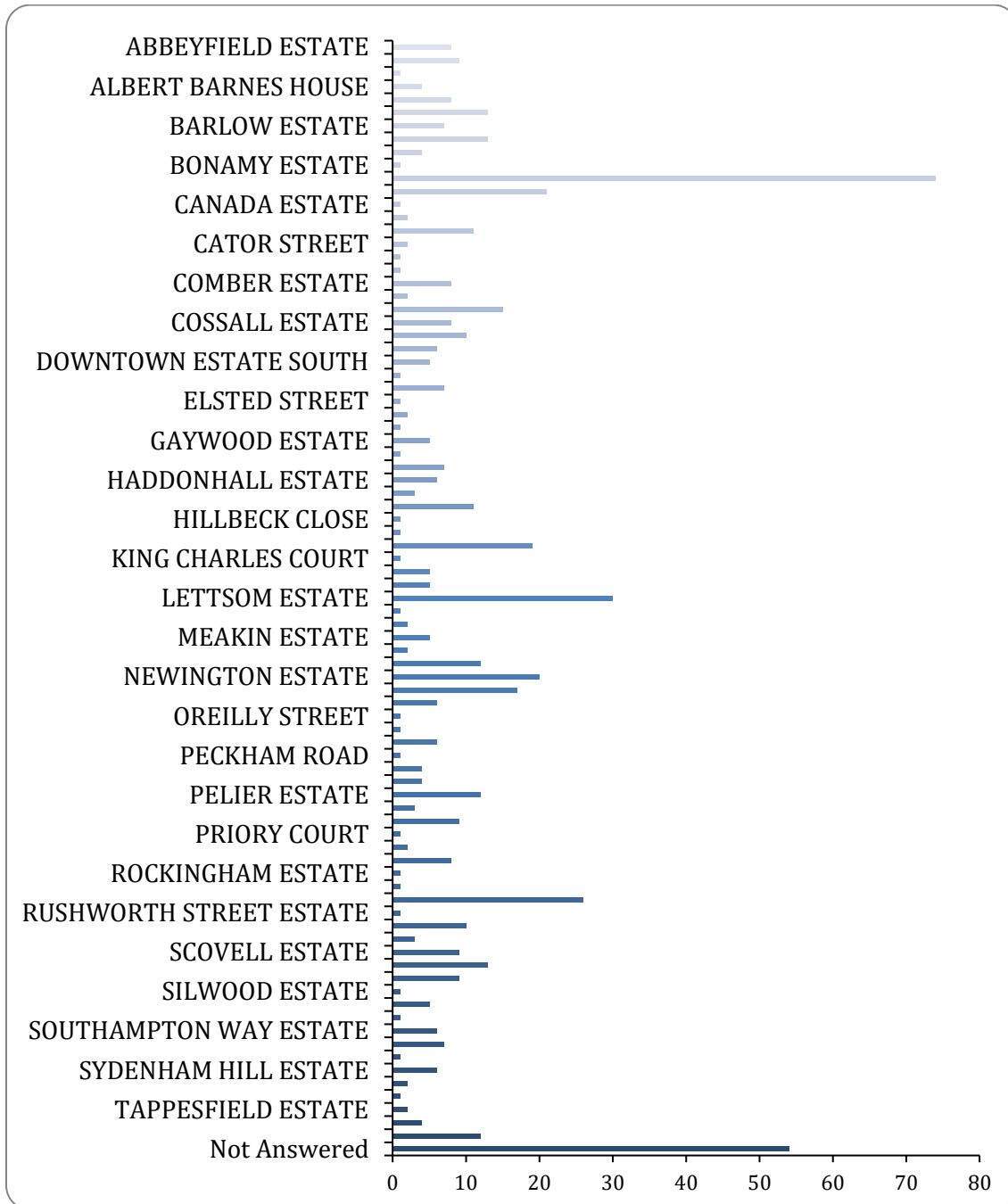


Heat Metering Policy – Resident Consultation

Below is a summary of the resident consultation on the council's draft Heat Metering Policy that ran for 6 weeks from 25/08/2022 to 09/10/2022.

