

## Energy dispensation

The information on this page applies to all One Housing tenants and leaseholders who pay a service charge for gas or electricity in communal areas.

You will likely be aware that energy prices have increased significantly over the last few years and are set to continue to rise in the ever-fluctuating energy market. As the energy we provide to tenants and leaseholders in communal areas, it is unfortunately not covered by the domestic price cap set by Ofgem and therefore must be sourced commercially.

In order to achieve the best value for money and therefore the best possible price for energy One Housing is required to make quick decisions regarding the purchase of energy, the price of which can change significantly over a short period of time. This prevents us from applying the usual consultation mechanism (Section 20 of the Landlord and Tenant Act 1985) which can take 3 months to complete.

We have applied to the First-tier Tribunal Property Chamber (Residential Property) for dispensation from the consultation requirements contained in Section 20 of the Landlord and Tenant Act 1985. This is in relation to the qualifying long-term agreement proposed for the procurement of the supply of gas and electricity to tenants and leaseholders.

## Frequently Asked Questions

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### Who is responsible for the gas and electricity?

Under the terms of the lease, the building owner or 'freeholder' (in most cases this will be One Housing Group) is responsible for the gas and electricity meters to all landlord services, like communal lighting, door entry systems, communal boilers, lifts etc with Leaseholders & Shared Owners and tenants contributing towards the cost through the service charge.

### I pay for gas/electricity myself to a supplier, how does this impact me?

One Housing are seeking longer term contracts only for those meters that are the landlords supply. This is for the supply to communal areas only and will not affect individual utility contracts you have within your property for your own gas or electric supply.

### What is a long-term agreement?

This is an agreement entered into by the Landlord with an independent organisation or contractor, for a period of more than 12 months.

### How does a long-term agreement relate to Section 20?

For contracts that may cost over the £100 per annum threshold for a property and/or last over 12 months, the Landlord are required to conduct a (Section 20) consultation process involving the residents via notices over a 3-month (or possibly longer) period.

### Where can I get a copy of the First-tier Tribunal Property Chamber (Residential Property) directions?

A copy of the new summary of directions will be made available to residents on One Housing website and in paper form by request.

### **How much will the gas and electricity be?**

The new costs has not yet been tendered for therefore, we are unable to supply estimated costs. The purpose of seeking a longer-term contract is to get the best cover and rate available from the market to ensure that the Leaseholders, Shared Owners and Tenants communal gas and electricity offers best value throughout the length of the agreement.

### **Will the cheapest quote be accepted?**

Each bid received will be evaluated based on quality and price. The supplier of the winning bid will need to meet a minimum level of service requirements, this is ensured through a framework that One Housing has which sets out what is expected from a supplier. Suppliers become part of this framework and then we accept the best possible value for money bid from the group.

### **Will longer term contract save us money?**

Yes overall, the longer-term contract will save residents money in comparison to the shorter term contracts. Future projection of costs (in the market) are always cheaper than in the short term and suppliers also like the stability of having a customer for a longer period of time. By stretching the cost over a longer period of time the high market cost we are facing now are offset by the significantly lower costs that we will be quoted for future years.

### **How will the new costs be apportioned between leaseholders?**

The insurance contract will be a block policy covering all properties for which the group is responsible, however you will only be recharged in accordance with your lease.

### **I have never been asked to contribute towards the cost of insurance and I have always undertaken my own repairs. There is no clause in my agreement to state otherwise?**

As the freeholder of the property, One Housing Group and Riverside are required to insure to protect both the interests of the association and that of Leaseholders. The lease will determine who will be responsible for arranging insurance and in all but a few cases it will be the relevant Housing Association. Your service charge covers the cost of the insurance for buildings and property owner's liability.

### **I pay my rent and service charge which I understood included gas/ electricity. Am I being asked to pay an additional amount?**

You are not being asked to pay another fee. One Housing Group are consulting with you to advise that they are looking to tender the contract to make sure the best deal is still being obtained.