

CONTENTS

- Executive Summary page 03
- Research objectives and methodology page 14
- Heating usage page 23
- Heat Network awareness and understanding page 27
- Having a prepayment meter page 34
- Using a prepayment meter page 38
- Issues with use page 45
- Self Disconnection page 49
- Recommendations page 54
- Case studies page 57

EXECUTIVE SUMMARY



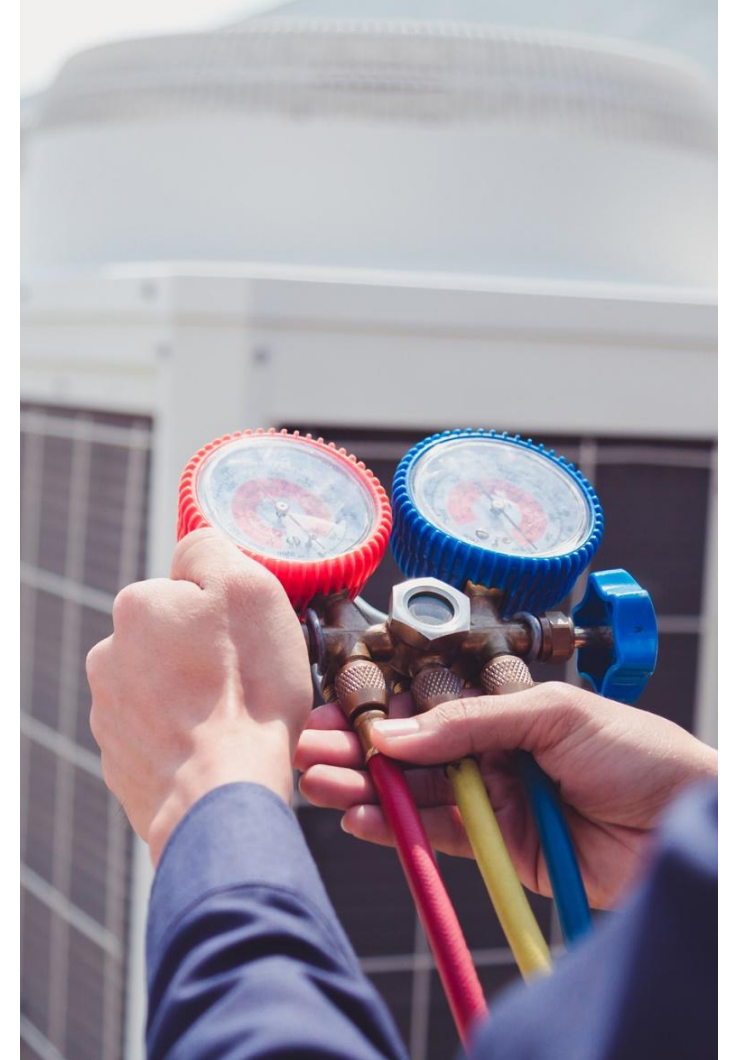
CONTEXT

The UK government is encouraging the use of heat networks as an affordable and low-carbon **heat source**.

However, there are currently no regulations in place to protect, advise or support customers if they experience any issues with service provision; nor do the people affected have any opportunity to opt out should they wish to do so.

As such, the Competition Markets Authority (CMA) have concluded the market should be regulated.

As a trusted consumer advocate, Citizens Advice commissioned the independent research agency, *Future Thinking*, to explore the experience of current heat network customers on pre-payment meters to identify the advice, support and protection they currently have and may need in the future.



WHY FOCUS ON PRE-PAYMENT CUSTOMERS?

People with pre-payment meters are often from a lower socio-economic background, with below average incomes and are often reliant on financial and/or social support¹. As such, they are **the most likely group to be vulnerable and require support for issues related to Heat Networks**, compared to other customer groups.

We encountered three types of pre-payment meters used by Heat Network customers:

1. non-smart meters (i.e. a top-up meter where a token purchased / topped up at a PayPoint and physically inserted into the meter)
2. smart meters with an in home display unit
3. smart meters without an in-home display.

Smart meters offered a range of payment options, including telephone and online payment – although options differed between suppliers and awareness varied between customers.

In general, the type of pre-payment meter someone had didn't lead to markedly different experiences overall, although we have highlighted specific differences (especially relating to budgeting and payment) in the report.

¹: It should be noted that this is not always the case and that some people simply prefer pre-payment meters.

AN INABILITY TO SWITCH SUPPLIER LEADS TO A SENSE OF POWERLESSNESS

A key challenge for this research project has been to isolate the set of issues that are caused by the combination of being on a Heat Network AND being a pre-payment customer (as distinct from issues relating to being on a Heat Network OR a pre-payment meter more generally).

The most obvious issue is that, without regulations in place to protect, advise or support customers if they experience issues with the service they get from their heat network supplier, **customers have no option to switch supplier should they encounter problems.** This leads to customers feeling a lack of agency, which then influences their perception of other issues they may experience. People resent the lack of negotiating power, compensation after disruptions and perceived overall value for money, caused by being a PPM network customer.



OUR FINDINGS FOCUS ON THE FOLLOWING KEY THEMES

The role of heating is fundamental to the health and well-being of more vulnerable customers.

Communication from suppliers is needed to improve awareness and understanding of what it means to be connected to a Heat Network.

When things do go wrong, it is the lack of advance warning, up-to-date information or of a clear issue resolution process that leads to customer frustrations (rather than the faults themselves).

In-home displays help customers with budgeting, and a wide choice of payment options help customers to top-up in a way that is convenient and fits into their routine.

Few customers understood what the standing charge was or why they were paying it, and many felt the energy rate they were paying was not transparent and excessive.

Many reported disconnecting involuntarily when first using their PPM as they didn't understand their rates – which was particularly distressing for customers with young children.

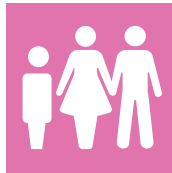
Self-disconnection did not seem to be an issue specifically related to being on a Heat Network.

HEATING IS FUNDAMENTAL TO THE HEALTH AND WELL-BEING OF SPECIFIC CUSTOMER GROUPS, WHO SHOULD BE PRIORITISED WHEN THINGS GO WRONG



CUSTOMERS WITHOUT CHILDREN

Younger customers without dependents, are the least concerned about their supply.



CUSTOMERS WITH CHILDREN AGED 10+

Parents with older children frame their need through the lens of comfort rather than health.



CUSTOMERS WITH CHILDREN BELOW 10 AND OLDER CUSTOMERS

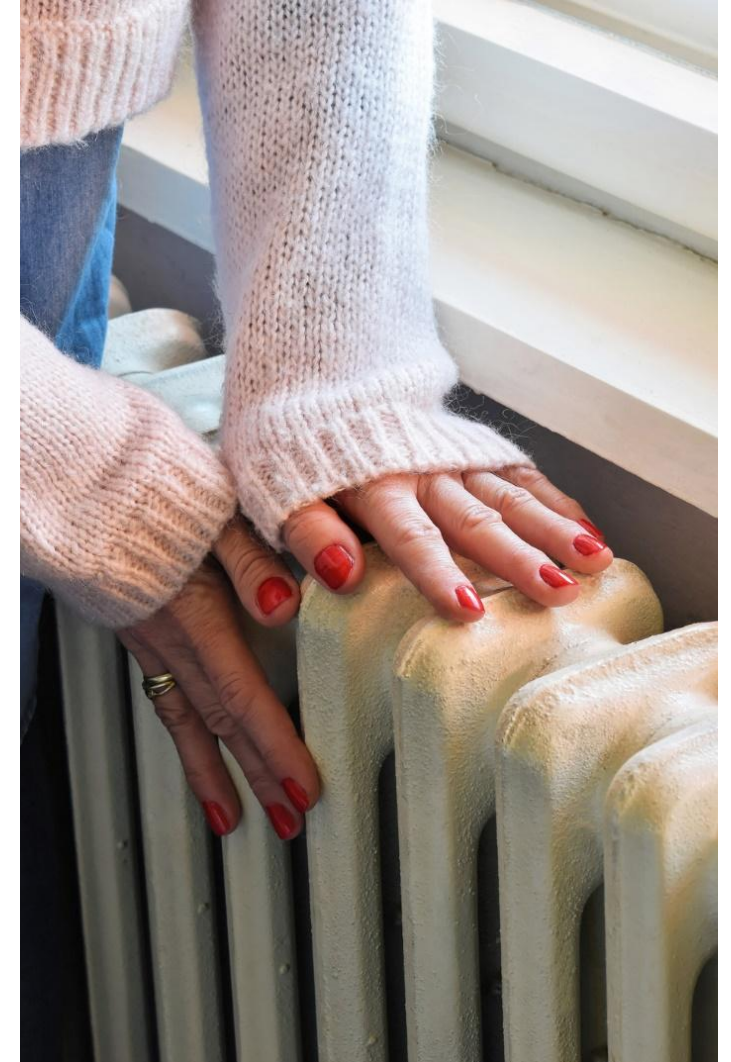
However, reliable heating and hot water is essential to the health of young children and the elderly.