Responses to this survey: **634**



London Borough of Southwark

Estate Name	Total	Percent
ABBNEYFIELD ESTATE	8	1.26%
ACORN ESTATE	9	1.42%
ALBANY ROAD	1	0.16%
ALBERT BARNES HOUSE	4	0.63%
ALBERTA ESTATE	8	1.26%
AYLESBURY ESTATE	13	2.05%
BARLOW ESTATE	7	1.10%
BARSET ESTATE	13	2.05%
BELLS GARDENS ESTATE	4	0.63%
BONAMY ESTATE	1	0.16%
BRANDON ESTATE	74	11.67%
BRIMMINGTON ESTATE	21	3.31%
CANADA ESTATE	1	0.16%
CARLTON GROVE	2	0.32%
CASTLEMEAD	11	1.74%
CATOR STREET	2	0.32%
CLIFTON ESTATE	1	0.16%
COLLEGE ROAD ESTATE	1	0.16%
COMBER ESTATE	8	1.26%
CONGREVE ESTATE	2	0.32%
CONSORT ESTATE	15	2.37%
COSSALL ESTATE	8	1.26%
D'EYNSFORD ESTATE	10	1.58%
DOWNTOWN ESTATE NORTH	6	0.95%
DOWNTOWN ESTATE SOUTH	5	0.79%
DRAPER ESTATE	1	0.16%
ELMINGTON ESTATE	7	1.10%
ELSTED STREET	1	0.16%
FAIR STREET ESTATE	2	0.32%
FALCON POINT	1	0.16%
GAYWOOD ESTATE	5	0.79%
GILESMEAD	1	0.16%
GLOUCESTER GROVE ESTATE	7	1.10%
HADDONHALL ESTATE	6	0.95%
HARFIELD GARDENS	3	0.47%
HAVIL STREET ESTATE	11	1.74%
HILLBECK CLOSE	1	0.16%
HOLLYDALE ROAD	1	0.16%
KEETONS ESTATE	19	3.00%
KING CHARLES COURT	1	0.16%
KINGLAKE ESTATE	5	0.79%

London Borough of Southwark

Estate Name	Total	Percent
KIPLING ESTATE	5	0.79%
LETTSON ESTATE	30	4.73%
LINDEN GROVE ESTATE	1	0.16%
MAGDALENE CLOSE	2	0.32%
MEAKIN ESTATE	5	0.79%
NELSON SQUARE GARDEN	2	0.32%
NEW PLACE ESTATE	12	1.89%
NEWINGTON ESTATE	20	3.15%
NORTH PECKHAM ESTATE	17	2.68%
OLIVER GOLDSMITH ESTATE	6	0.95%
OREILLY STREET	1	0.16%
OSPREY ESTATE	1	0.16%
PASLEY ESTATE	6	0.95%
PECKHAM ROAD	1	0.16%
PEDWORTH ESTATE	4	0.63%
PELICAN ESTATE	4	0.63%
PELIER ESTATE	12	1.89%
POMEROY ESTATE	3	0.47%
PORTLAND ESTATE	9	1.42%
PRIORY COURT	1	0.16%
RAUL ROAD	2	0.32%
REDMAN HOUSE	8	1.26%
ROCKINGHAM ESTATE	1	0.16%
ROCKINGHAM STREET	1	0.16%
ROUEL ROAD ESTATE	26	4.10%
RUSHWORTH STREET ESTATE	1	0.16%
SALISBURY ESTATE	10	1.58%
SCEAUX GARDENS	3	0.47%
SCOVELL ESTATE	9	1.42%
SETCHELL ESTATE	13	2.05%
SILVERLOCK ESTATE	9	1.42%
SILWOOD ESTATE	1	0.16%
SLIPPERS PLACE ESTATE	5	0.79%
SMEATON COURT	1	0.16%
SOUTHAMPTON WAY ESTATE	6	0.95%
STYLES HOUSE	7	1.10%
SURREY ROAD	1	0.16%
SYDENHAM HILL ESTATE	6	0.95%
TABARD GARDENS ESTATE	2	0.32%
TADWORTH HOUSE	1	0.16%
TAPPESFIELD ESTATE	2	0.32%

