Keeping the lights on: The case for an energy social tariff

Discounted bills so older people can keep warm and well at home

Contents

1. Introduction

Introduction

Cost-of-living pressures have stretched household finances to the brink, with millions facing the bleak reality that no matter what they cut back on their budgets simply won't cover the day-to-day essentials. Older people on lower incomes are increasingly finding it difficult to fund their food, fuel, and housing costs. Spiralling energy bills have hit them particularly hard, forcing many to turn off their boilers and keep the lights off.

Only a fundamental shift in attitudes towards energy – viewing it more as an essential right than a commodity – will stave off this crisis and curtail future price swings from once again devastating the finances of those least able to pay.

That's why Age UK has been calling on the Government to set a higher ambition for the retail energy market, advocating the introduction of a discount energy tariff for those in greatest need. This social tariff would ensure that future energy price rises will prove far more manageable for those struggling to make ends meet. With both the Government[1] and the head of the energy market regulator, Ofgem[2], publicly backing a review of the options for an energy social tariff we wanted to give a detailed account of what this tariff should look like and how it would benefit older consumers.

Typical annual energy bills will hit £3,000 per year from April, a 20% increase on today's prices, where a typical bill is around £2,500 a year. This is a truly staggering figure – representing the highest price to consumers since the energy price crisis began in 2021. While prices are expected to gradually begin falling later this year[3] longer-term predictions suggest they are unlikely to fall substantially until 2026 at the earliest[4]. These unmanageable energy prices have proved even more difficult to cope with because of broader cost pressures, with the latest figures showing that overall inflation is running at 10.1% for the year up to January 2023[5].

The consequences for older people on lower incomes have been devastating. Our estimates[6] show that energy bill costs have left around three-in-ten (29%) older households in England in fuel poverty, spending 10% or more of their post-tax income on energy bills to maintain an adequate standard of warmth. This is up from around one in ten (10%) only last year. Concerns about the knock-on impact of living in a cold home on wellbeing and the ability to pay for other essentials like food have become recurring concerns[7].

This policy report serves two purposes. Firstly, through cutting edge time-series data and personal accounts it makes the case for an energy social tariff by shedding light on the impossible decisions some older people are now routinely forced to make. Secondly, it sets out all the fundamental design features of an energy social tariff and how to implement it by 2024 – outlining who would be eligible, the delivery method, how much it would cost, and who should pay for it. This includes a comprehensive discussion of how the tariff would interact with energy debt, prepayment meters (PPMs), net zero, homes off the gas grid, and people who might otherwise miss out (e.g. care home and park home residents).

2. Policy Recommendations

Policy Recommendations

- An energy social tariff which discounts energy bills for those most in need, automatically enrols eligible households, and is mandatory for all suppliers while ensuring the tariff compliments existing consumer support, should be introduced.
- A discount of 50% off the typical annual energy bill should be delivered by the social tariff, with funding provided directly out of Government expenditure as a progressive way of meeting the costs and to avoid placing an undue burden on non-eligible bill payers.
- Alongside recipients of means tested benefits, disability benefits, and Carer's Allowance, the social tariff must also use improved data matching and include a flexible support element to provide equal support for people at risk of fuel poverty who lack access to the benefits system.
- Those reliant on alternative fuels (e.g. oil, coal, bottled gas) must also be able to access equivalent financial support from the social tariff.
- The social tariff should be complemented by household energy efficiency improvements and greater Energy Company Obligation ECO+ funding will be key. Government should provide £1bn per annum and extend the scheme so it lasts at least five years.
- The Home Upgrade Grant (HUG) scheme should also receive £1bn of funding per year every year until 2032, to ensure all eligible households have the opportunity to access it.
- Customers who pay for their energy via a prepayment meter (PPM) or by standard credit must receive equal benefits from the social tariff to Direct Debit customers.
- Consumers using a PPM or standard credit to pay for their energy bills are generally charged a higher rate than Direct Debit customers – social tariff reforms must include Ofgem equalising these costs across payment types.
- Households receiving social tariff support should be exempt from paying standing charge costs, with these covered directly by social tariff funding instead.
- In recent months unsustainable levels of arrears and self-disconnections have built up – support should be provided by the Government and suppliers in the form of payment matching and debt write-off schemes. A social tariff would have helped to alleviate these difficulties.
- The Government also needs to end the commercial supply trap and bring all residential customers, regardless of how they pay for energy, within Ofgem's regulatory framework and extend social tariff protections to them – including care homes, park homes, heat network users, and households paying for their energy via their rent.

3. Research Findings

Age UK conducted two waves of research into the impact of the cost-of-living crisis on older households and how they relate to the ongoing issues older people face in the energy market, with the first wave taking place in September 2022 and the second in January 2023. This evidence of now commonplace issues, such as cutting back on heating and older people feeling too cold in their own homes, provides compelling evidence of the need for a radical rethink of energy support, especially the introduction of a social tariff.

Throughout this and subsequent sections of the report we have, with their permission, incorporated the stories of older people[8] and their experiences in the energy market wherever we can. Alongside our data outlining the challenges they face, details of the struggles they encounter told in their own words shine a powerful light on the devastating impact on them of this cost-of-living crisis.

When the first wave of our polling was conducted in September the typical annual energy bill was around £1,971[9] and inflation was running at 10.1% for the year up to September 2022[10]. By the time of the January wave the underlying price of energy had almost doubled, but the impact of the Energy Price Guarantee (EPG) meant the typical bill was around £2,500[11]. Overall inflation was again running at 10.1% for the year up to January 2023[12].

Results from this study show a continued sense of emotional distress, foreboding, and a consistent desire for further Government support. The biggest changes from September to January were an increase in the number of older people leaving their homes to seek shelter from the cold as well as a much higher proportion reporting that their home was mostly or always too cold – perhaps unsurprising given the survey was conducted in January but certainly revealing of the true nature of older people's circumstances when temperatures drop.

(Anonymous, Age 60+): "For too long there has been reluctance to treat the elderly fairly and with respect. Most of us have contributed financially and personally to the development of our country for a very long time. It is heart-breaking to endure the penny pinching extremes that we have been driven to over the last few years in particular. Turning the heating off, economising in every way, food, energy, fuel and still watching our quality-of-life decline. I was a headteacher professionally, my husband an accountant. We naively thought that our golden years would be a version of that at the very least. Instead of which, we feel of little relevance and are watching every penny, dreading utility and food bills with increasing concern".

One consistent theme was overwhelming majority support for Government action. Between September and January the specific type of support older people sought did vary marginally, but the key theme remained – the vast majority of older people want to see action to ensure the worst impacts of the cost-of-living crisis are addressed and to avoid any recurrence. Below we discuss these research findings in detail. We also provide some wider context, including supplying the latest age sensitive data on payment types and use of alternative fuels (e.g. oil, coal, bottled gas).

How do older people pay for their energy?

For those paying their electricity or gas bill to a registered supplier via a meter point there are three main methods of payment. The first is Direct Debit, which generally involves an authorised automatic bank transfer from the customer's account, which can often be based on estimated bills. The second, is via prepayment meter (PPM) which is pay-as-you-go energy, with customers topping up their meter prior to accessing their energy. Finally, there is standard credit which is generally where a customer pays on receipt of a bill for the electricity and gas they have already used. Many electricity and gas customers pay separately for these two fuels. As a result, the statistics in this section relate to the payment type used to pay for central heating.

While most older households (85.5%) pay with Direct Debit, there are many others who use other payment methods. Around 6.8% of older households pay by standard credit, a similar proportion to younger households (4.8%), while older households are less likely to be paying by PPM (6.0% compared to 13.2% of younger households). In subsequent sections we provide more detail on the respective issues with these payment types and propose solutions which are necessary to ensure successful implementation of the social tariff.

Figure 1: Estimated number of households in the UK (2020/21) by gas & electricity payment type by age of oldest resident.

	Under 60	60 – 74	75+
Direct debit	12,100,000	5,000,000	3,500,000
Standard credit	730,000	440,000	240,000
Prepayment meter	2,000,000	500,000	100,000
Other	360,000	120,000	40,000

Note: Figures rounded. Payment type for electricity and mains gas use for households in the UK; payment type for use of alternative fuel (e.g. oil, bottled gas) not included due to data restrictions. Source: Age UK analysis of Living Costs and Food Survey 2020-2021 [DOI: 10.5255/UKDA-SN-9022-1].

Recent reports of malpractice by suppliers when installing PPMs have meant that understanding how many older people rely on these meters to pay for their heating has never been more important. While we do not have up to date statistics broken down by age the latest figures available (2020/21) show that 600,000 households containing someone aged 60 or older rely on a PPM to pay for their central heating.

We are aware that the energy price crisis has resulted in an increasing number of PPMs being installed. Up until relatively recently around 10,000 were being fitted every month with an estimated 4.5 million homes now using a PPM across the UK[13]. This means our estimates may understate the number as they come from the latest age sensitive data available (2020/21). As a result, we have provided the proportion of PPM users who are in each age group in the appendix – these figures could be used to roughly scale up to today's proportions[14].

What fuel do older people use to heat their homes?

Gas and electricity price rises have been grabbing headlines since 2021 but a large proportion of older households also rely on alternative fuels for their central heating. These fuels include oil, coal, and bottled gas. Around a million older households use these and wider alternatives to mains gas and electricity to heat their homes[15] and they disproportionately live in rural areas.

(Chantal, age 60+): "I live in a small Welsh village and need my car. The petrol price increase is worrying me, and I only use my car for food shopping or appointments. Heating oil is also my great worry since in my village there is no gas".

(Martin, age 80): "Living in a rural area the buses are useless, a car is essential and fuel costs are rising. Heating oil is getting more expensive and electricity is becoming more costly. Also, everyday expenses are increasing..."

A further 400,000 older households have no central heating[16]. This makes it very difficult for them to stay warm during the winter months, with potentially serious consequences for their health and wellbeing. Many of these older households regularly use warm banks or venture out to public buildings to stay warm.

Figure 2: Estimated number of households in England (2020/21) by central heating fuel type by age of oldest resident.

	Under 60	60 – 74	75+
Mains gas	13,900,000	5,700,000	3,500,000
Electricity	1,340,000	430,000	410,000
Oil	650,000	490,000	340,000
Solid fuel (e.g. coal)	50,000	50,000	20,000
Solid and Oil	50,000	20,000	10,000
Other	140,000	80,000	50,000
None / no central heating	620,000	270,000	130,000

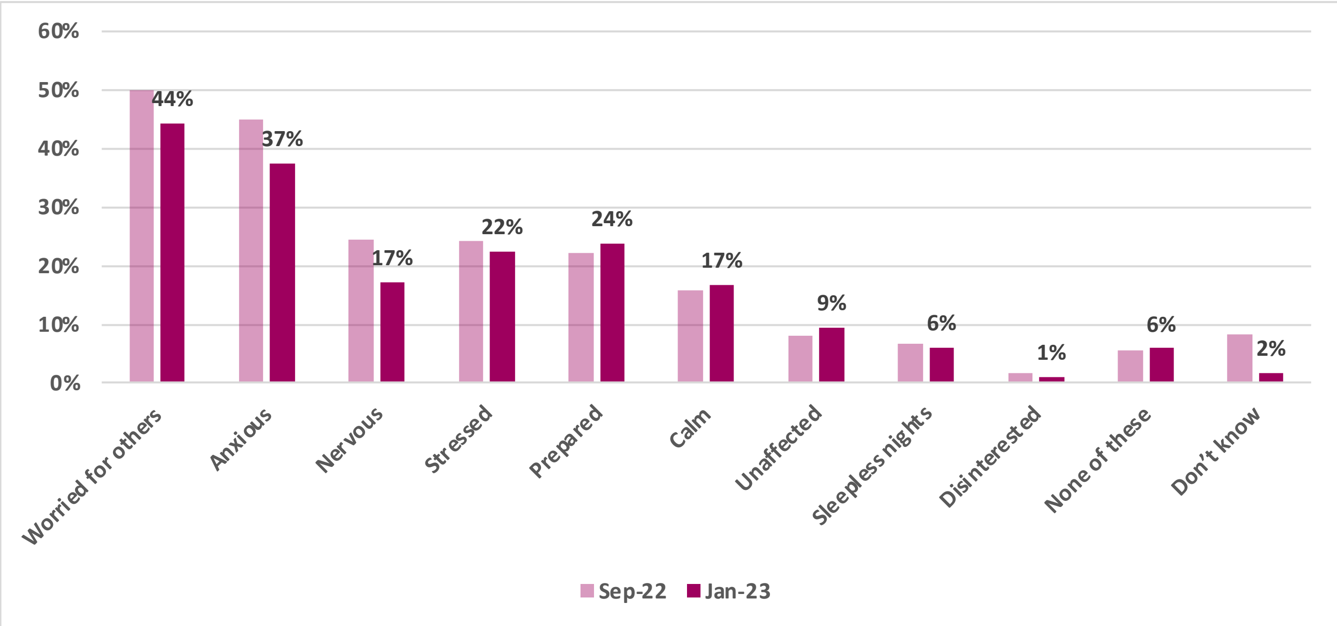
Note: Figures rounded. Source: Age UK analysis of Living Costs and Food Survey 2020-2021 [DOI: 10.5255/UKDA-SN-9022-1].

