



**REPORT of
DIRECTOR OF SERVICE DELIVERY**

**to
STRATEGY AND RESOURCES COMMITTEE
26 SEPTEMBER 2024**

MOTION REFERRED TO THIS COMMITTEE FROM THE COUNCIL

1. PURPOSE OF THE REPORT

- 1.1 To provide information to inform Members considerations of the Motion referred to the Strategy and Resources Committee by the Council at its meeting on 30 July 2024.

2. MEMBER MOTION

- 2.1 In accordance with Procedure Rule 4, the following Motion was proposed by Councillor N J Swindle and seconded by Councillor P L Spenceley.

“That the Council rescind the resolution to charge for energy use to tenants at Brickhouse Farm until 1st April 2025 due to the following reasons:

When council determined its strategy in March, no consultation with tenants had occurred as required by the strategy. Therefore, the council had not met its own requirement to work with partners who are using council-owned assets at discounted rates and who would be asked to evidence how they contribute to the council’s corporate goals on an annual basis. In turn, this evidence was to be considered by the Strategic Assets Working Group which would then make recommendations to the Strategy and Resources Committee as appropriate.

No such consultation or recommendations have been undertaken and therefore none of the councils’ partners have had the opportunity to provide such information to determine the benefits that they bring the council and the wider community so as to seek support from the council.

The current proposal of charging for energy by the square meter is also unfair as not all of the charities/users operate the same hours and therefore this is deemed as inequitable and has resulted in some of the partners being faced with large additional costs that cannot be budgeted for. In reality, this puts vital community services at risk. To make the use of energy exactly proportioned to each partner, individual circuit breaker meters should be installed (or similar technology) to meter the exact usage and therefore identify the exact use by each partner organisation.”

3. OFFICER RECOMMENDATIONS IN RESPONSE TO THE MOTION

- (i) That the Committee confirms that the principle of tenants paying for their utility costs in full remains within the Asset Management Strategy;

- (ii) That the Committee offers a 12-month transitional arrangement for any non-rent paying tenants of Brickhouse Farm affected by the new Asset Management Strategy, with full payment of utility costs commencing in April 2025.

4. BACKGROUND

- 4.1 A resolution was made by the Council on 1 April 2024 to endorse the recommendation of the Strategy and Resources Committee to approve the Asset Management Strategy 2024-2029 ('the Strategy').
- 4.2 The Strategy was debated at the Strategy and Resources Committee meeting of 14 March 2024. The Committee accepted that there was a benefit that charities and groups using Council assets brought to residents. The Strategy allowed these groups to receive a reduced rent in recognition of this contribution, as stated at paragraph 7.6.2:

"Partners who are using Council owned assets at discounted rates will therefore be asked to evidence how they contribute to the Council's corporate goals on an annual basis. This evidence will be considered by the Strategic Assets Working Group who will make recommendations to the Strategy and Resources Committee as appropriate."

- 4.3 This provision does not however apply to utility costs. The Strategy sets out that all tenants should be responsible in full for their utility costs at paragraph 7.6.3.

"The Council policy is that it will no longer subsidise utility expenses on its assets. These must be paid in full by the lease holder."

- 4.4 There is no provision within the Strategy for the cost of utility bills to be reduced or for this to be considered by the Working Group. The Strategy is clear that the cost of the utility services used are to be paid in full by tenants in line with the Council general approach of full cost recovery.
- 4.5 The Strategy states that where there are no meters the calculation of utility bills will be carried out on the basis of square footage.
- 4.6 The areas at Brickhouse Farm are on separate meters. Any bills will therefore be calculated on individual usage not based on square meterage.

5. SUMMARY OF KEY ISSUES

5.1 Action for Family Carers

- 5.1.1 Action for Family Carers use two areas of the Brickhouse Farm Site. The first area provides services to carers in the Maldon area. The second area is converted into office space from which Action for Family Carers runs their Essex-wide organisation.
- 5.1.2 Whilst the office space supports Maldon residents it is also used as a base for operations covering all areas of Essex. The Council is therefore providing some financial subsidy for the organisation for its work outside of the Maldon District.

