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Reeves defends move to restrict winter fuel payments



PA MEDIA

Tom Espiner

BBC business reporter

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Chancellor Rachel Reeves has defended her decision to scrap winter fuel payments for around 10 million pensioners.

She told the BBC she had found a "black hole" in the public finances and "had to act" to "fix the mess".

But a former pensions minister said she was "shocked" by the decision to restrict the fuel payments.

Ms Reeves has accused the previous government and former chancellor Jeremy Hunt of hiding a massive shortfall in public money, which Mr Hunt has strongly denied.

Ms Reeves said she had been forced to make "tough decisions" after the government said it had uncovered a £22bn hole in the public finances.

One of the decisions **she announced on Monday** was that pensioners in England and Wales not on pension credit or other means-tested benefits will no longer get winter fuel payments worth between £100 and £300.

What is happening to winter fuel payments?

2 September

Former Conservative pensions minister Baroness Ros Altmann told the BBC she was "shocked that the chancellor has chosen to take money away from some of the poorest people in this country".

Roughly 850,000 households who are eligible to receive pension credit do not claim it, according to figures released by the Department for Work and Pensions last year.

Baroness Altmann said many do not claim because they are "too proud" to do so.

Ms Reeves said pension credit would be merged with housing benefit so more people who are entitled to it will claim, and the government would work with older people's charities and local government to increase take-up.



Speaking to the BBC's cost of living correspondent Colletta Smith, one pensioner named Vadney said she depended on the winter fuel payment to ensure that she doesn't fall behind on her gas and electricity bills.

"When it arrives it just puts me right again," she said. "I'm just disappointed, they give you something and now they've just taken that away."

She said she had never claimed benefits, after being told years ago that she was 30p above the poverty line.

She was now reluctant to apply for pension credit. She said: "The hoops are so much to go through that I've never asked for [it]".

The move was also criticised by charities including Age UK, which said on Monday that "as many as two million pensioners who badly need the money to stay warm this winter will not receive it and will be in trouble as a result".

"At the other end of the spectrum well-off older people will scarcely notice the difference - a social injustice," said charity director Caroline Abrahams.

What's changing with winter fuel payments?

- From winter 2024 fuel payments in England and Wales will be restricted to those on benefits and pension credit
- The devolved governments in Scotland and Northern Ireland will make a decision on whether to follow the new policy
- Pension credit is a benefit that is based on income and savings.
- You could be eligible for pension credit if you are above state pension age and have an income of less than £218.15 a week, or less than £332.95 as a joint weekly income with your partner.
- But your savings are also taken into account, and mean you may not be eligible even if your income is low.
- Disabled people, those caring for someone, and those with housing costs could be eligible despite these factors

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A fierce row between Labour and the Conservatives has broken out over the "black hole" in public finances.

Ms Reeves said she had to make tough decisions because of the previous government's "deeply irresponsible" overspending, and that Mr Hunt covered up the true state of the public finances when he was chancellor.

"They were not decisions I wanted to make, they were not decisions I expected to make, but when confronted with a £22bn black hole, I had to act," she said.

She said the previous government had "made commitments without having any money to pay for them", including on social care, plans for hospitals, and road and rail upgrades.

"The previous government did not put any money into these things. We did not know that going into the election campaign," she said.

As well as restricting winter fuel payments, on Monday the chancellor scrapped a planned cap on social care costs and axed several transport projects.

But Mr Hunt has disputed Ms Reeves' comments, and has written to Cabinet Secretary Simon Case to complain about what he sees as conflicting claims made by officials about the "black hole" which risked "bringing the civil service into disrepute".

He said either spending plans put before parliament earlier this month were wrong, or figures announced on Monday were.

Mr Hunt told the BBC he had been made "angry" by Labour's "political exercise".

"The fact is, there are pressures in public finances, we had good plans to deal with them: productivity, welfare reform, the Rwanda scheme to deter illegal migrants."

He said the new government ditching those plans had actually caused the hole in finances.

"It is a decision Rachel Reeves herself made," he said.

However, independent forecaster the Office for Budget Responsibility on Monday launched a review of its own report on the previous government's spring Budget, which was based on spending plans put together by the Conservatives.

Writing in the Times on Tuesday, Paul Johnson, the director of the Institute of Fiscal Studies, also suggested an "astonishing" cost of £6bn to house asylum seekers had not been taken into account.