

Poverty Alliance response to Consultation on Low Income Winter Heating Assistance: February 2022

About us

The Poverty Alliance is Scotland's anti-poverty network. Together, we influence policy and practice, provide evidence through research, support communities to challenge poverty and build public support for the solutions to tackle poverty. Our members include grassroots community groups, activists who are experiencing poverty, academics, large national NGOs, voluntary organisations, statutory organisations, trade unions, and faith groups.

Question 1. Do you agree or disagree with the proposal to replace Cold Weather Payment with a new benefit whose eligibility is based solely on receipt of a low income benefit and not on reaching a specific temperature for a period of time?

Agree

For people living on low incomes, the decision over whether to heat their homes or to pay for food and other necessities during winter is a common yet impossible choice. The most recent data shows that Scotland currently has an average of 24% of households experiencing fuel poverty with 12% experiencing extreme fuel poverty¹. With the looming removal of energy price caps in April, urgent interventions are needed now to prevent more households from being swept into poverty and to provide a crucial lifeline to those struggling to keep afloat.

The Poverty Alliance therefore welcome the proposal to replace the existing Cold Winter Payment (CWP) benefit with a new benefit aimed at helping all low-income households to afford their bills in winter. A cash based, guaranteed payment to all households on low-incomes is a welcome move. However, we have significant concerns that there has not been sufficient assessment regarding households who will be worse-off on LIWHA compared to CWP.

We agree that the previous CWP policy needed significant reform and welcome the Scottish Government's move to consult on this. However, we are not confident that the proposed LIWHA payment will adequately meet the need of people on low incomes; in particular, those living on low incomes residing in areas of extremely cold temperatures.

Our concerns with the current proposed model of the LIWHA relate to the timing of payment, the number of payments and the adequacy of the payment. Although we agree that financial assistance should be provided to all low-income households, we have some concerns around the proposal of solely relying on a blanket payment to all low-income households without considering the higher energy costs faced by people living on low incomes in areas of Scotland with harsher climates.

¹Scottish House Condition Survey: Local Authority Analysis 2017-2019. Feb 2021.
<https://www.gov.scot/publications/scottish-house-condition-survey-local-authority-analysis-2017-2019/>

Although the Scottish average for fuel poverty sits at 24%, those residing in colder regions of Scotland such as the Western Isles and the Highlands have significantly higher rates of fuel poverty² due to the climate, dependence on electricity for heating and poor energy efficiency. This policy in its proposed format does not account for this variance in fuel costs and as such may result in many households losing out.

The proposed amount of £50 will in some cases make households worse off than if they remained on the current CWP policy. Data from the Department for Work and Pensions shows that when looking at previous CWP awards made in Scotland, low incomes households in areas such as Braemar received 3 triggers of the CPW from November 2021 to February 2022 equating a £75 award³. This is one example where the proposed one off payment of £50 would have left these households with less income. Given we know that rural communities are more likely to be in fuel poverty, we strongly suggest that further evaluation is needed to understand the impact of this policy change on all households, particularly in rural areas.

Lastly, it is imperative to note that this £20 million investment, although welcome, will have an extremely limited impact on overall rates of fuel poverty, particularly in colder regions of Scotland, or bring us closer to meeting our interim child poverty targets. For these reasons, we believe the payments need to be higher, awarded more often and have a lengthier qualifying period.

Question 2. If you disagreed, please could you explain why?

N/A

Question 3. Do you agree or disagree that this approach is an effective way for the Scottish Government to tackle winter heating costs for people on low incomes?

Neither agree nor disagree

Question 4. If you disagreed, please could you explain why?

Whilst we believe that a cash payment directly targeted at low income households is an effective approach to help households struggling with winter heating costs, however the efficacy of this policy is limited. The most effective way to support people on low incomes is to increase incomes structurally through boosting wages to at least the real Living Wage and ensuring we have an adequate social security system. Additionally, we cannot tackle heating costs without considering the quality of housing and the price of energy itself. All things which this policy does not have the scope to do.

Additionally, as already stated we do not think this payment will meet the needs of those households living in the coldest areas in Scotland. The proposal of £50 per month instead of the CWP amounts translates into a real terms cut for some of these households an example of which is detailed in Q1.

² Fuel Poverty by Local Authority. Dec 2021. <https://new.theclaymoreproject.com/uploads/entities/1230/files/News%20Releases/fuelpovertyLAmavV3.pdf>

³Data tables: estimated Cold Weather Payments in Great Britain, 1 Nov 2021 to 11 Feb 2022. Department for Work and Pensions. <https://www.gov.uk/government/statistics/cold-weather-payment-estimates-2021-to-2022>

Question 5. Do you agree or disagree with the proposal to name the replacement for Cold Weather Payment (CWP) in Scotland “Low Income Winter Heating Assistance” (LIWHA)?

Disagree

Question 6. If you disagreed, please could you explain why?

We have concerns regarding the labelling of this as a ‘Low Income’ payment given the misalignment with other benefits administered by Social Security Scotland. Phrasing the eligibility in this way may create hesitancy around applying for it and confusion about a households own eligibility.

Question 7. Do you agree or disagree with the proposal to remove the requirement for a ‘cold spell’ to be identified in order for a client to receive a payment?

Agree

Question 8. If you disagreed, please could you explain why?

