



Ongo Homes

Resident Scrutiny Panel

Investigation into

Heating Charges

At

Market Hill, Wold Court
And Ancholme Gardens

27 September 2018

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1. Introduction

- a. This report is the outcome of a detailed RSP (Resident Scrutiny Panel) investigation into how Ongo Homes changed how heating is controlled and charged at 3 schemes all located in Scunthorpe and its surrounding district.
- b. The RSP started their investigation on the 1st May 2018
- c. Throughout the duration of the investigation, the RSP endeavoured to uphold the key principles relating to its scrutiny work, namely that the group will:
 - i. Work on behalf of Ongo Homes tenants ensuring that Ongo provides services to the highest standard.
 - ii. Provide an independent check and critical challenge to drive up and influence improvements to standards, processes and performance.
 - iii. Ensure that Ongo embeds the National regulatory framework on the delivery of both organisational and local offers by monitoring and challenging these standards.
 - iv. Form an effective but independent part of the Governance structure within Ongo, together with Community Voice, Ongo Homes Board and the Executive Management Team.
 - v. Ensure that Ongo is a well-managed, viable organisation which places tenants at the heart of its business delivering through tenant led scrutiny.

The RSPs decision to investigate heating charges was taken from a choice of topics and themes provided by staff and CV (Community Voice) for consideration. The investigation was to ensure VFM (Value for Money) and customer satisfaction for tenants.

The following people were involved in carrying out this investigation

Scrutiny Panel Members

Tony Sanderson (Chairperson)
Tim Mills
Bill Drinkeld
Avril Bairstow
Jill Milner

Supported By

Karen Cowan
Wendy Wolfe

2. Scope of the investigation

The following was included in this investigation:

- District Heating at the following sites
 - a. Wold Court x 16 properties (new heating from 3 April 17)
 - b. Ancholme Gardens x 23 properties (new heating from 3 April 17)
 - c. Market Hill x 316 properties (new heating from 5 June 17)
- The Switch 2 billing process
- SMART meters
 - a. Where tokens are obtained from, how easy they are to buy, what happens if they are lost, and how to top up by phone or internet etc?
 - b. Cost/revenue – who receives this/is there a choice of supplier?/can the price go up?
 - c. Who is responsible for repairing/renewing the meters?
 - d. Advice to tenants at the letting stage/situation on day one of tenancy.
 - e. Support for individual tenants (advice, issue/loss of switch 2 cards etc.)
 - f. Credits and refunds (including emergency credits and refunds in case of a death, eviction, money owed etc.)
 - g. Data information collated – who collates it, what type, how is it used?
 - h. Is the data collection compliance with GDPR? (General Data Protection Regulations)
 - i. How does Ongo act on the data?
 - j. How are complaints and compliments handled?
 - k. Future operational roles and responsibilities
- Compliance with Homes England Consumer Standard - Tenant Involvement and Empowerment Standard

3. Background

Previously a communal heating system served all homes within a scheme, with the tenant paying a proportionate charge of the heating costs. Tenants couldn't control their own heating or influence their bills by changing supplier.

When the heating was due for renewal, consideration was taken into account of government guidance to facilitate the empowerment of each tenant to control and pay for their own individual heating.

Advances in metering technology enabled more accurate ways of charging for heating on an individual basis for shared heating systems. New heating and charging systems were subsequently implemented because it is felt that this new method of metering is a fairer and more accurate way of charging for heat used by individual tenants.

The Resident Scrutiny panel were asked to examine the new charging process in term of the impact on individual tenants.

4. Methodology

The RSP used the following fact finding methods in order to identify Ongo's approach to heating charges at Market Hill, Ancholme Gardens and Wold Court, the implications, the variety of responses received and the outcome of the different approaches taken:

4.1.1 Desktop consideration of:

- Heat Network (Metering and Billing) Regulations 2014
- The work undertaken to change these 3 properties to individual heat charging from communal heating systems.
- Performance information, data collected and information provided by Switch 2 (metering and billing) and Monarch (who obtain the best price for Gas on Ongo's behalf)
- Complaints and feedback during and after the works
- A survey 1 year on

4.1.2 A background presentation was given by Neil Webster, Head of Investment.

4.1.3 Various meetings were held over several weeks with minutes produced by Wendy Wolfe. Pat Byrne and Pauline Smith, who were the contacts during the change over from communal heating to individual charging, also attended a meeting to answer questions from the panel.

