



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Social Justice and Social Security Committee

**Thursday 8 December 2022**

**Session 6**



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Pàrlamaid na h-Alba

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**Thursday 8 December 2022**

**CONTENTS**

	<b>Col.</b>
<b>DECISION ON TAKING BUSINESS IN PRIVATE .....</b>	<b>1</b>
<b>SUBORDINATE LEGISLATION.....</b>	<b>2</b>
Winter Heating Assistance (Low Income) (Scotland) Regulations 2023 [Draft] .....	2

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**SOCIAL JUSTICE AND SOCIAL SECURITY COMMITTEE**  
**34<sup>th</sup> Meeting 2022, Session 6**

**CONVENER**

\*Natalie Don (Renfrewshire North and West) (SNP)

**DEPUTY CONVENER**

\*Emma Roddick (Highlands and Islands) (SNP)

**COMMITTEE MEMBERS**

\*Jeremy Balfour (Lothian) (Con)  
\*Miles Briggs (Lothian) (Con)  
\*Foyso Choudhury (Lothian) (Lab)  
\*James Dornan (Glasgow Cathcart) (SNP)  
\*Pam Duncan-Glancy (Glasgow) (Lab)  
\*Paul McLennan (East Lothian) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Frazer Scott (Energy Action Scotland)  
Dr Mark Simpson (Scottish Commission on Social Security)

**CLERK TO THE COMMITTEE**

Claire Menzies

**LOCATION**

The Mary Fairfax Somerville Room (CR2)



## Scottish Parliament

### Social Justice and Social Security Committee

Thursday 8 December 2022

*[The Convener opened the meeting at 09:00]*

#### Decision on Taking Business in Private

**The Convener (Natalie Don):** Good morning, and welcome to the 34th meeting in 2022 of the Social Justice and Social Security Committee. Our first item of business is a decision on whether to take an item of business in private. Does the committee agree to take item 3 in private?

**Members** *indicated agreement.*

## Subordinate Legislation

### Winter Heating Assistance (Low Income) (Scotland) Regulations 2023 [Draft]

09:00

**The Convener:** Agenda item 2 is an evidence session on the winter heating payment. The Scottish Government laid the Winter Heating Assistance (Low Income) (Scotland) Regulations 2023 on 16 November 2022. The committee will consider the instrument next week with the Minister for Social Security and Local Government, but we decided to hold an evidence session ahead of that.

I welcome to the meeting Frazer Scott, chief executive officer at Energy Action Scotland, and Dr Mark Simpson, acting co-chair of the Scottish Commission on Social Security, both of whom are joining us remotely. Good morning, and thanks very much for your attendance.

Before we start, I will make a few points about the format of the meeting. Witnesses and members who are attending remotely should please wait until I or the member asking the question says your name before speaking. Please also allow our broadcasting colleagues a few seconds to turn on your microphone before you start to speak. You can also indicate with an R in the BlueJeans dialogue box or simply with a show of your hand if you wish to come in on a question. Please do not feel that you have to answer every single question. If you have nothing new to add to what has been said by the other witness, that is okay. Colleagues who are in the room should indicate to me or the clerk if they wish to come in with a supplementary question. Members who are attending online should use the chat box or WhatsApp to do that.

We will kick off our questioning with Emma Roddick, the deputy convener.

**Emma Roddick (Highlands and Islands) (SNP):** My first question is for Frazer Scott. In the map that has been provided to us in the written evidence, six of the seven areas with the highest levels of fuel poverty are in the Highlands and Islands. I am also aware that many of those areas have not triggered a cold weather payment in some years. Will the winter heating payment be a move in the right direction towards tackling fuel poverty by getting money to those who are hardest hit?

**Frazer Scott (Energy Action Scotland):** Thank you, convener, and good morning, everyone. A flat £50 payment affords very little heat. For typical usage in a household, that will provide for about 7.3 days of heat. Next winter, if the payment is not

uprated in line with something, that will fall to six days of heat.

I said “uprated”. Come 1 April and therefore through next winter, we know that energy costs will be 25 per cent higher than they are this winter. Those costs are not changing at a rate that is consistent with inflation; they have their own rate of inflation, which is and has been considerably higher.

The map demonstrates the geographic inequalities of fuel poverty. A universal flat payment of £50 does not recognise those geographic inequalities, and neither does it recognise the socioeconomic or health inequalities that are also evident in society. The detriment that is experienced in communities that are typically off gas and that have lower-than-average temperatures will be great. In 2020-21, people who were eligible in those communities, including in Aviemore and Braemar, all received multiple payments worth more than 50 days of warmth. This winter, they will receive just seven days' worth. That considerable detriment as a consequence of moving to a flat payment must be recognised.

I appreciate that, over time, the pattern is weather related, and I know that a feature of the policy change is about breaking the link between the weather and people's circumstances. The weather can be extreme, and such a pattern has been evident for a number of years. When it is extreme, I worry about what will step in to support those households in Braemar, Aviemore and other communities in the Highlands that will experience the greatest levels of detriment because they are off gas. Those households, particularly those comprising families with young children or older people, will see significant detriment, which will be enhanced or increased by other inequalities such as underlying health conditions or disability. It is not clear to me what the plan is should there be an extreme weather event for a sustained time.

Will the payment help with fuel poverty? In so far as it provides a financial boost to all households, it will do something, but it will have a very small effect. In essence, it is £1 a week over a year, so it will have a negligible impact on fuel poverty. If the payment had been better designed, it could have had a significant life-saving and life-impacting effect in the parts of Scotland that we know have the highest levels of fuel poverty. With better consequential targeting, some of the people who live there and have underlying health conditions or disability or who are older or have a family with young children could have been better targeted.

**Emma Roddick:** That is really clear. We need to recognise that -1°C will feel like -1°C in a lot of places but that, in many island and rural

communities, it will feel like -5°C and there is no protection from wind. Will the winter heating payment be easier to build on than the cold weather payment? What would you like to see happen to make it more effective at tackling fuel poverty?

