

SCOTTISH GOVERNMENT POSITION PAPER COLD SPELL AND WINTER HEATING ASSISTANCE

Introduction

This paper is one of a series providing an update on our position on various matters relating to the development of the devolved social security benefits in Scotland.

The purpose of this paper is to set out the Scottish Government's position on Winter Heating Assistance, which will replace Winter Fuel Payments in Scotland, and Cold Spell Heating Assistance, which will replace Cold Weather Payments.

Background

In 2016 in our Programme for Government, we set out our commitment to pay Winter Heating Assistance to families with a severely disabled child. We will do so by the end of 2020. Progressively from November 2021 onwards, we will pay Winter Heating Assistance to everyone in Scotland as they reach the female State Pension age. We will also begin to replace existing Winter Fuel Payments with Winter Heating Assistance from November 2021.

Cold Weather Payments are triggered every winter in some parts of Scotland and are vital for lower income households during a very cold winter, such as in 2010. We will protect these payments as we take responsibility for Cold Spell Heating Assistance. In using its devolved social security powers, the Scottish Government's main priority must be to ensure a safe and secure transition to Cold Spell Heating Assistance. We will progressively transfer current and future recipients to the new benefit so that no-one slips through the net or misses a payment.

Winter Fuel Payments

The Winter Fuel Payment is a universal, annual tax-free payment made to pensioners to help towards their winter heating costs. Winter Fuel Payment was introduced in 1997 aimed at tackling fuel poverty amongst pensioners. However the payment is not tied to fuel bills: recipients can spend it as they choose. Most payments are made automatically between November and December.

To be eligible for a Winter Fuel Payment, a person must have reached the relevant age threshold. The relevant age is linked to the State Pension age for women. To receive a winter fuel payment in 2018/2019, a person must have been born on or before 5 November 1953. The age at which an individual becomes eligible changes every year and is linked to on-going changes in the State Pension Age.

Eligibility for Winter Fuel Payments depends upon individual circumstances during the qualifying week in September. Different rates of payment are made to recipients based upon their age; whether a second person shares the same home and is also

eligible (by age); and whether the person lives in a care home and qualifies for certain benefits.

Claims for Winter Fuel payments are not made if someone is in hospital getting free treatment for more than a year; needs permission to enter the UK and has been granted leave to remain stating that they cannot claim public funds; was in prison for the qualifying week; lived in a care home for a set period, and got Pension Credit, Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance.

In 2017-18, just over one million people in Scotland received a Winter Fuel Payment (1,021,580) and the total value of payments was approximately £176m.

Winter Heating Assistance

No one will lose out as a result of the replacement payment, Winter Heating Assistance. We plan to develop and design Winter Heating Assistance based upon the existing Winter Fuel Payment. We will not means test or tax Winter Heating Assistance.

We will use our new powers over social security to create a system based on dignity and respect. From April 2020, any family living in Scotland with a child who is in receipt of the higher rate component of Disability Assistance for Children and Young People will be eligible for Winter Heating Assistance (WHA).

We propose this WHA payment is consistent with the current Winter Fuel Payments made by the UK Government at £200. The introduction of Winter Heating Assistance for severely disabled children will be part of our consultation on Disability Assistance in Scotland.

We forecast that the number of families that will benefit from the change will be approximately 16,000 in 2020-21. The cost of the proposed change in 2020-2021 is anticipated to be £3.5m and will be fully funded by the Scottish Government.

Our ambition is to improve the way that the new Winter Heating Assistance is delivered to households, in particular in remote rural and island communities that are not on the gas grid. However, our first priority is to ensure current and new recipients receive the benefit they are entitled to. We will seek the views of households who have applied for and benefited from the current Winter Fuel Payments as part of our Research Plan for 2019-20.

Cold Weather Payments

The Cold Weather Payments scheme runs from 1 November to 31 March each year. Cold Weather Payments are made to households in receipt of certain benefits during prolonged periods of cold weather. Payments are made automatically when the average temperature is recorded or forecast to be zero degrees (centigrade) or below for seven consecutive days.

The Cold Weather Payment is set at a fixed amount of £25 for each seven day period of cold weather. Payments are usually made within 14 working days of the event and paid directly into the bank or building society account used for benefit payments. Cold Weather Payments do not affect other benefits.

Cold Weather Payments are currently paid to most recipients of Pension Credit; Income Support; income-based Jobseeker's Allowance; income-related Employment and Support Allowance; Universal Credit and/or Support for Mortgage Interest. These are reserved benefits with more complicated eligibility requirements and are also subject to more frequent changes in household circumstances. This makes Cold Weather Payments more technically complex to deliver.

The trigger for a Cold Weather Payment is when the average temperature at one of 94 weather stations is recorded as being or is forecast to be zero degrees for seven consecutive days. Currently DWP assigns every GB post code district to one of these weather stations to then determine which areas have experienced periods of prolonged cold weather.

The total annual spend on Cold Weather Payments is weather dependant, therefore the amount spent in Scotland and the number of individuals who receive CWP can vary significantly. From 1 November 2017 to 31 March 2018, there were 61 triggers for CWP across Scotland totalling £20.5m. In 2017-18, there were 11 triggers for CWP across Scotland with payments totalling £1m. In 2016-17 there were 20 triggers for CWP across Scotland and total payments were approximately £3m.

However, recent winters have been relatively mild. By comparison during the winter of 2010/11, total GB payments were £435 million and payments in Scotland were correspondingly higher (£51 million). Despite the mild winters in the last three years, weather stations in Scotland accounted for over two thirds (68%) of cold weather period triggers in Great Britain.

The data published by DWP for Cold Weather Payments suggests that there tends to be a higher number of triggers in the Highlands and Aberdeenshire. The Braemar weather station in the Cairngorms national park has had the highest number of triggers for any weather station in each year of the last three years' data.

Cold Spell Heating Assistance

No-one will lose out when the Scottish Government takes responsibility for Cold Spell Heating Assistance. The new benefit will be designed and delivered based

upon the existing Cold Weather Payment. We have no plans to change the current eligibility for this benefit or to change the amount of benefit paid.

We are also very aware that extreme weather can be a factor affecting the warmth of some people's homes, not least for communities living on islands and in remote rural areas. We recognise that the way in which the current Cold Weather Payments are triggered could be improved. During 2019-20 we will be asking for the views of Experience Panel members who already receive these payments.

Since the benefit was first established in 1988, the number of weather stations used by DWP to trigger payments across GB has risen from 70 to 94. Similarly the number of weather stations covering Scotland has also risen from 18 to 27. In considering the design and delivery of Cold Spell Heating Assistance, we will review how payments are triggered, including the number and location of weather stations. We will also seek a wide range of expert opinion and look to design processes that better reflect the needs and experiences of Scottish households.

Next Steps

We will seek the views of households who have received Winter Fuel Payments and Cold Weather Payments as part of our Research Plan for 2019-20. We will also consult on the introduction of Winter Heating Allowance for severely disabled children as part of our consultation on Disability Assistance in Scotland. Our response to this consultation will set out our proposals for how WHA will benefit these recipients in greater detail.

Social Security Scotland will make the first new payments of Winter Heating Assistance to families with a severely disabled child in 2020 and for people over the state pension age in 2021. We expect that delivery of these benefits will continue on the basis of existing eligibility.

We will make the first payments of Cold Spell Heating Assistance from November 2021 onwards. Given the technical complexity of the current benefit, we will explore with DWP transitional delivery of these benefits on the basis of existing eligibility. We anticipate that we will need to work closely with DWP to progressively transfer responsibility for payments and undertake an annual review of delivery arrangements in Scotland.

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