



BRIEFING: Cost of Living Crisis: Action required to protect older people

As the cost-of-living crisis continues, we are increasingly hearing reports about the reality of the current situation for older people surviving on low incomes, who are among those most affected by spiralling costs and soaring inflation.

We've heard about individuals who cannot afford the energy to cook a hot meal, those too afraid to turn the lights on for fear of receiving an unpayable bill.

For others, activities crucial for well-being which may cost a small amount – such as attending a community group or meeting up with friends – are no longer affordable.

Older people should be able to retire with dignity, with enough income from their state pension and/or other sources to live comfortably and continue to participate in society.

However, older people throughout Wales are finding their financial circumstances deteriorating, with many thousands being pushed into poverty or deeper into poverty.

This means many older people are unable to afford essentials – such as food and heating – something that puts people's health at significant risk adding further pressures onto an already stretched NHS, sadly, in some cases, this will result in loss of life.

The Commissioner has set out the action that needs to be taken at a Wales, UK and local level to improve the financial support available to older people.

Taking this action will be crucial to ensure that older people get the immediate support they need as we face the cost-of-living crisis and that, in the longer term, older people receive a fair income that does not leave them trapped in persistent poverty.

The impact of energy costs

Household energy costs rose by 54% in April 2022, adding around £700 a year to the average bill, and could rise again by as much as 40% in October.

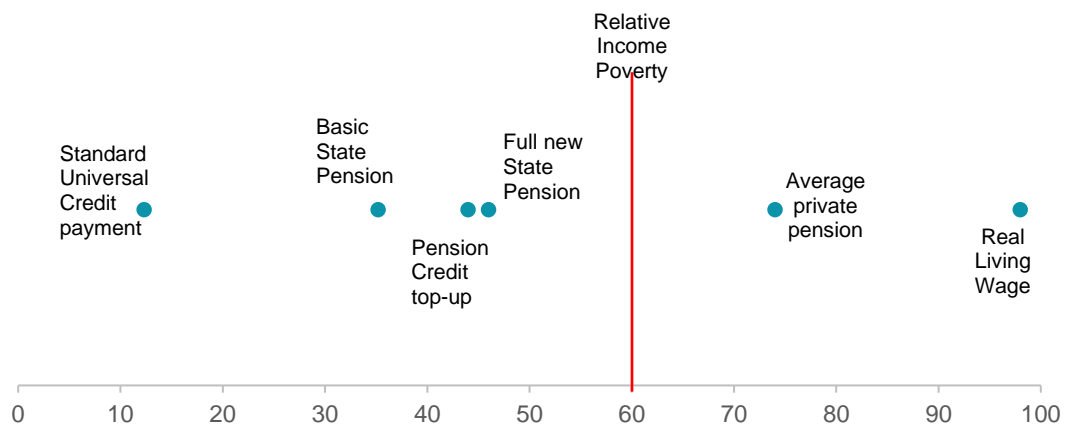
Households that use off-grid fuel, which is not covered by the OFGEM price cap, have seen their costs rise even more dramatically, with the cost of heating oil increasing by 122% - from 66.7p to 148.25p per litre.

Poverty in Later Life

Whilst some improvements were made during the past two decades, poverty amongst older people is now rising and around 1 in 5 older people (18%) in Wales are living in relative income poverty.

Looking in more detail at the spectrum of low income below the 60% Median UK figure reveals that the incomes of older people relying solely on the State Pension fall well below this relative income poverty line.

Weekly Income as a percentage of median household median income (BHC)



The State Pension is the main source of income for many older people in Wales, and the decision to remove the Pensions Triple Lock for 2022-23 means that many older people have seen a real terms fall in their incomes (the State Pension was increased by 3.1% despite projections that inflation will soon reach 10%) at a time when food and energy costs are rising even faster.

It is also important to note that the full amount of State Pension may not be awarded to older people who have a reduced National Insurance contribution record, something that particularly affects older women, who are more likely to have taken time out of work due to caring responsibilities.

In these cases, an older person is eligible to claim Pension Credit to 'top up' their pension to £9495.20, but many people do not claim what they are entitled to, it is estimated that more than 70,000 households in Wales are eligible but do not claim their entitlement.¹

This means that thousands of older people in Wales are missing out on crucial financial support – Pension Credit is worth £58 a week on average – as well as additional entitlements 'unlocked' by claiming, such as council tax discounts, free dental care and



A 70-year-old single woman on only the full basic State Pension, would be living on an income of **£141.85 a week**.

If she were to claim her entitlement to Pension Credit, her annual income would **increase by over £2,000**.

