

Parliamentary Briefing: Winter Fuel Payment (WFP) November 2024

Overview

The Government's decision to means-test the Winter Fuel Payment (WFP) means around 2.5 million pensioners living in poverty or just above the poverty line will no longer receive the payment.

The way that the policy has been introduced, with virtually no notice and no compensatory measures, fails to protect pensioners on low incomes or who are living in vulnerable circumstances. Pension Credit and the State Pension Triple Lock, while vitally important, will not make up for the loss of the Winter Fuel Payment for most older people this winter.

The result of WFP means-testing is that many older people who desperately need the money to stay warm will suffer serious financial hardship, a deterioration in their mental and physical health, and potentially worse this winter.

Age UK's Position

The Government should halt their proposed change to the WFP given the clear evidence of how it will cause harm to the older people who need it most. If the Government is determined to press ahead with means-testing, they must widen eligibility to ensure more of these older people get the support they need to stay warm.

The lack of measures in the Budget to expand eligibility for the WFP to, for example, those receiving Housing Benefit, is a huge disappointment and will mean many older people who desperately need the money to stay warm and well this winter won't receive it.

Who will lose the Winter Fuel Payment when they can't afford to do so?

Age UK analysis of data from the Department for Work and Pensions (DWP) shows that 2.5 million people who are living in poverty or just above the poverty line will no longer receive the WFP.¹ This includes:

- 1.6 million older people who are living in poverty. This includes the 700,000 who don't receive the Pension Credit for which they are eligible for.
- A further 900,000 older people whose incomes are just above the poverty. These older people have equivalised after-tax household incomes which are no more than £55 per week above the poverty line.

In addition, there is an unknown number of older people whose incomes are slightly higher but who face unavoidably high energy bills and need extra support to stay warm through the winter. This includes those who are disabled or living with a long-term health condition, who may have to keep the heating turned up high or equipment running, and those who live in poorly insulated homes that are costly to heat.

These are people who simply cannot afford to give up the money this winter. Their situation is compounded by the fact that older people are also losing Cost of Living Payments, worth a further £300 to them last year, and that energy prices rose 10% on average from October 2024.ⁱⁱ

Furthermore, the timing of the Government's decision has given older people little time to save up to cover the shortfall this winter. Many do everything they can to avoid going into debt, including rationing energy use for fear of the financial consequences. We anticipate this is what many older people on low and modest incomes will do.

Age UK's Equality Impact Assessment

In the absence of a full Equality Impact Assessment from Government, Age UK conducted analysis to determine how different groups are set to be impacted by WFP means-testing.

Contrary to what some people have claimed, **most pensioners living in poverty or just above the line will not be protected under the Government's plans.**

- Almost one in four (23%) of the pensioners losing the WFP live in poverty or have incomes just above the poverty line.
- Most pensioners in poverty or just above the poverty line will lose the WFP - 82% (four in every five) of those living below or just £55 a week above the poverty line.
- The picture is consistent across the country - there is no English region or country within the UK where fewer than 74% of pensioners living in poverty or just above the poverty line will no longer receive the WFP.

Age UK analysis also demonstrates that across particularly vulnerable groups of older people, the vast majority are set to lose their WFP.

- 80% (0.8m) of UK pensioners aged 80 and over who are living in poverty or just above the poverty line will no longer receive the WFP.
- 78% (1.1m) of UK pensioners with a disability who are living in poverty or just above the poverty line will no longer receive the WFP.
- 75% (0.4m) of UK pensioners with a disability and aged 80 and over who are living in poverty or just above the poverty line will no longer receive the WFP.
- 79% (1.4m) of female pensioners in the UK who are living in poverty or just above the poverty line will no longer receive the WFP.
- 76% (1m) of UK pensioners living alone who are living in poverty or just above the poverty line will no longer receive the WFP.

Why isn't Pension Credit the answer for poor pensioners this winter?

Some have suggested that older people on low incomes will be fully protected because they can claim Pension Credit, the (main) qualifying benefit for the WFP.

The Government's most up to date figures show one in three people – 35%, equivalent to 700,000 pensioner households (made up of 830,000 pensioners)ⁱⁱⁱ - who are eligible for Pension Credit are still missing out on average £37 per week, or £1924 a year, as well as passported benefits - which now includes the Winter Fuel Payment.

While Age UK fully supports the Government's Pension Credit take-up campaign and are actively working both nationally and locally to encourage and support older people to get what they are entitled to, there are several reasons why it will fail to safeguard pensioners on low incomes this winter:

- **Low take-up** - Take-up for Pension Credit sits at 65% and has not gone above 66% in over a decade.^{iv} Shifting the dial is incredibly difficult - while Age UK will do everything we can to support DWP's efforts, it is simply not possible to tackle the deeply entrenched problem of low take-up before the cold weather sets in.
- **Processing delays** – A substantial proportion of Pension Credit claims take longer than the 50 working day target to process - in 2023/24, this occurred in 22.3% of cases. Through our advice lines, Age UK regularly hears of people waiting months for a decision.^v
- **Eligibility** – Not all pensioners living in financial hardship or who will struggle to afford their energy bills this winter because of illness or disability are entitled to Pension Credit.
- **The cliff edge** - Regardless of the success or otherwise of any take-up campaign efforts this autumn, there remain a million older people whose low incomes take them just above the Pension Credit line, usually due to a tiny occupational pension. These are people on very low incomes – the Pension Credit threshold is just £218 per week as an individual or £333 per week as a couple.^{vi} Due to the many passported benefits tied to Pension Credit, worth an average of £2,677 per year,^{vii} these people often find themselves worse off in net income terms than others whose lower incomes allow them to claim Pension Credit.

