

# **Pension Age Winter Heating Payment**

## **Business and Regulatory Impact Assessment**

**August 2025**

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## **Business and Regulatory Impact Assessment (BRIA): Pension Age Winter Heating Payment**

### **Purpose and Intended Effect**

1. A Business and Regulatory Impact Assessment is used to analyse the cost and benefits to businesses and the third sector of any proposed legislation or regulation, with the goal of using evidence to identify the proposal that best achieves policy objectives while minimising costs and burdens as much as possible.

### **Background**

2. In July 2016, the Scottish Government launched a public consultation which went on to inform the content of the Social Security (Scotland) Act 2018. This legislation provided Scottish Ministers with the legislative power to deliver new Winter Heating Assistance in Scotland, with the intention of replacing the UK Government's Cold Weather Payments (CWP) and Winter Fuel Payments (WFP).
3. In 2020 we launched Child Winter Heating Payment (CWHP, previously known as Child Winter Heating Assistance) which extended eligibility for WFP to help mitigate the additional heating costs that the households of the most severely disabled children and young people face in the winter months.
4. In February 2023, we launched Winter Heating Payment (WHP), replacing CWP in Scotland with a guaranteed payment each winter, targeting low-income households who have additional need for heat, including households with young children, disabled people and older people, providing stable, reliable support every winter.
5. Pension Age Winter Heating Payment (PAWHP) was originally intended to be introduced as a universal benefit in winter 2024 as a like-for-like replacement of the UK Government's WFP. However, in July 2024, the Chancellor of the Exchequer announced the UK Government's decision to restrict eligibility to WFP to only those in receipt of relevant benefits. The changes to WFP eligibility reduced the Block-Grant Adjustment (BGA) associated with devolution of the UK's Winter Fuel Payment by £147 million in 2024/25, over 80% of the cost of the Scottish Government's replacement benefit. Given this significant reduction in budget, after careful consideration of options the Scottish Government took the difficult decision to mirror the restricted eligibility of WFP for PAWHP.
6. For winter 2024/25, PAWHP was therefore introduced mirroring the decision to deliver WFP to those of pension age in receipt of relevant benefits. The relevant benefits included Pension Credit, Universal Credit, Income-related Employment and Support Allowance (ESA), Income-based Jobseeker's Allowance (JSA), Income Support, Working Tax Credits and Child Tax Credits (CTC).
7. The timing of the UK Government announcement, and the lack of consultation or discussion with the Scottish Government, meant it was not practicable for the

Scottish Government to deliver PAWHP in winter 2024/25. PAWHP was therefore delivered on behalf of Scottish Ministers by the Department for Work and Pensions under an agency agreement. This approach sought to ensure that eligible individuals in Scotland continued to receive support over winter 2024/25.

8. PAWHP currently provides older people in receipt of relevant benefits with additional support to help meet increased heating costs during the winter. With high energy prices continuing to be a key driver of fuel poverty, this support is particularly important given the high energy prices amid the cost-of-living crisis.
9. Under the restricted eligibility criteria for winter 2024/25, PAWHP provided older people with a payment of either £200 or £300 depending on their age if they received Pension Credit, Universal Credit, income-related Employment and Support Allowance (ESA), income-based Jobseeker's Allowance (JSA), Income Support, Child Tax Credit or Working Tax Credit.
10. The Scottish Government has consistently acknowledged that other people of pensionable age may also face financial difficulties and would benefit from this vital support. For this reason, on 28 November 2024 the Scottish Government announced that it will bring forward regulations to introduce a universal PAWHP from winter 2025/2026 onwards.
11. On 9 June 2025, the UK Government announced that they would reverse their earlier decision and will now bring forward legislation that, from winter 2025 onwards, will expand WFP eligibility to pensioners with an individual income of £35,000 or less per year. The payment would be £200 per pensioner household with no individual over 80 or over, or £300 per pensioner household with an individual aged 80 or over. This was expected to increase the amount of pensioners eligible to receive the WFP in England and Wales from 1.5 million to 9 million.
12. In contrast a universal PAWHP for winter 2025-26 would have provided £203.40 to pensioners in receipt of relevant benefits below the age of 80, £305.10 for those in receipt of relevant benefits aged 80 or over, and £100 for pensioner households not in receipt of relevant benefits, with regulations laid before the Scottish Parliament on 6 June 2025 introducing this change.
13. The UK Government decision was announced with no prior engagement with the Scottish Government, and Ministers and Officials within Scottish Government worked to understand the implications of the UK Government decision. Following careful consideration of the options available, the Scottish Government decided to mirror the approach for our PAWHP, with payments being made to all pensioners, and will be automatically recovered through taxation from those pensioners with a personal income of over £35,000 per year. This tax charge will be introduced through separate legislation brought forward by the UK Government.
14. The payments of £305.10 and £203.40 would lead to pensioners in Scotland being better off compared to those in the rest of the UK. The Scottish Government has also started discussions with the UK Government to extend the

