



## Parliamentary Briefing: Winter Fuel Payment (WFP) September 2024

### Overview

The Government's decision to means-test the Winter Fuel Payment (WFP) will not only remove the money from those who can afford to do without it, it also means around 2 million pensioners who badly need the money to stay warm this winter will not receive it.

This includes older people who are eligible but not receiving Pension Credit (1 million pensioners)<sup>1</sup>; those on very low incomes but who are just above the Pension Credit threshold (an estimated 1 million pensioners)<sup>2</sup>; and older people who have unavoidably high energy costs as a result of disability or a health condition, some of whom also live in energy inefficient homes (an estimated 200,000).<sup>3</sup> Losing WFP will make it considerably harder for older people in these groups to stay warm this winter, undermining their health. The policy will disproportionately impact those with protected characteristics and more vulnerable groups in our society.

A combination of factors make this winter a 'perfect storm' for many older people, who will face financial hardship and potentially a worsening of their health as a result of the Government's decision, on top of a 10% rise in energy bills and the ending of the Cost of Living Payments that helped them in recent winters when energy bills rose exponentially. These bills have since fallen back but are still appreciably higher compared to before the energy crisis provoked by Russia's invasion of Ukraine.

### Why is Age UK so concerned?

Means-testing will cause significant harm for as many as two million older people who are living on low incomes, or who face unavoidably large energy bills due to ill health. These people simply cannot afford to go without the money this winter. At Age UK we are deeply concerned by this policy for a number of reasons:

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<sup>1</sup> Department for Work & Pensions, 2024. Income-related benefits: Estimates of the take-up of the main income-related benefits by caseload and expenditure in Great Britain. GOV.UK. [Online]. Accessible at: <https://www.gov.uk/government/collections/income-related-benefits-estimates-of-take-up--2>

<sup>2</sup> Department for Work & Pensions, 2024. Pensioners' Incomes: financial years ending 1995 to 2023. GOV.UK. [Online]. Accessible at: <https://www.gov.uk/government/statistics/pensioners-incomes-financial-years-ending-1995-to-2023>

<sup>3</sup> Office for National Statistics, 2021. Health state life expectancies in England, Northern Ireland and Wales: between 2011 to 2013 and 2020 to 2022. GOV.UK. [Online]. Accessible at: <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/bulletins/healthstatelifeexpectanciesuk/between2011to2013and2020to2022>



- **Low take up of Pension Credit** - take-up for the main qualifying benefit under the Government's proposals – Pension Credit – sits at 63% and has not gone above 66% in a decade.<sup>4</sup> Shifting the dial on this is incredibly difficult and there is insufficient time to do so in time for this winter. While Age UK will do everything we can to support the Department of Work and Pensions' efforts, a communications campaign will not make enough difference in the little time available before the cold weather sets in.
- **A million people living just above the Pension Credit threshold will struggle** - 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 £332 per week as a couple.<sup>5</sup> Due to the many passported benefits tied to Pension Credit, worth an average of £2,677 per year,<sup>6</sup> they often find themselves worse off in net income terms than others whose lower incomes allow them to claim Pension Credit.
- **As will perhaps 200,000 with serious health conditions and disability, meaning they build up unavoidably high bills** - a final group at risk comprises those whose ill-health or disability means they have to keep the heating turned up high, or run the washing machine a lot, bills sometimes exacerbated by living in poorly insulated homes that are costly to heat. The UK has some of the oldest and least well-insulated housing stock in Europe, with older people over-represented among those living in it.
- **Energy prices are set to rise and additional Government support is being withdrawn this winter** - the 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 with energy prices set to rise by a further 10% on average from October.<sup>7</sup>
- **There is not enough time for older people on low incomes to put some money aside week by week, to make up the shortfall from losing WFP** - we know that older people typically do everything they can to avoid going into debt and if they had had more notice of this change, some would have put some money aside or made different spending decisions earlier in the year.
- **A detrimental effect on older people's health** - being cold at home poses a particular risk for older people. It is hazardous to their health, especially if they are living with significant ill health or frailty, as many are.<sup>8</sup> It raises blood pressure, increasing the risk of strokes and heart attacks, as well as hypothermia if people become very cold. The UK Health Security Agency recommends keeping indoor temperatures to at least 18°C in bedrooms and 21°C in living areas, something we know many older

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<sup>4</sup> Department for Work & Pensions, 2024. Income-related benefits: estimates of take-up: financial year ending 2022. GOV.UK. [Online]. Accessible at: <https://www.gov.uk/government/statistics/income-related-benefits-estimates-of-take-up-financial-year-ending-2022/income-related-benefits-estimates-of-take-up-financial-year-ending-2022> [Accessed 04/09/2024]

<sup>5</sup> GOV.UK, 2024. Pension Credit. GOV.UK. [Online]. Available at: <https://www.gov.uk/pension-credit/eligibility> [Accessed 04/09/2024]

<sup>6</sup> 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]

<sup>7</sup> 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]

<sup>8</sup> UK Health Security Agency, 2024. Keeping warm and well: staying safe in cold weather. GOV.UK. [Online]. Available at: <https://www.gov.uk/government/publications/keep-warm-keep-well-leaflet-gives-advice-on-staying-healthy-in-cold-weather/top-tips-for-keeping-warm-and-well-this-winter> [Accessed 04/09/2024]



people will now struggle to be able to afford to do. Many will not even try, as a frequent response among older people to fear of unaffordable energy bills and debt is to ration energy use very severely.

