

## Parliamentary Briefing

### Spring Statement 2022

#### Introduction

At Age UK, we are increasingly concerned by the rising cost of living for older people on low and modest incomes. Older people contact us every day to say they are taking as many steps as they can to cut back on their spending, but that they simply do not know how they will find the money to live a decent life in the current climate. The Chancellor's decisions in the Spring Statement and his Autumn Budget will be crucial in determining the quality of life older people can hope to have in the next few years.

#### **In response to the Spring Statement, Caroline Abrahams, Charity Director at Age UK said:**

**“We’re pleased our call to double the value of the Household Support Fund has been heeded but as that was the only announcement that helps older people on low and modest incomes - unless they are drivers - we don’t think the Chancellor has gone far enough today. Older people tell us that every time they go shopping the prices seem to have gone up again, and that’s really tough to manage if you’re reliant on a meagre Pension. Unfortunately, for older people like these, and younger ones on low incomes too, the next few months threaten to be extremely stressful, as they struggle to continue to make ends meet.”**

#### **New policy announcements**

##### **Cost of living**

##### **Energy**

The Chancellor's Spring Statement has fallen far short of what is needed to help those struggling with their energy bills. Household energy prices are rising by an average of 54% from April 1st and are expected to rise further in the autumn – potentially reaching an average of £3,000 or more from October. Analysis from Age UK shows that this cost pressure will disproportionately impact older households on the lowest incomes. Our analysis shows:

- 3.3 million older households will be experiencing fuel stress from April, spending over 10% of their post-tax income on energy bills
- Older households currently spend an average of 6% of their after-tax income on energy bills, but this is set to rise to 9% from April
- Those on the lowest incomes will be spending far more – almost a fifth of their post-tax income.

The lack of targeted support to fully mitigate April's price increases is a devastating blow for the millions of older people facing poverty this year.

While it is positive that the Government have heeded our calls to double the Household Support Fund (HSF), this funding can only support a limited number of people and is spread across a range of essential household costs. Temporarily exempting VAT on energy saving measures, such as solar panels and heat pumps, will support essential improvements to the UK's housing stock – ultimately

reducing our energy consumption and bills. But older people on the lowest incomes still face significant barriers to accessing funding for household retrofits and many of the benefits of improved energy efficiency will not be felt in the short-term.

### **What Age UK would like to see**

Age UK is calling on the Government to rethink its strategy and provide comprehensive targeted support. The Government should:

- £500 direct payments should be made to those most in need to mitigate the impact of April's price increase.
- This £500 should be distributed using the eligibility criteria for Cold Weather Payment to support benefit recipients on the lowest incomes.
- The Government must also do everything it can to ensure everyone eligible for benefits, particularly Pension Credit, can access their entitlement.
- Longer term, the Government must consult on the introduction of improved social tariffs into the energy market and should legislate for the extension of the energy price cap.

### **Triple lock and benefits uprating**

Inflation hit 6.2% in February 2022 and is set to rise further, yet the State Pension and benefits are only due to rise by 3.1% in April. The Government made the decision to suspend the triple lock last autumn but since then the price of energy and other essential costs have soared. It is difficult to see how older people who get all, or most, of their income from the State Pension and benefits will be able manage. While the increase in the Household Support Fund will provide relief for some, we are extremely concerned and disappointed that nothing has been announced to ensure increases in State Pensions and benefits more closely reflect the increases in costs people will be facing.

### **Age UK would like to see:**

- The triple lock reinstated in order to maintain and, in some years improve, the value of the State Pension over time to help current and future pensioners on low and modest incomes.
- In the meantime the Government should increase State Pensions and benefits in April in line with the expected rate of inflation which could be at least 7% by then.

### **Get in touch**

If you have any questions or would like to meet to discuss anything mentioned in our briefing, please contact, Roshni Mistry, Senior Public Affairs Officer, at [roshni.mistry@ageuk.org.uk](mailto:roshni.mistry@ageuk.org.uk).