proposed arrangements in England and Wales to recover payments from those pensioners with an individual income of more than £35,000 through the tax system. The intention is that payments would be recovered automatically, with pensioners not needing to register with HMRC or take any further action.

15. In taking the decision, Scottish Government have carefully considered the importance of prioritising the additional funding available to those who need it most. This approach will ensure that a higher level of support will be provided to those most in need, with over 720,000 Scottish pensioners estimated to benefit from the higher payment in the revised PAWHP who would have otherwise received a lower payment. The Scottish Fiscal Commission (SFC) estimates that the Scottish Government will invest £151 million in 2025/26 for our revised Pension Age Winter Heating Payment, providing support to 860,000 pensioners in total<sup>1</sup>, with 195,000 pensioners on higher incomes not getting the payment.<sup>2</sup>
16. SFC figures shows that this investment compares with £98 million in our initial planned approach for 2025/26 before the UK Government announcement of June 2025 and the £29 million spending in 2024/25 on PAWHP in the restricted approach delivered via an agency agreement with the DWP.<sup>3</sup> Our new PAWHP will be an additional investment from the Scottish Government of £1 million above the BGA funding for 2025/26 with BGA funding increasing by £120 million to £150 million in total.<sup>4</sup>
17. The Scottish Government is committed under the 'Fairer Scotland for Older People' strategy to seek to ensure the financial security of older people in Scotland. This extension in eligibility for PAWHP to those earning £35,000 or less will contribute to that ambition together with a wider range of initiatives to mitigate fuel poverty, such as our energy efficiency delivery programmes – Warmer Homes Scotland and Area Based Schemes – which have supported over 155,000 households living in, or at risk of fuel poverty in the past decade, as well as our Islands Cost Crisis Emergency Fund which helps island authorities support their island communities through cost-of-living pressures. Support is also available through the Scottish Welfare Fund, which provides vital support to households struggling to meet their housing and energy costs as well as through WHP which is available to low-income pensioners in receipt of Pension Credit.
18. Support in addition to social security payments, and the support mentioned above, is available through the Scottish Governments investment in our Council Tax Reduction Scheme and free bus travel for all older people over the age of 60 in Scotland. The Scottish Government has also provided over £2 million from our Equality and Human Rights Fund, supporting older people's organisations to deliver work focused on tackling inequality and enabling older people to live independent and fulfilling lives. The former Minister for Climate Action also

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<sup>1</sup> The Scottish Fiscal Commission have said that their illustrative caseload is based on individuals and is not directly comparable with their previous PAWHP caseload of May 2025 as that was presented on a household basis. Reference: <https://fiscalcommission.scot/wp-content/uploads/2025/06/Jun-2025-SEFF-Publication-Supplementary-figures.xlsx> (Figure S3.1)

<sup>2</sup> [Scotland's Economic and Fiscal Forecasts Update – June 2025](#)

<sup>3</sup> [Scotland's Economic and Fiscal Forecasts \(SEFF\) - May 2025](#)

<sup>4</sup> [Scotland's Economic and Fiscal Forecasts Update – June 2025](#)

secured the agreement of energy suppliers to participate in a working group aimed at co-designing a social tariff, the output of which was sent to the UK Government – who has the power to deliver this policy – in March 2025.

