Advice NI Response to Call for Evidence: Pensioner Poverty Inquiry

January 2025

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About Advice NI and the independent advice network

Advice NI is a membership organisation and service provider that exists to provide leadership, representation, support and services for the Independent Advice Network and people in Northern Ireland. We support 65 members across NI, providing advice on benefits, debt, housing, employment and consumer related issues.

Advice NI also delivers a range of advice services to the public via a Freephone helpline which includes Debt & Money, Benefits, Tax Credits & HMRC products/services, EU Settlement Scheme and Business Debt. See www.adviceni.net for more on the work of the independent advice network.

Our latest annual report highlights that over 260,000 enquiries were dealt with by the network, with 76% of the work of the network relating to social security enquiries (amounting to almost 200,000 enquiries) in other words targeting low-income households whether in work or out of work. Since 2019 the Advice NI debt service has advised over 21,000 people deal with £233m of debt.

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

Advice NI exists to help and support the most vulnerable in Northern Ireland. Pensioners could be considered a vulnerable demographic both in Northern Ireland and G.B. The word pensioner describes a person who receives a pension, most commonly because of retirement from the workforce[1]. However, there is disparity in terms of the amount of income a pensioner can receive, depending on their circumstances.

In 2023, the Government confirmed the State Pension age will rise to 67 by the end of 2028, following a review.[2] People with ill health, without work and approaching State Pension age, are at risk of poverty, hardship and a consequential worsening of their health. People reaching State Pension age from April 2026 will have up to an extra year's wait to receive their State Pension due to the gradual increase of State Pension age from April 2026 to 67 years of age by 2028. There are now more people economically inactive in the years before State Pension age, and many will have to wait an additional year before being able to access government support for pensioners.[3]

Income

Since 2011, income growth for poor pensioners has lagged behind the population as a whole[4]. From 2011–12 to 2022–23, incomes for poor pensioners…rose by only 5% (after adjusting for inflation). This is in part because poor pensioners have benefited from neither the rises in employment income nor the rises in private pension income.[5]

In Northern Ireland 2022/23, the proportion of pensioners in relative poverty was 12%; compared to 16% in 2021/22. Over the same period, absolute poverty for pensioners decreased from 12% to 7%. This is a statistically significant decrease[6], however it is possible that these figures could rise again. While these figures appear positive, inflation of food and energy prices is certainly detrimental to those with a small, fixed income.

Most working-age households receive most of their income from employment, meaning that trends in earned incomes are the key determinant of their incomes. However, only a small minority of pensioners receive significant income from employment.[7]

Pensioner income in the U.K. is often limited to State Pension, Pension Credit and possibly a health-related benefit, such as Attendance Allowance [AA]. This is in

[1] Wiki
[2] Gov.uk
[3] Health.Org

[5] IFS.org
[6] Communities NI Poverty Report
[7] IFS.org

contrast to those pensioners with higher incomes, from additional private pensions or income derived from savings.

On top of the restriction of income, more than one million pensioners in the U.K. have no savings.[8] This could be problematic if unexpected costs arise, e.g. fridge breaking down.

Cost of Living

The Cost of Living crisis that emerged in 2021 has remained. It centres around the rising cost of food and energy, two expenses that are unavoidable. Pensioners in the U.K. should not be obliged to make a Sophie's choice of whether to eat or heat their home. Pensioner material deprivation – a measure of the household's inability to afford key essentials – rose from 6% (700,000 pensioners) in 2019–20 to 8% (1 million pensioners) in 2022–23. For example, the fraction of pensioners who could not afford to keep their home warm rose from 2% to 5% (230,000 to 570,000 pensioners).[9] 77 % of people age 66+ in the UK - equivalent to 9.2 million - spent their Winter Fuel Payment on fuel related costs such as heating their homes, hot water and running household appliances last year.[10]

Health Issues

As well as limited income, pensioners could also have multiple health issues, as well as being socially isolated from family members or their local community. In 2023 in England alone, 1.6 million people aged 65+ have unmet needs for care and support. Additionally, more than one in four of the adult population in England lives with two or more long-term health conditions. People with multiple long-term conditions (two or more) have an increased risk of functional decline, poorer quality of life, greater healthcare use and higher mortality.[11]

At any age, health issues and disabilities can result in more expenditure: there are several 'hidden' costs to being disabled. Disabled individuals and their families spend more on essential goods and services, such as heating, insurance, equipment, travel, food and therapies.[12] Health issues and disabilities in pensioners, combined in a perfect storm with restricted income streams and the Cost of Living crisis, has made life for impoverished pensioners even more precarious in 2024.

