

UK energy costs soar, leaving millions of households in fuel poverty

Alice Summers
16 January 2020

Energy costs in the UK have risen by 40 percent since 2015, according to research by comparison website *comparethemarket.com*. The average UK household now pays a record £2,707 in bills annually.

These figures, which were based on data inputted by *comparethemarket.com* customers, only include costs for energy (gas and electricity), home and motor insurance, excluding expenditure associated with broadband, mobile phones and television, which also come at a significant cost.

The majority of this increase in expenditure on bills comes as a result of the massive increases in gas and electricity charges, with the 40 percent hike between 2015 and 2019 being well above the inflation rate. Average energy costs in 2015 were £1,289 a year, compared to £1,813 in 2019.

The surge in energy bills far surpasses the rate of inflation. Had charges risen in line with inflation, they would be 11.6 percent higher now than in 2015, according to the Office for National Statistics.

This is despite a nominal “cap” on energy prices introduced by the Conservative government in January 2019. The price cap—which does not limit the total cost of the bill, only the amount a supplier can charge per kWh (kilowatt hour) of gas and electricity—was initially set at a still huge £1,137 a year for a dual-fuel customer using a typical amount of gas and electricity and paying by direct debit.

However, only three months after introducing the cap, the government fuel regulator, the Office of Gas and Electricity Markets (Ofgem), announced a 10.29 percent increase, raising the upper limit from £1,137 to £1,254.

As Richard Neudegg, head of regulation at price-comparison website *uSwitch*, commented: “People could be forgiven for feeling that they’ve been

completely and utterly conned by the Government’s energy price cap. ... It’s now crystal clear that households were never going to save what was promised.”

Ofgem claimed that the cap would “give 11 million [people] a fairer deal,” and that customers would save around £76 on average and as much as £120 on the most expensive tariffs. But as could be expected, rather than reducing the amount charged by suppliers, many of the most prominent energy providers—including British Gas, EDF Energy, E.ON UK, npower, Scottish Power and SSE—saw the setting of an upper limit as a golden opportunity to increase their prices towards the maximum permissible.

Those living in London and other major urban centres have been particularly hard hit by these rising costs, with the average household in the capital paying £3,129 a year—over £400 more than the national average. The West Midlands region, with the second most expensive annual costs in the UK, was paying an average of £2,910 on bills in 2019.

By comparison, those living in Scotland, the cheapest area, spend “only” £2,470 on bills, according to *comparethemarket*’s survey.

Many families are being crippled by a huge increase in essential services required for life in the 21st century. Simon McCulloch, director at *comparethemarket.com*, noted that the increase in energy bills was a “stark reminder of not only the high cost of essential services but of the huge increases that have been seen in the past few years. The average cost of energy and motor and home insurance is now £675 higher than in 2015.”

The survey did not include the cost of a home phone, mobile phone, broadband and TV services, which cost families hundreds of pounds in addition. Another huge outlay for working people is the cost of Council Tax,

which also increased on average by 4.5 percent on average last year—more than twice the rate of inflation.

For a working-class resident earning the misnamed “living wage” of £8.21 an hour, the statutory minimum for those aged 25 and older, these extortionate pay-outs to multibillion-pound energy corporations are a significant and often unaffordable cost.

Despite increased competition from 60 smaller firms that have entered the domestic energy supply market and to whom they lost 1.3 million customers, the big six firms—Centrica’s British Gas, E.ON, SSE, EDF Energy, npower and Scottish Power—still reported collective profits of £599 million in 2018.

Costs of heating and lighting homes are so high that millions of people earning lower incomes are forced to choose between eating and heating during the colder winter months.

According to a study released by *uSwitch* last November, 3.4 million UK households live in fuel poverty and are unable to adequately heat their homes. The study found that 1.6 million of these households will be forced to choose between warming up their homes or putting food on the table this winter.

The worst affected areas of the UK are in Sheffield, where 14 percent are in fuel poverty, Norwich (12 percent) and Plymouth (11 percent). The *uSwitch* report indicates that across the whole country, more than a third of households (36 percent) are worried about how they will afford their energy bills during the colder months.

Around 4.6 million households suggest that they wouldn’t turn the heating on even if it is cold, and 2.3 million households owed their energy supplier a combined total of £267 million before winter even began.

Living conditions have become so bad for many working-class households that the winter of 2017-2018 (the last for which data is available) saw the highest recorded Excess Winter Deaths—fatalities directly linked to cold weather—since 1975-1976, with 50,100 excess deaths in England and Wales. These figures, from fuel-poverty charities National Energy Action (NEA) and Energy Action Scotland, showed that of these deaths, 15,030, or 30 percent, were directly attributable to cold homes.

According to a 2018 study by NEA, some 36,000 deaths over the last five years, mostly of older people,

can be attributed to conditions related to living in a cold home. A further 17,000 people are estimated to have died as a direct result of fuel poverty. This is the second-worst rate of unnecessary winter deaths of 30 countries in Europe, beaten only by Ireland.

The never-ending austerity programme and stagnating pay—implemented by the main political parties of the ruling class over the last decade, the Tories, Labour and Liberal Democrats—have plunged millions into poverty. They are responsible for ever-growing rates of fuel poverty and avoidable winter deaths.

It is an indictment of capitalism that in the 21st century, millions of people are worried about putting their heating on, for fear of the bill that will arrive. Heating, lighting and all basic utilities are a requirement of civilised life and a social right, and their provision cannot be dependent on affordability.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact