



An Energy Guarantee for Older Persons: Policy Brief

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Age Action is Ireland's leading advocacy organisation promoting equality for all of us as we age



Rialtas na hÉireann
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Introduction

Age Action is the leading advocacy organisation on ageing and older people in Ireland. We advocate for a society that enables all older people to participate and to live full, independent lives, based on the realisation of their rights and equality, and recognising the diversity of their experience and situation.

Age Action is calling for an energy guarantee under which all older persons receive a minimum quantity of energy, paid for by carbon tax revenue.

An Energy Guarantee for Older Persons is a sustainable solution to energy price inflation for those households who are unable to transition away from reliance on fossil fuels for their home heating, and who may not be able to retrofit their homes, and who are therefore unable to avoid a high level of carbon taxes and high prices for home heating

A specific solution is required for older persons because their situation is unique in terms of the health risks of cold homes, lack of capacity to increase their incomes, and their disproportionate occupation of poorly insulated homes.

This is a proposed new measure to redirect existing funding and to use carbon tax revenue to ensure every older person household can afford a minimum *quantity* of energy, with more support to be given to households with lower incomes and/or lower levels of home insulation. This represents a return to the core policy that existed from 1968-2012, where the state guaranteed older persons a minimum amount of electricity or gas.

The proposed Energy Guarantee approach would future-proof the provision of energy to older person households on lower incomes as a robust measure of climate justice.

“You used to be looking forward to the summer because you wouldn’t have much bills at all. Now you have the bills summer and winter.”

“We’re going to have to turn [the heating] on eventually, we’re just scared.”

—Participants in Age Action Surveys and Focus Groups 2022/2023.

What Is The Energy Guarantee for Older Persons?

An Energy Guarantee for Older Persons is a transformed version of Fuel Allowance that has three key characteristics:

- Firstly, it is a cash payment benchmarked and indexed against the price of energy.
- Secondly, eligibility will be determined not only based on income, but also a home's insulation level.
- Thirdly, the Guarantee would be a banded payment, with persons on lower incomes and/or in more poorly insulated homes receiving a larger income supplement.

Age Action welcomed the significant reform to the Fuel Allowance in Budget 2023, which saw the introduction of expanded eligibility criteria for persons aged 70 and older. The State should build on this momentum to fully introduce the Energy Guarantee and deliver a tailored, evidence-based support that leaves no one behind.

Why Do We Need the Energy Guarantee for Older Persons?

“My home, built in the early 70s, is very expensive to heat and I can't afford to avail of the grants to upgrade it.”

“God only knows what the winter is going to bring. I'm kind of scared but I'm trying not to be because I know the calmer I am the better it is for my health.”

—Participants in Age Action Surveys and Focus Groups 2022/2023.

Older persons are disproportionately affected by fuel poverty. This is because of housing, income, and inadequate current supports.

Housing

There were an estimated 645,000 households with an older person (60+) in Ireland as of Census 2022. This represents a third of all households (35%). At least 48% of older persons do not have adequate housing, as defined by the UN standard. More than one in eight persons aged 65+ (13.3%) live “in a dwelling with a leaking roof, damp walls, floors or foundation, or rot in window frames or floor”.¹ The most prevalent form of housing inadequacy is that half of older persons' homes have a Building Energy Rating of E, F or G. Of 500,000 poorly insulated

¹ Source for all information: O'Connor, N and Murphy, M A (2022) The State of Ageing in Ireland 2022 – Reframing Ageing. Dublin, Age Action Ireland.
https://www.ageaction.ie/sites/default/files/reframing_ageing_state_of_ageing_in_ireland_2022_published.pdf

dwellings – those with a Building Energy Rating (BER) of E, F or G – an estimated 300,000 are occupied by older persons. Dwellings with BER of E, F or G are the least energy efficient, the most expensive to keep warm, the most expensive to retrofit for energy efficiency, and mostly occupied by people aged 60+.

Yet this is also the cohort most in need of warm homes. As we age, our bodies are less well able to retain heat, meaning we have to spend more money on keeping our homes warm. This can also be complicated by medications or particular health conditions that make people especially vulnerable to the cold.

Nine in ten homes with older residents rely on fossil fuels for heating, with half using home heating oil, a quarter relying on gas and 13% relying on solid fuels. Nearly 7,000 homes with older residents have no central heating, and over half of these cases are of older persons living alone.

Ireland has among the highest rate of excess winter mortality in Europe. Over recent decades, tens of thousands of people have died prematurely in winter months in Ireland. This is partly caused by our poorly insulated housing stock (with older persons disproportionately likely to live in the most poorly insulated homes) and people being unable to afford the home heating they need.

