



Department
for Work &
Pensions

THE RT HON TORSTEN BELL MP
Minister for Pensions

Caxton House
Tothill Street
London, SW1H 9AJ

18 August 2025

Dear Stephen

The Social Fund Winter Fuel Payments Regulations 2025

Thank you for your letter of 23 July 2025 and for the Committee's recommendations relating to the Social Fund Winter Fuel Payments Regulations 2025, and to the new policy more broadly. I am responding on behalf of the Secretary of State.

I welcome the Committee's scrutiny and am grateful for the opportunity to respond to its recommendations. As the Committee is aware, last year we linked eligibility for Winter Fuel Payments to receipt of Pension Credit. This was a proxy for focussing them on those with the lowest incomes. This year we are increasing the level of the means test so that pensioners with an annual income up to and including £35,000 will benefit.

RECOMMENDATION 1 - We recommend that further consideration be given to whether additional benefits, for example Attendance Allowance (and comparable disability benefits) and pension-age Housing Benefit, should be added to the list of relevant benefits which secures access to a Winter Fuel Payment.

All pensioners will receive a Winter Fuel Payment, but it will be recovered from those with income over £35,000 through the tax system. The Government is keen, though, that no-one who would have received a Winter Fuel Payment in 2024/25 should have it recovered through the tax system in 2025/26. These are pensioner households in receipt of Pension Credit and the other qualifying benefits to which eligibility for Winter Fuel Payments was linked in 2024/25. It is extremely unlikely, but theoretically possible, that such a household could have income over £35,000.

RECOMMENDATION 2 - We recommend that the Department examines the rationale for the use of taxable income as a strict means-testing threshold, and the impact of its lack of responsiveness to specific risks associated with pensioner costs.

The Government has been clear that there should be a link between income and the Winter Fuel Payment, but that it wants more pensioners to benefit than was the case

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when the payments were linked to receipt of Pension Credit. This change increases the level of the means test so that pensioners with an annual income up to and including £35,000 will benefit. The £35,000 threshold is broadly in line with average earnings and means the vast majority of pensioners will benefit from a Winter Fuel Payment.

Restricting Winter Fuel Payments to those with incomes below or equal to £35,000 ensures support is better targeted than the previous near-universal payment and is a responsible use of taxpayers' money, whilst ensuring that that most pensioners – around 9 million individuals – will benefit.

We understand that pensioner incomes and circumstances may be complex and variable. Winter Fuel Payments remain a simple scheme to provide a modest lump sum payment to the majority of pensioners quickly and automatically without the need for claim.

It is essential that the system for withdrawing the Winter Fuel Payment for those with highest incomes is simple and cost-effective to deliver, to make the best use of taxpayers' money.

RECOMMENDATION 3 - Given the substantial resources required to manage this process—and the relatively small amounts being recovered through tax codes—we strongly encourage the Department to reconsider whether this option is cost-effective or necessary.

I do not think it would be right to withdraw the possibility of opting out of receiving the Winter Fuel Payment altogether. With respect to recovery through the tax system, the Government will publish details of the delivery costs and impacts of HMRC recovering the payments from those with income over £35,000, who have not opted out, in a Tax Information and Impact Note at Budget. The recovery mechanisms will be designed to be cost-effective.

RECOMMENDATION 4 - Given these risks, comprehensive guidance for paper form completion is not merely helpful—it is essential to prevent vulnerable pensioners from inadvertently breaking tax rules.

No pensioners will be required to register for Self-Assessment solely because they receive a Winter Fuel Payment. HMRC agree that clear and accessible guidance is essential to support pensioners, including those completing a paper self-assessment form. As is normal practice, HMRC will ensure that guidance for paper returns clearly sets out for pensioners what they need to do to include any relevant payments on their return.

RECOMMENDATION 5 - The Committee is of the strong view that this inconsistency—where identical overpayments are treated differently depending on which Department recovers them—requires urgent resolution.

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If a Winter Fuel Payment should not have been paid, it will – as in previous years – be for DWP to recover it as an overpayment, unless it was made as a result of official error, in which case it is not recovered. From 2025-26, DWP will inform HMRC that such payments (whether recovered or not) should be treated as not having been made.

With respect to recovery of Winter Fuel Payments made correctly to people with income over £35,000, an Income Tax charge will apply. HMRC will collect any tax due as part of the customer's wider Income Tax liability, and in line with the HMRC Charter. The Charter sets out the behaviour and values to which HM Revenue and Customs will aspire when dealing with people in the exercise of their functions, and can be found online at: www.gov.uk/government/publications/hmrc-charter/the-hmrc-charter.

RECOMMENDATION 6 - *In advance of the laying of these specific regulations, the Department should produce a revised Equality Impact Assessment that corrects the identified factual errors, takes a logic-driven approach where administrative data are weak, and acknowledges where measures cannot benefit certain protected groups.*

The Department has taken note of the Committee's comments and will update the analysis as appropriate ahead of publication on 22 August.

RECOMMENDATION 7 - *We recommend that the relationship between Winter Fuel Payments and care home residents be further considered.*

The Department will consider these matters for future years, reflecting the fact that they largely comment on long standing features of Winter Fuel Payments. I note the Committee's point about people in residential care who are in receipt of Pension Credit.

RECOMMENDATION 8 - *We therefore recommend that the Government clarifies the policy intent for Winter Fuel Payments well before the qualifying week for next winter's payment. A thorough review, incorporating our recommendations, would better align the payment with its original purpose of supporting pensioners in need, while ensuring the system operates fairly and efficiently.*

The policy is that pensioners with an annual income of £35,000 or less should benefit from a one-off payment of between £100 and £300 each winter. I do not agree that this specific policy needs to be reviewed, not least to provide certainty to pensioners about the system that will operate in future years. But I would be happy to arrange for a presentation to the Committee on how the benefit system and related policies contribute to the Government's aims of reducing fuel and pensioner poverty, and to hear the Committee's views and insights on the matter.

I hope you will find these responses and information helpful.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Torsten Bell', with a stylized flourish at the end.

Torsten Bell MP

Minister for Pensions