**Frazer Scott:** There are a few things that I would like to see. The qualifying date is a weakness of the cold weather payment. The rolling eligibility criterion is a weakness, as is the three-month gap between the qualifying date and the date when payment is received, as provided for in the regulations. The cold weather payment pays out within 14 days of an event, and that is closer to the experience of households that are struggling right now. We have seen an acceleration in the rate at which people have been moved from credit to prepayment and the cash flow requirements for households in those circumstances are great. People will be making immediate decisions on whether to heat, eat or survive, and their having to wait for a considerable time—potentially until after the coldest weather has occurred—for that money might mean that they will go without for fear of being in debt to energy suppliers.

The Scottish Government can act as it has in other areas. For example, there is no rural uplift for off-gas homes in the benefit, yet the Scottish Government energy efficiency grants for heat pumps, as announced just last week, have a rural uplift, so that approach is possible.

There has been no attempt to understand the breadth of circumstances that individuals are experiencing. It is important to understand the efficiency of your home, for example, and the Scottish Government's fuel insecurity fund, which provides payments to householders, recognises that and provides varying amounts to struggling households, whether it be to clear debt or to prepurchase heating oil, liquefied petroleum gas or other fuels. The fund does not seek to provide a flat universal provision; it looks to provide a differentiated payment that is based on circumstance. Therefore, it is possible to do that.

I hope that the winter heating payment will be something to build on, but I fear that it will quickly be swallowed up. It is a small payment against rising energy costs, and the relief or the respite that it will provide to eligible households will be all too brief, and it might not be sufficient to save lives. Based on my previous experience, I know that the lives of those who miss out the most are genuinely at risk, especially those in older households in areas that traditionally received multiple payments in previous years.

**The Convener:** We now move on to questions from James Dornan, who is joining us online.

**James Dornan (Glasgow Cathcart) (SNP):** I will start off by going back to Frazer Scott. My questions were originally going to be for Mark Simpson, but I want to pick up on what you have just said. It is not just rural areas that are affected by cold weather; some areas in cities can be badly affected by cold weather. Therefore, if we were working in the way that you suggest, some people there would also miss out. Surely, whichever method is used, the likelihood is that we will be unable to cater for all circumstances. At least with the winter heating payment, everybody who is eligible will get something.

**Frazer Scott:** In previous evidence, we suggested that the cold weather payment system was far from perfect simply because it was based on a certain number of weather stations across Scotland that created the catchments for qualification. That is not to say that they were incorrect. All that I am reflecting on is the difference between what is proposed and what existed previously.

The cold weather payment had some good elements, such as rolling eligibility and the 14-day response for payment, and they were significantly better than that which will be afforded by the provisions in the regulations that are about to be introduced.

There was an opportunity to look at maintaining the weather connection, and other climatic factors could have been brought in. For example, we could have looked not just at the absolute temperature but, as a previous question suggested, at how it can feel different. The wind chill factor is measured by our weather stations, and the pattern of weather stations could have been increased. I am saying that other options were available and that we could have retained some of the cold weather payment's best features.

Over time, we could also have looked at enhancement based on the efficiency of a person's home. Two similar houses in two similar locations in Scotland will have different heat demands, and the flat universal payment does not recognise that. The pattern of United Kingdom Government and Scottish Government support has, to a large extent, been flat and universal.

I pointed out that the fuel insecurity fund has gone further than that with a similar £20 million budget. It is possible to do that; we just need a level of sophistication that perhaps we do not have. However, we are breaking the link between extreme weather and the winter heating payment, so what will the Government's response be in extreme weather?

**James Dornan:** The minister will be in front of us next week and we will ask a lot of those questions then.

My next question is for Mark Simpson. How does breaking the link with the weather align with the statutory social security principles? Does it impact on them, or is it in line with them?

**Dr Mark Simpson (Scottish Commission on Social Security):** As, I am sure, I will have told the committee previously, any question about alignment with the social security principles is never straightforward because they can pull in different directions and their interpretations are not always set in stone. I will focus on some of those principles—the principle that social security should contribute to poverty reduction; the principle that the Government should seek to improve the system; and the principle that the system should be efficient. When we were writing our report at the commission, those seemed to be the most relevant.

Breaking the link with the temperature will increase the contribution of social security to poverty reduction in most parts of Scotland. I am conscious of what Frazer Scott has just said about how that will be to a relatively small extent only, but, nonetheless, it represents an improvement from the perspective of most of the people who receive a low-income benefit in those areas. As we have already heard, however, the opposite might well apply in some areas that have seen three or more cold weather payments in recent years. That has been a regular occurrence in Braemar, for example.

It is probably easier to see making a uniform payment of £50 as an administrative efficiency gain, and our report talks about the retention of a cold weather contingent element to the payment. The Scottish Government's response to that recommendation indicates that it thinks that we underestimated the administrative challenges that are associated with retaining a temperature-contingent payment in terms of the relationship that would require to be maintained between the Met Office and Social Security Scotland. That is certainly a point on which the committee might want to seek further clarification when you have the opportunity next week.

09:15

**James Dornan:** Your answer highlights the complexity of the matter. Whichever way we go, there will be winners and losers—that is an unfortunate phrase to use—and not everybody will be treated equally.

What are your views on not making additional payments in areas that experience more than three weeks of freezing temperatures? How much of a difference will that make? How much of an impact will it have?

**Dr Simpson:** I am slightly reluctant to speculate too much on that. Frazer Scott's submission sets out vividly the possible consequences of a widespread inability to meet energy costs. We cannot say that there will be an inevitable consequence that is directly relatable to someone in Aviemore getting £50 of support when they might previously have received £75. However, we can say that the payments do not target people who merely have a low income. People who are on out-of-work benefits and are likely to have higher heating costs because of the nature and composition of their households are also targeted. It is certainly the case that every pound that they can get counts. That is truer than ever this winter.

