Government's Wealthier and Fairer Strategic Objectives, but also links with the Scottish Governments key priorities to tackle fuel poverty, ensuring financial security in older age, as well as supporting people through the cost of living crisis.

16. The policy contributes to the following National Outcomes:

- **Economy: We have a globally competitive, entrepreneurial, inclusive and sustainable economy.** This policy will provide continued investment in financial support for older people, including those on low incomes in Scotland.
- **Communities: We live in communities that are inclusive, empowered, resilient and safe.** This additional support recognises older people have particular needs in relation to heating and will help towards ensuring older people communities are living in a warm home.
- **Health: We are healthy and active.** The policy may reassure vulnerable older people that they can afford to maintain a safe temperature at home during the winter, reducing the health risks due to living in cold environments.
- **Human Rights: We respect, protect and fulfil human rights and live free from discrimination.** Social Security is a human right and through provision of a new benefit we help progress the support that is available.
- **Poverty: We tackle poverty by sharing opportunities, wealth and power more equally.** The policy intention of PAWHP is to provide financial support to people of pension age who have a greater need for heat during the winter months. PAWHP in particular specifically targets households who, due to their age, may require an enhanced heating regime, and therefore may incur greater energy costs (around one million older people living in Scotland every year).

Scope of the ICIA

17. This Island Communities Impact Assessment considers the potential effects of replacing WFP with PAWHP in Scotland on a like-for-like basis, and how it might impact on those individuals living within island communities.

Key Findings

18. This section provides an overview of issues for Scottish island communities that are relevant for the introduction of PAWHP.

19. Island stakeholders have emphasised the importance of understanding the island experience. Every island is uniquely different with regards to its infrastructure, geography and demography and therefore each island has its own specific considerations and constraints.

20. Scotland had 93 inhabited islands with a total population of 103,700 (2% of Scotland's population) as per 2011 Census.⁵⁶ Of these islands, only five are connected to the Scottish mainland by bridge or causeway⁵⁷. The Islands Act identifies 6 local authorities representing island communities in Part 4 of the Act (Section 20 (2), which are Argyll and Bute Council, Comhairle Nan Eilean Siar/ Western Isles, Highland Council, North Ayrshire Council, Orkney Islands Council, Shetland Islands Council. Amongst them, Orkney, Shetland and Western Isles are entirely island authorities, while Highland, Argyll and Bute and North Ayrshire local authorities cover island regions as well as mainland regions.

21. We believe that the impact of introducing PAWHP on island communities is likely to be neutral as we are focussed on delivering PAWHP safely and securely and ensuring pensioners continue to receive this vital support each winter, whilst considering potential improvements that could be implemented before or after the launch in 2024.

⁵⁶ [Scotland's Census 2011: Inhabited islands report 2015 \(NRS\)](#)

⁵⁷ Haswell-Smith, H. (2004). *The Scottish Islands: A Comprehensive Guide to Every Scottish Island*. Edinburgh: Canongate Books Ltd