LOWEST TO HIGHEST IMPORTANCE OF HEATING

These groups should be prioritised for communications about service disruption

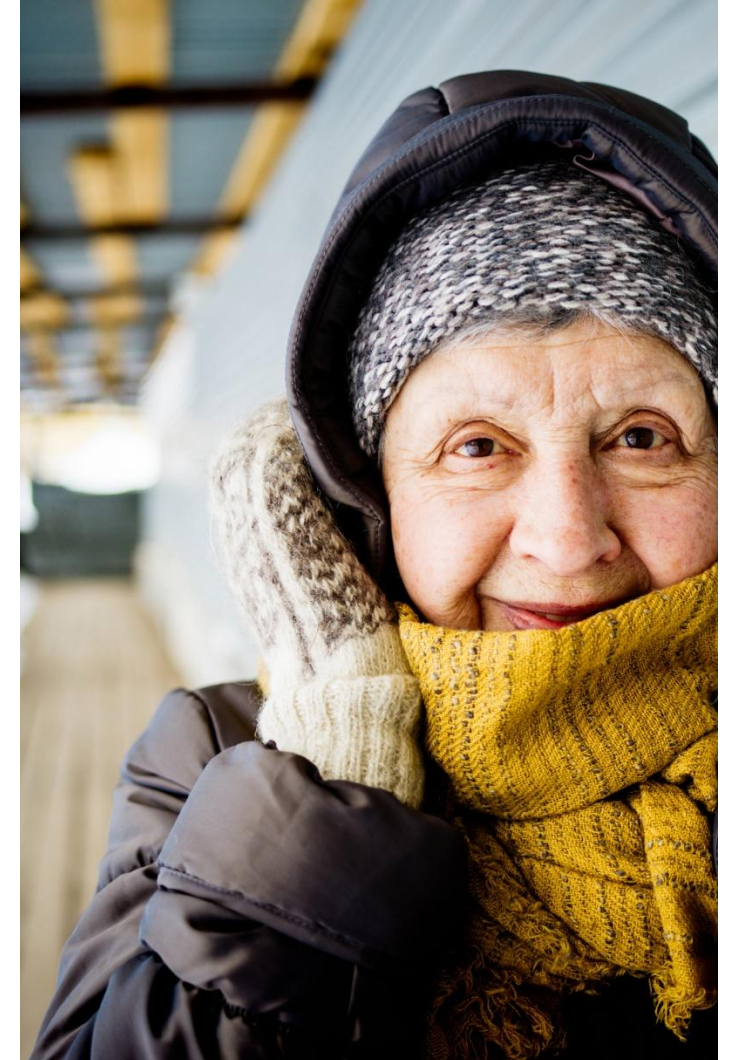
COMMUNICATION FROM SUPPLIERS IS NEEDED TO IMPROVE AWARENESS AND UNDERSTANDING OF WHAT IT MEANS TO BE CONNECTED TO A HEAT NETWORK

- Heat Networks are an unfamiliar concept to most people living in the UK, including Heat Network customers!
- Although pre-payment customers tended to understand that they had “community heating”, very few could explain what this meant in terms of the logistics or benefits.
- Understanding of Heat Networks tended to be higher amongst customers of Heat Trust Networks, with some praising the level of service, sense of safety, and environmental benefits of their supply - a direct result of their supplier proactively communicating the benefits.
- In contrast, customers of non-Heat Trust suppliers, understood far less about their supply and had more negative perceptions, having had little contact or communication from their supplier.
- Suppliers need to educate customers and inform them about the process for issue resolution in the simplest of terms. Written communication is not an effective channel through which to engage or educate pre-payment customers: formal letters were often not read or quickly forgotten. Opportunities for face-to-face communication (including door to door visits and on-site workshops) provided reassurance, built relationships and allowed questions to be asked which led to a greater level of customer understanding.



ISSUES

- The majority of our participants reported having no or few issues.
- However, when things did go wrong, the most commonly cited issues related to faulty or inconsistent supplies, unexpected charges and a lack of compensation.
- Underlying these issues, a lack of warning, communication or presence from suppliers exacerbated a sense of frustration and powerlessness.
- There is a strong demand from customers for up-to-date, proactive information from suppliers about what is happening, why disruptions are happening and how long they are expected to last.
- Although some customers were comfortable with digital channels (such as local community Facebook pages), older and more vulnerable customers felt more comfortable with face-to-face visits or a 24 hour hotline that could provide information. These would overcome the impetus being on the customer to report problems and find resolutions, and be more in line with their service expectations from other utility providers (e.g. electricity).



PAYMENT AND BUDGETING

- Although some customers had received guidance about how to use their meters from their supplier, the majority had no awareness of the different payment options available to them beyond 'topping up at the shop'.
- This was most evident among customers who were using a smart meter without an IHD: whilst they could technically pay for their heating supply online, over the phone or via apps – most defaulted to travel to a local PayPoint. For some, this is because they felt more comfortable doing what they had always done, and paying at PayPoint was a key part of their routine and helped them with their weekly budgeting. However many simply were not aware of other options.
- Greater choice and provision of information about alternative payment methods could help overcome barriers to staying in credit for those who wish to use them. This is particularly true for customers with mobility issues who find it difficult to leave the house.
- Positioning of the meter is also an important consideration. Although many cited having a smart meter as a benefit (as they did not need to worry about manually checking their meter in what were often hard-to-access locations), the lack of visibility of the meter puts some customers at a higher risk of involuntary disconnection as 'keeping an eye on it' becomes more difficult. This suggests that in-home displays could provide key benefits for pre-payment customers.



STANDING CHARGES AND ENERGY RATES

STANDING CHARGE

Few customers understood the purpose of this, or how this is debited. People did not understand this was a daily charge which is incurred irrespective of whether they use any heating or hot water. Some felt that the service charge did not correspond to the level of service they received, particularly on sites where faults or disruptions to supply were more commonplace.

Some felt the standing charge was simply to pay for the cost of the infrastructure and were expected it to decrease (or stop entirely) in the future.

ENERGY RATES

Customers report a lack of transparency about the unit cost of energy they were paying. They often compared their experience of being on a Heat Network against their experiences with their electricity supplier, where they had been able to compare tariffs if required and use this to find the cheapest supplier.

Similarly, customers felt cheated by incremental cost increases and found the unpredictability a cause of anxiety. Something as simple as an estimated price comparison (of their Heat Network compared to other energy sources) would alleviate concerns about the lack of transparency around rates.

Ultimately customers wanted the option of different tariffs and the ability to work out what they were actually paying.

A BETTER UNDERSTANDING OF ENERGY RATES WILL RESULT IN FEWER PEOPLE BEING INVOLUNTARILY DISCONNECTED WHEN FIRST USING THEIR PPM

INVOLUNTARY DISCONNECTION

Many reported disconnecting involuntarily when first using their PPM, as a result of misunderstanding their rates.

This unexpected failure is particularly distressing for vulnerable customers, especially those with young children, and creates an initially poor perception of being on a Heat Network

VOLUNTARY DISCONNECTION

Although some customers did report self-disconnecting as a result of financial pressure, this did not appear to be a direct result of being on a Heat Network.

Even so, as these customers would sacrifice heating and hot water due to other bills and expenses, greater awareness and communication about the types of budgeting support available would be beneficial.