Estate Name	Total	Percent
TISSINGTON COURT	4	0.63%
WYNDHAM ESTATE	12	1.89%
OTHER	54	8.52%

Draft policy statement

Installation

The Council is supportive of the installation of individual heat meters and is aware of the significant benefits they can bring. These include fairer charging, an incentive to energy efficient behaviour, carbon savings and reduced bills. Independent studies show that savings of 20% are typically achieved through consumption based billing. At a time of elevated energy prices, a cost of living crisis and a climate emergency, heat metering will help many of our residents. Other benefits include improved network operational data and outage data leading to better management and fairer compensation.

We are aware there are also risks associated with heat metering, for example some residents may under-heat their properties to save money (with a flat billing system there is no incentive to do this). This could cause residents and properties to become cold, which in turn can lead to condensation and mould issues as well as physical and mental health impacts.

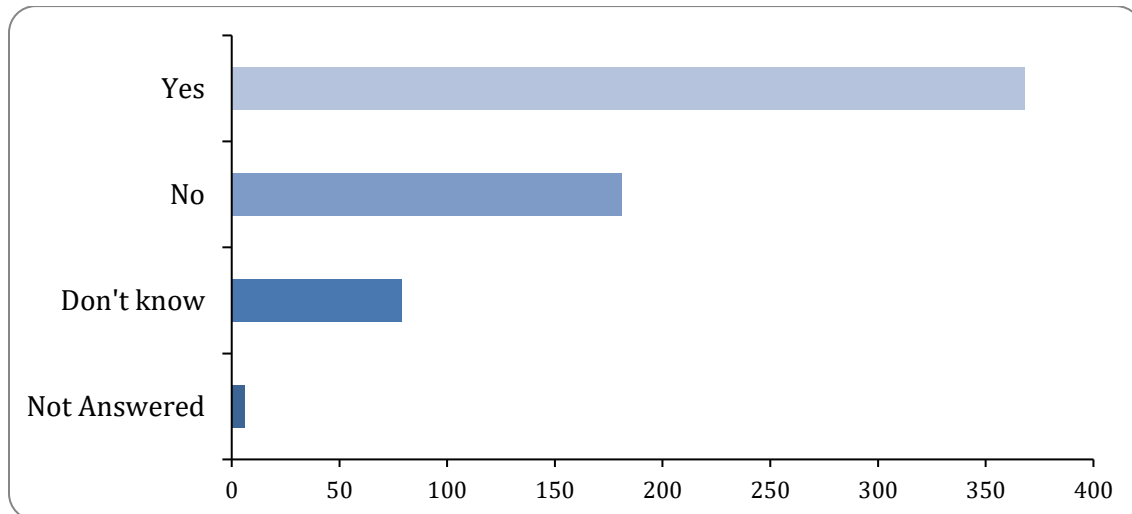
Ultimately, the duty to install heat meters is governed by the Regulations, which the Council must comply with, but we will also do our best to do this in a way which avoids unintended consequences. The Council's duty to install meters under the Regulations is determined by "Cost Effectiveness Tests" which we must carry out every four years and this process specifies where meters need to be installed.

In properties where we need to install heat meters we will contact residents to let them know and will keep them informed throughout the process, including working with them through any changes in our processes, such as to charging and payments.

Sheltered housing, care home facilities and certain other settings are classed as exempt under the regulations and do not need to have heat meters installed. The Council does not intend to bill residents in these settings according to consumption, though we may install meters in some circumstances to aid performance monitoring of a wider network.

Are you happy with the policy statements mentioned above? (Installation)

There were 628 responses to this part of the question.



