

# **The Scottish Government Response to the Consultation on Low Income Winter Heating Assistance (LIWHA)**

**June 2022**

## Ministerial Foreword



As Minister for Social Security and Local Government, in December I was pleased to launch the consultation on our proposed Low Income Winter Heating Assistance, which will replace Cold Weather Payments in Scotland from winter 2022-23. This new benefit will continue to help people with the costs of heating their homes in winter. However, unlike the UK Government's Cold Weather Payments, our benefit will not be dependent on cold weather in a specific area to trigger a payment. Instead, removing the cold weather condition will provide people on other qualifying low income benefits with an additional

payment of support that they will be able to be certain about receiving from the Scottish Government.

I am pleased that so many people took the time to respond to the consultation. I am also pleased that most of our proposals were supported by respondents. This document explains the changes that we have been able to make to our policy as a result of the views and feedback we received during the consultation period, and the further consideration that we will undertake.

Our new benefit will be launched safely, securely and on schedule this winter providing reliable new financial support to around 400,000 people.

Since I launched the consultation the Scottish Government has been working to help with increases to the cost of living. That has included doubling our Scottish Child Payment to £20 per week, per eligible child, and providing a further £10 million to continue our Fuel Insecurity Fund into 2022-23. Our new Low Income Winter Heating Assistance will deliver a further benefit in Scotland and support more people with their energy costs.

**Ben Macpherson MSP**  
**Minister for Social Security and Local Government**

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## **Scottish Government Response to the Consultation on Low Income Winter Heating Assistance (LIWHA)**

### **Introduction and background**

The 2021-22 Programme for Government included a commitment to replace the current Cold Weather Payment (CWP) with a new Low Income Winter Heating Assistance (LIWHA) benefit, providing around 400,000 households on low incomes with a guaranteed annual payment of £50.

The consultation on LIWHA explained our intention to replace the CWP dependence on 7 day cold weather spells with a single annual payment of £50 every winter to those receiving low income benefits. By breaking the current link with cold weather LIWHA aims to mitigate some of the impact of additional domestic heating costs in winter by providing targeted, reliable financial support to households with low incomes. The consultation asked about the following areas:

- Whether the proposals are likely to meet the policy intent;
- Whether the eligibility criteria are clear;
- The amount, format and timing of the payment; and
- The impact of the policy.

We received 119 responses to the consultation, 83 from individuals and 36 from organisations. Most respondents indicated that they support the introduction of a new benefit to replace CWP and were also supportive of the proposal to remove the weather dependency aspect of CWP. However, some also expressed reservations about the proposed eligibility criteria, how (and how often) we identify eligible clients and the amount and timing of payments.

We have fully considered the consultation responses and the impacts that the suggested changes would have on LIWHA if they were implemented. We have taken into account the extent to which any changes to the policy at this stage may present a significant financial challenge or potentially risk our ability to deliver the benefit in winter 2022-23, due to the requirement for a substantial redesign of the delivery systems of the payment. We will, however, continue to investigate ways of improving the benefit, through changing the timing or value of the payment or when and how eligibility is assessed, after it has been launched.

## **Overview of the Consultation**

### **Background**

The purpose of the Consultation on Low Income Winter Heating Assistance (LIWHA) and associated stakeholder engagement at the end of 2021 and the beginning of 2022 was to gather views on the key eligibility criteria and the proposed payment format, and to identify any unintended consequences of introducing the new payment.

As part of this engagement process the Scottish Government also ran an extended workshop with a wide range of organisations representing various sectors. We also carried out a separate research project seeking the views of Social Security Experience Panel members on this proposed new payment.

### **Public Consultation**

The public consultation<sup>1</sup> on LIWHA took place between 1 December 2021 and 25 February 2022. It provided an overview of the new payment's aim, its key eligibility criteria and its format. It set out how we intend to deliver this new benefit through Social Security Scotland to provide help towards meeting heating costs in winter. The consultation asked specific questions on whether the policy intention will best meet the needs of those it aims to help including whether the requirement for a period of cold weather to trigger a payment should be removed, whether different qualifying benefits should confer eligibility and whether those receiving such benefits should be identified during an annual qualifying week. We also asked about the value, format and timing of the payment itself.

A report<sup>2</sup> summarising the independent analysis of the 119 consultation responses has been published on the Scottish Government website. Our response to the issues raised by respondents is set out below.

### **Stakeholder Engagement**

During the consultation period the Scottish Government also held a workshop with an extended version of our stakeholder reference group, including representatives from Citizens Advice Scotland, Energy Action Scotland, The Energy Savings Trust, Poverty Alliance, Child Poverty Action Group, Age Scotland, The Poverty and Inequality Commission, Inclusion Scotland, local authorities and NHS boards during the consultation period to discuss our proposals in detail.