The Triple Lock

It has been suggested that pensioners can expect a £460 increase in their State Pension next April^{viii} - nullifying the impact of losing the WFP this winter.

However, the differing State Pension systems and impact of qualifying years mean that the amount of increase in State Pension received by pensioners each April is not uniform.

While the full rate of the new State Pension will rise by £471 in April 2025, only **one-in-seven (15%) of all pensioners in Great Britain will receive this maximum increase to their pension.**

Age UK analysis has found that:

- Around two-in-five pensioners (5.5m) will receive an increase in their State Pension in April 2025 of at least £400.
- Around three-in-five pensioners (7.2m) will receive an increase in their State Pension in April 2025 of less than £400. Among those:
 - Almost two in five pensioners (4.7m) will receive an increase in their State Pension in April 2025 of between £300-400.
 - Around one in five pensioners (2.5m) will receive an increase in their State Pension in April 2025 of less than £300, of whom 1.5m will receive less than £200.

While increasing State Pensions by 4.1% (matching the increase in average earnings) in April 2025 sounds relatively large, the majority of pensioners will not see the increase to their pension received by those in receipt of the full rate of the new State Pension.

Whilst we welcome the Government's commitment to the Triple Lock, the increase in the State Pension is designed to protect pensioners' income from a range of rising costs and for many on low incomes, it is clear that next year's State Pension rise will not even compensate them for the loss of the WFP.

Support from the Household Support Fund

Extensions to the Household Support Fund are very welcome, but it's important to understand that the HSF is for people of **all ages** who are in financial crisis.

As a result, Age UK understands that typically pensioners receive only about £1 for every £10 the fund has paid out, the rest going to other groups in need in localities. The fund is administered by local authorities and people have to apply for support or be otherwise identified as needing help. It is therefore not a replacement for WFP and although some older people will receive support from it, the vast majority will be missed.

What older people are telling us

More than 560,000 people have signed Age UK's [petition](#) to save the WFP for struggling pensioners, the vast majority of whom say the Government's decision directly affects them or a loved one.

Older people have been sharing their concerns and the difficult decisions they will have to make as a result of losing the WFP. These include:

- **Cutting back on essentials** – *“We will have to cut back on gas and electric and maybe our weekly shop just to see us through.”*
- **Exacerbating health conditions** – *“I will have to be very careful with my heating and not run up a huge bill. I suffer from inflammatory arthritis and emphysema and feel the cold very much. I am worried about the coming winter now.”*
- **Distress and anxiety about how they'll cope this winter** – *“Relying as we do mainly on the state pension things are already tight. To lose £300, especially when fuel costs next winter are said to go up 10%, will be extremely hard and quite distressing.”*

What Age UK would like to see

With winter fast approaching, **the Government should halt their proposed change to the WFP and consider their policy options afresh as part of the Spending Review in the Spring**, given the clear evidence of how it will hurt many of the older people who need it the most.

If the Government is determined to press ahead with means-testing, they should:

- Expand the qualifying benefits for the WFP to include **Housing Benefit, Council Tax Support and all disability benefits, including Attendance Allowance, and Carer's Allowance**. This would help get the WFP to more of those who desperately need the money to stay warm this winter.

ⁱ There are around 11.8m pensioners in the UK of whom 10.7m (84%) will longer receive Winter Fuel Payments from the winter of 2024-25. Among these 10.7m pensioners are:

- 1.6m pensioners who live in poverty
- 0.9m pensioners who live just above the poverty line
- 0.4m pensioners who live with income below that required for minimum living standards (but not in poverty or just above the poverty line)

ⁱⁱ House of Commons Library, 2024. Gas and electricity prices during the 'energy crisis' and beyond. UK Parliament. [Online]. Available at: <https://commonslibrary.parliament.uk/research-briefings/cbp-9714/> [Accessed 04/09/2024]

ⁱⁱⁱ Department for Work & Pensions, 2024. Income-related benefits: estimates of take-up: financial year ending 2023. GOV.UK. [Online]. Accessible at: <https://www.gov.uk/government/statistics/income-related-benefits-estimates-of-take-up-financial-year-ending-2023> [Accessed 11/11/2024]

^{iv} *ibid.*

^v UK Parliament, 2024. Question for Department for Work and Pensions – UIN 8188, tabled on 9 October 2024. UK Parliament. [Online]. Available at: <https://questions-statements.parliament.uk/written-questions/detail/2024-10-09/8188> [Accessed 11/11/2024]

^{vi} GOV.UK, 2024. Pension Credit. GOV.UK. [Online]. Available at: <https://www.gov.uk/pension-credit/eligibility> [Accessed 04/09/2024]

^{vii} Policy and Practice, 2024. Increase the financial resilience of older people with data led Pension Credit take up campaigns. [Online]. Available at: <https://policyinpractice.co.uk/2024-unclaimed-pension-credit-value-by-local-authority/> [Accessed 04/09/2024]

^{viii} BBC News, 2024. State pension set to rise by £460 next year. [Online]. Available at: <https://www.bbc.co.uk/news/articles/c9wjz7jzqd0o> [Accessed 28/10/2024]