

# Social Tariffs for Gas and Electricity

## What are social tariffs?

As part of the 2008 budget, gas and electricity companies agreed with the government that they would spend £225 million on 'social programmes' between 2008 and 2011.

Social tariffs are part of these programmes. They are special low prices for gas and electricity that the companies make available to 'vulnerable customers.' Who is treated as 'vulnerable' depends on the company, but it usually includes groups such as pensioners, people with children aged under five and disabled people, and sometimes includes people with debt problems.

In July 2008, Ofgem, the gas and electricity regulator, said that in order to count as a social tariff, the price charged has to be at least as cheap as any other payment arrangements, regardless of the method used to make the payment.

## Why does it matter?

Prices have risen massively over the last few years, with gas increasing by 45% and electricity by 27% in the last year alone<sup>1</sup>. Clearly incomes and benefits have not kept up with these increases. Fuel poverty, which is defined as households having to spend more than 10% of their income on fuel and heating, rose by around a third last year, despite government commitments to eradicate it in vulnerable households by 2010, and in all households by 2016. The average annual household bill for gas and electricity is now £1,313. Citizens Advice reports a 46% increase in the numbers of people contacting Bureaux with fuel debts, and its report *This is Child Poverty*<sup>2</sup> highlights tackling high fuel charges as one of the key ways in which child poverty could also be tackled.

## What this means for our clients

If someone can get a social tariff, it means they can make significant savings **without** needing to change supplier. Ofgem says that people who get their gas and electricity from the same company can save up to £250 a year by going on to a social tariff. Clients who have pre-payment meters often save the most, because without a social tariff, they may be charged more for their fuel than they would if they were paying on-line or by direct debit.

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[http://www.cablinc.org.uk/index/service\\_developments/money\\_advice\\_and\\_financial\\_capability/financial\\_capability\\_home/financial\\_capability\\_projects/ofgem\\_energy\\_best\\_deal.htm](http://www.cablinc.org.uk/index/service_developments/money_advice_and_financial_capability/financial_capability_home/financial_capability_projects/ofgem_energy_best_deal.htm) See page 16 for further details.

2

[http://www.citizensadvice.org.uk/index/campaigns/policy\\_campaign\\_publications/evidence\\_report\\_s/er\\_consumerandebt/this\\_is\\_child\\_poverty](http://www.citizensadvice.org.uk/index/campaigns/policy_campaign_publications/evidence_report_s/er_consumerandebt/this_is_child_poverty)

## What this means for us

- We need to make sure advisers and volunteers *know* about social tariffs. At a recent regional social policy meeting, hardly anyone had heard of them. This is despite the fact that Citizens Advice received funding from Ofgem and the Department of Energy and Climate Change to run *Energy Best Deal*, a pilot project to help bureaux to offer face to face advice on energy issues.<sup>3</sup> There is further information about this campaign on Cablink<sup>4</sup> but it does not clearly deal with social tariffs and there is nothing about social tariffs on AdviserNet<sup>5</sup>.
- When speaking with suppliers we need to ask for social tariffs on our clients' behalf, or encourage them to do it for themselves. We have put a client factsheet and standard letter on our website at [www.manchestercab.org](http://www.manchestercab.org). The contact details for the main suppliers are:

<b>British Gas</b>	0800 072 7100	Essentials Tariff
<b>Eon</b>	0800 404 6287	Staywarm or Warm Assist Tariff
<b>Scottish Power</b>	0845 2700 700	Freshstart Tariff
<b>Southern Electric</b>	0800 300 111	Energy Plus Care
<b>NPower</b>	0808 172 6999	Spreading Warmth Tariff
<b>EDF</b>	0800 269 450	Energy Assist

- We will be doing a press release about social tariffs, and hoping to get other advice agencies in the city involved in promoting them to clients
- We also need to monitor any problems our clients have with getting a social tariff payment arrangement. I know people struggle to find the time to fill in BEFs, so if you want to send a brief email to [karen.dyson@manchestercab.org](mailto:karen.dyson@manchestercab.org) with your phone number and details of any problems you come across, I will pull all these together and do a group BEF for Citizens Advice.
- We also need to consider what other help might be available to clients such as grants for insulation and energy efficiency advice.

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<sup>3</sup>

<http://www.ofgem.gov.uk/Sustainability/SocAction/Publications/Documents1/EBD%20background.pdf>

<sup>4</sup>

[http://www.cablink.org.uk/index/service\\_developments/money\\_advice\\_and\\_financial\\_capability/financial\\_capability\\_home/financial\\_capability\\_projects/ofgem\\_energy\\_best\\_deal.htm](http://www.cablink.org.uk/index/service_developments/money_advice_and_financial_capability/financial_capability_home/financial_capability_projects/ofgem_energy_best_deal.htm)

<sup>5</sup> I have emailed Citizens Advice and asked them to add the information.



# Key Points

Special **low prices for gas and electricity** for vulnerable customers, whatever payment method they use

Can save up to **£250** per year on average household bill



We need to make sure our clients are getting them.....

.... And report any problems we have when negotiating with the fuel companies.

# **Social Policy Alert**



**Social Tariffs – special low prices  
for gas and electricity for  
vulnerable customers**