In our report, we suggested that one consequence could be that more areas other than the colder areas will see additional applications to the Scottish welfare fund from people who are struggling to meet their energy costs, and we suggested that the Government might consider putting a bit more money into the welfare fund allocation for certain local authorities. The Government's response was that that would be incompatible with the current approach to distributing that money. I am not going to argue against that, but it seems clear that local authorities across Scotland can anticipate the cold weather triggering crises for some households this winter and the likelihood that that might increase in areas that have historically experienced more cold spells.

It is interesting that the Scottish Government's response to our report says that it retains

"the ability to legislate for additional payments to be made should the need arise and the money be available to do so."

However, it is not clear what that would mean in practice or what the current thinking is on when an additional payment would be triggered and whom it would be made to.

**James Dornan:** That is an area on which we will question the minister when he is in front of us.

Is it not clear from your answers that a lot of the issues that we are facing are down to not just the payment but all the other factors that people who are living in these circumstances are facing?

**Dr Simpson:** Yes. The payment becomes an issue only because of existing vulnerabilities that are due to people's incomes from other sources, including other social security benefits, the weather, heating systems and insulation. It is not a straightforward issue.

**Jeremy Balfour (Lothian) (Con):** Good morning, panel. I want to go back to Frazer Scott with a question that follows on from my colleagues' questions.

Next week, all that we can do is vote yes or no for the regulations, and I suspect that we will all vote yes. Looking ahead, however, if you could have another year to help to redesign the regulations—you would have six to nine months—what would you say to the committee and to the Scottish Government about how to improve them? Could we do that through the payment, or would it be better if the Government indicated that it would create a new benefit, which it has the power to do? Should the regulations be amended or should a new benefit be created?

**Frazer Scott:** The benefits system is, without a doubt, the best way of reaching people on the lowest incomes with the greatest vulnerabilities, and I would absolutely vote for anything that we can do to improve our benefits system.

If I were given another 12 months, I would want to see a benefit that is far better targeted at the things that we know are true for people who are already on benefits. In relation to fuel poverty, for example, the Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019 recognises that some households have an enhanced heating requirement, so they are expected to have greater levels of consumption. Our benefits system should acknowledge and respond to that in a greater way. It does that with child winter heating assistance, which is an excellent benefit because it provides for households that have children with a disability, which it recognises as having an enhanced heating requirement. However, the act does not go beyond that point to adults with a disability, older households or people who might have life-impacting or life-limiting conditions. I would aim for better alignment between the 2019 act and social security.

We should learn from this winter—without a doubt, we will have to. I would be surprised if a payment that is made in February will be particularly effective for households. It will not have provided them with the heat or power for their homes when they needed it—particularly low-income households, whose use of prepayment meters is more prevalent and whose cash flow requirements are significantly different from those of households who use direct debit or credit. We need something that recognises those circumstances.

Beyond that, I hope that we can scale provision in the future. If the provision is about heat and warmth, there is inequality in people's experiences that can be changed. As the energy efficiency of homes changes and someone who lives in a B-rated energy efficient home is eligible for funding over someone who lives in a G-rated energy efficient home, funding should be scaled to provide equity, not universality.

**Jeremy Balfour:** I have a quick question for Dr Simpson. The Scottish Government argues that most people will gain under the proposals, but it recognises that some will not. Have you done any analysis of who will gain and—perhaps more important—who will lose out under the regulations? Is that simply a geographical question, or is it an issue to do with disability as well?

**Dr Simpson:** It is a disability issue in as much as the eligibility criteria are based on low incomes plus another factor, of which disability is one, alongside having an older person or a very young child in the house, for example. Whether someone is a winner or a loser within those categories is more geographically determined. Someone could be in an area in which the temperature would have met the conditions for a cold weather payment on three or more occasions during the winter. Braemar, Aviemore, Loch Glascarnoch and Tulloch Bridge are the main areas in which the losers will be concentrated. If someone is elsewhere—particularly outside the Highlands—they might receive a payment for the first time in many years, or maybe for the first time ever. That is relatively easy to identify.

Although the number of people who stand to lose out is fairly small, the Scottish Commission on Social Security's report highlights that, in the original 2019 position paper on the devolution of that area of support, the Government stated that nobody would lose out. It is clear that there has been a change of position on that. Members might want to explore that with the minister next week.

If I may, I will add a little bit to Frazer Scott's answer to your previous question. There is a recurring theme in the devolutionary journey that we are all on. Only a limited amount of tinkering can be done when an area of social security is transferred from the Department for Work and Pensions to the Scottish Government and Social Security Scotland. It has become quite common for SCOSS reports to look ahead to after the process has been finished and to say, "Here's a few things you might think about in a future review." With an eye to that, in our report on this particular payment, we highlighted the cold weather contingent element, the possible inclusion of in-work claimants of universal credit, and the necessity of looking at where the qualifying week should be.

There will also be a need—I think that this aligns with what Frazer Scott said—to look at the wider winter heating assistance landscape because various different payments are being made to various different people, and it might be possible to rationalise that a little bit in the future.

All of that needs to be considered alongside the non-social security response in things that can

help people to reduce their consumption and costs as well as help them to pay the bills. That is an area in which a lot of thinking could be done as we move along the road.

**The Convener:** We will now move to questions from Pam Duncan-Glancy to finish off theme 1.

**Pam Duncan-Glancy (Glasgow) (Lab):** Good morning, Mark and Frazer, and thank you for your advance submissions and your answers to our questions so far.

Some of the questions that I had have already been answered, so, in the interests of time, I will not repeat them. I will start with a question for Mark, if that is okay.

SCOSS's report says that breaking the link with cold weather is retrogressive in terms of human rights. Can you explain that a bit more? As far as I can tell, the Scottish Government's answer to that seems to be that the unreliability of cold weather is difficult for low-income families and that a predictable one-off payment is better. How do you respond to that point, given the comments about human rights?

