



Designing a Social Security System for Scotland:
Winter Fuel and Cold Weather Payments

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Contents

Summary	3
What is Regulated Fuel?	4
Help with Winter Fuel and Heating Expenses	4
Cold Weather Payment	4
Winter Fuel Payment	5
Warm Home Discount Scheme	6
Government Statistics - Cold Weather Payment	6
Government Statistics - Winter Fuel Payment	7
Scotland Bill: What is proposed to be devolved?	8
Scottish CAB Service Evidence	8
Entitlement	9
Claiming Process / Backdating	10
Payments	11
Means-Testing vs Universalism	12
Conclusion	13

About the Citizens Advice Service

Citizens Advice Scotland (CAS), our 61 member Citizen Advice Bureaux (CAB), the Citizen Advice consumer helpline, and the Extra Help Unit, form Scotland's largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone. Our self-help website Adviceguide provides information on rights and helps people solve their problems.

In 2014-15 the Citizens Advice Service network helped over 323,000 clients in Scotland alone and dealt with over one million advice issues. With support from the network clients had financial gains of over £124 million and the Scottish zone of our self-help website Adviceguide received approximately 5.4 million unique page views.

Summary

The CAB service has a unique role in Scotland. No other charity offers direct help to so many people over such a wide variety of problems and across the whole of Scotland. Our on-the-ground experience and extensive evidence base puts us in an ideal position to set out a vision for how Scotland should use its new social security powers.

The Scotland Bill intends to give the Scottish Parliament legislative competence over provision of financial assistance for the type of payments currently provided by the Regulated Social Fund. This will include provision to make provision for the Cold Weather Payment (CWP) and Winter Fuel Payment (WFP), including conditions of entitlement or to replace these benefits entirely.

Devolving the provision of winter fuel and heating expenses to the Scottish Parliament is important for a number of reasons:

- Scotland has some of the highest rates of fuel poverty in GB, along with some of the highest costs of energy, coupled with relatively lower incomes. The CWP and the WFP, together with the Warm Home Discount, are a package of measures that specifically help to maximise the incomes of households most at risk of or falling into fuel poverty; economically inactive pensioners and other vulnerable households, including those on low or restricted incomes.
- CAS has some concerns about whether the winter fuel and heating expenses parts of the Regulated Social Fund have been reaching the right groups of people and doing what they are intended to do.
- CAB evidence also indicates a number of other current failings around eligibility for assistance and the inflexibility of current provision in relation to the claiming process and individuals trying to receive payments, which often cause distress and detriment to low income and vulnerable clients.

We believe that devolution will equip the Scottish Government with the necessary powers to respond to these issues.

What is the Regulated Social Fund?

The Social Fund was a form of welfare benefit provision in the UK. There were two parts to the fund:

- 'Discretionary' social fund intended to respond flexibly to meet exceptional or intermittent needs of certain benefit claimants.
- 'Regulated' social fund intended to cover maternity, funeral, winter fuel and heating expenses.

The discretionary social fund was abolished by the UK Government in the Welfare Reform Act 2012, coming into effect from April 2013. Funding was made available to the devolved administrations and English local authorities to provide assistance as they deemed appropriate. In Scotland this led to the creation of the Scottish Welfare Fund, which is delivered by Scottish councils.

The Regulated Social Fund has continued to be funded by the UK Government, though the draft Scotland Bill¹ currently making its way through the UK Parliament contains clauses for it to be devolved to the Scottish Parliament.

This paper focuses on the Cold Weather Payment (CWP) and the Winter Fuel Payment (WFP) parts of the Regulated Social Fund.

Help with Winter Fuel & Heating Expenses

The Regulated Social Fund currently provides assistance to eligible households with assistance for their winter fuel and heating expenses. This includes the CWP and the WFP. Related support is also available from the Warm Home Discount Scheme, though this is not part of the Regulated Social Fund.

