

Independent Age Submission to Ofgem’s Call for Input into affordability and debt in the domestic retail market

About Independent Age:

Independent Age is a national charity focused on improving the lives of people facing financial hardship in later life.

Our Helpline and expert advisers offer free, practical support to older people without enough money to live on. Through our grants programme, we support hundreds of local organisations working with older people across the UK.

We use the knowledge and insight gained from our support services and partnerships to highlight the issues experienced by older people in poverty and campaign for change.

We believe no one should face financial hardship in later life.

For more information about Independent Age, please visit:
<https://www.independentage.org/>. Registered charity number 210729.

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Introduction to this submission:

Around two million pensioners in the UK live in poverty, with many more hovering precariously just above it. Every day Independent Age hears from people in later life who are struggling financially. The people we engage with – through our services, grant-giving, campaigning, research, and volunteering – tell us about the anxiety they feel when they receive their energy bills and their worry about how they will survive living on a low incomeⁱ.

As part of the solution to addressing energy affordability issues and debt for those facing financial hardship, Independent Age welcomes Ofgem’s Call for Input on affordability and debt. We believe reform is needed to provide protections to those facing these challenges.

Our submission answers questions 1, 2, 3 and 7.

We have provided evidence on older people’s experiences and views on energy affordability and debt, drawing on the following research:

- A survey carried out in April 2024, 1,184 people in later life completed this survey, and of those respondents 468 were on a low household income of £15,000 or underⁱⁱ.
- A survey carried out in December/January 2023/2024 on the topic of energy standing charges, 1,498 people in later life completed this survey, and of these 529 were on a low household income of £15,000 or underⁱⁱⁱ.
- A survey carried out in May/June 2023, 1,689 people in later life completed this survey, and of these respondents 755 were on a low household income of £15,000 or under^{iv}.
- Nationally representative YouGov polling conducted in November 2022^v.
- Nationally representative YouGov polling conducted in April 2023^{vi}.
- Nationally representative YouGov polling conducted in December 2023^{vii}.

All quotes used in this submission are from older people living on a low income, and the statistics drawn upon in this document illustrate the views of older people living on a low income unless otherwise stated.

This submission sets out several recommendations for Ofgem's activity to address affordability and debt issues, as well as recommendations which may be beyond Ofgem's remit which we hope the regulator will feed back to the UK Government.

Independent Age recommends that:

- An energy bills social tariff should be introduced by the UK Government in order to ensure that people living on a low income, and those with disabilities or health conditions, receive long-term protection against high energy costs. As part of this, we suggest that eligible customers should be exempt from paying standing charges. We support Age UK's proposed social tariff reduction rate of 50% as it would provide a meaningful reduction in energy costs for those who were eligible for support.
- Ofgem should examine each aspect of standing charges. This should consider what is currently recovered on a flat basis that could be recovered on a unit basis, and whether there are certain costs that could be removed altogether. However, if taken forward, careful modelling and consideration of the level of costs being reallocated to unit rates must take place. This modelling must consider how different groups – including older people on low incomes and those with higher essential energy needs – would be impacted.
- The UK Government should create and fund a temporary 'Help to Repay' scheme which would offer help to eligible people struggling to afford to repay energy arrears.
- Ofgem should keep in mind the following principles when undertaking any form of costs redistribution: considering the views of the public about redistribution; avoiding a cliff edge effect that may worsen affordability for those on low to moderate incomes; implementing protections for those with higher essential energy usage such as an annual cap or an exemption from costs associated with standing charges, if some or all of these costs were moved to the unit rate.
- Ofgem should support energy companies to learn from affordability support in the water and broadband sectors, including: having a wide range of eligibility criteria; offering standardised support across each energy company; implementing an active and targeted awareness raising campaign for affordability support and improving data sharing between energy companies and third-party organisations.
- The UK Government should consider raising the Minimum Energy Efficiency Standard for properties that are let in the private rented sector. Landlords should be required to meet this new standard within a reasonable timescale.
- The UK Government should adopt and implement the new Decent Home Standards in the private rented sector, as set out in the Renters (Reform) Bill.
- The UK Government should explore how to further promote and increase uptake of existing grants and programmes intended to improve energy efficiency in homes.
- Ofgem should strongly encourage energy companies to ensure they have processes in place to proactively signpost their customers who are struggling with bills to organisations which offer welfare benefits checks. Ofgem should also encourage energy companies to explore either introducing or developing their existing capabilities to offer in-house welfare benefits checks to customers experiencing affordability issues.
- The UK Government should produce a pensioner benefits uptake strategy. This should include realistic, measurable targets, short-term activities like targeted awareness raising campaigns, and new research on how best to target people missing out. It should set out enhanced support for local authority activity, steps to increase uptake among people from minoritised ethnic backgrounds and longer-term solutions such as (partial) automatic payment. It should build on the DWP's recent Pension Credit trial using Housing Benefit data to target potential non-