Option	Total	Percent
Yes	368	58.04%
No	181	28.55%
Don't know	79	12.46%
Not Answered	6	0.95%

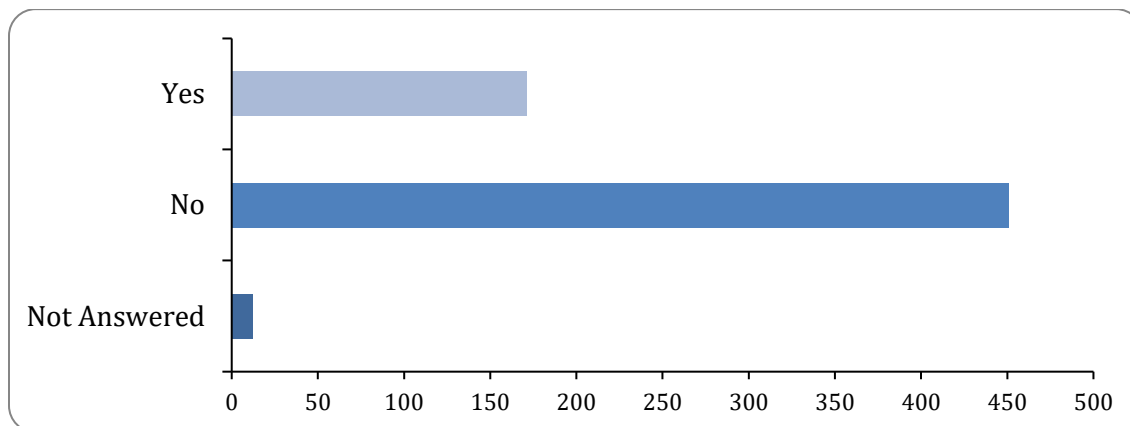
As shown above, the responses to this section were favourable, with the majority of residents agreeing with the statements made in the policy.

For residents that did not agree but provided constructive feedback, their general comments have been taken on board and noted below.

- Many residents mentioned a need for their properties to be further insulated before the installation of heat meters. The Council understands this concern and states the fact that installing heat measuring devices first will allow data to be gathered in support of insulation measures being undertaken.
- Some residents are concerned that the installation of heat meters may increase their bills. The Council intends to set a fair tariff allowing most residents to save on their heating bills and government studies also show that the average user can expect around a 20% reduction in their consumption once heat meters and heating controls are installed.

Are you currently struggling to pay your heating bill?

There were 622 responses to this part of the question.



Option	Total	Percent
Yes	171	26.97%
No	451	71.14%
Not Answered	12	1.89%

This question is not directly related to the heat metering policy but is important for the Council to understand how residents are coping with their heating bills.

The response shows that the majority of residents are able to pay their bills without concern but there is also a significant percentage that may require aid.

It is therefore important for the council to take this into account. A few suggestions from residents have been mentioned below.

- Residents have highlighted the need for a robust and reliable heating system where they can control their usage. The Council's engineering team is continuously working to maintain and improve its current heat networks and they will be able to use the new data from heat measuring devices to further reduce network down time and improve efficiency.
- Many have commented on reducing standing/service charges and heating rates. With the roll-out of a metered billing system the Council intends to review all heating related charges and make available an annual break-down of cost and billing calculations.

Data collection

Wherever possible the council intends to always install “smart” heat meters that can be read remotely. This avoids the need for residents to provide meter readings, or for the council to employ a team of officers to physically collect readings. It also provides the opportunity for automated compensation payments in the event of an outage, and will be helpful for improving network operation. Data flows will be fully encrypted and stored securely in line with all data protection requirements.