### **Experience Panel Survey**

From February to March 2022, Experience Panel members took part in research on LIWHA. We asked Panel members their views on the key policy options for this new

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<sup>1</sup> Consultation document can be found here: <https://www.gov.scot/publications/consultation-low-income-winter-heating-assistance-liwaha/>

<sup>2</sup> Consultation analysis report can be found here: <http://www.gov.scot/ISBN/9781804355244>

benefit. In total, 288 members chose to complete a survey exploring this topic. The full report<sup>3</sup> details the findings and key themes that emerged from this work.

Of the 667 Panel members who met the criteria<sup>4</sup> to participate in this survey, 43 per cent responded. 78 per cent of respondents have received a CWP. The other 22 per cent would have had experience of benefits relevant to the eligibility criteria of Cold Weather Payment.

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<sup>3</sup> Experience Panels Reports can be found here [Social Security Experience Panels: publications - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications-social-security-experience-panels/)

<sup>4</sup> We contacted Panel members who had previously had experience of the Cold Weather Payment, as well as those who had experience of other benefits that are part of the eligibility criteria for Cold Weather Payment. This included panel members who have had experience of Universal Credit.

## **Questions 1 to 8 and 11 to 16: Eligibility and the name of the new benefit**

Sections 5.1, 5.2 and 5.3 of the consultation document provided an overview of our proposals for the new LIWHA benefit. They asked questions on our intentions to remove the need for a 'cold spell' in order for a client to receive a payment, the eligibility criteria of the new benefit and its proposed name.

### **Name of the new Benefit**

The consultation proposed that the replacement for Cold Weather Payment (CWP) in Scotland be called "Low Income Winter Heating Assistance" (LIWHA)?

Just under half of respondents (48%) agreed with the proposed name with the remainder either disagreeing (39%) or unsure (12%). Some of the concerns expressed by those who disagreed related to the purported stigmatisation of referring to "low income". This theme was also highlighted in the responses to our Experience Panel survey on LIWHA, with some respondents suggesting the name was 'stigmatising' and 'derogatory' and proposing that the 'low income' component of the name should be removed. Conversely, some respondents supported this aspect of the name on the basis it was unambiguous in explaining everything that people needed to know about the benefit and provided clarity about the eligibility criteria, although others noted that not all people on low incomes or receiving a low income benefit will qualify. **We will undertake further testing of potential names (for example, 'Winter Heating Assistance') with our Experience Panel members and stakeholders prior to the launch of the benefit.**

### **Removing the requirement for cold weather to trigger payment**

The existing CWP pays £25 when recipients experience a cold spell between 1 November and 31 March. The consultation proposed that eligibility to receive the new benefit would be based solely on receipt of a low income benefit, and not also require a period of cold weather. It also asked whether people thought that this would be an effective way of tackling winter heating costs for people on low incomes.

Analysis of responses showed that there was broad support for the introduction of LIWHA, with 70% of respondents agreeing with the proposal to replace CWPs with a new benefit. Over three quarters of respondents also agreed with the proposal to remove the cold spell requirement for payment. The majority of respondents agreed that LIWHA, as proposed, would be an effective way for the Scottish Government to tackle increased winter heating costs of eligible recipients.

Some respondents raised concerns about the proposal to remove the cold spell criteria, highlighting the possibility that individuals living in areas where there are typically more than two cold spells per winter, or prolonged cold spells, would receive less money than they typically do under the current system. For example, a household in an area which experienced three cold spells in a winter would receive £75 (3 payments of £25) under the CWP, but £50 under LIWHA. This was a theme of concern noted by some individuals as well as organisations such as Energy Action Scotland, Age Scotland and Scottish Federation of Housing Associations.

The unpredictable nature of weather dependent payments is one of the key drivers of our proposed change in approach. There has been significant variability in payment numbers in previous winters where in many cases people have received no CWPs. We can measure the comparative value of the payment only in retrospect when we know how many contingent payments have actually been triggered.

Data from previous years shows that approximately 1,000 people who live within the Braemar weather station area have historically experienced more than 2 cold spells in each of the past 7 years, which will have triggered payments totalling more than £50 annually. There are four other areas which have received more than 2 CWPs in at least 2 of the past 7 years. Braemar is the only area of Scotland which received more than £50 in payments in the most recent year. Only 3 other areas received any CWP.

Our change in approach, moving away from weather dependency, means that we will ensure that all households who have been identified as requiring additional support with their winter heating bills will receive it, regardless of weather, temperature or where they live.

**The Scottish Government has recently appointed a new Fuel Poverty Advisory Panel to consider how our targeting of various fuel poverty and energy efficiency schemes can be streamlined and improved. We will consider carefully any recommendations made by the panel with regard to delivering Social Security benefits in Scotland.**

#### Using the qualifying low income benefits for Cold Weather Payments to identify households eligible to receive Low Income Winter Heating Assistance

The consultation proposed that eligibility to receive LIWHA should be based on the same qualifying benefits which are currently used to establish eligibility for CWP, but without reference to cold weather. Therefore, clients who would currently be eligible for CWP due to being in receipt of a specified low income reserved benefit<sup>5</sup> will automatically be eligible for a LIWHA payment.