Cold Weather Payment²

The CWP is paid to certain benefit claimants. A £25 payment is made to eligible individuals if the outdoor temperature is recorded as, or forecast to be, 0°C or below for 7 consecutive days.

The CWP scheme runs from 1 November 2015 to 31 March 2016. There is an online postcode checker that individuals can use to find out if a payment is due to be paid in their local area: pensions-service.direct.gov.uk/en/cold-weather-payment/.

¹ <http://services.parliament.uk/bills/2015-16/scotland.html>

² <https://www.gov.uk/cold-weather-payment/overview>

After each period of very cold weather in an area, eligible individuals will get a payment within 14 working days. It's paid into the same bank or building society account as benefit payments.

The CWP is paid to certain eligible households³ who are in receipt of the following benefits:

- Pension Credit
- Income Support
- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Universal Credit

Receiving the CWP doesn't affect any other benefits.

Most claimants do not need to apply for the CWP. Eligible individuals are paid automatically. Though some groups of people will need to inform their paying authority on a change in circumstance that may make them eligible for support, i.e. those who have a baby or a child under 5 comes to live with them.

Anyone who thinks they are eligible but doesn't receive their CWP should inform their pension centre or Jobcentre Plus office. They should also let them know if they go into hospital because this may affect their payment.

Winter Fuel Payment⁴

The WFP is a £100-£300 tax free payment made to individuals born on or before 5 January 1953 to help them pay their heating bills.

Payments are made automatically between November and December and in most cases the money should be paid by Christmas. How much is paid depends on individual circumstances during the 'qualifying week'. For winter 2015 to 2016 the qualifying week is 21st to 27th September 2015.

Individuals living in Switzerland or a European Economic Area (EEA) country with a genuine link with the UK get the payment, though it is not payable to people living in Cyprus, France, Gibraltar, Greece, Malta, Portugal or Spain because the average winter temperature is higher in those countries than the warmest region of the UK. Other people excluded from being paid are those who, during the qualifying week, were: in prison; in hospital getting free treatment for more than 52 weeks; need permission to enter the UK and don't qualify for help from the DWP; or have lived in a care home for the previous 12 weeks or more.

³ Eligibility varies depending on the particular benefit, but it is usually limited to households in receipt of an eligible benefit and that contains a person defined as vulnerable, e.g. pensioner, disability, or children under 5.

⁴ <https://www.gov.uk/winter-fuel-payment>

The WFP is paid to individuals in receipt of the State Pension or another social security benefit, but not Housing Benefit, Council Tax Reduction, Child Benefit or Universal Credit.

Most eligible individuals receive a letter informing them how much they will get and an estimated payment date. Individuals who qualify but don't receive an automatic payment will need to make a separate claim.

Any money paid doesn't affect other benefits.

Any change of circumstance should be reported to the office that pays the person's benefits as these can affect how much is paid. For example, if the qualifying person stops getting a benefit, moves out, dies or goes into care.

Warm Home Discount Scheme⁵

Although it is not part of the Regulated Social Fund, it is worth noting that the draft Scotland Bill also includes clauses that will devolve to the Scottish Parliament power to determine energy supplier obligations in Scotland. This includes the Warm Homes Discount (WHD).

For winter 2015 to 2016, the WHD could give a £140 discount to eligible household's electricity bill, usually between September and March. The discount doesn't affect the Cold Weather Payment or Winter Fuel Payment.

Importantly, not everyone gets the discount. Eligibility for a 'core group' is restricted to those individuals in receipt of the Guarantee Credit element of Pension Credit and whose energy supplier takes part in the scheme. For others, a 'broader group', is restricted to those on a low income or certain means-tested benefits. They may be eligible for assistance and should check with their energy supplier about eligibility and how to apply.

Government Statistics - Cold Weather Payment^{6,7}

In 2013/14, due to an exceptionally mild winter, an estimated 1,100 CWP awards were made in the UK costing £0.03 million. These were for only one trigger, in one location: Braemar in Scotland.

