

# CONSULTATION RESPONSE



Comisiynydd  
Pobl Hŷn  
Cymru  
Older People's  
Commissioner  
for Wales

## Work and Pensions Committee Consultation: Pensioner poverty – challenges and mitigations

### The Older People's Commissioner for Wales

Established by the Commissioner for Older People (Wales) Act 2006 which sets out details of the Commissioner's role and statutory powers, the Older People's Commissioner for Wales is an independent voice and champion for older people throughout Wales. The role of the Commissioner is to promote awareness of the rights and interests of older people in Wales, challenge discrimination, encourage best practice and review the law affecting the interests of older people in Wales.

### Summary

- Wales has a higher percentage of older people than the rest of the UK, with a larger proportion living in relative income poverty.
- There is a need to examine and establish the amount of income needed for a dignified retirement that supports a good quality of life, rather than just providing the essentials needed to survive. Plans to ensure that everyone can obtain this level of income then need to be developed and implemented by the UK and Welsh Governments.
- More meaningful impact assessments of policy decisions affecting older people need to be undertaken and specific work to ensure that decisions are not influenced by ageist attitudes or assumptions should be built into future policy proposals.
- Governments at all levels should take a more proactive approach to identifying older people who are likely to be missing out on financial entitlements and encouraging them to claim. This must go beyond generic awareness-raising activity and focus on tailored and personalised support.
- The process of applying for benefits should be further simplified with older people who are likely to qualify for additional benefits alerted to this and, where possible, passported to receive them.

- The language around benefits should move towards describing such financial support as 'entitlements' and any negative language used to describe claimants should stop. The language used can deter older people from accessing the support to which they are entitled.
- Specific support for older people who are ineligible for Pension Credit and who miss out by a very small amount (a few pounds or pence) should be put in place by the UK Government. Support should not rely on a patchwork of schemes that vary across local authorities, resulting in a postcode lottery.
- The Winter Fuel Allowance should be reinstated ensuring that all older people receive support during the coldest winter months.

## Introduction

The Older People's Commissioner for Wales welcomes the opportunity to respond to the Work and Pensions Committee's consultation on 'Pensioner poverty – challenges and mitigations'. The harmful impact of poverty on older people in Wales is a cause of serious concern to the Commissioner and is a topic raised by older people in a variety of ways.

The Commissioner would like to offer comments on the areas set out below.

### **What is the state of pensioner poverty across the UK? Which groups are most likely to be affected?**

Nearly 1 in 6 older people in Wales live in relative income poverty (16%).<sup>i</sup> This rises with age: 17% of 65-69 and 75-79 year olds live in relative income poverty, increasing further to 18% for 80-84 year olds and 20% of people aged 85+.<sup>ii</sup> The effects of the ongoing cost of living crisis continue to be felt, meaning older people on the lowest incomes are unable to afford to heat their homes nor access sufficient food. This takes a toll on older people's physical and mental health.

Wales has proportionately more older people than other parts of the UK. People over 60 make up 28.2% of the population of Wales, compared to 24.7% of England and 24.9% of the UK as a whole.<sup>iii</sup>

In addition to having a higher percentage of older people, Wales also has a higher proportion of older people living in relative income poverty. Before housing costs, 19% of older people in Wales live in relative income poverty, compared to 17% in Scotland, 18% in England and a UK average of 18%.

The impact of poverty is felt more intensely by some groups of older people than others and older people from these groups are particularly affected by missing out on Pension Credit. For instance, many older women do not receive the 'full' State Pension, as they are more likely to have taken time out of work due to caring responsibilities, and women are more likely to experience persistent poverty compared to men.