19. The regulation of the energy market and the fundamental levers to make a real difference remain with the UK Government. However, the Scottish Government continues to support vulnerable households through a range of actions within our limited devolved powers. This year alone, we are spending £140 million on activities to mitigate UK Government policies through schemes such as Discretionary Housing Payments and the Scottish Welfare Fund. In addition, our Winter Heating Payment which, in contrast to the UK Governments Cold Weather Payment, guarantees a reliable annual payment which is up-rated each year to people on low-incomes, including those pensioners in receipt of Pension Credit each winter, regardless of temperature levels in winter. In winter 2025/2026 the payment value is £59.75.
20. We have consistently up-rated all benefits in line with inflation, providing certainty to recipients of Scottish Government social security benefits and put more money in their pockets by making it a legal requirement to annually up-rate all devolved benefits including our Winter Heating benefits (Child Winter Heating Payment, Winter Heating Payment and Pension Age Winter Heating Payment).

### **Rationale for Government Assistance**

21. The rationale for introducing PAWHP for those earning £35,000 or less is to provide pensioner households in most need with additional support to meet increased heating costs during the winter, with the intention of helping them to heat their homes for longer. The payment will protect many pensioners including those on low incomes. Older people are targeted because they may be particularly vulnerable to the effects of cold weather during the winter months<sup>5</sup> and are more likely to be on fixed incomes.
22. Evidence has shown that living in a cold home can have a negative impact on health, emotional wellbeing and resilience. Extending eligibility to PAWHP will not solely be a fuel poverty measure but will provide reassurance to older people on lower incomes that they can afford to keep warm in the winter months when heating bills are higher, supporting their overall wellbeing. This financial support is particularly important given the significant increase in cost of living.
23. Pensioner households are likely to have a greater need to keep their home warm due to being older and it being harder for them than younger people to regulate their body temperature.<sup>6</sup> Older people are also more likely to spend more time indoors according to research carried out by Age UK.<sup>7</sup> We know that living in a cold home can be detrimental to many older people and that reduced muscle mass and poorer circulation can have an impact on the ability to stay warm. This

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<sup>5</sup> [Winter Mortality in Scotland 2023/24 \(National Records of Scotland\)](#)

<sup>6</sup> [Age UK calls on everyone to look out for their older family members and friends this wintertime](#)

<sup>7</sup> [Parliamentary Briefing - Rising energy prices and supporting older people this winter \(Age UK\)](#)

can impact on the immune system, amplifying any pre-existing condition.<sup>8</sup> Older people are also more likely to live in ‘colder’ and ‘harder to heat homes’.<sup>9</sup>

24. The 2023 Scottish House Condition Survey found that families (34%) have similar rates of fuel poverty to older households (37%), and other households (32%). When considering extreme fuel poverty, families have a lower rate of extreme fuel poverty (12%) than both older households (25%) and other households (19%).
25. The policy closely aligns with the Scottish Government’s Wealthier and Fairer Strategic Objectives, but also links with the Scottish Governments key priorities to tackle fuel poverty, ensuring financial security in older age as well as supporting people through the cost-of-living crisis.
26. The policy will contribute towards the following National Outcomes:
  - **Economy: We have a globally competitive, entrepreneurial, inclusive and sustainable economy.** This policy will provide continued investment in financial support for older people most in need of support with energy costs in Scotland.
  - **Communities: We live in communities that are inclusive, empowered, resilient and safe.** This additional support recognises older people have particular needs in relation to heating and will help towards ensuring pensioner households on lower income, are living in a warm home.
  - **Health: We are healthy and active.** The policy will provide reassurance to older people on a lower income that they will receive a contribution towards their heating costs, helping to maintain a safe temperature at home during the winter, reducing the health risks due to living in cold environments.
  - **Human Rights: We respect, protect and fulfil human rights and live free from discrimination.** Social Security is a human right and through expansion of this benefit we help progress the support that is available.
  - **Poverty: We tackle poverty by sharing opportunities, wealth and power more equally.** The policy intention of PAWHP is to provide financial support to people of pension age on lower income in Scotland, because they have a greater need for heat during the winter months. PAWHP in particular specifically targets pensioner households who, due to their age, may require an enhanced heating regime, and therefore may incur greater energy costs.

