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*Concern*



## Consultation response

Ref 1012

# Office of Fair Trading – Remote Communities call for evidence

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The OFT is conducting a study into the issues relating to the supply of goods and services for people living in remote communities. The call for evidence does not define 'remote communities', but captures a broad understanding based on how long it takes to access goods and services and population scarcity. This includes UK islands communities, the Scottish Highlands, mid and West Wales, coastal and western Northern Ireland and in England, much of the South-West, the coastal parts of Lincolnshire and East Anglia and upland areas in Northumberland and Cumbria.

Age UK believes the unique characteristics of rural areas, with their low population densities and distance between residential and/or commercial centres, can exacerbate the challenges older people may face accessing goods and services. Rural communities are ageing faster than their urban counterparts<sup>i</sup>. While the image of affluent older people moving to the countryside to commute or retire holds true for many, this masks growing concerns about social and financial exclusion in later life.

## Key points and recommendations

- Older people in remote communities have problems accessing essential services and when they can access services they often incur extra costs.
- The Financial Conduct Authority should have a new objective of ensuring access to financial services that the Secretary of State classes as essential.
- While the internet can compensate to some extent for rural isolation and reduce costs, this is dependent on full digital inclusion. In order to facilitate this, the Universal Service Obligation for internet operators needs updating to reflect the broadband speeds needed to access services.
- Even with full digital access, there will still be a need for some local services, such as access to small sums of cash and personal services such as social care. New methods to facilitate this are required and there are some examples of good practice, such as community transport schemes, that need to be more widely adopted.
- We need to continue to research and share knowledge about ways to effectively deliver goods and services, such as transport, social care or broadband, in remote areas.
- The government's decentralisation and localism agenda aims to encourage communities to improve their neighbourhoods<sup>ii</sup>. There needs to be guidance for communities to understand their rights (e.g. the banking code requires banks to consult on closures) and help them to make decisions about the services they can deliver themselves (e.g. the range of community broadband services).

## Identifying the issues relating to the supply of goods and services

Older people in remote communities can face the dual problem of living on lower incomes and facing difficulties accessing goods and services. For instance, there is a connection between the accessibility of rural areas and the affluence of older people

living there, with the most accessible places having the most affluent communities and those in remote areas worst off<sup>iii</sup>. At the same time access, price and quality of goods and services present problems for older people living in these remote communities.

Remote communities face greater difficulties in providing services to the same standard and cost compared to urban areas – this is recognised as the ‘rural premium’. As a result it has been found that in many cases remote areas face either higher costs or lower quality of services<sup>iv</sup>. Services in remote areas may also be deemed to be marginal, as they are costly and reach fewer people, putting them more at risk of closures. As the population ages there is also going to be an increased demand for goods and services that meet the needs of people in later life.

The following goods and services are of particular concern to older people in remote communities:

### Transport

Transport is vital to accessing many goods and services and leading an active and independent life. Older people in remote areas are more likely to be dependant on private transport due to poor public transport links. The percentage of households with an hourly or better bus service within 13 minutes walk is just 50 per cent in villages, hamlets and isolated dwellings<sup>v</sup>. Also, research from the Campaign for Better Transport shows many rural bus routes are at risk from spending cuts<sup>vi</sup>. This poor service is a particular problem for the 350,000, or 35 per cent of pensioner households in rural areas that have no access to a car or van<sup>vii</sup>.

To make the most of shrinking budgets across the public and private sector transport providers and local policy makers need to be pulling together to make sure transport investment is properly targeted. Isle of Wight Council, for example, had to end their bus contract for rural routes on the island. Rather than lose the service completely, the council and bus company negotiated a new contract that sees volunteer bus drivers providing the service.