In 2012/2013, a more typical UK winter, there were 5.8 million CWP awards in the UK costing £146.1 million. Of these 231,000 awards were made in Scotland, costing

⁵ <https://www.gov.uk/the-warm-home-discount-scheme>

⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/399612/social-fund-annual-report-2013-14.pdf

⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209379/DWP_Annual_Report_on_the_Social_fund.pdf

£5.82 million. Table 1 below summarises the locations and awards made in Scotland in the winter of 2012/13.

It is worth noting that many of the areas in Scotland with the greatest rates of fuel poverty (e.g. Western Isles, Orkney Islands, parts of the Highlands) didn't record temperatures of 0°C or below for 7 consecutive days. So no CWP's were made to households struggling to heat their homes in those areas. Reasons typically given for this are that the climate and prevailing wind chill mean that it is extremely rare for temperatures to fall below freezing in those locations.

Table 1 Cold Weather Payments made in Scotland in 2012/2013

Weather Station	No. of Triggers	No. of Payments	Expenditure (£m)
Aboyne	6	42,600	£1.07
Aviemore	9	7,200	£0.18
Braemar	10	11,000	£0.28
Cassley	2	600	£0.02
Charterhall	2	11,800	£0.30
Edinburgh Gorgarbank	1	73,100	£1.83
Eskdalemuir	6	29,400	£0.74
Kinloss	1	13,300	£0.33
Loch Glascarnoch	9	8,100	£0.20
Strathallan	2	19,000	£0.48
Threave	1	6,300	£0.16
Tulloch Bridge	5	9,000	£0.23
Scotland	54	231,400	£5.82

Government Statistics - Winter Fuel Payment⁸

UK Government statistics reveal a general pattern in recent years of the total number of households receiving the WFP marginally decreasing:

- In 2014/15, there were 8,871,070 households receiving the WFP and of those 761,630 were households living in Scotland.
- In 2013/14, there were 8,978,860 GB households receiving the WFP and of those 772,710 households were living in Scotland.
- In 2012/13, there were 9,067,760 GB households receiving the WFP and of those 781,050 were living in Scotland.

⁸ <https://www.gov.uk/government/collections/winter-fuel-payments-caseload-and-household-figures>

Scotland Bill: What is proposed to be devolved?

The Explanatory Notes accompanying the draft Scotland Bill⁹ make clear that the bill intends to give the Scottish Parliament legislative competence over the provision of expenses for heating incurred due to cold weather. This will include the ability to make available the types of payments which are currently the subject of the Regulated Social Fund, and make provision for payments and conditions of entitlement or to replace these benefits entirely.

In the Scottish Government's discussion paper "Creating a Fairer Scotland: Social Security. The Story So Far... and the Next Steps"¹⁰, some reflections are offered on the proposed devolution of allowances for assisting with winter fuel and heating expenses. In that document the Scottish Government makes clear it is committed to prioritising action on fuel poverty, along with some initial ideas they are considering:

- Eligibility criteria
- Converting payments into fuel bill rebates
- Using the funding to provide warmer more affordable homes

The Scottish Government has welcomed views on these or any other ideas so that CWP and WFP might help tackle fuel poverty in Scotland. However, the Scottish Government has since come out to clarify its position stating that they have no intention to means test CWP or WFP, or restrict eligibility from those already receiving support¹¹.

Taken together these two positions appear contradictory, which has created a degree of uncertainty around the Scottish Government's position.

Scottish CAB Service Evidence

Advice provided by Scottish CAB advisers on the Regulated Social Fund make up a relatively small proportion of the total number of benefits issues advised on by bureaux in Scotland. Having said that, our statistics reveal that advice provided on both the CWP and the WFP increased from 2013/2014 to 2014/2015.

