

Housing, Homelessness and Fair Work Committee

10.00am, Tuesday, 27 August 2024

Westfield Court

Executive/routine
Wards

Routine
7 – Sighthill/Gorgie

1. Recommendations

- 1.1 It is recommended that Housing, Homelessness and Fair Work Committee:
 - 1.1.1 Note the report;
 - 1.1.2 Agree to discharge the motion;
 - 1.1.3 Note the information presented on potential owners' energy cost subsidies;
 - 1.1.4 Note the officer recommendation that no subsidy is applied;
 - 1.1.5 Direct officers to issue bills to owners upon confirmation of final costs and any agreed subsidy, and
 - 1.1.6 Arrange for settlement of any subsidised costs through Council funding.

Derek McGowan

Service Director, Housing and Homelessness Service

Contact: Graeme Reid, Head of High-Rise Management and Investment

E-mail: graeme.reid@edinburgh.gov.uk | Tel: 07885478170

Westfield Court

2. Executive Summary

- 2.1 This report responds to a motion agreed by the Council on 27 June 2024 on Westfield Court.

3. Background

- 3.1 Westfield Court is a multi-storey block built in 1952 as a block of 88 flats with an additional four flats added later. It is now a mixed tenure block of 92 flats in which the Council owns 32 flats and 60 flats are in private ownership. The private ownership includes 37 landlords and 23 owner occupiers.
- 3.2 The Council (as both an owner and as a landlord) historically managed the entire block in terms of small repairs and maintenance and had sole duty to carry out this role when the blocks were built in 1952 (when all properties were fully Council owned). Since then, the ownership mix has changed through flats being sold (through Right to Buy) and the Council is now a minority owner.
- 3.3 The Council acts as Property Factor for the block and is registered in accordance with the Property Factors (Scotland) Act 2011. A Written Statement of Services is issued to owners which sets out the terms, delivery and standards of arrangements between the Council as Factor and all owners, including the Council itself as an owner.
- 3.4 In its role as a Factor, the Council acts as an agent to all owners, including the Council itself as an owner, and has no more powers than are delegated to it by the owners.
- 3.5 On 27 June 2024, the Council approved a [motion](#) by Councillor McKenzie requesting a report to Housing, Homelessness and Fair Work Committee related to costs charged to owners at Westfield Court.
- 3.6 The motion requested that the report include:
- 3.6.1 Details of the review in relation to heating charges to owners;

- 3.6.2 Options for Committee to agree to reduce or remove the increase in the communal heating charge for 2024/25 and the bill issued to “balance off Common Charges” from 2022/23;
- 3.6.3 The outcome of the condition survey;
- 3.6.4 A response to the reported frequent loss of heating and hot water and actions being taken to address this;
- 3.6.5 A response to a reported decline in standards of maintenance of the building and its surrounding areas, and decline in standards of communication with residents, and actions being taken to address these; and
- 3.6.6 Details of any other communal heating systems factored by the Council which have resulted in substantial increases in energy costs and/or displays similar defects

4. Main report

Common charges and utility costs

- 4.1 Following the decision of the Council, a review of the increase in the common heating charge and the “balancing off Common Charge” for 2022/23 has been undertaken.
- 4.2 The outcome of the review was circulated via a Briefing Note to ward councillors and Committee members on 6 August 2024. The Briefing Note is attached in Appendix 1.
- 4.3 The review found that the charges applied for common repairs, maintenance, servicing and communal heating increased significantly between 2021/22 and 2022/23. The costs of communal heating and hot water have increased significantly due to the increase in utility costs generally and this accounts for most of the increase.
- 4.4 However, in carrying out the review, officers have identified three issues that require action or further investigation. They are:
 - 4.4.1 A charge that was applied in 2022/23 for temporary plant in the boiler room that had previously been agreed would not be charged to owners. This will be credited to owners’ accounts;
 - 4.4.2 An issue with the rateable value that has been applied to calculate the share per flat. Work is underway to recalculate the share of costs that owners are liable for and any credits or refunds due will be processed urgently; and
 - 4.4.3 A query regarding the communal electricity supply which is still under investigation. Owners have been charged for their share of the communal electrical supply based on meter readings taken from the site. However, the bills received from Scottish Power (the supplier) appear to be estimates and it is some time since a bill based on an actual reading has been provided.