[8] Race Equality Foundation
[9] IFS.org
[10] Age UK
[11] Age UK
[12] EconomicsObservatory

Groups affected

Ethnic Minorities

In terms of groups most likely to be affected, poverty rates are even higher among some older people from ethnic minority backgrounds; more than one in three people from Bangladeshi and Pakistani backgrounds aged 50 and over are living in relative poverty.[13]

Manchester University pointed out the unequal impact Cost of Living has: "There are some distinctive characteristics which are more likely to place older people from ethnic minority backgrounds at risk of economic hardship and social exclusion. These include: the long-term impact of the pandemic, housing insecurity, the rising price of imported food, racism and discrimination, and language barriers resulting in limited access to services."[14] Note that a few of these characteristics [such as racism and language barriers] could not only negatively affect the mental health of the ethnic minority pensioner in question, but are also issues that white pensioners simply never have to deal with.

The latest figures from AgeUK show that 30% of older people from Black ethnic groups are in poverty compared to 16% of White pensioners.[15] Also, that older minority ethnic groups have lower average incomes, are more likely to receive means-tested benefits, and less likely to receive private pensions. For example, 44% of Black older households receive an occupational pension compared to 61% of White older households. And on average, Black older households receive £47 a week from occupational pensions compared to £169 for White older households.

Women

In May 2024, Age UK published a report highlighting that 17% of female pensioners live in poverty compared to 15% of male pensioners. 23% of single women pensioners live in poverty, compared to 20% of single men and 13% of pensioners in couples[16]. On average, women have lower individual retirement incomes than men reflecting their lower average earnings and time out of the labour market or working part-time raising children and providing care to older and disabled relatives or friends.[17]

"Despite large increases in state pension incomes for women born since 1950... these changes have not led to large falls in relative income poverty for these women compared with previous generations at the same age.... In part this is because the reforms of 2010 and 2016 were designed to boost the incomes of (generally) women with low state pension incomes, rather than boosting the incomes of pensioners with

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[13] Race Equality Foundation
[14] Manchester.ac
[15] Age UK
[16] Age UK
[17] Age UK

low household incomes. It is also due to higher state pensions leading to falls in eligibility to other benefits for low-income families."[18]

Digitally Excluded

Northern Ireland (NI) is the most digitally excluded region within the UK and that older people [particularly those aged 75+] are among the most digitally excluded. With more services transitioning to online, it is becoming increasingly difficult for those experiencing digital exclusion to access their rights. Advice NI is also aware, from our past experience of delivering digital inclusion training to older people, that many older people experience financial disadvantage and are unaware of social security benefits they may be entitled to.[19] In order to address this, Advice NI ran a successful project, funded by OfCom, called Rights4Seniors. The project was to build the media literacy of a cohort of digitally excluded older people.

Tenants

8% of private tenants and 36% of social rented sector tenants, live in poverty compared to 14% of older people who own their home outright.[20] Housing Costs are a clear extra burden for those pensioners who do not own their own home.

How does poverty impact on groups across the lifespan?

n/a

[18] IFS.org
[19] Advice NI.net
[20] Age UK

Are there international comparisons we could learn from?

The UK devotes a smaller percentage of its GDP to state pensions and pensioner benefits than most other advanced economies. A comparison of state pension alone shows the UK providing a lower level of pension than most other advanced economies relative to average earnings.[21] While the UK is happy to spend conservatively on pensions for its citizens, in contrast in 2023/24, the United Kingdom spent approximately £56.8 billion on defense, compared with £59 billion in the previous year.[22] While this may be adhering to NATO guidelines suggesting each member state should spend at least 2% of their GDP on defence[23], the government doesn't appear to have the same commitment of resources to ensure its pensioners have a sufficient, guaranteed income that is higher than other advanced economies.

In 'Pensions: International Comparisons'[24], Rachael Harker looks at statistics from the Organisation for Economic Cooperation and Development [OECD]. The OECD measures incomes consistently across countries to determine the proportion of the pensioner population in each country living in relative income poverty (defined as having incomes less than 50% of the median)....The proportion of people aged 66 and over living in relative income poverty...in the UK it was 14.5% in 2022, the 14th highest out of the 34 OECD countries for which data is available for 2019-2019. Interestingly, rates were lowest in Denmark (4.1%), where their flat-rate State Pension is much more generous than in the U.K.