**Dr Simpson:** The issue of non-retrogression is closely aligned with the continuous improvement principle. We are required to conduct our scrutiny with a view to the UK's human rights commitments and particularly to the International Covenant on Economic, Social and Cultural Rights. The non-retrogression principle is at the heart of the covenant. It does not always give a great deal of clarity on the level of service that is required to fulfil a right, but it is quite clear that progress should mean going forward and that the level of provision should not be rolled back unless there is a very good reason for doing so.

I should be clear that our report states that we consider that the introduction of the new payment will be a step forward and will represent an improvement for most of the people who are affected, but that does not mean that it is not important that there is a group in areas that experience cold weather more often for whom the level of support will be reduced. In a recent year, cold weather payments of £175 were made in Braemar. To drop from that down to £50 could be significant for the households affected.

Equally, as I said earlier, people who live in other areas might never have received a cold weather payment. They will now receive £50, although they might have received nothing previously.

The picture is not uniform, but the fact that only a minority of people will experience that retrogression does not mean that it can be ignored.

I am sorry—was there another part of your question that I missed?

**Pam Duncan-Glancy:** No, I do not think so. I asked about the unreliability of the cold weather, which you touched on. Do you have more to add to that?

**Dr Simpson:** The weather is unpredictable, to an extent, but it is fairly predictable that winters in Braemar will be cold.

**Pam Duncan-Glancy:** I appreciate that.

Frazer Scott, you said that you would vote for anything that improved the benefit system; I share that view. Do you think that this change will improve the benefit system?

09:30

**Frazer Scott:** It will provide a universal uplift to people, and the benefits system, in general, does not provide sufficient levels of basic income to households, so, on that front, it will make an improvement. However, an amount of £1 a week is not significant enough.

Mark Simpson talked about the payment of £175 that was received by people in Braemar versus the £50 that they will now receive. That looks like a £125 detriment, but we must bear in mind that, when that £175 was received, the energy costs of those households were 2.5 times lower than they are now. The scale of the detriment is therefore significantly greater than is evident in the financial dimension alone, and the impact that it will have on what those households now cannot achieve is incredibly significant.

What happens next is that the national health service will be left to pick up the pieces, because the households that once received that payment and now do not receive it are, as a consequence, more likely than others to seek visits to their general practitioner or to be admitted to hospital. That applies particularly to households in which people have an underlying health condition that is made worse by the lack of heating.

The number of people that we are talking about is relatively small, but we will consign some households, in some areas, to considerably poorer provision of support than was previously afforded to them—so, whose life is worth less? Even if only one person's life is lost because of this change, if we could foresee that that would happen and did not put in place protection to ensure that there was no detriment to that household, we have failed. Is that an improvement on the system? I do not think so—it is a failing.

**Pam Duncan-Glancy:** Do you know how many people will lose out?

**Frazer Scott:** I do not. It has been hard for us to gain access to that level of detail from the benefits system to show the number of households. In places from which we get trigger information, we have the data, but it has been much harder to gain that information about other areas. I hope that you can ask Social Security Scotland that question, because, surely, it must know.

**The Convener:** I have sought some clarification on how many households received the cold weather payment during the past few years, so that we can get an understanding of who will lose out and who will gain.

**James Dornan:** I am sorry to go back to Frazer Scott again, but he seems to be suggesting that all the ills of the people of Braemar are down to this payment. If people in Braemar are losing out, that is tragic, but, if it was the way that it used to be, people in Glasgow and other areas would lose out. It is not the case that everybody would be sorted if it was done in the old way or if it is done in the new way. It will surely be almost impossible to get a system in which everybody is covered.

**Frazer Scott:** Without a doubt, it will always be difficult to design a system in which there are no gaps. However, it is clear that the Scottish Government knows, through the work that it has done on the Scottish house condition survey, that there are inherent inequalities across Scotland—it has recognised that in its fuel poverty strategy.

The level of energy consumption that is required to enjoy the same level of comfort is not the same in different parts of Scotland. In some parts of the Highlands and Islands, households consume double the amount of energy that the average home in Great Britain consumes to keep warm. As a consequence of being off the gas grid—in Glasgow, households are typically on the grid and, in the Highlands, they are not—the cost of keeping the exact same house warm would be greater in the Highlands than it would be in Glasgow. There is a cost differential to achieve the same level of comfort and, therefore, the same level of protection for life. A flaw in universal provision is that it does not recognise that and that no protection is afforded where those circumstances exist—and which we know exist.

**James Dornan:** I could debate with you about the level of housing in some areas in Glasgow, but I had better leave that for another day.

**The Convener:** We have spent quite a lot of time on the first section of questions, so I will perhaps need to hurry people along a little bit more as we move on.

We move to theme 2, which is on the level of payment, and I bring in Paul McLennan.

**Paul McLennan (East Lothian) (SNP):** I note your comments on the time and will try to be as quick as I can.

My first question is to Frazer Scott. I will then bring in Mark Simpson.

We have discussed the £50 payment, and I think that you have both touched on other payments that are out there in the broader context of supporting the most vulnerable people in our society. We are in the context of recession-type budgets. We also have a fixed budget in Scotland; if we take money from that budget to pay more, we—of course—need to take from another budget line. Frazer Scott mentioned targeting. In the context of the other payments that are out there, does he have any comments about how we consider it in the round and how it could be better targeted?

**Frazer Scott:** Paul McLennan is right in saying that an awful lot of one-off payments have been provided. The UK Government has provided what it has defined as one-off payments. We have seen a whole range of payments this year, many of which have gone through social security, which means that they are automatic, which is good. However, the issue is the value of those payments against the scale of the change that households are facing.

Although it is a lot of money, households will still see a doubling of their energy costs, even with the support that they are able to attract—whether that is uplifts to universal credit or the amount for older households or people with disability that is being provided automatically; or, indeed, the £400 universal payment. The universal payment is problematic, given the many households that are yet to receive the benefit of it—particularly pre-payment meter households, many of which have not redeemed vouchers on that £400.