What impact have energy prices had on older peoples' wellbeing?

In September 2022 we asked a representative sample (Great Britain) of 1,402 people aged 60+ a series of questions about how they felt about energy prices. We then repeated these questions to a second representative sample (Great Britain) in January 2023 (2,700 people aged 60+). Figure 3 displays the results.

Anxiety, stress, nervousness, and concern for others were common themes reported by respondents. As figure 3 shows, these concerns did marginally dissipate in January. We think there are two main reasons for this. Firstly, in September there was still a lot of uncertainty surrounding Government support and when it would be delivered, and discussion of the Government potentially suspending or abolishing the pensions 'triple lock'. By January Government support, including the Energy Bills Support Scheme (EBSS) and Energy Price Guarantee (EPG), had begun to impact most consumer energy bills and the triple lock was confirmed for 2023. Secondly, while temperatures were lower and prices were higher in January, many older people may have felt more optimistic than in September because there was a sense that they had got through the autumn and festive period. In contrast, from the perspective of last September the prospect of the upcoming winter loomed large for those struggling.

Figure 3: 'Thinking about energy prices at the moment, which, if any, of the following explain how you are currently feeling?'.



Multiple choice. Source: Online and CATI survey conducted by Opinium on behalf of Age UK between 2nd - 20th September 2022 (1,402 adults aged 60+) and repeated 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.

Nevertheless, well over a third (37%) of older people reported feeling anxious about energy prices in January. 6%, or around 1 million[17], older people also reported being unable to sleep at night because of energy prices. Sleepless nights and severe stress have been common themes throughout this crisis and this data only reinforces the sheer scale of the issue.

What impact has this had on their health and ability to pay the bills?

Respondents were also asked about how worried they were about rising energy prices impacting their health and ability to heat their home, pay their energy bill, and afford wider essentials. The results can be found in figure 4.

Similar to the impact on wellbeing, older people's fears regarding the impact on their health and ability to cover their costs had begun to reduce in January compared to September. This drop may again be attributed to Government support.

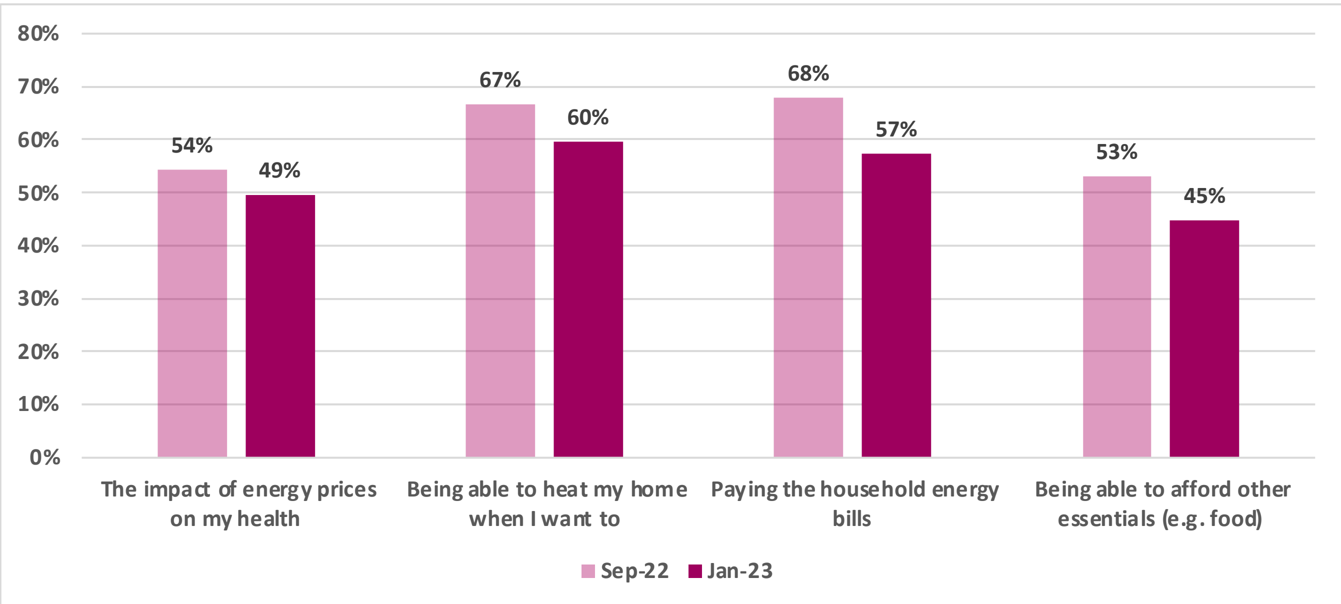
Around half (49%) of those aged 60+ are worried about the impact of energy bills on their health, with a slightly lower proportion (45%) concerned about their ability to cover the cost of wider essentials such as food.

(Helena, age 60+) "The cost of living for food and electricity/gas has risen so high I am scared to put my heating on and even my electric cooker. My children help me now as I am terminally ill and feel cold all the time, my eldest daughter sends me food parcels and money to have extra heating put on in the evenings. I have intestinal failure so my diet costs me a lot more as I have to buy extra high calorie foods, I spend most of my pension on bills like the rest of the country and I worry for the future".

(Maureen, age 72) "My mum is 92 and really worried about being cold. Last year my husband who has COPD and very little mobility and myself, with Crohn's and asthma, dare not put any heating on until lunchtime and we were very cold. I'm too worried to think about this year".

Even more concern was expressed when it came to keeping the heating on and being able to pay their energy bills. 57% were worried about paying their bill and a similarly high proportion (60%) reported worries about being able to heat their homes when they want.

Figure 4: Percentage who stated 'somewhat' or 'very worried' when asked 'thinking about energy prices at the moment, how worried, if at all, are you about each of the following?'.



Source: Online and CATI survey conducted by Opinium on behalf of Age UK between 2nd - 20th September 2022 (1,402 adults aged 60+) and repeated 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.

With all four questions roughly half of older people were somewhat or very worried, reinforcing the massive scale of trepidation amongst the older population regarding spiralling energy bills and their impact on their household finances. The 49% concerned about the impact on their health represents around 7.9 million older people fearing that their health could suffer because of spiralling energy bills.

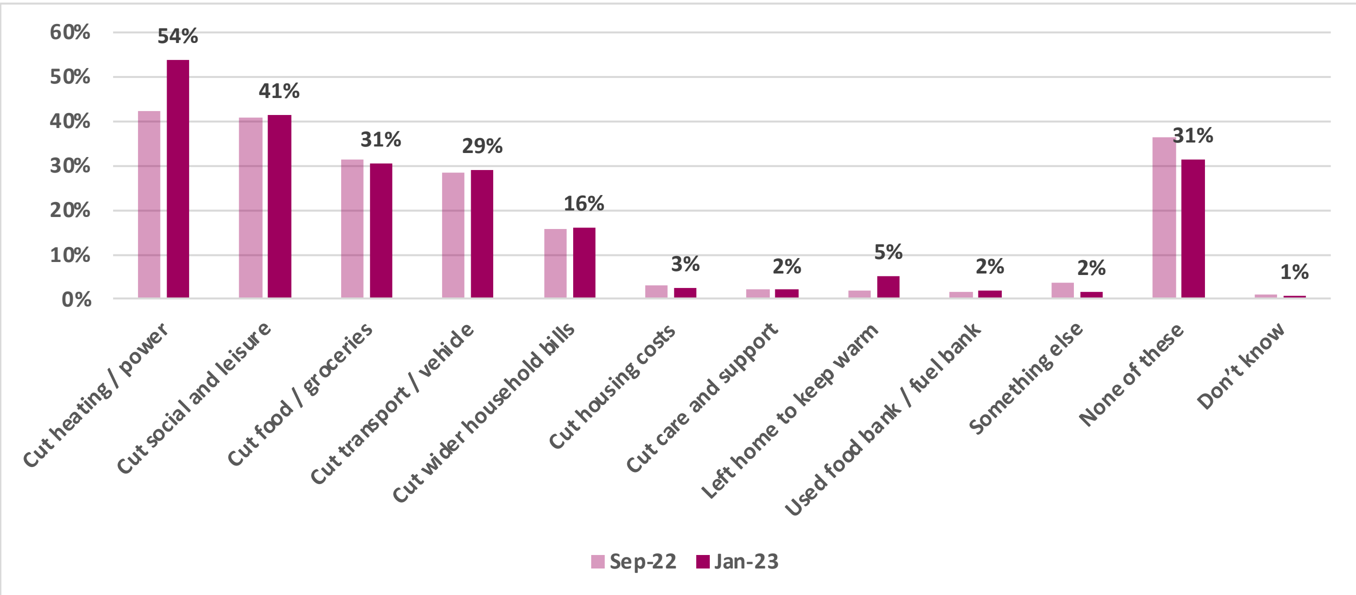
What are older people cutting back on to try and make ends meet?

Five coping strategies were consistently employed by a large proportion of older people both in September 2022 and January 2023. Consistent cutting of energy use, social and leisure activities, food and groceries, transport and vehicle costs, and wider household bills demonstrate the impact the rising cost of living has had on household finances.

(Christine, age 72): "I can't have a shower even every other day because of water prices. I can't have the food I enjoy anymore. I can't put my heating on half as much and when the winter comes I certainly won't be putting it on at all. I can't wash up more than once a day or vacuum more than once a week. I can't actually cut back anymore".

While most of these coping strategies remained relatively stable between September and January the proportion of older people cutting down on the amount they heat and power their homes rose considerably. In September 2022 two fifths (42%) of people aged 60+ reported making cuts to their heat and power. In January 2023 this had risen to more than half (54%).

Figure 5: Presents the results from respondents asked what recent spending cuts they have made and what else they have done to try and make ends meet recently.



Source: Online and CATI survey conducted by Opinium on behalf of Age UK between 2nd - 20th September 2022 (1,402 adults aged 60+) and repeated 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.

Social and leisure activities, crucial outlets for staving off loneliness and isolation, are often reduced when older people are faced with unmanageable financial pressures. 41% of older people report making recent cuts to these pursuits, which could include sporting activities, coffee mornings, or even days out with the family. Those reporting cuts to transport and vehicle costs (29%) face a similar issue, as we know spending less here will also reduce older people's ability to visit relatives and attend essential hospital and GP appointments. Longer term, the cuts to these activities will only further harm older peoples' feelings of engagement and connection with their friends, family, neighbours, and wider society, and will potentially increase the number of people who feel lonely.

Almost a third (31%) of older people, equivalent to 5 million people aged 60+, also report cutting back on food and grocery expenses. This is not only detrimental to people's lifestyles, but in the worst cases can lead to longer term malnutrition which can exacerbate existing health conditions and worsen someone's overall health and wellbeing. We know from speaking to older people that these cutbacks often started as removing simple treats like biscuits, but after more than a year of spiralling energy prices and inflation they are increasingly being made to staples like bread, milk, eggs, and rice too.

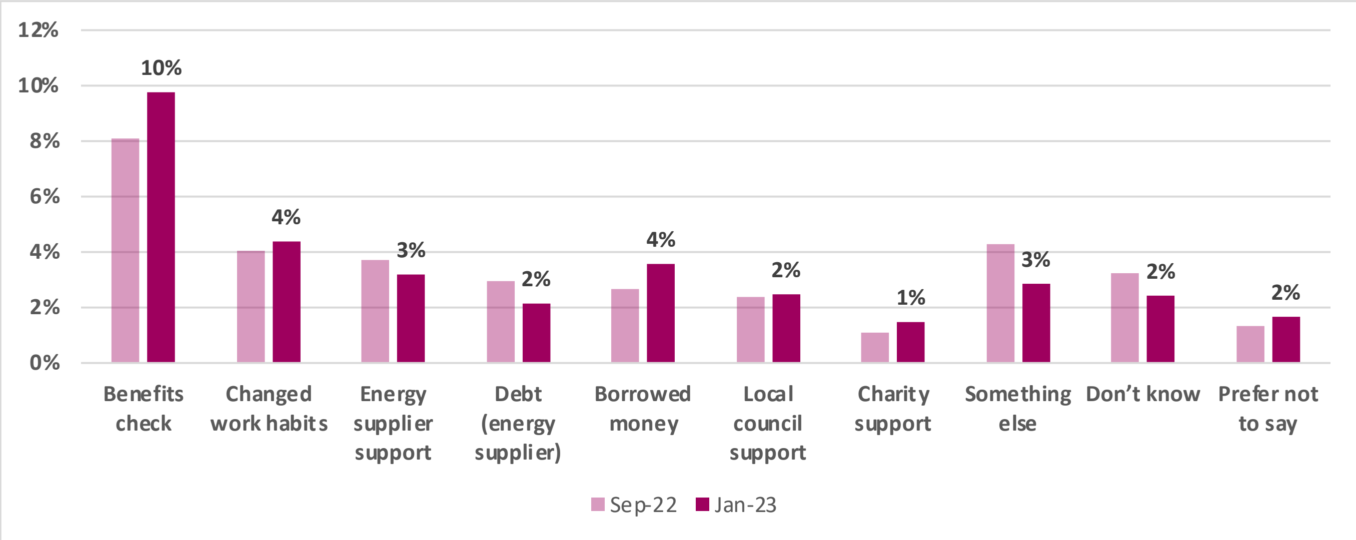
(Lynda, age 60+) "Food bills have risen by 10%, consequently I am cutting down, have cut out luxury items, if you can call a bar of chocolate luxury, and am buying supermarket cheaper branded items. I have a dog for company because I am isolated by a chronic pain condition and I am terrified I will have to let her go because in the last 6 months the cost of her food has risen from £9.50 for 24 cans to £16.00".