A full breakdown of the CWP and WFP advice provided in Scotland is available separately. However, just focusing on new enquiries, CAB statistics reveal that advice related to the CWP increased by 32 percentage points¹² from 2013/2014 to

⁹ <http://www.publications.parliament.uk/pa/bills/cbill/2015-2016/0003/en/16003en.pdf>

¹⁰ <http://www.gov.scot/Resource/0048/00487055.pdf>

¹¹ http://www.heraldscotland.com/politics/13844769.Means_testing_for_winter_fuel_payments_ruled_out_by_SNP/

¹² From 127 new enquiries in 2013/2014 to 168 new enquiries in 2014/2015.

2014/2015, and enquiries related to the WFP increased by 10 percentage points¹³ over the same period.

It is worth noting that while our statistics indicate that advice on the Regulated Social Fund has increased, this may be due in part to a general increase in advice being provided by the Scottish CAB network over the same period. Though it is equally possible that other factors are also relevant, for example wider changes to social security policies by the UK Government.

The top three areas (level 3 codes) where advice by Scottish CAB in 2013/2014 and 2014/2015 were the same for both the CWP and the WFP:

1. Entitlement (e.g. benefit check)
2. Claiming process / backdating
3. Payment

Entitlement

Advice related to entitlement increased by 57% (n=69 in 2013/14; n=108 in 2014/15) for the CWP and 14% (n=246 in 2013/14; n=281 in 2014/15) for the WFP. The following two case studies submitted to CAS by bureau advisers highlight some of the issues CAB clients have experienced in relation to entitlement for assistance.

The first case shows the impact of incorrect information being used to determine eligibility. In this example, the amount of money calculated that the client was entitled to receive was wrong. The situation was resolved with the bureau adviser's assistance. However, this kind of administrative error can cause unnecessary burdens on clients that can be difficult to get resolved without assistance.

- A West of Scotland CAB reports of a client who came into the bureau about a letter he has received from the Pension Service regarding his winter fuel payment. The letter states that he is only going to get a shared payment. However, the client lives alone and should therefore be entitled to the full payment. The adviser telephoned the Pension Service to explain the client's situation and to confirm his eligibility for the full winter fuel payment. The Pension Service confirmed they would make an initial payment for the shared amount and then a further payment to make up the amount to the full winter fuel payment that the client is entitled to. The Pension Service updated the clients address and acknowledged that this mistake should be rectified in the future.

The next case study highlights the often complex and precarious situation CAB clients can find themselves in, which can be exacerbated by rigid rules around

¹³ From 403 new enquiries in 2013/2014 to 444 new enquiries in 2014/2015.

eligibility. In this case the client is in a financially difficult situation, dependent on social security benefits, which the client feels have been made worse by changes to UK Government welfare policies. These changes have left the client at a financial disadvantage and while he would meet all the other criteria for receiving the WFP, the age qualification date changed, resulting in him not being eligible to receive assistance for a second year.

- A North of Scotland CAB reports of a client who telephoned the bureau to enquire when the qualifying date for the Winter Fuel Payment is for 2013/14. He failed to qualify last winter because of his age. The client is on basic JSA, but is having deductions made for the “Bedroom Tax” and also for a previous crisis loan. He is also due to receive a discretionary housing payment. The client is frustrated at the qualification date changing each year, so he still does not qualify this winter. The client stated that he finds it impossible to live on the amount of money he receives in benefits. Client is in some distress about how little income he has to live on and feels the situation is hopeless as he appears not to qualify for any other assistance/benefits than he is already getting.

Claiming Process / Backdating

Advice related to the claiming process / backdating increased by 19% (n=42 in 2013/14; n=50 in 2014/15) for the CWP and 18% (n=118 in 2013/14; n=139 in 2014/15) for the WFP. The following case study submitted to CAS highlights some of the issues we see CAB clients experiencing in relation to the claiming process.

In most cases claiming for the CWP is usually automatic for eligible individuals, but not for everyone. In the example below the client had not been able to apply for the CWP, which required him to provide information that was not readily available to him. The client presented as vulnerable and became increasingly anxious, which made it difficult for the CAB adviser to find a solution that would ensure the client received the financial support he was entitled to.