There is also a much broader level of crisis support. I now fear the word “crisis”, because it seems like it is becoming normal—we are normalising the crisis. A lot of crisis funding and uplifts to help with pre-payment are available to households in order to deal with debt, but the bottom line is that the system is, broadly, broken. It is not fair, it does not have people at its heart and it is not working well.

Looking ahead to the winter in front of us in 2023, the provision of support for households will fall relative to this year; more support has been provided this year than will be provided next year, yet energy costs will be 25 per cent higher next year than this year. It will therefore be even harder. In that context, I struggle with the £50 payment, which is like a finger in a dam. Households need to be provided with a far more integrated set of supports.

For those households that have never received a payment before, it will be a boost. However, as we talked about, the idea that we recognise that there is a detriment in introducing it but have not offset or mitigated the detriment feels like a failure of design. We need to get these things right, because the consequences of getting them wrong can be catastrophic for households. That is always the bottom line in all this: it can be catastrophic for households. We know that to be the case. We have among the highest levels of winter mortality in Europe, and we have some of the poorest-quality housing. As I said in relation to the previous question, there are more issues at play. There is the issue of access to gas and issues about equity in the price of energy and other things, but the bottom line is that the consequence of getting things wrong right now could be catastrophic.

**The Convener:** Before Paul McLennan goes on, I think that Mark Simpson would like to come in on that point.

**Paul McLennan:** I have a supplementary question, which Mark Simpson can comment on as well.

Frazer Scott, the review of the Scottish welfare fund is key. That fund can be targeted by local authorities, which might pick up your points on how to get the fairest possible scheme. What are your thoughts on looking through the lens of the welfare fund, in which there is a discretionary element for local authorities to target the areas in which they know there are particular issues—for example, rural areas, where heating might be oil based? I know that Mark Simpson wants to come in, but what are your thoughts on that specific point?

**Frazer Scott:** It has been important that other supports have been available. However, the weakness in many of those is that they require applications to be made by very vulnerable people who are struggling and whose mental health has taken a significant hit simply because of the cost of living crisis and its impact on their household.

The more that can be done to provide automatic support, the better. We might still be required to provide other supports for households that fall outwith the scope of automatic provisions, but, at the moment, many people who are eligible for social security payments are still having to go to crisis funding for support just to get through this winter.

**Dr Simpson:** In our report, the commission pointed to the welfare fund as a possible means of addressing some of the gaps that might exist. However, that does not mean that it is ideal, because, as Frazer has alluded, with the fund it is not just a case of a local authority targeting money

to where it knows that there is an issue. Payment depends on people submitting an application—which is, in effect, an admission that they are in crisis. Psychologically, that is not always easy to do.

The wider question of adequacy is tricky. I do not particularly get a sense that the level of the payment has been devised with an eye to what is enough. It has been informed by the level of two cold weather payments, which are £25, and a political calculation about what can be afforded at present. However, it is also a small piece of a much bigger jigsaw.

Frazer Scott's paper is uncompromising in setting out the way in which energy costs have outstripped the level of support that is provided to low-income households. However, that support is a blend of UK social security, Scottish social security and the additional payments that have recently been made available by both Governments. If we regard that total level of support as inadequate, it is not necessarily easy to point the finger at one particular payment and say that that is the cause.

In our report, we emphasise that the winter heating payment is a contribution towards energy costs; it is not intended to cover them in full, nor could it ever do so. It will be a contribution that many households would not have received under the previous regime, and that will certainly be welcome, but whether it is adequate is probably for others to judge.

**The Convener:** We will move to our next theme.

**Jeremy Balfour:** I have a couple of questions that build on what we have discussed. They are about eligibility criteria—in particular, around those who have a disability. Some people are on disability payments but not on other benefits. Are you concerned that they will miss out, and would you like the criteria to be extended to all adults who are on the new disability living allowance?

**Frazer Scott:** I would want the payment to be enhanced for everybody who is going to struggle. Without a doubt, the group of people that you mentioned will struggle. In Scotland, in recent times, we have tended to do a little better than England and Wales in the inclusiveness of financial support for people with disability. For example, in the warm home discount that is provided by energy suppliers, households with disability are included in our payment in Scotland, whereas, in England and Wales, they have been removed from the payment system.

In some respects, therefore, things that are happening in Scotland have been better. However, without a doubt, all households are struggling right now, and many that are just above the

qualification level should—absolutely—be brought into scope. The question, I guess, is whether the budgets can afford that, although, for me, it is not about the budgets but about doing the right thing. If we believe that people's lives are at risk and there is an opportunity to effect a change, we should take it. In consequence, I will let someone else worry about the budget. I worry about the people.

09:45

**Jeremy Balfour:** Thank you.

Mark, I will rephrase the question slightly for you because, in recommendation 9 of your report, you picked up the point that those who are on the new adult disability payment but who receive in-work benefits will not get the payment. Is that a concern for you? Would you like the Scottish Government to reconsider that? If so, why?

**Dr Simpson:** It is one of the points that we highlighted as not being feasible to consider at this point but that we would like to be considered in a future review.

On people who receive disability benefits, Governments and the World Health Organization recognise that disabled people typically have higher energy costs. They will often spend more time at home and need a higher temperature when they are there. Therefore, additional support for disabled people in general could merit consideration, but we did not recommend it in our report as a feature of winter heating payments specifically.

The reason for that is that the winter heating payment is a low-income benefit and not everyone who is in receipt of a disability benefit is on a low income. If you are on one of the qualifying low-income benefits and have a disabled person in the house, you will qualify for the payment already, so the position of someone who is on disability assistance but a higher income is, in a way, a separate question. Child winter heating assistance is a more obvious model in that situation than winter heating payments.