Income

The State pension was designed to cover routine, daily expenses, not larger one-off costs. For this reason, even older persons who have enough money to get them through the week cannot afford to improve the quality of their home insulation or heating systems. The state's subsidies for home insulation are welcome but not always accessible to those with the greatest need. Not every older person will be able to safely transition from depending on fossil fuels. Other measures must be taken to protect them from fuel poverty.

In the 2020 Household Finance and Consumption survey, most older persons indicated that they had some kind of financial asset, which was cash savings in most cases. The median value of cash savings was €8,100 for single older adults and €18,100 for couples. Half of each household type had more than this amount and half had less or none.² Older persons with an income that ranks in the bottom 30% of the age cohort rely on social protection for 92-99% of their income. The next 40% rely on social protection for 58-79% of their income. Even the top 30% rely on social protection for 18-48% of their income.³ This means that for many older persons, the state supports available to them are the difference between being able or unable to meet their needs.

The most recent SILC data shows an overall reduction in poverty in 2023 compared to 2022, but the CSO cautions that when 2023 figures are adjusted for inflation, the overall risk of poverty in 2023 was 13.6%, higher than the 12.5% in 2022.⁴ As such, the poverty figures for 2023 are

² <https://www.cso.ie/en/releasesandpublications/ep/p-hfcs/householdfinanceandconsumptionsurvey2020/assets/>

³ This data was provided directly to Age Action by the CSO, derived from the Survey on Income and Living Conditions, 2022. See,

https://www.ageaction.ie/sites/default/files/published_age_action_spotlight_on_income_in_older_age.pdf

⁴ <https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2023/>

likely to underestimate poverty among older persons as the main published figures for 2023 are not adjusted for inflation. Notably, deprivation continued to increase for older persons living alone—and has doubled since 2020. Deprivation means being unable to afford two or more basic items such as replacing worn out furniture, keeping the home adequately warm or affording sufficient nutritious food.

Inflation is projected to total a cumulative 19.4% between 2020 and 2024, which has caused the spending power of most occupational and private pensions to decline as well as the state pension. Additionally, cash savings have lost over 16% of their value, with very little of this offset by low interest rates.⁵ Most older persons have no way to restore their savings or the value of their private pensions. In 2024, the weekly state pension will have €26/week less spending power than it had in 2020. This is a minimum estimate as the CSO has shown that older persons and low income households tend to experience a higher rate of inflation than average.⁶ There is a significant gap between the growth in the state pension rate (11.7%) and the growth of inflation since 2020 (24%). While such pronounced inflation is a recent phenomenon, it will have lasting effects on older persons in particular, as they rely on a fixed income in the form of the state pension.

The price of electricity went up 75.4% between January 2020 and January 2024, with higher spikes within that time frame that will have weakened people's financial stability and resilience. The price of gas rose 98.4% between January 2020 and January 2024. We also know that energy prices do not follow the same patterns as general inflation, so indexing energy payments against the cost of energy makes particular sense.

Current Supports

Age Action welcomed the expansion of the fuel allowance scheme, but still believes the current supports offered by the state are inadequate. The Fuel Allowance only looks at an applicant's income, yet insulation also impacts how affordable it is to keep a house warm. Age Action has identified this as a major gap. It means that even with the Fuel Allowance increased, and eligibility widened, the fundamental design is so flawed that many people in need will still be left out.

Many older persons are not eligible for free retrofitting and cannot afford the subsidised schemes. The combination of low income and low savings makes it impossible for many older persons to retrofit their homes or to move away from reliance on fossil fuels. Not only is Fuel Allowance necessary for many older persons to help them afford their energy bills, it is also their only pathway to accessing retrofitting, especially in light of the low levels of savings among that age demographic. (Fuel Allowance confers eligibility for the free schemes under the SEAI, and the proposed Energy Guarantee should do that same).

The Household Benefits Package (HBP) is similarly incapable of adequately supporting older persons. In mid-2011, the Electricity Allowance was reduced from 2,400 units of electricity per year to 1,800 units, and in 2013 this was then converted to a flat cash amount. The Electricity/Gas Allowance cash amount now fails to protect people during periods of high energy prices and does not take carbon taxes into account. The Energy Guarantee for Older Persons

⁵ <https://www.ageaction.ie/budget-2024-addressing-inequalities-experienced-older-people>

⁶ <https://www.cso.ie/en/releasesandpublications/FP/FP-eihc/estimatedinflationbyhouseholdcharacteristicsmarch2023/>

would mark a return to the original logic of the HBP, which from 1968 to 2012 guaranteed older persons a certain number of units of energy. The Energy Guarantee would provide older persons with a payment equivalent to a set amount of energy. This would shield them from sudden price shocks, as we have seen recently and will continue to see.