

Estimating the cost to the NHS of the Government's Winter Fuel Payment Cut

In 2022 [the Institute for Health Equity](#) reported that ill health caused by cold damp homes costs £6.9m a day (£2.5bn a year). The End Fuel Poverty Coalition has been repeatedly asked by the media what impact the Government's Winter Fuel Payment changes would have on this figure.

This short paper attempts to answer this question using a series of assumptions and - where possible - erring on the side of an underestimate.

According to Warm This Winter campaign data from 2022, 13.93% of all people living in cold damp homes were over the age of 65. Academics reported that they believe the numbers from Warm This Winter are on the low side, given that in official statistics pensioners account for almost a third of those in fuel poverty.

But taking the lower figure (13.93%), means that you could assume £961,170 of the costs are attributable to older people (i.e. 13.93% of the IHE total).

However, the [UKHSA estimates](#) that the costs associated with older people using the NHS are far greater than those who are younger.

The [OBR \(chart 2.3\)](#) suggests the costs of older people using hospital and community health services is around 3 times higher than for adults aged under 65 (not taking into account medicines and capital costs so this number will be an underestimate).

Taking this three times multiple and applying it to the initial figure would suggest that at least £2,883,510 of the total daily costs caused by cold damp homes are incurred by older people.

In 2022 [data from the Warm This Winter campaign](#) found that 10% of over 65s said they lived in cold damp homes (taking ONS figures for the over 65 population of 12,537,031, this means that 1,247,435 older people are in these conditions).

Despite energy bills *falling* in real terms (from £1,500 to £1,234 - [EFPC data](#) taking into account cost of living and winter fuel payment costs for the elderly), the number of older people in cold damp homes had risen to 13% in 2023 (1,629,814 - [Opinium / Warm This Winter](#)).

For 2024 we are seeing a 39% increase in energy bills from 2023 levels for older people who do not get the Winter Fuel Payment (to £1,717).

But given that even when bills fall, numbers in cold damp homes increase and due to this being the fourth winter of high energy bills and taking into account the impact that the wider cost of living crisis has had, applying a 39% increase to the number of older people living in cold damp homes in 2024 is reasonable. It would equate to 2,265,412 older people that we might expect to report living in cold damp homes this year (18% of over 65s). We expect the research to establish the 2024 numbers will take place in November this year.

But, if anything this figure could be an underestimate. Age UK [reports](#) 2.5m older people will struggle this winter due to the cuts in Winter Fuel Payments, millions more who were just about managing before the Winter Fuel Payment cuts will struggle. New Uswitch.com / Opinionium [research](#) found that an extreme measure of fuel poverty (not turning on heating at all in winter) will double from 3% of over 65s not turning on the heating at all in 2023 to 6% in 2024.

Based on 2022 levels of expenditure, the cost (£2,883,510) divided by the number of pensioners in cold damp homes (1,247,435) would suggest that the cost to the NHS per pensioner in a cold damp home is £1.77 per person, per day.

Applying this formula to future years, we can estimate that the cost to the NHS of pensioners living in cold damp homes in 2023 was £2,884,771 per day (£1.77 multiplied by 1,629,814 older people in cold homes).

In 2024 this would increase to £4,009,779 per day (£1.77 multiplied by the 2,265,412 older people who we estimate may be in cold damp homes this year).

This amounts to £1.5bn a year cost to the NHS of pensioners living in cold damp homes.

These cost increases do not include increases in inflation to goods, services and wages in the NHS incurred since the original calculations were done, so the cost to the NHS may be higher.

The Government claims that [95,000 pensioners](#) may be lifted out of poverty by claiming for more benefits than they previously had done which could reduce the total in cold damp homes to 2,170,412 / cost to the NHS per day of £3.8m (£1.4bn).

Due to the end of the Cost of Living payments and general market trends, real terms energy bills were set to rise anyway for pensioners before the Winter Fuel Payment cuts. Assuming the Chancellor did reintroduce the WFP payment of £300, the cost of energy would still increase by 23% (taking the number of pensioners in cold damp homes to 2,003,530). So a cost to the NHS of £3.6m per day (£1.3bn).

Therefore the cost of the Winter Fuel Payment policy specifically to the NHS could be seen as at least £464,000 a day or £169m a year.

27 September 2024