



Cost of Living Crisis: Pensioners in Poverty



Policy Brief

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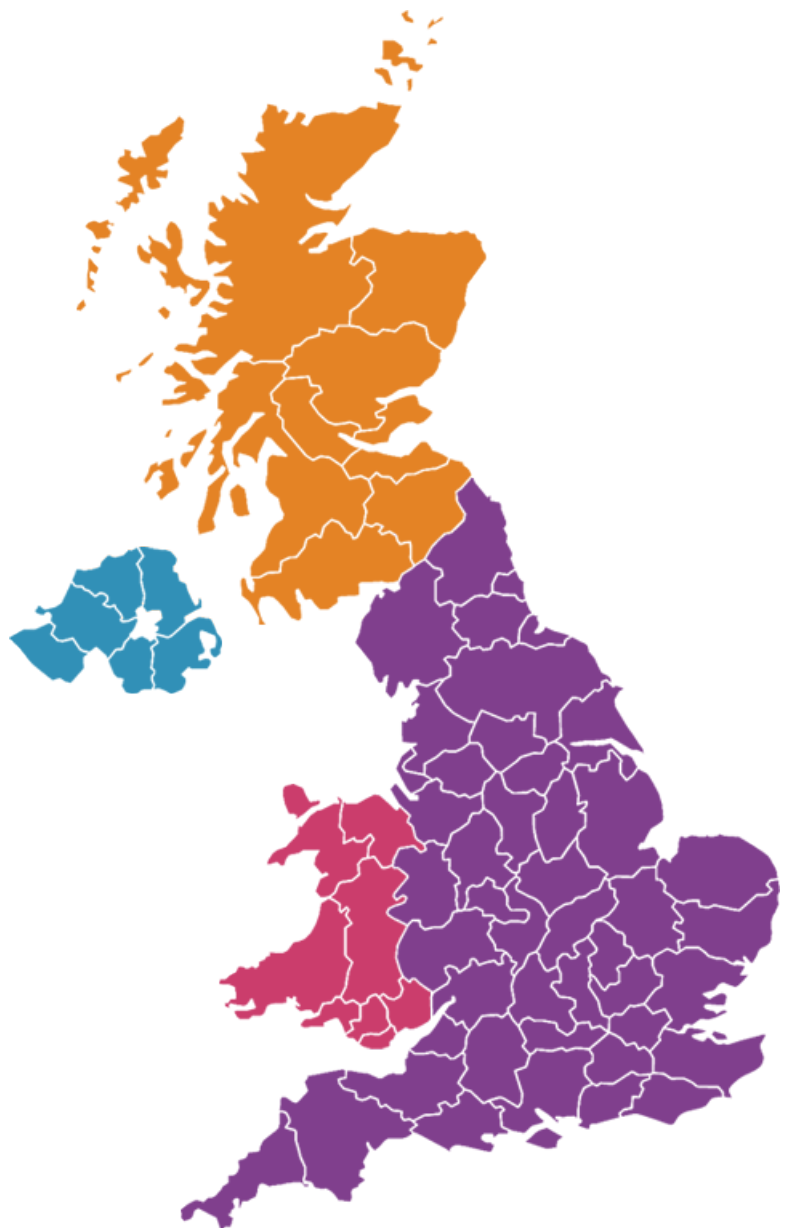
Key Issues:

The cost of living crisis has concerning implications on the economic and physical wellbeing of older people in the UK.

Significant reduction in real income and purchasing power for older people.

Projections of 8.5 million older households to experience fuel poverty by January 2023.

Hospital admission and rates of malnutrition could rise along with food prices.



Recommendations:

- **Continued Governmental support for the pension triple lock, however research and focus on fairer means tested pension benefits is needed.**
- **More accessible pathways for older people to claim pension credits and subsequent benefits they are entitled to.**
- **Improved Government strategy designed specifically for older people to address the alarming increasing rate of fuel poverty.**
- **Increased and improved data sharing between Government economic and health departments in order to accurately track links between fuel and food poverty and hospital admissions.**
- **Resources to be made available aiding the education of adequate food and nutrition intake for the over 60's, including low cost accessible options/substitutes.**
- **Prioritised data collection surrounding the probable health implications of inaccessible and unaffordable transport.**

Policy Problem:

The cost of living crisis is, by definition, is ‘the fall in disposable income (adjusted for inflation and after taxes and benefits) that the UK has experienced since late 2021’¹. The economic crisis can be broken down into four pivotal consequences: food poverty; rising food prices; rising electricity, oil, and gas prices and increasing transport costs. Each strain of the economic crisis has concerning implications on the health, wellbeing, quality of life, and the risk of violence and abuse of our older generations.

Poverty amongst older people is ‘the highest it has been since [the] 2008² recession. Much of this is the result of state pensions not increasing in accordance with the rate of inflation. ‘The state pension, pension credit and other financial entitlements increased in April 2022 by only 3.1% compared to 8% expected inflation the same month’³. It is also estimated ‘more than 900,000 older people are not accessing [the] pension credits’⁴ they are entitled to due to poor government advertising.