4.1.4 Following feedback from Neil Webster, it was identified that no customer satisfaction survey had been carried out. Therefore, the panel put together a short survey which was sent to every tenant throughout the 3 schemes to ascertain their thoughts and feelings now that the individual heating charges have been running for 12 months.

4.1.5 The panel then met to discuss the findings and highlight areas for improvement by compiling a list of recommendations.

5. Findings

- 5.1 Throughout the investigation, the RSP identified that a considerable amount of help and assistance was given both in advance, during and since the conversion to individual meters for heating within properties at the following locations:

Market Hill flats and maisonettes
Ancholme Gardens retirement living scheme
Wold Court retirement living scheme

- 5.1.1 Meetings were held with the residents to explain what would happen with timescales and explanations of any disruption to services.
- 5.1.2 External contractors were brought in to answer questions regarding how the meters would operate etc.
- 5.1.3 3 Ongo members of staff were assigned to the project in order to provide continuity and assistance for the residents.
- 5.1.4 Each tenant was given a booklet produced by Switch2 explaining how the meter and charging systems work.
- 5.1.5 Ongo engaged the services of a broker, Monarch, to ensure that the cheapest deal possible for the provision of the gas was obtained.
- 5.1.6 Each tenant at Market Hill was given a credit of £100 as compensation for the disruption to the heating provided during the installation process.
- 5.1.7 9 new efficient, boilers were installed at the same time with work planned to start in 2018 to replace all pipework to prevent any heat loss throughout the Market Hill high rise blocks. In the last 12 months a combination of the new boilers and the direct billing for heating has resulted in a reduction in gas usage from £170,000 to £97,000 at Market Hill.
- 5.2 With the arrival of the Heat Network (Metering and Billing) Regulations 2014 it became necessary for Ongo to enable its tenants to be able to control their own heating usage. At the three sites a communal heating system was in operation with an additional weekly amount charged to each tenant along with their rent (identified separately as a heating service charge alongside their rent).

What followed was a period of rationalisation of sheltered stock, and demolition and remodelling took place over a few years. It was considered viable to put metering in at remodelled schemes – Wold & Ancholme. These two systems were installed initially but billing remained on a communal basis.

Market Hill maisonettes and high rise flats needed full refurbishment including heating. Boilers were replaced and heat interface units installed in early June

2017. Wold Court, Ancholme Gardens and Market Hill now all have equipment that is identical.

During the installation process the Tenant Liaison Officer from the contractor wasn't used by tenants in the way they should have been. They were not on site dealing with queries. This led to a lot of confusion and unrest.

The meters and monitoring of usage is provided by Switch2. They provide a service to Ongo which enables information to be drawn off meters and all tenant payments collected by Switch 2 are returned back to Ongo. Ongo pay Switch 2 for this service. All 3 sites have been running for a year now.

Charges were set based on heat load and network losses which feed into the KWH heat charge and standing charge levied to cover the cost of using Switch2. A single charge was then introduced across all 3 sites (Ancholme Gardens, Wold Court and Market Hill).

Reports from Switch2 are provided to Ongo on a monthly basis – this covers the credits put on by the tenants, and shows how much is on the account etc. This information is currently managed by the Ongo Investment team. Ongo can address large variances (shown on the reports) and what is expected in heat charges with the individual concerned.

The booklet given to the tenants by Switch2 whilst being informative about how the meter works is quite technical in its approach which may not be entirely suited to some of Ongo's tenants. Some have put lots of credit on and this is monitored closely looking for the possibility of vulnerable tenants failing to understand how much they really need to spend.

Ongo pay for gas and electricity via Monarch who have greater buying power and obtain the very best price available.

Some complaints have been received as all sites were previously on a fixed charge with set amount being paid each week, regardless of usage. When moved onto the meter system initially they were paying less during the summer but once the first winter hit and they continued to keep the heating on as before, in some cases 24/7 opening the windows if it got too hot, the amount required increased substantially. One complaint has gone to the Ombudsman.

There have been allegations that Ongo make money on the scheme which is clearly not the case.

At the end of a tenancy any credit over £10 is refunded to the tenant but this can take some time to organise.

The whole system is currently under warranty.

- 5.3 A recent survey has shown that overall Ancholme Gardens and Wold Court are very satisfied with the scheme but there are still a nucleus of tenants at Market Hill who are unhappy about the true cost of heating their properties.