Some who responded to the consultation suggested extending eligibility to include other qualifying benefits. This would capture certain groups that could be considered as being most at risk of the impact of increases in energy prices and the overall cost of living, such as carers and people receiving disability benefits. Others proposed broadening the scope of the current benefits by removing the requirement for receipt of premiums relating to disabilities and children. Other suggestions included extending eligibility to individuals on low incomes who do not receive any benefits, to ensure that those people are also eligible to receive help with winter heating costs. This approach would introduce a number of difficulties, not least the need to define a low income. This would also place a burden on the client to make an application and to provide any supporting evidence of their eligibility.

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<sup>5</sup> Pension Credit, Income Support, income-based Jobseekers Allowance, income-related Employment and Support Allowance, Universal Credit and Support for Mortgage Interest. Additional qualifying criteria in relation to premiums paid because the client is disabled or has a young or disabled child in their household also need to be met.

It is clear that any addition of further qualifying benefits would increase annual caseload, cost and, in most cases, complexity. Adding to the qualifying benefits for LIWHA could extend eligibility to potentially a significant number of people who are not necessarily on a low income and who could be in employment. We could not therefore deliver LIWHA to an extended group of eligible clients and still launch the new benefit by winter 2022 as we have committed.

**Due to the overlap between the current eligibility for CWP and those households who have need for an enhanced heating regime, it is considered that the present proposals are appropriate to ensure that the new payment is targeted to individuals who are most in need. However, we will continue to review the eligibility criteria for LIWHA after the launch of the benefit.**

### **Questions 9, 10 and 17 – 20: Payment Value and Format**

Sections 5.4, 5.5 and 5.6 asked questions on the proposed value of the payment and the format in which it is proposed to be paid.

#### **Value of Payment**

The consultation proposed that the value of LIWHA should be £50. A single annual payment of £50 is equivalent to the value of two CWPs, payable on two periods of seven consecutive days of sub-zero temperature. Many respondents indicated that they consider a payment of £50 to be insufficient given the current cost of living crisis and the anticipated further increases in energy prices. This was echoed in our Experience Panel survey where less than one quarter of respondents agreed a single annual payment of £50 would be suitable. Alternative amounts suggested tended to range between £75 and £100.

For the majority of people, a £50 payment will provide more support than they have received on average previously through the DWP benefit. We know that island communities are likely to benefit from this change as they have historically received very few CWPs despite temperatures feeling cold because of factors such as wind chill and driving rain. However, there are some areas where historically the communities have received more than 2 CWPs in some years and under our proposal these areas may receive less.

Assuming that approximately 400,000 people each year will be eligible to receive the new benefit, increasing its value to £100 would double the forecasted annual expenditure to around £40 million. Such an increase at this time would not be affordable. **We do not, therefore, intend to increase the value of the LIWHA payment for the benefit delivery in winter 2022. However, we will keep this under review.**

We do recognise that the costs associated with heating homes has increased significantly since the initial development of LIWHA policy. This policy aims to mitigate some of the challenges presented by the volatile winter energy costs for vulnerable households and also to help alleviate poverty and inequalities. The current record rise in global gas prices which has seen wholesale prices increasing

fourfold in the last year, heightens the risk that despite this financial support, there will be an ongoing need to support those at risk of, or in, crisis.

### Format of Payment

The consultation proposed that LIWHA payments should be provided as a single, annual direct payment to eligible recipients rather than in another form.

Respondents' views were mixed on our proposal for a single payment each year. Some stakeholders suggested that payments be split to ensure coverage of the whole winter period and increase the chance of a payment coinciding with a cold spell. Others suggested that additional payments could be targeted to areas that have historically seen more frequent cold weather events.

**Making more than a single payment to eligible clients each winter would inevitably increase the complexity and cost of delivering the benefit. The impact on both complexity and cost would depend on how many payment cycles were to be introduced, but it is likely that making more than one payment to eligible clients each winter would add increased risk to the delivery of the benefit and increase agency staffing requirements. However, we retain in the underpinning legislation the ability to legislate for additional payments to be made should the need arise and the funding be made available.**

### Questions 21 to 27: Timing of 'Qualifying Week' and Payment

Sections 5.7 and 5.8 of the consultation set out our proposals that LIWHA be paid as a single annual payment in February and that eligibility to receive the payment be established during a qualifying week in September. During that week DWP would identify the individuals receiving the benefits which entitle recipients to a CWP when a cold spell occurs.