Projections for January 2023 identified that 9 in 10 or ‘8.5 million older households will be living [under] fuel stress’⁵. The Russian invasion of Ukraine; rising cost of living and economic downturn from the Covid-19 pandemic all contributed to a sharp rise in energy prices. By April 2022 they had risen by 54%⁶. ‘Gas has increased by more over this period; up by 141% since winter 21/22 compared to a 65% increase for electricity’⁶.

In Northern Ireland, where oil instead of gas is more often used to warm houses, we have seen similar sharp price rises – the Utility Regulator estimates that 50% of Northern Ireland households are in fuel poverty, while in June 2022, National Energy Action suggested that 43% of over 65s in Northern Ireland suffer too from fuel poverty, this will no doubt be higher following the winter. We know that direct comparisons can be drawn between socio-economic pressures and poor health.

Data suggests that now close to 1 in 5 households of over 60’s are now in such severe fuel poverty that their homes are being kept in a condition which ‘endangers the health of [their] inhabitants’. It is said as a result of this ‘almost 9,000 people died in England and Wales [in 2021] because their homes were too cold’⁷. One million older households were experiencing fuel poverty and without intervention it could be expected that a further 150,000 would be pushed into fuel poverty. Prices have continued to rise sharply since this guidance was released.

The United Kingdom has some of the highest petrol prices across Europe and some of the lowest Government intervention. There is much speculation of a change in demand for public transport as a result of increased costs. However, there is limited data available on how rising petrol costs affect the older population specifically.

The Commissioner for Older People in Northern Ireland did express serious concern for 'vulnerable older customers who cannot afford these increases'⁸. Research in Scotland found that 32% of survey respondents were struggling to afford their transport costs and 57% found that the increased petrol prices have meant they have to drive less frequently and/or fewer miles⁹. Public transport generally offers free or discounted travel to the over 60's, usually through bus pass schemes, which will hopefully reduce the financial strain however for some with limited mobility or special requirements these means of travel may not always be accessible. The lack of public transport infrastructure in rural areas may also contribute to additional barriers for older people. There is limited data available regarding transport to hospital and potential missed appointments, as a result of inaccessible or unaffordable transport costs which should be considered.

With rising inflation, pensioners' purchasing power has been significantly reduced. The Consumer Price Index (CPI) rose by 10.1% in the 12 months leading up to September 2022. When considering this alongside the 3.1% rise in state pensions for the year 2022/23 the real income for pensioners has not risen in line with CPI¹⁰.

The consequences impacting their accessibility to necessities and reduced overall quality of life. Around '16 million people in Great Britain cut back on food and essentials between March and June 2022 in order to tackle the rising cost of living'¹¹. 94% of those stated their reason for their rise in costs over the past month were due to the price of food shopping. New data from the Food Foundation has shown that recently 12.8% of households have either skipped a meal or had a smaller portion because they could not afford food and 8.8% of households have not eaten despite being hungry due to food insecurity¹².

26% of those over the age of 70 reported that in response to rising costs they were spending less on food shopping and essentials¹³. A fall in the quality and quantity of food purchased has direct consequences on the health of the older population. It was suggested in 2019 that 1.3 million¹⁴ people over the age of 65 were suffering from malnutrition and over a third of people hospitalised in the UK over 65¹⁵ were at risk of malnutrition.

These results are taken from 2019 and 2007-11 respectively and therefore do not accurately convey the desperation of today's climate. However, it would be fair to assume this data will only increase when considering the rising cost of food and non-alcoholic drinks.

As Hourglass' other policy brief '*Poverty in Later Life: Structural and Interpersonal Violence?*' explores further, economic inequality and socio-economic issues can create a number of additional intersectional barriers for older people, and can create a cycle of multiple disadvantage - victimising and making vulnerable people at risk of more forms of abuse and violence.

The widespread nature of the cost of living crisis has the potential to have an impact on domestic/sexual violence support organisations and the people that staff them, and this could lead to a decline in the availability of post violence and abuse support services such as refuges, Independent Domestic Violence Advisor (IDVA) services or counselling sessions.

The cost of living crisis may both victimise older people, and lead to further risk of abuse and violence, but also may potentially trap older victims within the abuse cycle if services and support are cut because support organisations do not have the funds or staffing for them.

In essence, the cost of living crisis is set to have, and is having, a disproportionate effect on the quality of life for many older people, contributing to poorer physical and mental health, as well as increasing the risk of violence and abuse. For the poorest pensioners, 75%¹⁶ of their income comes directly from their state pension and with rates falling rapidly behind the rising CPI, purchasing power and real income for the older generation has taken a significant hit and will leave many much worse off. The health and wellbeing consequences must be prioritised as rates of morbidity are expected to rise this winter as a direct consequence of the economic turmoil.

It must be noted that many older people reliant on state pension were already set to fall below the fuel poverty line and the current crisis has only expedited this.

Recommendations:

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- **Prioritised data collection surrounding the probable health implications of inaccessible and unaffordable transport.**

Consulted or recommended resources

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