Poverty in older age is more likely to affect people living alone, with 24% of single older men and women living in relative income poverty, compared to 14% of older people living as a couple.<sup>iv</sup> Research from Age UK in May 2021 also highlighted that Black, Asian and Minority Ethnic older people are around twice as likely to be living in poverty as White older people.<sup>v</sup>

## **To what extent does the current State Pension and other pension age benefits prevent pensioner poverty? / What essentials should the State Pension and other pension age benefits provide?**

The full basic State Pension (for anyone who qualified before 6 April 2016) is currently worth £8,814 per year.<sup>vi</sup> The full value of the new State Pension is £11,502.40.<sup>vii</sup> It is important to remember that not everyone qualifies for a full State Pension, either basic or new. Women, who may have missed out on contributions as a result of taking time away to care for family or have worked part time, are particularly likely to be affected.

In Wales, 646,234 people received some form of state pension in May 2024. Of these, only 213,817 (33%) received the new state pension.<sup>viii</sup>

Pension Credit provides extra money that can help with living costs to people over State Pension Age on low incomes, topping up a single person's weekly income to £218.15 (£332.95 for couples).<sup>ix</sup> For a single older person, this equates to £11,343.80, and for couples, £17,313.40. Pension Credit also unlocks other entitlements that provide further financial support, including council tax discounts and help with housing costs, free dental and eye care, and free TV Licences for people aged 75+.

Nearly 1 in 6 older people in Wales live in relative income poverty (16%) and around 50,000 people are estimated to be eligible for Pension Credit but not currently claiming. This number may have been impacted by the UK Government's decision to restrict future Winter Fuel payments to only older people in receipt of Pension Credit and it is hoped that claim rates will increase. Prior to this, the Department for Work and Pensions estimated that 33% of eligible single older men, 33% of eligible single older women and 31% of eligible couples did not receive Pension Credit.

Current State Pension and pension age benefits are not enabling all older people to have a safe, healthy and comfortable standard of living in later life, leaving many in poverty as demonstrated above. The cost of living crisis and increase in energy prices have eroded incomes, a particular problem for people who live on fixed incomes. Research by Loughborough University published in February 2024 noted that "Living standards in the UK have stagnated (OBR, 2023) and a growing proportion of pensioners have incomes that fall short of the level needed for a minimum socially acceptable standard of living, the income they need to live with dignity in the UK."<sup>x</sup>

Older people already do not claim all the financial support to which they are entitled. In December 2022, the former Older People's Commissioner for Wales held a Pension Credit Summit. The findings highlighted that the reasons why older people do not claim their entitlements include stigma, shame and embarrassment – not wanting to look in need of additional financial support.<sup>xi</sup> This suggests that means testing the Winter Fuel Allowance will result in older people on incomes low enough to qualify not receiving it.

UK and Welsh Government efforts to increase take up of Pension Credit have mainly focused on raising awareness. However, after numerous years of activity, it is apparent that lack of awareness is not necessarily the issue. Older people also report being put off by complex and lengthy forms, stigma and believing that if they were eligible, the government would inform them.<sup>xii</sup>

Based on research by the University of Loughborough, the Retirement Living Standards set out three levels of what life in retirement could look like and the levels of annual expenditure needed in order to afford each.<sup>xiii</sup> The minimum level requires £14,400 for a single person and £22,400 for a couple. While the minimum standard includes expenditure beyond simply survival, it could not be described as excessive. There is a significant gap between the minimum standard and both the full basic and new State Pensions, even if topped up with Pension Credit.

The inclusion of a small allocation towards DIY and property maintenance, clothing, plus a basic TV, broadband and streaming service, for instance, reflect general minimum living standards, and the fact that more and more essential services are becoming delivered predominantly online. As

referenced above, the minimum socially acceptable standard of living reflects the income required by older people to enable living with dignity in the UK.

The annual uplift in both the basic and new State Pensions are welcome but should not be seen as replacing Winter Fuel Allowance but rather to address inflation across the previous 12 months. The uplift does not begin until April 2025, after the coldest of the winter temperatures, and is spread over 12 months.

There is a need to examine and establish the amount of income needed for a dignified retirement that supports a good quality of life, rather than just providing the essentials needed to survive. Plans to ensure that everyone can obtain this level of income then need to be developed and implemented by the UK and Welsh Governments.