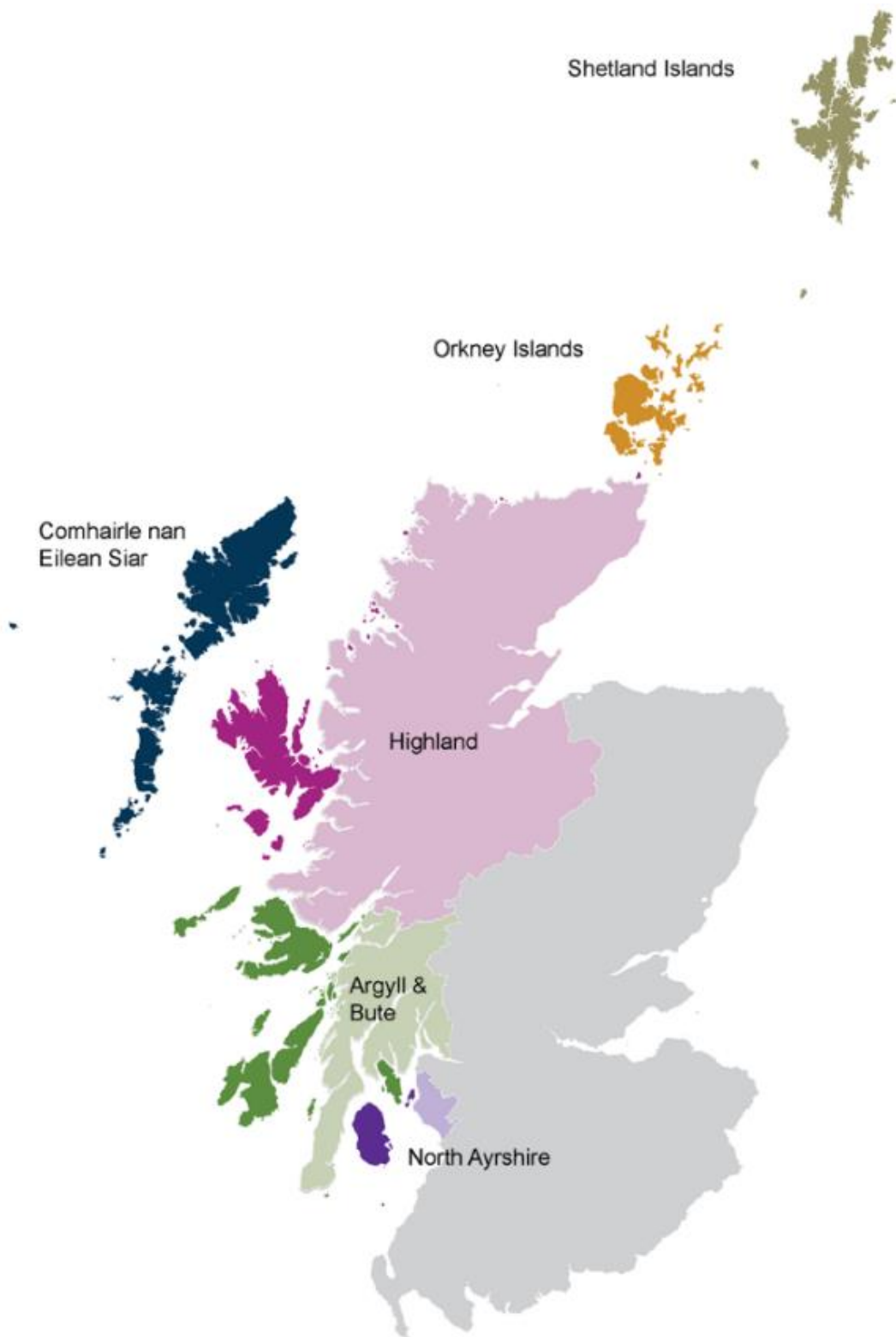


Figure 1: This is a map highlighting all 6 local authorities representing Island Communities (islands in darker shades where islands are part of mainland Local Authorities)⁵⁸

⁵⁸ [Islands \(Scotland\) Bill Executive Summary](#)

Geography

22. Geography, crofting culture, climate and the remoteness of island and rural communities present different challenges to those experienced by living in the mainland, often resulting in higher levels of fuel poverty in these areas. Citizens Advice Scotland⁵⁹ have specifically identified issues regarding being off the gas grid as key barriers for people in accessible rural, remote rural and remote small towns.

23. The colder climate and wind chill factor on the islands means that for many residents, homes may have heating on throughout the whole year. Research has shown the majority of pensioners tend to have a relatively low income but also low housing costs as they own their home⁶⁰. 53% of participants in a recent Independent Age study revealed their current income negatively impacts their quality of life.⁶¹

24. The National Islands Plan⁶² acknowledges that extreme fuel poverty rates are higher for most of the island authorities. We also know that extreme fuel poverty can be particularly difficult to eliminate in island communities where building types are harder to improve to the required energy efficiency standard and opportunities to reduce fuel costs are more limited. In addition, traditionally constructed buildings and energy efficiency challenges can vary between the islands. Higher living costs on islands, combined with higher fuel costs can create the conditions for fuel poverty.

25. The introduction of PAWHP will ensure that older people in island communities will continue to receive support towards meeting their fuel costs and therefore will be better able to maintain a comfortable temperature in their homes throughout the winter.

Cost of Living

26. The costs of many amenities and activities are higher for people living in island communities than those living on the mainland. A lack of choice, greater distances, remoteness and accessibility means that shopping, energy bills, travel, postage, mobile phone services and broadband can be more expensive for people living in island communities compared to those on the mainland⁶³.

27. Local authority Comhairle Nan Eilean Siar have previously stated in their written evidence to a fuel poverty strategy consultation undertaken by the Scottish Government, "it is essential to factor in higher living costs to an understanding of poverty in remote and rural areas. Poorer households in the islands are likely to be significantly worse off financially than an equivalent-earning mainland household because of the higher cost of living"⁶⁴.

⁵⁹ [Remotely Excluded: Barriers facing Scotland's rural consumers](#)

⁶⁰ [Poverty and Income Inequality in Scotland 2019-22 \(data.gov.scot\)](#)

⁶¹ ["Not enough to live on": Pensioner poverty in Scotland \(independentage.org\)](#)

⁶² National Islands Plan, the Scottish Government, 27 December 2019.

⁶³ [The Cost of Remoteness: Reflecting higher living costs in remote rural Scotland when measuring fuel poverty \(www.gov.scot\)](#)

⁶⁴ [Fuel Poverty \(Targets, Definition and Strategy\) \(Scotland\) Bill: island communities impact assessment](#)

28. Rural and island communities already face the highest levels of fuel poverty. The cost of living in rural and island communities is higher than ever as a result of the current cost crisis.
29. The reduction of fuel poverty is a key Strategic Objective of the National Islands Plan. The National Islands Plan provides a framework for action in order to meaningfully improve outcomes for island communities and therefore many of the key areas of work related to the plan support our island communities to address the cost of living.
30. We are determined to address the higher levels of extreme fuel poverty found in many of Scotland's remote rural and island areas. That is why our fuel poverty definition takes account of the additional costs associated with living in remote and island communities.
31. According to 2017-2020 figures there are a higher proportion of dwellings off the gas grid in island communities: 50% in Argyll and Bute; 88% in Na h-Eileanan Siar; 100% in Orkney and Shetlands; and 61% in Highlands; compared to 17% Scottish average⁶⁵. Off-gas grid properties have a more limited set of alternative fuel suppliers, constraining the ability to deliver reduced heating costs.
32. A higher proportion of dwellings with 3 or more bedrooms in Na h-Eileanan Siar (69%), Highland (62%), Orkney (69%) and Shetland (68%) compared with the national average of 50%⁶⁶, means higher fuel bills and potentially greater costs to improve the energy efficiency of these homes. Larger dwellings also necessitate higher fuel bills to reach requisite comfortable ambient temperatures⁶⁷.
33. A range of work is being undertaken by the Scottish Government to address the challenges that people in island communities face. For example the Islands Strategic Group was established in August 2016. The group considers strategic issues affecting the island communities of Scotland, and to ensure greater involvement of the relevant councils in helping to identify and design solutions to the unique needs and challenges these communities face.
34. In December 2022 the Scottish Government invested £1.4 million into an Islands Cost Crisis Emergency Fund so that islanders most impacted by the cost crisis could access additional help. In developing the Fund, the Scottish Government engaged widely with our island stakeholders, from civil society organisations to local authorities themselves and our own colleagues in government. The Scottish Government have also invested £64 million in ABS this year. These local schemes and projects deliver energy efficiency improvements for households living in or at risk of fuel poverty.