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<sup>8</sup> [Fuel Poverty \(Target, Definition and Strategy\) and Fuel Poverty Strategy: health impact assessment](#)

<sup>9</sup> [Age Scotland: “Turn up the heat this winter to save lives and protect our NHS and social care” \(ageuk.org.uk\)](#)

## Consultation

27. Prior to the UK Government decision to restrict eligibility of WFP, we consulted on our policy proposals for PAWHP as a universal payment. Our public consultation on PAWHP ran between 23 October 2023 and 15 January 2024. We consulted on our policy proposals for the introduction of a universal benefit. The purpose of the consultation and associated stakeholder engagement was to gather views on the proposed delivery, eligibility criteria, the proposed payment format, to collect additional evidence for those who will receive PAWHP in rural and off-gas grid communities, and to identify any unintended consequences of introducing the new payment including the impact of expanding eligibility to this benefit on businesses and key stakeholders.
28. Given the UK Government's late change in policy and the lack of prior consultation with the Scottish Government, to ensure payments were made to pensioners in Scotland in winter 2024/2025, it was not possible to consult further on the proposed eligibility changes to PAWHP prior to laying regulations for a restricted PAWHP. The UK Government decision to extend eligibility for WFP to pensioners earning £35,000 or less in June 2025 was also announced with no prior engagement with the Scottish Government, and Ministers and Officials within Scottish Government worked to understand the implications of the UK Government decision.
29. Similarly, given the limited timescales available to lay regulations to ensure that payments are paid to every pensioner household in winter 2025/26 that meets eligibility, it has not been possible to consult further on the proposed changes prior to laying these amendment regulations following the Scottish Governments announcement on 18 June 2025 mirroring the UK Governments approach.
30. Although we know from our previous consultation<sup>10</sup> that there was broad support for maintaining a universal approach to eligibility for all who have reached state pension age, there were also some stakeholders who disagreed and called for the benefit to be targeted more effectively at those in fuel poverty. Some also advocated for a form of means testing of PAWHP, as it was argued that not all older people need this financial support, with a suggestion that alternative or additional income-based eligibility criteria could be used to identify and target the payment.
31. During our public consultation on PAWHP, some individuals commented on the potential impact on energy companies. Some people recognised energy companies could benefit as a result of PAWHP as people are likely to be able to pay their bills on time, stating that otherwise these businesses may lose out due to non-payment.

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<sup>10</sup> [Pension Age Winter Heating Payment \(PAWHP\): consultation analysis - gov.scot](https://gov.scot/pension-age-winter-heating-payment-pawhp-consultation-analysis)

## **Social Security Experience Panels Survey**

- 32. We also invited members of our Social Security Experience Panels for their views on the key policy considerations for PAWHP alongside the public consultation.
- 33. Many suggested PAWHP should be provided for disabled people, extending coverage through lowering the eligible age for those with disabilities and, for those who are unable to work due to a disability. Some also suggested a universal payment without age limits.
- 34. Some respondents suggested island communities should receive a higher value payment to reflect the higher heating costs and weather conditions costs incurred with island or rural life, and widening eligibility to cover all households that were off-gas grid, including disabled or vulnerable households, or assessing cases on an individual basis.
- 35. Almost all (91%) survey respondents agreed that PAWHP should continue to be provided as a one-off payment each winter. Those in support stated it would help with advance planning for the winter months and would help with budgeting decisions over the Christmas period.