recipients, developing new ways to use and share data for targeting. The DWP should regularly update the UK parliament on progress.

- The UK Government should commit to a cross party review to agree what level of income is needed in retirement to avoid poverty.

Q1: What are the key drivers of energy affordability challenges and how do we expect those to change in the future?

Through insights from our services and our research we have found that there are multiple factors which drive energy affordability challenges for older people on low incomes. These key drivers include the persistently high cost of energy, non-decent older and poorly insulated housing, and living on a fixed low income. These factors can be exacerbated by experiences of long-term health conditions or disabilities that result in higher energy usage and make engagement with providers more difficult. Significant life events – such as bereavement, divorce or job loss – can also push someone into financial hardship which can result in challenges with affording energy.

Cornwall Insights predicts that the energy price cap will stabilise for the remainder of 2024 and into 2025. They estimate that the price cap will be £1,559.61 for Q3 2024, £1,631.44 for Q4 2024 and £1,634.20 for Q1 2025^{viii}. This prediction means that energy prices will likely remain at an unaffordable level for many people, with prices approximately 60% higher than they were before the energy crisis^{ix}.

In our April 2023 nationally representative YouGov polling, we found that 59% of those 65 and over with a household income of £15,000 or under were cutting down their heating a 'great deal' or a 'fair amount' and 37% of the same demographic reduced their non-heating electricity a 'great deal' or 'fair amount'. Despite energy prices having gradually reduced since then, in our April 2024 non-representative survey, we found that 82% of the same group said that they were cutting their spending on heating a 'great deal' or 'fair amount' and 68% were cutting their non-heating electricity either a 'great deal' or 'fair amount'. While the second set of figures are not directly comparable to the nationally representative polling, the findings still illustrate the impact of persistently high energy bills. Even as the energy market stabilises, energy bills remain unaffordable for many older people living on a low income, who continue to make drastic cuts to their energy consumption. We heard in our April 2024 survey from many older people on a low income, who told us of the measures they were taking to reduce their energy bills.

*"I have not put on any heating this winter, as unable to afford too. I have only a bath in my property so only have a bath once a week the rest of the week is a strip wash!"
(Maureen, 76)*

"Purchasing the cheapest food I can even though not healthy" (Anonymous)

"We turn off the gas over the winter and live in one room" (Anonymous)

In the same April 2024 survey, we heard from older people on a low income who were currently in energy debt. Many told us about how they were cutting their energy consumption and reducing their other household costs to manage their energy debts.

"I live on an overdraft 75% of the time and this year have bought a cheap-to-run ceramic heater so I don't need to use central heating so much" (Tony, 60s)

"Using heating less and washing machine. I also switched this year and have to pay off previous energy supplier" (Anonymous)

*"I am going to bed to keep warm most days but I'm still in debt with gas and electricity"
(Anonymous)*

In the same survey, we found that among those aged 65 and over with a household income of £15,000 or under, 73% were either 'very' or 'fairly worried' about being able to meet their electricity bill over the next six months. And of the same demographic, 74% said that they were 'very' or 'fairly worried' about meeting their gas/heating bill over the next six months.