⁶⁵ [Cost of Living - Winter Heating Payment \(Low Income\) \(Scotland\): island communities impact assessment - gov.scot \(www.gov.scot\)](https://www.gov.scot/cost-of-living-winter-heating-payment-low-income-scotland-island-communities-impact-assessment)

⁶⁶ [Cost of Living - Winter Heating Payment \(Low Income\) \(Scotland\): island communities impact assessment - gov.scot \(www.gov.scot\)](https://www.gov.scot/cost-of-living-winter-heating-payment-low-income-scotland-island-communities-impact-assessment)

⁶⁷ [Fuel Poverty \(Targets, Definition and Strategy\) \(Scotland\) Bill: island communities impact assessment](https://www.gov.scot/fuel-poverty-targets-definition-and-strategy-scotland-bill-island-communities-impact-assessment)

35. Our energy efficiency schemes continue to spend more per head on installations in rural and island areas – where we know costs are higher. Through our Warmer Homes Scotland scheme, we have made available renewable heat and micro generation measures some of which may be particularly beneficial to rural and remote communities not served by the gas grid. These include ground source heat pumps, micro-wind and micro-hydro systems.

36. We recognise that fuel costs are on average higher for island communities, and that this has been magnified by the current cost of living crisis. We believe that the proposed PAWHP will continue to provide an important contribution towards heating costs for pension age households living within island communities.

Demography, Older People and health

37. Scotland has 93 inhabited islands with a total population of 103,700 (2% of Scotland's population) as per the 2011 Census⁶⁸. The population of the islands increased by 4% (3,963) between 2001 and 2011. This reversed a decline in the population of the islands by 3% between the 1991 and 2001⁶⁹.

38. Remote rural areas have a higher (23%) proportion of older people (65+) than the rest of Scotland (17%)⁷⁰. According to the most recent data from the National Records of Scotland, 26,606 people over the age of 65 live on the Scottish islands⁷¹ and nearly a third (31%) of the Highlands and Islands population is projected to be aged 65 years or older by 2043.⁷²

39. For males, the life expectancy in remote rural and accessible rural areas is around 79 years, nearly 2 years more than life expectancy in the rest of Scotland. For females, the life expectancy in rural areas is around 83 years, nearly 2 years more than in the rest of Scotland. This difference in life expectancies is consistent with WFP statistics which show that across Na h-Eileanan Siar, Orkney and Shetland islands 7,278 men received WFPs in winter 2021/22 compared to 8,143 women.

40. Research published by Age Scotland in 2022 suggest that 76% of older people are always concerned about paying fuel bills⁷³ and Public Health Scotland records indicate that over half of single pensioner households and nearly half of pensioner couples in Scotland live in fuel poverty.⁷⁴

⁶⁸ Scotland's Census 2011: Inhabited islands report 2015 (NRS)

⁶⁹ [Demography and health - Winter Heating Payment \(Low Income\) \(Scotland\): island communities impact assessment - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultations-policies/winter-heating-payment/low-income-scotland-island-communities-impact-assessment/)

⁷⁰: [Rural Scotland Key Facts 2015 - People and Communities Services and Lifestyle Economy and Enterprise \(www.gov.scot\)](https://www.gov.scot/resources/consultations-policies/rural-scotland-key-facts-2015-people-and-communities-services-and-lifestyle-economy-and-enterprise/)

⁷¹ [Population of Scottish Island Regions - National Records of Scotland \(shinyapps.io\)](https://shinyapps.io/population-of-scottish-island-regions/)

⁷² [rural-and-regional-disadvantage-in-the-highlands-and-islands-executive-summary.pdf \(hie.co.uk\)](https://hie.co.uk/rural-and-regional-disadvantage-in-the-highlands-and-islands-executive-summary.pdf)

⁷³ [Taking the temperature energy survey | Age Scotland \(ageuk.org.uk\)](https://ageuk.org.uk/taking-the-temperature-energy-survey/)

⁷⁴ [Older people - Population groups - Public Health Scotland](https://publichealth.scot.nhs.uk/older-people-population-groups/)

41. Whilst people living on islands can experience colder conditions in their home which has been proven to impact on health, according to the 2011 Census, 83% of island residents reported their health as being ‘very good’ or ‘good’ compared with 82% for Scotland as a whole. The proportion of island residents with a long-term (lasting 12 months or more) health problem or disability that limited their day-to-day activities was just under 20%, including 9% who reported their daily activities were limited ‘a lot’ was also very similar to the proportions for Scotland as a whole⁷⁵.

42. We acknowledge that older people have an increased need for heat and that they therefore may require additional support to meet the increased heating costs during winter. PAWHP will continue to offer that support to all people of state pension age each winter, including those living in island communities.

Consultation

43. We are currently consulting on our policy proposals for PAWHP. The purpose of the consultation and associated stakeholder engagement is to gather views on the proposed like-for-like delivery, considering eligibility criteria, the proposed payment format, and to collect additional evidence for those who will receive PAWHP and who are off-gas grid, and to identify any unintended consequences of introducing the new payment.

44. We also plan to invite members of our Social Security Experience Panels for their views on the key policy options for this new benefit.

Implementation and delivery plan

45. A communications strategy will be developed in advance of the launch of PAWHP, which will aim to ensure that individuals, the third sector, local government, and advice providers are aware of the introduction of PAWHP, and understand the eligibility criteria, as well as understanding how and when recipients will receive the payment.

Monitoring and Review

46. The Scottish Government has established the Scottish Commission on Social Security (SCoSS), an independent expert body that will scrutinise the Scottish social security system (including benefit regulations) and hold Scottish Ministers to account. As part of their function, they will examine the regulations required for the administration of PAWHP and will produce reports setting out their observations and recommendations in relation to the proposals. These reports will be submitted to Scottish Ministers, the Scottish Parliament and made available to the wider public as required by the duty conferred on Scottish Ministers by section 97 of the Social Security (Scotland) Act 2018.

