

Winter Heating Assistance (Low Income) (Scotland) Regulations 2023

Island Communities Impact Assessment (ICIA)

November 2022



Island Communities Impact Assessment (ICIA): Winter Heating Assistance (Low Income) (Scotland) Regulations 2023

Introduction

1. The importance of island-proofing was recognised in the "Empowering Scotland's Island Communities prospectus" published in June 2014. The principle of island-proofing is one of building a broad-based islands awareness into the decision making process of all parts of the public sector.

2. The Islands (Scotland) Act 2018¹ ("2018 Act") places a duty on the Scottish Ministers and other relevant authorities, including a number of public authorities, to have regard to island communities in exercising their functions, and for the Scottish Ministers this will also include the development of legislation. This duty is often referred to as 'island-proofing'. The Scottish Government is also committed to island-proofing the legislation required in support of the devolution of social security powers to Scotland.

3. If the Scottish Ministers are of the opinion that any piece of proposed legislation is likely to have an effect on an island community which is significantly different from its effect on other communities, then the duty to island-proof legislation requires the Scottish Ministers to:

- describe the likely significantly different effect of the legislation;
- assess the extent to which the Scottish Ministers consider that the legislation can be developed in such a manner as to improve or mitigate, for island communities, the outcomes resulting from the legislation; and
- set out the financial implications of steps taken under this subsection to mitigate, for island communities, the outcomes resulting from the legislation.

Executive Summary

4. This ICIA has considered the potential effects of the introduction of a new Winter Heating Payment (WHP) (previously named Low Income Winter Heating Assistance (LIWHA)) benefit in replacement of Cold Weather Payments (CWP), previously delivered by DWP, and how the policy might impact people living in island communities, presented below in the **Key findings section**. The findings here are based on desk research, engagement with and feedback from people with lived experience of the current social security system², and the Consultation on LIWHA³. This ran between 1 December 2021 and 25 February 2022 and asked questions on the proposed policy: replacing occasional, weather-dependent payments of £25 to recipients of certain low income benefits with annual payments of £50 to the same people regardless of weather. We received 119 replies, of which 36 were from stakeholder organisations and 83 were from individuals.

¹ [Islands \(Scotland\) Act 2018](#)

² [Social Security Experience Panels: Publications](#)

³ [Low Income Winter Heating Assistance \(LIWHA\) Consultation](#)

5. In accordance with section 13 of the 2018 Act, this ICIA has:
- Identified and described areas where WHP regulations will have an effect on an island community which is likely to be significantly different from its effect on other communities (including other island communities);
 - Assessed the extent to which the Scottish Ministers consider that WHP can be developed in such a manner as to improve or mitigate, for island communities, the outcomes resulting from it;
 - Considered and proposed mitigation or actions to support the aims of WHP within the island communities; and
 - Considered any financial implications of the above.

6. We have found that this policy will have a positive impact on people on low incomes living in island communities. We do not believe that it will have a negative impact on island communities. We recognise that fuel costs are on average higher for island communities and that this payment does not adjust for this factor, however, we believe that the particular challenges for island communities are better addressed by these proposals.

Policy Background

7. The policy background to the Winter Heating Assistance (Low Income) (Scotland) Regulations 2023 and further information about the specific provisions are fully set out in the published draft regulations and accompanying policy note⁴.

8. The policy aligns closely with the Scottish Government's Wealthier and Fairer Strategic Objectives, but also links with the Scottish Governments priorities to tackle child poverty and the cost of living crisis.

9. The policy contributes to the following National Outcomes:

- **Children and Young People: We grow up loved, safe and respected so that they realise their full potential.** This policy will have a positive impact on disabled children and children under five children living in low income households. Evidence has shown that living in a cold home can have a negative impact on health, educational attainment, emotional wellbeing and resilience. WHP will provide a financial boost to the family income of the most vulnerable children.
- **Communities: We live in communities that are inclusive, empowered, resilient and safe.** This additional support will help towards ensuring those most in need are living in a warm home.