RESEARCH OBJECTIVES AND METHODOLOGY



Project background



- Under pressure to reduce carbon emissions, the UK government is currently encouraging its citizens to move towards the use of heat networks as an affordable and low-carbon **heat source** for the future.
- However, there are currently no regulations in place to protect, advise or support customers if they experience any issues with service provision. Nor do the people affected have any opportunity to opt out.
- As such, the Competition Markets Authority (CMA) have concluded the market should be regulated & Citizens Advice have been invited to take part in the discussion as to how to achieve this.
- Citizens Advice have commissioned this research in order to understand the experience of current heat network customers.
- Previous research undertaken by Citizens Advice into the experience of customers on pre-payment meters for electricity and gas found that customers who cannot afford to top up their meters are more at risk of self-disconnecting when on pre-payment meters.
- This research is designed to listen specifically to those on pre-payment meters to identify the advice, support and protection they currently have and may need in the future.
- The findings of previous reports have led to significant improvements in the support on offer to electricity and gas consumers. Citizens Advice hopes to use the results of this study to continue to build on these improvements for Heat Network customers on pre-payment meters.
- It has been found Heat Network suppliers, Housing Association & Councils tend to impose the use of pre-payment meters (PPM) on their customers in order to better manage debt risks as well as help reduce energy usage believing this payment system might make consumers more aware of their own consumption.

Project Objectives

1

Understand the PPM Experience

Explore the experiences of Heat Network customers on pre-payment meters, incl. those who self-disconnect

2

Explore areas of improvement & regulation

Identify and prioritise issues, concerns & needs of the customer to ensure their voice is represented when designing future policy and regulation

3

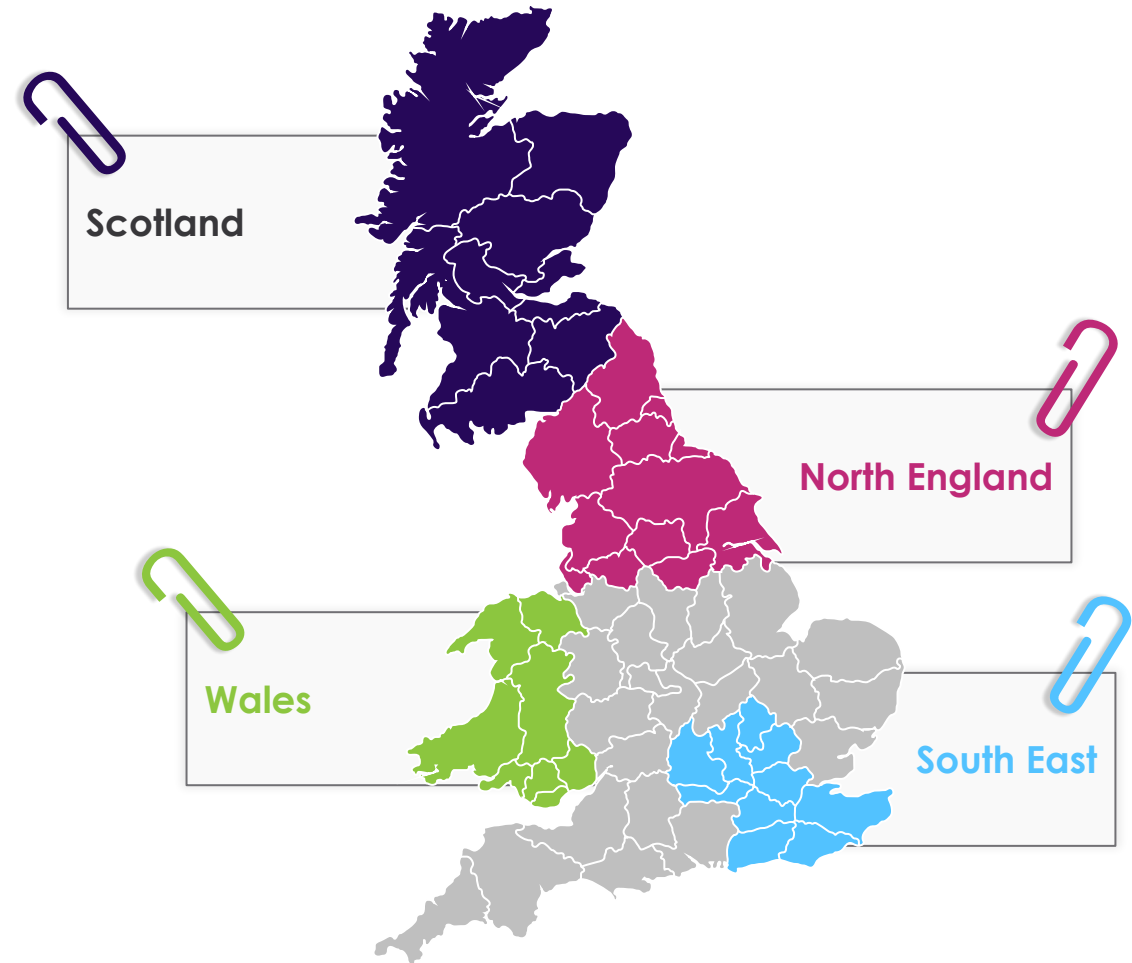
Strengthen Citizens Advice as a trusted consumer advocate

Help strengthen Citizens Advice position as the trusted consumer advocate in this sector through the publication of findings

Methodology: In-home interviews with 21 “pre-pay” Heat Network customers across 4 sites in GB

Recruitment Criteria

- All pay as you go customers [meter].
- Mix of gender, life-stage & age [24 – 65+].
- Mix of socio-economic backgrounds:
 - majority: C2, D, E.
 - majority: annual income under £16K.
 - majority: in social housing.
- All solely / jointly responsible for energy payments.
- 50/50 split of 'heavy' & 'light' usage.
- 2 x Heat Trust sites & 2 x Non Heat Trust sites.



FIELDWORK CONDUCTED IN 4 HEAT NETWORK SITES

Site 1

- Housing Authority
- Heat Trust member
- Post-war housing
- Many residents from C2, D & E demographic and many in financially precarious situation

Site 2

- Owned by council
- Not a Heat Trust member
- Post-war pre-fabricated council houses
- All local authority tenants, mainly from C2, D & E demographic.

Site 3

- Housing Authority
- Not a Heat Trust member
- 1970's terraced housing
- Majority of residents from C2, D & E demographic and many in financially precarious situation

Site 4

- Owned by council
- Heat Trust member
- A mix of private owners, private renters and local authority tenants
- Property built within last 5 years
- A mix of demographics and socio-economic situations

Recruitment

Given the relatively small number of UK properties that are both Pre-Pay and connected to a Heat Network, recruiting research participants relied on co-operation from Housing Associations, local councils and Heat Network suppliers.

CHALLENGES

- Little relevant data is available in the public domain that enables us to identify which heat networks are established in areas where pre-payment customers were likely to reside.
- Relies on goodwill and co-operation from heat network suppliers, Housing Associations & Councils to conduct. Finding key personnel within these organisations and obtaining their permission is a challenge.
- Many suppliers refused to grant access to sites for research purposes
- Recruiting vulnerable participants who may be distrustful of 'officials'.

Who we spoke with...

Audience profiles

Site	Numbers of participants	Partnership / Local leader	Heat Trust member	Tenure	SEG	Property Age
1	6	Housing Association	✓	HA Tenants - 6	C2,D,E - 6	10 years+ (with some recent refurbishments)
2	4	Council	✗	LA Tenants - 4	B,C1 - 1 C2DE - 3	10 years +
3	5	Housing Association	✗	HA Tenants - 5	C2,D,E - 5	10 years +
4	6	Council	✓	Private Owners - 2 Private Rental - 1 LA Tenants - 3	B,C1 - 2 C2,D,E - 4	< 2 years

What is the Heat Trust?

Out of the 4 sites visited, 2 suppliers were members of the Heat Trust.

Heat Trust offers independent customer service to heat district customers and aims to protect customers by self-regulating the sector. It is up to suppliers to abide by the scheme rules.

SCHEME RULES INCLUDE:

- Support for vulnerable heat customers.
- Heat supplier obligations.
- Heat customer service and reporting a fault or emergency.
- Process for customers joining and leaving.
- Heat meters.
- Heat interface units (HIUs).
- Heat bill and heat charge calculations.
- Heat bill payment arrangements and the management of arrears.
- Suspension and resumptions of service processes.
- Complaint handling and independent complaint handling.
- Privacy policy and data protection.



Types of pre-payment meters (PPM) encountered during fieldwork

We came across 3 types of PPM, 1 of which was outdated and in the process of being removed from homes.