Expenditure on other utilities – which may include water, telephone, internet, and service providers (e.g. insurance) – is also being cut with around 1 in 6 (16%) reporting reductions here. The knock-on impact of this cost-of-living crisis on debt and ability to pay for a wide range of essentials will likely be felt for years to come.

Have older people been trying to boost their income?

Many older people have worked all their lives to try and enjoy retirement, only to be forced to consider returning to the labour market or get access to the benefits system to make ends meet. As part of this research we wanted to know how many older people are changing their work habits and understand what other decisions they are making to try and boost their earnings. In the surveys we asked the question; 'some households are also having to find ways to increase their income. Which, if any, of the following have you or a member of your household had to do recently?'. The results can be seen in figure 6.

Figure 6: Presents the results from respondents asked what they have done recently to boost their income or where they have gone to seek support.



Source: Online and CATI survey conducted by Opinium on behalf of Age UK between 2nd - 20th September 2022 (1,402 adults aged 60+) and repeated 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.

Around 1 in 10 (10%) older people had recently conducted a benefits check to see if they might be entitled to welfare support from the Government. This reflects how many are struggling to get by on their income or State Pension alone. Many of the Government's recent extraordinary payments to help alleviate the impact of the cost-of-living are also linked to receipt of means tested or disability benefits. This may have contributed to the sheer number of older people assessing their entitlement and it is in many ways welcome, since these benefits are under claimed.

Around half a million (4%) older people have recently changed their work habits. This includes returning to the workforce or delaying their retirement. While the data shows this is far more common amongst those below state pension age (9%) there are still some of state pensionable age who are making this difficult decision (3%).

(Ron, age 80): "We are in a frightening dilemma. Our expenditure is rising to the point where it exceeds our income. We were in the position where we had a little disposable income left at the end of the month that paid for little outings such as a visit to the cinema or a fish supper in the local restaurant. With rising costs this spare money has already been eroded, energy costs being the biggest culprit with food prices running a close second. We are having to cut back wherever we can. We are a little hesitant in using the central heating as gas is getting so very expensive. We have our cardigans and little blankets to use whilst watching television".

3% of older people have recently sought support from their energy supplier and 2% have recently gone into debt with their supplier, representing around 500,000 and 300,000 older people respectively[18]. Crucially, the framing of this question as 'recently' means many of these people will have been seeking support in a relatively short period of time, which only reinforces the importance of energy suppliers having well trained advisors who are prepared to support high volumes of consumers at risk of fuel poverty.

Are older people struggling to stay warm at home?

Perhaps the most devastating results to come out of our research relate to the sheer number of older people who report being cold in their homes. Some also report seeking shelter from lower temperatures in public buildings or at newly established warm banks up and down the country.

In September and January, we asked older people how often their home is too cold[19]. In September, with temperatures milder, 14% of people aged 60+ reported this to be the case most or all of the time[20]. By January, as temperatures had dropped, this had more than doubled to 29%[21]. This represents around 4.7 million older people struggling to keep warm in their own home.

When asked in January, 5% of older people also reported that they had had to recently leave their home to keep warm[22]. That's around 800,000 older people who left their homes and made use of public spaces, which could include public buildings, shopping centres, or seeking shelter in a newly established warm bank, or using public transport for the same reason.

What action do older people want to see from the Government?

While we have thus far focused on the scale of the issues older people face, there are solutions that can help those who are struggling the most and go a long way towards addressing the challenges of fuel poverty. Our polling in September and January included a question on five policy options we have developed in collaboration with older people and our network of local Age UKs. The results can be found in figure 7.

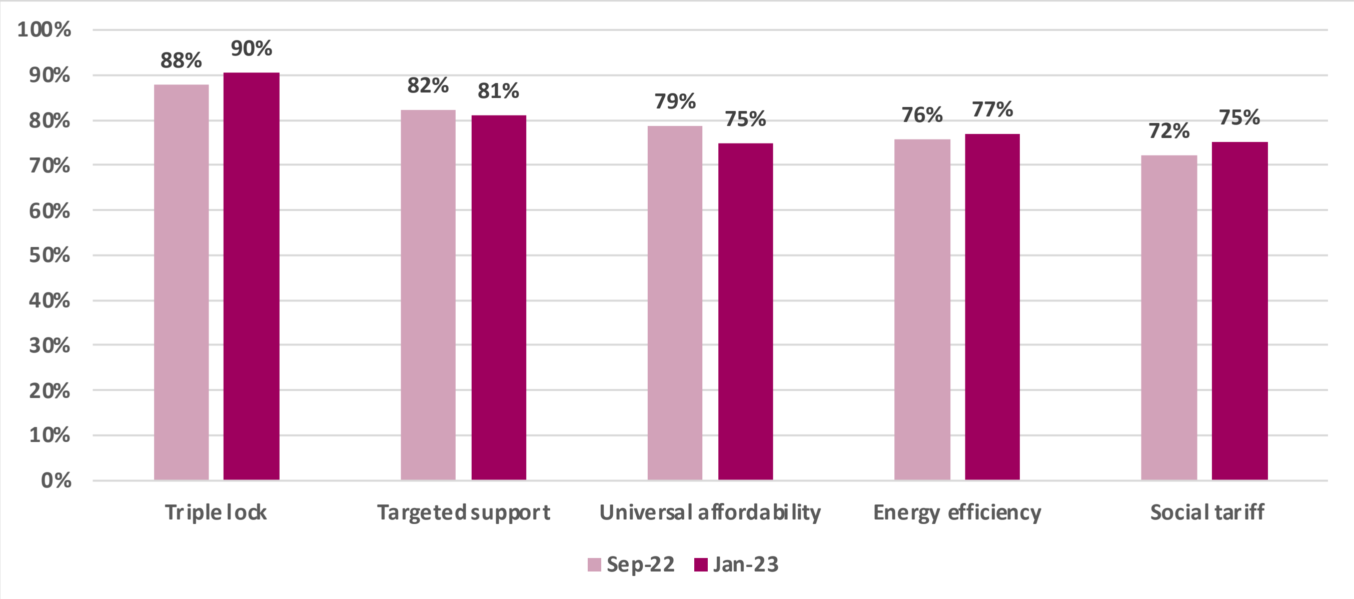
It is rare to receive near universal support for any policy intervention but in January 90% of older people said the Government should keep the 'triple lock'. This would mean the State Pension would increase in line with price inflation, increases in earnings, or 2.5% - whichever is highest. While the Government has committed to the triple lock this year there has been speculation about the future of the policy and periodic threats to axe it throughout the cost-of-living crisis. The lock was also suspended in September 2021, so ensuring it continues longer term is front of mind for many. Age UK believes that all political parties should commit to maintaining the triple lock in their manifestos for the next election.

The subsequent two questions were designed to assess if older people wanted to see additional support to ensure everyone can afford their bills or targeted support (aimed at helping households at greater risk of poverty). As we have argued elsewhere[23], each approach has its respective part to play in addressing unsustainable energy bills. The EPG and Energy Bills Support Scheme (EBSS) are designed to support everyone, and there is no doubt that they have provided badly needed relief this winter. Crucially, because they are designed to be universal, people who are missing out on their benefits entitlement are not excluded. At the same time, support aimed at all households is generally more expensive for the Government and therefore often less generous. Our argument is that targeted help via a social tariff would be better at supporting those in greatest need but only when eligibility criteria encompass all those at risk of poverty or the cold, rather than excluding certain groups (e.g. those missing out on their benefits entitlement).

The latest results (see figure 7) show that there is marginally more support for targeted measures (81%) amongst the older population than measures to ensure everyone can afford their bills (75%), referred to as 'universal affordability' below. Interestingly, support for targeted measures has remained relatively steady, whereas support for measures designed to help everyone afford their bills has dropped slightly since

September. This may reflect the fact that the EPG and EBSS started to reduce most consumer bills over the winter. Above all though, both results show that most older people want to see additional support from the Government.

Figure 7: Proportions of respondents who agreed with five statements relating to policy options[24].



Source: Online and CATI survey conducted by Opinium on behalf of Age UK between 2nd - 20th September 2022 (1,402 adults aged 60+) and repeated 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.

Support for improved Government funding so those on lower incomes can access household energy efficiency improvements (e.g. insulation, double glazing) was substantial. 77% of older people supported this measure in January 2023 with similar levels (76%) supporting it in September last year. We cannot emphasise enough how important improvements to the housing stock are for preventing a future energy price crisis. We discuss this and how it will tie in with our social tariff proposal in greater detail in the section on ‘a net zero social tariff’ later in this report.

Finally, Age UK’s flagship energy social tariff policy received majority support from the older population. Although social tariffs are less well known, an energy social tariff (described to respondents as a discounted energy bill tariff for people on lower incomes) still had similar levels of support amongst the older population as the wider measures proposed – with 75% supporting its introduction. Support for the social tariff also increased the most of all of the policy options between September and January, suggesting that more older people may be becoming aware of the benefits the tariff could provide.

4. Energy social tariff

Price increases since 2021 have highlighted how quickly an essential commodity such as energy can become completely unaffordable and push vulnerable households into difficult spending decisions, for example about which essentials to cut back on to make ends meet. This can devastate the health and wellbeing of the older people at greatest risk of fuel poverty.

An energy social tariff – a discounted energy deal for those on lower incomes and with higher energy needs – represents a crucial element for ensuring that vulnerable UK households can afford to heat and power their homes at all times of the year. We think this tariff should be half the cost of the typical annual bill and targeted at those households in greatest need. This includes those living in poverty, in receipt of income-related means-tested benefits, disability benefits, or Carer's Allowance recipients, and those missing out on access to the benefits system but still vulnerable to the impact of spiralling bills.

What is a social tariff?

Social tariffs are discounted bills for essential services. They are designed to ensure that those with the least ability to pay are protected against high and increasing bills. Social tariffs have previously existed in the energy sector but were phased out from 2011 when the Government introduced the Warm Home Discount (WHD).

Social tariffs are operated in the water and telecommunications industries. However, the benefits are not being fully realised as they are poorly promoted by firms and often not well understood by consumers, while the application process may also be off-putting or inaccessible.

Water companies across the UK offer a range of different price protections. These include set percentage reductions off bills for those on the lowest incomes and bills capped at certain amounts for people claiming means-tested benefits or living with certain medical conditions. Due to the effective postcode lottery in what support someone could receive, the Consumer Council for Water has urged the Government to introduce a singular social tariff to replace the existing version[25] – a move we support.

In the telecoms sector, some communication providers offer social tariffs[26] which cap the monthly cost of landline, broadband, and mobile services. However, there is no statutory or regulatory requirements for firms to offer social tariffs to their customers and the regulator has highlighted that take up is low[27].

The big difference between these industries and energy is that the costs of providing water and communication services generally do not fluctuate significantly from year to year. As recent events have shown, energy prices can be exposed to significant volatility in wholesale markets, meaning that fixed price protections (such as benefits or cost-of-living payments) do not adequately adapt to the price being paid by consumers.

A social tariff which provides a 50% discount on energy bills for those most in need, automatically enrols eligible households, and is mandatory for all suppliers would fill this gap in provision. To ensure the tariff compliments existing provision it must also sit alongside, rather than replace, existing support like the WHD and energy price cap.

Why do we need a social tariff?

Improved consumer protections could not come at a better time for older people. Our estimates show that present prices have led to around three-in-ten (29%) older households in England being fuel stressed[28], up from around one in ten (10%) only last year[29]. Our early estimates suggest this could rise to more than half of older households after April's price increase.