So Denmark has the lowest rates of pensioners living in relative income poverty, possibly due in part to an individual's pension reaching up to the equivalent of £360/week, compared to the U.K.'s £221.20/week.

The Mercer CFA Institute Global Pension Index is an annual cross-country comparison of pension systems. Denmark achieved Grade A: its pension system being described as 'first-class robust retirement income system that delivers good benefits, is sustainable and has high integrity.' Whereas the UK's pension system scored a B: 'system that has a sound structure, with many good features, but has some areas for improvement that differentiates it from an A grade system.'

Note that both Denmark and the U.K. operate a 'first pillar' State Pension system, where State pensions and pensioner benefits are statutory programmes financed through taxation or social insurance contributions.[25] For some reason however, the U.K.'s pension system cannot be described as having high integrity.

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[21] .Commons Library
[22] Statista.com
[23] Lords Library
[24] House of Commons Library Research Briefing
[25] Research Briefings

Perhaps the U.K. government could take a closer look at how Denmark operates its State Pension system, to see if any learning could be applied.

To what extent does the current State Pension and other pension age benefits prevent pensioner poverty?

Relative pensioner poverty rose from 13% in 2011–12 to 16% in 2022–23[26], equivalent to an increase of 300,000 pensioners: arguably the current State Pension and other benefits are not doing enough to prevent pensioner poverty in the U.K.

State Pension

"The Pension and Lifetime Savings Association (PLSA) shows how much it costs to fund a minimum, moderate and comfortable level of retirement. Even for a basic retirement, it estimates you would still need a pension pot of £14,400 - up from £12,000. For a couple, this has jumped from £19,900 to £22,400. It highlights that the annual new state pension – currently £10,600 and rising to £11,502 in April 2025 - will help fund much of the minimum standard but you will need a larger pension pot... for a moderate or comfortable retirement."[27]

Sarah Pennells, Consumer Finance Specialist at mutual pensions provider, Royal London: 'Our research shows that one in five people over State Pension age are living on the State Pension alone, with many thousands not entitled to the full amount for a variety of reasons.'[28] While this may only apply to G.B., it does illustrate that a number of pensioners are slipping through the social security safety net, and are more vulnerable because of that.

The Institute for Fiscal Studies states that a key reason for low-income growth for poor pensioners has been that growth in state pension incomes has been offset in large part by falling levels of other benefits – higher state pensions increase pensioner incomes, making them increasingly ineligible for further means-tested state support. Indeed, for the poorest third of pensioners, state pensions rose by 6% between 2011–12 and 2022–23 but total benefit incomes (including state pensions) only rose by 1%. In other words, the support that poor pensioners get from the state increasingly comes from the state pension, rather than the means-tested benefit system' [29]

Any poverty levels affecting a vulnerable population is cause for concern and consideration. Ideally, statutory bodies should put into place robust support mechanisms to protect and increase income. An example of this is the Triple Lock on pensions, introduced in 2010... to make sure that the State Pension doesn't lose value over time[30]. Advice NI acknowledges that the commitment to the Triple Lock has played a significant part in tackling pensioner poverty. Supporters of [the Triple Lock] argue the

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[26] IFS.org
[27] Moneyweek.com
[28] Gov.uk
[29] IFS.org
[30] Standard Life

policy helps improve the adequacy of retirement incomes for current and future pensioners. They note the particular importance of State Pensions to those on lower incomes, and that the UK State Pension is low in an international context[31].

Pension Credit

Pension Credit provides extra money to help with living costs if claimant is over State Pension age and on a low income. Extra money can be applied for if the claimant is a carer, severely disabled, or responsible for a child or young person. Pension Credit is separate from State Pension. It tops up weekly income to £218.15 if single, and joint weekly income to £332.95 if with a partner. The Institute for Fiscal Studies points out: as the pension credit amount is now below the value of a full new state pension, future generations of pensioners will be less and less likely to be eligible for any pension credit, which also means over time fewer people will be passported to the additional benefits. These will increasingly only be available for those who have only spent a relatively small fraction of their working life in the UK, or those receiving additional amounts due to entitlement to disability benefits or carer's allowance.[32]

Social Fund Payments [e.g. Winter Fuel Allowance] are not counted as income when calculating a Pension Credit award. Pension Credit can provide access to a wide range of other benefits, such as help with eye and dental treatment, and Housing Benefit.[33]

