

Committee(s)	Dated:
Residents' Consultation Committee Barbican Residential Committee	040923 110923
Subject: 2022-23 Electricity Update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	4 12
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	£
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain's Department?	Y
Report of: Judith Finlay Director of Community and Children's Services	For Information
Report author: Anne Mason Community and Children's Services	

Summary

This report provides an update on the electricity charges to the service charge account in 2021/22 and 2022/23.

Recommendation

Members are asked to:

- Note the report.

Main Report

Background

1. There have been several issues concerning the billing of energy costs to the Barbican Residents and these were set out in the City Surveyor's report to your last meeting.
2. Residents have also expressed concerns regarding the accuracy of the billing of energy costs in 2021/22 and the charges for 2022/23.

Current Position

3. In billing for electricity and underfloor heating the actual costs taken from invoices received is used as far as possible. However, when the accounts are closed it is usually the case that not all the invoices have been received. Accruals are raised for the estimated costs of the remaining invoices for the year. Adjustments are sometimes made after the year end if invoices received prior to the service charge actuals being calculated vary significantly.
4. The invoicing for several underfloor heating accounts appeared incorrect both for the summer months when the heating is switched off and for the 2021/22 winter. For example, for Speed House there were charges for consumption during the summer and for a few other blocks the charges seemed low in comparison to previous years and to blocks of a similar design. The meters have been checked and following continued efforts between all parties, the issues have now been resolved.
5. Appendix 1 is a summary of the amounts billed by block for the 2021/22 actual and the subsequent adjustments made in 2022/23. For Breton House, Defoe House, Lauderdale Tower, and Shakespeare Tower the bills received in 2022/23 for 2021/22 were significantly lower than expected.
6. The invoices received for Gilbert House were much higher than expected.
7. Accounts have been rebilled. However, there are still some areas of concern including the calculation of excess capacity charges and the Speed House winter charges which are based on estimated readings. The energy team consider these readings to be reasonable. Although invoices with consumption for the summer were corrected further invoices for excess capacity were received.
8. Excess capacity charges are also shown on invoices for October 22 to March 23. These charges have been queried as there may be some duplication.
9. Several revised invoices have been received for some accounts
10. The Appendix also shows the charges received for 2022/23, the City's PPA rebate and the revised charge for 2022/23 after the adjustments for 2021/22 and the PPA rebate.

Way Forward

11. Many issues have been resolved but as there are still some outstanding queries and concerns regarding the billing for the last two years. To provide assurance an external audit of the billing is being commissioned. This will examine the

underlying data behind the invoices including the excess capacity and estimated charges.

12. Whilst this audit is being undertaken the underfloor heating charge for 2022/23 will remain as estimated for all blocks. An interim balancing charge will be issued that covers the other heads of charge and residents will be advised accordingly. It can be seen from Appendix 1 that the expected actual charge for heating will exceed the estimate for all blocks.

Financial implications

13. The cost of the audit will be borne by the Landlord's budget.
14. The overall balancing charge for energy is expected to be around £1.15m and this will be delayed for a few months whilst the audit is carried out.

Conclusion

15. The issues with metering and billing has given rise to many queries will mean a delay in the collection of some of the balancing service charges. However, the above approach will provide comprehensive data to inform the charges made.

Appendices

Appendix 1

Background Papers

Report of the City Surveyor June 2023

Corporate & Strategic Implications Key Data

Strategic implications –

Financial implications – Service Charge Expenditure is City Fund.

Resource implications - None

Legal implications – C&CS

Risk implications - None

Equalities implications – None

Climate implications - None

Security implications - None

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