## **Options**

### **Option 1 – do nothing**

- 36. The Scottish Government has consistently recognised that there are many individuals who are above the Pension Credit threshold, and who are therefore not eligible for either Pension Credit or PAWHP, who would benefit from this support.
- 37. This option would mean that PAWHP eligibility would continue to be based on someone being of state pension age and receiving a relevant benefit. As illustrated above, we know that Pension Credit, which is the qualifying benefit with the largest caseload, has a very low take-up rate (around 65%). Based on this rate, Scottish Government analysis estimates there could be approximately 68,000 individuals in Scotland who do not receive the Pension Credit they are entitled to.
- 38. The 2023 SHCS includes the 2023 criteria for WFP prior to the introduction of restricted eligibility and estimates that 861,000 households were in fuel poverty in 2023. This rises by around 10,000 to 871,000 when the current, means-tested PAWHP approach is applied to the 2023 data. When applying the proposed initial approach of universal eligibility with £100 payments to those not receiving relevant benefits to the 2023 SHCS data, we would estimate around 865,000 households to be in fuel poverty. The universal approach would therefore reduce the number of households in fuel poverty under the current criteria by 5,000, when compared to 2023 levels using the means-tested PAWHP criteria. Analysis on the impact of PAWHP changes on fuel poverty levels is forthcoming but it is expected that any impact on overall fuel poverty levels will be minor.



39. In winter 2024/2025, it was not possible to extend eligibility to PAWHP due to the timing of the UK Government's decision to restrict WFP eligibility, the lack of prior consultation with the Scottish Government, and the significant reduction in budget. However, for winter 2025/26, due to the increase in fuel poverty levels under restricted PAWHP eligibility and the impact on pensioners not eligible for relevant benefits, the option to retain current eligibility was not taken forward.

### **Option 2 – re-introduce universal PAWHP as per previous universal WFP policy**

40. This option would mean a full re-instatement of the payments at a value of £200 or £300 as previously provided under the WFP, and as we had intended to deliver in winter 2024/25, prior to the UK Government's announcement to restrict eligibility.

41. Initial analysis of this option indicated that based on the Block Grant Adjustment we expected to receive in future years to deliver PAWHP (£31 million in 2025/26 and £30 million in 2026/27), that an additional £153 million to £155 million would be required to be found from within the Scottish Budget to deliver this.

42. Given the ongoing financial pressures, this option was not affordable and therefore was not progressed further.

### **Option 3 – re-introduce universal payments, providing £100 per pensioner household not in receipt of a relevant benefit**

43. This option re-instates universal payments at a lower rate than was provided previously through universal WFP which ended in winter 2023/24. This would mean all pensioner households receive a contribution towards their energy costs each winter, in line with our commitment to ensuring financial security for older people.

44. Based on the Scottish Fiscal Commission's May forecasts, it was expected that this would be an investment of around £98 million in the first year (2025/26), providing support to approximately 815,000 households.<sup>11</sup>

45. Distributional analysis of introducing the £100 payment to households indicates that household income in the lowest three income deciles will increase by 0.6%, 0.5% and 0.3%, reflecting that most pensioner households will be £100 better off, and that has a larger impact – as a proportion of income – for households on lower incomes.

46. Within the consultation, although there was broad support for universal eligibility, some stakeholders disagreed, with five organisations calling for the benefit to be targeted more effectively at those in fuel poverty. This was on the basis that any savings could provide additional funding to support other fuel poverty initiatives.

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<sup>11</sup> [Scotland's Economic and Fiscal Forecasts – December 2024 | Scottish Fiscal Commission](#) – Supplementary Figures – Figure 5.2

47. We know there may be individuals who feel that they do not require PAWHP. Under these plans, clients would have been able to opt out of our universal PAWHP if they do not wish to receive it.

**Option 4 – Follow the UK Government approach – reinstate a full Winter Fuel payment and recover the payment through the tax system from pensioners with an income of over £35,000.**

