

# BRIEFINGNOTE

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## Ofgem Energy Price Cap Rise – Advice for Accommodation Providers

04/02/2022

Dear All,

The announcement by Ofgem that the energy price cap will rise from 1 April by an average of £693 per annum is likely to have an immediate impact on either yourselves as landlords (if you have unlimited usage or a cap expressed in terms of usage rather than a monetary value), or your student tenants, depending on the wording of your tenancy agreement. Clearly as this is only an average we would anticipate student properties, with above average numbers of young adults occupying, then the actual cost is likely to be higher.

For those of you tied in to fixed term tariffs give yourselves a pat on the back!

Whilst it is likely that the most significant impact will be during tenancies for next Academic year we would encourage early communication with both your current and next set of tenants. In our experience a significant number of students either do not take into account a utility cap prior to signing a tenancy agreement, or are not aware of what the figure means in terms of usage.

We have recently seen a significant increase in complaints from students who have been advised they have used all of their allowance or receive a bill at the end of their tenancy. Whilst this can partly be explained by an increase in online lectures and studying at home through the pandemic, we suspect this trend will not only continue but is likely to gather pace. We trust this can be mitigated against through clear and simple guidance and hope you can play your part in this.

Depending on your circumstances we would suggest considering the following:

- A message to your tenants advising of the rising costs and explaining the impact it may have on their finances
- Strongly recommend they take regular meter readings (at least monthly) to ensure they remain aware of their usage and the actual charges they are incurring
- Having smart meters fitted to allow occupants to monitor their usage daily
- Provide advice on the most efficient use of heating

<https://energysavingtrust.org.uk/hub/quick-tips-to-save-energy/>

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In addition, as landlords you may well want to give consideration to reviewing any cap in any tenancy that has not yet been signed to ensure it is more reflective of the likely actual cost of utilities. We would think this particularly important if your tenancy agreement contains a reference that the cap is linked to 'fair usage'. We are also concerned that with either a low cap, or a cap that has become low due to the price rise, that many students are likely to reduce the times that their property is heated and this can have a knock-on effect in terms of condensation and mould growth.

In recognition of the impact the rise in energy bills will have on all households, the Chancellor of the Exchequer has announced mitigating measures. The discount of £150 from Council Tax bills will result in no benefit to the vast majority of students. The £200 energy loan should assist households in October but the precise details of this scheme have yet to be announced.

We trust it is in all of our interests to make sure that students are in a position to ensure their homes are kept to a comfortable temperature throughout they year and if you have any tips or suggestions that have worked well in your properties then we would love to hear from you so that we can share with other accommodation providers.

Thanking you for your continued support in this and other matters.

Kind Regards

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