47. The Social Security (Scotland) Act 2018 places a duty on the Scottish Ministers to publish an annual report on the performance of the Scottish social

⁷⁵ NRS (2015) [Inhabited Islands Analytical Report](#)

security system during the previous financial year. The report is to describe what the Scottish Ministers have done in that year to meet the expectations on them set out in the Charter and will include information on the impact of island-proofing.

48. The Scottish Government will put in place a monitoring and evaluation plan for PAWHP. Monitoring the impact of the PAWHP will be a continuous process and where any unintended consequences are identified, we will consider what steps can be made to minimise any negative impact.

49. The Scottish Ministers have also committed to engaging with, and reporting regular progress to, the Islands Strategic Group to ensure that those representing the interests of island communities and others with experience of the current system, are fairly represented in the development and delivery of the Scottish social security system.

Recommendations and Conclusions

50. Through the work undertaken to produce this draft impact assessment it is clear that living in island communities presents unique challenges for older people.

51. Through this draft ICIA, the Scottish Government could not identify evidence that the introduction of PAWHP will directly or indirectly discriminate against those that live in island communities.

52. We recognise that fuel costs are on average higher for island communities and that payment values remain consistent regardless of location. We will collect additional evidence on how we might improve the delivery of PAWHP to people that live off-gas grid as part of our consultation.

53. PAWHP will ensure that older people living on island communities will continue to receive annual support to help them meet their heating costs each winter.

54. We will consider the feedback from stakeholders and benefit recipients during our public consultation and Experience Panel research and will continue to consider the impact this policy has on island communities throughout policy development.

Question 19. Please set out any information you wish to share on the impact of PAWHP on Island communities

6.4 Fairer Scotland Duty

The Fairer Scotland Duty (the Duty) came into force on 1 April 2018 and places a legal responsibility on named public bodies in Scotland to actively consider ('pay due regard' to) how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions.

Draft Fairer Scotland Duty

Title of Policy: Pension Age Winter Heating Payment

Summary of aims and expected outcomes of policy

1. Pension Age Winter Heating Payment (PAWHP) will replace the UK Government's Winter Fuel Payment (WFP) in Scotland, which is a reserved benefit paid annually in November or December to individuals over the state pension age. We intend to introduce PAWHP on a like-for-like basis, reflecting the UK Government's approach to delivering WFP, providing continued support to around one million eligible Scottish people who have reached the state pension age. This will ensure that everyone currently eligible for WFP continues to receive this support every year. Our intention is that this payment will continue to be non-means tested and tax free and will provide payments of between £100 and £300 to help older people keep their homes warmer during the winter.
2. Our proposed new benefit will be delivered by Social Security Scotland and will seek to safely and securely transfer responsibility for delivery of WFP to the Scottish Government.
3. PAWHP will provide older people with additional support to help meet increased heating costs during the winter. This support is particularly important given the significant increase in energy prices amid the current cost of living crisis. In addition, PAWHP may also provide a mechanism for any additional financial support that is targeted at older people, such as the 'pensioner cost of living payments' that have been delivered through WFP by the UK Government.
4. This will be an annual investment of more than £180 million to assist around one million older people. The universal entitlement to, and automatic payment of WFPs means that take-up is very high (approximately 96% in 2021/22). This provides guaranteed support to pensioners who receive a very low income who may be entitled to Pension Credit, but for whatever reason have not claimed their entitlement. It is estimated that in 2019/20 up to £1.7 billion of Pension credit was not received by people eligible for it.⁷⁶
5. The key policy aim of this new benefit is to mitigate some of the impact of additional domestic heating costs in winter by providing universal, reliable financial

⁷⁶ [Credit where it's due: A briefing on low uptake of Pension Credit \(independentage.org\)](https://www.independentage.org/)

support to people of pension age who are more vulnerable to cold temperatures due to their age and therefore have a greater need for household heat.

6. The payment is generally between £100 and £300 depending on the recipient's age and household circumstances during "the qualifying week" in September when entitlement is established.

7. Delivery of PAWHP is scheduled for winter 2024 and it remains a reserved benefit until then.

National Outcome

8. The policy aligns closely with the Scottish Government's Wealthier and Fairer Strategic Objectives, but also links with the Scottish Governments strategic priorities to support older people and the cost of living crisis.

The policy contributes to the following National Outcomes:

- **Economy: We have a globally competitive, entrepreneurial, inclusive and sustainable economy.** This policy will provide continued investment in financial support for older people, including those on low incomes in Scotland.
- **Communities: We live in communities that are inclusive, empowered, resilient and safe.** This additional support recognises older people have particular needs in relation to heating and will help towards ensuring older people communities are living in a warm home.
- **Health: We are healthy and active.** The policy may reassure vulnerable older people that they can afford to maintain a safe temperature at home during the winter, reducing the health risks due to living in cold environments.
- **Human Rights: We respect, protect and fulfil human rights and live free from discrimination.** Social Security is a human right and through provision of a new benefit we help progress the support that is available.
- **Poverty: We tackle poverty by sharing opportunities, wealth and power.** The policy intention of PAWHP is to provide financial support to people of pension age who have a greater need for heat during the winter months. PAWHP in particular specifically targets households who, due to their age, may require an enhanced heating regime, and therefore may incur greater energy costs (around one million older people living in Scotland every year).

Summary of evidence

9. This draft Fairer Scotland Duty Impact assessment has been developed drawing on a range of primary research, including the 2016 public consultation on the content of the Social Security (Scotland) Act 2018 and the consultation on Winter Heating Payment (WHP), desk research and also engagement with those with lived experience of benefits.

