

Why heating a home in the UK this winter may be even harder than last year

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Domestic energy prices [more than doubled](#) during 2022 compared with the year before. This meant that the number of UK households in fuel

poverty who could not afford to heat their homes to a safe level rose from 4.5 million to 7.3 million.

The UK government attempted to alleviate the impact of rocketing bills with [a package of support measures](#). This included capping the unit cost of electricity and gas, a £400 rebate to all households using mains gas for heating and £200 for those using [alternative fuels](#), and a further £650 "cost of living payment" to claimants of means-tested benefits.

Many of these schemes ended in spring 2023. And with wholesale gas costs and the government's energy price cap having come down somewhat, you could be forgiven for thinking that the worst of the [energy crisis](#) has passed.

But that's not the case for many billpayers—in fact, this [winter](#) is likely to be worse than the last for many households.

The energy price cap, introduced in 2019 by market regulator Ofgem, limits how much people pay for each unit of gas and electricity. The [latest price cap](#), set on October 1 2023, means that a typical household will pay £1,834 a year for energy—less than £2,000 for the first time in 18 months.

This might sound like good news, but it's still a substantial increase on the pre-crisis cap. In August 2021, the most a typical household could expect to pay in a year for energy was £1,277.

Although the unit prices of electricity and gas have fallen, there has been a steep increase in standing charges. These are a levy on all energy bills which cover the costs associated with supplying energy to homes.

Standing charges have gone up from around £186 a year pre-crisis to [just over £300](#) now—effectively adding £110 to bills.

Standing charges are regressive because they are the same for everyone, regardless of [how much energy you consume](#). Poorer households often use much less energy than wealthier ones, so standing charges make up a larger proportion of their energy costs.

In fact, some low-income households use such small amounts of energy that they are [paying little more than their standing charges](#).

Energy bill rebates ended

The £400 energy bill rebate paid to all households last winter has now ended. Meanwhile, cost of living payments to claimants of means-tested benefits have [increased from £650 to £900 a year](#). This will be helpful to those who qualify, but one third of households eligible for means-tested welfare payments [do not claim them](#) due to stigma, lack of awareness or bad experiences with the assessment process, and so will receive no assistance.

Many households who do receive these cost of living payments will spend it on other expenses, such as food, [rather than heating their home](#). This reflects the fact that energy is often seen by struggling households as something that can be [rationed](#).

If you're in a household that does not qualify for the cost of living payment then the savings of around £150 that resulted from the lowering of the cap will [soon be more than cancelled out](#) by the lack of a rebate.

Cold homes can kill

Despite the [financial support](#) offered last winter, average levels of energy debt for people contacting Citizens Advice in England and Wales have risen sharply over the last year, from around £1,400 per household

on average in March 2022 to [£1,711 in July 2023](#). One-third of UK energy customers are now [in arrears](#).

So although energy bills have fallen slightly, many households are less resilient to financial shocks than they were in early 2022. Volatile energy prices are predicted to last until [the end of the decade](#).

[Research](#) last winter found that households in fuel poverty were underheating their homes, causing damp and mold that can create [serious health problems](#) and exacerbating anguish and stress. The health risks of a cold home increase with repeated exposure.

As temperatures begin to fall again, a range of measures are urgently needed to prevent a crisis worse than that of last winter.

What can be done to help?

Since energy prices are expected to remain high for years, long-term solutions are vital. There must be increased investment in efforts to insulate the UK's leaky housing stock. But with winter just weeks away, what can the government do right now?

To start, it could offer greater energy bill rebates. Given the scale of the fuel poverty problem, eligibility for these rebates must be wide enough for anyone on a below average income to receive help.

Alternatively, the government could make the rebates universal again, and potentially recoup the costs by increasing taxes on the most wealthy or energy company profits. At the very least, unclaimed energy [bill](#) support from last winter should be used to support those [likely to struggle in the coming winter](#), rather than being returned to the treasury.

Cut funding for government-backed advice services could also be

restored. And there are reforms to the retail energy market that could be implemented fairly quickly, such as bringing standing charges in line with levels of usage.

More fundamentally, there are a number of proposals that would be fairer than the current system and could be implemented together for maximum impact. These include a "[green power pool](#)", which would ensure that the cheap power generated by renewables such as wind and solar benefits those most in need first and foremost, [social tariffs](#) (discounted [energy bills](#) for [low-income households](#)), or a [national energy guarantee](#) that would secure access to enough free [energy](#) to meet everyone's basic needs.

The government's forthcoming autumn statement must not sidestep these issues if people in [fuel poverty](#) are to stay safe and warm this winter.

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