"... otherwise our lives become intolerable with all the stress and worry and pain that is worse in a cold, damp and mouldy home" (Wendy 77)

"I sit with a blanket round me or go to bed to keep warm. I used to have the heating on whenever I needed it but now limit it to a couple of hours only. I suffer from anxiety and worry all the time about having enough money to cover the bills" (Anonymous)

"Only have heating on for one hour twice a day. Once in the morning and once in the evening. Use two hot water bottles and two fleece blankets in the evening after the central heating has turned off. Using microwave and small halogen oven and small slow cooking pot to cook. Shower every other day. Worry about using electrical appliances i.e. lawn mower, vacuum cleaner etc." (Susan 76)

In our research we have found evidence that older people, on a low income, with a disability or health condition are being affected by these sustained high energy bills to a greater extent than those without a health condition or disability. In our April 2024 survey, we found that 85% of those aged 65 and over with a household income of £15,000 or under and a disability or health condition were cutting back their heating a 'great deal' or a 'fair amount'. 73% of the same demographic were cutting back their non-heating electricity a 'great deal' or 'fair amount'. We have also seen the effect of sustained high energy bills on the level of worry older people on a low income with a disability feel about being able to meet their energy costs. In the same survey we found that 81% of those on low income and with a health condition or disability were either 'very worried' or 'fairly worried' about meeting their electricity bills over the next six months. Some 79% of the same demographic were either 'very worried' or 'fairly worried' about meeting their gas/heating bill over the next six months.

"Myself and my spouse are both on benefits now due to ill health, so we can only cut back so far on heating" (anonymous)

"I don't use my heating – I bought a sleeping bag before winter set in and used that to sit in of an evening, and I also use throws. I have a disability which requires frequent showers and increase my use of my washing machine – I have drastically reduced the amount of showers I take, instead opting for frequent washing" (Margaret, 68)

"I am disabled and need extra heating and I need to bathe more often due to incontinence. I am leaving my heating off as much as possible" (Patricia, 70)

One of the contributing factors to older people's struggles with their energy bills is the energy standing charge. As the charge is not tied to energy usage, it cannot be reduced by customers. In our December 2023/ January 2024 survey we found that 89% of those aged 65 and over with a household income of £15,000 or under said that energy standing charges were making it either 'much more difficult' or 'more difficult' to adequately heat their homes. Many in this demographic told us of the actions they had taken to manage the cost of the energy standing charge. We found that 77% had reduced the heating usage in their home, 14% had not turned the heating on in their home and 26% were only heating a single room of their home. Many had also reduced costs elsewhere to manage the cost of the energy standing charge, with 23% eating more cold meals to save on energy, 22% reducing their food consumption or skipping meals and 51% reducing their water usage.

*"Nobody tells you what the standing charges are for. As we are now both into our 80s we seem to feel colder even though we put on more clothes to try to keep the bills down"
(Anonymous)*

"the standing charge combined with increased energy costs cost have meant cutting down in other areas and activities just to meet these increases" (Anonymous)

"I live in Scotland. Where its much colder for longer, last month my dual bill was £150.00 I live in a 1 bed flat. I live on esa and pip, I can't afford to eat 3 meals a week never mind 3 meals a day. My standing charges are approx £30.00 a month. Just think how much basic food I could buy for that" (Mary, 65)

In our April 2024 survey, we found that 15% of those aged 65 and older on a household income of £15,000 or under said that they were in energy debt. We heard from older people in this income demographic about their levels of debt, with many having debts of between £1 and £400. There were also some respondents with debts of £1000 or more. Respondents told us about the effect that these debts – or the reduction in usage they are making to cope with these debts – have on their health, wellbeing, and energy usage.

"I could not afford to pay my bill to increase my direct debit after speaking to a debt agency. I was given a grant by British gas but this is a one off and I am so worried about the next bill my anxiety is really bad I don't sleep very well constantly feel ill I suffer from IBS and have more flare ups than ever" (Anonymous)

*"It never seems to get any less, as soon as I've paid an amount of my bills, the monthly charges go on and its back up again. It's very worrying and makes me feel ill all the time. I am in bed most weeks with flu or a chest infection. I get so depressed with it all"
(Anonymous)*

"I am with the worlds worst energy company as far as customer services go. A repayment is agreed with one dept. Then they phone with another figure. I never know how much I actually owe as the sum changes depending on who you speak to. It causes me added stress" (Anonymous)

Poorly insulated and non-decent housing is another key driver of energy affordability challenges. Many older people live in older, poorly insulated homes. This contributes heavily to their higher energy bills with much of the energy used wasted due to low insulation levels. In England, of those aged 65-74, 63% live in a property with an EPG rating of D or below with 66% of people aged 75+ living in a property with an EPG rating of D or below^x. Average energy bills are higher for those with lower EPG rated properties; those in EPG band D properties pay an estimated £279 more for their energy than those in a property with the EPG band C^{xi}. These poorly insulated homes increase the cost of already high energy bills and are a key driver in energy affordability challenges.