Unfortunately, take-up of Pension Credit in the U.K. is not as successful as it could [or should] be. In September 2022, NISRA[34] estimated 26,300 (28%) of pensioners in Northern Ireland were potentially entitled to Pension Credit but not receiving it[35]. Meanwhile in G.B., the government estimates that up to 880,000 pensioners could be missing out on Pension Credit, worth on average up to £3,900 per year. On Monday 2 September, DWP launched the Pension Credit Week of Action. It aims to spread awareness and increase claims for Pension Credit, which from this year will also automatically passport eligible pensioners to receive the Winter Fuel Payment [WFP]. This work is part of a wider plan to ensure economic stability for pensioners by protecting the Triple Lock and supporting households with their energy bills through the £150 Warm Home Discount and the Warm Homes Plan – upgrading millions of homes this Parliament. The government estimates that, over the next five years, more than 12 million pensioners could see their State Pension increase by over £1000 as a result of the commitment to the Triple Lock[36].

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31 .Commons Library
32 IFS.org
33 NiDIrect
34 Northern Ireland Statistics and Research Agency
35 Communities NI
36 Gov.uk

Winter Fuel Payment [WFP]

From Winter 2024, entitlement to WFP will now be dependent on receiving another means tested benefit. Pension Credit is the primary benefit by which pensioners will receive the WFP[37]: Pension Credit claims in G.B. have increased by 145% since the announcement to restrict winter fuel payments (WFPs) to those on means-tested benefits, according to new DWP statistics[38].

Attendance Allowance

Attendance Allowance is a health-related benefit, with a successful claim resulting in either £72.65 or £108.55 /week. This is equivalent to the Lower and Higher Daily Living amounts of PIP, a health-related benefit for those of working age. However, unlike PIP, AA does not include a 'mobility' component, which is £28.70 or £75.75/week[39]. While extra money for mobility issues would undoubtably increase money pensioners could receive, it is the UK Government's position that mobility issues are part of getting older, and therefore not an illness or disability that requires extra financial support. Sir Stephen Timms stated on 5 September 2024: 'it is expected that many older people will develop mobility issues as part of the ageing process'[40].

It is important to stress that AA is not universally issued to all those of pension age and has specific criteria for the claimant to satisfy, to be eligible for payment.

A positive point to note is that Attendance Allowance is not taxable or means-tested.

Industrial Injuries Disablement Benefit

Industrial Injuries Disablement Benefit (IIDB) is for people who are disabled because of an accident at work, or who have certain diseases caused by their work. You do not have to have paid national insurance contributions to get IIDB. You can get it even if you carry on working or go back to work. It does not matter how much savings, capital or other income you have. Depending on the extent of your disability, this assessment will last for a fixed period or life. [41]

State Pension and the benefits mentioned here go some way to prevent pensioner poverty, but in Advice NI's view, not far enough. There should be a stronger encouragement for pensioners either getting or applying for Housing Benefit and / or Attendance Allowance, as well as being encouraged to claim Pension Credit.

[37] Gov.uk
[38] Rightsnet
[39] Gov.uk
[40] Questions Parliament
[41] Turn2Us

What essentials should the State Pension and other pension age benefits provide?

The State Pension should provide sufficient funds to cover the cost of living, from food and energy to housing costs. Unfortunately, the average pension pot required for a basic standard of living in retirement has surged by 60%, from £68,300 in 2020-21 to £107,800 in 2023-24, according to new research by the Resolution Foundation.[42]

"The new State Pension currently provides a sufficient income for pensioner couples (i.e. where both adults receive the full new State Pension) that own their own homes. However, for social and private renters, as well as single pensioners across all tenure types, the new State Pension alone does not provide a sufficient income to meet a minimum income standard."[43]

Advice NI, through our work as the regional Independent Advice Network, has a keen awareness of in-work poverty and the need to take a more holistic and upstream approach to tackling it. In 2021, we signed up as a Living Wage employer and encouraged our network to do the same through the publication of our report, 'It's the Local Economy, Stupid'.

Our policy manifesto calls for the adoption of Community Wealth Building as a viable model for addressing poverty as well as climate change. It also advocates for the roll out of the Living Wage in NI to ensure income adequacy.

In 2022, we began discussions with the Living Wage Foundation on how this could become a reality. In order not to lose the momentum of the Living Wage for East Belfast Campaign, the Living Wage Foundation agreed that Advice NI would be their preferred partner in NI and agreed to fund us to provide advocacy on a regional basis.