10. In July 2016 the Scottish Government launched a public consultation to support the development of a framework that would become the Social Security (Scotland) Bill. WFP and Cold Weather Payment (CWP) were incorporated into this consultation. We asked 'Do you have any comments about the Scottish Government's proposals for Winter Fuel and Cold Weather Payments?' 164 respondents answered this question (82 individuals and 82 organisations).
11. Overall, a large number of respondents felt that WFP and CWP were necessary to help tackle fuel poverty and inequality and they generally welcomed the approach.
12. Some of the themes highlighted by respondents on winter heating benefits included:
13. In general respondents supported a broad continuation of the current eligibility criteria.
14. Whether the delivery of WFP could be improved, particularly for households in remote rural and island communities that are not on the gas grid.
15. In 2020 we launched 'Child Winter Heating Payment' (CWHP, previously Child Winter Heating Assistance) which extended eligibility for WFP to help mitigate the additional heating costs that the households of the most severely disabled children and young people face in the winter months. Last winter we launched WHP, replacing CWP in Scotland with a guaranteed payment each winter, targeting low income households who have additional need for heat, including households with young children, disabled people and older people, providing stable, reliable support every winter.
16. A Social Security Experience Panel survey⁷⁷ undertaken in February 2020 showed that respondents who used the WFP application process had a mostly positive experience, describing the process as quick and simple.
17. They also noted that the payment was helpful to them. Some people felt that the payment amount could be increased and that the payment could have been advertised better. Some people also felt that payments could have been made earlier in the year, particularly those with off-grid supplies. Some believe that the information on the different types of WFP could be clearer.
18. We are currently consulting on our policy proposals for PAWHP. The purpose of the consultation and associated stakeholder engagement is to gather views on the key eligibility criteria and the proposed payment format, and to identify any unintended consequences of introducing the new payment including the impact of the new benefit on eligible clients who are socio-economically disadvantaged.

⁷⁷ [Social Security Experience Panels: publications - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/social-security-experience-panels/)

19. We also plan to invite members of our Social Security Experience Panels for their views on the key policy options for this new benefit alongside the public consultation.

Link between Poverty and Older Age

20. Fuel poverty statistics tell us that older households (36%) have a higher fuel poverty rate than families (16%)⁷⁸. In addition to this, older households are less likely than Families and Other household types to report that their heating system doesn't always keep them warm in winter; 12%, compared to 16% of families and 21% of other households⁷⁹. Furthermore, a lower proportion of older households (36%) live in dwellings with the highest energy efficiency bands (EPC C or better, SAP 2012) than families (55%) or other households (46%)⁸⁰.

21. 1 in 7 people over state pension age live in poverty in Scotland.⁸¹ While 53% of participants in a recent Independent Age study revealed their current income negatively impacts their quality of life.⁸²

The impact of fuel poverty on households who require an enhanced heating regime

22. Living in a cold home can be detrimental to many older people. Due to reduced muscle mass and poorer circulation they are not as physiologically able to keep warm during cold periods. This can affect their immune systems which can amplify any pre-existing condition.⁸³

23. The Scottish Government estimates that 15% of pensioners (150,000) were living in relative poverty after housing costs in 2019-22.⁸⁴

24. The likelihood of being disabled/experiencing chronic and complex health conditions among those 65 and over increases with age.⁸⁵

25. Households with a family member who has a long-term physical or mental health condition or disability are disproportionately over-represented within fuel poverty statistics, with approximately 34% of fuel poor households containing

⁷⁸ Scottish House Condition Survey: Key Findings 2019 - [4 Fuel Poverty - Scottish house condition survey: 2019 key findings - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/documents/2020/04/4_Fuel_Poverty_-_Scottish_house_condition_survey_2019_key_findings_-_gov.scot)

⁷⁹ [Section 243: scottish-house-condition-survey-2019-key-findings.pdf](https://www.gov.scot/resources/documents/2020/04/Section_243_scottish-house-condition-survey-2019-key-findings.pdf)

⁸⁰ Table 21: Scottish House Condition Survey 2019 [Scottish house condition survey: 2019 key findings - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/documents/2020/04/Scottish_house_condition_survey_2019_key_findings_-_gov.scot)

⁸¹ ["Not enough to live on": Pensioner poverty in Scotland | Independent Age](https://www.independentage.org/our-work/our-research/2019-research/2019-research-report)

⁸² ["Not enough to live on": Pensioner poverty in Scotland \(independentage.org\)](https://www.independentage.org/our-work/our-research/2019-research/2019-research-report)

⁸³ [Fuel Poverty \(Target, Definition and Strategy\) and Fuel Poverty Strategy: health impact assessment+](https://www.gov.scot/resources/documents/2020/04/Fuel_Poverty_(Target,_Definition_and_Strategy)_and_Fuel_Poverty_Strategy:_health_impact_assessment+)

⁸⁴ [Poverty and Income Inequality in Scotland 2019-22 \(data.gov.scot\)](https://data.gov.scot/datasets/poverty-income-inequality-scotland-2019-22)

⁸⁵ [Living longer - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/peoplepopulationandcommunity/healthandlife/bulletins/articlesandreports/livinglonger)

someone with a disability⁸⁶. Also, fuel poor households with low levels of energy efficiency are more likely to have at least one member who has a long-term illness or disability (56%) when compared to non-fuel poor households in similarly inefficient homes (41%).⁸⁷

26. Fuel poverty, as defined in the Scottish Fuel Poverty strategy, is when a household has to spend more than 10% of their income on fuel costs, in order to maintain a satisfactory heating regime. The World Health Organisation (WHO) have defined this as 21°C in the living room and 18°C in other rooms, for 16 hours in every 24, unless the household is classified as “vulnerable”, such as when at least one resident has a long term sickness or disability. In these instances, the heating regime required is 23°C in the living room and 18°C in other rooms, for 16 hours per day. In light of this guidance, the Scottish Fuel Poverty Definition Review Panel recommended in 2017 that for ‘vulnerable households’, including those of disabled people, the living room temperature recommendation should be 23°C and other rooms 20°C.