⁴ [Low Income Winter Heating Assistance \(LIWHA\) Scottish Government Response](#)

- **Health: We are healthy and active.** The policy may reassure vulnerable people that they can afford 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 provision of a new 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 WHP is to provide financial support to eligible individuals who have a greater need for heat during the coldest months. WHP in particular specifically targets low-income households who, due to their specific circumstances may be at higher risk of fuel poverty and of being in poverty, providing a £50 payment to around 400,000 households annually.

10. This impact assessment is one of a package to accompany the regulations. The others are: Business and Regulatory Impact Assessment (BRIA); Equality Impact Assessment (EQIA); Child Rights and Wellbeing Impact Assessment (CRWIA) and the Fairer Scotland Duty Assessment.

Scope of the ICIA

11. This Island Communities Impact Assessment (ICIA) considers the potential effects of replacing CWPs with WHP in Scotland, and how it might impact on those individuals living within island communities.

Key Findings

12. This section provides an overview of issues for Scottish island communities that are relevant for the introduction of WHP.

13. Island stakeholders have emphasised the importance of understanding the island experience. Every island is uniquely different with regards to its infrastructure, geography and demography and therefore each island has its own specific considerations and constraints. Rural Scotland accounts for 98% of the land mass of Scotland and 17% of the population are resident there.

14. Scotland had 93 inhabited islands with a total population of 103,700 (2% of Scotland's population) as per 2011 Census.⁵ Of these islands, only five are connected to the Scottish mainland by bridge or causeway⁶. The Islands Act identifies 6 local authorities representing island communities in Part 4 of the Act (Section 20 (2)), which are Argyll and Bute Council, Comhairle nan Eilean Siar/ Western Isles, Highland Council, North Ayrshire Council, Orkney Islands Council,

⁵ [Scotland's Census 2011: Inhabited islands report 2015 \(NRS\)](#)

⁶ Haswell-Smith, H. (2004). The Scottish Islands: A Comprehensive Guide to Every Scottish Island. Edinburgh: Canongate Books Ltd

Shetland Islands Council. Amongst them, Orkney, Shetland and Western Isles are entirely island authorities, while Highland, Argyll and Bute and North Ayrshire local authorities cover island regions as well as mainland regions.

15. We know that the difference in weather conditions between some island communities and the location of the weather stations which would trigger a Cold Weather Payment under the DWP system has been a source of frustration to some people for a number of years. Moreover, island communities have rarely benefit from the support provided through CWPs due to the current weather dependency measures, which doesn't reflect the unique climate of island life, such as wind chill and driving rain.

16. The unpredictable nature of weather dependent payments is one of the key drivers of our proposed change in approach. We intend to remove the dependence on cold weather altogether and acknowledge that, regardless of temperature it is more likely to be difficult for people on low income benefits to spend more money to heat their homes in the winter. Whether that is because of the weather, the cost of fuel or the efficiency of their heating system or insulation, it will still require them to spend more money.

17. Therefore, we believe that island communities are likely to benefit from the introduction of WHP as they have historically had very few CWPs despite temperatures feeling cold because of the distinctive island climate. Island residents who are in receipt of a qualifying low-income benefit and specific premium will now receive a guaranteed £50 payment each year.

