

Please see written response below

Questions for Hackney:

1. Please report on the discussions within the Council on affordable homes models.

The Council is continuing to hold discussions regarding models for delivery of affordable homes at Woodberry Down. There remains an aspiration to deliver more social rented homes, alongside genuinely affordable 'intermediate homes' at Woodberry Down as well as across Hackney more widely. This is reflected in the Council's Housing Strategy as well the Council's planning policies. More information on this can be found here <https://hackney.gov.uk/housing-strategy> .

The Council has had a number of productive meetings with Notting Hill Genesis to collectively discuss the affordability challenges of intermediate products, particularly larger units (3 beds). An independent commission will be set up in 2024, in partnership between Hackney and neighbouring boroughs to explore this issue in more detail. An update on this piece of work will be brought back to the Board next year. There will also be a presentation by NHG to the Design Committee to talk in more detail about intermediate tenures, which the Council will be contributing to.

Questions for Berkeley:

Berkeley Homes submitted an explanatory note to the Liaison Committee on 3rd October relating to the retrospective heating charges being levied by Insite.

Please could Berkeley share with the full committee their response to my rebuttal of the points made in the explanatory note, and to the requests submitted by the Executive.

The explanatory note , my comments and the Executive requests are appended for ease of reference. I suggest that the response begin with the answer to

- *provide copies of the terms and conditions / leasehold clauses which justify this backdating of bills*

as if Berkeley can demonstrate that they have an unequivocal and unarguable contractual right to levy these retrospective charges, and to collect them by the means they have employed, a great deal of doubt would be removed from the quite heated social media discussions still taking place.

The covenant within the lease is set out Under Schedule 8, Part 1, Section 3;

To pay to the Landlord the costs in respect of the provision of the Heating Services together with such sum as shall be considered reasonably and properly necessary by the Landlord (whose decision shall be final as to the questions of fact) to provide a reserve fund or funds for items of future expenditure to be or expected to be incurred at any time in connection with the Heating Services.

End of Question

Supporting material

Executive requests

We ask that BH/Insite

- *engage fully with residents' legitimate and strongly held concerns: We are full engaging with residents and we will have dates circulated over today and tomorrow for surgeries with*

- representatives from both Insite and Berkeley present. These surgeries will be on the 08/11,15/11, 22/11 & 29/11. Further information will be circulated shortly.
- *immediately suspend the 25% surcharge:* The 25% recovery amount will not be suspended, this is a reasonable level of recovery that will provide residents with time to pay the due amount.
 - *set out in detail the dates of changes to the gas supply contract and the rates achieved:* We are in the process of circulating this information for the individual areas of the Estate, a copy of the document for Phase 1 has already been provided to WDCO in my previous email.
 - *provide copies of the terms and conditions / leasehold clauses which justify this backdating of bills:* As above.
 - *explain clearly how any bad debts might be dealt with: Can you please expand on this further? Any amount not paid by one leaseholder/resident is not transferred to anyone else.*
 - *improve the Insite service, especially in respect of usage statements: Insite inform us that annual statements have been issued to all customers, can you please expand on this further?*

Michael Pamment note and Adrian Essex's comments

Dear Roda,

Thank you for the attached.

In regard to the Agenda item for Insite Billing (BH), I felt it would helpful to provide a summary update prior to the meeting this evening.

As everyone is aware, the utility markets have been very difficult to predict and quite volatile over the last 2 years. Wholesale supply costs have changed dramatically over different periods due to varying different factors, with the largest contributor the war in Ukraine. The decision had been made that while the market had been evolving and the pressure placed on billing agents, that any increase in gas costs would not be passed on to residents straight away and we would wait for the market to settle before reconciliation took place.

Once Berkeley homes have struck a deal with the market there is no volatility until the contract ends. Volatility should not be a factor in your dealings with residents. By entering into a contract you effectively settled the market for a time. This was not a good decision. Who made this decision, and how was it passed on to residents?

There are certain limitations for residential development in terms of contract lengths that we can enter into, ultimately this is designed to protect leaseholders but during instability in the market it can somewhat hinder our ability to procure contracts. There had been 4 contract changes during this period, with both the EBRS and EDBS schemes launched by the Government. Both Schemes providing relatively short time frames for freeholders to discharge their responsibility under the scheme. Procuring a utility contract is one work stream, reviewing the change in rates and then applying these to several hundred meters is another. The short nature of contracts, the time it takes to apply change's in tariff rates and the sheer volume of residential developments that billing agents had to undertake this work on had all been factors.

Subsequently, Insite have recently written to residents across both phase 1 and 2 to advise that the reconciliation of the differing heat tariff periods had now concluded, following the reconciliation Insite have applied any under collection of the supply costs for the period.

What reconciliation? A reconciliation occurs when two or more different approaches to a calculation lead to two or more different results. Reconciliation is a euphemism for retrospectively applying charges.

As outlined, there had been 4 different contract periods and each period had to be reconciled based on usage for that retrospective period. The focus had been to ensure any savings at the time had been passed on, as we did with the EBRs at the time.

The decision behind this strategy had been due to a number of different factors, with the first being that the market difficulties outlined above made it difficult to predict how cost would increase/decrease during supply contract renewals. The other had been the sheer volume of tariff reviews and reconciliations required by billing agents across the industry. To place this in perspective, Woodberry has 1600 properties that require reconciliation, and is just one scheme in 100s that Insite look after.

The number of dwellings is surely irrelevant. Insite does not carry out a price calculation for each dwelling but for each building. The calculation for each building is predefined and straightforward. Once the new figures have been arrived at Insite simply applies to the Pay as You Go meters. No one is asking you to make predictions.

Heat networks do not operate in this way, the overall calculation behind the tariff can change year on year due to the way customers use the system, for example the more people at home using the system the greater the efficiency. It is not quite as straightforward as just clicking a button and the PAYG meters update and recalculate themselves. There is work required in the background to update the system, with this being the case across 100's of developments billing agents struggled with the volume of changes.

To mitigate large heat bills and avoid constant changes to tariffs, the decision was made to reconcile the supply following the market somewhat stabilising. This has been communicated with residents as we have moved through this process, for transparency I have attached our comms timeline that outlines the changes in tariff costs as well.

Delaying the application of the revised charges does nothing to mitigate costs, it merely delays their application. Indeed, the most effective form of mitigation for most residents would be to turn the thermostat down or to reduce the number of hours of heating, moves we could only make if we were aware of the actual price changes. The delay has for many people done the opposite of mitigation, it has increased the amount spent on heating.

As outlined above, it was not possible at the time due to the volume of work and frequency, we did not want to hit customers with massive increases. All decisions had been made with our customers at heart, trying to ensure that we mitigate the impact as much as possible.

We will be arranging surgeries with residents from w/c 16th October, with Insite and BH representatives in attendance to discuss any outstanding queries or concerns.