The energy price crisis shows that further action is needed to protect the most vulnerable consumers from spiralling prices, beyond the short-term consumer support provided so far. As we have seen since 2021, the energy market is susceptible to dramatic price swings. One of the major benefits of a social tariff is that its discount would be proportional to the costs of supply – meaning vulnerable consumers receive a greater level of support as wholesale prices increase. The tariff would also represent a unit rate discount, meaning that higher energy users (e.g. those reliant on at home medical equipment) would receive a discount relative to the scale of their energy needs.

(Linda, age withheld): "As a pensioner on pension credit, I think a low tariff should be made for us, and people on low incomes. When cold weather comes we dare not put the heating on, we will probably die from hypothermia if we haven't died of starvation first. How can low income people pay these vastly inflated fuel bills?"

An energy social tariff is also needed to provide new ways of supporting those in fuel poverty. The current reliance of most energy related support on the welfare system as proxy eligibility criteria means some of the most vulnerable older people remain excluded. 34% of older people who are eligible for Pension Credit (770,000) miss out on their entitlement[30], rendering them ineligible for recent means tested cost-of-living payments and making access to WHD support far more difficult. More broadly, around 4 in 10 households in the poorest fifth of the population do not receive means tested benefits[31] and many people of all ages sit just above the threshold for receiving support, despite still facing significant financial strain.

Eligibility

To address this, Age UK proposes five eligibility criteria for the tariff which would cover those of all ages in greatest need while ensuring sufficient targeting to keep the costs associated with the tariff manageable. Three of these criteria are linked to welfare support and would include recipients of means tested benefits[32], disability benefits[33], and Carer's Allowance. The final two criteria are designed to help those who miss out on their benefits entitlement but are still struggling with their bills:

- Under our proposal, using improved data matching processes[34] eligibility would be extended to include all of those living in relative poverty[35]. In the absence of this improved data matching, a series of proxy eligibility criteria proposed by the Department for Energy Security and Net Zero (DESNZ) for the Energy Company Obligation[36] will be used instead[37].
- A ringfenced flexible support fund initially backed by an annual £500 million will ensure a muti-agency approach (including DESNZ, the Department for Work and Pensions (DWP), Ofgem, suppliers, installers, local authorities, health and care providers, carers, and community and voluntary organisations) is adequately funded to allow proactive identification of households struggling with their bills, who may otherwise miss out on the tariff.

Why these groups?

The groups outlined have faced the worst of the energy price crisis. They include the people of all ages at greatest risk of fuel poverty and the devastating impacts it can have on household finances and personal wellbeing. Delivering support to these consumers will go a long way to ensuring fuel poverty is comprehensively addressed.

Our January polling showed that older people on lower incomes or in receipt of means tested benefits are far more worried about the impact rising energy bills will have on their health. 62% of older people with an income of £20,000 or less report worrying about the impact of energy bills on their health, compared to just 43% of people earning over £20,000[39]. Similarly, 65% of older people in receipt of means tested benefits were worried about the health impacts, compared to 56% who were not in receipt of benefits[40].

While it is important that older age is not automatically equated with vulnerability, it is important to recognise that people in later life are more likely to have a disability or long-term health condition. The absence of Disability Living Allowance (DLA), Personal Independence Payment (PIP), and Attendance Allowance (AA) from the automatic eligibility criteria for the WHD has left many disabled people with even less support than they had in previous years. The fuel poverty rate for disabled households is also 60% higher than for households not containing a disabled resident[41] and over a third of disabled adults report that their impairment or condition has had an impact on their energy use[42]. It is therefore no surprise that older people with disabilities or long-term health conditions were more supportive of a social tariff – with our January polling showing that 79% were supportive compared to 73% who did not have a disability or long-term health condition[43]. Support was also higher amongst older carers (78%) than those without caring responsibilities (75%)[44].

(John, age 83) "My wife is disabled in her late 70's and she feels the cold so we need to have the heat on in our flat all day. We used to have it on low during the night too, which is what the Doctor recommended for my wife, but we certainly cannot afford to do that now. However, it is essential that we have heating on during the cool winter months all day. I will be 84 next month and, like my wife, I also feel the cold and I just don't know how we are going to afford to pay heating bills as our pensions have hardly increased at all over the past years".

How would a social tariff be applied?

The first step is for the Government to undertake a consultation into a new social tariff in early 2023, including listening to key stakeholders about how it should work. This will ensure there is sufficient time to put in place any necessary legislation or regulatory changes to implement the tariff by April 2024. Below we outline the key components this consultation must commit to in order to deliver a social tariff which is acceptable to older people and that avoids the pitfalls of existing consumer support.

We believe that in order for it to deliver effective support to those who need it the most, a new social tariff must be mandatory for all suppliers. This will ensure fair provision for consumers, regardless of who their supplier is.

It is also essential that a new social tariff sits alongside existing consumer support. This must include the WHD, price cap, Cold Weather Payment, and Winter Fuel Payment. Each of these policies perform a unique and separate function from the social tariff and should be maintained alongside this new price protection.

Using the precedent of the Government's proposed opt-in and opt-out switching mechanisms[45], it is feasible and necessary that the social tariff entails automatic enrolment. Combined with the improved data matching processes referred to in the previous section the Government could achieve automatic enrolment. This would help to maximise coverage and targeting. At Age UK we have witnessed first-hand the barriers schemes which force older people to proactively apply can create – particularly when these applications must be completed online. Improved data matching to provide a targeted and automatic social tariff would bypass the majority of these issues, while the proposed £500 million flexible fund would ensure coverage for any remaining at risk households missing out.

Critically, a social tariff must reduce the costs for eligible consumers to below the market rate. This means a tariff priced below the cost of the energy price cap. Exemptions from VAT and wider policy and other costs included on energy bills could also be used to ensure eligible consumers pay a lower price. The tariff would mean the amount you pay per unit of energy is discounted, but household bills would still go up or down depending on how much energy is used, much in the same way that Ofgem's price cap operates.

Our recommendation is that the Government sets the discounted rate for the social tariff at 50% of the energy tariff market rate, or 50% below the price cap – whichever delivers the greatest cost savings to consumers. It is imperative that the social tariff is always the cheapest tariff option for eligible consumers.

Below are further essential criteria which we believe must be included in any forthcoming consultation on implementing a social tariff:

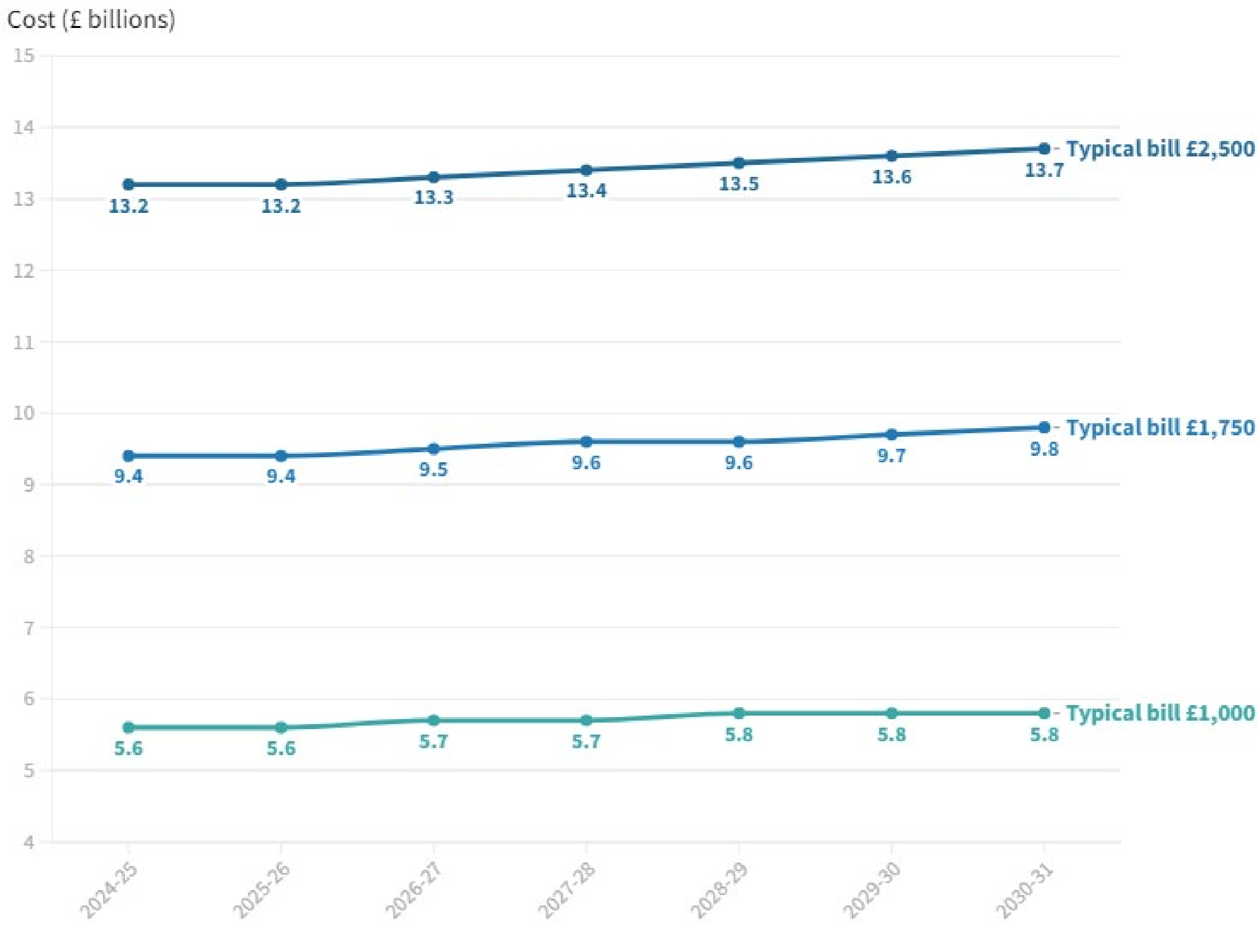
- We recommend the Government looks into eliminating standing charges for social tariff users, instead covering them directly via social tariff funding.
- The tariff should be applied to people paying by dual fuel or separately for their gas and electricity, rather than just being levied onto electricity bills. This will ensure equal access for people with disproportionate usage levels of gas or electricity.
- The Government must ensure the tariff is not just available to standard variable tariff customers but also those on fixed-tariffs. Customers switched from a fixed tariff to the social tariff should also be exempt from exit fees.
- Northern Ireland's energy market lacks many of the consumer protections Britain benefits from – implementation of the social tariff provides a crucial opportunity to correct this by extending the discounted tariff or equivalent support to Northern Ireland.

How much would a social tariff cost?

Age UK used a combination of three datasets[46] to assess how much a UK wide social tariff would cost the Government, using the above eligibility criteria. We provide estimates for a high-cost scenario (where typical annual bills are £2,500), a low-cost scenario (where typical annual bills are more in line with 2021 prices at £1,000), and for a central scenario with costs at £1,750. These scenarios are not predictions of future prices but represent what we see as viable typical annual bill costs through the 2020s.

While it is not possible to accurately predict where prices will be in April 2024 the latest price cap predictions suggest they are falling. By the end of 2023 the typical annual bill is expected to be around £2,161[47]. This is 28% less than the price consumers will be expected to pay from April this year.

Figure 8: Social tariff estimated cost (£ billions) per year based on three typical annual energy bill scenarios.



Source: Age UK analysis of Family Resource Survey 2019-20; Household Below Average Income 2019; ONS 2018-based Household projections for England. See: Estimating the cost of a Social Tariff for energy use at home. Note: These estimates do not account for the proposed standing charge exemption.

With prices trending down the implementation of the social tariff is likely to coincide with a relative normalisation of prices in 2024/25. This means prices are likely to sit somewhere between our central and low-cost scenarios. The social tariff is therefore likely to cost between £5.6 - £9.4 billion in scheme year one[48]. By scheme year seven (2030/31) this will have risen to between £5.8 - £9.8 billion, based on expected annual growth in those eligible for the tariff.

How should the social tariff be paid for?

The precedent set by the EPG shows that the Government can successfully work with suppliers and Ofgem to discount the unit rate for both standard variable tariffs and fixed tariffs across different payment types. We call on the Government to use this precedent to directly fund the proposed social tariff out of Government expenditure – ensuring that the costs of the tariff are not levied onto consumer bills. This progressive funding mechanism will ensure that consumers missing out on the tariff are not directly responsible for bearing its costs on their bills. This avoids the pitfalls of the WHD, whereby those missing out on the scheme but still struggling financially continue to pay the associated costs.

Also similar to the EPG, a per-unit price reduction would represent a guaranteed discount on bills. Ofgem could then operate the social tariff centrally and monitor to ensure it is always the cheapest tariff available. Suppliers would only be required to record how many of their customers are eligible and then make a request for reimbursement from the Government funding mechanism. To be clear, consumers' bills would be discounted immediately at the point of purchase – not left to be reimbursed at a later date.

