

# HOUSING STRATEGY STANDING GROUP PREPAYMENT METERS

## Report to the Community Policy and Review Panel

Notes from the meeting held on Tuesday, 17th January, 2017

**Members present:** Crs. Rod Cooper, Jennifer Evans, Mike Smith and Les Taylor

**Members absent:** Crs. Steve Masterson and Mike Roberts

**RBC Officers:** Qamer Yasin (Head of Environmental Health and Housing and  
Lauren Harvey (Community Panel Administrator)

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### 1. Introduction

Following the Notice of Motion, submitted to Council on 6th October, 2016, it was agreed at the Community Policy and Review Panel Mid-Cycle meeting that the Council would make contact with energy suppliers, registered providers and local landlords in order to find out further information on the issue of prepayment meters. Members requested that this information then be presented to the Housing Strategy Standing Group (HSSG) where the issue would be considered and the Council's future approach agreed. The Chairman of the Panel also agreed to invite Cr. Les Taylor to attend the meeting of the Group because of his interest and experience in the subject matter.

### 2. Research

The HSSG was reminded of the Notice of Motion and it was noted that this had been recognised as a national issue. A recent recording of 'The Martin Lewis Money Show' had made reference to the cost of prepayment meters and offered viewers advice on how cost savings could be made. This was followed by a detailed webpage being written for the Money Saving Expert website <http://www.moneysavingexpert.com/utilities/switch-prepaid-gas-electricity>

Some of the 'big 6' energy suppliers were contacted and asked the following questions:

- Why are your customers using prepayment meters?
- Is it true that customers using prepayment meters pay more than customers using a credit meter?
- How difficult is it for customers to change from prepayment meters to a credit meter?

Responses were received from E.ON and npower through their 'live chat' services, available on their websites. A table of the questions and answers can be found below:

<b>Why are your customers using prepayment meters?</b>	
<b>E.ON</b>	<b>npower</b>
<p>“A lot of our customers are using prepayment as they prefer this method, it is an easier way to keep track of what they are using.</p> <p>Some landlords in high-churn properties prefer to have these meters installed to avoid tenants building up debt.</p> <p>Some also have them installed for debt repayment, we can set their credit meter debt at a lower rate to collect weekly.</p> <p>Some customers move into the property and the meters are already there. We can change these for free subject to an external credit check.”</p>	<p>“The prepayment method of payment helps to track the energy customers use.</p> <p>If there is more debt on the account we try to install the prepayment meters to clear the debt.</p> <p>Customers can set up a debt recovery rate on the meter and it will automatically collect a minimum amount that will go towards clearing their debt.”</p>
<b>Is it true that customers using prepayment meters pay more than customers using a credit meter?</b>	
<b>E.ON</b>	<b>npower</b>
<p>“No.</p> <p>Our prepayment tariff is exactly the same as our standard credit tariff ‘E.ON Energy Plan’.</p> <p>The only way it becomes cheaper on a credit meter is by paying by fixed direct debit as we reduce the standard charge by £35 per year, per fuel.”</p>	<p>“Well, it’s a really useful way to pay for energy before you use it, which means you can keep track of how much you’re spending. Great if you want to stick to an energy budget.</p> <p>Each tariff will be different, however, we won’t charge more on the prepayment method of payment. Customers can top up the amount and use the supply without any issue.”</p>
<b>How difficult is it for customers to change from prepayment meters to a credit meter?</b>	
<b>E.ON</b>	<b>npower</b>
<p>“The option to change to a credit meter is available for all prepayment customers as long as there is no debt being collected through their meter and a warrant to fit the prepayment meter has not been issued.</p> <p>We would carry out an external credit check, if this is successful, we would change the meter to a credit meter free</p>	<p>“It is possible to change tariff, however for some there will be an early exit fee if this is done before the ‘end date’ of that specific tariff. The early exit fee varies depending on the tariff and the fuel, however it will be approximately £20.</p> <p>We will carry out a credit check on our customers.</p>

<p>of charge.</p> <p>Once the meter has been changed to a credit meter, we would discuss various payment options and they can pick any credit meter tariff we have available.”</p>	<p>Customers can only change to a credit meter once their debt is cleared.</p> <p>The prepayment meter must also remain in the property for 12 months before a request to change it back to a credit meter can be actioned.”</p>
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Following the Registered Providers Liaison meeting, all attendees were sent a questionnaire that was made up of the following questions:

- How many of your residents use prepayment meters?
- Why do they use this method?
- What is your approach to providing advice / support to residents on energy costs and savings?

At the time of the Group’s meeting, four responses had been received from First Wessex’s Green Living Team, Sentinel, Stonewater and Pegasus Court Housing & Care 21. The responses assured the Group that these registered providers were able to offer expert advice and support to their residents. In particular, First Wessex and Sentinel had good advice and support schemes in place, for example:

- First Wessex were prepared to speak to utility companies on behalf of their residents and were then able to relay the conversation in an easy-to-understand way
- Sentinel staff have had energy efficiency training, which will also be offered to customers in the future

Finally, a number of information pages are available on the Citizens Advice webpage, ‘your energy supply’ <https://www.citizensadvice.org.uk/consumer/energy/energy-supply/>. Residents can also phone their Adviceline on 03444 111 306.

### **3. Discussion**

Cr. Les Taylor offered further information on the issue and informed the Group that the Council would not have the ability to make changes to tariffs and payment methods. It was noted that four million households in the country used prepayment meters and on average, these households paid approximately £300 more for their energy per year.

The information collected from energy suppliers explained that they would often fit prepayment meters in order to collect debt owed to them by their customers. However, many customers may not have been aware that if their debt was less than £500, they would have the option to switch supplier, therefore giving them an opportunity to make a cost saving. Cr. Taylor also informed the Group that the utility companies would only contact the person named on the account when requesting payments. This meant that landlords did not need to use prepayment meters as a way of avoiding tenants leaving debt behind, providing the account was in the tenant’s name.

The Group agreed that the information collected was encouraging, however, still believed that prepayment meter customers were at a disadvantage due to the fact that they had no access to the cheapest tariffs offered by energy suppliers.

It was concluded that although the Council was not in the position to influence energy costs, it would need to address the lack of awareness amongst residents and would aim to do this by supporting and advertising the information that was readily available.

#### **4. Next Steps**

The Group agreed that the following would be actioned:

- The notes of the meeting be sent to the next Community Policy and Review Panel for comment
- Some of the larger registered providers be encouraged to respond to the questionnaire
- An article advertising information pages and encouraging residents to check the price of their energy or contact their supplier be published in the Arena Magazine
- The issue be raised at the Landlord Forum (15th March, 2017)

#### **5. Recommendation**

It is recommended that the Panel note the Report.