Britain: Millions of poor without basic utilities

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This week, the National Consumers Council (NCC) in Britain released a 64-page report authored by Georgia Klein entitled *Lifelines*. The report documents the misery afflicting millions of people in the UK who are living without basic utilities such as water, gas, electricity or access to a telephone.

Lifelines explains that the UK is full of households that either do not have access to these amenities, are under threat of disconnection or are amassing debts to pay their bills.

The NCC states in the report that 3 million people are classified as "fuel poor," as their bills for heating and cooking are such a big proportion of their income. This state of affairs is set to worsen considerably due to increases in utility bills that companies are expected to levy before they invest in their infrastructure, according to the NCC's analysis.

In 1996, the number of households living in "fuel poverty" was 5.5 million. During the ensuing period, electricity and gas charges dropped, while water rates rose. The fall in energy prices for consumers, however, is now being reversed, with the trend going towards substantial increases. The report observes that the House of Commons Trade and Industry Committee said in September 2002, "Fuel prices will not continue to fall indefinitely."

Between April 2001 and April 2002, Energywatch, the consumer representative body for the energy sector, analysed fuel prices paid by those on very low incomes. The group revealed that gas bills actually rose during that period by £14.67 a quarter. Another finding reported in the survey is that for every 1 percent real change in gas and electricity prices the number of vulnerable households changes by about 50,000. The government estimates that if electricity prices were to rise by 5 percent and gas prices by 15 percent, the numbers in fuel poverty would increase by around 0.8 million.

Even the figures cited in the report do not tell the full story. The figure of 3 million in fuel poverty is based on the government's measure of bills worth more than 10 percent of gross household income. As Klein points out, the threshold is too low to expose the real problem because many people on low incomes live in properties that are harder to heat and insulate. Klein adds, "When you take housing costs off, which are a significant proportion, you discover rates are unaffordable—and that's only one bill of many."

Fuel poverty in Britain goes far beyond not being able to pay one more utility bill. It has fatal consequences. A survey by the government has estimated that 20,000 to 50,000 people die every winter due to fuel poverty—one of the highest rates in Europe.

Among the other findings collated in the report are:

* Around 4.5 million households in Britain are without access to a mains gas supply—one of the cheapest and most efficient natural energy forms. Of these, about 1.3 million are estimated to be in fuel poverty.

* A further million households have had their phone disconnected, and 4.7 million are in debt to their water company.

* Last year, 23,000 households (63 a day) had their energy supplies cut off.

* An estimated 1.4 million are disconnecting themselves because they cannot afford prepayment meters (PPMs).

Klein commented that many households are resorting to drastic and sometimes dangerous methods in a bid to keep their utility bills down. She said, "People were saying, 'we burn rubbish in the fireplace, we burn candles, we watch TV under the blanket because we're

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choosing between TV and heating.' In some cases, it was between heating and eating." Some of those surveyed were found to have almost empty refrigerators.

The very process of supply and distribution of gas for elementary heating and cooking to people living in poverty in the UK is riven with social inequality. Not only do many low-paid workers, the elderly and the unemployed struggle to pay utility bills, but many actually pay more for their supplies than higher-income people due to PPMs.

The report notes, "Around two million customers pay for their gas through prepayment meters and more—about 3.6 million households—do so for their electricity. Prepayment methods are generally preferred by a substantial number of households on low incomes because they enable consumers to maintain control of their expenditure and juggle bills, but they are also insisted upon by some suppliers for consumers in debt."

The report continues, "In 2001, 37 percent and 21 percent of low-income households (defined as having an income less than £4,500) were using electricity and gas PPMs respectively."

In the same year, the study found that "over one million fuel-poor PPM customers *paid more for their energy than those on direct debit*" (emphasis added).

Many of Britain's poorest households do not have access to regular money or a bank account. These are prime targets for energy suppliers seeking to install PPMs. The report found that "12 to 15 percent of households without a bank account have to make cash payments or use PPMs." Among gas consumers, 40 percent of those without a bank account are on a gas PPM.

Payment by PPMs is by far the most expensive method, with direct debit (requiring a bank account) being the cheapest. In 2002, average domestic energy bills were £39 more when paid by PPM than by direct debit, and £10 more if paid by standard credit. Those using PPMs paid an average of £32 more than people consuming the same amount but paying by direct debt, in October 2002.

The report also identifies that the energy supplier Npower made recent changes that reinforce the PPM system. The company recently cut credit and direct debit tariffs and left PPM at the same tariffs. The consequence of this was that it effectively doubled the payments for PPM users who could now pay up to "£182 more a year for their gas than direct debit customers with the same supplier."

The author of the report also alludes to the constant stress that many face as a consequence of "reminder" letters and legal threats as well as the pitfalls of borrowing money to pay utility bills. Klein said, "They get threatening letters and they get into discussions about bailiffs; there are some very menacing letters out there."

The NCC makes a number of recommendations in its report and identifies five "essential needs" required by people living in the UK. These include a warm, well-lit home with cooking facilities; safe drinking water, bathing and sewerage facilities; the ability to communicate with family, friends and suppliers; flexible and controllable payment methods; and consumer information and advice.

The findings in this report are an indictment of the anti-social policies of state utility privatisations, retrogressive housing acts and welfare cuts, pursued over more than 20 years of successive Conservative and Labour governments. Some examples are contained in the section of the document that investigates water access among the poorest people. It points out that "prior to 1988, people on supplementary benefit received the actual amount for their water bills on top of basic weekly benefit. Since 1988 only a notional element for water bills has been included within basic weekly income support. Between 1988 and 1997 this amount of benefit fell from 80 percent of the average water bill to just 55 percent."

That such essential facilities are not available to millions of people in an advanced state such as Britain says much about the huge level of social inequality that exists and flourishes today. As the winter of 2003-2004 approaches, once again millions of people will face extreme hardship with thousands needlessly dying due to the inability of the profit system to supply cheap, reliable utilities to all.

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