Funding it this way would not only ensure a progressive and fair funding mechanism but would also provide wider benefits. These include an incentive for the Government to improve the household energy efficiency of those on the lowest incomes, as this would reduce the associated costs of the tariff. The social tariff would therefore play a vital role in alleviating poverty while simultaneously reducing the UK's carbon footprint.

5. A net zero social tariff

The Government's target of reaching net zero greenhouse gas emissions by 2050 is incredibly important, but achieving it must not be to the detriment of the older people who are most in need. A just transition to net zero is only possible if vulnerable households of all ages can keep their heating on and access improved household thermal efficiency. The energy social tariff and net zero are parallel workstreams in this regard – complementing one another in the fight to keep people warm and well, while reducing the carbon footprint of our domestic spaces in a fair and accessible way.

Thermal efficiency improvements include household energy efficiency upgrades (e.g. insulation) and more efficient heating systems (e.g. heat pumps). Insulation and improved heating systems are crucial to keep out the cold, suppress spiralling energy bills, and meet the nation's climate goals – especially for those in greatest need. We agree with the recent recommendation of the Environmental Audit Committee that a truly colossal mobilisation of energy saving measures and household energy efficiency is absolutely key[49], but this must sit alongside a targeted energy social tariff.

Implementation of the social tariff would also incentivise the Government to spend more money on the thermal efficiency of eligible homes. This is because our recommendation is that the tariff is funded directly from Government expenditure, meaning that improvements to household energy efficiency and investments in more efficient heating systems will gradually reduce energy demand and the associated social tariff costs.

Challenges to improving household thermal efficiency

While a social tariff should enable vulnerable households to heat their homes adequately, it is also vitally important that they can access insulation and appropriate efficiency measures so they retain the heat in their home as long as possible. To address this, the Government must improve thermal efficiency programmes – delivering improved energy efficiency, insulation, heating systems, and wider measures to reduce people's bills, energy demand, and carbon footprint.

1 in 2 (52%) English households find themselves in the lowest energy efficiency bands (band D – G)[50], equivalent to 12.6 million homes. The Government has launched a number of schemes to tackle this, many of which are targeting measures towards people on lower incomes, which should remain its core focus. If these schemes are targeted effectively it will mean that 3 million households are ultimately helped[51].

Fully-funded multi-measure whole house retrofits targeted at the most vulnerable households living in inefficient homes would help to ensure the Government delivers on its commitment to net zero, while providing fair access to energy efficiency and heating system improvement schemes. This would lift at-risk households out of lower energy efficiency bands (measured using an Energy Performance Certificate or EPC), significantly reducing their bills in the process. Combined with the social tariff this would ensure the heating is kept on and remains in the home. But to achieve this the Government must overcome two challenges.

Firstly, existing schemes are insufficiently funded and are struggling with implementation issues. Schemes like the renewed Energy Company Obligation (ECO4), and its new ECO+ wing, alongside the Home Upgrade Grant (HUG), Boiler Upgrade Scheme (BUS), and longer-term measures expected through the Energy Efficiency Taskforce (EETF) are critical but must be improved.

Secondly, improving the thermal efficiency of homes is no silver bullet on its own and will take significant time to implement. Homes may be in the highest energy efficiency band but if residents cannot afford their bills, then the heating will simply remain off. This is why improved thermal efficiency must be complimented by more immediate support via the social tariff.

Energy efficiency schemes like HUG and ECO also need to better align their targeting with the social tariff's eligibility criteria. This will optimise the ability for the tariff to compliment thermal efficiency schemes.

(Kate, age 60+) "I'm at home all day, and all night, in a very old, pre-Victorian Council property. The windows, and front door are all ancient and ill fitting, and the wind whips through the house in winter. At the moment I am sitting in the living room, wrapped in a blanket. I'm afraid to turn the heating on for fear of receiving a huge bill, but I will have to turn it on eventually if I am to survive the winter".

(Anonymous): "We have already had to find an extra £600 to pay our energy bills, our boiler is old and is expensive to run but we haven't got £7,000 to replace it. We need a grant or substantial subsidy to replace but we don't get any benefits so that is unlikely to happen. I am disabled with lots of rails and aids about the house. Also the extra winter allowance which we were supposed to get in September has not materialised".

While the challenge is great, we also know that improving household thermal efficiency can be done; in 2001 almost one in ten English households (8.5%) had no central heating[52]. However, by 2021 this had plummeted to just 1 in 67 (1.5%)[53].

Costing the impact of thermal inefficiency

People in the least energy efficient homes pay a premium to keep warm. Age UK analysis shows that[54] the median annual household energy bill for homes in EPC bands A – C is around £2,100 compared with £2,600 for band D and £3,300 for band E[55]. For bands F – G the bill rises further still to a truly staggering £4,700[56] (see figure 9). This energy inefficiency penalty has a devastating impact on older people – while one in six older households in the highest energy efficiency bands (A – C) are estimated to be experiencing fuel stress[57], for F – G properties the figure increases to almost 9 in 10[58].

Figure 9: Typical annual energy bill (based on January 2023 prices) by the Environmental Performance Certificate (EPC) band of the home.

Age UK analysis of Fuel Poverty Dataset 2019; DESNZ; Ofgem. Analysis accounts for the impact of the EPG and Warm Home Discount. The median value was used. Household sample sizes: A/B/C (5,684), D (5,058), E (906), F/G (326).

Insulating the least energy efficient homes against spiralling bills and delivering a social tariff to provide immediate relief to those in greatest need should be national priorities.

We welcome the Government's recent announcement of an additional component to the Energy Company Obligation (ECO)[59] via ECO+[60] and support ringfencing of additional energy efficiency spending from 2025 through the Energy Efficiency Taskforce (EETF). The Government's 2030 targets of reducing building and industry energy consumption by 15%[61] and bringing as many fuel poor homes as possible up to EPC band C or above[62] are also worthy goals but these targets will be missed without further support.

Two leading policies, ECO and HUG, require immediate improvements and better funding if the Government is to confront the energy inefficiency penalty paid by people in the least energy efficient homes. Most importantly, improvements to these schemes would directly compliment social tariff support because they are collectively targeted at lower income groups. This would make a just transition to net zero attainable, while ensuring people were still able to sufficiently heat and power their homes.

Improving the Energy Company Obligation (ECO)

While we welcome ECO+ the allocated spend (£1bn spread over three scheme years) falls far short of what is needed[63]. A scheme of 5+ years funded with £1bn per annum would better reflect industry preferences[64], fill surplus supply chain capacity[65], and provide measures for 1.23 million homes instead of the expected 410,000 as proposed[66]. With more than 3 million lower income households living in the least energy efficient properties in England alone[67], this additional funding would be more commensurate with the scale of need.

Addressing implementation issues is also key, particularly so as to avoid some of the pitfalls the Green Homes Grant fell into. While we strongly support ECO4,[68] worrying initial reports from installer representatives[69] suggest it has been difficult in some cases for installers to identify eligible households who meet the full criteria for a successful project completion score. While the ECO+ scheme should help improve delivery, as it will provide the opportunity for installers to deliver large scale, affordable insulation measures, at higher volume, the underlying ambition must be to ensure multi-measure whole house retrofits are delivered successfully at scale. Fruitful delivery of ECO4 will be crucial to this and that means striking the right balance between durable, high quality energy efficiency measures which comprehensively mitigate the effects of the cold on the one hand, and making sure installation, certification, and reimbursement for ECO4 projects is attainable for industry on the other.

Improving the Home Upgrade Grant (HUG)

The Government must also renew its commitment to the Home Upgrade Grant (HUG)[70]. HUG is designed to support energy efficiency and heating system improvements for households on lower incomes who are living off the gas grid. The Scheme was given £950 million in the 2021 Spending Review. Presently it is being delivered via local authorities but from 2024 a Consumer Led Route (CLR) will be launched allowing households to make a direct application.

We were disappointed at the lack of additional support for the Scheme during the 2022 Autumn Statement. 1.6 million households in England rely on alternative heating fuels such as oil, bottled gas, and coal to keep warm[71] – enduring a higher and deeper level of fuel poverty than those relying on mains gas[72]. Age UK research[73] shows that up to 530,000 of these homes meet the eligibility criteria for HUG but that present funding falls far short – between 2022 and 2025 HUG would, at best, cover just 117,000 homes[74].

Age UK strongly recommends the Government increases HUG funding as part of its energy efficiency ambitions. Our research suggests that £1 billion of HUG grants per year through to 2032 would be sufficient to upgrade all of the up to 530,000 eligible off-grid homes reliant on alternative fuels (e.g. coal, bottled gas, oil) to EPC band C[75]. This additional support would also meet and exceed the lingering £1.4 billion gap in HUG funding – calculated as the shortfall between present HUG commitments and the support agreed in the Government's 2019 manifesto[76].

6. Delivering the social tariff for PPM and indebted customers

Customers in debt to their energy supplier or paying for their electricity and gas via a prepayment meter (PPM) must fully benefit from the energy social tariff. These consumers are some of the most vulnerable in the energy market, often remaining in fuel poverty for year after year and generally paying a higher price for their fuel.

Age UK is increasingly concerned that more and more older people find themselves in this situation. At least 600,000 older households rely on a PPM to pay for their central heating[77] while our own research showed that in January around 300,000 older people reported recently going into debt with their supplier[78].

We must break this cycle of energy debt, PPM installation, and higher charges befalling the most vulnerable people in the market and end the continuing crisis of 'self-disconnection'.

A social tariff of the kind we recommend is, in our view, the best available solution for addressing unmanageable debt. Alongside proposals for delivering the social tariff to PPM users this section also proposes several wider reforms in order to mitigate some of the negative impacts of debt and the installation of PPMs, especially when that installation was 'forced'.

Customers in energy debt

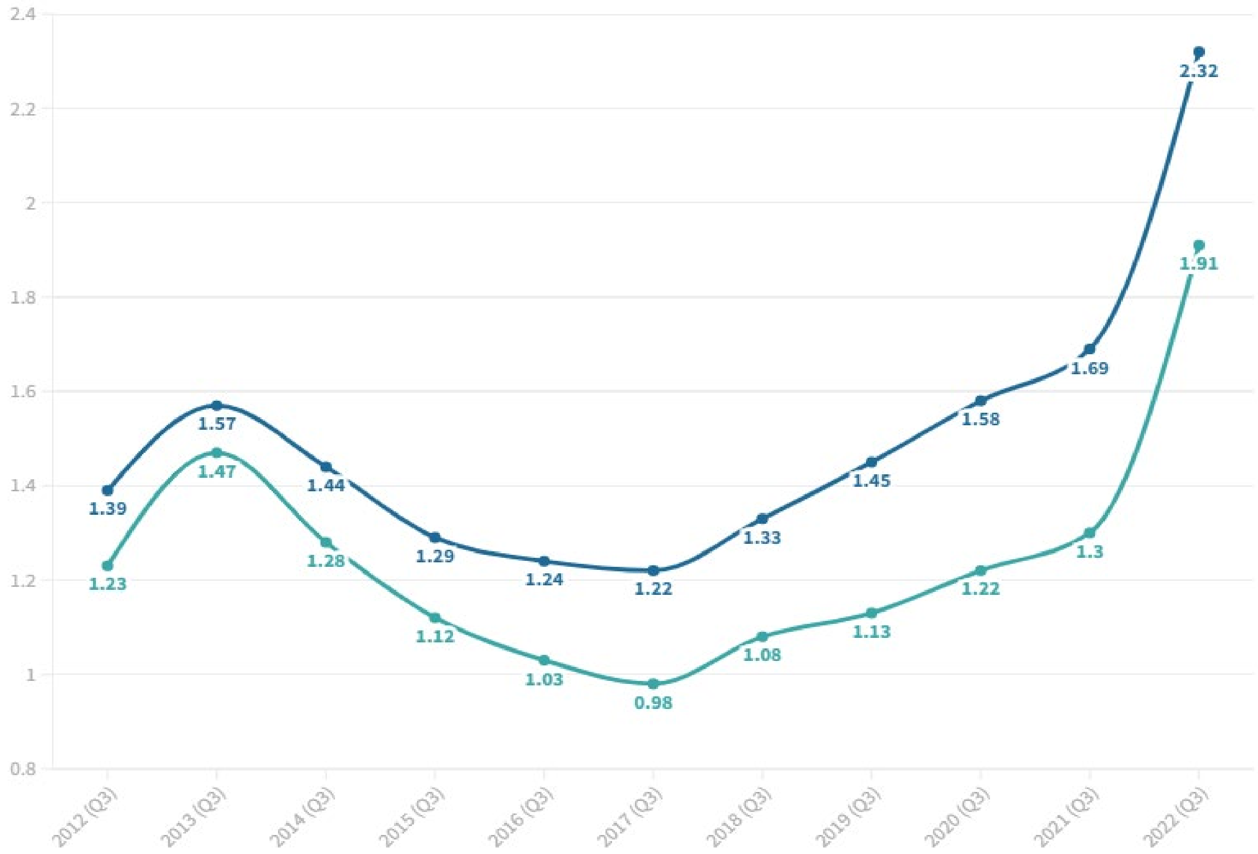
Customers who do not pay their energy bills when they are due often fall into energy debt and may find themselves in difficulty with their supplier. In recent years fuel indebtedness has been largely driven by spiralling electricity and gas prices which have become completely unaffordable for those on the lowest incomes – an issue a Government funded social tariff would go a long way toward overcoming.