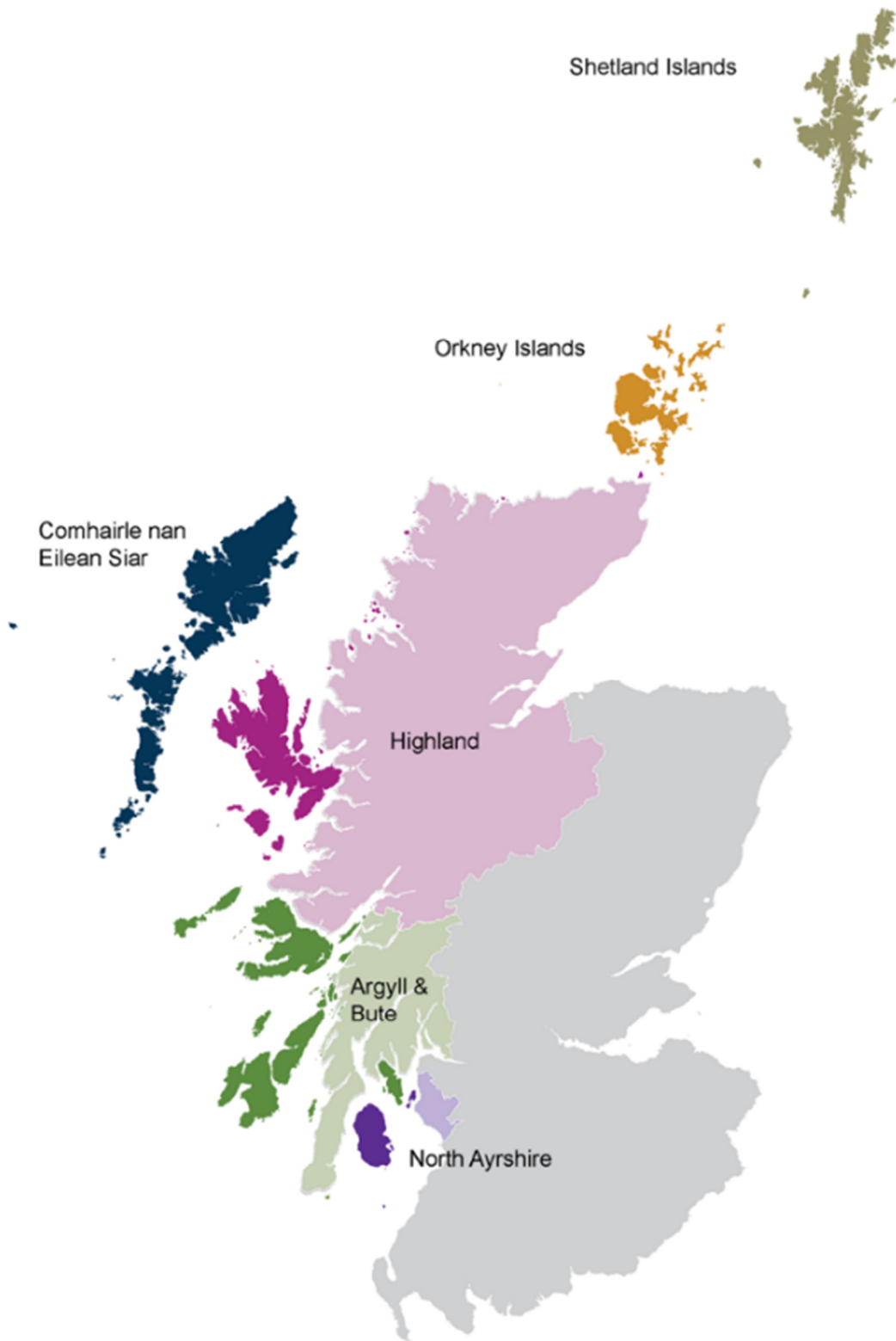


Figure 1: Map highlighting all 6 local authorities representing Island Communities (islands in darker shades where islands are part of mainland Local Authorities)⁷

⁷ [Islands \(Scotland\) Bill Executive Summary](#)

Geography

18. Geography, crofting culture, climate and the remoteness of island and rural communities present different challenges to those experienced by families living in the mainland, often resulting in higher levels of fuel poverty in these areas. Citizens Advice Scotland⁸ have specifically identified issues regarding being off the gas grid as key barriers for people in accessible rural, remote rural and remote small towns.