Another key driver is that many older people in financial hardship are unable to cover their costs due to an inadequate income. We found in our December 2023 representative YouGov polling that 76% of those aged 66 and over with a gross household income of less than £15,000 said that a full New State Pension of £203.85 per week (for 2023/24) would not be enough to cover their essential costs. This affects a large number of older people as 1 in 8 pensioners have no income other than from the State Pension and social security payments^{xii}. This issue is compounded due to the low uptake rate of Pension Credit. It has been estimated by the UK Government that only 63% of those eligible are receiving this benefit^{xiii}. This leaves many older people on an unsustainably low income and unable to access the other forms of financial support that being on Pension Credit makes them eligible for. This sustained low income of many older people is a key driver of their energy affordability challenges.

Q2: What options should be explored to tackle energy affordability?

To tackle energy affordability issues, long term solutions must be explored by energy companies, Ofgem and the UK Government. Such options should include: an energy bills social tariff, the re-evaluation of the energy standing charge, the introduction of a 'help to repay' debt scheme, a UK Government produced pensioner benefits uptake strategy and improvements to the energy efficiency of people's homes.

An energy bills social tariff offering a substantial reduction in an eligible household's energy bills should be explored to tackle older people's energy affordability issues. In our April 2024 survey 86% of those 65 and older with a household income of £15,000 or under said that, if introduced, a social tariff would have either 'a large positive impact' or 'a moderate positive impact' on their ability to afford their energy bills.

"It would mean the difference between having cooked meals, instead of snacks, I could keep warm when needed. (My medical conditions require me to keep warm). Also I could shower every day" (Anonymous)

"Very much, I could have the heating on to keep me warm and cook meals, I have health conditions, heart, lung and osteoarthritis and these are all affected by the cold" (Anonymous)

"It would make a massive difference. We could have a warm home during the day and evening and afford to cook hot meals on a electric cooker" (Anonymous)

Before introducing an energy bill social tariff, it must be determined how it should be paid for. If such a scheme was financed through on-bills levies than those who do not qualify for support, but are still on a low income, may be penalised and see their energy bills rise. In our May/June 2023 survey we found that 29% of those 65 and older with a household income of £15,000 or under said that an energy bills social tariff should be paid for out of government expenditure, compared to just 3% who said that it should be paid for out of on-bill levies. Another option, which was shared in a free-text question by several respondents, was that an energy social tariff should not be paid for either by government or through on-bill levies, but that energy companies should fund this support through their own profits to avoid customer energy price rises.

In our research we found that older people consistently support the introduction of an energy bills social tariff. In representative YouGov polling conducted in November 2022 87% of those 65 and over with a household income of £15,000 or under said that they either 'strongly supported' or 'tended to support' the introduction of an energy bills social tariff. In our December/January 2023/24 survey we found that 70% of the same group supported the proposal that an energy bills social tariff should be introduced and that those who were eligible for this social tariff should be exempt from paying an energy standing charge.

An energy social tariff should offer those who are eligible a substantial reduction in their energy bills. A significant reduction would allow those who are struggling the most to better manage their energy affordability issues, allowing them to feel more comfortable in their homes and begin to reverse the possible damage to their mental and physical health, which the cuts they have had to make to their energy usage have contributed to. In our May/June 2023 survey those 65 and older on a household income of £15,000 or under told us about what receiving a 50% reduction in their energy bills through a social tariff would mean to them.

"It would make a huge difference ... especially in the winter. I wouldn't need to wear a coat, hat and gloves indoors, and sit with a blanket. I would be more mobile, which is better for me anyway" (Anonymous)

"It would mean I could live rather than survive" (Tricia, 76-80)

"I could cook more often and have lights on. I could afford basic needs" (Anonymous)

Recommendation:

- **An energy bills social tariff should be introduced by the UK Government in order to ensure that people living on a low income, and those with disabilities or health conditions, receive long-term protection against high energy costs. As part of this, we suggest that eligible customers should be exempt from paying standing charges. We support Age UK's proposed social tariff reduction rate of 50% as it would provide a meaningful reduction in energy costs for those who were eligible for support^{xiv}.**

Changes to the energy standing charge should also be explored to help tackle energy affordability issues. As our evidence highlighted in question 1 shows, as standing charges are not tied to usage, many older people on low incomes are cutting their energy usage and costs in other areas in order to manage the cost of the energy standing charge.