METER TYPE	TOP UP OPTIONS (USED BY PARTICIPANTS)
<p>Non-smart meters ('Token' meters):</p> <ul style="list-style-type: none"> 1 x site: <ul style="list-style-type: none"> Housing Association in the process of removing all PPM because devices are outdated and not compatible with new technology Customers were put on Direct Debit without any other option, now waiting for a quarterly bill 	<ul style="list-style-type: none"> Top up: A key to be inserted in PPM Non smart = top up only at Pay Point. No other payment options available
<p>Smart meters (without In-Home Display Unit*)</p> <ul style="list-style-type: none"> 2 x sites: <ul style="list-style-type: none"> 1 site has PPM imposed by HA, the other has meter system where tenants can select PPM or DD but set to PPM as default Can only see balance left 	<ul style="list-style-type: none"> Given a card with a unique account number Could be topped up at Pay Point, phone calls, through an app or website
<p>Smart meters (with In-Home Display Unit)</p> <ul style="list-style-type: none"> 1 x site <ul style="list-style-type: none"> New property Suppliers & customers can monitor usage, look at previous payments etc. 	<ul style="list-style-type: none"> Given a card with a unique account number Could be topped up at Pay Point, phone calls, through an app or website

* An IHD is a small touch screen paired with a smart meter to provide data about your energy use in real time.

HEATING USAGE



The degree to which heating / hot water is a concern varies by life-stage

Need & demand increases with age as well as by the number of dependents within a household.



CUSTOMERS WITHOUT CHILDREN

- Our often youngest & most independent audience are the **least concerned** re. the supply of heating & hot water.

"I haven't thought about the heating much actually. It's something I have access to and I am happy to have access to."

- Female, 26, lives alone



CUSTOMERS WITH CHILDREN BELOW 10

- Reliable heating / hot water are essential for families with young children. [0-10]
- Main concern: **health & wellbeing of their children.**

"Heating is very important for us! Especially having a baby, we need to keep the level of the temperature always the same."

- Female, 34, lives with partner & 1 yo baby



CUSTOMERS WITH CHILDREN AGED 10+

- Heating / hot water are important but not as vital for those with older children. [10+]
- Heating = **home comfort** vs. requirement.

"We turn the heating on as and when we are in the house. When my son comes back from work at 6am, he puts the heating on."

- Female, 47, lives with 14 & 18 yo



OLDER CUSTOMERS

- Supply of heating / hot water is critical for older customers.
- **Vulnerable to cold;** a reliable & adjustable heating system is key.

"My husband isn't well, so in winter, we have the heating on at the same temperature all day."

- Female, 80, lives with partner.

The importance of heating increases with 'vulnerability'* and is in line with PPM energy customers generally.



Lowest to highest importance of heating

CUSTOMERS WITHOUT CHILDREN

- The smaller the household & the busier the lifestyle, the less heating is used.

PART TIME WORKERS

- Low income: heating / hot water often de-prioritised vs. other expenses & usage kept to a minimum.

CUSTOMERS WITH CHILDREN AGED 10+

- Turn heating on when home.
- Unlikely to leave on.
- Early evenings: key usage period.



It's very hard with this heating, I can't afford it because I am working part time! That's why I had to drop it down.

- Female, 44, part-time, lives alone

CUSTOMERS WITH YOUNG CHILDREN & OLDER PEOPLE

- Always need to keep home **warm**.
- **Maintain & monitor temp. via thermostat.**
- **Have heating on throughout day.**

OLDER PROPERTIES

- Poorly insulated buildings: require higher usage.

* *vulnerable customers tended to be those on very low incomes, those having dependents within the household e.g. very young children or someone with a health condition/disability and older people.*

Heating method: many customers are unsure how to adjust their heat

There is very low awareness how to set a timer or vary temperature across their homes.



RADIATORS

- All had radiators.
- Deemed most effective means of heating.
- Preferred vs. wall heaters.



THERMOSTAT

- The vast majority use thermostat to monitor & maintain temperature:
 - most received guidance re. how to use.
- BUT few understand how to time their heat:
 - only minority currently use a timer.
 - strong demand for information & guidance re. usage.
 - most wanted to keep home warm for the morning.
 - many perceive themselves as 'technophobes' & lack confidence to attempt themselves.



VALVE

- Very low awareness & understanding re. role of valves (on radiators).
- The majority leave on maximum temperature by default.
- Young families: need to control & vary temperature on room by room basis [esp. children age 0-3].

It's a lot better here with radiators. In other places I lived, the heating didn't work well, it was a storage heater. It was freezing because it just warmed the area.

• Female, 42

I'd like to use the programme function but don't know how to do it. We were never shown how to use it. They just give you a little booklet.

• Female, 47

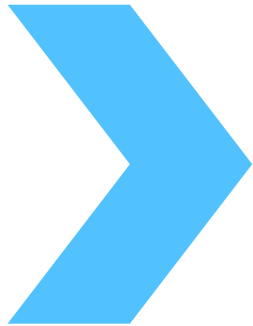
HEAT SUPPLY: AWARENESS & UNDERSTANDING



Understanding Heat Network: all aware they are part of a 'heating community', of which they have no option to leave

Understanding the process & benefits of a heat network is higher amongst customers represented by the Heat Trust.

HEAT TRUST

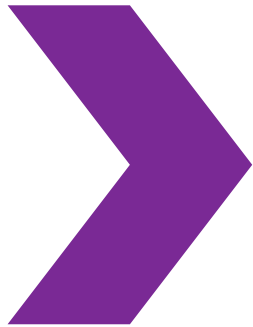


- Most understand the concept of 'community heating' i.e. single source of heat for multiple homes.
- Those living in newbuild had attended an educational event hosted by supplier:
 - advised re. heating process & benefits.

Everyone living in the building was invited to an open day event. We went and met an engineer who showed us what goes underground and explained to us this heating system was safer because we don't have individual boilers at home.

- Female, 45, Customer of Heat Trust supplier

NON-HEAT TRUST



- Most residents understand they're part of a 'heating community'.
- BUT lack information & guidance when issues arise:
 - particularly true for new residents.
 - primary issue: lack of communication.

It broke a couple of weeks back and I don't know if it was all the flats, but I spoke to my neighbour and my partner spoke to someone living upstairs and theirs was broken as well. It must be a group thing, I suppose.

- Female, 23, Customer of non-Heat Trust supplier

Many believe alternative suppliers are more cost effective & resent their lack of choice or voice...

Communication: satisfaction correlates with level of information provided

Customers on low income have a greater need for tailored & simplified communication.

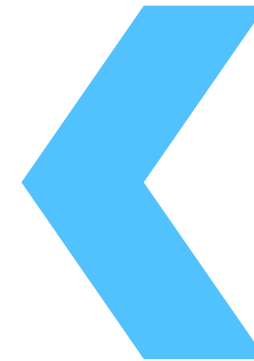
They are very friendly. When we first moved in, we struggled to put the heating on. They came and showed us.

- Female, 80, Customer of Heat Trust supplier

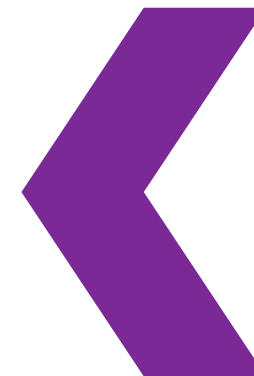
My supplier is [name of supplier]. I don't know much about them at all. I just got a card which says [name of supplier] with a phone number.

- Female, 47, Customer of non-Heat Trust supplier

- Mixed levels of interaction:
 - phone numbers & email addresses offered to some.
 - access to supplier & engineer is valued for reassurance.
- Majority felt a lack of support beyond Council or Housing Association.
- Some experience confusion when logging issues (such as radiators not working) as to whose responsibility it is to repair.
- Supplier not considered as a source of advice:
 - contact tends to be for arbitrary issues with meter e.g. lost card or PPM not updated after payment.



HEAT TRUST



NON-HEAT TRUST

Impact: positive perceptions increase with the level of direct interaction

Face-to-face & tailored communication positively impacts customer experience.



- Written communication:
 - any mailouts tended to lack impact as the majority of our audience lacked the inclination or ability to engage and digest with written communications from suppliers.
- The concept of belonging to a 'Heat Network' is confusing:
 - strong demand for explanation regarding what they can and can't control.
 - need for benefits to be better explained.
- Proactive supplier interaction increases customer satisfaction:
 - confidence in knowing supplier.
 - allows for speedier resolution of issues.
 - confidence in understanding the system.
- Active promotion of benefits of the network e.g. sustainability reduces concerns & resentment re. lack of alternative.

Service: perceived lack of control reduces satisfaction

Those forced to change their payment method are the least satisfied whichever method they are transferring to.



FROM DD TO PPM

- Would prefer DD:
 - automatic payment.
 - don't think about it.
- PPM perceived to be more expensive than DD.



FROM 'IN RENT' TO PPM

- Preferred payment included in the rent:
 - PPM regarded as less convenient.
- PPM perceived to be more expensive than 'in rent' payment.



FROM PPM TO DD

- PPM is preferred:
 - more financial control.
 - pay only for usage.
- Receiving a quarterly bill creates anxiety.

Educate & engage customers through transition process to alleviate concerns & increase satisfaction.



We just got a letter saying they were going to install the PPM on such a day and that you didn't need to be in. It made me angry because we had no choice in the matter and I didn't want it to change.

- Female, 47

Comparison: Customers identify advantages and disadvantages with being part of a heat network

Those who have not had direct interaction with their suppliers tend to focus on the negatives.



PROS



Environmentally friendly.



Issues can be dealt with quickly as priority to repair issues affecting multiple properties.



No individual boiler equals enhanced safety.

I suppose it's better to be on community heating because if one person's breaks, they're not as quick to run out and fix it. But if everybody's breaks, they have to be very reactive.

• Female, 23

CONS



Inability to switch supplier: no access to better rates & preferred supplier.



Inability to choose payment method.



No compensation or rebate if continuous service disruption.



Perceived poor value for money: PPM & standing charge.

Whether it's British Gas or whoever, at least you can go and choose and depending on their rate, you can switch if you feel somebody else has better rates.

• Female, 23

Reliability: poorly insulated houses and bad weather conditions can have significant impact on network efficiency

For 1 of the sites this was a particular issue.

ISSUES

1 Poor Insulation:
“draughty” windows - heat escapes & wastes energy.

2 Supply Failure:

- recurrent during winter & inclement weather.
- BUT issues often resolved within 24h.
- concern: reliability impacted by high demand esp. at peak hours.

Sometimes the window lets in a draught. The windows aren't that great. Last year, people were throwing snow balls and the water was coming in from the window.

• Male, 47

It breaks down a lot in winter so then you've got no hot water, no heating and it could be like that for 24hrs.

• Female, 47



HAVING PRE-PAYMENT METER



Perceptions of PPM: Cost and lack of choice generate a negative opinion of PPM

Customers dislike payment method being imposed and many feel PPM is more expensive.



LACK OF CHOICE

- Payment method imposed on customers:
- home owners & experienced renters (30+) with experience of non-PPM energy systems least satisfied.

I wouldn't have decided on a PPM! In today's day and age you want to have a choice.

- Female, 36



COST

- PPM perceived to be more expensive:
 - lack of transparency re. comparative rates exacerbate dissatisfaction.

I prefer the old system, because we were paying it through our rent, we didn't get bills. But with the PPM, because it seems to use a lot more, even though you use less, you pay more.

- Female, 47

Access: Placement of meters varied

Whilst no issues are cited re. the installation process itself, awkward locations impede ease of monitoring & increase risk of self-disconnection as well as visually intrude upon home décor.

ACCESSIBILITY

- If the meter is not easily accessible:
 - monitoring can be difficult and so lead to involuntary disconnection if customers cannot easily track their usage.

Customers had no choice & did not contact their suppliers because they were home when meters were installed.



The PPM probably would have been better on the back wall, rather than on the side, because as you can see, you have to get in the cupboard. [...] but you didn't have a say. It was put in where it was put in.

- Female, 24



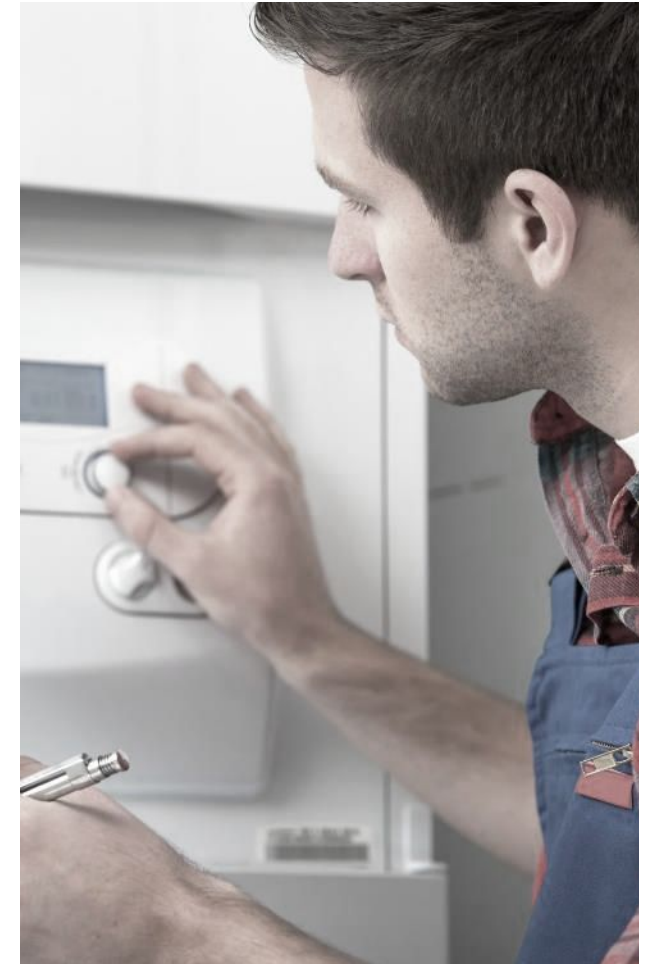
I sometimes forget to check the meter because the box is upstairs in a cupboard and I spend most of my time downstairs in the living room looking after my granddaughter

- Female, 47

AESTHETICS

- Home owners most annoyed by the lack of choice in the placement of their PPM:
 - removes right to decorate own home.

Customers requested change but were told it would be a difficult process.



Information provision: highly inconsistent amongst our audience

Primary cause of customer issues led by lack of proactive guidance & support on part of the supplier.

Education re. how to use pre-payment meters would help create a more consistently positive experience.

SOME HAVE BEEN DIRECTLY SHOWN HOW TO USE THE PPM FUNCTIONS:

- Engineers or sales person to talk them through the basics.
- Meters tend to be user friendly:
 - particularly true for those with the provision of an In-Home Display (IHD).



There was an engineer who came up and he was talking to me about the heating and he was trying to say “Don’t turn it off as much at the mains, keep it on at the mains but when you want to make a change just use the thermostat, the thermostat that’s on the wall and that will give you regular heat.

• Male, 47



I got a letter with a card, and when the engineer came, he just said to go to the Post Office and top up.

• Female, 44

PAYMENT OPTIONS:

- Low overall awareness that different payment options may be available dependent on functionality of their meter (e.g. website, phone, app etc.):
 - some told to recharge at Pay Point.
 - particularly true for non heat trust members’ customers.

USING A PRE-PAYMENT METER



Top up behaviours: payment options varied across respondents but may be dependent on the meter functionality

Whilst topping up at a Pay Point is common, an automatic payment method is often preferred if available.



PAYPOINT:

- point of payment in shops displaying the PP logo.
- the majority used it by default. Easier for older people.



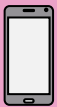
PHONE CALL:

- phone call to supplier to top up.
- often used as an alternative when the nearest PayPoint is closed.



WEBSITE:

- login to supplier's website and enter card details.
- practical: access to their account details (e.g. previous payments).



APP:

- download suppliers app, enter customers' details and top up.
- used only by younger customers (under 30). App discovered randomly by some.



STANDING ORDER:

- set up an automatic payment (e.g. £30) for when they reach a low amount (e.g. £5).
- only customers with IHD mention this option. This was their preferred payment method.

Attitudes to topping-up: experiences of customers are aligned with PPM customers generally

Waiting for meters to register top-ups and uncertainty about rates are an issue as well as customers having to change their routine to adopt the PPM.

ISSUE

IMPACT



Time from payment to supply delayed up to 24 hrs depending on age of device...



Fear of disconnection forces customers to worry & constantly check meter...



Standing charge is a big expense for many...



Fluctuating rates hinders budgeting & generates stress.



- Causing stress & agitation to customers.
- Customers sometimes have to adapt their behaviour dependent on the heating system.
- Generates lack of trust in network.

When topping up at the Pay point, it takes 24 hours to credit your meter. When you do it on the app, it goes on within an hour, so that's why I did it on the phone.

