

Response from the Poverty and Inequality Commission to the Low Income Winter Heating Assistance (LIWHA) Consultation

February 2022

- 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

- 2. If you disagreed, please could you explain why?**

Not applicable

- 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?**

Agree

- 4. If you disagreed, please could you explain why?**

Not applicable

- 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

- 6. If you disagreed, please could you explain why? Please write why you disagree with the name change:**

The Poverty and Inequality Commission does not believe that the name of the benefit needs to include the words "Low Income" as this could be stigmatising for those in receipt of the proposed support. Therefore, the Commission would suggest that the benefit is instead just called "Winter Heating Assistance".

- 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. The Commission's Experts by Experience Panel, who all live on a low income themselves, all agreed that getting rid of the requirement for a "cold spell" of seven consecutive days of cold weather was to be welcomed.

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

Not applicable

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

Unsure

10. If you disagreed, please could you explain why? Please write why you disagree with the proposal to have a one off, annual payment for Low Income Winter Heating Assistance.

Whilst the Poverty & Inequality Commission accepts that it may be more administratively efficient and less costly (in terms of DWP charges) to make a single payment we believe that the needs of recipients should determine how often payments are made. We would therefore be interested in the views of potential recipients on the Experience Panels. However, in terms of household budgeting it may be more helpful to make two payments rather than one as this will assist with heating costs over a longer period of the winter.

Qualifying Benefits

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

Agree

12. If you disagreed, please could you explain why. Please write why you disagree with the approach to identify eligibility through the use of qualifying benefits.

Not applicable

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

Unsure

14. If you disagreed, please could you explain why? Please write why you disagree with the proposal to retain the current qualifying benefits to indicate eligibility.

Cold Weather Payments are relatively well targeted in that a high proportion of the 400,000 households entitled to CWPs are living in fuel poverty. However, some of the Scottish households most likely to be in fuel poverty are not necessarily entitled to CWPs or their proposed replacement. For example children in Lone Parent Households are at almost twice the risk of living in poverty (38%) as children living in two parent households. Yet they will receive no help from Winter Heating Assistance unless they have a child aged under five, are a disabled adult themselves or care for a disabled child. Similarly children living in Black and Minority Ethnic (BAME) households are amongst those at the greatest risk of living in poverty (38% also) yet they will not necessarily receive support from the proposed new benefit either.

Whilst identifying BAME households through the DWP benefits system is not possible it should be far simpler to identify Lone Parent households and extend entitlement to Winter Heating Assistance to them. Our Experts by Experience Panel also believe that there is a strong case for extending entitlement to households containing recipients of Child or Adult Disability Payments regardless of whether they claim means tested benefits. This is because such households are not only at greater risk of poverty but very often also face higher energy costs (e.g. disabled adults are more likely to be workless and spend more time at home during the day whilst some disabled children (and adults) face extra laundry costs due to incontinence etc.)

Research by the disability charity Scope suggests that disabled people in Scotland face the highest additional monthly costs due to disability (on average £632 extra per month in 2018 - partly due to higher average energy costs). Thus extending entitlement to more disabled adults and children would be a well targeted intervention. In addition 40% of Scottish pensioners entitled to Pension Credits do not claim them. This means that many older Scots in great need of additional help with fuel bills will not receive it. As recommended before now the Commission believes that Scottish Government must address these benefit take-up issues where the take-up of reserved benefits interacts with the potential entitlement to devolved benefits.

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

Agree

16. If you disagreed, please could you explain why? Please write why you disagree that the eligibility criteria is clear.

Not applicable

Amount of Payment & Financial Implications

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

Disagree

18. If you disagreed, please could you explain why? Please write why you disagree that the proposed rate of £50 for Low Income Winter Heating Assistance is appropriate?

The Poverty and Inequality Commission consulted with our Experts by Experience Panel who are all individuals who live on a low income. They believe that the proposed level of payment is too low. The price cap on energy has already been raised by 54% and further increases are predicted for later in the year by industry insiders (e.g. see - <https://news.sky.com/story/energy-bills-could-see-further-increase-in-autumn-british-gas-boss-warns-12532617>).