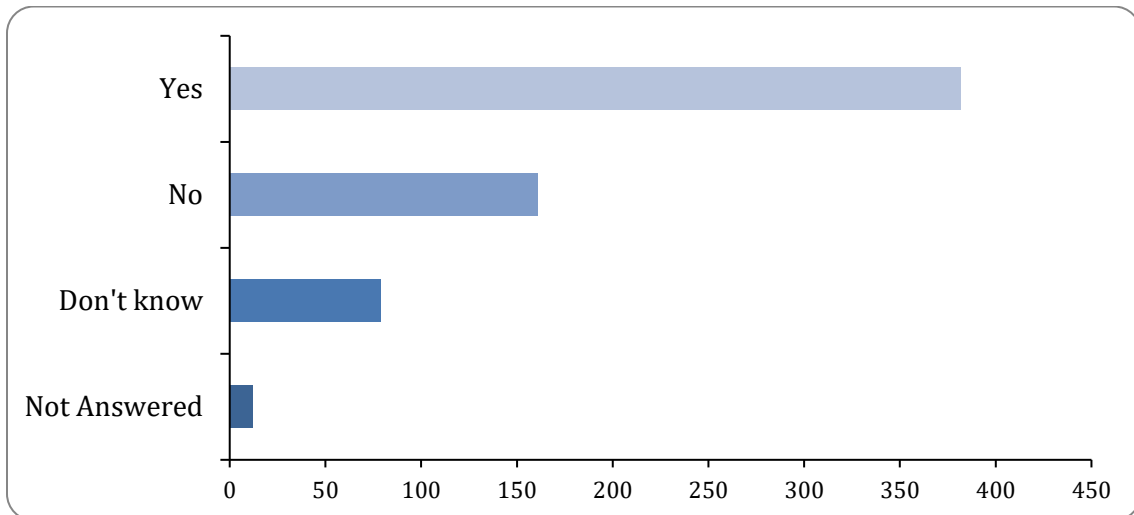
In instances where meters do not have remote reading capability or where this capability fails, the council will seek to repair or replace the capability.

In the meantime, however, physical meter readings may need to be used to calculate consumption and residents should provide access to allow readings to be taken.

Residents who do not provide access in these instances may be charged a higher rate (assumed 90th percentile consumption) until a reading is taken or until the remote readings are reinstated.

Are you happy with the policy statements mentioned above? (Data Collection)

There were 622 responses to this part of the question.



Option	Total	Percent
Yes	382	60.25%
No	161	25.39%
Don't know	79	12.46%
Not Answered	12	1.89%

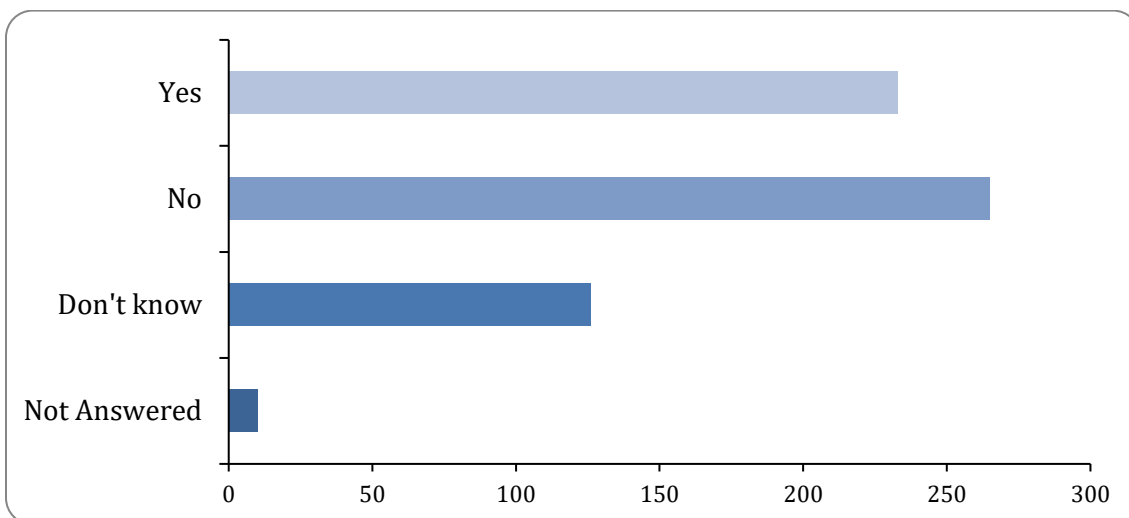
As shown above, the responses to this section were favourable, with the majority of residents agreeing with the statements made in the policy.