When it comes to people who are on in-work benefits, a few things were on our minds. First, there is a basic inequality in how the regulations treat people who are in work and receiving income support, employment and support allowance or jobseekers allowance. They qualify for winter heating payments on the same basis and in the same way as people who are out of work and receiving the same benefits, whereas in-work claimants of universal credit can qualify only if they have a disabled child in their family.

Secondly, we all know that there are lower earners who will face the same cost of living

challenges as people who are on out-of-work benefits. They might have more income, but the extra that they get could well be taken up by some of the costs that they face because they are in employment.

Thirdly, the social security charter required the Scottish Government to work to improve people's perceptions of social security. Providing support to people who are out of work that is not available to very low earners is not likely to help with that project.

Those were a few things that we were thinking about. However, I emphasise that we recommend a review of the qualifying benefits, which the Scottish Government has indicated it is open to doing. We are not prejudging what the outcome of that review should be.

There is another difference between the legacy benefits and universal credit in that income support and the other legacy benefits are paid to people who are out of work or working only few hours, whereas people who are on universal credit could be working a far greater number of hours and have significantly higher earnings. That means that extending eligibility to in-work universal credit claimants but limiting it to the lowest earners for consistency with the current approach on the other benefits could mean a lot more work for Social Security Scotland in identifying who has entitlement.

It is another example of the administrative proficiency principle that I mentioned at the start, which could pull it in a slightly different direction to some of the other principles.

**Jeremy Balfour:** I was interested in your opening remark that this is not the time to do it—or that the capacity is not there to do it at the moment. I am sorry if I have misquoted you. Why do you think that that is the case? Is it because there is too much happening in Social Security Scotland for it to take that on as well? Where is the capacity issue as far as you are concerned?

**Dr Simpson:** I suppose that capacity issues can always be addressed, to some extent, if there is the willingness to spend in order to increase capacity, but I was referring to the fact that it is something that we have seen repeatedly with the devolution of functions from the Department for Work and Pensions to Social Security Scotland. We have seen it with the various forms of disability assistance. We are seeing it here, and, when carers assistance comes around, we may well see it again. The first stage of the work is to get the function transferred, and the Government has always emphasised that mantra of safe and secure transition—that that is the first priority and that that limits the scope for a comprehensive

redesign at that point. I can see why it has made that argument.

However, what we, as a commission, and perhaps you, as a committee, need to be mindful about for the future is that what is inherited does not become the default and just continue. We should keep an open mind in future reviews, when the time is right.

**The Convener:** Jeremy, I will go straight back to you to lead us on to theme 4, which is on the qualifying date.

**Jeremy Balfour:** Thank you. Convener, you will be glad to hear that it is my last question and I will be brief.

I will go back to Frazer Scott's earlier comment that February is not the right month for people to get the payment. I understand why you think that, but can you suggest which month would be appropriate for that payment?

**Frazer Scott:** I have a couple of observations on that. If there is a qualifying date, I cannot see why it would take three months from that date for a payment to be triggered. If the existing cold weather payment system can pay out within 14 days, I cannot understand why this payment would not be made within 14 days of someone achieving the qualifying date. That seems like a relatively straightforward acceleration of the rate of payment.

The benefit to the household would be that they would have that £50 more in advance of need and would therefore be able to satisfy need. By comparison, if people received it in February, they might have already forgone heat and power because they simply were unable to decide whether they would be able to afford it. People on the lowest incomes cannot borrow money in order to get heat and power except by getting into debt with their energy supplier. People who are on a prepayment meter, who are potentially repaying debt or who have a burdensome cash-flow requirement will have forgone energy by the time that they receive the £50.

If anything can be done now to accelerate that payment to households, I urge the committee to recommend that to the minister.

**Jeremy Balfour:** I ask the same question of Mark Simpson. Do you or the commission have a view on that?

**Dr Simpson:** The commission's report certainly has no specific recommendation on payment dates. We know that various stakeholders have argued that payments should be made as early as possible, and I do not think that we would disagree with that argument—I just do not think that we are particularly well placed to say when the earliest possible date is likely to be.

**Pam Duncan-Glancy:** I will be quick, too. Does either of you have a view about why having a qualifying date was suggested, as opposed to the previous approach?

**Frazer Scott:** I have literally no idea. I can only think that the qualifying date could be for budget certainty in that the Government will know on that date in November what the spend is likely to be by the time that we get to the end of March. There is probably an efficiency built into that, but it clearly is not the best thing for households whose economic circumstances change after the qualifying date in November. At this time of great uncertainty, with a cost of living crisis and a recession, many households' circumstances may, indeed, change after the qualifying date, but they will receive no support, whereas those who meet the criteria before the qualifying date will get the support.

Obviously, there will always be winners and losers in this space, but I draw a parallel with the cold weather payment system, which has rolling eligibility and the payment can be received within 14 days. Aspects of that seem stronger than what the regulations afford for the winter heating payment.

**Dr Simpson:** As with a number of the other devolved payments that have been introduced, the cold weather payment is dependent on information from the Department for Work and Pensions to identify who is receiving the qualifying UK benefit and who has the necessary household circumstances. That information then needs to be transferred to Social Security Scotland so that it can see who is entitled. As far as I can tell, having a qualifying week simplifies that interaction, and it means going to the DWP once to get the information. Social Security Scotland then only has to go back later to mop up the people who had appeals, suspensions or reconsiderations on-going at the time.

If the qualifying period was extended or there were multiple qualifying weeks, Social Security Scotland would have to go back to the DWP more often throughout the winter to get that information. I presume that that would not be impossible, but I guess that it would all add to the administrative burden on Social Security Scotland. That is my understanding.

**Pam Duncan-Glancy:** You say that Social Security Scotland would need to go back to the DWP. I understand that, if it does that in one week, it gets the data from that week and that is it. However, if the mechanism is there to get that data once, surely it would not be administratively burdensome to get that data several times over a longer period.