Although we agree with the removal of the requirement of a ‘cold spell’ to be identified in order for low income households to receive the payment, we have concerns around refusing to account for the fact that households living in colder areas will have higher heating costs.

We agree that all households in receipt of low-income benefits should receive a base payment to help with heating costs and therefore welcome a LIWHA (at a higher amount as detailed in Q18) for all low income households. However, we would also recommend exploring the introduction of additional targeted payments to be awarded to households who fall into areas where a ‘cold spell’ is identified.

Question 8. If you disagreed, please could you explain why?

N/A

Question 9. Do you agree or disagree with the proposal to have a one off, annual payment for LIWHA?

Agree

Question 10. If you disagreed, please could you explain why?

N/A

Question 11. Do you agree or disagree that our approach to identifying eligibility should be through the use of qualifying benefits?

Agree

Question 12. If you disagreed, please could you explain why?

N/A

Question 13. Do you agree or disagree with the proposal to retaining the current qualifying benefits to indicate eligibility for this new payment?

Disagree

Question 14. If you disagreed, please could you explain why?

We agree in part with the proposed eligibility however we would remove the exclusionary criteria that states that you must not be in employment when claiming Universal Credit to eliminate a level of confusion. This may help to prevent the exclusion of households who need the support despite being employed, particularly people working a small number of hours per week or with fluctuating wages.

Question 15. Do you agree or disagree that the eligibility criteria for the LIWHA are clear?

Disagree

Question 16. If you disagreed, please could you explain why?

See Q14

Question 17. Do you agree or disagree that the proposed rate of £50 for LIWHA is appropriate?

Disagree

Question 18. If you disagreed, please could you explain why?

A one off payment of £50 will not be sufficient in helping low-income households to cover their heating costs in winter. Particularly given the recent – and also the further - energy bill increases due to the lifting of the price cap, £50 once annually when energy costs are estimated to rise by an average of £600 per year⁴ will not provide an adequate level of support.

We suggest at least doubling this payment to £100 as a base amount and, as previously suggested, seek to explore how to provide targeted additional payments to households who face acutely colder temperatures.

Question 19. Do you agree or disagree with the proposal for LIWHA to be given to clients in the form of a cash payment and not another form?

⁴ Millions braced as energy price rise to be revealed. Feb 22. <https://www.bbc.co.uk/news/business-60234732>

Agree. We strongly support a cash-first approach to supporting people on low incomes. This approach reduces stigma and allows households to make financial choices that best support their household needs. Cash-first approaches are also consistently noted as being preferred by participants in our research projects with people with lived experience of poverty.

Question 21. Do you agree or disagree with the proposal to pay LIWHA as an annual one-off payment each winter?

Disagree

Question 22. If you disagreed, please could you explain why?

As stated previously, a one off payment of £50 will not be adequate to offset increasing heating costs given the existing rates of fuel poverty and the looming price increases from April. We suggest at least doubling this payment to £100 as a base amount and, as previously stated, seek to explore how to provide targeted additional payments to households who face acutely colder temperatures.

Question 23. Do you agree or disagree with the proposal to set a 'qualifying week' during which eligible clients for LIWHA will be identified?

Disagree

Question 24. If you disagreed, please could you explain why?

Qualifying weeks will inevitably result in some households losing out on crucial support due to not being on qualifying benefits during this time. Household circumstances can change quickly and leave households who were just managing in a situation, suddenly struggling to pay bills and provide food and essentials for their family.

Instead, the eligibility period should be extended, to include anyone who receives a qualifying benefit at any point during the winter thus working to ensure that more households would benefit from the support.

Question 25. If you agreed, please provide a preference for when you think the qualifying week for LIWHA should be?

Question 26. Do you agree or disagree with the proposal to make LIWHA payments to clients in February of each year?

If a qualifying week is used, payments should be made as close to payment as possible and at the earliest possible time and therefore we would suggest November for first payments. This allows households to adequately budget for the coming months.

Question 27. If you disagreed, please could you explain why?

N/A

Question 28. Do you agree or disagree with the proposal that clients have 31 days to request a redetermination?

Question 29. If you disagreed, please could you explain why?

N/A

Question 30. We have proposed that Social Security Scotland have a period of 16 working days to consider a redetermination of LIWHA. Do you agree or disagree with this proposal?

Question 31. If you disagreed, please could you explain why?

Question 32. Can you identify any potential unintended consequences which we have not considered in these proposals?

As previously stated, we do not believe the current proposals will sufficiently support low income households to the level required. Regarding unintended consequences, we believe that the design of this policy will result in some households being worse off receiving LIWHA compared to CWP. For example, when looking at previous CWP awards made in Scotland, areas such as Braemar received 3 triggers of the CPW from November 2021 to February 2022 equating a £75 award⁵. This shows just one example of how the proposed LIWHA payment would make some households worse-off compared to the CWP leading us to again call for an increase in the amount from a flat annual £50 payment to at least £100 with targeted payments for those living in colder areas.

For further information, please contact:

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⁵ Data tables: estimated Cold Weather Payments in Great Britain, 1 Nov 2021 to 11 Feb 2022. Department for Work and Pensions. <https://www.gov.uk/government/statistics/cold-weather-payment-estimates-2021-to-2022>