• Female, 23

I have no doubt that they've increased the price. My wife said there was £3.50 in there this morning, but now it's gone.

• Male, 44

Influence of PPM: Very few customers have an IHD (In-Home Display)

The presence of an IHD does influence consumption and top-up behaviour.

SMART METERS (WITHOUT AN IHD):

- Low influence:
 - rate not understood: can't work out consumption.
- Inability to monitor payment behaviour:
 - some top up weekly (routine), others wait to reach emergency credit to top up.



IN HOME DISPLAY (IHD):

- Monitor their consumption more closely (often daily).
- Positives: regulate their usage and save money & energy; easy to understand.
- Negatives: obsessive behaviour with customers checking usage constantly.

Statements are viewed as largely irrelevant as they already keep record of how much they spend

Very few customers receive a written overview of their payments.



We don't receive statements. Because it's top-up, we don't really need statements since we see how much we are topping up and how much we are using when logging in our account online.

- Female, 34



RECEIVING STATEMENTS

- Statements are not viewed as adding value because:
 - they don't show financial spending, only energy used in kWh which is not understood by customers.

I don't need a statement. I check every week how much I use.

- Female, 30, non-IHD user



IHD'S USERS

- Particularly don't need statements:
 - easy for customers to look at spending on the IHD.
 - negative: IHD could show more historical data for comparison.

On the IHD, you can only see how much you've spent for the past seven days. You can't see past months. It would be nicer if we were able to see easily, you know, quarterly or monthly how much we are spending.

- Female, 36, IHD user

Standing charge: there is a lack of transparency across all suppliers

Customers lack information about its value and what it is for.

PRICE:

- varies depending on social situation of customer:
 - home owners: Charged full price (e.g £1 a day).
 - social tenants: Charged a percentage of the normal rate (e.g. £0.55).



So, now you think, 'Why am I paying £365 per year? For that money, I can insure many things in my flat, not only the boiler.'

- Female, 34, Home Owner

PERCEPTION:

- home owners: price is too high (£1 per day = £365 a year).
- social tenants: fair price.
- bitterness this is imposed on them.

LACK OF INFORMATION:

- not clear the standing charge is paid on a daily basis.
- not clear customers are charged even when not using heat.
- the purpose of the standing charge is not clear for all.



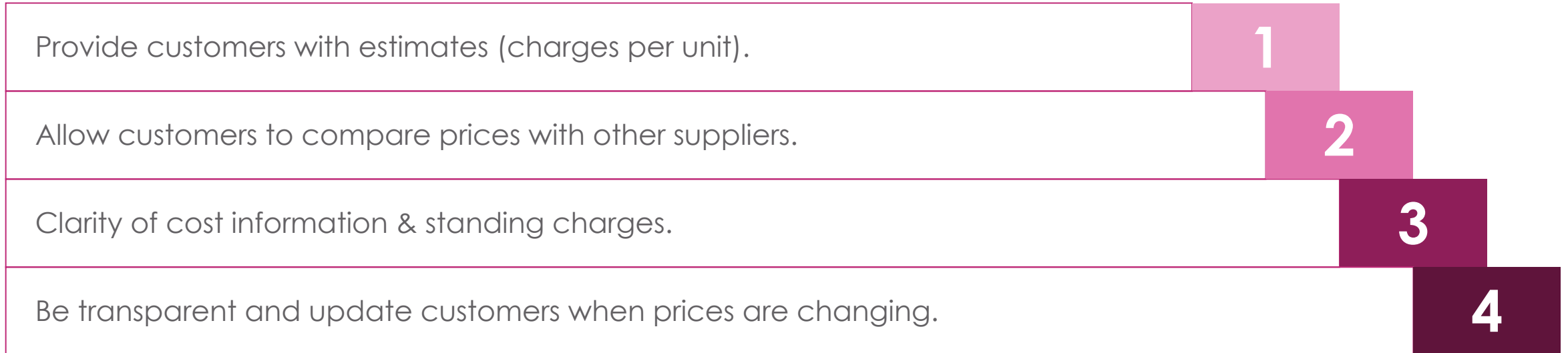
We've called them trying to figure out the standing charge, especially after we came back from holiday and we realised that it kept on taking money and we were not even here. We didn't know we had to pay for it even when not using it!

- Female, 36

Rates: awareness and control of their energy rates is the biggest issue associated with the duality of having PPM as part of heat network

Lack of understanding about the rates leads to uncertainty when it comes to budgeting.

Improvements would be:



They could have given us estimates, you know? Today you should be able to work out the general estimate. We've asked for it already but we just never got it. That would be useful to have.

• Female, 36

I think the cost of it has gone up, it's like everything though, isn't it, it does go up. I don't think it's fair that we can't switch over to another supplier, say if it's another company, who's not charging as much.

• Female, 47

ISSUES WITH USE



Main comparison with previous PPM experience are references to the time taken to register top-ups

Only a handful of customers had experience with PPM in the past.

Customers mention using **'token meters'** in the past.

'Token meters' are an older version of the meters majority of customers currently use. Customers used to top up their meters using a key (see picture) at a top up point. Those meters are not 'smart' in nature, meaning they are not connected to WIFI and therefore, the only payment option is to top up at a Pay Point.

Comparison to current experience of meters:

- 'token meters' used to update payment instantly on the meter compared to new meters taking minimum 20 min.

With the token meter as soon as I put the key in, it used to update straight away but with those meters, you're having to wait probably half an hour, twenty minutes, or it can go on straight away, it just depends. So, the actual token meter was better, to be fair.

- Female, 47



Comparison to other systems: Cost of heating/hot water is higher

The age of a property also has an impact on the need for & cost of heating.



COST:

- Customers perceive a bills increase when moving in or after the switch to PPM:
 - for some this may be with a move from a non heat network to a heat network residence regardless of payment type pre/post.
 - and for others when changing from direct debit to PPM within the same heat network site.
- Overall the general perception is just that PPM is at a higher rate and with the lack of choice that comes with being part of a network the belief they may not be getting the best deal is compounded.

I always hated this topping-up system, because I think you pay more money with it compared to when it's billed.

- Female, 34



HOME INSULATION:

- Customers living in newer well insulated buildings have lowered their usage therefore reducing the cost in winter.

The standing charge is quite high, but I think the per unit charge is quite low and because we don't have to use it so much because the building is so well insulated being a new build, it, sort of, makes it pretty much the same or maybe even a little bit cheaper than the property when we rented before.

- Female, 36

Issues specific to duality of being on a heat network site with a PPM

Communication and support needs to be addressed particularly in order to help those who are struggling more (those on low incomes, older people and households including a disabled person).

ISSUES

REALITY

EXPECTATION

Network breaking down. (Non-Heat Trust site)

- Customers not alerted.
- No requirement for compensation even if heating down for 24hrs +.
- Some customers believe their meter still takes credit when the system is not working and did not receive any automatic refund.

- Notify customers.
- Explain why & reassure issues are being fixed.
- Offer refunds.



If the system breaks and the meter is on, it still takes my credit. I didn't turn it off a couple of times and I've ended up wasting like £600 when my heating-, radiator's stone cold. I rang them up, but they said they couldn't do anything about it. No refund, obviously a bit frustrated about that

• Male, 23

Lost cards. PPM not updating.

- Serial number easily lost.
- Suppliers closed at weekends so emergencies have to wait.

- Supplier should be available 24/7 to help customers avoiding self-disconnecting



It was difficult when I lost my card because the office was shut on the weekend. So I couldn't even ring them and speak to someone, so I had to go without heating...

• Female, 44

SELF DISCONNECTION



Budgeting: resolving logistical issues could make customer's lives easier

Customers individually work out their own way of managing their finances.



PPM'S PLACEMENT:

- if PPM not easily accessible, it doesn't facilitate monitoring.

BANK HOLIDAYS:

- top up not available on bank holidays makes customers obliged to budget around those dates to avoid being disconnected.

If we put it on bank holidays, it won't update until the next day so you have to make sure that you're going to put it on. So, if you run out of money, it won't knock your heating off for you because it's like a bank holiday thing so they won't knock it off whereas they would if it was a Saturday or another day.

- Female, 42

Self disconnection: suspension of heating/hot water is motivated by financial pressures

Most would avoid self disconnecting although they still have financial difficulties to deal with.

INVOLUNTARY:

- Happened to many on first time usage:
 - hadn't worked out rates yet.

Feelings: surprise, anger.

