

Sunak urged to do more to help poorest households as slew of price rises kick in

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The chancellor, Rishi Sunak, will have to do more to help struggling households with soaring energy bills, experts said yesterday, with the average annual gas and electricity bill poised to double inside a year to £2,600.

The average household dual fuel tariff jumped from £1,278 to £1,971 at midnight, as the energy regulator raised the price cap by 54% on bills to reflect sky-high wholesale gas prices. Analysts at Cornwall Insight, who predicted the £1,971 price cap within a 3% margin of error, said they now expect the next price cap increase, due in October, to result in the average tariff jumping to £2,599.92.

This would mean bills having doubled inside a year, it said, piling pressure on the chancellor to help the poorest households, who experts have warned face a choice between heating and eating.

"While the government's £350 worth of support will provide some around - albeit not far enough - with the cap almost guaranteed to rise again, the government will need to look at expanding the scale and scope of this support after October at the very least," said Dr Craig Lowrey, Cornwall's principal consultant. Yesterday sparked chaos, as energy providers' websites failed to cope with a deluge of traffic on what has been called "Bleak Friday", as the largest rise in gas and electricity prices in living memory took effect on the same day as scheduled rises to taxes and household services.

Customers in Great Britain seeking cheaper energy bills had been advised to submit meter readings online before yesterday's increase, putting unprecedented pressure on the meter reading page of British Gas, one of the UK's biggest suppliers, was displaying an error message yesterday morning, while E.ON and EDF were also battling outages.

Standing charges, a fixed amount paid to connect a home to the grid, have been criticised for disproportionately penalising those on low incomes. "In the new price cap the fixed charge is about £300 [a year]," said David Osmon of Ideal Economics, a former senior economist at Ofgem. "For the poorest 10% of households this amounts to a third of their total energy spending. Ofgem's policy of raising the standing charge instead of the price per unit of energy is perverse."

Number of people across the UK unable to pay energy bills if the cap rises in October - Citizens Advice



Households were hit with multiple price increases from yesterday, from council tax and VAT on hospitality to broadband and phone bills, all adding to the cost of living crisis, with inflation forecast to hit a 40-year high this year. As snow and hail fell across the UK this week, families and pensioners spoke of having to turn off the heating and disconnect broadband to afford the rising cost of food. However, those with prepayment meters who stop using them will still find they are running up gas and electricity bills because of rising weekly standing charges of up to £6.15, despite having no power for heating, light or cooking.

The Resolution Foundation think-tank said the number of households in England in "fuel stress" had doubled overnight, from 2.5m to 5m.

The Trades Union Congress (TUC) called for an emergency budget to help working families who were at "breaking point", as Citizens Advice estimated that about 5 million people would be unable to pay their energy bills from this month. The TUC said the measures announced by Sunak

in last week's spring statement were "woefully inadequate", as UK households faced the biggest fall in living standards since the 1950s.

"People shouldn't be struggling to cover the basics but millions of families have been pushed to breaking point by spiralling bills and soaring inflation," said Frances O'Grady, the general secretary of the TUC. "This is a living standards emergency. Rishi Sunak must come to parliament and present an emergency budget. We need a proper package of economic support for families. Britain faces the worst living standards crisis in generations."

Energy bills would rise 10 times faster than wages this year, said the TUC, as it joined the Labour party in calling for a windfall tax on the billions in profits made by oil and gas companies to pay for its proposed package of support measures.

"People don't want a revolution, they do want to know how to pay their energy bills," said the Labour leader, Keir Starmer.

Citizens Advice warned that the number of people unable to pay their energy bills would rise to one in four if the energy cap rises by the amount forecast in October.

Experts have said the war in Ukraine could drive annual bills to £3,000 at the next price cap decision. "We understand that people are struggling with the rising cost of living - we can't shield everyone from the global challenges we face but we're putting billions of pounds back into the pockets of hard-working families across the UK," a government spokesperson said.