48. This option would see us change to mirroring UK Government WFP eligibility. This would mean that generally pensioner households with an income of £35,000 or below with no individual aged 80 or over would receive £203.40, or £305.10 per pensioner households with an individual aged 80 or over. Those pensioners in receipt of relevant benefits would continue to receive a payment of either £203.40 or £305.10 per household depending on their age. This option would also continue the approach which pensioner households have been familiar with under the previous universal Winter Fuel Payment and would see us continuing to split the payment, with each pensioner in the household receiving a 'shared rate' payment (of £101.70 or £152.55) where there is more than one pensioner claimant in the household.
49. We know there may still be individuals who feel that they do not require PAWHP. Under these plans, clients can opt out to receive a PAWHP if they do not wish to receive it.
50. Based on the Scottish Fiscal Commission's June forecasts, it is expected this will be an investment of around £151 million in the first year (2025/26), providing support to approximately 860,000 pensioners in total.<sup>12</sup>
51. Distributional analysis undertaken indicates that when compared to universal policy, the greatest impact is on higher-income pensioner households. As a result of the introduction of the income threshold, the average pensioner household may see a 0.09% reduction in income. However, pensioner households in the lowest three deciles see a small increase in household income due to uprating of payments. When compared to the policy announced in the 2025-26 Scottish budget, households in the first eight income deciles are better off with the bottom half of the income distribution gaining over £100 on average. The average pensioner household sees a 0.24% increase in income.<sup>13</sup>

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<sup>12</sup> [Scotland's Economic and Fiscal Forecasts Update – June 2025 | Scottish Fiscal Commission](#)

<sup>13</sup> This distributional analysis is conducted using UKMOD microsimulation model and explores the impact of the latest policy in 2025-26. While it is not possible to model all household circumstances, the estimates remain robust: the approach ensures that total spending and caseload broadly align with forecasts from the Scottish Fiscal Commission for different policy options. The latest policy is compared against two counterfactuals: (a) The policy announced at the 2025-26 Scottish Budget, which restricts eligibility of the £203.40 and £305.10 payments to households receiving a qualifying benefit and pays £100 to all other pensioner households; (b) the universal policy which was in effect before 2024.

## Sectors and groups affected

52. In consulting on the original policy intent of introducing PAWHP on a universal basis, we considered the potential impact on businesses and organisations that have a particular focus on the following:

- organisations supporting older people
- welfare rights organisations
- advice giving organisations
- energy advice and support organisations

53. Prior to the change in policy in 2024, stakeholders and organisations were invited to consider the impact of the proposed policy intent, both on their organisations, as well as on any client groups they support. We met with key stakeholders during the consultation to discuss our proposals prior to the UK government's decision to restrict WFP eligibility, and the Scottish Government's subsequent decision to mirror this approach.

## Costs

54. The UK Government's decision to restrict WFP eligibility to those of pension age in receipt of relevant benefits reduced the Block Grant Adjustment funding by £147 million for 2024-2025. The Scottish Government were due to receive around £30 million in Block Grant Adjustment funding for the delivery of PAWHP in 2025/2026, with additional expenditure to be met from within the Scottish Budget. As a result of the UK Government U-turn on WFPs, the Scottish Government are now expected to receive an additional £120 million (total £150 million).

55. The Scottish Fiscal Commission (SFC) has a statutory duty to provide independent and official forecasts of Scottish GDP, devolved tax revenues and devolved social security expenditure. The Protocol for engagement between the SFC and the Scottish Government notes that the SFC may produce forecasts where it considers the policy, or policies, to have a "non-negligible impact on receipts or expenditure. The SFC forecast that 860,000 pensioners in total will receive PAWHP in 2025/26,<sup>14</sup> with total spending estimated at around £151 million, rising to around £182 million by 2030-31.

56. The payments are not restricted to payment of energy costs and therefore other sectors may also benefit from the investment.

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<sup>14</sup> [Scotland's Economic and Fiscal Forecasts Update – June 2025](#)

## **Scottish Firms Impact Test**

57. There may be some impact on businesses and third sector organisations operating in Scotland in relation to the way the Social Security Scotland agency delivers the devolved benefits compared to DWP.
58. For PAWHP, the demands placed on third sector organisations and independent advocacy services to provide advice and support for people receiving and enquiring about this payment may change slightly. There may be confusion amongst clients about eligibility or payment rates due to the number of policy changes which have taken place for this benefit in recent times. However, clear communications material will be developed ahead of delivery and given the automated nature of the benefit, this should not require provision of complex advice. In Scotland we have the Scottish social security charter, 'Our Charter', which requires that communication and systems are as simple and clear as possible.<sup>15</sup>

## **Competition Assessment**

59. The Scottish Government does not believe that PAWHP will have an adverse impact on the competitiveness of businesses or the third sector in Scotland, the UK, Europe, or the rest of the world. PAWHP does not directly or indirectly limit the number of suppliers, nor does it limit the ability of suppliers to compete or reduce suppliers' incentives to compete vigorously. Additionally, the Scottish Government does not expect there to be any significant impact on the operational business of local authorities or health boards as a result of introducing this provision.