**Dr Simpson:** That is probably a question for Social Security Scotland rather than for me. Clearly, if the mechanism exists in principle, it could be run more than once, but the question would be about how much extra work that would create, and someone else would be better placed than I am to comment on that.

**Pam Duncan-Glancy:** That is fair. Thank you.

**The Convener:** I will move straight back to you, Pam, for theme 5.

**Pam Duncan-Glancy:** Energy Action Scotland's written submission notes that the winter heating payment

"provides less impact on fuel poverty than the benefit it replaces".

In addition to what you have said about the geographical impacts, Frazer, can you expand on that point so that we have an understanding of the gaps in addressing fuel poverty that this version of the payment creates?

**Frazer Scott:** For me, it is about the change of circumstances. When this benefit was planned, in 2019, the budget was identified and the payment was determined as £50, but energy costs were two and a half times less than they are now. Therefore, the amount of respite that it would have provided had it been introduced then would have been significantly greater than is the case now.

Fuel poverty rates in Scotland are rising. The Scottish Government estimates that the impact of the April price increase is that it placed one in three households in fuel poverty and one in four households in extreme fuel poverty. Consequently, we have had the one-off payments from the UK Government and the provision through the fuel insecurity fund. However, all of that has done little, because energy prices rose by another 20 per cent in October, which largely wiped away the benefits afforded by those supports. That leaves us with much higher levels of fuel poverty in Scotland now than there were in, say, 2019 or 2020.

10:00

In terms of its impact on fuel poverty, the £50 payment will be negligible simply because it is a small payment for what is now a very expensive and essential part of a household budget. Seeing it in the context of fuel poverty makes a big difference. In the past, you could argue that the cold weather payment was targeted and was better aligned with a fuel poverty purpose, because it sought to provide some equity in terms of the comfort that is available to households who receive the benefit. In previous qualifying years, that payment to households acknowledged the fact that those communities were significantly

colder and had significantly higher heating demands and that the state should provide support in order to achieve a level of comfort that would have been enjoyed if those people had been somewhere else. Therefore, in terms of its impact on fuel poverty, that payment related directly to energy needs and the comfort that could be provided.

The winter heating payment will not do that, for a few reasons, one of which is the scale of the benefit. If it were to be kept in line with energy costs, it would be well over £125, which would provide someone with the same amount of energy that would have been afforded to households in 2019. That is because the cost of energy is not rising with inflation; it has its own inflationary rise. Energy accounts for about 2 per cent of the inflation that we experience, but the inflationary impact of energy costs, as a proportion of household income, is significantly greater on lower-income households than it is on households with high or median incomes.

All of that means that the impact of the measure on fuel poverty will be negligible. We need to think about how we can align it better so that it has more of an impact on the fuel poverty figures. For me, that can be done only through better targeting and better recognition of things such as the enhanced heating requirement in the Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019 and what this benefit could do to support that.

**Pam Duncan-Glancy:** I appreciate that.

I have a quick question for Mark Simpson on the same theme. In your response, and again a few moments ago, you noted that there needs to be a review of the fuel payment infrastructure in Scotland. Have you discussed that with the Scottish Government, and can you comment on whether it is likely to—or wants to—do that?

**Dr Simpson:** Our task is to scrutinise draft regulations that come before us, so that is what we have focused on doing. However, we cannot be blind to the wider context when we do that. Ultimately, there are going to be separate payments that are intended to provide support with energy costs for people with low incomes, people with a disabled child in the home and pensioner households, and, as we have heard this morning, there might be gaps remaining in that architecture.

We have not had any specific discussions with the Scottish Government on what a more rationalised system might look like, but it is not impossible to conceive of a move towards a similar benefit that would give different amounts to people depending on their circumstances, although I think that is probably an issue for the future.

**Miles Briggs (Lothian) (Con):** I have two short questions. First, with regard to the discussion that we have had this morning, what other support do you think that the Scottish Government should provide to families and individuals who are struggling with the cost of energy?

**Dr Simpson:** The income that people receive is compartmentalised into different payments, but it does not stay compartmentalised when it comes into their accounts. Therefore, when meeting their energy costs, they are drawing on all the resources that are at their disposal. From that point of view, what makes a difference to the ability of an out-of-work parent to a three-year-old in paying their energy bills this winter is not so much the introduction of the winter heating payment but the recent increases to the level of the Scottish child payment. People have a wider package of support to draw on.

This morning, I have already said that social security is only—and can only be—a part of the solution to fuel poverty. That must sit alongside a focus on consumption and cost, and those aspects are for parts of Government other than the social security directorate. That is probably more Frazer Scott's area of expertise than it is mine.

**Frazer Scott:** For me, the answer is always that there must be much more support than has been provided. We must do the best that we can for all the people who are struggling every single day right now. Scotland has record levels of energy debt and record amounts of people who are being moved from credit arrangements into pre-payment arrangements. People are struggling with the equivalent of that, particularly in off-gas areas, where they must pre-purchase oil, LPG, solid fuels or biomass for the winter.

There are lots of contextual issues that suggest that we must do much more, because we are not at a place in which people are able to enjoy—I am not sure that that is the right phrase—the levels of warmth and comfort in their homes that they experienced before the pandemic. We have much higher levels of fuel poverty now, so we must provide much more support, as well as do much more with what we have.

This might not be an issue for this committee, but one aspect of that is the need to reduce levels of consumption in a safe way by improving the efficiency of people's homes. By doing that, the call on some of the benefits that are being provided could be reduced, simply because people would have less need for a winter heating payment if their resilience in their home was such that they did not need it for that purpose. Of course, people might have other income issues and other things that they are struggling to—  
[Inaudible.]

The benefit is called the winter heating payment, and the expectation is that the Government will provide that. [*Inaudible.*—is that the level that it is set at will provide very little. As welcome as that is for those who receive it, it will still afford them very little—[*Inaudible.*]

**The Convener:** Sorry, Frazer, but can I stop you there? We can hear noise in the background and we want to be able to hear your answer.