19. The colder climate and wind chill factor on the islands means that for many residents, homes may have heating on throughout the whole year. If the household also has a low income, such as is often experienced by those with one or more disabled members of the family, then they are more likely to be in extreme fuel poverty.

20. The National Islands Plan⁹ acknowledges that extreme fuel poverty rates are higher for most of the island authorities. We also know that extreme fuel poverty can be particularly difficult to eliminate in island communities where building types are harder to improve to the required energy efficiency standard and opportunities to reduce fuel costs are more limited. In addition, traditionally constructed buildings and energy efficiency challenges can vary between the islands. Higher living costs on islands, combined with higher fuel costs, for households on low incomes, can create the conditions for extreme fuel poverty.

21. The introduction of WHP will ensure that people who are more likely to experience fuel poverty receive assistance to help towards maintaining a comfortable temperature in their homes through the winter. Data collected and published by the Department of Work and Pensions (DWP) on CWP triggers shows that the island communities rarely benefit from the support provided through CWPs due to the current weather dependency measures¹⁰.

22. CWP data shows (see table below) that between 2015 and 2022 only 13 cold weather triggers had been identified within 5 of the 8 weather stations which are associated with island communities. That means 3 of these weather stations have not had a single trigger, resulting in no payments being made to the island communities associated with them, since 2015.

23. 854,000 Cold Weather Payments (CWP) were estimated to have been made in winter 2020/2021, 110,000 were (9.1 %) made to people living in areas covered by weather stations which include island communities. However, 105,000 of those payments were made in the Auchincruive weather station area, where the vast majority of people will live on the mainland. In winter 2021/22, DWP estimates show there were no triggers within island communities.

⁸ [Remotely Excluded: Barriers facing Scotland's rural consumers](#)

⁹ National Islands Plan, the Scottish Government, 27 December 2019.

¹⁰ [Social Fund Cold Weather Payments](#)

Cold Weather Triggers affecting Island Communities 2015-2022

(Please note the total eligible recipients shown below could live on islands, but for some weather stations the majority will live on the mainland).

Weather Station	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Estimated eligible recipients (2021-22)
Achnagart (e.g. Isle of Skye)	0	1	1	1	0	1	0	1,000
Auchincruive (e.g. Isle of Bute)	0	0	1	0	0	3	0	35,000
Dunstaffnage (e.g. Isle of Mull, Lismore)	0	0	0	0	0	0	0	1,000
Kirkwall (Orkney)	0	0	0	0	0	1	0	1,000
Lerwick (Shetland)	0	0	1	0	0	2	0	1,000
Machrihanish (e.g. Jura, Islay, Gigha)	0	0	0	0	0	1	0	1,000
Stornoway (e.g. Harris, Lewis, Barra, N. & S. Uist)	0	0	0	0	0	0	0	2,000
Tiree (e.g. Tiree, Colonsay, Coll, Eigg, Rum, Muck)	0	0	0	0	0	0	0	<100
Scotland Total Annual Triggers	22	11	61	25	7	76	6	
Islands Postcode Triggers Total Annual	0	1	3	1	0	8	0	

24. Given the low numbers of cold weather triggers at weather stations associated with island communities we expect all island communities will benefit from this change in policy and we do not anticipate a differing affect across the islands.

Cost of Living

25. The cost of many amenities and activities are higher for people living in island communities than those living on the mainland. A lack of choice, greater distances, remoteness and accessibility means that shopping, energy bills, travel, postage, mobile phone services and broadband can be more expensive for people living in island communities compared to those on the mainland. A typical food basket can cost as much as 50% more on island communities in Scotland, while transport can be up to £40 a week more expensive due to longer distances for commuting and a higher price for petrol¹¹.

26. Local authority Comhairle Nan Eilean Siar have previously stated in their written evidence to a fuel poverty strategy consultation undertaken by the Scottish Government, “it is essential to factor in higher living costs to an understanding of poverty in remote and rural areas. Poorer households in the islands are likely to be significantly worse off financially than an equivalent-earning mainland household because of the higher cost of living”¹².

