

Parliamentary Briefing: Winter Fuel Payment (WFP) July 2024

Overview

On 29 July, the Chancellor announced a series of immediate cuts worth billions of pounds.

Among the changes was the introduction of means-testing of the Winter Fuel Payment (WFP) – one-off payments of between £100-300 to help eligible pensioner households with fuel costs. Going forward, only those receiving Pension Credit and other eligible benefits will receive the WFP. The Treasury estimate this will save £1.4bn in 2024-25 and £1.5bn in 2025-26.

The change to WFP eligibility will mean millions of pensioners who badly need the money to stay warm this winter will not receive it.

Age UK's Position

We strongly oppose the means-testing of the Winter Fuel Payment (WFP) because it means millions of pensioners who badly need the money to stay warm this winter will not receive it and will be in serious trouble as a result – yet well-off older people will scarcely notice the difference - a social injustice.

With next winter now just over the horizon, the Government should halt their proposed change to the WFP and think again, given the clear evidence of how it will hurt the older people who need it the most.

Background

What is the Winter Fuel Payment?

The WFP are one-off payments between £100-300 paid to eligible pensioner households to help with fuel costs.

The annual, tax-free payment was first introduced by the Labour government in 1997.

To be eligible, you must have reached State Pension age during the qualifying week (In 2023: 18-24 September 2023), born on or before the qualifying date (in 2023: 24 September 1957) and live in the UK for at least one day during the qualifying week.

What is the Government proposing?

In an attempt to plug a '£20bn black hole in public finances,' on 29 July the Chancellor announced that only those who receive Pension Credit and other means-tested benefits (Universal Credit, Income Support, income-based Jobseeker's Allowance and income-related Employment and Support Allowance) would be eligible for the WFP from this winter.

Pension Credit is a benefit for those over State Pension age and on a low income to support with living costs and other housing costs such as ground rent or service charges.

The WFP will continue to be worth £200 for eligible households, or £300 for eligible households with someone aged over 80.

In Scotland and NI decisions about the future of the payment are devolved, and not yet clear. We understand that in Scotland the UK Government will no longer provide the money to cover the cost of current provision.

The Government say the change will 'better target support for heating costs at those who need it' and save an estimated £1.4bn in 2024-25 and £1.5bn in 2025-26.

Why we are concerned

At Age UK we are most concerned about three groups affected by the change:

1. Those who are eligible but don't receive Pension Credit - one in three pensioners entitled to Pension Credit, the qualifying benefit for the WFP under this proposal, don't receive it. On this basis 800,000 older people living on very low incomes who are already missing out on the Pension Credit they are entitled to will now lose the WFP that helps them to pay their fuel bills.
2. Those who just miss out on Pension Credit - there are about a million pensioners whose weekly incomes are less than £50 above the poverty line who will also be hit hard by the loss of the Payment. Older people in this group often tell us they really struggle financially.
3. Those who live in energy inefficient homes or have higher energy costs for health reasons - there is a third group who will find it extremely difficult to heat their homes adequately this winter as a result of the proposed change: older people whose incomes are a little higher though still limited, but who live in energy inefficient homes and/or who are seriously unwell and need to keep the thermostat turned up high in order to protect their health.

Means-testing the WFP, with no notice and no compensatory measures to protect poor and vulnerable pensioners, is the wrong policy choice, and one that will potentially jeopardise the health as well as the finances of some two million older people this winter – the last thing either they or the NHS needs.

Key facts

- 1.9 million older people are living in poverty in the UK, between one in five and one in six of the total older population, four percentage points higher than a decade ago.
- An estimated 1.9 million older people are living in fuel poverty, about one in six of all pensioner households.
- The Department for Work and Pensions (DWP) estimate that 800,000 older people who are entitled to Pension Credit (the qualifying benefit for retaining the WFP under these proposals) are missing out, a proportion (1 in 3) that has remained broadly constant for many years.
- 8% of pensioners say that they would not be able to pay an unexpected expense of £200, equivalent to more than 900,000 pensioners.
- Inflation has moderated, but energy bills remain around 29% above their winter 2021/22 levels.
- More than 60 per cent of over-65s are living in England's least energy-efficient (and therefore most expensive to heat) homes.
- Over the course of winter 2023-2024, Age UK polling found that almost half (48%) of people aged 60+ were still worried about their ability to heat their home and 45% were worried about paying their bills. Close to a quarter, or around 3.7 million, also reported cutting back on food and groceries.

What Age UK would like to see:

Age UK calls on the Government to reverse its decision to means-test the Winter Fuel Payment, on the grounds that it is the wrong policy choice and one that will disproportionately impact the poorest and most vulnerable pensioners.

Get in touch

If you have any questions or would like to meet to discuss the Winter Fuel Payment please contact Age UK's Senior Public Affairs Officer, Ioan Bishop, at ioan.bishop@ageuk.org.uk.