## **Competition Assessment Questions**

- I. Will the measure directly or indirectly limit the number or range of suppliers?  
No
- II. Will the measure limit the ability of suppliers to compete?  
No
- III. Will the measure limit suppliers' incentives to compete vigorously?  
No
- IV. Will the measure limit the choices and information available to consumers?  
No

## **Consumer Assessment and Adherence to the Consumer Duty**

### **The Consumer Duty**

60. As of April 2024, the 'Consumer Duty' has replaced the 'Consumer Assessment' section of the BRIA. This is a statutory duty introduced by the Consumer

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<sup>15</sup> [Social Security Scotland Charter 2024](#)

Scotland Act 2020 which came into force on 1 April 2024.<sup>16</sup> It places a duty on relevant public authorities in Scotland, including the Scottish Government, to improve the extent to which consumers are considered in strategic decision-making.

61. A key principle of the Duty is to ensure all public bodies are working towards improving outcomes for consumers as part of their strategic decision-making process.

62. The Scottish Government has a duty when making decisions of a strategic nature about how exercise their functions, to have regard to:

- the impact of those decisions on consumers in Scotland.
- the desirability of reducing harm to consumers in Scotland.

### **Requirements on relevant public authorities**

**The Act sets out four requirements on relevant public authorities:**

- when making decisions of a strategic nature, have regard to the impact those decisions have on consumers.
- when making decisions of a strategic nature, have regard to the desirability of reducing harm to consumers.
- publication of information about the steps taken to meet the duty.
- having regard to this guidance.

63. The Scottish Government does not believe that the introduction of eligibility to PAWHP for those earning £35,000 or less will have an adverse impact on either eligible people or any other consumer.

64. PAWHP does not directly or indirectly limit the choices of consumers. Nor does it impact on decisions made on consumers in Scotland or limit the ability of consumers to compare the quality, availability or price of goods or services in a market. Furthermore, PAWHP will not impact a consumer's ability to understand their rights.

65. Consumer Assessment questions considered:

- I. Does the policy affect the quality, availability or price of any goods or services in a market?  
No
- II. Does the policy affect the essential services market, such as energy or water?  
No

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<sup>16</sup> [Consumer Scotland Act 2020](#)

- III. Does the policy involve storage or increased use of consumer data?  
Yes. With revised eligibility , the amount of client data required to administer the benefit will increase as more pensioners will benefit from the payment.
- IV. Does the policy increase opportunities for unscrupulous suppliers to target consumers?  
No
- V. Does the policy impact the information available to consumers on either goods or services, or their rights in relation to these?  
No
- VI. Does the policy affect routes for consumers to seek advice or raise complaints on consumer issues?  
No

### **Test run of business forms**

66. We foresee no need for new business forms as a result of this policy.

### **Legal Aid Impact Test**

- 67. The right to appeal to a the First-tier Tribunal (Social Security Chamber) is provided for in the Social Security (Scotland) Act 2018. Civil legal aid will continue to be available to individuals to appeal an entitlement decision to the Upper Tribunal, Court of Session or Supreme Court.
- 68. The Scottish Government expects the impact on the Legal Aid budget to be minimal as a result of the introduction of revised eligibility to PAWHP. Current recipients are already able to access legal aid to appeal entitlement decisions. Given that the majority of the caseload for this assistance will be paid automatically, the number of manual applications is expected to be fairly low.