Implication: inconvenience of being without heating & concerns for welfare of any dependents in the household.



At the beginning, we ran out of credit because we didn't know how quickly it was going to go. We ran out of credit at the time my baby was about to take its bath. Thank god we checked the water because it was freezing cold!

- Female, 34, young family

VOLUNTARY:

- Rarely happening:
 - difficult period financially (often waiting for pay day to reconnect).
 - most would restrict usage to avoid it.

Feelings: feel responsible for disconnection.

Implications: No shower/ heat for a few days however in Winter would have to trade-off heat versus food.



The PPM was just costing too much money. People didn't want to pay for something they weren't using. They would see if there was something they could get for free or just use a kettle for hot water. One of my friends was doing just that. He doesn't have his heating on now, he can't afford it. He's only on income support and he's only on standard rate, which only gives him £50 a week extra. He just relies on the heat travelling up the whole building.

- Male, 47, living alone

What support is currently available: Little support is being offered by heat network suppliers for customers on PPM

Members of Heat Trust tend to have more support in place to help customers with financial difficulties.

ALL

EMERGENCY CREDIT:

- loan credit of a value of £5 usually.
- once used, the customer is disconnected and need to refund the loan before being able to reuse the meter.
- daily standing charge still being taken.

HEAT TRUST ONLY

SUPPORT:

- offers to put customers in touch with organisations who can support them financially.
- offers to work with customers so as to understand the situation and agree an affordable payment plan.

VULNERABLE NEEDS:

- if a customer is vulnerable to cold, the supplier won't disconnect supply in winter months. (Oct – March)
- offer the provision of a temporary heater within 12 hours if the system fails.

Support: Lack of communications make customers feel unsupported

The lack of support perceived by customers is mainly due to lack of communication coming from suppliers.

PERCEPTION OF SUPPORT CURRENTLY AVAILABLE:

- **Impact of low communication:** many customers don't know specifics of contact information but assume it will be their HA or Council.
- **Impact of switching payment methods:** enforced mass switchovers with little communication or justification generates resentment.

CUSTOMER SUGGESTIONS OF SUPPORT FOR VULNERABLE CUSTOMERS



Communication: show strong presence to establish trust.



Government support: confusion about whether eligibility for benefits (such as Winter Fuel Allowance, Cold Weather Payments or Warm Home Discount) are affected by being part of a Heat Network. More clarity needed.



Budgeting: inform customers on how to budget for the year:

- top up regularly.
- build up money on their card.

You get a winter payment with your electric. It's be nice if they did it as well, because everybody else is doing it but they're not. Well British Gas is doing it, but they're not.

• Female, 47

If I could advise people who are on PPM, I'd tell them to budget obviously. Keep your heating topped up, just keep on top of things. You know, from my experience I've had no heating or water obviously I don't want other people to end up like it so I'm going to tell them to stay topped up.

• Male, 47

RECOMMENDATIONS



Gaps where the industry could establish **best practice**.

Suppliers could be encouraged to set up regular workshops to show customers the benefits of the network/PPM and how it works.

The information given about standing charges could be clearer and more transparent.

Suppliers could share information and management plans with their customers when there are issues with the network or likely price changes.

Customers need to know who to contact and that support is available to them in times of emergency.

Suppliers could be encouraged to provide customers with IHDs to aid monitoring of consumption and easier budgeting.

Suppliers could provide customers with estimates before they move in.

Market wide gaps

Lack of customer protection when experiencing service disruption (e.g. payment of compensation).

Heat Network PPM rates should be aligned with wider industry.

Systems could be evaluated to understand time lag in meters registering top-ups.


Support available for vulnerable customers e.g. Warm Home Discount, those self-disconnecting due to financial constraints.

CASE STUDIES



Jane

Jane is a recovering alcoholic who works part-time as a cleaner. She receives no additional state benefits and lives alone. She strictly rations herself to an hour of heating each day.

 HOUSEHOLD TYPE Lives alone	 HEAT TRUST MEMBER? No	 TENURE? HA tenant	 SEG C2DE	 MAIN ISSUES Budgeting
--	---	---	--	---



Jane finds it difficult to budget now that her daughter has moved out, as they used to share the bills. Although she is caring for her mother, her sister is the main carer so she doesn't receive any state support.

“ Since September they've been gone. So now I'm finding it a struggle, on my own. [I only have my] heating on in the evening, when I come home from my evening job, because my daughters normally come over then as well. So I put it on for an hour or two, and that's it.

Although she had previously been in arrears (£3,500), she preferred it when the heating was part of the rent.

“ And then all of a sudden then I get a letter saying I'm three and a half grand in debt, and that I've got to have a pre-paid meter put in. I had a tenancy support worker in then - she came out, fair play to them, wrote to a charity and got it all paid for me. But at least then the heating came straight out of my money so I wouldn't miss it. But [when they installed the District Heating], they said, 'Oh have this one, this one's going to work out cheaper for you in the long run so it's going to be beneficial.' It hasn't benefited us at all.

She keeps a strict budget, but the cost of heating means it is difficult for her to cope in cold weather.


“ It's very hard being on a budget with this heating. I can't afford it, that's why it isn't on now. And I'm good at budgeting - I'm on a set budget for the month, I buy credit every week, I'm still putting in at least thirty quid each week. But it's cold outside and it's just the fact that it costs too much. It's a nightmare really, because you can never really judge how cold it's going to be out, so you can't really budget for when it gets colder. I'll put the same amount in each week and just have to ration [the heating] out. Like today, I'm just going to have to go without.

I topped up a bit extra because it's snowing, but I'll go without food all day now, I've done it before. I'll stay upstairs all day in bed with the telly on, because that's the warmest place until I go to the work in the evening. I let it run down to zero. I can't afford to top up, so it happens a lot. Normally I'll have to ask mum for help, she helps me quite a lot - and it's a good job she does. I hate asking her, but what can I do? When you're skint and you're freezing, you can't have no heating. So, you literally go without - I may as well live on the flipping street.

She thinks her electricity is a lot cheaper, so has recently bought an electric fire. She thinks the advantage of that is that it can be used just in one room, whereas with the heating on it goes to all the rooms even if she turns the radiators off.

Mike and Sonia

Sonia works part-time in the hospital and Mike is unemployed. They have two daughters of school-age. They are struggling financially and depended on food parcels at Christmas.

 **HOUSEHOLD TYPE**
2 adults, 2 children

 **HEAT TRUST MEMBER?**
No

 **TENURE?**
HA tenant

 **SEG**
C2DE

 **MAIN ISSUES**
Budgeting
Reliability



“ Mike and Sonia think the heating system is not reliable, and if they had their choice, they wouldn't want it. It is absolutely bonkers. It's been down for two days, and it wasn't working again this morning. They put these new radiators and boilers in, and that's fine, that works, but when the boiler house goes down, what's the point? They're new heating systems, so why are they bugging up already? We've had ours in, what? Two months? Three months?

It's like something you'd expect to find in old Georgian estate. It's inefficient and ineffective. Every time it breaks down, you wait for somebody to service it, repair it, and then it takes hours for that work to get done. By which point, you've wrapped yourself up like an Inuit in your own house.

They get all their communications through a local community Facebook group, however receive little prior notice for scheduled works.

“ They messaged us on Facebook to say [reads message]: "Due to essential works following the update to the boiler house, it is possible your hot water may be affected. The work will be completed by late afternoon and the system should be back to normal. We appreciate your patience." They literally just post on their page when it's going to happen tomorrow. They don't give you any prior warning. A lot of people post in [local Facebook page], they do. 'Anyone's heating down?' Sunday, see? They're on the local page so they're all communicating with local residents, they are. Normally everyone's on there ranting and raving. I think it's just a general Facebook page.

They are in a precarious financial situation and find the amount they are being charged is unaffordable within their budget.

“ You can't afford it. I've got a good job, but with all the other bills you can't afford it. Like now, for instance, it's Thursday, I've put £40 in that and it's gone again. By Saturday, I would have put another £20 in, so that's £60 to heat this house and we probably have it on two hours a day, if that. We go to bed freezing cold, turn it off before we go to bed. We left it on the one night, we put £15 on it, we left it on the one night and I think there was £2 left the next day, all because we left the heating on all night. It's just so expensive, it's not viable. I don't know how people who are not working get by.

To be honest with you, we're just living day-to-day at the moment. That's how we're living in this house because we've had quite a few financial problems. So, it's just, if I've got it in the bank, I've got it. God forbid, what's going to happen when I haven't.