27. In spite of the WHO recommendations, research shows that vulnerable households often struggle to afford adequate energy consumption to meet their needs.

28. By providing a universal payment of between £100 to £300 to households above pension age, we are supporting older people and helping them meet additional heating costs during the winter months.

Summary of assessment findings

Mirroring Eligibility vs Targeted Approach

29. Under a ‘like for like’ replacement for WFP, everyone who would currently be eligible to receive WFP would continue to receive the benefit at the level they were previously entitled to, due to their age and household composition. This payment would continue to be non-means tested and tax free. The universal entitlement to, and automatic payment of the benefit means that take-up would continue to be high, and it would be received by those pensioners on very low incomes who fail to claim their entitlement to Pension Credit.

30. Based on estimations of eligible claimants, this option would be an investment of around £180 million in the first year (2024/25), providing support to over one million eligible people. This option would not incur any additional delivery costs.

31. After consideration of all options, we deemed this approach would continue to provide universal support to pension aged people in Scotland to help them keep their homes warmer throughout the winter, and so this was our recommended option for PAWHP.

⁸⁶ [The Energy Penalty: Disabled People and Fuel Poverty](#)

⁸⁷ Page 20 [Tackling Fuel Poverty in Scotland: A Strategic Approach \(www.gov.scot\)](#)

32. One option that we considered during the policy development process was to move away from the universality for pensioners, towards a targeted scheme focussed both on fuel poor pensioners and on others experiencing fuel poverty (as has been done with the introduction of CWHP and WHP). We recognised that this approach has the potential to lift more households out of fuel poverty when compared to the planned 'as is' benefit. However, the median fuel poverty gap for fuel poor households was £650 in 2018 and this reflects different drivers, including higher costs of supply and poor energy efficiency of homes. With additional targeting, such a scheme would be much more progressive than the current benefit and therefore consistent with the Programme for Government aspirations to tackle fuel poverty.

33. We considered alternative uses of the budget to increase funding for domestic energy efficiency by offering eligible individuals free energy efficiency measures as an alternative, potentially through an approved Scottish Government scheme and reputable installers, such as via the Warmer Homes Scotland contract. This approach would help people to manage their fuel bills better (and thereby help tackle fuel poverty) and would also reduce greenhouse gas emissions and boost the economy.

34. Alternatively, we recognised that PAWHP funding could be used to increase the value of the Warm Home Discount (WHD) and/or the number of households that qualify for it. Currently the Discount provides £140 to around 230,000 households. This option would need to be explored further in terms of deliverability, not least as data matching to identify households that are eligible for the Discount is currently undertaken by DWP on behalf of The Department for Business, Energy and Industrial Strategy (BEIS). It would also require a significant transfer of SG funding directly to energy suppliers.

35. Despite the obvious benefits of the targeted approach to reducing fuel poverty levels, we acknowledged our previous commitment to ensuring that 'no one would miss out' by the introduction of the replacement benefit, and recognised our strategic commitment to supporting older people communities and therefore did not recommend this option.

Potential impact of Increasing payment value

36. The payment rates are £100, £150, £200 or £300 for individuals, resulting in households receiving £200 or £300 in total. Keeping the same eligibility criteria, but introducing a flat rate of payment, would simplify the process and avoid the need for the development of a household matching system.

37. In order to ensure that no one is worse off the flat-rate payment would need to be £300, which would have a significant impact on the budget and would be unaffordable at this time. An alternative flat rate of £200 was considered which would also increase the budget but would likely have a detrimental effect on those aged over 80 who were living alone or with no-one else over the state pension age. Given the increased vulnerability of those over the age of 80 we would not consider this as an appropriate alternative.

38. We therefore intend to maintain the current values of payments. That means that a typical household where the oldest person is under 80 will receive £200 and a household containing a person aged 80 or over will receive £300.

Impact of the qualifying week

39. Eligible clients are identified and paid automatically if they meet the qualifying criteria during the qualifying week. We understand that a preference for a later qualifying week would reduce the number of people who ‘miss out’ on the payment in their first winter due to not meeting the age criteria.

40. However, it is important that we maintain the qualifying week in September as this enables the DWP to establish entitlement and provides sufficient time between the qualifying week in order for DWP to provide client data and for the relevant household matching to be done by Social Security Scotland, to ensure the right value of payment is given to the right person. This enables clients to be identified before the beginning of the winter period, ensuring that they are notified early and paid in early winter. The work involved and the scale of the task means that late September is the latest possible date for establishing entitlement in order to make payments in time.

41. Setting the ‘qualifying week’ for the week beginning with the third Monday in September of any given year is appropriately associated with a winter payment and would be consistent with CWHP.

Timing of payment

42. We understand the importance for clients receiving money towards energy costs earlier in the winter, allowing them to budget accordingly. For households that are off-gas grid or whose energy is supplied via a prepayment meter it is also important that they receive the payment earlier in the winter to support paying for the fuel in advance.

43. WFP is currently paid automatically to eligible recipients during November or December, making payments into individuals’ bank accounts just before the coldest winter weather is likely.

44. Scottish Ministers had previously committed to considering how we could improve PAWHP for people who are off-gas grid. A recent Scottish Government⁸⁸ report also indicates that approximately 100,000 off-gas-grid households were considered to be in fuel poverty in 2019, representing a fuel poverty rate of 34%, above the national rate of 24.6%. This is likely to have risen with rising costs. The vast majority (250,000 out of 280,000) of off-gas-grid households live in island or rural communities and use fuel such as oil, gas canisters or solid fuels. The recent cost increases in heating oil prices are likely to see more households fall into fuel poverty. During our **consultation** on LIWHA⁸⁹ (now WHP), we heard that people

⁸⁸ [Chapter 5: Households Most Affected - The Cost of Living Crisis in Scotland: analytical report - gov.scot \(www.gov.scot\)](#)

⁸⁹ [Low Income Winter Heating Assistance \(LIWHA\): consultation - gov.scot \(www.gov.scot\)](#)

paying for fuel in advance found it was helpful to receive a payment earlier in the winter as fuel costs can increase as demand increases during the colder winter months.