### **How do pensioners in poverty manage food, energy and housing costs with the income they have?**

Older people report resorting to extreme measures to manage essential outgoings based on the income they have. In Autumn 2024, the Commissioner heard from older people who have cut out a meal a day in an attempt to be able to afford to heat their homes. Others have contacted the Commissioner stating that the Winter Fuel payments have previously been a lifeline to pay for even the minimum amount of heat.

In March 2023, research on behalf of the Older People's Commissioner for Wales, focused on people aged 60 and over in Wales, found that 64% of respondents had cut back on spending during the previous 12 months. The main areas respondents said they had cut back on were:

- Energy (84%)
- Food shopping (83%)
- Social activities (65%)
- New clothing (64%)
- Transport (51%)
- Holidays (51%)
- Water (38%)
- Phone/internet (27%)

These actions will result in a detrimental impact on older people's health and wellbeing.

### **What impact does the cost of living have on the health of pensioners in poverty? What impact does this have on the NHS and social care?**

In addition to the impact set out above, it is important to note that Wales has the oldest housing stock in the UK,<sup>xiv</sup> meaning many houses are poorly insulated. This leads to increased energy costs and makes fuel poverty a particular issue. Current estimates of fuel poverty in Wales are based on the 2008 Living in Wales Survey and the 2017-18 Wales Housing Conditions Survey. This does not therefore provide an accurate picture of fuel poverty in Wales, as the surveys are

based on data that are out of date. Many factors have affected household income and living costs since then, such as inflation, changes in employment patterns, and the impact of COVID-19 and Brexit. These factors influence fuel poverty, making any older data less relevant and reliable.

Fuel poverty results in cold homes, which contributes to excess winter mortality and to a range of symptomatic illness. Older people are likely to be disproportionately affected by changes in temperature caused by colder weather. 75% of excess winter deaths are people aged 75 and above.<sup>xv</sup> The average older person supported by Care and Repair (a charity that helps older people to live independently through repairs, adaptations and home maintenance) spends 19% of their income on utilities over the winter. In the winter of 2022/23, clients who engaged with Care and Repair's fuel poverty and energy advice service were spending on average 25% of their income on utilities.

Cold weather and living in a cold home can affect and exacerbate respiratory and circulatory conditions, cardiovascular disease and accidental injury.<sup>xvi</sup> Research also indicates a link between cold home temperatures and poorer mental health. Wales's old housing stock and poor energy efficiency leads to significant costs for NHS Wales: in 2019, Public Health Wales estimated that the impact of excess cold increases the costs to the health service associated with poor quality housing by around £41M, bringing the total to nearly £100M a year.<sup>xvii</sup> Going without food or not eating enough over time leads to malnutrition, which increases the risk of frailty, increasing GP visits, hospital admissions and the length of stay in hospital.<sup>xviii</sup>

There is a general need for more meaningful Equality Impact Assessments that properly take into account the impact of policy decisions on older people, including likely demand on healthcare and other services. The cumulative impact of decisions should be assessed so that, for example, the decision to change eligibility for Winter Fuel Allowance should not be seen in isolation from other policy decisions.

The risk of one group of citizens bearing a disproportionate weight of a variety of policy choices needs to be better understood e.g. cuts to transport or library provision in conjunction with other decisions. This also applies to those women affected by changes to the State Pension Age (WASPI – Women Against State Pension Inequality) where the impact of the recent UK Government decision not to pay any compensation should be viewed alongside changes to the Winter Fuel Allowance.

The UK Government Office for Equality and Opportunity could also play a leading role in 'age-proofing' policy proposals to ensure that ageism does not inadvertently and unfairly impact policy choices. This would be beneficial in developing future policy to address poverty across the different life stages.

### **What measures to offset the impact of the cost of living on pensioners are most effective? How do these vary in the devolved nations?**

The payment of Winter Fuel Allowance to all older people provided a guaranteed way of reaching all older people which did not require complex means testing or place the onus on individuals to claim. Means testing results in older people missing out on entitlements for the reasons set out above. While the Commissioner has been contacted by a small number of older people who have noted that they do not need the payment, this needs to be set against the difficulties in ensuring that older people who rely on the payment receive it, and the resulting impact on health and wellbeing.

