

Tackling the cost of living crisis for older people:

What the Government must do

July 2023



Summary

Introduction

It's clear that for millions of older people the cost of living crisis is far from over – in fact in some ways it is getting worse. At the moment we're hearing from thousands struggling to cope with soaring prices and who are desperately worried about another difficult winter ahead. Sky high energy bills have depleted savings and left many less resilient to the inflation that is impacting everything they buy.

Those on very low fixed incomes are among the worst affected, but so too are others whose incomes take them just above the line to qualify them for additional support, who can end up with even less to spend. Another group we worry about a lot are those whose incomes aren't quite as low, but whose costs are especially high, due to disability or chronic ill health.

Older people who can't afford their energy bills need the certainty of a discounted energy deal and, until this is in place, the Government must ensure all older people have the support they need to remain warm and well now, and throughout the autumn and winter – indeed until this cost of living crisis is finally agreed to be over.

For now though, high energy bills certainly haven't gone away: 11.3 million people aged 50+ in Great Britain are currently finding it difficult to afford their energy bills and 16.9 million have seen their cost of living go up compared to just one month ago.¹

These people urgently need support. Age UK asked our older campaigners how high energy bills have affected them. **70% (10,388) of those who answered said they were very worried** as their or a loved one's finances had been seriously affected by energy bills. Many are running down their savings and struggling to keep up with the increasing costs, with some going back to work and falling into debt.

A quarter of those over 50 in Great Britain couldn't afford an unexpected but necessary expense of £850¹

45% (11.3 million) of those over 50 in Great Britain are currently finding it difficult to afford their energy bills¹

68% of people aged 70 and over in Great Britain experienced an increase in their cost of living compared to one month ago¹

In response 1 in 3 of them are spending less on food or other essentials

What we want to see

We need urgent action so the essentials are affordable for older people, and to make sure they can weather the storm of another difficult winter.

Age UK is calling on the Government to:

- Urgently introduce a discount energy deal, or social tariff, by April 2024 at the latest, for disabled people, unpaid carers and those on lower incomes.
- This must be Government funded and provide support to those in or at risk of fuel poverty and not just those on means tested benefits to prevent people struggling missing out twice.
- Expand the eligibility criteria for the Government's cost of living payments so that older people on Housing Benefit and receiving Council Tax Reduction receive them too.
- Provide more funding and easier access to the Household Support Fund.
- Be prepared to deliver wider support payments such as an improved Energy Bills Support Scheme and a more generous Energy Price Guarantee to ensure those struggling financially but still missing out on welfare benefits are adequately supported this winter.



Spent savings

The astronomical energy costs of last winter and the ongoing cost of living crisis have devastated older people's finances – leaving them in a perilous state heading into another difficult autumn and winter. Almost half of those who answered the survey told us that they have already spent a significant amount of their savings.

For many their pension simply hasn't been enough to cover everyday essentials such as energy and

food bills and they've had to dip into their savings. For others, health conditions or disability forced them to keep the heating on over the winter, despite the terrifying financial impact.

Now, older people tell us they are struggling with nothing left to cut back on and their savings are dwindling away. The result is that many are scared about affording any unexpected costs. And they are dreading this coming winter.

"I have to cut down on so many things including food shopping and electricity; I have a gas prepayment meter. No Christmas presents for family members including my grandchildren. It will not be a good winter at all."

Anonymous, 72

"I've worked very hard through my life in the haulage... only retiring at 70 to save a little to support my pension, only to have it snatched away prematurely. I'm worried that if I live much longer, I will go into debt. Is that any way for us older ones to finish the later part of our lives when I worked from 15 to over 70?"

Paul, 73

"My wife and I are in our 80s and have a choice to either heat or eat. We cannot afford anything else."

Anonymous

"Due to the constant pressure on finances, I ended up in hospital last winter with a serious lung condition that was likely to have been avoided had I been able to keep my house a bit warmer."

Peter, 68

"I'm chronically disabled and have very little by way of savings but I have had to spend most of what little I have to keep me warm this past year. I can probably only manage one more winter without freezing in my own home."

Gary, 65

"To keep up with gas and electric costs I have cut my food intake to one meal a day. At times I have had to sell items from my home to be able to use my heating."

Ray, 73

"Each month for the past year I have had to draw on savings. At the current rate I may last another year before running out."

Anonymous

"The cost of everything has added to the trauma of losing my husband & having to handle everything by myself. Rent, Mortgage, Council Tax, Heating, lighting, cooking, water etc should be classed as essentials for daily living"

Anonymous, 66

**42% of those
over 50 in Great Britain
don't think they'll be able
to save any money in the
next 12 months¹**

Debt

Those who have been getting by on a tight budget for many years are finding it will not stretch any further. As bills and prices continue to rise across the board, many older people who abhor the idea of going into debt are finding that's no longer avoidable.

A worrying number of older people have told us that they've had to turn to credit cards to make ends meet. With many on a fixed income, it is more difficult to pay off these debts and the interest rates can quickly spiral. Many simply can't see a way out.

"Being disabled and unable to work, I've used my savings. That's all gone. I've had to use credit cards to pay for things ... which added to my problems."

