

Parliamentary Briefing

Rising energy prices and supporting older people this winter

January 2022

Background

In England, nearly 1 million older households are living in fuel poverty. At Age UK, we are worried that soaring energy prices could leave millions more struggling to pay their bills. With the Energy Price Cap already at £1,277 for direct debit customers, experts are predicting that energy bills could rise by up to 50% this spring adding a further £600 to the average annual bill.

Older people often have a greater need for energy compared to other age groups – they feel the cold more, often have health conditions made worse by the cold and many live in homes that are harder to heat. We have heard from thousands of older people about their concerns with paying their energy bills - many are already putting their health at risk by rationing their food and heating.

What Age UK wants to see

- **A cut to the 5% rate of VAT from all households' energy bills from April until at least the end of 2022.** If as expected, average bills rise to around £2,000, this would save a household just under £100. Energy suppliers must pass on these savings to their customers.
- **The Government to provide a one-off £500 payment to people on low incomes who qualify for the Cold Weather Payment.** This would help guarantee automatic support to some of the homes that most need help with their energy bills.
- **The Government must also do everything possible to ensure that everyone who is eligible for Pension Credit receives it,** as it's the passport to a package of support that can protect an older person from entering fuel poverty.
- **Longer term, the Government and Ofgem must introduce improved social tariffs into the energy market and legislate to extend the Energy Price Cap beyond 2023.**

Cold Weather Payment

CWP is a tried and tested fast delivery mechanism for supporting older people on low fixed incomes to pay their heating bill during colder periods. A one-off payment could be made quickly direct from Government. People who are in receipt of either the Guarantee Credit or Savings Credit components being eligible. These advantages give CWP an edge over the supplier funded Warm Home Discount. If implemented immediately, older people on low and modest incomes can be protected from facing unaffordable energy bills over the year and encourage them to keep their heating on this winter.

Fuel poverty and older people

High energy prices, poor housing and ill health can make colder periods a dangerous time for many older people. This year poses a particular challenge, with the Price Cap rise, inflation expected to hit 6% from the spring, and an unprecedented number of energy suppliers going bust. The end of furlough and the £20 a week Universal Credit uplift will also affect many families.

Older people are at high risk from the health and wellbeing impact of fuel poverty and account for a higher proportion of excess winter deaths. The cold can exacerbate health conditions, particularly for

older people, including respiratory illnesses which put people at greater risk of Covid. With significant pressure on the NHS this winter, it is more vital than ever that older people feel able to keep their heating on and do not ration their energy use.

Older people spend more time at home. Retired households have the highest median fuel costs and the highest fuel poverty gap compared to households of other employment statuses. This means the amount of money which needs to come off energy bills to lift people out of fuel poverty is highest for retired consumers. Many older people also spend longer at home and are more likely to live with health conditions which require more heating or energy use, such as for dialysis or oxygen. These factors can make older households more vulnerable to the impacts of rising energy costs and fuel poverty.

The reality older people face this winter and spring is far more challenging than predicted. Without additional support we run the risk that the fuel poverty rate for older people will increase for the first time since 2015. Financial support for older people during the colder months has remained broadly unchanged for years and is nowhere near enough to match the scale of the current problem.

Around 1.4 million older people in England are already fuel poor, with price increases expected to push tens of thousands more into fuel poverty this spring.

Older people have told us

We regularly hear from older people who will be impacted by rises in their energy bills. This year older people have told us:

Angela: *It will really affect the way my health is. The cold seems to affect me and my ability to use my arms, I will not be able to afford to heat my home properly and will therefore spend more time in bed to stay warm and not suffer pain.*

Denise: *I'm struggling now with rising prices, I conserve as much energy and water as I can as monthly metered. I am using 1/3 of energy in comparison from last year for same cost on all services. This is so scary.*

David: *I can barely afford the energy bills at the moment and have to keep cooking to a minimum in order to be able to heat my flat. As it is, many times I have to turn the heating down to the point where it feels cold because I can't be sure I will have enough money to pay the bill. All prices seem to rise faster than any increase in my pension and this latest threat of energy bills rising by up to 50% will take many things beyond what I can afford.*

Celia: *Like many elderly people, I'm rationing my heating and trying to think of more ways to keep my head above water financially. With the cost of food and most other necessities going up almost daily, the future, especially over the colder months, looks very bleak indeed.*

Get in touch with us

If you have any questions or would like to meet to discuss how you can help older people struggling with their energy bills, please contact Roshni Mistry, Senior Public Affairs Officer, at roshni.mistry@ageuk.org.uk.