I think that we are okay now. Please carry on.

**Frazer Scott:** That sounded like a pantomime Captain Hook was coming for me. It is certainly the right time of year for that. [*Laughter.*]

The key point is that the expectation of people who receive a payment is that the payment is to do with heat. Indeed, the reason why it was renamed from low-income winter heating assistance to the winter heating payment is because it affords people heat and warmth, and their knowing that it will be there provides a comfort to them. Given that its provision is predicated on the need to provide heat, we must look at its value. As I have said, the £50 payment is not sufficient and it has not kept pace with the changing cost of energy. Therefore, the amount of heat that it provides is considerably less.

The question that I would always ask is: what is the purpose of the payment? Is it simply a financial provision, or is it about heat? If it is about being equitable, the amount would have to be significantly higher than it is.

**Miles Briggs:** Thank you, Frazer, and sorry about the feedback. I think that we picked up everything that you said. I think that you were calling for more to be done around insulation programmes; I think that that is what you were pointing towards.

**Frazer Scott:** Yes.

**Miles Briggs:** Finally, I want to ask a question about extending eligibility. What are the witnesses' views on extending winter heating payments to support terminally ill people? Have you done any work on that? I will bring Frazer back in first.

**Frazer Scott:** It has been clear that, in all the one-off support that Governments have provided over the past 12 months, there has been insufficient targeting of that support, particularly for people with life-impacting, life-changing and life-limiting conditions. Very little has been done that recognises that those households have significantly different needs to live in warmer homes for longer periods. There simply have not been sufficient protections in place for many of those households through the regulator Ofgem and, through it, our energy networks and suppliers.

However, equally, we have called many times for there to be specific financial support for people whose circumstances could be classed as life-limiting, life-impacting or life-changing, such as those with an active cancer diagnosis, those with a DS1500 form and those who have dialysis or oxygen equipment that potentially needs to run 24/7. Nothing has been provided in a differentiated way for those households, and we should be looking at that. Whether or not that is an issue for the benefit that we are discussing today, the key thing is a call to provide that support.

**Miles Briggs:** Mark, do you want to come back in?

**Dr Simpson:** I would probably agree with the sentiment in Frazer Scott's closing comment that the winter heating payment is not necessarily the right vehicle for that kind of support. If you have a terminal illness, as disability assistance is rolled out, you are likely to receive a disability benefit. However, if there is also qualifying low-income benefit coming into the household, you will benefit from the winter heating payment.

As I think I mentioned in response to Jeremy Balfour's question, for households that include a disabled person but which are not on low-income benefits and that include higher earners, it is perhaps a separate conversation and it is then about responding to the extra costs of disability rather than responding to low income. There is a case for looking at that issue, but separately to this payment.

**The Convener:** We will move to questions from the deputy convener, Emma Roddick.

**Emma Roddick:** I want to pick up on a few things that Frazer Scott said. He mentioned the fabric of houses a few times, and there are obviously a lot of other factors that contribute to fuel poverty. However, in an ideal world, if we could tackle the issue from every angle, how big a role should social security play, compared to the regulation of energy companies, dealing with the fabric of buildings and the overall design of energy policy? There is really no getting away from the fact that energy is expensive right now, regardless of whether it is individuals or the Government who are paying for it.

**Frazer Scott:** The Scottish Government's fuel poverty strategy recognises those drivers, and it is important that we continually recognise them. No single approach will make the difference for households. In Scotland, half our homes are deemed to be inefficient—they are below a line. Let us not go into whether that line is in the correct place, but, nonetheless, half of them are inefficient, and that is not evenly distributed either. It varies across local authorities and in our island communities. Therefore, the quality of our homes

needs to be improved, and at a rate of knots, if we are to be more resilient in what appears to be a changing or fluctuating energy market in which we have little control over prices.

It is important that the affordability of energy, which is another driver of fuel poverty, is addressed. The system is not fair and does not have people at its heart, because the profits of companies are overriding those important human aspects. We absolutely believe that there should be a right to affordable energy. Ideally, it should absolutely be a right to affordable and low-carbon green energy. We should also have a right to live in a home that is of a good standard, which we do not have.

10:15

Beyond that, when it comes to social security, income is the other driver. Even if energy was cheaper, if people's incomes are too low and they still live in inefficient homes, they will struggle to heat those homes and that will be detrimental to their health and wellbeing. Therefore, income has an important role to play. All households should have a right to a decent level of essential or basic income. Together, those things would eliminate fuel poverty to a large extent.

**Emma Roddick:** Does the lack of specific policy in other areas mean that, out of necessity, social security is playing a larger role than it ideally should?

**Frazer Scott:** Social security is being asked to step up because the affordability of energy has changed so rapidly and to such an extent. Even though I said that energy prices will be treble those of 2020 when we get to April, that is a protected amount. If it had been left to the market price, it would have been three and a half times more and would have been a bit more expensive. It could have been £4,000 for the modelled consumption. Without those protections in place, many more people would have faced unaffordable energy costs.

Social security is being asked to step up because of vulnerabilities and low-income households facing bills that they simply cannot pay. When they cannot pay those bills, health and wellbeing suffer. We would face a cliff edge if people could not afford their energy costs. They would go without, their health and wellbeing would decline, the national health service would be put under incredible pressure from people whose health and wellbeing had worsened significantly and we would undoubtedly see catastrophic deaths over the winter, with people simply dying in their homes because they were unable to heat them.

We need all those aspects to work better together. We could do things faster on energy efficiency. We ought to prioritise the fabric of our buildings and find ways to ensure that such work is done more quickly. However, we are not there.

**The Convener:** That brings us to the end of our questions. I thank both of the witnesses for their evidence. The committee will consider the instrument next week, when the Minister for Social Security and Local Government will attend. The witnesses' evidence has been extremely helpful in advance of that meeting, so I thank them.

10:17

*Meeting continued in private until 10:37.*



This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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