45. We have considered the current evidence available, including research that is available in the House of Commons library⁹⁰ based on WFP delivery. Making advance payments potentially requires moving the qualifying week to earlier in the year for all recipients or for a sub-set of recipients who meet defined criteria for an earlier payment. Early payment to all recipients would effectively define a new qualifying week for eligibility, which would need to be earlier than it currently is which breaks the link with the intention of the support being delivered in winter. Automatic payment to off-grid households as a sub-set of recipients would be dependent upon a mechanism being available to identify affected claimants. This is not considered practicable due to the difficulty in identifying whether an individual is living in an off-grid property. Alternatively, an application based delivery for off-gas grid recipients could be developed. However, the cost of publicising the scheme, processing applications and verifying eligibility would entail additional costs.

46. At the current time, we have some evidence that this particular group of clients may find earlier payments helpful. However, (a) it's not clear how many of them would find it helpful, (b) it'd be costly to cater to them only, and (c) making changes for everyone because it would (possibly) benefit a small number of people might not be sensible. We propose sticking with the current approach, making payments in November or December, but would welcome more evidence on the subject.

47. We are seeking further feedback on recipients living off-grid as part of our consultation and expert panel research.

Tackling Fuel Poverty

Warmer Homes Scotland

48. The Warmer Homes Scotland programme offers funding and support to households struggling to stay warm and keep on top of energy bills. It is designed to help people make their homes warmer and more comfortable by installing a range of energy saving improvements. The primary objectives of the WHS programme are to support households in, or at risk of, fuel poverty through the heat transition and to remove poor energy efficiency as a driver of fuel poverty for these households.

49. The programme was refreshed and re-launched in October 2023 to significantly expand on the offer available with a greater focus on deep, whole-house retrofit and zero direct emissions heating where this is not detrimental to fuel poverty objectives.

Home Energy Scotland Grant and Loan Scheme

⁹⁰ [Winter Fuel Payments for “off-gas grid” households - House of Commons Library \(parliament.uk\)](https://www.parliament.uk/library/research-and-briefings/2023/03/2023-03-20-winter-fuel-payments-for-off-gas-grid-households/)

50. The HES Grant and Loan Scheme offers homeowners in Scotland a grant, interest free loan or combination of both to support the installation of zero emissions heating and energy efficiency measures.

51. For zero emission heating measures, grant funding of up to £7,500 is available, with an additional £7,500 of funding available as an interest free loan.

52. For energy efficiency measures, grant funding of up to 75% of the combined costs of measures up to a maximum £7,500 is available, with an additional £7,500 of funding available as an interest free loan.

53. There is a rural uplift of £1,500 for both the zero emission heating and energy efficiency grants for rural and island homes, meaning rural households can claim up to £18,000 in grant funding.

Fuel Insecurity Fund

54. We have invested £30 million in our Fuel Insecurity Fund for 2023/24 which can provide support to anyone at risk of self-disconnection, or self-rationing their energy use. Eligibility does not depend upon receipt of benefits, or income thresholds, allowing our delivery partners the flexibility and discretion to provide support on the basis of an holistic assessment of people's needs.

55. Support is primarily provided to people either as fuel vouchers, or via direct payments to their energy suppliers. Assistance can be provided regardless of what kind of tariff a household is on, or what type of fuel they use for their heating. This is particularly important because we know that many consumers in remote and island areas of Scotland live off the gas grid and rely upon heating oil, or other kinds of solid and liquid fuels, which have increased substantially in price. Delivery partners can assist not only with purchase costs for these types of fuel, but can also help with arranging deliveries to remote locations.

Monitoring and Evaluation

56. The Scottish Government will put in place a monitoring and evaluation plan for PAWHP. Monitoring the impact of the PAWHP will be a continuous process and where any unintended negative consequences on socio-economic inequality issues are identified we will consider what steps can be taken to rectify this.

57. Ministers will report to the Scottish Parliament every year on what Social Security Scotland has done to ensure the commitments in the Social Security Charter are being delivered. The Scottish Commission on Social Security (SCoSS) will also report to the Scottish Parliament on Social Security Scotland's progress against what was promised in the Charter. In this way we will invest in the people of Scotland, making a positive difference to the lives of all.

Conclusion

58. This draft Fairer Scotland Duty has identified that overall, the introduction of PAWHP to replace WFP is likely to have a neutral impact on reducing inequality and

tackling poverty for older people by continuing to mitigate some of the winter heating costs experienced by older people.

59. We are currently seeking further feedback from stakeholders and those with lived experience of benefits and poverty through our consultation and expert panel research.

Question 20. Please set out any information you wish to share on the impact of PAWHP on reducing inequality of outcome caused by socio-economic disadvantage.

Question 21. If there is anything else you would like to tell us about the described policy intention, impact assessments or PAWHP in general, please do so here.

Section 7 – Pension Age Winter Heating Payment in Scotland Consultation Questions

Question 1a. Do you agree or disagree with the proposal to replace Winter Fuel Payment with a 'like-for-like' replacement?

Question 1b. Please provide further information on why you agree or disagree

Question 2a. Do you agree or disagree that this approach is an effective way for the Scottish Government to provide financial support for older people?

Question 2b. Please provide further information on why you agree or disagree

Question 2c. Do you have any further comment on the potential longer term development of this benefit in order to provide the most effective support?