For residents that did not agree but provided constructive feedback, their general comments have been taken on board and noted below.

- Residents have expressed concerns around the dependability of heat measuring devices and their ability to wirelessly transmit data readings. The Council have understood these concerns and taken steps to ensure the reliability and longevity of the system. The meters themselves will have a battery life lasting over 10 years and the ability to store data during any drop in signal which will be closely monitored and resolved with urgency.

Do you agree that residents who refuse access for meter readings should be charged at a higher rate than the average consumption level?

There were 624 responses to this part of the question.



Option	Total	Percent
Yes	233	36.75%
No	265	41.80%
Don't know	126	19.87%
Not Answered	10	1.58%

The responses to this section were mixed with a slight majority not in favour. This was the only question where residents had an opinion against the draft policy.

Therefore the explanations will be carefully considered and the Council will make amendments to the Policy. Some resident concerns have been mentioned below.

- Vulnerable residents may have to bare this cost without having made any deliberate attempts to stop engineers checking their meters for damage.
- Those residents choosing to tamper with the system may be above 90th percentile users and therefore this will not be an adequate deterrent for them.

Credit billing vs pre-payment

There are two standard ways of arranging heating bills.

The first method is often called “credit billing” and involves the heat supplier allowing “credit” to its heat customers so heat usage and payment are decoupled. This means that if a customer falls into arrears they are not automatically cut-off from receiving heat. It also allows the heat supplier (e.g. the Council) to smooth heating bills out between the summers and winter periods which can be beneficial.

The second method is normally called “pre-payment”. It involves residents making payments into a dedicated account for their heating before they can use heat. When the account is in debt a valve closes to prevent heating being used, until it is “topped up” above zero.

The advantage of these systems is that they help customers not to fall behind on payments, but it can cause problems if payments are not set up to take place automatically, and it can be difficult to smooth payments between summer and winter. These systems also require extra items to be installed (the valves and additional communication equipment) which makes the installation more costly.

Residents have told us that they would prefer the credit billing approach. In light of that feedback the council intends to primarily use a credit billing system. This should protect against vulnerable customer’s heating going off and is also beneficial in that it enables smooth summer and winter payments. This type of system also gives the council the option of delivering its own metering and billing in-house rather than relying upon external provision, necessary for pre-payment solutions, which is more costly

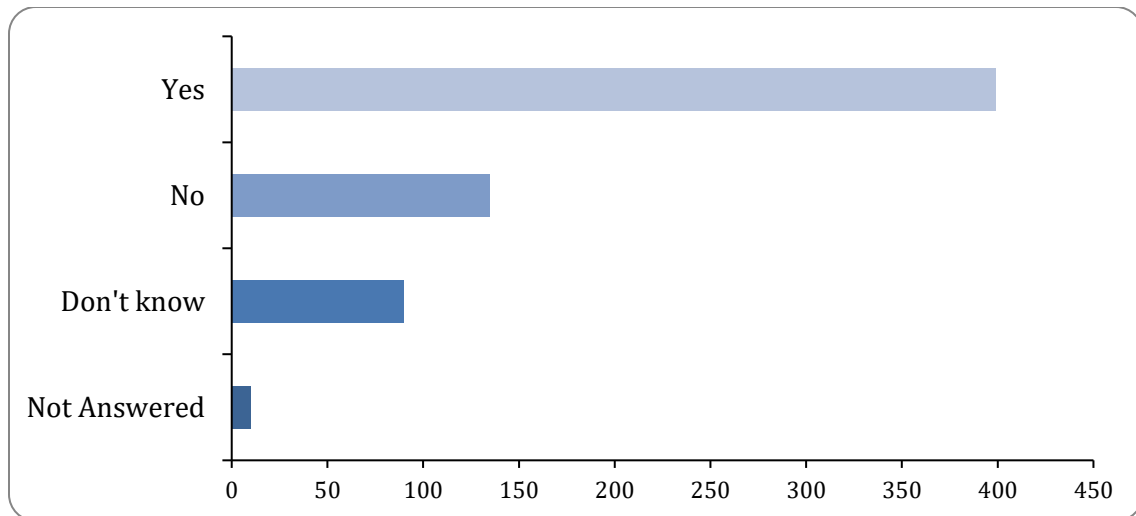
However, the council already has some pre-payment systems operating in the borough, and as it can be difficult to change system these may continue until meters need renewing. In addition, we are not foreclosing the option of using pre-payment systems in certain circumstances where it is deemed necessary or beneficial (e.g. to prevent or reduce individual customer debt levels).

