



## Winter Fuel Payment cuts Unite briefing

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Contact: [UFWE@unitetheunion.org](mailto:UFWE@unitetheunion.org)

## 1 Pensioners with an income as low as £220 per week will lose their Winter Fuel Payment

- **90% of pensioners will lose to the Winter Fuel Payment (WFP).** There are nearly 13 million people claiming the state pension in the UK and only 1.4 million of these receive pension credit, which entitles them to keep the WFP.<sup>1</sup>
- **A single pensioner with an income of just £220 per week not eligible for pension credit, and therefore loses their WFP.**
- **780,000 pensioners who are eligible for pension credits but don't claim them are also expected to lose out.**<sup>2</sup>
- **In total, around 2 million pensioners in poverty will no longer be eligible for the payment.** These include low-income pensioners above the £220 threshold, and those who have unavoidably high energy needs because of disability or illness.<sup>3</sup>
- **An estimated 1.6 million disabled pensioners will be losing their payments,** according to a Freedom of Information (FOI) request to the DWP.<sup>4</sup>
- **The government claimed that no impact assessment was 'legally required' before making the changes.**<sup>5</sup> MPs have said there was a clear moral requirement for one.<sup>6</sup>
- **Labour's own research from 2017 suggests cuts to the WFP could result in the death of 4000 pensioners.** When the cut was originally proposed by the government of Theresa May, Labour called it "single biggest attack on pensioners in a generation in our country".<sup>7</sup>
- **Winter Fuel Payments are not a genuinely devolved issue.** The payments come from central government, and if devolved governments wish to reverse the cuts, the cost is deducted from their own budgets.<sup>8</sup>

## 2 Pensioners have already suffered under austerity and the cost-of-living crisis

- **The personal tax-free allowance on the state pension has been frozen at £12,570 since 2021.** The current government policy is to keep it frozen until 2028.<sup>9</sup>
- **Free TV Licences for pensioners were abolished in 2020.**<sup>10</sup>
- **The cost of energy will go up around £149 this year,** with pensioners, who need to use their heating more consistently than other households, being hit even harder.<sup>11</sup>
- **Many pensioners will experience rent rises above increases to the state pension.**<sup>12</sup> Average rents shot up 8.4% in 2023/24, with some areas being hit even harder.<sup>13</sup>
- **The UK state pension is worse than in most other developed countries,** and the UK devotes a smaller percentage of its GDP to state pensions and pensioner benefits than most other advanced economies.
- **UK pensioners are around 10% worse off than the OECD average.**<sup>14</sup>
- **Severe cuts to local government services since 2010 mean pensioners now have less access to affordable and high-quality social care.**<sup>15</sup>

## 3 This “difficult decision” was a political choice

- **There is a massive untapped wealth in Britain.** The 50 richest families in Britain own a combined £500 billion in wealth - the same as half the UK population.<sup>16</sup>
- **A 1% wealth tax on the richest in society who have over £4 million in assets would raise £25 billion.** That sum dwarfs the £1.5 billion Labour hopes to raise by picking the pockets of pensioners.
- **The super rich are currently taxed less than workers.** Income from unearned wealth like the sale of assets is taxed at a lower rate than

earned income from work. The richer you are, the more of your income is from investments, the lower effective rate of tax you pay.<sup>17</sup>

- **Universal welfare measures, like the state pension itself, stop people falling through the cracks.** By excluding two million low-income pensioners, this cut is badly planned on its own terms. There are plenty of alternatives to the cut, including wrapping the WFP into the state pension, which would mean some of it would be recovered by higher taxpayers.<sup>18</sup> Alternatively, it could be linked to a much wider range of benefits.<sup>19</sup> However, these alternatives are not needed: universal winter fuel payments could comfortably be afforded through a wealth tax.

#### 4 There are significant political risks to Labour if the government continues along this path

- **More people oppose the means-testing of the Winter Fuel Payment than support it.** Opposition is very strong amongst voters aged 65+, and even two fifths of 2024 Labour voters are strongly opposed, according to polling conducted by Survation on behalf of Unite.
- **When the reality of the means-test is explained to voters, a large majority feel that it is an unfair policy, including among Labour voters.** Once it is explained that pensioners on as little as £220 a week will lose out, almost two thirds of Labour voters and over four fifths of pensioners believe the policy is unfair, according to our polling.
- **Pensioners strongly feel that Labour is the worst party for pensioners.** Almost two thirds of pensioners feel that Labour is the party that least represents their interests, according to our polling.
- **There is strong support for a wealth tax amongst the public across the political spectrum and especially amongst pensioners.** When asked to choose their two preferred funding options amongst a choice of nine, 44% favoured a wealth tax on the richest 1% of households. This was the most popular measure alongside a windfall tax on energy companies. Support was even stronger among pensioners and Labour voters, with

roughly half of both groups supporting a wealth tax. By contrast, cutting welfare spending only received 17% support.

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<sup>1</sup> <https://www.gov.uk/government/statistics/dwp-benefits-statistics-february-2024/dwp-benefits-statistics-february-2024#:~:text=There%20were%2012.7%20million%20people,Pension%20dataset%20on%20Stat%2DXplore>.

<sup>2</sup> <https://www.bbc.co.uk/news/articles/cr54n3r0l50o>

<sup>3</sup> <https://www.ageuk.org.uk/our-impact/campaigning/save-the-winter-fuel-payment/>

<sup>4</sup> [https://assets.publishing.service.gov.uk/media/66e479bfe47cfc6de429d713/FOI2024\\_65546\\_13\\_09\\_24.pdf](https://assets.publishing.service.gov.uk/media/66e479bfe47cfc6de429d713/FOI2024_65546_13_09_24.pdf)

<sup>5</sup> <https://www.bbc.co.uk/news/articles/ce808nyry3do>

<sup>6</sup> <https://www.bbc.co.uk/news/articles/c5y3dgvzy6do>

<sup>7</sup> <https://www.independent.co.uk/news/uk/politics/winter-fuel-payment-cut-labour-deaths-b2609340.html>

<sup>8</sup> <https://www.communities-ni.gov.uk/news/ministerial-statement-future-provision-winter-fuel-payments-northern-ireland>

<sup>9</sup> <https://www.tax.org.uk/tax-state-pension-explainer>

<sup>10</sup> <https://commonslibrary.parliament.uk/research-briefings/sn04955/>

<sup>11</sup> <https://www.bbc.co.uk/news/business-58090533>

<sup>12</sup> <https://www.mirror.co.uk/news/politics/mps-vote-winter-fuel-payments-33591387>

<sup>13</sup> <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/august2024>

<sup>14</sup> <https://commonslibrary.parliament.uk/research-briefings/sn00290/>

<sup>15</sup> <https://www.instituteforgovernment.org.uk/publication/fixing-public-services-labour-government/local-government>

<sup>16</sup> <https://www.unitetheunion.org/campaigns/defend-the-winter-fuel-payment>

<sup>17</sup> <https://www.lse.ac.uk/research/research-for-the-world/economics/how-much-tax-do-the-rich-really-pay>

<sup>18</sup> <https://www.thisismoney.co.uk/money/pensions/article-13719237/amp/Pensioners-Winter-Fuel-Payments-ROS-ALTMANN.html>

<sup>19</sup> <https://www.theguardian.com/politics/article/2024/aug/31/rachel-reeves-under-renewed-fire-from-mps-and-charities-over-cuts-to-winter-fuel-allowance>