And they feel they are being charged even at times when their service is not working.

“ Where has that gone? It's that type of situation where you could ruin somebody, when you're living this close to the edge. They're taking money off somebody for something that they're not getting, in effect. I mean, if I went down there and said 'Oh, this week I can't afford to pay my rent,' they'd probably send bailiffs round. But they seem to be alright with the fact that they can just come along and, 'Yes, here's the gas meter, here's this, here's that, deal with it.'

Rose

Rose is 76 years old, and has occupied her house for more than 40 years. As she lives with type 1 diabetes, osteoarthritis and has high blood pressure, she needs to keep warm for health reasons.

 HOUSEHOLD TYPE Lives with her son	 HEAT TRUST MEMBER? No	 TENURE? HA tenant	 SEG C2DE	 MAIN ISSUES Budgeting Communication
---	---	---	--	--



Rose needs a warm home because of her health conditions.

“ I put the heating on at half eight in the morning, and turn it off at half nine at night – so about twelve hours a day. I'm diabetic, insulin controlled, and I've also got osteoarthritis with high blood pressure, so I need a warm home, because when you're diabetic your body heats change. [I need to monitor my insulin] so heating is essential to me, you know?

But she finds it expensive, particularly now the financial support she received for her electricity is running out.

“ I had this heating installed in March, but it's only now that I'm really understanding what heat I'm getting because of the cold weather. I seem to be putting a lot of money in: I put £30 in on Friday, £20 on Tuesday... so that's £50 up to today (Thursday), which for a week is a lot of money when I'm on pension. I'm having to pay less for food. The electricity board put £150 in October for us, and the government gives you £200 to put in in November, but that all went on the electric. I'm down to about £30 on electric now, so now I'm having to top that up too, just at the time when its getting colder.

She was satisfied with the initial installation of the new heating.

“ We had notifications and they came round our homes... the men that came I found were really good. They cleaned up after themselves, with minimum disruptions for me, really. The heating was done in one day, and then the electricians came the next day, and they were here about two hours.

However, she finds it difficult to know what is happening when things go wrong.

“ When things have gone wrong with the heating in the house, I've just phoned [the housing authority]. They come within half an hour, they're very good like that. But when things go wrong with the whole system, its funny, it's like there's two halves of the estate. One half might go off and the other half might not. I don't really get any information about it. [I'd like it if] they could give me a phone call, to be called up and they let you know that it's going to go off in a couple of days. Especially the elderly and people with healthcare problems, I think [the supplier] ought to have a list and reassure them. Or even, you know, when they come round about the water, you know, the water board will announce your water's going off and things like that.

Karl

Karl is 23 years old and lives alone, having moved from his family home 6 months ago. He struggles with his mental health, is currently unemployed and on benefits.

 HOUSEHOLD TYPE Lives alone	 HEAT TRUST MEMBER? No	 TENURE? HA tenant	 SEG C2DE	 MAIN ISSUES Reliability Knowledge
--	---	---	--	--



Karl has no previous experience of any other heating system – and so has nothing to compare his current experiences to – yet he is content with the system as it is.

“It is alright to be honest. I stayed at my Mum's until I got this sorted so it wasn't that bad. Then once I got up and running, just put the heating on, got all the flat hot and that's it.”

He has limited knowledge of how his heating system and thermostat works and would like to know more to be able to heat his home more comfortably.

“Oh there's a little building over there and it controls from there. I don't know what they do in there. But basically that's what controls our heating system. I think, anyway. That's all I know. I don't really know much to be honest with you.”

“I would like to be able to have my heating come on in the morning, so it's not freezing when I get up. I don't know how the schedule works on there and no one has showed me.”

Karl initially struggled with managing his finances and paying for utilities when he first moved in, but is now more able to keep on top of things – particularly through using the pre-payment card and app to top up. Text reminders to top up would be useful.

“I ran out of heating a couple of times when I first moved in and was getting my finances sorted out. It's my responsibility, but I would like to be a bit more notified, maybe by a text message.”

“I'd rather do it on a key then I know what I've got and stuff what I'm using. That's just easier for me, more convenient for me.”

“The app yes, it was something that they told me about. I think it was in the letters, it'll be in one of them. I might have even seen it on social media, I downloaded it, and you could actually top it up so I thought 'Oh this is alright' I've just used that ever since.”


His heating can be unreliable and has been charged when it wasn't working. When he followed this up, he wasn't refunded and found the experience frustrating, but has a sense of resignation towards the situation.

“I called the company [supplier's name], I said 'The heating has gone down but I've left it on thinking the heating will come through to my radiators, basically I lost all my credit.' No refund, obviously a bit frustrated about that but what can you do, you know?.”

Diane

Diane is 47 and works full-time as a catering assistant. Her adult son recently moved back to the family home which has made budgeting for utilities more challenging.

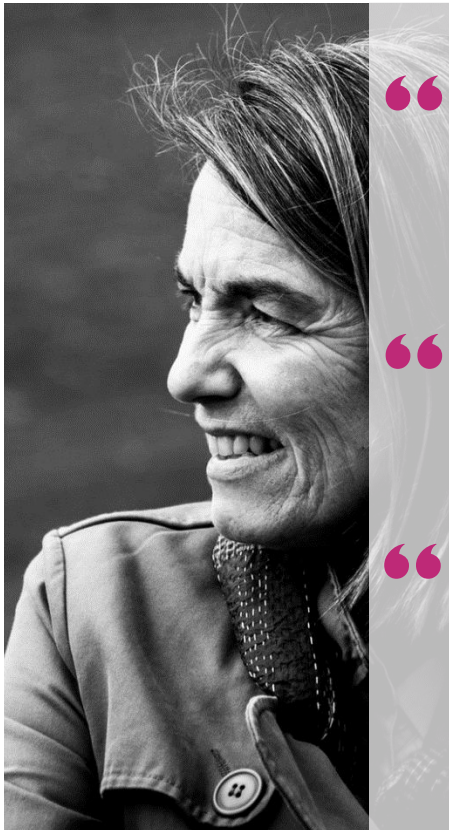
 **HOUSEHOLD TYPE**
Lives with her 2 children

 **HEAT TRUST MEMBER?**
No

 **TENURE?**
HA tenant

 **SEG**
C2DE

 **MAIN ISSUES**
Budgeting
Payment method
Reliability



Diane has lived in her current home for ten years having lived in privately rented homes in the past. She preferred the heating systems she's had in the past which were more reliable, cheaper and easier to manage.

- “When I first moved into this house, it was underfloor heating, so you paid it with your rent, which I much prefer, because I have to find £20 a week just to keep this heated.”
- “If I had British Gas, I know it would be cheaper, because I already spoke to them about it, but they said, ‘This is how it would work, but unfortunately you can’t switch over, because you’re with [supplier’s name] and it’s through the council.’”
- “We’ve got a generator over there, and when the generator breaks down, you’ve got no hot water and no central heating. It pisses me off. It’s happened quite a few times. It’s shocking in the winter”

Her adult son has recently moved back into the home which has meant Diane is paying more out in utilities. Finding a regular amount to top up can be challenging, particularly as her top up amounts can fluctuate, but her usage remains the same.

- “Looking after a grown man, he takes up a lot more space, eating, and food, and everything else. So, yes, I found it quite difficult, but, you know, it can only get better. But I have never gone into the emergency.”
- “Well, it’s not that I budget, I just think, ‘I’ve got to put £20 on it. I have got to put £20 on it’.”
- “It makes me wonder how and why. Because they say it’s on all day, every day, and I said, one week it can be fifteen, one week it can be seventeen.”

She gets paid monthly and prefers direct debit payments to be able to manage her finances, however, this hasn’t been an option with paying for her heating with her provider until very recently.

- “I’d go on direct debit, because it is a pain, having that card is a pain. I’d rather-, like I say, I have everything taken out direct debit, everything, and then on the first of the month, I know everything that’s coming out.”
- “Well, when they first said that they were changing over, I said I wanted a direct debit every three months, they turned around and said I couldn’t do it. But I recently got a letter saying if I wanted to I could, I need to find it and sort that out.”

30 Stamford Street,
South Bank, London,
SE1 9LQ, United Kingdom
T +44 (0) 3333 208 220

www.futurethinking.com |
@FutureThinkHQ | +44 (0) 3333 208 220

futurethinking



All work is carried out in accordance with quality standard ISO20252

futurethinking