In our December 2023/ January 2024 survey we heard about the effects that these methods of managing the cost of the energy standing charge were having on the lives of older people on a low income.

"Sadly a reduction on energy consumption will have no impact on any standing charge levied by my supplier but I am left with no options but to cut costs elsewhere" (Anonymous)

"At one time had a no standing charge tariff and my annual energy cost was £16 – for the whole year. Now it is well over £200 and I cannot afford, on an income of under £4,500 per annum. I take my meals and do my washing at the home of a person for whom I am a carer because I don't get carers allowance" (Anonymous)

"The Standing charges make up almost half my bill. I stay in bed later in the morning and sometimes all day to save on heating and I sit in the kitchen to save on electricity. Use only the microwave. Very rarely cook a proper dinner. (Anonymous)

In the same survey, when we asked those 65 and over with a household income of £15,000 or under if they thought that the standing charge being applied evenly across households regardless of energy usage was 'fair' only 3% said it was fair with 92% saying it was 'unfair'. In addition, we found that of in the same demographic, 81% said that 'all' or 'some' of the cost of standing charges should be moved over to the unit rate cost of energy. Only 1% of respondents in this demographic said that energy standing charges should be kept as they are.

Recommendation:

- **Ofgem should examine each aspect of standing charges. This should consider what is currently recovered on a flat basis that could be recovered on a unit basis, and whether there are certain costs that could be removed altogether. However, if taken forward, careful modelling and consideration of the level of costs being reallocated to unit rates must take place. This modelling must consider how different groups – including older people on**

low incomes and those with higher essential energy needs – would be impacted.

Another option that should be explored to tackle energy affordability issues is the introduction of a 'Help to Repay' scheme to help those struggling with their energy debts to repay them. We found in our April 2024 survey that, of those 65 and over with a household income of £15,000 or under, 15% said they were in energy debt. Many had debts of between £1 to £400, yet some spoke of debts of over £1000. Energy debts have a severe negative impact on older people in financial hardship, and we heard how in order to manage their energy debts older people on low incomes were cutting down on their food consumption, their water usage and many were only heating a single room of their home.

"we cut back on food, but I need the heat in winter as I suffer from rheumatoid arthritis"
(Anonymous)

"having to cut my food down to 1 meal a day to save expenditure. Using a basic food bank so I can stretch my money to cover my electric bill." (Elaine, 67)

Recommendation:

- **Joining the Money Advice Trust and other organisations, Independent Age recommends that the UK Government should create and fund a temporary 'Help to Repay' scheme which would offer help to eligible people struggling to afford to repay energy arrears.**

As the evidence we provided in question 1 shows, older people are more likely to live in non-decent homes with a lower EPG rating, increasing the amount of energy they may have to use and therefore increasing their energy bills.

Recommendations:

- **The UK Government should consider raising the Minimum Energy Efficiency Standard for properties that are let in the private rented sector. Landlords should be required to meet this new standard within a reasonable timescale.**
- **The UK Government should adopt and implement the new Decent Home Standards in the private rented sector, as set out in the Renters (Reform) Bill**
- **The UK Government should explore how to further promote and increase uptake of existing grants and programmes intended to improve energy efficiency in homes.**

As the evidence we provided in question 1 shows, many older people are on fixed low incomes and are unable to cover their essential costs. In addition, uptake of financial support such as Pension Credit remains low. It is in the best interest of energy companies for customers to be receiving all the financial support that they are entitled to.

