

# Workshop 2d:

Energy supply in social housing - making it stack up for customers and providers

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Room: Charlecote Room



National Housing Maintenance Forum

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# Energy supply in social housing

Making it stack up for customers and providers



# Background

- 1990s Deregulated Energy markets
- Local authorities tried
- Consolidation in the market
- International Companies
- The big six

# Issues – Energy Supply

- De- regulation
  - Split generation from supply
  - Supply low margin
- Supply costs
  - DNO, ECO, ROCS
- Energy investment
  - £200bn needed


# Issues– Social housing

- What have we been doing?
  - Social housing providers
  - “A blank sheet”
- What do you want?
  - Voids
  - Tenants

# The social housing conundrum

- Want to do something ....
  - Tenant costs
  - Fuel Poverty
  - Income
  - Control
- But
  - Financial risk
  - Reputational risk
  - The pain of FIT, RHI, ECO and Green Deal

# What does social housing want?

- Lowest tariff
- Best customer service
- Void energy issues resolved
- Generating income
- Being in control
- Have options for intervention
  - Unknown  HA Energy Company

# What Are the Options?

- Do nothing
- Start small/gain confidence
- Deal with practical stuff
  - Voids
  - Tenant costs
- White label
- License Lite
- Full Licence
- Energy generator





# What Have We Found?

- Housing providers want to do something
- There are major energy issues on voids
- The people are concerned about:
  - Investment
  - Risk
- People want to dip a toe into the water
  - Does it work?
  - What about tenants?

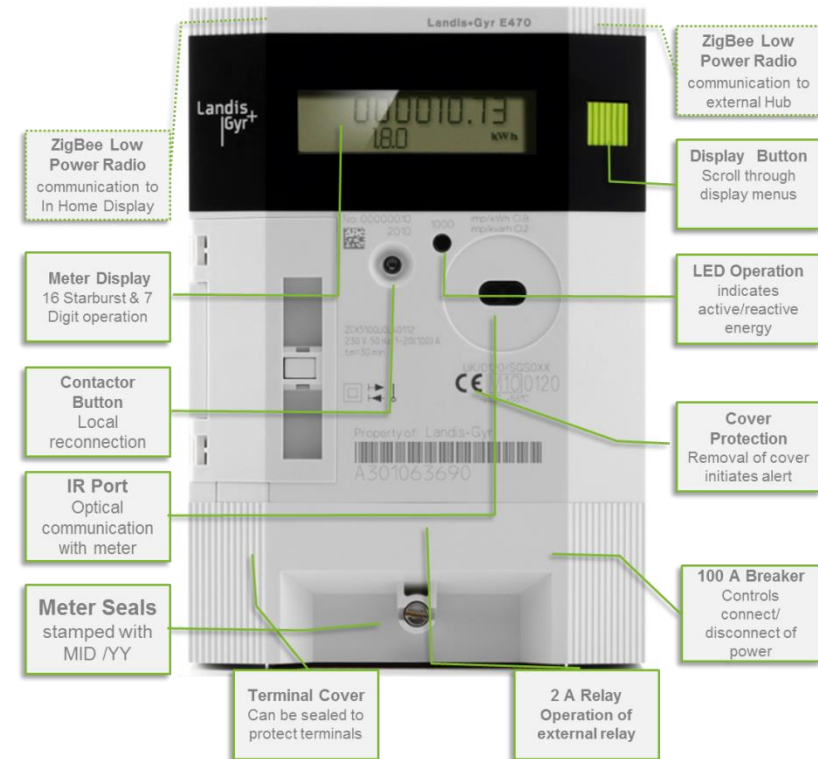
# The most important issue

- Voids
- Tenant bills
- Pre Pay Meters
  - Obtaining Charge/Key Cards
  - Putting credit on charge/key cards
- Electrical testing and void repairs
- Void bills for landlord
- Chasing Energy companies for information
- Resolving and paying energy bills
- Having energy when tenants moves in
- Getting a good Deal



# What role for Smart Meters

- Roll out in 2015
- Awaiting SMETS 2 spec
- Should make voids easier
- Will give residents data
- May give landlords data