- **A disproportionate impact on vulnerable groups** - the Government has not yet published an Equality Impact Assessment, but even without it we know this policy change will disproportionately impact those with protected characteristics and some of the more vulnerable groups in our society:
  - 450,000 single females are estimated to be missing out on Pension Credit they're entitled to, compared to 150,000 males.<sup>9</sup>
  - Black (26%) and Asian (25%) pensioners are more likely to be in poverty than white pensioners (16%).<sup>6</sup>
  - Single pensioners (22%) are more likely to be in poverty than married and civil-partnered pensioners (13%).<sup>6</sup>
  - Older pensioners are more likely to be in poverty than younger pensioners (21% aged 85+ compared to 13% aged 66-69).<sup>6</sup>

### **The other policies the Government is seeking to rely on are inadequate responses or won't be implemented until after this winter**

The Government has decided to continue the **Household Support Grant (HSF)** until Spring 2025, with £421 million available in England and £79 million in the devolved administrations. This is 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, we understand 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.

In July the Chancellor also announced her intention to bring forward plans to **merge Housing Benefit and Pension Credit** to streamline administration and boost take up. This is expected to lead to Pension Credit having a housing element included in future, to support the phasing out of Housing Benefit which has already been announced. However, it is a major administrative change that cannot be achieved immediately. It will not help pensioners this winter.

Finally, it has been suggested that as a result of the triple lock, **the State Pension** will rise by some £400 next year. This may or may not turn out to be accurate, but in any event, unfortunately pensioners will not receive the new rate until April 2025 so it will not help them get through this winter.

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<sup>9</sup> Department for Work & Pensions, 2024. GOV.UK. [Online]. Available at: <https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2023/households-below-average-income-an-analysis-of-the-uk-income-distribution-fye-1995-to-fye-2023> [Accessed 05/09/2024]



## What older people are telling us

More than 485,000 people have signed Age UK's [petition](#) to save the WFP for struggling pensioners. Of these, over 441,000 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

The combination of factors described above make this winter a 'perfect storm' for many older people. It is bringing in means testing of the WFP so quickly, with insufficient effective mitigations, which poses a particular challenge to those who are extremely worried about staying warm. Age UK urges the Government to halt their proposed changes now, to avert a potential disaster in a few months' time.

If the Government is determined to bring in means-testing in the future, further mitigations must also be introduced at the same time, to safeguard poor and vulnerable pensioners. For example, entitlement could be extended to include older people on other benefits such as Housing Benefit, Personal Independence Payment, Council Tax Support, Attendance Allowance and Carer's Allowance.

Long-term measures, including the roll out of a social tariff for energy and an ambitious targeted home insulation programme, are also needed to protect households of all ages on low incomes. The Government should also extend the ban on forced pre-payment meters to all those who have reached their State Pension Age, to stop older people being forced to pay top rates for their energy and to mitigate the risk that they will self-disconnect to save money. At present this ban only applies to those aged over 75.

## What Age UK is doing to help

- At Age UK we are doing everything we can to encourage the take up of Pension Credit, nationally and through our local Age UKs.
- Our national helpline and local Age UK charities are supporting thousands of additional older people with benefits checks to ensure they are receiving all they are entitled to financially.
- Many local Age UKs are also offering support with how to keep yourself warm and well in winter and home energy efficiency checks. Some local Age UKs, but not all, have vouchers they are able to give out to older people at risk of severe hardship.



- We will be closely monitoring the experiences of older people throughout the autumn and winter and reporting back on this at a national level.

*Note: Age UK, the national charity, does not receive any financial support from the Government for its information and advice services. Some local authorities support this work when carried out by their local Age UKs, but less so now compared to a decade ago, as a result of the cuts to council funding.*

### **What you can do to help**

We are asking all MPs to:

- Attend next Tuesday's debates (*Commons Chamber (time TBC): Debate on a motion relating to the Social Fund Winter Fuel Payment Regulations 2024; Westminster Hall (11-11:30am): Winter Fuel Payment*) and express your concerns about the Government's proposal.
- Write to the Chancellor and Prime Minister, and use other mechanisms available to you within your party to express your concerns about the Government's proposal.

### **Get in touch**

If you have any questions; would like constituency-level or bespoke statistics about the impact of means-testing the WFP; written or oral questions drafted; to be put in touch with your local Age UK to encourage your constituents to apply for Pension Credit; or would like to meet to discuss the policy further, please contact [publicaffairs@ageuk.org.uk](mailto:publicaffairs@ageuk.org.uk).