- An East of Scotland CAB reports of a client who came into the bureau for assistance because he had failed the security questions for making his cold weather payment claim; he didn't know his post office account number or mobile telephone number. The client is currently receiving ESA and DLA but he has no food or money because he had to get a new cooker after the old one broke. He isn't due to receive a further payment until the end of February. The client presented as vulnerable and was anxious throughout the interview. The adviser offered to telephone the DWP to see if there were any other security questions they could have asked him so that the claim could be processed. The client said that he was beginning to feel anxious and he didn't want the adviser to phone because it would take too long. A food parcel referral was issued to the client.

Payments

Advice related to the payments increased by 21% (n=28 in 2013/14; n=34 in 2014/15) for the CWP and 27% (n=75 in 2013/14; n=95 in 2014/15) for the WFP. The following two case studies submitted to CAS highlight some of the issues CAB clients have experienced in relation to receiving payments. Both cases highlight apparent instances of inflexibility of the winter fuel and heating benefits system, which was not able to respond to changes in circumstances quickly or efficiently.

In the first case the client requested assistance from the CAB because she had recently been widowed and despite providing all the relevant information to the paying authority for her WFP, the payment was delayed. This occurred in the colder months when she was struggling to meet the costs of her heating needs.

- A North of Scotland CAB reports of a client who visited the bureau for help with receiving her winter fuel payment. The winter fuel payment was due to be received just a couple of weeks after the client's husband died. The client informed the relevant department that her husband had died as the payment was going into his bank account. Client at this time did not have an account in her own name so had to open one. Client has completed all the correct forms with regards to getting the payment paid into her account and her daughter has spoken to various people on the phone with reference to the payment being paid out. Client has been advised that the payment would go into her account December, January then February. Client asked if we could help get this payment paid out as she is struggling with her fuel bills and could really use the funds at this time. There has been no written correspondence with the department, only verbal conversations with people in the department. The adviser telephoned the helpline and was advised that there is a backlog of bereavement payments to be processed and they cannot provide a date for when the client would receive their payment.

The final case study presented below, again highlights some of the issues our clients can face when trying to receive payments they are entitled to. In this instance the client's circumstances had changed, which meant she was no longer in receipt of pension credit. However, she was still entitled to assistance, so had been trying to receive payment, but without success. It was only after intervention from the CAB adviser that the payment was made into her bank account.

- A West of Scotland CAB reports of a client who has not received her Winter Fuel Payment. The client had telephoned the dedicated helpline 12 times, but had not got anywhere in trying to get it resolved. The client advises that her pension credit has stopped because her grandson (who lives with her) has started work and this stops her from getting pension credit. The client knows she is still entitled to the Winter Fuel Payment. The adviser telephoned the Pension Service on the client's behalf. They advised that the client's payment

has been held in Pension Credit. They have now released the payment and client should have the Winter Fuel Payment paid into her bank account.

Means-Testing vs Universalism

The debate about selectivity – or means-testing – versus universalism is often a political one. This can sometimes be unhelpful when taking a wider look at which approach will be most effective at achieving the desired outcome: a reduction in rates of poverty.

Some useful recent research has helped to articulate the main arguments. In an evidence review¹⁴ feeding into the development of Joseph Rowntree Foundation's (JRF) anti-poverty strategy, it was suggested that means-testing benefits – or restricting support to those living in poverty – carries several risks. The authors argued it can:

- stigmatise recipients;
- create disincentives;
- create a 'poverty trap'; and
- create poorly funded 'ghetto services'.

At the same time, we live in times where there is a greater focus on public finances, which has led to a general reduction in the resources available for social spending. Within this context means-testing financial assistance has been proposed as one way of targeting support to those in most need. However, for the types of reasons highlighted above, this is far from straight forward, and may end up creating more problems than solutions if unintended consequences result.