# A Case Study

- Housing Association
- Void energy costs
  - Stock of 30,000: 3 admin staff and a supervisor to ring round energy companies.
  - Large RSL – with a system
    - Smooth properties – still more than an hour, and most of that electrician time.
    - Difficult properties – Hour and half for admin and 3 hours for electricians.
- Electric testing and electricians
- No system for prepay charge keys and cards
- Tenants complaints



# Re-letting, the energy issues: Voids process

- Electricity pre-pay meters
  - Needed for live electrical testing
    - No credit – so no electricity
    - Debt on meter?
    - No key
  - Typical answers
    - Go to a shop and buy credit?
    - 'System' with TAG numbers?
    - Spend hours running around!
  - Issues
    - Time (administrators, electricians)

# Re-letting, the energy issues: Void bills

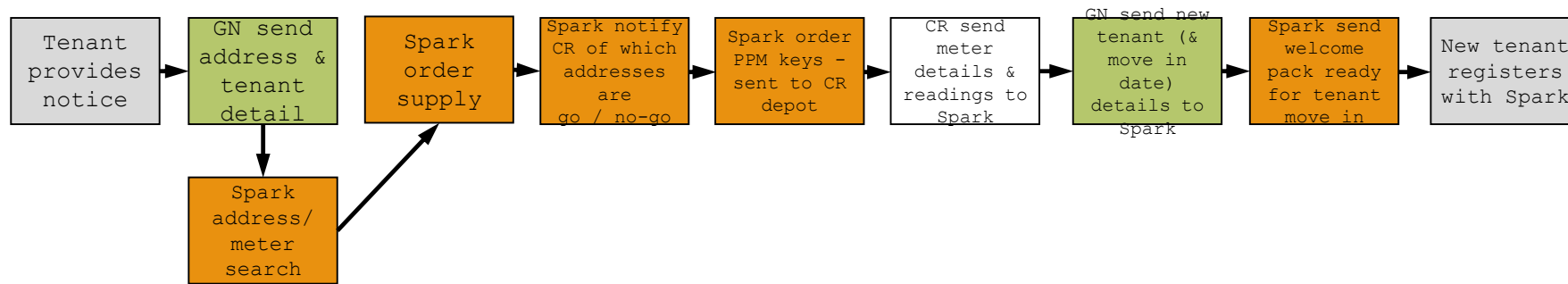
- Landlord is bill payer through void period
  - Large number of (hopefully) small bills.
    - Not so much the actual cost of these bills themselves – it is the admin of these
    - Verification?
  - Typical answers
    - Just pay them all?
    - Query the big ones?
  - Issues
    - Time!

# Re-letting, the energy issues: Tenant experience

- If the energy process isn't smooth through voids this can impact on the new tenant.
  - Is energy available initially?
  - Resolving possible debt on meter and establishing 'clean start'.
  - **Tariff for the new tenant**
  - Customer service?
  - Typical answers
    - Leave it to the tenant?
  - Issue
- Would just be so much better to have a good start and an ongoing low tariff



# Map the process: then fit the service





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# Examples of costs

- Void energy costs
  - Stock of 30,000: 3 admin staff and a supervisor to ring round energy companies (usually a more dispersed hidden cost).
  - Large RSL – with a system for prepay
    - Smooth properties – still more than an hour, and most of that electrician time.
    - Difficult properties – hour and half for admin and 3 hours for electricians.
- Tenants
  - Most don't switch
  - 'Half' of tenants on prepay (very wide variation)
  - But two thirds of those on credit meter 'pay on receipt of bill' – which is as expensive (or even more) than pre-pay!



# So how do you choose what to do?

- Identify the issues for you
  - Voids, tenants, income
  - Appetite for risk and investment
- Make sure your partner understands social housing
  - Client Management
  - Customer Management
  - Backroom processes
  - They will put in the leg work (see risk and investment)
- Energy is no different from any other service
  - What it delivers for you and customers
  - Be an informed client



# The Fundamentals

- Social housing should look at the options
- Don't make this any different from anything else you do
- Ask what your organisation and tenants need
  - Operational
  - Costs
  - Ambition
- Ask what is your ambition?
- What investment and risk?

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