27. This sentiment was echoed by Stornoway stakeholders, who highlighted extreme fuel poverty levels as one of the main challenges of the islands¹³.

28. There are a higher proportion of dwellings off the gas grid in island communities: 50% in Argyll and Bute; 88% in Na h-Eileanan Siar; 100% in Orkney and Shetlands; and 61% in Highlands; compared to 17% Scottish average (2017-2020 figures)¹⁴. Off-gas grid properties have a more limited set of alternative fuel suppliers, constraining the ability to deliver reduced heating costs.

29. A higher proportion of dwellings with 3 or more bedrooms in Na h-Eileanan Siar (69%), Highland (62%), Orkney (69%) and Shetland (68%) compared with the national average of 50%¹⁵, means higher fuel bills and potentially greater costs to improve the energy efficiency of these homes. Larger dwellings also necessitate higher fuel bills to reach requisite comfortable ambient temperatures¹⁶.

¹¹ A Minimum Income Standard: For Remote rural Scotland; Loughborough University, UHI & Highlands and Islands Enterprise; 2013

¹² [Fuel Poverty \(Targets, Definition and Strategy\) \(Scotland\) Bill: island communities impact assessment](#)

¹³ [Fuel Poverty \(Targets, Definition and Strategy\) \(Scotland\) Bill: island communities impact assessment](#)

¹⁴ [Supporting documents - Scottish House Condition Survey: Local Authority Analysis 2017-2019 - gov.scot \(www.gov.scot\)](#)

¹⁵ [Scottish House Condition Survey: Local Authority Analysis 2017-2019 - gov.scot \(www.gov.scot\)](#)

¹⁶ [Fuel Poverty \(Targets, Definition and Strategy\) \(Scotland\) Bill: island communities impact assessment](#)

30. A range of work is being undertaken by the Scottish Government to address the challenges that people in island communities face. For example the Islands Strategic Group was established in August 2016. The group considers strategic issues affecting the island communities of Scotland, and to ensure greater involvement of the relevant councils in helping to identify and design solutions to the unique needs and challenges these communities face.

31. We recognise that fuel costs are on average higher for island communities and that this payment does not adjust for this factor. Nevertheless, we believe that the particular challenges for island communities are better addressed by this new policy. The introduction of the WHP will provide each eligible islander with an annual guaranteed payment of £50, which they can use towards their fuel costs.

32. We have made a commitment to explore the feasibility of bringing forward the payment date in future years which will help better support those living in islands communities but we are unable to do so for winter 2022-23.

Demography and health

33. Scotland has 93 inhabited islands with a total population of 103,700 (2% of Scotland's population) as per the 2011 Census¹⁷. The population of the islands increased by 4% (3,963) between 2001 and 2011. This reversed a decline in the population of the islands by 3% between the 1991 and 2001²³.

34. Remote rural areas have a higher (23%) proportion of older people (65+) than the rest of Scotland (17%)¹⁸. For males, the life expectancy in remote rural and accessible rural areas is around 79 years, nearly 2 years more than life expectancy in the rest of Scotland. For females, the life expectancy in rural areas is around 83 years, nearly 2 years more than in the rest of Scotland.

35. According to the 2011 Census, 83% of island residents reported their health as being 'very good' or 'good' compared with 82% for Scotland as a whole. The proportion of island residents with a long-term (lasting 12 months or more) health problem or disability that limited their day-to-day activities was just under 20%, including 9% who reported their daily activities were limited 'a lot'. The corresponding proportions for Scotland as a whole were very similar¹⁹. 17% of island residents are under age 16, which is the same proportion as per Scotland as a whole²⁰.

