



Low Income Winter Heating Assistance (Scotland)

CAP's official response to the Scottish Government's consultation to introduce a new Scottish benefit to replace the Cold Weather Payment scheme

February 2022

always hope.

Summary

1. Christians Against Poverty (CAP) is in favour of the majority of the proposals set out by the Scottish Government. In particular, it is pleasing to see the policy shift towards consistently supporting low-income households, rather than reacting to changing weather patterns.
2. Targeting those on means-tested benefits is a good foundation on which to build eligibility criteria, though the criteria should go further to ensure other low-income groups do not fall through the gaps.
3. A single one-off payment might work for some households but not for others. More consideration for how this could impact different demographic groups would be welcomed.
4. CAP would like to see more thought applied to the longevity of the £50 rate; this does not account for changing global circumstances and sudden shifts in wholesale costs, which we have seen already in 2022.
5. The proposed qualifying week does raise some concerns, and presents a huge risk of many households missing out if they do not become eligible until after the qualifying date.
6. Paying out the £50 in February is likely too late for those who need more help up-front, especially with prepayment meters. Bringing this to the beginning of winter is preferable.

Questions

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 low income benefit and not on reaching a specific temperature for a set period of time?

CAP broadly agrees with the proposals outlined in the consultation. The shift in narrative away from cold weather periods (something that is out of government control) and towards the ability of households to pay for their heating (which is nominally controllable), should provide a better outcome for recipients. This approach also shifts towards a proactive method of support rather than a reactive one, which supports consumers in budgeting and confidently consuming the energy they need on an ongoing basis. The fact that this scheme is designed with improved targeting measures to better assist the most low-income households is much more appealing than the current option.

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?

The approach outlined in the consultation is a much more effective way of tackling winter heating costs than the current Cold Weather Payment. CAP is in favour of using income metrics to target households, and establishing eligibility around means-tested benefits is a good starting point. However, it is also recognised that many CAP clients are on very low incomes but not necessarily in receipt of the stated benefits. Those in low-paid part-time work or in receipt of inconsistent incomes will potentially miss out on a much needed method of support. CAP would suggest that one solution could be to introduce an additional income threshold criteria, which would ensure that those in low-paid jobs are also eligible to receive help with winter heating costs.

Do you agree with the proposal to name the replacement for CWP in Scotland “Low Income Winter Heating Assistance”?

CAP is in agreement with this change. It effectively ensures that recipients are clear that this is an entirely different support scheme, and maintains the updated narrative outlined in the Scottish Government’s consultation.

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?

As the measurement of cold spells and how this impacts different geographic areas has been identified as ineffective, this proposal is acceptable. Given the lack of control over weather patterns and the wide inconsistency in household financial status in different areas, this should not be used as an eligibility tool. The focus of support should be given to those in financial hardship.

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

CAP has some concerns about the proposal to make the support a single one-off payment. Many of the households supported through CAP's debt service struggle with budgeting over the longer term due to the multiple complexities of their circumstances. It would be much more difficult to ensure a single large payment will last compared to a number of smaller ones paid over a predictable period.

An approach that offers two separate payments of £25 may better provide for those recipients who struggle with managing through the winter period. The first part could be provided up-front, in the earliest stages of winter, to support households already struggling. The second part would then be payable in the later stages of winter to ensure families can stay on-supply.

Splitting the payment may also be beneficial if, as proposed below, the qualifying criteria were reviewed closer to the period in question. It may be that a household could then qualify for part of the payment if their circumstances were to change between the first qualifying date and a further review date.

It is noted, however, that those who rely on oil heating systems as their primary source of energy would benefit from a single larger payment, due to the higher bulk cost of purchasing oil for the colder periods.

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

The use of means-tested benefits as a method of identifying eligibility is acceptable. As mentioned above, there are concerns about those on low incomes being missed by this.

CAP would like to draw the Scottish Government's attention to the child poverty targets that have previously been set out, and query whether this approach does everything that it could to support those aims. As the Scottish Child Payments eligibility criteria are slightly different to those outlined here, it may be that this could be an additional qualifying benefit to consider.

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

From the consultation, there are questions regarding the methodology used to calculate the amount of the payout and the extent of any detriment arising from the proposed change. It was not stated within the proposal whether this amount would be continuously reviewed or matched to inflationary or cost-of-living increases. Recent events in the energy sector would suggest that it would be prudent to ensure that figures are regularly reviewed to ensure effectiveness against energy costs.