Advice NI would like to see all employers in the U.K. sign up to the Living Wage and the Living Pension. The real Living Wage is the only UK wage rate based on the cost of living. It is voluntarily paid by over 15,000 UK businesses who believe their staff deserve a wage which meets every-day needs.[44]

Living Pension Employers commit to providing a Living Pension savings level, using either a cash (£2,800) or percentage (12%) target.[45]

Research completed by the Resolution Foundation in 2022 showed that four in five workers, and 95% of low-paid workers, are not saving at a level likely to deliver an acceptable standard of living in retirement. Those on low pay are being hit hardest, with many struggling to keep their heads above water today, as well as worrying about an

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42 Living Wage.org
43 Living Wage.org
44 Living Wage.org
45 Living Wage.org

uncertain future. By introducing a Living Pension alongside the Living Wage, employers can help employees meet the real cost of living today and in the future.[46]

While some employers may balk at the added expense, it would be a practical show of support for their employees. Also if just a quarter of the UK's low-paid workers were given a pay rise to the real Living Wage, a subsequent increase in wages, productivity and spending could put an extra £1.1bn back into the UK economy[47]. It would result in tangible community wealth building, as well as helping employees contribute to saving for their retirement: only 1 in 20 low paid workers paid below the real Living Wage making adequate pension contributions.[48]

This would be a practical way to go towards preventing, or at least alleviating, pensioner poverty in the future.

[46] Living Wage.org
[47] Peoples Health Trust.org
[48] Living Wage.org

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

Carefully! Just one of the calls to the AgeUK advice line shows that managing costs for all three of these essential living components can be a struggle:

'A couple with health problems told us they were living on a low income and finding it difficult to buy food. On top of that they had a large energy bill and rent arrears.'[49]

There are various schemes and projects across the U.K. which can provide assistance with installing energy efficient measures, heating etc., as detailed below.

Energy:

The 'Help with energy efficiency, heating and renewable energy in homes' House of Commons Research briefing discusses various energy schemes available throughout the UK.

Northern Ireland offers the *Affordable Warmth Scheme*. Households with a total annual gross income of less than £23,000 may be able to get funding to help with boiler replacement / system upgrades for homes for older boilers where householders are over 65; also roof/loft, cavity and solid wall insulation, draught proofing and single glazed window replacement. There is also the *Northern Ireland Sustainable Energy Programme [NISEP]* : used for energy efficiency schemes including boiler upgrades, radiator panels, insulation, draught proofing, and smart heating controls. The majority of the funding (80%) has been targeted at vulnerable customers.

In G.B., there is the *Great British Insulation Scheme (GBIS*). It is designed to....boost help for those on the lowest incomes. *The Home Upgrade Grant (HUG)* provides funding for energy efficiency upgrades and low-carbon heating in low-income households in off-gas properties in England. The *Boiler Upgrade Scheme (BUS)* provides upfront grants of up to £7,500 to help with the cost of installing renewable heating systems in domestic properties and small non-domestic properties in England and Wales. [50]

Housing Costs

The Northern Ireland Poverty and Income Inequality report 2022/23, published March 2024, states that over three-quarters of N.I. pensioners live in homes that are owned outright (compared to roughly a third of working-age adults), and so face minimal housing costs.[51]

While many pensioners may own their own homes, they still have to pay Council Tax [G.B.] or Rates [N.I.]. In G.B., pensioners could be eligible if on a low income or claim

[49] Age UK
[50] Research Briefings
[51] Communities NI

benefits. The bill could be reduced by up to 100%. What you get depends on several factors, including:

- where you live - each council runs its own scheme
- your circumstances (for example benefits, residency status)
- your household income - this includes savings, pensions and your partner's income[52]

In Northern Ireland, if you are a pensioner, you may be entitled to help with your rates through the Housing Benefit and Rate Relief or Lone Pensioner Allowance schemes. There are allowances for certain tenants and homeowners.[53] Housing Benefit and Rate Relief help a homeowner pay the rates bill for their property. The award is means-tested. When applying, the Housing Executive assesses income, savings and household circumstances.[54]

Increase in private and social housing rents drives up housing costs for pensioners – for example, it was reported in 2022 that social rent is on the rise by up to 4.1%, meaning some households could see an increase in costs of about £200 a year.[55]

Council Tax or Rates is of course separate to any maintenance of the home itself, which can involve unavoidable costs, such as replacing a defunct boiler.