36. WHP acknowledges that regardless of temperature it is more likely to be difficult for people on low income benefits (who have a greater need for heat) to spend more money to heat their homes during the winter, despite the weather or where they live in Scotland. Therefore, the annual payment of £50 (equivalent of two CWPs) will offer certainty to low income households living within island communities

¹⁷ Scotland's Census 2011: Inhabited islands report 2015 (NRS)

¹⁸: [Rural Scotland Key Facts 2015 - People and Communities Services and Lifestyle Economy and Enterprise \(www.gov.scot\)](#)

¹⁹ NRS (2015) [Inhabited Islands Analytical Report](#)

²⁰ [Inhabited Islands Analytical Report](#)

to help them towards their energy bills each winter. This approach will have a positive impact on families which have a disabled person, a young person or an older person of pension age who are living in island communities.

Consultation

37. The purpose of the Consultation on LIWHA (now WHP) and associated stakeholder engagement at the end of 2021 and the beginning of 2022 was to gather views on the key eligibility criteria and the proposed payment format, and to identify any unintended consequences of introducing the new payment including the impact of the new benefit on eligible clients living within island communities. The consultation analysis and responses have now been published.

38. The public consultation²¹ took place between 1 December 2021 and 25 February 2022. It provided an overview of the new payment's aim, its key eligibility criteria and its format. It set out how we intend to deliver this new benefit through Social Security Scotland to provide help towards meeting heating costs in winter. The consultation asked specific questions on whether the policy intention will best meet the needs of those it aims to help including whether the requirement for a period of cold weather to trigger a payment should be removed, whether different qualifying benefits should confer eligibility and whether those receiving such benefits should be identified during an annual qualifying week. We also asked about the value, format and timing of the payment itself. A report²² summarising the independent analysis of the 119 consultation responses has been published on the Scottish Government website.

39. As part of this engagement process the Scottish Government also ran an extended workshop with a wide range of organisations representing various sectors.

40. The responses to the consultation provided us with a range of proposed changes. In general respondents agreed with the removal of weather dependence but want the value of the payment to be higher. They also wanted to retain some of the current responsiveness of CWP to additional need in some circumstances, or at least to provide flexibility throughout the winter period either through multiple assessments of eligibility and/or multiple or additional payments.

41. At the same time we asked members of our Social Security Experience Panels for their views on the key policy options for this new benefit. In total, 288 members chose to complete our survey exploring this topic²³. Of those Panel members that responded;

- 82% agreed with the plan to replace Cold Weather Payment with a new benefit in Scotland;

²¹ [Low Income Winter Heating Assistance \(LIWHA\): consultation](#)

²² [Low Income Winter Heating Assistance: consultation analysis](#)

²³ [Social Security Experience Panels - Low Income Winter Heating Assistance: survey findings](#)

- 87% agreed that a new benefit replacing Cold Weather Payment is a good way to help towards winter heating costs for people on low incomes;
- 90% agreed with the plan to remove the need for a 'cold spell', a component of the eligibility for Cold Weather Payment, in order for people to receive the new benefit.

42. In consulting on the proposed introduction of WHP the following question was specifically posed to respondents: *"Please set out any information you wish to share on the impact of LIWHA on Island communities."*

43. A total of 22 respondents provided an answer to this question key themes in these responses in regards to island-specific impacts were:

- Fuel Poverty
- Higher cost of fuel and energy supplies
- Lack of mains gas and the need to buy fuel in advance making the proposed timing for payment potentially problematic to island communities
- Poor energy efficiency

44. The main theme of stakeholder feedback focused on the widespread higher rates of fuel poverty within and across island communities. These include the comparatively higher cost of fuel and energy supplies and the poor energy efficiency of homes. Some respondents called for WHP to have a greater recognition and consideration of these challenges.

45. A small number of respondents felt island communities could lose out under WHP if they had received multiple CWPs in previous years. However, a greater number (including numerous notable stakeholders) acknowledged how WHP could benefit island households. They noted that island temperatures infrequently fall below zero degrees Celsius because of the Gulf Stream, meaning that they rarely qualified for CWPs under the cold spell trigger. However, wind chill can still create low temperatures, resulting in greater energy use and spend in areas where costs are already higher.