Specific Wales-only support available to older people includes the Welsh Government's Discretionary Assistance Fund (DAF) which provides emergency payments to those in crisis, and support via the Fuel Bank Foundation, who provide a service equivalent to foodbanks but for energy. There is no longer a specific Winter Fuel payment available from the Welsh Government.

The numbers of older people using the DAF are low in proportion to other age groups. The eligibility criteria for qualifying for payments are narrow, for example 'be in extreme financial hardship, for example you've lost your job, applied for benefits and waiting for your first payment or have no money to buy food, gas and electricity'.<sup>xix</sup> This rules out many older people who need support, for example, as a result of fuel poverty but who are not in absolute crisis. Even if an older person was eligible for the maximum amount under the DAF, this would not be equal to the loss of even the £200 Winter Fuel Payment.

The latest DAF figures (June 2024)<sup>xx</sup> show 810 people between 60 and 69 years old in receipt of support via this avenue, while the numbers for people aged over 70 were even lower, with only 160 payments. This is in contrast to 2,235 people aged 50-59.

**How can support be more effectively targeted at pensioners in poverty? / What is needed to improve access and take up of Pension Credit and other social security support for pensioners in poverty? / Are there sufficient data to enable efficient targeting of support? Are there delivery mechanisms that allow effective targeting?**

The Winter Fuel Allowance should be reinstated ensuring that all older people receive support during the coldest winter months. This avoids the complexities of means testing and would ensure no vulnerable older person misses out.

One way to more effectively target other forms of support would be for the UK and Welsh Governments to work with DWP and local authorities to use existing data to identify and specifically target older people who are likely to be eligible but not currently claiming Pension Credit or other benefits. The responsibility for identifying and directly contacting people who are eligible for this entitlement needs to lie with government, rather than the onus being on older people to seek out what support is available and go through the application process unsupported.

Targeting could involve individual letters, phone calls, and in-person support to help complete applications and could be undertaken by local authorities and third sector organisations. Local authorities and the third sector would both require additional resources to scale up their work in this area but without this, older people who are already on the lowest incomes and are eligible for Pension Credit, Winter Fuel Allowance and other entitlements, will continue to miss out. In-person support, whether to encourage take up and income maximisation or to support completing the necessary forms, is particularly valuable.

Passporting and ensuring that where an older person qualifies for one type of entitlement, they are then alerted and supported to apply for all others to which they are eligible, should become standard practice. There should be an emphasis on streamlining benefits and making the process as simple as possible, in line with the existing Welsh Government Benefits Charter.<sup>xxi</sup>

The issue of the 'cliff edge' approach to Pension Credit, whereby if someone is only a very small amount over the qualifying threshold (in some cases, just a few pounds or even pence) they miss out on not only Pension Credit but all the associated entitlements, needs to be resolved urgently. This might be via a tapering approach or other method but the fact that older people can be on very low incomes and yet still be ineligible for Pension Credit must be rectified.

Specific support for older people who are ineligible for Pension Credit and who miss out by a very small amount (a few pounds or pence) should be put in place by the UK Government. Support should not rely on a patchwork of schemes that vary across local authorities, resulting in a postcode lottery.

The language used around financial support is also important in terms of encouraging older people to apply. Entitlements can be a more helpful term than benefits. Maintaining the dignity and respect of older people who qualify for financial assistance should be key considerations for both messaging on entitlements and take up and also when training staff who deal with applications.

# 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 working for a Wales that leads the way in empowering older people, tackling inequality and enabling everyone to live and age well.**

## How to contact the Commissioner:

Older People's Commissioner for Wales  
Cambrian Buildings  
Mount Stuart Square  
Cardiff  
CF10 5FL

Phone: 03442 640 670

Email: [ask@olderpeople.wales](mailto:ask@olderpeople.wales)

Website: [www.olderpeople.wales](http://www.olderpeople.wales)

Twitter: [@talkolderpeople](https://twitter.com/talkolderpeople)

---

<sup>i</sup> StatsWales (2024) [Percentage of all individuals, children, working-age adults and pensioners living in relative income poverty for countries and regions in the UK between financial year ending \(FYE\) 1995 and FYE 2023 \(averages of 3 financial years\) \(gov.wales\)](#).