As concerning as the current situation is, the Pensions Policy Institute published its report "Renting in Retirement – The Fault Line Below the UK Pension System". The PPI warned that few renters will have enough savings to cover both the cost of living and cost of renting in later life and estimates that 400,000 households could become dependent on income-related pensioner benefits[56].

Advice NI is encouraged to see the plans for G.B. to merge a housing element into Pension Credit, with the Chancellor stating in September 2024:

"The Department for Work and Pensions will also bring together the administration of Pension Credit and Housing Benefit, so that pensioner households receiving Housing Benefit will also receive any Pension Credit they are entitled to - something the previous Government deferred for years, despite knowing that the poorest pensioners were missing out".[57]

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[52] Gov.uk
[53] NIDirect
[54] NIDirect
[55] BBC News
[56] FT Adviser
[57] Mirror

Food

The rise of food prices is alarming when considering pensioner poverty. It is important to note that the rise is not restricted to luxury items, but rather basic staples that many pensioners rely on. The February 2023 Parliament research paper 'Cost of Living: Food Price Inflation' noted: "In a separate analysis of food price inflation published in December 2022, the ONS noted that price rises were particularly severe for some of the lowest-cost household essentials like pasta, tea and bread. The ONS noted that the kinds of food price inflation the UK had experienced over the past year had the worst effect on the most vulnerable in society, with rising prices having a greater impact on those on lower incomes. It said 61% of those in the most deprived areas of the UK were buying less food compared with the previous year, as opposed to 44% in the least deprived areas."[58]

Having to stretch a meagre income to cover spiralling food costs has resulted in more pensioners than ever needing to access the services of food banks. In May 2024, food banks have seen a "concerning" increase in pensioners needing emergency food parcels in the past year… more pension-age households needing help, with 179,000 parcels provided for older people in this age bracket. This is a 27% increase on the year before.[59]

On top of being more likely than their white counterparts to be in poverty, Black, Asian and other minority ethnic households are likely to experience an average increase in the cost-of-living 1.6 times higher than their White counterparts. The reason for this is that individuals on low or insecure incomes are often forced into pricier arrangements such as prepayment meters, higher-cost credit, or being unable to buy everyday goods such as food in bulk.[60]

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[58] Lords Library
[59] Independent
[60] Manchester.ac

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?

Polling from Age UK in 2022 found that 10% [1.6 million] of over-60s in the UK are reducing or stopping their social care or expect to do so in the coming months as they struggle with the cost of living, storing up big problems for the NHS. More than 1 in 5 (22%) older people are already reducing or stopping spending on medications or specialist foods or expect to do so in the coming months, and 1 in 7 (15%) are skipping meals or expect to do so over the same period.[61]

"…as the population grows and ages, rising demand for treatment, care and support, plus increasingly complex needs, are putting further pressure on the health and social care system".[62] While more pressure is being piled on the health and social care system, it is important to remember that these pressures are also borne by family and the pensioners themselves: Five million people in England and Wales aged five and over reported providing unpaid care, according to the Census 2021. Organisations that support unpaid carers argue the real figure is likely to be higher. One in five (20%) unpaid carers are aged 65 plus.[63]

As highlighted in questions one, groups most likely to be affected by pensioner poverty are from black and ethnic minority communities. This disparity also concerns general health:

Ethnic minority people have up to three years' lower life expectancy, up to seven years' lower healthy life expectancy, and worse health related quality of life compared with their White counterparts…. Health outcomes in recent decades have been consistently poor for Pakistani and Bangladeshi people. They have the worst health out of all ethnic groups at almost every stage of the life-course.[64]

Not only do these ethnic minority groups of pensioners have worse health compared to their white counterparts but, because they are more likely to be in poverty, they have less facility to pay for support, services or treatment. This is especially relevant considering the strain the NHS is currently under. The British Medical Association [BMA] published an overview of key pressures faced by Health and Social Care [HSC] in Northern Ireland, England, Wales, and Scotland. Pressures in N.I. include: growing waiting lists; cancer targets not being attained; and patients waiting longer for emergency admissions.[65]

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[61] Age UK
[62] Age UK
[63] IBID
[64] Manchester.ac
[65] BMA.org

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

Mitigations can soften the blow of Cost of Living, even if only slightly.