### **Enforcement, sanctions and monitoring**

- 69. The Social Security (Scotland) 2018 Act established the Scottish Commission on Social Security (SCoSS), an independent expert body that scrutinises the Scottish social security system (including benefit regulations) and holds Scottish Ministers to account. Section 97(2) and (3) of the Social Security (Scotland) Act 2018 requires Scottish Ministers to inform the Scottish Commission on Social Security (SCoSS) of these proposals in the form of draft regulations. The Scottish Ministers provided draft regulations to SCoSS shortly before laying this draft instrument in compliance with section 97(2).
- 70. Due to the late change in policy from the UK Government, and the lack of prior consultation with the Scottish Government, this instrument must be laid as a matter of urgency in order for payments to be made on time this winter, and it has therefore not been possible for SCoSS to have the appropriate amount of time to

scrutinise and publish a report on the regulations before we lay the regulations in Parliament.

71. As such we are laying this draft instrument as well as a statement explaining why the Ministers consider it appropriate to lay the regulations under section 97(9)(b) of the Act without a report from SCoSS having been prepared. The Scottish Ministers will consider that report when it is published. SCoSS has been informed of the urgent nature of these regulations, resulting from the UK Government's recent decision to expand eligibility to WFPs, and it is content to scrutinise the regulations retrospectively.
72. The Social Security (Scotland) Act 2018 also places a duty on the Scottish Ministers to publish an annual report on the performance of the Scottish social security system during the previous financial year. The report is to describe what the Scottish Ministers have done in that year to meet the expectations on them set out in the charter.
73. Monitoring the impact of the PAWHP will be a continuous process and where any unintended consequences are identified, we will consider what steps can be made to minimise any negative impact.
74. We will collate management information to monitor the characteristics of recipients and will undertake qualitative research to evaluate whether PAWHP is meeting its policy intentions. This will inform any future consideration of variations to policy or delivery arrangements.

### **Implementation and delivery plan**

75. A communications strategy is under development, which will aim to ensure that individuals, the third sector, local government, and advice providers are aware of the revised eligibility of PAWHP, as well as understanding how and when recipients will receive the payment.
76. We anticipate regulations will be laid before Parliament on 25 August 2025 and, subject to parliamentary approval, come into force on 11 October 2025.
77. From winter 2025/2026, Social Security Scotland will make PAWHP payments to clients.

### **Post-implementation Review**

78. As with all social security benefits, we will carry out an evaluation following the delivery of the benefit to evaluate whether PAWHP is meeting its policy intentions.

## Summary and Recommendation

79. The Scottish Government's primary consideration is always about providing the right level of financial support to those who are entitled to it. However, it is also important to consider deliverability, affordability and to what extent changes might result in increased spending.
80. As noted, the Scottish Government receive funding from the UK Government through the Social Security Block Grant Adjustment (BGA). It is anticipated that the Scottish Government will receive around £150 million funding towards PAWHP via the BGA in 2025/26, which reflects the UK Government's updated policy. The Scottish Fiscal Commission's forecast published in June 2025 estimates that PAWHP, for those with an income of £35,000 or less, will require an investment of around £151 million in 2025/26.
81. Based on affordability and deliverability considerations laid out above and working towards our goal of ensuring financial security for older people,<sup>17</sup> the Scottish Government intends to introduce a PAWHP for winter 2025/26 to ensure pensioner households in most need are supported with their energy costs during winter.

## Declaration and publication

82. I have read the Business and Regulatory Impact Assessment, and I am satisfied that:
- a. it represents a fair and reasonable view of the expected costs, benefits, and impact of the policy, and
  - b. that the benefits justify the costs.
83. I am satisfied that the impact on consumers has been considered as required by the Consumer Scotland Act 2020 and the impact on business has been assessed with the support of businesses in Scotland.

## Signed on the original

**Date:** 20 August 2025

**Minister's name:** Shirley-Anne Somerville

**Minister's title:** Cabinet Secretary for Social Justice

**Scottish Government Contact point:** [winterbenefitspolicy@gov.scot](mailto:winterbenefitspolicy@gov.scot)

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<sup>17</sup> [A Fairer Scotland for Older People: framework for action](#)