Even with the price rises already announced nearly £700 will be added to the average power bill. Thus the suggested level of payment, though more generous than Cold Weather Payments have been in recent years, will be inadequate to address the huge difficulties that those living in poverty will face in keeping their homes warm. Though power companies are less likely to cut off the supply of energy to consumers today than in the past, self-disconnection by households on pre-payment meters has been increasing.

A Citizens Advice report ("Switched on", 2018) estimated that in 2017 one-hundred and forty thousand (140,000) households on pre-payment meters self-disconnected for affordability reasons. 87% of those households were on benefits, and 88% of those households contained a child or someone with a long term health issue. Those already in debt to the power companies are the most likely to self-disconnect - 40% of those whose meters were used to collect debt self-disconnected compared to 13% of all other PPM users.

Given the huge increase in energy prices the Commission fears that there will be a substantial increase in self disconnections amongst those on benefits and particularly those in fuel debt. This suggests that much more support needs to be targeted to these groups. Because of this we are recommending that the Winter Heating Assistance should rise to £100 a year.

The Commission recognises that paying a higher amount will involve increased spending for Scottish Government but the costs, in terms of children's and parents' health and well-being, if the level of support is not increased are going to be considerably higher. We would therefore urge Scottish Government to increase the level of Winter Heating Assistance to £100 .

In addition, our Experts by Experience panel highlighted that some people living in colder rural areas could potentially lose out because they might have got three or more £25 payments previously. We suggest that, in addition to Winter Heating Assistance, extra funding is given to Local Authorities covering areas with particularly cold weather, such as Highlands & Aberdeenshire, via the Winter Support Fund. That would give those Local Authorities the capacity

to provide additional financial help to those living in the areas covered by the weather stations that regularly record lengthier cold spells.

Format of Payment

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?

Agree

20. If you disagreed, please could you explain why?

N/A

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

Unsure

22. If you disagreed, please could you explain why? Please write why you disagree with the proposal to pay Low Income Winter Heating Assistance as an annual one-off payment each winter.

See earlier answer. Spreading the payment over two months is likely to be more helpful to households operating on a limited budget as it will provide assistance with heating costs over a longer period throughout the winter. For those on prepayment meters a single payment may help obtain a month of warmth but Scottish winters are, unfortunately considerably longer than a single month.

Qualifying Week

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

Unsure

24. If you disagreed, please could you explain why? Please write why you disagree with the proposal to set a 'qualifying week' during which eligible clients for Low Income Winter Heating Assistance will be identified.

Not applicable

25. If you agreed, please indicate a preference for when you think the qualifying week for LIWHA should be? Please write when you think the qualifying week for Low Income Winter Heating Assistance should be.

A week closer to the month(s) in which payment will be made would be more helpful. There is always "churn" involved amongst those claiming benefits with households moving in and out of entitlement on a month to month basis. Using a month in September will also dis-entitle those who begin claiming after that date, yet they are just as likely to need support with heating costs if still on a qualifying benefit in February. Therefore, if a qualifying week is to be used then the Commission would suggest using a week in December instead.

Timing of Payment

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

Disagree.

27. If you disagreed, please could you explain why? Please write why you disagree with the proposal to make LIWHA payments to clients in February of each year.

The Commission has consulted with our Experts by Experience Panel and their preference was for payments to be made in January. They considered February too late.

Request for a Redetermination and Appeals

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

Agree.

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

Not applicable

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?

Agree

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

Not applicable

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

See Equality Impact assessment. The use of a qualifying week may have a disproportionately negative impact on women (particularly lone parents) and younger benefit claimants.

Impact Assessments

33. Please set out any information you wish to share on the impact of LIWHA on groups who share protected characteristics? Please write any information you wish to share on the impact of Low Income Winter Heating Assistance on groups who share protected characteristics in.

"Analysis by the Scottish Government and the Equality and Human Rights Commission indicates that lone parents are disproportionately impacted by cuts, freezes, and benefits caps and limits" - Annex C, Tackling child poverty: second year progress report, Scottish Government, Aug.2020

Although the majority of lone parents work they are more likely to be in part time employment than two parent families. The hours of part time workers may vary from week to week and month to month depending on where, and in what type of industry, they are employed in (for example there is greater demand for workers in the Tourism and Hospitality sector in Edinburgh during the Festival period).