The proposed amount of £50 annually also does not factor in the impact on the different demographics of households affected. The impact of this payment on a single person in relatively poor accommodation would be different from a family of four living in a reasonably energy efficient home. While this proposal certainly provides an element of equality in how much everyone receives, it does not consider the equality of impact it would have per household. Adjusting the payment based on household size or identified vulnerability factors may be a consideration in reviewing the proposal. Those in rural areas relying on oil heating systems are of particular concern: in some cases £50 would not be nearly enough to cover a single order for fuel in winter.

Finally, it is noted that £50 annually could lead to detriment for the many households who were previously receiving £75 or more under the former scheme. It was not stated in the proposal document how many households did actually receive three or more payouts in previous years, and how many of these were received over multiple years. These groups may have become reliant on the payments to get through the coldest periods and therefore would be much worse off under the revised scheme.

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?

The proposed annual payment is not entirely dissimilar to the Warm Home Discount (WHD) scheme in operation throughout Great Britain. Recipients of WHD can receive their payment as a reduction in their energy bill rather than as a cash payout (although prepayment users will receive payment by voucher instead). Many clients in their feedback have indicated that they appreciate the certainty of the payment being allocated to energy, as that is clearly what this is for. Aligning the LIWHA payment in this way could ensure that the payments are used for the purpose they are designed for - however, it is recognised that as a payment coming from social security this may not be practical.

CAP does generally favour a cash-first approach to financial support for households. The importance of dignity and personal independence is a key element of bringing stability and is instrumental in promoting healthy behaviour. For this reason a direct payment would be reasonable, and helps achieve that aim.

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

The concept of a single qualifying week during the year does raise a key concern. Many CAP Debt Help clients have rapidly-changing lives, and there is a high likelihood that households would suffer a negative change of circumstances in the weeks following the September qualifying week. This would leave them ineligible for payment and unable to appeal prior to the winter period. There is no mention in the proposals of enabling those who do move onto qualifying benefits being given

additional assistance. This should be compared to the current CWP qualifying period, which is effectively five months from November to March.

CAP would like to see the Scottish Government put measures into place to ensure those who qualify after the September date but before the payment date in February will be given an opportunity to receive the additional support.

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

The target date for payments falls too late in the winter period. In particular, those with prepayment meters need the funds before the coldest part of the year, rather than during or after. Leaving them without would lead to potential self-disconnections and difficult choices around how to cope. In some cases the colder phases will lead to many energy users falling into arrears before the payment is due, and the payout would likely end up being used to cover arrears rather than to ensure warm homes.

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

Ensuring that potential recipients are clearly informed should negate the requirement for a redetermination period. CAP would encourage high quality information be provided to households in advance of the qualifying date, to ensure that any errors are picked up and appealed by the households in question.

It is suggested that those in particularly poor financial circumstances may not always have the confidence to challenge a determination, particularly over a relatively 'small' amount of money like £50. Enabling potential recipients to confidently respond and appeal without uncertainty is something for the Scottish government to consider.

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

CAP would like to reiterate that the Scottish Government has previously made it a priority to address child poverty across the nation. Directing some of the purpose of this revised support scheme towards protecting households with younger children could potentially help deliver on that goal. In particular, using Scottish Child Payment recipients as an extra targeting group could be a straightforward criteria to add to what has already been proposed.

It is also worth highlighting the small groups of people with no legal recourse to benefits; in particular those who are without indefinite leave to remain and asylum seekers. This group is typically expected to pay all of the regular bills such as rent,

taxation and indeed energy. This is a group that is likely to suffer from not being able to access support schemes such as this one.

About CAP

CAP is an FCA accredited charity that works across both Scotland and the rest of the UK in partnership with 580 local churches to restore hope for people in desperate need. Through a network of 26 CAP Debt Centres in Scotland, CAP offers a free face-to-face debt help service, with advice and ongoing support provided from head office. CAP also runs the CAP Money Course, Job Clubs, and Life Skills groups to help people overcome unemployment, and provide financial education, all with community and holistic support at their core. CAP's services are completely free and available to all regardless of age, gender, sexual orientation, faith or background.

Further information

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