46. A majority of the consultation respondents (52%) disagreed with the proposal to make the new payments in February each year. echoing the responses to our Experience Panel survey, Many who disagreed felt a payment date in February is too late, and that recipients need help earlier in the winter to cover heating costs when cold weather first arrives. Key stakeholders raised issues with regards to island recipients in particular who were more likely to require unregulated fuels (oil or off-grid gas) who pay for fuel in advance, and were likely to be disadvantaged by a February payment.

47. Commencing payments in February 2023 will provide Social Security Scotland with a small window of time in which to manage any issues arising from the extension of Scottish Child Payment (SCP) and to prepare staff and systems required for a smooth transition to WHP. We are therefore unable to bring forward the payment date for WHP for winter 2022/23. However, we have committed to explore the feasibility of bringing forward the payment date in future years.

Implementation and delivery plan

48. A communications strategy and comprehensive guidance are in place, making eligible recipients and the relevant stakeholders aware of the benefit.

49. All eligible households will receive notification of their forthcoming payment from Social Security Scotland, detailing that they are eligible based on their entitlement to one of the existing reserved benefits which previously made them eligible for CWP.

50. The communications strategy is linked in with wider Scottish Government initiatives for remote and island communities. This will ensure that WHP is part of wider efforts to meet the needs of people living in island communities.

Monitoring and Review

51. The Winter Benefits Stakeholder Reference Group will continue to play a vital role in the development of WHP policy and practice. The group membership is comprised of key stakeholders supporting and representing the needs of WHP recipients. The group will provide a forum for dialogue and will monitor the implementation of the benefit, raising any issues voiced by eligible recipients and organisations.

52. The Scottish Government has put in place a monitoring and evaluation plan for WHP which takes account of the issues identified within this impact assessment. Monitoring the impact of the WHP in island and remote rural communities 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.

53. The Social Security (Scotland) Act 2018 places a duty on the Scottish Ministers to report annually to the Scottish Parliament 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 and will include information on the impact of island-proofing.

54. The Scottish Ministers have also committed to engaging with, and reporting regular progress to, the Islands Strategic Group to ensure that those representing the interests of island communities and others with experience of the current system, are fairly represented in the development and delivery of the Scottish social security system.

55. Once payments are being made we will, as with other benefits, seek to make ongoing improvements based on the feedback of clients. We will collate management information to monitor the characteristics of recipients and will undertake qualitative research to test whether WHP is meeting its policy intentions. This will inform any future consideration of variations to policy or delivery arrangements.

Recommendations and Conclusions

56. Through the work undertaken to produce this impact assessment in partnership and consultation with benefit recipients, stakeholders and island Local Authorities, it is clear that living in island communities present unique challenges for people on low incomes.

57. Through this ICIA, the Scottish Government could not identify evidence that the introduction of WHP will directly or indirectly discriminate against those that live in island communities.

58. This ICIA has outlined the ways in which the introduction of WHP is likely to have a positive impact on people on low incomes in island communities. WHP provides a financial contribution towards fuel bills throughout the winter which it is accepted may be higher throughout the year for those living in island communities. The removal of the weather dependency component will have a direct positive impact on those who did not receive CWPs previously due to the islands temperatures being typically higher than those in other parts of Scotland. This group will now be able to get additional financial support with heating costs during the winter months.

59. The Scottish Government has concluded that no further changes to WHP are necessary as a result of the ICIA. There will be continuous review of the impact of WHP to ensure it meets the needs of all those that it is designed to support.

Authorisation

<p>Name and job title of Policy Lead: Owen Allen Team Leader – Winter Heating Benefits Policy Social Security Policy Division</p> <p>Name and job title of a Deputy Director or equivalent: Ian Davidson Deputy Director Social Security Policy Division</p>	<p>Date this version authorised: 10 November 2022</p>
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