#### Use of a Qualifying Week to establish eligibility

Basing LIWHA eligibility solely on receipt of low income benefits requires us to specify the point or points in time at which eligibility will be determined. We consulted on a proposal to establish a qualifying week during which we would establish, through data from DWP, all households in receipt of specified qualifying benefits who would subsequently receive an automatic LIWHA payment. This is the approach taken to establish eligibility for DWP's Winter Fuel Payment (WFP) and the Scottish Government's Child Winter Heating Assistance (CWA).

Some respondents suggested extending the period within which eligible clients are identified to cover the whole of the winter, or to have multiple periods throughout the winter where eligibility is determined. As we rely on DWP to provide details of eligible clients, the introduction of multiple points in time in which data would be required adds significant complexity, increases the risk to delivery and would require DWP agreement. Alternative solutions to the provision of a single data extract from DWP would not be able to be delivered in time to launch LIWHA in winter 2022-23.

#### Timing of a Qualifying Week

We suggested in the consultation that the qualifying week be set for the third week in September, to be consistent with other winter heating benefits being paid across the UK. Some respondents highlighted that this would lead to a significant gap in time between determining entitlement and making payments. **We have therefore decided that the proposed single qualifying week will now take place at the beginning of the winter period in November each year. This will bring the timing of the qualifying week closer to the payment date in February 2023 and will still provide sufficient time for DWP to extract and consolidate data and transfer it to us before we prepare it for processing.**

With the existing CWA, the introduction of LIWA, and our replacement for WFP in winter 2024-25, Social Security Scotland will be responsible for benefits payable to around 1.5 million clients in Scotland each winter. As it is likely that the qualifying week required for the WFP replacement will be scheduled for September each year, reflecting the current WFP and CWA, a November qualifying week for LIWA will reduce the pressure on operational capacity and enable us to conduct the necessary testing of data received from DWP to allow payments to start being made to clients in February 2023.

#### Annual Payment in February

The consultation proposed a single payment each February, identified as one of the coldest months during the winter where historically a high number of CWPs have been made.

The majority of respondents to the consultation consider that a payment in February would be too late, particularly for households using pre-payment meters who would risk accumulating debt with their energy providers. Again this reflected the responses to our Experience Panel survey, which showed that less than half of respondents agreed the benefit should be paid in February. Even though this is traditionally one of the coldest months in Scotland, many people thought the benefit should be paid earlier. It was suggested that households who are not connected to the national gas grid, and need to buy fuel in advance, would be disadvantaged.

Commencing payments in February 2023 will provide Social Security Scotland with a small window of time in which to manage any issues arising from the extension of Scottish Child Payment (SCP) and to train staff needed to support the launch of LIWA. It also provides Social Security Scotland time within the crucial test window to test the actual client data from DWP in the live data assurance environment. These tests are performed to ensure the system is working as expected and to ensure the maximum amount of automation can be applied to the LIWA data cohort.

**Making payments in February for the initial year that LIWA is launched will ensure a smooth transition from CWP to LIWA. However while we will explore the feasibility of bringing forward the payment date in future years we cannot do so for winter 2022-23.**

## **Questions 28 to 32: Redeterminations and Unintended Consequences**

Section 6 of the consultation asked about questions proposed timescales for a client to request a redetermination and Social Security Scotland time period to consider a redetermination for LIWHA.

### Redeterminations

The Social Security Act (Scotland) 2018 gives individuals a right to challenge a decision made by Social Security Scotland if they wish to, for example, because they think it is incorrect. The consultation proposed that people who do not receive a LIWHA payment, but who consider that they should have, will have 31 days after being notified of the original determination, to request a redetermination. It also proposed that Social Security Scotland have 16 working days to consider such redeterminations.

The vast majority of respondents agreed with these proposals. A few described the potential difficulties that groups who may lack confidence or need additional support, such as disabled people, older people, digitally excluded groups and rural communities, could face in meeting this deadline. We recognise the concerns from respondents around the need to provide flexibility for clients requesting a redetermination. A request for a redetermination 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. Guidance will be developed to ensure that, where a client requests a late redetermination, their request is fully considered, taking account of their individual circumstances

## **Questions 33 to 38: Impacts**

Section 7 of the consultation asked about the possible impact of the policy on protected groups, children's rights and wellbeing, on business and on island communities. Our response to the points raised will be outlined in the summary results of the following impact assessments:

- Equality Impact Assessment
- LIWHA Child's Rights and Wellbeing Impact Assessment
- LIWHA Business & Regulatory Impact Assessment
- LIWHA Islands Community Impact Assessment
- Fairer Scotland Duty Impact Assessment

## **Implementation and monitoring**

It is intended that Low Income Winter Heating Assistance payments will begin in winter 2022-23. Once payments are being made we will, as with other benefits, seek to make ongoing improvements based on the feedback of applicants.

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

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