

## **Helping the poor and the vulnerable with their energy bills during the energy crisis of 2022-2023 in the United Kingdom.**

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### **Abstract**

*We need to ‘redistribute’ taxpayers’ money to the poor and the most vulnerable. The government has already allocated £400 a year for every household in the United Kingdom, and this money has already been included in the government’s budget for the next six months (October 2022-March 2023). Liz Truss promised that this support would be for the next two years, but the current Chancellor of the Exchequer Jeremy Hunt has said that this support will be reviewed after six months. So, let’s reallocate this financial support to those who need it the most, as soon as possible.*

**Keywords:** Energy crisis; Fuel poverty; Poverty; United Kingdom; Vulnerable people.

### ***Which groups are most vulnerable to poverty?***

Groups most vulnerable to poverty and fuel poverty may include families with children, lone parents, women, parents with disabilities, families caring for a disabled child, pensioners, and people from ethnic minority groups. 1

### ***What is the ‘energy’ crisis?***

The largest increase in gas and electricity prices ever in April 2022 has pushed 2.7 million UK households into fuel poverty, and this was before the government regulator Ofgem announced that average energy bills were likely to hit £3,549 by October 2022. “In a bid to stem this crisis, the government recently announced a two-year plan to cap the cost of household energy, so the average bill is £2,500 a year. Although much lower than Ofgem’s £3,549-a-year projection, £2,500 still represents a doubling of average energy bills in the space of a year and a £500 increase since April 2022.” 2.

### ***Why do we currently have an energy crisis in the UK?***

The energy crisis in the UK has been caused by several factors. Inflation rates are soaring and there has been an increased demand for energy during the post-Covid reopening of economies. This has coincided with Russia’s invasion of Ukraine and a subsequent squeeze on gas supplies into Europe. Therefore, there has been a steep rise in the wholesale price of gas which has driven up the amount that energy providers pay for gas and electricity. This increased price is now being passed onto the consumer. 3. “Many countries are affected by the energy crisis, but the UK is particularly exposed to increases in gas prices for a number

of reasons. First, around 85% of households use gas boilers to heat their homes, and around 40% of electricity is generated in gas fired power stations. Second, these are higher proportions than other European countries. Third, houses in the UK are poorly insulated compared to elsewhere on the continent. Recent analysis from the International Monetary Fund (IMF) showed that UK households have been the worst hit in Western Europe in terms of the impacts on spending power.<sup>4</sup>

### ***How are 'vulnerable' people being affected by the current energy crisis?***

Vulnerable people have always been affected by poverty. Eight years ago, food banks started to issue specially prepared "kettle boxes" to clients who could not afford to switch on their cooker to cook certain items. "For even more destitute clients, a "cold box" food parcel was created, containing three days' worth of mainly tinned groceries that could be prepared without the need for heating or hot water."<sup>5</sup> More recently the owner of Iceland foods said, "Some food bank users are declining items such as potatoes as they cannot afford the energy to boil them."<sup>6</sup> Rajesh Makwana stated that, "Most food banks report clients are increasingly asking for food that requires no cooking. For some, it's about saving energy, but some don't have access to cooking facilities or even a kettle. Rajesh says that his team give out 'no-cook' parcels. They're limited in terms of nutrition...things like breads and biscuits. No pasta, no rice. We'd give some tuna, so you can just open that, stick it on some bread and eat it. It's really minimal stuff."<sup>7</sup> Also, in a recent survey of 2,000 adults in the UK, "twenty-three percent of the respondents planned to do without heating over the winter months. That figure was even higher for parents with children under the age of 18, with 27% saying they would be forced to leave the radiators cold."<sup>8</sup>

**What are some solutions?** The Energy Bills Support Scheme (EBSS) is one solution. This scheme was introduced by the Prime minister at the time, Liz Truss. It, "...will see all households getting a £400 discount off their energy bill as well as further support for more vulnerable groups. The UK Government will compensate suppliers for the difference between the wholesale price for gas and electricity they pay and the amount they can charge customers. This will be funded in part by temporarily removing green levies from consumer electricity bills, worth about £150 a year on average from household bills."<sup>9</sup>

The problem with this scheme is that 'all' households in the UK will receive this money, and 'all' households do not need that support. What if people do not need this money and would like to 'donate' it to other people who do need it? How could they do that? One simple solution is to rely on the generosity of the British public. A very simple way to 'redistribute' that money would be to have a 'tick box' on everyone's energy bill, asking them if they would like to donate that money to someone in 'need.' That money could then be collected by the energy companies and dispersed to people who have signed up to the 'Priority services register,' through which they are eligible for extra financial support.

A second solution is to make the EBSS 'means tested,' so that this help is only given to those who need it most. It's not too late to change the eligibility criteria for this policy. Most homes have only received one or two of these payments (October and November 2022), so, let's stop the other four payments and make any future payments 'means tested.' The new Prime minister Rishi Sunak is looking at ways to balance the budget, and this could be one way to do that. Any money not used by the new 'means tested' EBSS support scheme could be returned to the treasury for use elsewhere.

'Truss' economics, based on the 'Trickle-down' theory did not work. "This theory states that benefits for the wealthy trickle down to everyone else in the economy."<sup>10</sup> However, the theory of the 'redistribution' of wealth is often called the 'Robin Hood effect.' "This is where income is redistributed so that economic inequality is reduced. For example, a government that collects higher taxes from the rich and lower or no taxes from the poor, and then uses that tax revenue to provide services for the poor, which creates a Robin Hood effect."<sup>11</sup> It doesn't matter what we call it, we need to do something quickly to help vulnerable people with their energy bills this winter.

### ***What happens if we don't help?***

Living in cold damp houses this winter whilst consuming insufficient food will cause health problems for people who are vulnerable, and it may cause more visits to GP's, and more hospitalisations. This will increase pressure on an already overwhelmed National Health Service (NHS) and we cannot let that happen.

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