Since 2017 the number of people in debt to their energy supplier has almost doubled[79]. This trend has accelerated exponentially since the energy price crisis began. From Q3 2021 to Q3 2022 an additional 637,000 customers fell into debt with their electricity provider, while 607,000 fell behind on their gas bill. This truly staggering increase is illustrated in figure 10.

While there is no up to date data by age group, we know that many older people are affected. In total around 2.3 million electricity customers and 1.9 million gas customers are in debt to their supplier. Estimates suggest that the cumulative amount owed in energy debt to suppliers now stands at around £2.4 billion[80]. Given this debt is disproportionately held by some of the most vulnerable people in the energy market it is imperative that it is addressed. Our fear is that existing processes, without Government intervention, will prove woefully inadequate.

Ofgem licence conditions oblige suppliers to investigate a consumer's circumstances and offer a suitable payment solution or alternative support if they fall behind on their bills. This can include measures such as setting up a new reduced Direct Debit payment plan, allowing customers to pay what they are able on receipt of a bill, or reaching an agreement that payment is taken direct from benefit payments. Of the 2.3 million customers in debt to their electricity supplier and 1.9 million in debt to their gas supplier, 59% (1.4 million) and 60% (1.2 million) respectively have a debt repayment arrangement in place[81].

Figure 10: Number (millions) of domestic customers in debt to their supplier (combined values for those with and without a repayment plan). The top line represents electricity, the bottom line represents gas.



Source: Ofgem, 2023. Domestic customer account debt data. Available at: Domestic customer account debt data. Figures for customers with and without a repayment plan.

If suppliers are unable to get in contact with the bill payer, or any solution agreed is defaulted on, they may communicate about installing a prepayment meter (PPM). Some suppliers may offer a PPM earlier in the process, particularly if a consumer actively requests one. A small number of older people do request a PPM because billing mistakes are less common, and they do not entail estimated bills[82], but for an increasing proportion PPMs have been forced on them by court warrant. An investigation found that almost half a million warrants for PPM installations have been granted since Britain came out of Covid lockdown[83]. The voluntary supplier moratorium on the forced installation of PPMs and embargo by the courts on issuing PPM warrants are welcome measures, but these temporary actions come as little relief to the 947,000 indebted electricity customers and 759,000 indebted gas customers who lack a repayment plan[84]. This practice of forced PPM installation needs to stop for good.

Prepayment meters (PPMs)

In 2021/22 there were around 600,000 older households in the UK reliant on a PPM, of whom 88% (around 530,000) were living in poverty and/or in receipt of income-related benefits[85]. Older households[86] account for around a fifth (22.2%) of all households reliant on a PPM[87]. PPM users pay as they go for their energy – topping up their meter to gain access to their electricity and gas. While PPMs can be more convenient for some customers, for indebted households forced onto one, they often present significant problems.

10.5% of those paying for their electricity by Direct Debit are in fuel poverty, but the proportion is almost three times higher (27.8%) for PPM users[88]. PPM tariffs are almost always more expensive than Direct Debit, and their price cap is set at a higher rate. There is also a more limited range of tariff options and most PPM users top up their meter at a local shop – presenting serious difficulties for older people, among others, if there is no top up point close to home.

Most importantly, if a PPM customer does not have money to top up their meter, eventually, they will run out of gas or electricity. This is commonly referred to as 'self-disconnection'. Citizens Advice report that more people came to them in 2022 because they could not afford to top up their PPM than had done for the entirety of the previous 10 years combined[89].

(Susan, 74): "I really need help with my electric bills. I didn't use my heating last winter and dread next winter".

In January more than half of those aged 60+ (54%) said they had recently cut back on heating or powering their homes to make ends meet[90], with many switching off boilers and turning off lights and appliances more than usual. PPM self-disconnections are becoming more and more common but, to make matters worse, PPM users generally still pay daily standing charge costs even if they have fallen into debt and self-disconnected their supply[91]. This makes it increasingly difficult for them to get back on supply as they are often made to pay off accrued debt before they can access their heating and power.

We propose that social tariff customers should be exempt from paying standing charges, with the Government covering them as a core component of social tariff funding. On a broader level PPM standing charges should be investigated for all customers, with a view to reforming or removing them. As part of addressing escalating energy debt the Government and suppliers should also consider writing off standing charge debt to get people back on supply as quickly as possible.

Forced PPM Installations

As mentioned, court action can also force PPM installations under warrant. This action is pursued in cases where suppliers have been unable to get in touch with a customer or if they have defaulted on an agreed payment plan. Smart meters can also be switched to prepay mode remotely by an energy company. A temporary moratorium on forced switching to PPM mode was brought into effect for early 2023 but it remains temporary. A more stringent ban on almost all authorisations of PPM warrants by the courts is also in place but it is unclear how long this will last.

While suppliers are mandated to check that a PPM is safe and reasonably practicable before installation, we have heard reports of older people being forced onto a PPM or having their smart meter switched to PPM mode without due regard to their safety. Data suggests suppliers are forcibly installing PPMs under entirely inappropriate circumstances[92] and feedback from clients at local Age UKs has only confirmed this. Further corroboration has been provided by recent Times and i newspaper investigations exposing systemic supplier malpractice.

In extreme circumstances, companies can directly disconnect indebted customers from their supply, although this is very rare and there are some important exemptions. These include a full ban on disconnections for unpaid charges between 1 October and 31 March if you are over State Pension age, or you live with anyone over State Pension age.

Installation of a PPM increasingly represents disconnection by the backdoor. While licence conditions protect most older people from formal disconnection over the winter, customers in debt who are forced onto a PPM by their supplier will often self-disconnect[93].

PPM users also disproportionately miss out on support schemes which rely on vouchers, particularly where their meter is of the legacy, rather than smart form. Previous attempts to get customers in the energy market to redeem vouchers or Special Action Measures (SAMs) have had mixed results[94]. The Government Electricity Rebate (GER) scheme delivered an annual £12 rebate to electricity customers between 2014 – 2016[95]. Ofgem's final report on the scheme found that up to 30% of customers reliant on a PPM did not access their GER vouchers[96]. We warned that the EBSS scheme would repeat the mistakes of GER if it relied solely on vouchers[97]. The latest EBSS redemption rates only confirm this, with just 76% of traditional PPM vouchers delivered subsequently being redeemed by customers[98] (up to 1st of February 2023). It is important that the Government, Ofgem, and suppliers work proactively to deliver EBSS support to traditional PPM users and provide compensation to those missing out.

Implementing a social tariff for indebted customers and PPM users

Debt is largely driven by unaffordable prices. The energy social tariff we propose would help tackle the issues facing indebted customers and PPM users in the energy market by effectively halving the cost of energy for those in greatest need. This would not only provide much needed relief for the increasing number of people falling behind on their bills, it would also foster a more stable retail energy market as unsustainable levels of debt would no longer sit on supplier books for lengthy periods.

Prior to implementation of such a tariff there are several critical reforms required to ensure indebted households and PPM users benefit fully from it. These include:

- Equalising the unit rate costs of energy across payment types – thereby reducing the unit rates paid by PPM users to the equivalent level of Direct Debit customers.
- Exempting social tariff users from paying standing charges, with the Government covering these costs as a key component of social tariff funding.
- Smart meters will play a vital role in facilitating seamless social tariff switching for PPM users – this will require the Government and Ofgem redoubling efforts to replace legacy PPMs with smart meters while working to restore faith in these devices, after they were exposed for being inappropriately used to switch customers to prepay mode.
- The Government must work with Ofgem to ensure anyone still reliant on a legacy PPM can fully benefit from the social tariff without the need to cash vouchers or SAMs.
- Prior to implementing the social tariff there must be a prepay amnesty – anyone who is paying by PPM should be offered the opportunity to switch to their preferred payment type, regardless of circumstances.

As part of these reforms the Government and regulator should also examine any issues standard credit customers might face in accessing the social tariff. This should include committing to equalising the unit price paid by standard credit customers, as they continue to face the highest typical price for energy of all payment types.

7. A social tariff for off grid and off domestic supply customers

Some of the most at risk older consumers in the energy market are those who lack Ofgem's consumer protections under either their gas or electricity contract. They include those who use alternative fuels for their central heating (e.g. oil, coal, bottled gas), or who rely on a commercial supply contract for their electricity or gas supply (e.g. park homes, care homes). These homes also risk missing out on the full benefits of the energy social tariff.

It is essential that all financial support, including the social tariff, be delivered to all residential dwellings, regardless of how they pay for their energy.

This must include extending equivalent social tariff support to homes off the gas and electricity grid, households reliant on a commercial supply contract, and any others who face exclusion from the full benefits of the tariff. Without taking this action the Government risks entrenching existing energy market inequalities.

Off grid

1.6 million households in England rely on alternative heating fuels such as heating oil, bottled gas, and coal to keep warm[99]. They endure a higher level of fuel poverty than those relying on mains gas, with 16.5% in fuel poverty compared to 12.3% of mains customers[100].

Of even greater concern is that they also endure a much deeper level of fuel poverty. Their average fuel poverty gap, representing the amount bills need to be reduced by in order to lift them out of fuel poverty, is more than five times that of gas customers[101]. This means that there would need to be a substantial amount of relief from equivalent social tariff support to alleviate fuel poverty amongst this group.

(Andrew, age 60+) We only have oil available for heating (no gas supply to village) I don't know how we will be able to afford our next top up, there is no price cap on heating oil and it just seems the supply of it is a licence to print money!

(Paul, age 75): Definitely cutting back on food orders. Also having trouble working out how best to pay the higher oil prices for heating oil – this is paid for in advance, so a delivery of 1000 litres is going from £500 to around about £1000! This has to be paid up front so it goes onto credit card, then I am faced with the extra costs of interest on the card until I have paid it all off.

Our analysis suggests that around a million older households rely on oil, coal, bottled gas and other alternative fuels for their central heating[102]. Age UK is committed to ensuring that these older people have the same protections and support extended to them as those who rely on natural gas to heat their homes. This means providing social tariff support and ensuring that sufficient funding is in place to upgrade their homes with the most efficient heating systems.

It would require the Government to ensure comprehensive distribution of the Alternative Fuel Payment (AFP) to all those reliant on alternative fuels. Best practice from this scheme could then be replicated to deliver future social tariff protections, alongside broader reforms to ensure automatic access wherever possible.

Successful delivery would require improved automatic enrolment and data matching, similar to the improvements required for electricity and gas customers. We recommend the Government subsidises the alternative fuel costs of eligible households by 50% and, wherever possible, offers this discount at the point of purchase via providers (e.g. Calor Gas) rather than making customers fill out an application to receive a subsequent reimbursement – businesses are better placed to reclaim the cost than householders.

Increased investment in the Home Upgrade Grant (HUG) scheme would also be critical for ensuring that people reliant on off-grid fuels can gain access to more efficient heating systems without those on lower incomes being forced to pay unaffordable installation costs (see 'a net zero social tariff' section for more detail).

Finally, while the precise number of households who are also living off the electricity grid is unknown, Age UK is aware of some who remain without a connection. From experience we know many of these households are some of the very hardest to reach in the country. The Government must investigate how many households find themselves in this position, work to connect them to the grid and eliminate any barriers they face to accessing the social tariff.

Domestic customers using commercial supply

Energy contracts are split into two overarching types: domestic and commercial. Commercial contracts generally supply energy to businesses, while domestic ones are designed for residential households. The latter comes with greater customer protections from Ofgem, including the price cap and more stringent consumer safeguards. Government schemes like the EPG and EBSS are also designed to deliver support only to domestic customers, with commercial contracts covered by the less generous support afforded through the Energy Bills Discount Scheme and, for limited sectors, the Energy and Trade Intensive Industries scheme.

Some domestic dwellings fall between the cracks between these two contract types as they rely on a commercial supply contract for their energy or have their energy costs included in their rent or collective bills, so they have no direct contractual relationship with their supplier. We call this issue the 'commercial supply trap'. DESNZ estimates that around 900,000 households in Britain are affected. It often impacts residential dwellings in settings where older people at risk of fuel poverty are more likely to live. They include park homes (static mobile homes), care homes, heat network users, and many social housing tenants. It is essential these consumers receive equal benefit from the social tariff. In some limited cases this may mean social tariff benefits will need to be delivered to providers (e.g. care home providers include energy costs in their care home fees so any benefit of the social tariff may need to be passed onto them to reduce the costs of care).