¹ The House of Commons – Welsh Affairs Committee - The Benefit System in Wales (March 2022). Available at [The Benefits System in Wales \(parliament.uk\)](https://www.parliament.uk) [accessed 25 July 2022]

help with housing costs, which provide further financial support for older people.

In addition, single older women, Black Asian and Minority Ethnic older people and older people living in rented accommodation (both private and social) are all at significant risk of facing poverty in retirement.

A Time for action

If we are to help some of the most vulnerable older people in Wales to get through these challenging times, with spiralling living costs and escalating inflation, there is a need for concerted action at all levels of government, as well as within our communities.

The Commissioner has welcomed the announcement from the Welsh Government that its Winter Fuel Support Scheme will include older people on Pension Credit this winter, having previously excluded them.

The Commissioner also welcomed the recent announcements from the UK Government that households will receive a £400 energy bills grant, with older households receiving a further £300 on top of their Winter Fuel payment and assurances that the pensions triple lock will be restored for 2023-24.

However, further government action is needed to ensure that older people have the financial support they need.

In the immediate term, efforts to maximise income by ensuring that older people are in receipt of all the financial support they are entitled to must be intensified, alongside a review of other benefits, payments and allowances to improve how these are targeted and administered.

In the longer-term, there must be a comprehensive review of the levels at which the State Pension is paid, in order to establish a fair income level for later life.

Alongside this, funding also needs to be made available to community groups and the third sector to build on the positive action and relationships that have developed during the pandemic. During the past couple of years, we have seen some of the best of our communities and the efforts of volunteers, community groups, charities, local businesses and local government have been vital and have delivered a huge amount of help and support to many older people.

We are still facing difficult times and similar action is needed once more to reach out to our most vulnerable older people and those who may be struggling to ensure that older people have what they need.

The specific action the Commissioner is calling for is set out below:

In order to address the cost-of-living crisis facing older people, the Welsh Government should:

- Develop an action plan for winter 2022-23 to tackle the wider determinants of poverty as well as expanding programmes to improve the energy efficiency of older people's homes. Ensure that appropriate advice and support is in place so that older people can access these programmes as well as other forms of support ahead of expected further increases in costs.
- Provide grant funding to community groups and third sector agencies to establish local support activities for older people both in their own homes and at community venues providing a warm welcome, nourishment and an opportunity for social interaction.
- Publish a plan to accelerate and intensify Income maximisation take-up campaigns – particularly Pension Credit, Attendance Allowance and Carers Allowance - work with local authorities and the Department of Work and Pensions to utilise existing data to identify potential claimants.
- Review and enhance income support schemes such as Council tax reduction schemes and the Discretionary Assistance Fund, removing any perceived obstacles to claiming and increase the take up by older people.
- Produce regular reports identifying how many older people are being helped to access support

To support grassroots action, Local Authorities should

- Work with the Welsh Government and the Department for Work and Pensions to enable the use of data held by housing and benefits departments to identify potentially eligible Pension Credit claimants and contact them to help them claim.
- Work with the Welsh Government, community groups and third sector agencies to coordinate local support activities providing opportunities to counter social isolation and provide affordable meals for older people.
- Work with Welsh Government, local supermarkets, community shops, foodbanks, local grass-roots food poverty initiatives and other community groups and initiatives to identify ways of reaching out and providing support to older people.

In addition to the action above, there also needs to be longer-term, structural change to ensure that the State Pension and other financial entitlements keep pace with rising costs and inflation and provide a sufficient level of income for older people which must be delivered at a UK level.

This means that the UK Government should:

- Ensure that the commitment to reinstate the Triple Lock mechanism on the State Pension is delivered for 2023-24 and beyond
- Design and deliver an auto-enrolment approach to Pension Credit
- Review and permanently upgrade the Winter Fuel Payment ahead of next year's payment to recognise the decrease in its value since it was last set.
- Undertake a comprehensive review of the adequacy of the level that the State Pension is paid

Action being taken by the Commissioner

The Commissioner will continue to:

- Promote and provide information to older people, their families and friends, about sources of financial support
- Engage with older people to hear directly from them about their experiences and capture crucial evidence about the kinds of initiatives that are most effective in providing support
- Call for action from governments at all levels to ensure that older people are supported through the cost of living crisis, and scrutinise that action
- Work with expert organisations in Wales and across the UK to share evidence and good practice, promote solutions and push for improvements in support

The Older People's Commissioner for Wales

The Older People's Commissioner for Wales is an independent voice and champion for older people throughout Wales.

The Commissioner is taking action to protect older people's rights, end ageism and age discrimination, stop the abuse of older people and enable everyone to age well.

The Commissioner is working for a Wales where older people are valued, rights are upheld and no-one is left behind.

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