

BRIEFING NOTE

Ofgem Energy Price Cap Rise – Updated Advice for Accommodation Providers

23/09/2022

Dear All,

The rise in the Energy Price Cap on 1 April by an average of £693 per annum has already had an impact on students and accommodation providers alike. The announcement by Ofgem of an increase to £3549 on 1 October would have resulted in an even bigger hit on personal finances. The government announcement to subsidise the increase to an average of £2500 will mitigate against many worst-case scenarios but will, undoubtedly, still leave many students struggling financially.

We are not aware of any plans to increase maintenance loans that students receive in order to consider this, and other cost of living increases, so personal finances will be further eroded. We trust this can be mitigated against through clear and simple guidance and hope you can play your part in this.

Depending on the terms of your tenancy agreements and where you have a financial cap on utilities we would suggest considering the following:

- A message to your tenants clearly detailing the level of the cap, advising of the rising costs and explaining the impact it may have on their finances. You can offer to amend their cap and allow them to contribute more through their tenancy, or to return the inclusive element and become responsible for their own bills - but this must be consensual. Encourage them to speak to someone if they are struggling.
- Remind your tenants the Energy Price Cap is not the maximum amount they can pay but is rather a cap on the cost per unit used, translated into an average household bill (it is likely an 8 bed hmo will use more utilities than the average property).
- 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/> 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

BRIEFING NOTE

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.

- The Energy Discount is a £400 payment off energy bills, starting in October over a period of 6 months, and paid direct by the energy supplier. The payment will be made direct to the person named on the energy supply account, apart from pre-payment meters where it will be applied to the meter or through a voucher. The energy discount has been created in order to mitigate the impact of energy price rises and it is therefore appropriate that it supports the person or persons most impacted. In cases where the utility bills are fully inclusive or the cap is based on actual usage (kWh's) then the tenant will not suffer detriment and the discount will not be passed on. However, where the cap is financial we trust this payment can be added to the cap. Please advise your tenants early on your arrangements for the Energy Discount. The government is currently considering emergency legislation to deal with this issue and, according to reports, appears to be edging towards compelling landlords to pass on the rebate to their tenants.
- Where accounts are in the accommodation providers name speak to the supplier to see if support is available. Where accounts are in the tenants name advise them to make contact with the supplier urgently.

We believe 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 the year and if you have any tips or suggestions that have worked well in your properties please let us know and we can share them with other accommodation providers.

In order to assist accommodation providers to promote properties that are energy efficient and encourage responsible consumption of utilities, Liverpool Student Homes is introducing a new 'Sustainability' feature on property adverts. You will be able to indicate which energy saving features your property benefits from which will hopefully encourage interest from students concerned with the cost of living crisis. As soon as this feature is 'live' we will advise you further.

The government has also announced 'equivalent' support to all non-domestic utilities customers for the next 6 months which may provide some relief to other accommodation providers. Reports suggest the amount of this maximum discount is likely to be around £405/MWh for electricity and £115/MWh for gas, subject to wholesale market developments.

If your tenants advise you they are experiencing financial difficulties they can access support through their university money advice teams below:

BRIEFING NOTE

University of Liverpool

<https://www.liverpool.ac.uk/studentssupport/book-anappointment/teams/money-advice-and-guidance/>

Liverpool John Moores University

<https://www.ljmu.ac.uk/discover/fees-and-funding/moneyadvice>

Liverpool Hope University

<https://www.hope.ac.uk/gateway/students/studentdevelopmentandwellbeing/healthathope/financialwellness/>

Liverpool Institute for Performing Arts

<https://lipa.ac.uk/applying/finance/student-finance-andbursaries>

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

Kind Regards

Liverpool Student Homes

5 Oxford St, Liverpool, L7 7HL

T: 0151 794 3296 E: Lsh@liverpool.ac.uk



www.liverpoolstudenthomes.org

Liverpool Student Homes is a service owned and managed by University of Liverpool, Liverpool John Moores

University, Liverpool Hope University, Liverpool Institute for Performing Arts, Liverpool School of Tropical Medicine