Note: If there is any statement you do not understand please mention it in the comments below.

Are you happy with the policy statements mentioned above? (Credit Billing)

There were 624 responses to this part of the question.

London Borough of Southwark



Option	Total	Percent
Yes	399	62.93%
No	135	21.29%
Don't know	90	14.20%
Not Answered	10	1.58%

As shown above, the responses to this section were favourable, with the majority of residents agreeing with the statements made in the policy.

For residents that did not agree but provided constructive feedback, their general comments have been taken on board and noted below.

- Residents are in strong agreement with the policy that they should not have their heating cut off if they are unable to pay but may like having the option to go onto a pre-payment system to help better manage their bills without falling into arrears.

Tariff calculation and charges

Once a heat meter has been installed in a property the Council will collect consumption data for all dwellings connected to a boiler house and utilise this information, along with gas, electricity, metering and management costs to calculate a network-specific heat tariff. This will include a daily standing charge containing the heating fixed costs (such as gas bill standing charge) and a variable element for each unit (kWh) of heat consumed. Where block-level meters have been installed, these will also be used to further disaggregate costs creating a block-specific heat tariff.

Homeowner heat consumption charges will be based upon their network-specific or block-specific heat tariff, multiplied by their individual consumption, plus the daily standing charge.

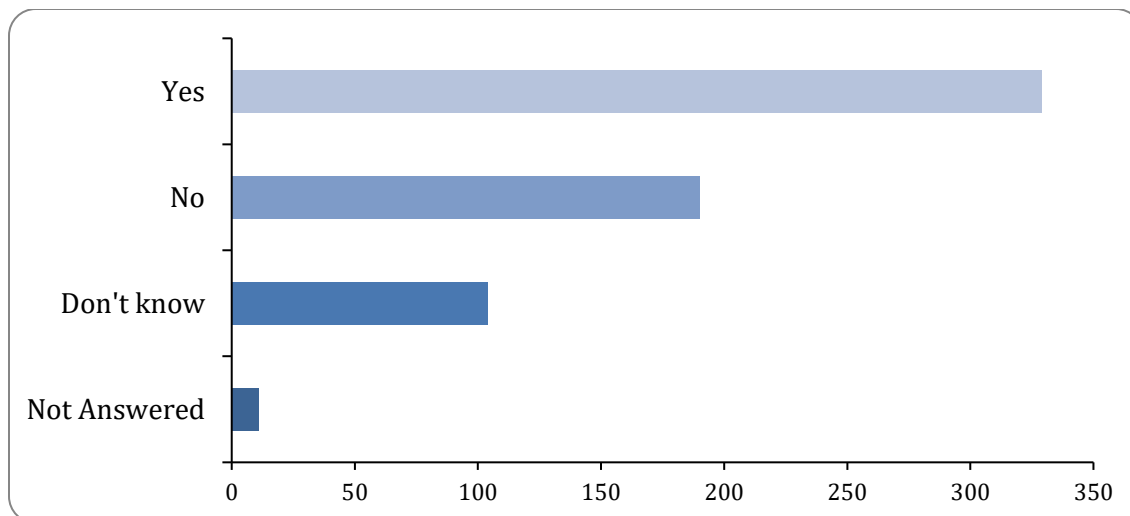
For tenants a borough-wide tariff will be calculated using the same cost inputs resulting in a daily standing charge and a variable heat (kWh) charge. Weekly charges will be set for each tenanted property individually by looking at their consumption over the previous twelve months and applying the borough-wide tariff to that figure to produce an estimated annual cost, and a weekly charge that would recover that amount smoothly over the year.