Anonymous

"We have used all our savings and had to take a loan out to pay our debt"

Anonymous

"I'm having to use a credit card to top up my gas and electric getting into debt I really can't afford"

Laura

"My energy bill has doubled, and I am now in debt as well having to cut back on food. At 77 years old I feel the cold but am afraid to turn the heating on. Life at the moment is hard"

Angela

"I am £1,500 in debt with my energy bills, and I cannot see a way out of it. My arthritis and polymyalgia are getting worse, plus mental health has deteriorated as I am worried constantly how I'm going to pay my bills. We have reached the point where we don't have enough money left for food."

Jean, 63

"I'm juggling with all my outgoings and high energy bills are exacerbating this. My credit card is maxed out every month so in effect I'm very much in debt and incurring interest charges because of it."

Christine, 71

"Energy debt is getting bigger and bigger despite trying to cut back on usage as much as possible."

Anonymous

**1 in 5
(3.4 million)**

people aged 50 to 69 and

1 in 12

**of over 70s in Great Britain
have had to borrow more
money or use more credit
than usual in the last month,
compared to a year ago¹**

**1.3m of
those over 50**

**in Great Britain had had
a direct debit, standing order,
or bill they have not been able
to pay in the past month¹**

No retirement

With depleted or spent savings, debt and other problems, many told us they have been forced to go back to work or delay their retirement, despite reaching state pension age. It is shocking that people who have worked hard and saved to enjoy their later life now feel robbed of their retirement.

For those with caring responsibilities or health concerns, it's even harder. But people still feel they have no choice.

No one in their 70s or 80s should be forced to go back to work because their pension isn't enough to cover the essentials.

"Every month, it seems my energy bill is going up. I am having to give up a voluntary role that I love, to return to part time paid employment. I may find that I have to increase my hours, but as I have long term health issues, I don't think I would be able to do this."

Anonymous

"Both my husband, who is now 75, and me at 71 are having to work. We cannot afford to retire."

Anonymous

"I am 81 I have started doing odd jobs to help. It makes it harder as my wife is wheelchair bound"

Ken

"It's a constant worry. My husband has had a stroke, has diabetes, heart failure and lung fibrosis so he needs to keep warm. I'm 73 and need to work 3 days a week to survive."

June, 73

"I have ... had to go back to part time work to be able to afford food."

Nina, 75

"I only have a small private pension plus state pension, so I still am working at 75 to afford to live"

Barbara, 75

"My wife is 63 so has 2.5 years to work until she qualifies for state pension. I've just qualified. We can't afford for me to retire. I had a heart attack a year ago which has affected lots. My health isn't great now."

Neil

**1.7 million
over 55s
expect to have to keep
working indefinitely²**

**400,000
people approaching
state pension age (60-65),
or another member of their
household, had recently had
to change their work habits,
for example returning to work,
working longer than expected
or delaying retirement,
in order to boost their income³**

Paying rent or a mortgage

These problems are even worse for those who are renting, especially privately, or paying a mortgage. We heard from older people doing all they can to cover their increasing rent while dealing with other growing costs. 6.8% of households with an older person (aged 60+) living in are privately rented⁴. People are terrified of being evicted, going without heat or having to come out of retirement to look for work.

The current system is placing private renters in an incredibly precarious position, and the state pension is not keeping pace with soaring rental costs. More urgently needs to be done to support the growing number of older renters, most of whom have only a meagre retirement income to live on, so they are in no position to pay more.

“I was in arrears from last year, so I didn’t put the heating on at all this winter. I was freezing, using a hot water bottle and blankets, and it created damp and mould in my rented flat, (and I have worsened asthma) and I was breathing out white breath for months.”

Anonymous

“My pension doesn’t cover my rent. The price of oil and coal has doubled. My wife (68) has had to go back [to work] so that we can meet our needs”

Anonymous

“My savings will now go down by nearly £1000 per month just for rent.”

Carole, 85

“As I live alone in privately rented accommodation, I cannot afford to retire. The house is poorly insulated with three exposed walls. As the (very old) boiler broke down and had to be replaced last year, the landlady has raised the rent by £100 per month. My last quarterly electricity bill was £179.94 - considerably more than this time last year.”

Susan, 68

“I probably will be evicted this October, because I won’t be able to afford another likely rent increase”

Anonymous

19% of over 70s and
50% of 50–69-year-olds
in Great Britain who rent
or have a mortgage are
struggling to pay it¹



As is becoming rapidly clear, the high rate of inflation is also having a disastrous impact on mortgages. 8.1% of homes lived in by an older person (aged 60+) are mortgaged⁴. The fear is that there is much worse to come for those who have been protected so far by being on a fixed rate mortgage: when it is time for them to renew, they

face substantially higher payments. One option in this situation is to extend the mortgage term, but this is potentially more difficult for older people who have less time on their side. We've already heard from older people who are at risk of losing their homes as they struggle to keep up with increased mortgage payments.

“With the significant increase in my mortgage and the fuel bills I am struggling not to get into debt.”