Park homes are more likely to be occupied by those aged 60 or older[103]. There are 1,832 park home sites in England[104], comprising an aggregate of 100,400 residential addresses. Park home households face barriers to accessing a range of Government support (e.g. core groups 1 and 2 of the WHD, the EBSS scheme, compensation during a power outage) because their electricity supply is often delivered via a single communal meter point – operated by the site owner and underpinned by a commercial supply contract.

(Rosy, age 60+): "Living in a park home our insulation isn't as good as in our house was. Finding out that we can't get grants for energy saving for our park homes. Not using my car unless I really have too. If it wasn't needed to visit my husband in a nursing home I'd get rid of it. It gets you down when you're reliant on being at home not being warm and able to watch TV".

A social tariff for off grid and off domestic supply customers

(Anonymous, age 60+): "We pay our electric to the site owner. We used to pay 15 pence a unit and from April we are now paying 59 pence a unit. That's 3 times the amount for my electric bill a quarter – was £110 and now its £280".

A similar issue impacts communal heat network users. Many of the 14,000 heat networks in Britain[105] rely on a comparable arrangement, with multiple dwellings having their supply underpinned by a commercial contract. While heat networks are generally responsible for delivering heating instead of electrical power, in some cases heat network users may pay for collective bills which include their electricity. This puts them at even greater risk.

Many households also pay for their electricity bills through their rent or service charge. Social housing tenants are of particular concern. While older households are more likely to be owner occupiers, older renters are more likely to be in the social housing sector. Age UK analysis[106] shows that there are around 1.8 million social housing homes in the UK with at least one-person aged 60+ in residence. Around 80,000 of these pay for their energy through their rent[107] which can make it difficult for them to access support payments (e.g. the EBSS) or interact with the company delivering their supply.

Care home residents are another major consumer group lacking protection from Ofgem and facing barriers to accessing Government support. There are just over 360,000 care home residents in England[108]. Care homes operate as businesses, and residents are in effect consumers in legal terms. Care home residents therefore sit outside of the domestic energy regulatory framework, and pay for their energy through their care home fees. Extra Care facilities, sheltered schemes and other forms of supported housing may also be commercially supplied and these residents may pay for their energy through their rent or service charges. We are concerned that these groups may see the cost of their housing rise in order to cover the increased energy costs of the care home or housing provider, with neither the provider, or the resident/consumer having access to government support nor recourse to a domestic regulatory framework. To resolve this it may be necessary in some cases to deliver social tariff benefits to providers so they can pass on the savings and reduce the overall cost of care.

Ofgem and the Government need to work together to end the commercial supply trap, thereby ensuring that existing consumer protections and any future social tariff support can be fully accessed by all residential households.

Ending the commercial supply trap should be a matter of urgency. Achieving it requires bringing all of the above groups and wider residential dwellings relying on commercial supply under Ofgem's regulatory framework, and ensuring equal access to consumer support like the WHD, EBSS, price cap, and any future social tariff. With Ofgem's regulatory framework already scheduled to be extended to heat network users from 2024 there is clear precedent for extending the pool of eligible housing and heating types.

The immediate focus needs to be on ensuring households stuck in the commercial supply trap can still access the EBSS Alternative Funding scheme. This Scheme is specifically designed to help residential dwellings with atypical supply arrangements[109] and began delivery last month (February 2023). Longer term, the ambition must be to end the commercial supply trap and ensure social tariff protections reach these homes.

[1] HM Treasury, 2022. Autumn Statement 2022. His Majesty's Treasury. [Online]. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1118417/CCS1022065440-001_SECURE_HMT_Autumn_Statement_November_2022_Web_accessible__1_.pdf . [Accessed 27/02/23]. Pg47.

[2] Ofgem, 2023. BLOG: Jonathan Brearley, CEO, Ofgem: What the new price cap means for consumers. Ofgem. [Online]. Available at: https://www.ofgem.gov.uk/news-and-views/blog/blog-jonathan-brearley-ceo-ofgem-what-new-price-cap-means-consumers. [Accessed 27/02/23].

[3] Cornwall Insight, 2023. Cornwall Insight release final forecast for the April price cap. Cornwall Insight. [Online]. Available at: https://www.cornwall-insight.com/press/cornwall-insight-release-final-forecast-for-the-april-price-cap/. [Accessed 27/02/23].

[4] CI, 2023. GB Power Market Outlook to 2030. Cornwall Insight. [Online]. Available at: https://www.cornwall-insight.com/wp-content/uploads/2023/01/Cornwall-Insight-GB-Power-Market-Outlook-to-2030_2022Q4.pdf?utm_source=email&utm_medium=email. [Accessed 05/02/23].

[5] ONS, 2023. CPI annual rate. Office for National Statistics. [Online]. Available at: https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation. [Accessed 15/02/23].

[6] We define households experiencing fuel stress as households spending more than 10% of their after-tax income on energy costs, so as to maintain an adequate standard of warmth. This definition was used to calculate the fuel poverty statistics in England from 2001 to 2011, and continues to be the definition used in Wales, Scotland, and Northern Ireland to calculate their respective fuel poverty statistics.

[7] Age UK, 2021. The Cost of Cold. Age UK. [Online]. Available at: https://www.ageuk.org.uk/globalassets/age-uk/documents/campaigns/the-cost-of-cold/age-uk-the-cost-of-cold-nmp. [Accessed 30/12/21].

[8] Age UK has an online community of around 380,000 campaigners who encourage the Government to listen and take action on the issues that matter most to older people. We also contact them from time to time to find out about their views. Some of their answers from the following surveys are in this report. In April 2022, we asked 12,352 campaigners; "How is the rising cost of living affecting you?" and "Can you tell us about what you're cutting back on or struggling to afford?" In July 2022, we asked 16,853 campaigners what their priorities were for the next Prime Minister and why. In September 2022, we asked 11,531 campaigners "How is the rising cost of living affecting you?".

[9] Ofgem, 2022. Default tariff cap level: 1 April 2022 to 30 September 2022. Ofgem. [Online]. Available at: https://www.ofgem.gov.uk/publications/default-tariff-cap-level-1-april-2022-30-september-2022. [Accessed 04/02/23].

[10] ONS, 2023. CPI annual rate. Office for National Statistics. [Online]. Available at: https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation. [Accessed 15/02/23].

[11] Ofgem, 2022. Latest energy price cap announced by Ofgem. Ofgem. [Online]. Available at: https://www.ofgem.gov.uk/publications/latest-energy-price-cap-announced-ofgem. [Accessed 25/01/23].

[12] ONS, 2023. CPI annual rate. Office for National Statistics. [Online]. Available at: https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation. [Accessed 15/02/23].

[13] FBF, 2023. Fuel Crisis Report 2023. Fuel Bank Foundation. [Online]. Available at: https://plottcreative.s3.eu-west-2.amazonaws.com/fuelbank/wp-content/uploads/2023/02/02212909/Fuel-Bank-Fuel-Crisis-Report-2023.pdf. [Accessed 04/02/23]. Pg4.

[14] Households where the oldest person was aged under 60 represented roughly 77% of households with a PPM used to pay for central heating in 2020/21, households where the oldest person was aged 60-74 represented 19% and households where the oldest person was aged 75+ represented 4%. While these figures give a rough estimate of PPM breakdowns when scaled to 2023 figures there is no way of knowing that the proportions will have remained constant as the cost-of-living crisis has progressed, so scaling these figures should be done with caution.

[15] Age UK analysis of Living Costs and Food Survey 2020-2021 [DOI: 10.5255/UKDA-SN-9022-1].

[16] Age UK analysis of Living Costs and Food Survey 2020-2021 [DOI: 10.5255/UKDA-SN-9022-1].

[17] For the population estimates we used ONS estimates which show that the population aged 60+ in Britain stands at 16,049,975. See: ONS, 2023. Estimates of the population for the UK, England, Wales, Scotland and Northern Ireland. Office for National Statistics. [Online]. Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland. [Accessed 15/02/23].

[18] Online and CATI survey conducted by Opinium on behalf of Age UK between 2nd - 30th January 2023 (2,700 adults aged 60+). Sample is Great Britain only and weighted to be nationally representative of the 60+ GB population.

[19] The question asked was: 'The cost of energy has meant that some people are finding it difficult to heat their home. Thinking about energy prices at the moment, how often is your home colder than you would like it to be?

[20] Online and CATI survey conducted by Opinium on behalf of Age UK between 2nd - 20th September 2022 (1,402 adults aged 60+). Sample is Great Britain only and weighted to be nationally representative of the 60+ GB population.

[21] Online and CATI survey conducted by Opinium on behalf of Age UK between 2nd - 30th January 2023 (2,700 adults aged 60+). Sample is Great Britain only and weighted to be nationally representative of the 60+ GB population.

[22] The question was asked: 'Some households are having to cut back on spending to make ends meet. Which, if any, of the following have you or a member of your household had to do recently?: Left my home temporarily to go somewhere to keep warm (e.g. public building, shopping centre, public transport, warm bank)'.

[23] Age UK, 2023. Consultation Response Designing a durable energy bill policy in an age of high prices – consultation. Age UK. [Online]. Available at: https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/safe-at-home/consultation-response---future-of-energy-bills-consultation-social-market-foundation.pdf. [Accessed 05/02/23]. Pg3-5.

[24] The statements were: 1.) The government should provide additional financial support to ensure everyone can afford their energy 2.) The government should provide additional financial support to ensure people on lower incomes can afford their energy bills. 3.) The government should introduce a social tariff (a discounted energy bill tariff for people on lower incomes). 4.) The government should provide additional funding to households on lower incomes so they can gain access to household energy efficiency improvements (e.g. loft insulation, double glazing). 5.) The government should keep the 'triple lock' which would mean the State Pension will increase in line with price inflation, increases in earnings, or 2.5% - whichever is highest. Answer categories were: Strongly disagree, Somewhat disagree, Neither agree nor disagree, Somewhat agree, Strongly agree, Don't know, Prefer not to say.

[25] CCW, 2021. Independent review of water affordability. The Consumer Council for Water. [Online]. Available at: https://www.ccwater.org.uk/wp-content/uploads/2021/05/Independent-review-of-water-affordability.pdf. [Accessed 22/11/2021].

[26] Ofcom, 2021. Social tariffs. Ofcom. [Online]. Available at: https://www.ofcom.org.uk/phones-telecoms-and-internet/advice-for-consumers/costs-and-billing/social-tariffs. [Accessed 22/11/2021].

[27] Ofcom, 2021. Telecoms firms need to do more to help customers struggling to pay bills. Ofcom. [Online]. Available at: https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2021/help-customers-struggling-to-pay-bills. [Accessed 05/01/23].

[28] We define households experiencing fuel stress as households spending more than 10% of their after-tax income on energy costs, so as to maintain an adequate standard of warmth. This definition was used to calculate the fuel poverty statistics in England from 2001 to 2011, and continues to be the definition used in Wales, Scotland, and Northern Ireland to calculate their respective fuel poverty statistics.

[29] Age UK, 2022. Research briefing: Estimating the impact of the Energy Price Guarantee (October 2022) on older households in England. Age UK. [Online]. Available at: https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/safe-at-home/estimating-the-impact-of-the-energy-price-guarantee-epg-on-older-households-in-england-september-2022.pdf. [Accessed 02/10/22].

[30] DWP, 2022. Income-related benefits: estimates of take-up: financial year 2019 to 2020. Department for Work and Pensions. [Online]. Available at: https://www.gov.uk/government/statistics/income-related-benefits-estimates-of-take-up-financial-year-2019-to-2020. [Accessed 25/09/22].

[31] JRF, 2023. On a low income, but not claiming means-tested benefits. Joseph Rowntree Foundation. [Online]. Available at: https://www.jrf.org.uk/report/low-income-not-claiming-means-tested-benefits. [Accessed 26/01/23].

[32] Income Support; Job Seekers Allowance; Employment and Support Allowance; Working Tax Credit; Child Tax Credit; Housing Benefit; Universal Credit; Pension Credit.

[33] Attendance Allowance; Disability Living Allowance; Personal Independence Payment.

[34] The data matching improvements required would sit in three broad categories: income; energy costs; and vulnerability.

In terms of income, HMRC and Department for Work and Pensions (DWP) data could be combined to assess income levels and ascertain whether a household is struggling financially. This could be merged with broader data from suppliers (e.g. data on meter debt or meter self-disconnections), banking information (e.g. credit score, wider debt), local authorities (e.g. data on Council Tax reduction), the ONS (e.g. homes in LSOA 1-3 area), housing data (e.g. issues with mortgage payments or rental arrears) and bespoke data (e.g. free school meal status) to build up a better picture of income at a particular household.