### Financial services

Since 2000, more rural households now travel further to a Post Office, bank or building society<sup>viii</sup>. It is important that older people have access to safe, affordable and convenient financial services so that they continue to play an independent role in society. However, an Age UK survey of older people found that 25 per cent of respondents found it difficult to get to their bank. This figure rises to 31 per cent for people living in Wales and 37 per cent in Northern Ireland.<sup>ix</sup>

There has been a 16 per cent reduction in the bank branch network over the last decade<sup>x</sup> and increased automation in those that remain, including branches in which some types of account holder are not entitled to counter service. As well as a significant proportion of older people having problems accessing banking services, almost one-fifth of people aged 65+ use others to draw cash for them.<sup>xi</sup>

The Financial Conduct Authority needs a much stronger mandate than its predecessor, the Financial Services Authority. It should have a new objective of ensuring access to financial services that the Secretary of State classes as essential.

## Fuel

Energy is an essential service on which poorer older people spend a greater proportion of their income than richer households. Cold is a serious health hazard, leading not just to excess winter deaths but to increased depression and mental illness, more falls, and of course more cardiovascular and respiratory disease.

There are significant numbers of older households in rural areas who are off the gas pipeline grid, and therefore dependent on electricity and non-regulated markets for solid fuels and oil. DECC estimates that in England, 2.75m homes do not have mains gas, and a quarter of these are in fuel poverty.

During the four years to December 2011, the typical annual electricity bill increased by 40 per cent and the gas bill by 69 per cent<sup>xii</sup>. For those off the gas-grid, costs are even higher. It has been estimated that the UK average cost of heating a typical three bedroom house is about 50 per cent higher than with mains gas with heating oil and 100 per cent higher using Liquid Petroleum Gas (LPG)<sup>xiii</sup>. Proportionately more off gas-grid households in the UK have a member over the age of 60 and homes without gas heating are more likely to be older, have solid walls and be energy inefficient.<sup>xiv</sup>

There is evidence that where policy has not been developed from a rural perspective it has either had little impact or exacerbated problems in rural areas for older people. For instance, measures to tackle fuel poverty that have primarily funded cavity and loft insulation, led to a lack of funding for measures to upgrade solid wall and off gas properties, which are predominantly seen in rural areas<sup>xv</sup>.

## Broadband

There are still wide disparities in the UK's coverage and speed of internet access. With home internet access increasingly ubiquitous (currently 73 per cent of households) it is likely that those who do not have access will suffer growing disadvantage. For example: it is cheaper to pay bills online; many online only retailers sell goods at a cheaper rate than the high street; and an increasing number of companies only give their website or email address as a method of contact. Also, 72 per cent of people over 75 and 41 per cent of people aged between 65 – 74 have never used the internet. This means there also needs to be support to get more older people online.

Almost 60 per cent of urban areas are able to receive a cable-based broadband service, but in villages and hamlets this drops to 1.5 per cent<sup>xvi</sup>. There is a similar divide in average broadband speeds leaving remote communities digitally isolated. The UK average home broadband speeds increased in speed by 22 per cent between January 2011 and January 2012 (average actual UK residential broadband speeds were 7.6Mbit/s in November 2011, compared with 6.2Mbit/s a year earlier)<sup>xvii</sup>. This compares to tests that show 27 per cent of home broadband users have to make do with broadband connection speeds of less than 2Mbit/s. At a speed of 1Mbit/s it would take around 12 hours to download a feature film and 45 minutes to download a music album.

The Universal Service Obligation requires operators to provide only a connection that permits 'functional' internet access. This is currently interpreted at a woefully low rate however and urgently needs updating.

## Food

We need to eat well as we get older. The consequences of eating badly or not eating enough increases the risk of getting ill and being admitted to hospital. Being in control of what you eat and the food you purchase is an important aspect of staying well and independent as we age. However, 19 per cent of people aged 80 to 84 and 60 per cent of those aged 90 and over report difficulties shopping for groceries<sup>xviii</sup>. An Age UK survey found that 13 per cent of older people find it difficult to get to a corner shop (rising to 21% in East Anglia and 27% in Northern Ireland) and 16% find it difficult to get to the nearest supermarket (rising to 23% in Scotland and 27% in Northern Ireland).<sup>xix</sup>

The consequences of eating badly or not eating enough can be very serious for older people. Weight loss and low body weight is a form of malnutrition. It is estimated that as many as 1 in 10 people aged over 65 and living in their own homes are at risk of malnutrition. It is not an inevitable effect of ageing, but many changes associated with ageing can promote malnutrition. For example, many older people have a poor appetite.