Roger, 75

“I no longer have any spare money & have to go into overdraft every month because of mortgage cost, food bills & energy costs”

Anonymous

“Not just energy bills, but my mortgage has risen from £323 last year to £567 this year.”

Anonymous

“I have not used my heating very much even though I have very serious health conditions (I have had a double lung transplant and am partially sighted). As a consequence, my kitchen is mouldy, and a couple of my kitchen chairs have collapsed due to damp. I am still paying a mortgage, but my energy bills and council tax now cost as much as the mortgage! The bungalow is damaged because I didn't heat the kitchen.”

Linda



Conclusions and recommendations

Over a million older households are staring down the barrel of another long, difficult year. Too many living on low and even modest incomes are being pushed into debt and being denied their retirements. And many who have retired are facing difficult financial situations with dwindling savings, leaving them little if anything to fund a comfortable standard of living later on. It's not the way any of us would want our loved one or ourselves to live our later life.

At Age UK we often hear from older people who are struggling financially but whose income is just too high to qualify them for extra cost of living payments. In addition, we know that millions are not claiming the Pension Credit which would raise their incomes and also entitle them to these invaluable extra payments. Meanwhile, many disabled or chronically sick people have higher energy and other costs which put their finances under more strain than others with similar income.

That's why we are calling on the Government to act urgently and reduce energy costs by:

- Urgently introducing a Government funded discounted energy deal (social tariff) for disabled people, unpaid carers and those on lower incomes by April 2024 at the latest.
- Offering a prepayment meter (PPM) amnesty to give all households with a PPM the opportunity to have it uninstalled and to receive adequate compensation. And permanently ban switching customers to a prepayment meter under warrant and switching smart meters to PPM mode.
- Improve funding for energy efficiency improvements to housing stock, in particular targeted towards lower income households.

Provide financial support to help people this winter:

- Expand the eligibility criteria for the Cost of Living Payments so that older people on Housing Benefit and receiving Council Tax Reduction qualify too.
- Provide more funding and easier access to the Household Support Fund.

If the Government does not provide urgent financial support to help all these people, we have no doubt that many will face incredible hardship in the months to come, which should be unacceptable in twenty first century Britain.

What's more, this is not just a short-term winter issue; the energy bill crisis has not been solved. We need a permanent solution, one that gives everyone struggling to pay their energy bills the reassurance that they will never face a 'heat or eat' dilemma again.

A Government funded energy social tariff that supports not just those on means tested benefits but everyone in or at risk of fuel poverty would make a huge difference to those missing out on financial support at the moment. This discounted energy deal would provide relief to older people, like those in this report, and stop many being forced back to work or pushed into debt.

- Be prepared to deliver wider support payments such as an improved Energy Bills Support Scheme and a more generous Energy Price Guarantee to ensure those struggling financially but still missing out on welfare benefits are adequately supported this winter.

Ensure people's incomes are enough to cover the essentials:

- Increase the basic rate of Universal Credit so people in the run-up to their state pension age can afford the essentials such as food, household bills and travel costs.
- Maintain the pension triple lock and benefit uprating to help maintain living standards in retirement.
- Ensure that more people receive the benefits for which they are eligible, especially Pension Credit.



Information and Advice

If you're struggling to keep warm, or know an older person who is, Age UK is here to help. We provide vital information and advice services on a local and national level to support older people to claim entitlements that help with their bills.

We encourage you to share our free advice line with anyone in need of support. **Lines are open 8am-7pm, 365 days a year, on 0800 169 65 65.**

For more helpful information, please visit our advice pages or to find services in your area, go to our website. To access Age UK information guides and factsheets, please visit <https://www.ageuk.org.uk/services/information-advice/guides-and-factsheets/>.

References

1. Office for National Statistics. 2nd June 2023. *Public opinion and social trends, Great Britain: household finances. 17 to 29 May 2023 edition of this dataset*. Accessed 6th June 2023. Available at <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/datasets/publicopinionsandsocialtrendsgreatbritainhouseholdfinances>
2. Legal & General. December 2022. *2.5 million plan to delay retirement due to cost-of-living crisis*. [press release]. [Accessed 13th June 2023], Available at <https://group.legalandgeneral.com/en/newsroom/press-releases/2-5-million-plan-to-delay-retirement-due-to-cost-of-living-crisis>. Figures based on online polling carried out by Opinion Research, amongst 2,003 UK adults aged 55+ who are still in work between the 8-17 November 2022.
3. Online and CATI survey conducted by Opinium on behalf of Age UK between 2nd and 30th January 2023 (2,700 adults aged 60+). Sample is Great Britain only and weighted to be nationally representative of the 60+ GB population.
4. Age UK analysis of the English Housing Survey, 2020. <https://www.gov.uk/government/collections/english-housing-survey>

About Age UK

Age UK is the country's largest charity dedicated to helping everyone make the most of later life. Our vision is to make the UK a great place to grow older. Our ambition is that all 11.8 million older people across the UK can:

- Have enough money to live without the fear of poverty in later life
- Enjoy life and feel well
- Receive high quality health and care
- Be comfortable and secure at home
- Feel valued and able to participate

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