If consumption is higher or lower than predicted (as it almost always will be due to fluctuating weather), the weekly charge would be adjusted accordingly the following year to keep the tenant's heating account balanced. For new tenancies, average consumption will be assumed based upon bedroom weighting for calculating the first year's weekly charges.

Are you happy with the policy statements mentioned above? (Tariff Calculation)

There were 623 responses to this part of the question.

London Borough of Southwark



Option	Total	Percent
Yes	329	51.89%
No	190	29.97%
Don't know	104	16.40%
Not Answered	11	1.74%

As shown above, the responses to this section were favourable, with the majority of residents agreeing with the statements made in the policy.

For residents that did not agree but provided constructive feedback, their general comments have been taken on board and noted below.

- It has been suggested that more clarity is required before residents can easily compare different methods of tariff calculation. The Council intends to provide an annualised bill for those on heat meters to show the working out of costs and will now also consider providing examples for comparison. Since tenants may not have a choice on which estate they are granted accommodation it makes sense for the tariff to be calculated on a borough wide basis.

Change of resident

When tenancies terminate, a final balance of the individual's heating account will be calculated. This may result in a charge or rebate being applied to a tenant when they move out. Homeowner service charges will be handled in the same way as currently when a property is sold.

Please provide any comments below.

There were 141 responses to this part of the question.

- Residents generally agreed that this was a fair approach.

Payment methods

In the 2020 consultation that we ran, most residents reported liking the current range of payment methods. In light of that feedback we are proposing to make all of the same payment methods available for heat metering.

For tenants, smooth weekly charges will be applied in the same way as for non-metered properties, just that charges will be specific to each property. All payment methods currently available will continue, including:

Direct debit

Standing order

Debit or credit card (either online or over the phone)

Paypoint outlets

For homeowners, the same method will be used to calculate the estimated annual fee. This will be communicated to homeowners in the usual way as an estimated service charge and then adjusted at the end of the year based upon actual consumption when the actual service charge bill is prepared.

Please provide any comments below.

There were 168 responses to this part of the question.

- Residents generally welcomed the variety of payment options.

Legacy systems

Where heat meters have been installed outside of the standard retrofitting process (e.g. when a building was built) which do not integrate with the council's in-house billing process, it may be necessary to continue using an external metering and billing service provider. In these cases, the tariff setting procedure will be identical to that described above, but charges may be applied on a pre-payment basis rather than credit billing, and the payment methods available may differ.

Please provide any comments below.

There were 115 responses to this part of the question.

- Some residents mentioned that they had trouble understanding this section and a simplified explanation would be useful.

Do you have any further comments or suggestions about the overall heat metering policy?

There were 341 responses to this part of the question.

- Most residents mentioned that they would like to have more information on the billing side and reassurances that they will not end up paying a lot more for their heat especially during this 'cost of living crisis'. The Council is still working on setting up its in-house billing systems and intends to release further details as and when they are formalised.

Resident consultation - Conclusion

Overall the heat metering policy has been well received, with the majority of residents being in favour and providing constructive criticism. The Council intends to take on board the valuable advice and as a result will be amending certain sections of the policy. We will also be analysing heat consumption from the winter period of 2022/23 so that a full impact assessment can be made.

Any changes required to incorporate feedback obtained during the consultation, or from the results of the impact assessment will be included within a final version of the 'Heat Metering Policy'. The intention is to present the final policy to cabinet in autumn 2023 for approval.

Thank you to all those who have taken part in helping us work towards an improved heating service for Southwark that is reliable, affordable and green.