Recommendations:

- **Ofgem should strongly encourage energy companies to ensure they have processes in place to proactively signpost their customers who are struggling with bills to organisations which offer welfare benefits checks. Ofgem should also encourage energy companies to explore either introducing or developing their existing capabilities to offer in-house welfare benefits checks to customers experiencing affordability issues.**

- **The UK Government should produce a pensioner benefits uptake strategy. This should include realistic, measurable targets, short-term activities like targeted awareness raising campaigns, and new research on how best to target people missing out. It should set out enhanced support for local authority activity, steps to increase uptake among people from minoritised ethnic backgrounds and longer-term solutions such as (partial) automatic payment. It should build on the DWP's recent Pension Credit trial using Housing Benefit data to target potential non-recipients, developing new ways to use and share data for targeting. The DWP should regularly update the UK parliament on progress.**
- **The UK Government should commit to a cross party review to agree what level of income is needed in retirement to avoid poverty.**

Q3: What factors should be considered when redistributing costs?

Costs redistribution could be a useful tool to support those with energy affordability issues. However, there must be protections in place to ensure only those able to afford higher bills end up paying more and that those struggling to afford their energy bills are not unfairly impacted.

There is public support for redistribution. In our April 2024 survey we found that 64% of those aged 65 and over across all incomes said that people on low incomes, including those with higher energy usage due to health conditions or disabilities, should be protected from energy prices rises, even if it meant that those on higher incomes had to pay more on their energy bills.

Another factor that should be considered is how cost redistribution would be targeted. Ofgem must ensure that costs are not redistributed from those who are able to afford higher energy bills (with higher household incomes) onto those who are unable to afford their current energy bills (with lower household income). This should be the principle behind redistribution rather than a focus on energy usage, as many older people with health conditions and disabilities have unavoidable higher usage, such as requiring more heating to manage arthritis or the required use of electronic medical equipment.

As our evidence has shown in question 1, older people on low incomes with disabilities or health conditions are already making large reductions in their energy usage and are especially worried about being able to meet their energy bill payments. Adding additional redistribution costs onto these bills would unfairly target those whose usage is unable to be reduced without serious medical consequences.

"My husband and I calculate and try to budget year round. Being disabled has added costs, charging wheelchair's, warm clothing, wash and drying. All disabled equipment and clothing costs more. Fortunately, I have Motability Wheelchair Accessible Vehicle but diesel costs limit usage and only use for shopping and hospital/ doctors visits. Too expensive to use socially, days out are a thing of the past and holidays are double for disabled/accessibility accommodation, if available. Every day is the same no luxury's. The joys of growing old." (Anonymous)

"I have health issues and sitting in a cold house makes matters worse. I can't afford to have heating on for more than an hour a day and have limited how many hot meals I have, opting for sandwiches etc instead." (Anonymous)

"It's ok now but in the winter it was difficult, I have a lung condition which is made considerably worse by the cold so not being able to have heating on was hard" (Anonymous)

Targeting of redistribution should also avoid the cliff edge nature of many financial support schemes. In our May/June 2023 survey we heard from older people on low incomes who were struggling with their energy bills but were just above the income threshold for any form of financial support or means-tested benefit, which often form the eligibility criteria for social tariffs in other sectors. This is why redistribution must target higher costs at those with the ability to pay and not just carry exemptions for those on means-tested benefits.

"Those who are only just miss[ing] out on social tariffs should not subsidise those who qualify who are often better off through qualifying for various social tariffs. Those who only have SP [State Pension] should qualify" (Anonymous)

"Many people like ourselves fall just outside the eligible conditions for receiving a social tariff but are still on low incomes. A levy on bills of non eligible customers would impact on people like us" (Anonymous)

"I would not be eligible – but I am only just above the level for this kind of support, social tariffs etc. And they tend to be based on an all-or-nothing system. I don't begrudge anyone who can get it, I hope they do – but I would be really concerned if people like me have to bear the cost" (Carol, 68)

Another consideration around redistribution is how the energy standing charge is addressed. As discussed in our response to questions 1 and 2, energy standing charges already place a substantial financial burden upon many older people on a low income. On top of this we have shown that older people on low incomes do not consider the universal nature of the standing charge to be fair. In our December 2023/January 2024 survey, we found that 66% of those aged 65 and older with a household income of £15,000 or under said that 'all' the cost of the standing charge should be moved over onto the unit rate. Some 15% of the same demographic said that 'some' of the cost of the standing charge should be moved over to the unit rate.