The alternative to selectivity is to take a universal approach. Here entitlement is extended to either the whole population or a significant sub-set of the population (i.e. pensioner households or those with young children), and provide financial support to them equally, regardless of need. In addition to ensuring that everyone receives support, there are administrative efficiencies from this kind of approach. However, this is not to suggest that there are not a range of difficulties with universalism. To provide financial support to everyone, regardless of income, is expensive and it will allocate scarce resources to people who do not necessarily need them.

Having said that, other research¹⁵ has also pointed out that – in 2009/2010 – one third of eligible people in the UK were not claiming the (means-tested) benefits they were entitled to and, in actual fact, take-up rates in the UK for most income-related

¹⁴ Dimitri Gugushvili and Donald Hirsch (2014) *Means-testing or universalism: What strategies best address poverty? A review* contributing to Joseph Rowntree Foundation's development of an anti-poverty strategy. Centre for Research in Social Policy, Loughborough University

¹⁵ Dan Finn and Jo Goodship (2014) *Take-up of benefits and poverty: An evidence and policy review*. Centre for Economic & Social Inclusion

benefits have declined in the decade to 2009/2010. The reasons usually given for this are similar to those already stated: stigma, lack of knowledge, and the complexity of claiming processes often put people off.

So clearly issues exist. It has been suggested that one way to deal with this, in an affordable manner, is to combine means-testing with efforts to increase the public's awareness about entitlement and eligibility and to use local, trusted and accessible advice services – such as the CAB network – to support people with understanding what they are entitled to and how to make a claim.

Conclusion: Key issues

The Scotland Bill intends to give the Scottish Parliament legislative competence over provision of financial assistance for the type of payments currently provided by the Regulated Social Fund. This will include provision to make provision for the Cold Weather Payment (CWP) and Winter Fuel Payment (WFP), including conditions of entitlement or to replace these benefits entirely.

Devolving the provision of winter fuel and heating expenses to the Scottish Parliament is important for a number of reasons. Scotland has some of the highest rates of fuel poverty in GB, along with some of the highest costs of energy, coupled with relatively lower incomes. The CWP and the WFP, together with the WHD, are a package of measures that specifically help to maximise the incomes of households most at risk of or falling into fuel poverty; economically inactive pensioners and other vulnerable households, including those on low or restricted incomes.

Devolving the provision of winter fuel and heating expenses will allow the Scottish Government to better tailor support to the Scottish context and make sure that they fit with the government's wider strategy for supporting fuel poor households and thereby creating a fairer Scotland.

CAS has some concerns about whether the winter fuel and heating expenses parts of the Regulated Social Fund have been reaching the right groups of people and they are doing what they are intended to do. For instance, as we have seen in this report, many locations in Scotland have some of the highest rates of fuel poverty across GB; however trigger points for the CWP, for example, are rarely ever achieved. This is despite the costs of energy in those locations – located far away from the mains gas grid – being much higher than those for the majority of the population.

Our CAB evidence also indicates a number of other current failings around eligibility for assistance and the inflexibility of current provision in relation to the claiming process and individuals trying to receive payments, which often cause distress and detriment to low income and vulnerable clients. We believe that devolution will equip

the Scottish Government with the necessary powers to respond to both sets of issues.

On the issue of means-testing versus universalism we believe that the arguments made for greater targeting – or means-testing – of winter fuel and heating expenses payments are well made. However, we remain unconvinced that moving away from universal payments for eligible groups will ensure that everyone entitled to support (now and in the future) receives it. In addition to avoiding the known risks associated with selectivity, we believe a more universal approach within the target populations is the most effective and efficient means of achieving the desired outcome: maximising the incomes of low income and vulnerable households for help with their heating costs during the winter months.

While this does mean that some households not on a low income will receive support, we suggest this is one of the many compromises required for decisions on social spending. Where further work would be welcomed would be for the Scottish Government to consider extending eligibility to other household types not currently eligible for support, but who are struggling to affordably heat their homes.



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