In Northern Ireland, Welfare Supplementary Payment (WSP) schemes, which were originally introduced to alleviate the impact of changes to the social security system, will continue in payment after agreement by the Executive in December 2024. The schemes include mitigation payments for the Benefit Cap and the Social Sector Size Criteria – commonly known as the bedroom tax. Most of the payments will run until the end of March 2028.[66] While the Bedroom Tax doesn't apply to pensioners[67], and the Benefit Cap doesn't affect those over State Pension age, if you are in a couple and one is under pension age, the cap may apply. So while most of these schemes apply to working-age benefits, pensioners could still benefit from these protections.

Winter Fuel Payment

Another positive example: pensioners in Northern Ireland affected by cuts to winter fuel support are to get a one-off £100 payment from Stormont. The communities minister said there will be no application process, as the department will automatically identify eligible individuals through existing records.[68] An estimated 250,000 pensioners, in approximately 170,000 households, who were set to lose out after the UK government's decision to means-test the Winter Fuel Payment, will receive the automatic payment. Eligibility criteria will be that previously used for WFPs and payments will be issued before the end of March 2025[69].

On Monday 29th July the Chancellor made a statement to Parliament outlining: The Government will continue to provide winter fuel payments worth £200 to households receiving pension credit or £300 to households in receipt of pension credit.

So far the discussion has mainly centred on means-testing the Winter Fuel Payment and whether the devolved administrations should make up the shortfall to maintain universal payments. However the issue merits closer scrutiny and ultimately is not a binary choice.

There is no doubt that universal payments ensure 100% take-up and ensures that people who are not in receipt of Pension Credit (but should be) and those just above the Pension Credit limit receive support. This prompts the idea as to whether there can be a

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[66] Communities NI
[67] Shelter.org
[68] BBC News
[69] Communities NI

‘near Pension Credit’ criteria added that could mitigate the impact of removing universality and provide support to those pensioners on lower incomes.

There is the consideration of whether scarce resources need to be more finely targeted towards meeting need. In other words should the payment be going to pensioners who do not need it? The use of Pension Credit as a proxy for need at one level works well as it is means-tested. However there is an acknowledged issue with take-up, with most recent estimates for England, Scotland and Wales suggesting that up to 40% of pensioners entitled to Pension Credit are not claiming it. Figures for Northern Ireland suggest that an estimated 66,300 (72%) of those families entitled to Pension Credit received it, with an estimated 26,300 (28%) potentially entitled to Pension Credit but not receiving it. Clearly there needs to serious thought given to targeted work with the independent advice network aimed at improving the take-up of Pension Credit, otherwise not only will pensioners miss out on the benefit but they will also miss out on the Winter Fuel Payment.

Finally to address the issue of whether consideration should be given to maintaining universal Winter Fuel Payments from the local devolved budget. This consideration needs to take place within the wider context of social security, poverty and need in Northern Ireland.[70]

[70] Advice NI

How effective are discretionary payments such as the Household Support Fund? How can support be more effectively targeted at pensioners in poverty?

The Household Support Fund was £421m made available to County Councils and Unitary Authorities in England to support those most in need with the cost of essentials. Authorities can also use funding to support households with housing costs where existing housing support does not meet this need, and to supplement provision with signposting, advice and preventative support. It runs from 1 October 2024 – 31 March 2025.[71]

"The Fund is expected to support vulnerable households with energy, food and water costs, and Authorities should prioritise support which offers immediate impact to those in need. Support can be delivered through cash, vouchers or in kind."

In terms of effectiveness, the Household Support Fund guidance states:

"Authorities are allowed to use part of the funds to conduct evaluations, however, it is at the discretion of Authorities whether they choose to conduct such evaluation activity. Authorities are encouraged to consider conducting local evaluations of their schemes to provide evidence of impact and inform the best use of funding within the local area."[72]

It is difficult to evaluate how effective this particular scheme is, as it is on-going - funds will continue to be committed, where possible, until March 2025. It is also possible that not all authorities will conduct robust evaluation of how effective this scheme was. However, it does appear to address the basic Cost of Living needs, re: energy, housing and food costs. Further, it is not focused on one specific vulnerable group – possibly because there are sadly so many. Instead, the guide encourages local authorities to:

"use the wide range of data and sources of information at their disposal, including through engagement with relevant TPOs, to identify and provide support to a broad cross section of vulnerable households to prevent escalation of problems. It is important to stress that The Fund is intended to cover a wide range of low-income households in need, including families with children of all ages, pensioners, unpaid carers, care leavers and disabled people, larger families, single-person households, and those struggling with one-off financial shocks or unforeseen events."[73]

[71] Gov.uk
[72] IBID
[73] IBID

Authorities should also use other sources of information to identify vulnerable households, including by taking advice or application referrals from professionals who come into contact with vulnerable households such as: social workers; keyworkers delivering early help and family support; health visitors; and housing support officers.