Moving some, or all, of the cost of the standing charge onto the unit rate would allow people to have greater control over their energy bills. We have heard through our research that older people on low incomes believe they would find managing their energy bills easier if the costs of the standing charge were reallocated to the unit rate. However, if reallocating these costs, considerations must be made as to how to shield older people on low incomes who have higher than average energy usage due to unavoidable circumstances such as those with disabilities or health conditions from being penalised. In our April 2023 YouGov polling we found that 40% of those aged 65 and older on a household income of £15,000 or under said they used more electricity and 38% said they used more gas because of their health condition or disability. In our December 2023/ January 2024. People shared with us:

"I am being much more cautious about heating my home and using lighting. I have a small fan heater which I use in my living room during the day and evening and only use the central heating for the bathroom... the lighting is not used during the evening unless I need to see clearly for whatever reason." (Anonymous)

"If the weather is bitterly cold in the evening I put central heating on for half an hour to take the chill off. Wear several layers of wool clothing, thermal leggings and tights under trousers and occasionally a heavy fleece dressing gown on top. I do use gas to cook hot meals once a day." (Anonymous)

"I am not able to keep my hands warm much of the time. This has resulted - last Winter and this last cold spell - in very red & sore fingers, which bleed if I catch them. Hence, my fingers are covered - almost permanently - with breathable plasters." (Anonymous)

"Very difficult when you only have one persons money each week to live on and bills etc standing charge should be scrapped" (Susan 67)

We found in our December 2023/ January 2024 survey that 80% of those 65 and older with a household income of £15,000 or under agreed that, if energy standing charges were moved over to the cost of the energy they use, additional support should be in place to shield customers who have less ability to cover the costs.

In the same survey we heard from many respondents who spoke about how such protections should work and why they were needed.

" [its] unfair to penalize the disabled or people using medical equipment, they should be exempt" (Anonymous)

"Vulnerable people should be better protected" (Tony, 65-70)

"If you are elderly or with illness you need to keep warm so it does seem unfair not to protect the ill or elderly from having the burden of extra daily charges" (Anonymous)

"I am disabled and require more brought energy than the average household" (Sara, 76-80)

If Ofgem was to move some or all of the standing charge onto the energy unit rate, then one protection that they should consider is a cap to the costs formerly associated with the energy standing charge. A cap would mean that once a household meets the threshold for contributions then the part of the unit rate formerly associated with the standing charge would be removed from the rest of their bill. This would shield those who have less of an ability to meet these costs from any unfair unit rate prices rises. Another option that could be considered is an exemption from the costs formerly associated with the energy standing charge. This would mean that those older people on a low income or those with higher than average unavoidable energy usage would be excluded from paying these costs.

Q7: What lessons can we learn from other sectors and countries on managing affordability and debt? And how should they be applied to the energy sector?

Lessons can be learnt from how the water and broadband industries manage their customers' affordability issues.

There are positive lessons to be learned from how the broadband sector operates its affordability support. Many of the broadband social tariffs accept a wide variety of means-tested benefits as a form of eligibility criteria, and importantly for older people on a low income, Pension Credit is an eligibility criterion for most broadband social tariffs^{xv}.

However, there are inconsistencies in the affordability support offered by broadband companies. The full range of benefits that each company bases their eligibility criteria on differs between them and none offer their social tariff to those on a low income who do not receive means-tested benefits. Our research found that older people on a low income are less likely to switch their broadband provider and so are open to being penalised by the loyalty penalty. In our May/June 2023 survey, we found that 45% of those aged 65 and older on a household income of £15,000 or under had not made a change to their broadband service in the last five years. This is despite 51% of the same demographic saying that over the last year their broadband bills had increased above what they were comfortably able to pay.

Inconsistency is also a theme of social tariffs offered in the water sector, with differences in eligibility criteria and level of discount offered resulting in a postcode lottery of support. However, because of the location-based nature of water companies these inconsistencies

in support cannot be directly compared to the energy sector where customers are able to switch between suppliers.

These experiences highlight some key principles that Ofgem and industry should consider when developing energy affordability support mechanisms:

- **Any new energy affordability support should have a wide range of eligibility criteria covering both means-tested benefits and people living on a low income.**
- **Any new energy affordability support should be standardised across every energy company, by providing the same eligibility criteria and level of support to all eligible households.**

Not enough older people in poverty know about water and broadband social tariffs. We found in our May/June 2023 survey that 52% of those over the age of 65 with a household income of £15,000 or under were unaware that their broadband company offered a social tariff. In the same age and income demographic only 51% were aware that their water company offered a social tariff.