Question 3a. Do you agree or disagree with the proposal to name the replacement for Winter Fuel Payment in Scotland 'Pension Age Winter Heating Payment' (PAWHP)?

Question 3b. Please provide further information on why you agree or disagree

Question 4a. Do you agree or disagree with the proposal to continue making payments to clients in November or December each year?

Question 4b. Please provide further information on why you agree or disagree

Question 5. How could we improve delivery for households in remote rural and island communities that are not on the gas grid?

Question 6a. Do you agree or disagree that our universal approach to identifying eligibility should be based on reaching state pension age?

Question 6b. Please provide further information on why you agree or disagree

Question 7a. Do you agree or disagree that the eligibility criteria for the PAWHP are clear?

Question 7b. Please provide further information on why you agree or disagree

Question 8a. Do you agree or disagree with the proposal to retaining the current value of payments

Question 8b. Please provide further information on why you agree or disagree

Question 9a. Do you agree or disagree that people in residential care who do not receive the income-related benefits listed should receive half of the 'full' rate of PAWHP?

Question 9b. Do you agree or disagree that people in residential care who receive one of the income-related benefits listed should not receive PAWHP?

Question 9c. Please provide further information on why you agree or disagree

Question 10a. Do you agree or disagree with the proposal for PAWHP to be given to clients in the form of a cash payment and not another form?

Question 10b. Please provide further information on why you agree or disagree

Question 11a. Do you agree or disagree with the proposal to pay PAWHP as an annual one-off payment each winter?

Question 11b. Please provide further information on why you agree or disagree

Question 12a. Do you agree or disagree with the proposals for providing a way for people to opt-out of receiving PAWHP?

Question 12b. Please provide further information on why you agree or disagree

Question 13a. Do you agree or disagree with the proposal to continue having the 'qualifying week' in September to identify eligible clients?

Question 13b. Please provide further information on why you agree or disagree

Question 13c. If you disagreed, please provide a preference for when you think the qualifying week for PAWHP should be

Question 14a. Do you agree or disagree with the proposal that clients have 31 days to request a re-determination?

Question 14b. Please provide further information on why you agree or disagree

Question 15a. We have proposed that Social Security Scotland have a period of 56 working days to consider a re-determination of PAWHP. Do you agree or disagree with this proposal?

Question 15b. Please provide further information on why you agree or disagree

Question 16. Can you identify any potential unintended consequences which we have not considered in these proposals?

Question 17. Please set out any information you wish to share on the impact of PAWHP on groups who share protected characteristics

Question 18. Please set out any information you wish to share on the impact of PAWHP on businesses

Question 19. Please set out any information you wish to share on the impact of PAWHP on Island communities

Question 20. Please set out any information you wish to share on the impact of PAWHP on reducing inequality of outcome caused by socio-economic disadvantage

Question 21. If there is anything else you would like to tell us about the described policy intention, impact assessments or PAWHP in general, please do so here

Annex A**Consultation on Pension Age Winter Heating Payment (PAWHP)****Respondent information form**

Please Note this form **must** be completed and returned with your response.

To find out how we handle your personal data, please see our privacy policy:
<https://www.gov.scot/privacy/>

Are you responding as an individual or an organisation?

- Individual
 Organisation

Full name or organisation's name

Phone number

Address

Postcode

Email

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- Publish response with name
 Publish response only (without name)
 Do not publish response

Information for organisations:

The option 'Publish response only (without name)' is available for individual respondents only. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Yes

No

Annex B

Responding to this Consultation

We are inviting responses to this consultation by 15 January 2024

Please respond to this consultation using the Scottish Government's consultation hub, Citizen Space <http://consult.gov.scot>. To access and respond to this consultation online, please follow the link at <https://consult.gov.scot/social-security/winter-heating-benefits>. You can save and return to your responses while the consultation is still open. Please ensure that consultation responses are submitted before the closing date.

If you are unable to respond using our consultation hub, please complete the Respondent Information Form to:

Social Security Policy Division
Welfare Fund and Winter Benefits Policy Unit
150 Broomielaw
5 Atlantic Quay
Glasgow
G2 8LU

Handling your response

If you respond using the consultation hub, you will be directed to the About You page before submitting your response. Please indicate how you wish your response to be handled and, in particular, whether you are content for your response to be published. If you ask for your response not to be published, we will regard it as confidential, and we will treat it accordingly.

All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

If you are unable to respond via Citizen Space, please complete and return the Respondent Information Form included in this document.

To find out how we handle your personal data, please see our privacy policy: <https://beta.gov.scot/privacy/>

Next steps in the process

Where respondents have given permission for their response to be made public, and after we have checked that they contain no potentially defamatory material, responses will be made available to the public at <http://consult.gov.scot>. If you use the consultation hub to respond, you will receive a copy of your response via email.

Following the closing date, all responses will be analysed and considered along with any other available evidence to help us. Responses will be published where we have been given permission to do so. An analysis report will also be made available.

Comments and complaints

If you have any comments about how this consultation exercise has been conducted, please send them to the contact address above or at WinterBenefitsPolicy@gov.scot

Scottish Government consultation process

Consultation is an essential part of the policy making process. It gives us the opportunity to consider your opinion and expertise on a proposed area of work.

You can find all our consultations online: <http://consult.gov.scot>. Each consultation details the issues under consideration, as well as a way for you to give us your views, either online, by email or by post.

Responses will be analysed and used as part of the decision making process, along with a range of other available information and evidence. We will publish a report of this analysis for every consultation. Depending on the nature of the consultation exercise the responses received may:

- indicate the need for policy development or review
- inform the development of a particular policy
- help decisions to be made between alternative policy proposals
- be used to finalise legislation before it is implemented

While details of particular circumstances described in a response to a consultation exercise may usefully inform the policy process, consultation exercises cannot address individual concerns and comments, which should be directed to the relevant public body.



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