<sup>ii</sup> Stats Wales (2024) Pensioners in relative income poverty by age of the head of household. March 2023. Available at: [Pensioners in relative income poverty by age of the head of household](#). Please note that figures available for those over 80 are based on very limited sample sizes.

<sup>iii</sup> StatsWales (2024) National level population estimates by year, age and UK country. Available at: [National level population estimates by year, age and UK country \(gov.wales\)](#)

<sup>iv</sup> StatsWales (2024) People in relative income poverty by family type. Available at: [People in relative income poverty by family type \(gov.wales\)](#)

<sup>v</sup> AgeUK (2021) Ethnicity and Financial Disadvantage in Later Life [ethnicity and financial disadvantage in later life may 2021.pdf \(ageuk.org.uk\)](#).

<sup>vi</sup> See UK Government: [The basic State Pension: How much you get - GOV.UK](#)

<sup>vii</sup> See UK Government: [The new State Pension: What you'll get - GOV.UK](#)

<sup>viii</sup> Department of Work and Pensions (2024) State Pension. Available at: [Stat-Xplore - Home..](#)

<sup>ix</sup> UK Government (2024) [Pension Credit: What you'll get - GOV.UK \(www.gov.uk\)](#).

<sup>x</sup> February 2024. [Retirement living standards in the UK in 2023 FINAL.pdf](#), page 1

<sup>xi</sup> Older People's Commissioner for Wales. (2023), [From the Treasury to Treorchy: Increasing Pension Credit Uptake in Wales](#)

<sup>xii</sup> Tatiana Sherwood, Independent Age (2024), "Jumping through hoops": Older people's experiences of claiming social security entitlements, available at: [Pensioners' experiences of claiming social security | Independent Age](#)

<sup>xiii</sup> Pensions and Lifetime Savings Association (2023), Retirement Living Standards, [Home - PLSA - Retirement Living Standards](#)

<sup>xiv</sup> Welsh Housing Conditions Survey (headline results): April 2017 to March 2018. Available at: <https://www.gov.wales/welsh-housing-conditions-survey-headline-results-april-2017-march-2018>

<sup>xv</sup> Care and Repair (2024) Older people in Wales: Poverty in Winter. Available at: [careandrepair.org.uk/winter-report/](http://careandrepair.org.uk/winter-report/)

<sup>xvi</sup> Public Health England/UCL Institute of Health Equity (2014), Local action on health inequalities: Fuel poverty and cold home-related health problems, p. 4. Available at: [read-the-report.pdf](#)

---

<sup>xvii</sup> S, Garrett H, Woodfine L, Watkins G, Woodham A. (2019). The full cost of poor housing in Wales, Building Research Establishment Ltd, Public Health Wales, Welsh Government. Available at:

[The Cost of Poor Housing report English final2-1.pdf \(phwwhocc.co.uk\)](#)

<sup>xviii</sup> UK Government (2017), Impact assessment: Helping older people maintain a healthy diet: A review of what works.

Available at: [Helping older people maintain a healthy diet: A review of what works - GOV.UK](#) (www.gov.uk)

<sup>xix</sup> Guidance on the Discretionary Assistance Fund (DAF). Available at: <https://www.gov.wales/discretionary-assistance-fund-daf/eligibility>

<sup>xx</sup> Discretionary Assistance Fund by Age - Monthly data (April 2023 Onwards). Available at:

<https://statswales.gov.wales/Catalogue/Community-Safety-and-Social-Inclusion/discretionary-assistance-fund/discretionaryassistancefund-by-age-monthly>

<sup>xxi</sup> Welsh Government (2024), Welsh Benefits Charter, available at: [Welsh Benefits Charter - February 2024](#)