Older households spend £109 billion each year<sup>1</sup>. Retailers need to recognise that attracting and retaining older customers is to their advantage. They can do this by making their stores and packaging more accessible and providing products that meet older people's needs. For instance, 'buy one get one free' offers are not suitable for single household consumers.

Given the transport problems in remote communities, shopping services can also help to make food more accessible. Many local Age UKs run escorted food shopping services for those who are mobile enough to go out and do their own shopping but just need a little extra assistance with transport to and getting around food stores. Alternatively for older people that are housebound and unable to do their own shopping, Age UK home delivery services allow these people to remain living in their own homes. However, unless funding is available, e.g. from the local authority, shopping services may have to make a charge.

## Social care

Whether it is a public or private provider, social care must be based on the principle of providing affordable, quality services that meet individuals' needs. This is a particular concern in remote communities that are seeing a significant growth in their ageing population. The number of people aged 65 and over with social care needs is projected to increase 70 per cent across rural England over the next twenty years<sup>xx</sup>.

Concerns have been raised by older people receiving social care services about standards in rural areas. For instance, older people have reported to Age UK that their options were limited in terms of choice. Also that care costs when paying privately are higher for remote communities. This is exacerbated by the distance between communities, poor transport and fewer local facilities, which means higher costs due to more staff time spent travelling between appointments in rural areas.

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<sup>1</sup> *Later life in the United Kingdom, March 2012*, Age UK

Previous research from JRF<sup>xxi</sup> and the Commission for Rural Communities<sup>xxii</sup> highlighted the problems of delivering social care in rural areas. Care services are facing unprecedented challenges as a result of budget pressures and a continued increase in demand. More needs to be done to provide a co-ordinated response across sectors and implement solutions for remote communities.

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<sup>i</sup> Commission for Rural Communities, *State of the Countryside Report*, 2010

<sup>ii</sup> <http://communityrights.communities.gov.uk/>

<sup>iii</sup> Commission for Rural Communities & Age Concern, *The Ageing Countryside*, 2006

<sup>iv</sup> Hindle et al, *Review of evidence on additional costs of delivering services to rural communities*. SECTA, April 2004.

<sup>v</sup> Commission for Rural Communities, *State of the Countryside Report*, 2010

<sup>vi</sup> <http://www.ft.com/cms/s/0/8556d792-f410-11e0-b221-00144feab49a.html#axzz1sD2tVcAk>

<sup>vii</sup> Commission for Rural Communities, *State of the Countryside Report*, 2010

<sup>viii</sup> Commission for Rural Communities, *State of the Countryside Report*, 2010

<sup>ix</sup> Later Life Study. Prepared for Age UK by ICM Research, 2012.

<sup>x</sup> Branch network reduction report. Campaign for Community Banking Services, 2011.

<sup>xi</sup> The Way We Pay: Payment services and financial inclusion. Age UK. 2011.

<sup>xii</sup> Electricity and Gas Supply Market Report. Ofgem, December 2011

<sup>xiii</sup> Off-grid energy study. Office of Fair Trading October 2011

<sup>xiv</sup> UK Fuel Poverty Monitor. National Energy Action and Energy Action Scotland 2011

<sup>xv</sup> Rural Services Network, Understanding the impact of real depth and impact of fuel poverty in rural England, 2010

<sup>xvi</sup> Commission for Rural Communities, Mind the Gap: Digital inclusion for rural communities, 2009.

<sup>xvii</sup> <http://media.ofcom.org.uk/2012/02/02/jump-in-uk-broadband-speeds>

<sup>xviii</sup> ELSA Wave 3 core respondents. Weighted percentages

<sup>xix</sup> Later Life Study. Prepared for Age UK by ICM Research. 2012

<sup>xx</sup> Cabinet Office. Working together for older people in rural areas. 2009

<sup>xxi</sup> <http://www.jrf.org.uk/publications/social-care-rural-areas-developing-agenda-research-policy-and-practice>

<sup>xxii</sup> <http://crc.staging.headshift.com/2008/08/28/crc-78-the-personalisation-of-adult-social-care-in-rural-areas/>