Themes coming from the Market Hill responses were about the standing charge and the general view is that it is becoming more expensive. Another factor being that they pay the same amount each month during the year irrespective of weather. It would appear that some of the tenants haven't grasped that they are being charged for heat, and firmly believe the charge is for gas. They also think Switch 2 supply the gas rather than only supply the metering service. Added to this they also feel they have lost the ability to change fuel suppliers, an option that was not in place before. The tenant cannot change supplier and this is made clear by lettings when the property is advertised on Home Choice Lincs. It is also reiterated on viewing. Ongo provides the heat charged at what it is charged for and then purchased by a bulk buying arrangement via Monarch.

From the information provided in the responses it is not possible to fully understand how the tenants are heating their properties. It's has become clear that some tenants living in the schemes prior to the system didn't always control their heating in the best way. Rather than turn down the thermostat, some have been known to open their windows to cool down.

It was identified that from the responses to the survey there was some resistance to change from a core group of tenants and also a lack of understanding on the billing system.

The results showed that overall 46 of 79 responses were happy. Only 58% of those who voted at Market Hill gave positive feedback.

5. Conclusions

RSP is confident that they have met the brief/scope for this investigation.

The panel are happy with the response rate from the tenant survey in terms of the numbers that participated in it - a total of 83 responses were received. Most of the tenants were satisfied with the present arrangements in place for the costing of the heating charges.

It is recognised there is a need for better communications and information with tenants, especially for those that are vulnerable.

The panel feel that it is a fair system of charging as it allows individuals to set their own heating temperatures etc. and recognises that value for money has been achieved for both the organisation and tenants.

It is appreciated that there are other schemes out there that would benefit by changing to this charging system in the future, e.g. Lincoln Court, Chatterton etc.

Poor Service	
Fair Service	
Good Service	√

6. Recommendations

Number	Recommendation	Anticipated outcome / comments	Priority
1	Responsibility for monitoring Switch 2 reports to move from Investment Team to whichever team is dealing with the tenancy management of that particular scheme.	Ensure tenants are using the system effectively, providing guidance where relevant. They can then identify any anomalies and check the situation with the tenant in question	High
2	Introduce customer satisfaction surveys one year following a metering scheme being put in place	Monitor customer satisfaction and identify learning to influence future improvements where required	Medium
3	For Market Hill - Provide tenants with a comparative financial statement showing one year since metering being in place V the previous year. Also identify any amount of credit where relevant	Educate and change tenant's perception, demonstrating that the new system is cheaper to run if used effectively. Also alert to any credits, explaining how this works and opportunities available. Increase customer satisfaction	High
4	For any customer who is about to go through a change over to the metering system - Provide information to customers about how they will notice a difference in costs and the benefits of the change	Educate tenants on how to use the system efficiently. Realise customer satisfaction	Low
5	Letters/correspondence sent out to customers about any future programmes to be produced in a more customer friendly format	Improve communication to and understanding for customers. Improve customer satisfaction	Low

6	Reinforce message to customers informing them they are not buying heating from Switch 2 (this is metering). Gas is purchased by Ongo on the open market at the best rates	Tenants to have better understanding. Customer satisfaction will be improved	High
7	Advise tenants how to control their heating more efficiently by providing examples in cases for those experiencing difficulties (for individuals who have already gone through a change to metering)	Educate tenants on how to use the system more efficiently. Improve customer satisfaction	High
8	Ongo to produce a Good Practice Guide leaflet for tenants, including the points detailed above and explanation about standing charges	Educate tenants on how to use the system in a more effective way. Improve customer satisfaction	Medium
9	Investigate the standing charge and look at possible changes to this cost at Market Hill	Identify VFM saving Increase customer satisfaction	High
10	When planning future heating replacements at schemes (e.g. Lincoln Court, Victoria House etc.) ensure that wherever possible tenants are able to control and pay for the heating that they use in line with government recommendations regarding best practice	Empowerment of tenants, VFM, increased customer satisfaction	High
11	Following Community Voice approval of any of these recommendations, an action plan to be agreed & recorded on the Ongo Pentana monitoring system. Progress against this action plan to be reported back to the RSP within a 12 month period	Scrutiny Panel will be assured that the approved recommendations are put in place. Tenant satisfaction will be realized and VFM will be achieved	High