Future energy costs are relatively easy to estimate because the underlying cost of delivering energy at any given time is already assessed on a quarterly basis by the energy market regulator, Ofgem. Furthermore, DESNZ already has a system in place for estimating the energy use of homes through Standard Assessment Procedure (SAP) assessments and Environmental Performance Certificates (EPCs) which can be done remotely based on existing data with some degree of accuracy. This involves an automatic assessment using the Valuation Office Agency (VOA), EPC/SAP bands, Land Registry data, and in some cases mapping data such as Google Street View.

In terms of vulnerability this could also come from a variety of data sources. DWP data could be combined with supplier and network operator data on Priority Services Register (PSR) status to help triangulate market vulnerability. This would require the PSR itself to be more automatic, as many people remain unregistered despite being eligible. It would also be essential to undertake a fundamental review of what energy market vulnerability looks like to assess what wider data might be required. The energy price crisis has revealed that the necessary definition of vulnerability is far more expansive than relying upon the Government's definition of fuel poverty which would provide a relatively narrow conception of vulnerability compared to the scale of need.

[35] Defined as a household with a net equivalised after-tax household income below 60% of median income, after housing costs.

[36] BEIS, 2021. Energy Company Obligation ECO4: 2022 – 2026. Department for Business, Energy, and Industrial Strategy. [Online]. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1010366/eco4-consultation.pdf. [Accessed 31/10/22]. Pg34. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1010366/eco4-consultation.pdf

[37] Proxy criteria include: Home is in LSOA 1-3 area, a householder receives a Council Tax rebate – (rebates based on low income only, excludes single person rebates), a householder is vulnerable to living in a cold home as identified in the NICE Guidance, a householder is referred under a Local Authority run scheme which aims to support low income and vulnerable households, a householder receives free school meals, household identified as struggling with sustained debt on utility bills and/or mortgage payments.

[38] Online and CATI survey conducted by Opinium on behalf of Age UK between 2nd and 30th January 2023. Sample of 2,700 adults aged 60+ living in Great Britain. Weighted to be nationally representative of this group.

[39] Online and CATI survey conducted by Opinium on behalf of Age UK between 2nd and 30th January 2023. Sample of 2,700 adults aged 60+ living in Great Britain. Weighted to be nationally representative of this group.

[40] Online and CATI survey conducted by Opinium on behalf of Age UK between 2nd and 30th January 2023. Sample of 2,700 adults aged 60+ living in Great Britain. Weighted to be nationally representative of this group.

[41] DESNZ, 2023. Fuel poverty detailed tables 2023 (2022 data). Department for Energy Security and Net Zero. [Online]. Available at: https://www.gov.uk/government/statistics/fuel-poverty-detailed-tables-2023-2022-data. [Accessed 25/09/22]. Table 26.

[42] Scope, 2022. Cost of living: the impact for disabled people. Scope. [Online]. Available at: https://www.scope.org.uk/campaigns/research-policy/cost-of-living-report/. [Accessed 05/12/22].

[43] Online and CATI survey conducted by Opinium on behalf of Age UK between 2nd and 30th January 2023. Sample of 2,700 adults aged 60+ living in Great Britain. Weighted to be nationally representative of this group.

[44] Online and CATI survey conducted by Opinium on behalf of Age UK between 2nd and 30th January 2023. Sample of 2,700 adults aged 60+ living in Great Britain. Weighted to be nationally representative of this group.

[45] BEIS, 2021. Energy retail: opt-in and testing opt-out switching. Department for Business, Energy, and Industrial Strategy. [Online]. Available at: https://www.gov.uk/government/consultations/energy-retail-opt-in-and-testing-opt-out-switching. [Accessed 25/02/22].

[46] Family Resource Survey 2019-20; Household Below Average Income 2019; ONS 2018-based Household projections for England.

[47] Cornwall Insight, 2023. Cornwall Insight release final forecast for the April price cap. Cornwall Insight. [Online]. Available at: https://www.cornwall-insight.com/press/cornwall-insight-release-final-forecast-for-the-april-price-cap/. [Accessed 27/02/23].

[48] Data limitations mean these estimates of the cost of the social tariff do not model for abolishing standing charges and are based on the assumption that they continue as normal.

[49] EAC, 2023. National 'war effort' mobilisation needed to improve energy efficiency, install solar panels on new developments and set clear date to end oil and gas licensing. Environmental Audit Committee. [Online]. Available at: https://committees.parliament.uk/committee/62/environmental-audit-committee/news/175274/national-war-effort-mobilisation-needed-to-improve-energy-efficiency/. [Accessed 11/01/23].

[50] DESNZ, 2023. Fuel poverty detailed tables 2023 (2022 data). Department for Energy Security and Net Zero. [Online]. Available at: https://www.gov.uk/government/statistics/fuel-poverty-detailed-tables-2023-2022-data. [Accessed 25/09/22]. Table 3.

[51] Age UK analysis of the English Housing Survey; 2019/20.

[52] Age UK analysis of Census data; 2001.

[53] Age UK analysis of census data; 2021.

[54] This refers to October 2022 and therefore accounts for the impact of the Energy Price Guarantee on consumer energy bills.

[55] Age UK analysis of Fuel Poverty Dataset 2019; Department for Business, Energy, and Industrial Strategy; Ofgem. This analysis accounts for the impact of the Energy Price Guarantee and the Warm Home Discount. The median value was used as extreme values were impacting the mean. Household sample sizes: A/B/C (5,684), D (5,058), E (906), F/G (326).

[56] Ibid.

[57] We define households experiencing fuel stress as households spending more than 10% of their after-tax income on energy costs, so as to maintain an adequate standard of warmth. This definition was used to calculate the fuel poverty statistics in England from 2001 to 2011, and continues to be the definition used in Wales, Scotland, and Northern Ireland to calculate their respective fuel poverty statistics.

[58] Age UK, 2022. Research briefing: Estimating the impact of the Energy Price Guarantee (October 2022) on older households in England. Age UK. [Online]. Available at: https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/safe-at-home/estimating-the-impact-of-the-energy-price-guarantee-epg-on-older-households-in-england-september-2022.pdf. [Accessed 02/10/22]. Pgs9-10.

[59] ECO is a supplier obligation scheme funded via customer bills. Most suppliers are enrolled into the latest iteration of the Scheme (ECO4) which delivers household energy efficiency improvements into the homes of vulnerable consumers. ECO+ is an additional wing of the Scheme which will begin in 2023. It is designed to primarily implement single measure installations to ensure faster delivery at scale.

[60] Age UK, 2022. Energy Company Obligation ECO+: 2023 – 2026. Age UK. [Online]. Available at: https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/safe-at-home/consultation-response-energy-company-obligation-eco-2023--2026-department-for-business-energy--industrial-strategy.pdf. [Accessed 04/01/22].

[61] HM Treasury, 2022. Autumn Statement. His Majesty's Treasury. [Online]. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1118417/CCS1022065440-001_SECURE_HMT_Autumn_Statement_November_2022_Web_accessible__1_.pdf. [Accessed 01/12/22].

[62] Agility ECO, 2022. 2030 Fuel Poverty Target will overshoot by over 30 years. Agility ECO. [Online]. Available at: https://www.agilityeco.co.uk/2030-fuel-poverty-target-will-overshoot-over-30-years#:~:text=The%20Government%E2%80%99s%20statutory%202030%20fuel%20poverty%20target%20to,2065%20to%20achieve%20unless%20further%20funding%20is%20announced. [Accessed 02/12/22].

[63] Age UK, 2022. Energy Company Obligation ECO+: 2023 – 2026. Age UK. [Online]. Available at: https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/safe-at-home/consultation-response-energy-company-obligation-eco-2023--2026-department-for-business-energy--industrial-strategy.pdf. [Accessed 04/01/22]. Pg5.

[64] Gemserv, 2022. ECO Plus Supply Chain Market Research. Gemserv. [Online]. Available at: https://gemserv.com/wp-content/uploads/2022/07/ECO-supply-chain-market-research_report_010722_final.pdf. [Accessed 02/12/22].

[65] EEIG, 2022. ECO Plus - A 'Great British Energy Saving Scheme. Energy Efficiency Infrastructure Group. https://www.theeeig.co.uk/media/1132/eco-plus-principles-eeig-website-final.pdf. [Accessed 02/12/22]. Pg2.

[66] Extrapolated from BEIS's own estimates for a £1bn spend. BEIS, 2022. Energy Company Obligation ECO+: 2023 – 2026. Department for Business, Energy, and Industrial Strategy. [Online]. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1120391/consultation_on_design_of_the_energy_company_obligation_2023-2026.pdf. [Accessed 01/12/22]. Pg8.

[67] Age UK analysis of the English Housing Survey; 2019/20.

[68] Age UK, 2021. Consultation Response Energy Company Obligation ECO4: 2022 – 2026. Age UK. [Online]. Available at: https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/energy-company-obligation-eco4---maintaining-energy-efficiency-support-from-2022.pdf. [Accessed 01/12/22].

[69] To ensure installations are of a high quality and targeted at those most in need a full project score is only awarded for ECO4 in cases where: a household meets relevant eligibility criteria, the installers and the measures comply with Trustmark and PAS 2035 standards, and the installation successfully lifts the property up a qualifying number of Standard Assessment Procedure (SAP) points or EPC bands. This full project score is necessary for installers to be adequately reimbursed for their work and we have heard troubling reports from industry representatives that this full score is proving allusive even in cases where vulnerable households have been identified who would otherwise greatly benefit from energy efficiency improvements. It is important BEIS also considers how to work with installers to improve delivery of ECO4 over the coming years while still maintaining high installation standards and accurate targeting of those in greatest need.

[70] The Home Upgrade Grant (HUG) is designed to support lower-income owner-occupied or privately rented off-gas grid homes that have an energy efficiency rating of Band D to G to improve their energy efficiency. Between 380,000 and 530,000 homes in England relying on alternative fuels to heat their homes could be eligible for support from the HUG scheme.

[71] DESNZ, 2023. Fuel poverty detailed tables 2023 (2022 data). Department for Energy Security and Net Zero. [Online]. Available at: https://www.gov.uk/government/statistics/fuel-poverty-detailed-tables-2023-2022-data. [Accessed 25/09/22]. Table 12.

[72] DESNZ, 2023. Fuel poverty detailed tables 2023 (2022 data). Department for Energy Security and Net Zero. [Online]. Available at: https://www.gov.uk/government/statistics/fuel-poverty-detailed-tables-2023-2022-data. [Accessed 25/09/22]. Table 12.

[73] Age UK, 2022. Research Note: Estimating the number of off-gas grid homes in England using alternative fuels for heating that are eligible for the Home Upgrade Grant (HUG). Age UK. [Online]. Available at: https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/safe-at-home/estimating-the-number-of-off-gass-grid-homes-in-england-using-alternative-fuels-for-heating-that-are-eligible-for-the-home-upgrade-grant-hug-november-2022.pdf. [Accessed 07/12/22].

[74] Age UK, 2022. Research Note: Estimating the number of off-gas grid homes in England using alternative fuels for heating that are eligible for the Home Upgrade Grant (HUG). Age UK. [Online]. Available at: https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/safe-at-home/estimating-the-number-of-off-gass-grid-homes-in-england-using-alternative-fuels-for-heating-that-are-eligible-for-the-home-upgrade-grant-hug-november-2022.pdf. [Accessed 07/12/22].

[75] Age UK, 2022. Research Note: Estimating the number of off-gas grid homes in England using alternative fuels for heating that are eligible for the Home Upgrade Grant (HUG). Age UK. [Online]. Available at: https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/safe-at-home/estimating-the-number-of-off-gass-grid-homes-in-england-using-alternative-fuels-for-heating-that-are-eligible-for-the-home-upgrade-grant-hug-november-2022.pdf. [Accessed 07/12/22].

[76] EEIG, 2022. Energy Security Starts At Home. Energy Efficiency Infrastructure Group. [Online]. Available at: https://www.theeeig.co.uk/media/1131/eeig_invest-to-save-06-22-03.pdf. [Accessed 25/09/22]. Pg2.

[77] Figures rounded. Payment type for electricity and mains gas use for households in the UK; payment type for use of alternative fuel (e.g. oil, bottled gas) not included due to data restrictions. Source: Age UK analysis of Living Costs and Food Survey 2020-2021 [DOI: 10.5255/UKDA-SN-9022-1].

[78] Online and CATI survey conducted by Opinium on behalf of Age UK between 2nd - 30th January 2023 (2,700 adults aged 60+). Sample is Great Britain only and weighted to be nationally representative of the 60+ GB population.

[79] Ofgem, 2023. Domestic customer account debt data. Ofgem. [Online]. Available at: https://www.ofgem.gov.uk/energy-data-and-research/data-portal/all-available-charts?keyword=debt&sort=relevance. [Accessed 26/01/23].

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Age UK
7th Floor,
One America Square,
17 Crosswall,
London EC3N 2LB.

0800 678 16 02
www.ageuk.org.uk