This lack of awareness appears to be a leading factor in low uptake of social tariffs. In the same survey, we also found that of those aged 65 and over on a household income of £15,000 or under who were not currently receiving any form of water affordability support, only 18% said that they thought they were eligible for a water social tariff. However, by having incomes of £15,000 or less many of these respondents would be eligible for their water companies' social tariff if their eligibility criteria were based on income. When we asked this same demographic whether – if they discovered they were eligible for a water social tariff – they would switch to one, 78% said they would.

This suggests that the awareness raising techniques that these industries are using are not always working. We found in our May/June 2023 survey that many respondents of the same demographic said that more needed to be done to raise awareness of financial support. Many said that this should be direct contact with those eligible for support and providing information about financial support on all bills in plain English and in a prominent position.

"Send out letters to households" (Anonymous)

"Make all over 65's, disabled and pensioners aware that these tariff exist. Include information with DWP payment information" (Anonymous)

"Include information with your water bill" (Anonymous)

With this in mind, Ofgem should ensure that:

- **Any new affordability support introduced in the energy sector should have an active and targeted ongoing awareness raising campaign by companies and Ofgem so that as many people as possible who are eligible for this support know of its existence and how to apply for it.**
- **There is improved data sharing between energy companies, other utilities companies, the government and third-party organisations so that they can improve the identification and targeting of those customers in need of financial support.**

ⁱ The hidden two million, Independent Age, 2023, see https://www.independentage.org/sites/default/files/2023-06/Hidden_two_million.pdf

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- ⁱⁱ Survey Monkey, Independent Age, April 2024. Sample size was 1,184 adults aged 65 and over in Great Britain. Fieldwork was undertaken 9th and 22nd of April 2024. The survey was carried out online. These figures have not been weighted and are not representative of adults aged 65+
- ⁱⁱⁱ Survey Monkey, Independent Age, December/January 2023/2024. Sample size was 1,498 adults aged 65 and over in Great Britain. Fieldwork was undertaken between the 3rd of December 2023 and the 7th of January 2024. The survey was carried out online. These figures have not been weighted and are not representative of adults aged 65+.
- ^{iv} Survey Monkey, Independent Age, May/July 2023. Sample size was 1,689 adults aged 65 and over in Great Britain. Fieldwork was undertaken between 22nd of May 2023 and 24th of July 2023. The survey was carried out online. These figures have not been weighted and are not representative of adults aged 65+.
- ^v YouGov survey, Independent Age, November 2022. Sample size was 1,052 adults aged 65 and over in England, 531 adults aged 65 and over in Scotland and 517 adults aged 65 and over in Wales. Fieldwork was undertaken 21st -24th of November 2022. The survey was carried out online. The figures have been weighted and are representative of adults aged 65+
- ^{vi} YouGov survey, Independent Age, April 2023. Sample size was 1,150 adults aged 65 and over in England, 565 adults aged 65 and over in Scotland and 568 adults aged 65 and over in Wales. Fieldwork was undertaken 27th April – 3rd May 2023. The survey was carried out online. The figures have been weighted and are representative of adults aged 65+.
- ^{vii} YouGov Survey, Independent Age, December 2023. Sample size was 2,224 adults aged 55 and over in Great Britain. Fieldwork was undertaken between 1st and 7th of December 2023. The survey was carried out online. The figures have been weighted and are representative of adults aged 50+
- ^{viii} [Cornwall Insights, 2024, Predictions and Insights into the Default Tariff Cap.](#)
- ^{ix} [End Fuel Poverty Coalition, 2024, Ofgem Price Cap.](#)
- ^x [Gov, 2023, English Housing Survey 2021 to 2022, Chapter four Annex Tables](#)
- ^{xi} [Energy and Climate Intelligence Unit, 2023](#)
- ^{xii} [Gov, 2023, Pensioners' Incomes Series: Financial Year 2021 to 2022.](#)
- ^{xiii} [Gov, 2023, Income-related benefits: estimates of take-up: financial year ending 2022.](#)
- ^{xiv} [Age UK, 2023, Keeping the light on: the case for an energy social tariff](#)
- ^{xv} [Ofcom, 2023, Social tariffs: cheaper broadband and phone packages.](#)