What is needed to improve access and take up of Pension Credit and other social security support for pensioners in poverty?

As stated earlier in this response, it is estimated that over 900,000 pensioners in the U.K. may be missing out on their Pension Credit entitlement.

Eurofound notes that addressing this 'non-take-up' of benefits is critical for two key reasons: benefits do not fulfil their objective if they do not reach the people they are aimed at; and some people in this situation are living in the most vulnerable circumstances. Also that take-up of benefits in general can be affected by multiple factors…. Take-up may be affected by broad factors such as the attractiveness of the benefit, lack of awareness of the benefit/application procedure, lack of awareness of entitlement, the perceived stigma of receiving a benefit.[74]

Awareness is crucial, to educate claimants around how exactly receiving a particular benefit would improve their lives in practical terms. This means not just money, but, for example, that getting even a few pounds of Income-related Pension Credit would connect them to other benefits, such as free bus pass, etc.

It is vital that awareness drives, projects and targeted campaigns are facilitated by different statutory bodies [such as councils, government departments], as well as the Third sector.

Statutory Bodies

In September 2024, the DWP launched the Pension Credit Week of Action. It aims to spread awareness and increase claims for Pension Credit. Joining forces with charities, broadcasters, Local Authorities, and a range of partners, the campaign will tackle myths that may prevent people applying, for instance having a small private pension, savings or owning their own home. Families, friends and neighbours are being encouraged to reach out to retired family members to encourage them to check their eligibility and apply. 21 December is the last possible date to make a successful backdated claim in order to receive the Winter Fuel Payment.[75]

While this is a valuable project, Advice NI argues that this drive should not be restricted to 1 week, but rather a sustained campaign throughout the year to raise awareness and encourage pensioners to see what their entitlement to Pension Credit could be.

Meanwhile in G.B., York City Council launched a targeted Pension Credit campaign using the Low Income Family Tracker (LIFT) platform to identify eligible residents and

[74] Eurofound
[75] Gov.uk

maximise their income. The initiative enabled cross team collaboration, reaching hundreds of households and improving financial security for pensioners.[76]

Jim Shannon of the DUP in Northern Ireland, asked the Secretary of State for Work and Pensions, what steps she is taking with the devolved Administrations to help increase awareness among pensioners of benefits they may be entitled to.

On 28th November 2024, Emma Reynolds, the Parliamentary Under-Secretary of State for Work and Pensions, responded:

'This Government remains completely committed to supporting pensioners and giving them the dignity and security they deserve in retirement. DWP uses a wide range of channels including information on Gov.uk, in letters, leaflets and via telephone to communicate information to older people about pensioner benefits, including how to claim, and signposts to devolved provision where appropriate. Where there is devolved provision for pensioner support, the Devolved Governments provide their own information and communications.'[77]

This is not a proactive response to the situation – while the Government states it is 'committed' to supporting pensioners, it seems content to leave it up the devolved administrations to increase awareness.

Third Sector

Facilitation by independent advice bodies can help raise awareness of benefits that claimants may be entitled to. An example is below:

In order to increase the numbers of clients claiming Social Security Benefits and the amount of benefit being paid, the Social Security Agency commissioned Advice NI, over a period of several years, to provide information advice and assistance to clients regarding Pension Credit and Attendance Allowance. Advice NI carried out confidential Benefit Entitlement Checks for pensioners to establish any entitlement to Pension Credit and Attendance Allowance. Advice NI and local members also completed any claim forms required following the provision of information and advice, with no charge to the client.

Advice NI developed and implemented a successful advice service delivery model which produced positive outcomes and outputs for the targeted clients. The 2011/12 Uptake programme generated £4.7 million for clients in unclaimed benefits. The government should support the independent advice sector to do even more benefit uptake work that we have demonstrated we can do well, as trusted providers.

[76] Policy in Practice
[77] They Work for You

Are there sufficient data to enable efficient targeting of support? Are there delivery mechanisms that allow effective targeting?

n/a

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