5.2 Notice to Tenants of Utility Costs Billing

- 5.2.1 The Council agreed the Asset Management Strategy 2024-2029 on 1 April 2024. Tenants at Brickhouse Farm were contacted by letter on 22 May 2024. There was a delay in advising tenants as clarification was required for the previous bill amounts and in confirming the meters were allocated to each tenant correctly.
- 5.2.2 Officers provided six weeks' notice but accept that the notice was sent after the charities including Action for Family Carers would have set their budgets for the year.
- 5.2.3 The other tenants at Brickhouse Farm have not made any representations and we assume have accepted the change.

5.3 Financial Considerations

- 5.3.1 The total cost of utilities paid by the Council for non-rent paying tenants at Brickhouse Farm was £25,110 in 2023/24. Of this £22,000 related to Action for Family Carers.
- 5.3.2 The Council has agreed that the principle of tenants paying for their utilities is sound and they should ensure that all groups are treated fairly and consistently.
- 5.3.3 The Strategy ensures that all tenants will be treated on an equal basis regarding the payment of their utility costs, but still provides for the consideration of a discounted rent to be considered annually by the Strategic Assets Working Group, with its recommendations being considered by the Strategy and Resources Committee.
- 5.3.4 If the Committee agrees to change its policy this is likely to result in a number of further requests from other Council tenants. The majority of tenants could argue that they provide a service to the community and request assistance with utility bills, and this will add an unbudgeted financial pressure to the Council's budget.
- 5.3.5 The cost of paying utility bills for all Council tenants is potentially unsustainable when the Council is under significant financial pressures.
- 5.3.6 If a change of policy is agreed the Council will need to agree a procedure and criteria in assessing and awarding a discount for utility costs, similar to that for rent discounts. It will also need to identify a budget to cover the additional costs.

6. CONCLUSION

- 6.1 Whilst Brickhouse Farm tenants were provided with six weeks' notice of the Council's intention to recover utility costs, Officers accept that the affected organisations may not feel that this is an adequate length of time to identify budgets for these additional costs.
- 6.2 While Officers are of the view that the Strategy agreed by the Council is sound and should remain, Members may wish to delay the implementation of utility charges billing to Action for Family Carers, and other non-rent paying tenants, until the start of the next financial year, in order that they can budget for these additional costs.
- 6.3 The Council has met with the tenants affected and will continue to offer advice and support, including working with partners to explore how the charities can be supported to deal with the impact of this change.

7. IMPACT ON PRIORITIES AS SET OUT IN THE CORPORATE PLAN 2023 – 2027

7.1 Supporting our communities

7.1.1 The Asset Management Strategy provides a framework whereby the Council can support partner organisations who provide valuable service to our residents, in a financially sustainable way.

7.2 Smarter finances

7.2.1 The Council's overarching policy is that all discretionary services should seek full cost recovery, where appropriate. The Council's Asset Strategy 2024-25 sets out a framework to ensure that the Council provides a fair system for charging tenants of Council assets and for the taxpayers of the district who subsidise their services.

7.2.2 Agreeing to pay the utility bills of tenants is a direct cost to the Council and if this was expanded to all tenants would have a significant cost implication to the Council.

8. IMPLICATIONS

- (i) **Impact on Customers** – Agreeing to defer the implementation of the policy to charge non-rent paying tenants their utility costs will allow them to fully explore funding opportunities for the next financial year. This will allow customers to continue to access the services in the meantime.
- (ii) **Impact on Equalities** – In retaining the policy in its current form this will ensure that all tenants and licensees are treated equally and fairly.
- (iii) **Impact on Risk (including Fraud implications)** – The risk of rescinding the element of the Asset Management Strategy relating to the payment of utility costs means that the Council will revert to its previous inconsistent approach regarding the charging for utilities, with potential challenges from existing tenants who currently pay for their utility costs in full.
- (iv) **Impact on Resources (financial)** – Granting an additional year before requiring Action for Family Carers to pay for their utility costs will require the Council to cover the cost which based on previous years this will total circa £22,000. The cost of delaying payment for a year for all Brickhouse Farm non rent paying tenants would be £25,100.

Challenges by other tenants across the district who current pay their own utility costs could result in the Council facing the cost of funding these in addition to the Brickhouse Farm tenants. The cost of this could be significant, but it would not be possible to quantify as most pay their bills directly to the utility companies. There is no budget to meet those potential challenges.

- (v) **Impact on Resources (human)** – None.

Background Papers: None.

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