

## Parliamentary Briefing

# The Energy Crisis and supporting older people this winter

October 2021

### Background

Energy bills have been rising rapidly. In response to rising prices, earlier this year Ofgem, increased the energy price cap from 1 October 2021. The average default tariff bill will go up by £139 per year. 15 million households will now be paying more for their energy and many more will do so when their fixed rate deals expire over the next few months. The October price increase will result in an additional 488,000 households in fuel poverty, taking the total to 4.1 million homes (17% of all households). The End Fuel Poverty Coalition, estimate that if prices continue to rise at such a steep rate, then the next price cap (implemented from 1 April 2022) may increase by as much as 29%, bringing average bills up to £1,644. This could result in an extra 1.1 million households entering fuel poverty.

**An estimated 5.3 million or 22% of English households could be in fuel poverty from 1 April 2022, the Government need to take immediate action to prevent this becoming a reality.**

### Age UK's position

With winter rapidly approaching, we must ensure that protections are in place to support those struggling to pay and those most impacted by the cold. Longer term, we need to see greater investment in energy efficiency programmes which provide heat pumps and insulation to those in the coldest homes. This investment will help lower bills, reduce the burden on the NHS, and protect people against any future surges in fuel costs. But in the shorter term the Government needs to step in and provide additional support.

### 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 4%, 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 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.

## **What Age UK wants to see**

Age UK would like to see the Government implement the following policies to make sure older people can manage the unprecedented increase in energy prices.

- The Government have announced £500million in new grants through the Household Support Fund. As we move into the winter months the Government must monitor distribution of these grants to ensure low income and fuel poor older people are supported. The Household Support Fund alone will not be enough to safeguard low income and fuel poor households this winter.
- The Government should temporarily suspend the 5% VAT on household energy bills. Cutting this rate or scrapping it altogether could provide some relief for consumers. The Government should ensure that any benefits to a cut in rates would be passed onto consumers and not absorbed by energy suppliers.
- The Government's proposals for a £125m spending increase for the Warm Home Discount (WHD) from winter 2022 should be brought forward to this year. Additional emergency funding could be allocated to the WHD's Industry Initiatives, which support some of the most vulnerable fuel poor households with energy advice, benefit checks, and debt relief.
- With increasing numbers of suppliers going bust, the Government should step in and act as a backstop for consumers. This would include acting as the guarantor for any WHD or Energy Company Obligation (ECO) commitments which have been missed due to supplier failure.
- Energy suppliers have a duty to support those struggling with bills and debt and give them more time to pay. Some of their most vulnerable customers are enrolled on the Priority Service Register (PSR) - around 24% of gas and electric accounts. To safeguard vulnerable consumers, the Government should guarantee support for those on the PSR in the event of their supplier failing. Alongside the Household Support Fund administered by local authorities, this would ensure a twin approach to effectively targeting those most in need of support.
- With more than 4 million people already behind on their household bills, wider debt write-off schemes could also provide much needed relief for many households.

## **Get in touch with us**

If you have any questions or would like to meet to discuss how we can work together please contact Roshni Mistry, Senior Public Affairs Officer, at [roshni.mistry@ageuk.org.uk](mailto:roshni.mistry@ageuk.org.uk).