Younger people are also much more likely to be in part time or insecure employment with variable hours and pay. 7.4% of people aged 16-24 in employment in Scotland were on a zero hours contract between October and December 2018, which compares to 2.6% of all those in work (ONS, 2018). Research by the Chartered Institute of Personnel and Development suggests that 4% of all UK employment is in the gig economy, with a higher proportion of gig workers aged 18-29 (39%) (Young people's experiences of precarious and flexible work - A report by Progressive Partnership for the Scottish Government - Evidence Review, Scottish Government, Jan, 2021).

This means that both these groups could be disproportionately disadvantaged by not meeting the entitlement criteria in the qualifying week in that if their hours and pay increased for a short period they might not be in receipt of a qualifying benefit that particular week.

This is unfair in particular to women (+90% of lone parents are women) who as a gender are more likely to be in part time employment. Thus, the use of a qualifying week may amount to indirect discrimination against female claimants as it would tend to disproportionately impact on them. Indirect age discrimination may also occur if a week, rather than a longer qualifying period, is used as younger workers are more likely to be dis-entitled because their hours of work are more likely to vary.

34. Please set out any information you wish to share on the impact of LIWHA on children's' rights and wellbeing? Please write any information

you wish to share on the impact of Low Income Winter Heating Assistance on children's' rights and wellbeing.

Because the entitlement criteria for the proposed new benefit will result in additional support being provided to families with disabled children Winter Heating Assistance has the potential to contribute towards the State meeting its obligations under Article 23 of the Convention on the Rights of the Child – "1. States Parties recognize that a mentally or physically disabled child should enjoy a full and decent life, in conditions which ensure dignity, promote self-reliance and facilitate the child's active participation in the community" etc. However, given the large scale increase in energy and food prices, which disproportionately impact on low income households, the Commission does not believe that the support will be sufficient to ensure that a large proportion of disabled children can indeed "enjoy a full and decent life".

Similarly Winter Heating Assistance will make a minor contribution to the state's obligations under Articles 26 (the right to social security) and 27 (the right to an adequate income).

35. Please set out any information you wish to share on the impact of LIWHA on businesses? Please write any information you wish to share on the impact of Low Income Winter Heating Assistance on businesses.

Nothing to contribute on this.

36. Please set out any information you wish to share on the impact of LIWHA on Island communities? Please write any information you wish to share on the impact of Low Income Winter Heating Assistance on Island communities in this text box.

Families living in poverty in the Western Isles (Inner and Outer Hebrides) and in Orkney and Shetland tend to have higher than average energy costs than mainland households. However they only very rarely meet the qualifying criteria for Cold Weather Payments of 7 consecutive days with average temperatures of zero degrees Centigrade or below.

The Gulf Stream/North Atlantic Drift and the sea both tend to moderate temperatures in the islands (and indeed West Highland coastal communities). Despite this the impact of "wind chill" can result in the need for greater energy use. This is because wind speed tends to be higher in the islands making temperatures, which, according to the thermometer, are a little above freezing, feel more like minus four or five.

Thus, the proposal to do away with the need for seven consecutive days of cold weather should benefit families in island communities as they will be certain of entitlement to £50 of assistance each winter.

37. Please set out any information you wish to share on the impact of LIWHA on reducing inequality of outcome caused by socio-economic

disadvantage? Please write any information you wish to share on the impact of LIWHA on reducing inequality of outcome caused by socio-economic disadvantage.

Winter Heating Assistance is a relatively well targeted intervention that will marginally reduce the socio-economic disadvantage experienced by 400,000 of the poorest households. As these households also include disabled adults and/or children and families with younger children Winter Heating Assistance is also well targeted in terms of some of the key priority groups experiencing child poverty. However some of those households most likely to experience poverty/socio-economic disadvantage are Lone Parent & BAME families and they will not necessarily benefit from the new benefit at all. Nor would Winter Heating Assistance be sufficient on its own in meeting the additional energy costs that such households already experience - far less meeting the huge increase in costs that are resulting from the raising of the cap on energy prices. The Commission acknowledges that the £150 per household extended to families living in properties valued at A, B, C & D Council Tax bands will assist some of those facing increased energy costs in heating their homes but far from all - particularly those in Council Tax arrears, those in Houses in Multiple Occupation and/or those with fuel debts. The Commission understands that funds are limited but we believe more needs to be done via a package of measures to ensure that adequate support reaches all of the estimated 800,000 Scots households currently in fuel poverty.