This is being investigated with Scottish Power and it is not anticipated that it will affect owners' bills. However, if there is any change, officers will write to owners and make any necessary adjustments.

- 4.5 Common charges are provided to owners on an estimated basis calculated on previous years charges. This enables owners to pay a monthly estimated amount towards their final bill. The amount shown on the bill sent to owners for 2024/25 is therefore an estimate and a final bill will be issued in late summer/early autumn 2025 after the actual costs for the year have been calculated. If owners have paid less than the actual costs, they will be issued with a bill to pay the balance. If they have overpaid, they will be issued with a refund. Owners can choose to pay a monthly amount throughout the year to avoid a large full year's bill; however, they are not obliged to do so.
- 4.6 The bill issued to owners in September 2023 was for the amount underpaid in the year 2022/23. It was identified in June 2022 that there had been an error in the previous year's meter readings for communal electricity in the block and owners had been undercharged electricity costs for previous years. Rather than recharge these costs on to owners, the Council covered the additional costs incurred prior to June 2022.
- 4.7 As the estimates for 2022/23 were provided to owners before this error came to light and was rectified, the resulting final bill issued in September 2023 was higher than estimated due to the correct electricity usage charges being applied and the general rise in energy prices.
- 4.8 The Council requested that officers set out options to remove or reduce costs for 2022/23 and 2024/25.
- 4.9 The table below illustrates potential cost reductions for owners based on the current understanding of 2023/24. Final calculations of utility costs and rateable values are underway at the moment for financial year 2023/24 to confirm actual utility charges for owners' energy consumption.

Utility costs 2023/24	10% subsidy for owners	25% subsidy for owners	50% subsidy for owners
£164,540.30	£16,454.03	£41,135.08	£82,270.15

- 4.10 Other high-rise blocks have encountered similar increases to their gas costs. (For example, Maidencraig Court in the Blackhall area had total gas costs in Year 2021/22 of £14,350.22 and in year 2022/23 this rose to £43,678.48. This is approximately three times higher than the previous year. In year 2023/24, the total gas costs were £30,884.02. This is a similar trend to Westfield Court.)
- 4.11 The following table provides a heating cost comparison between Maidencraig and Westfield and % increase / decrease in costs each year. Maidencraig has 42 properties in total.

Billing Period	Total Maidencraig Heating Costs	% Cost Change	Total Westfield Heating Costs	% Cost Change
2021/22	£14,350.22	12%	£53,047.36	-10%
2022/23	£43,657.48	204%	£181,447.50	242%
2023/24	£30,884.02	-29%	£164,540.30	-9%

- 4.12 Having considered the circumstances, officers recommend that there is no subsidised removal or reduction of energy costs for 2022/23 and 2024/25 applied for owners at Westfield Court.

Building condition survey

- 4.13 A Building Condition Survey was commissioned by the Council in 2019 at no cost to private owners. External consultants provided a draft report in 2020 which included recommendations for further intrusive structural surveys. These surveys were carried out in 2020 and the final report was issued to the Council in 2021.
- 4.14 The scope of the survey was to inspect the fabric and Mechanical and Electrical services and provide recommendations including a 20-year maintenance plan. One such recommendation was to replace the communal heating system with individual gas combi boilers in each flat. This recommendation presented legal issues in terms of maintenance responsibilities under the title deeds, where an agreement of 100% of residents would be required to enable this option to be taken forward.
- 4.15 The report also provided recommendations for addressing issues with leaking soil stacks in service risers. The proposals for the replacement of the wet services within the risers was to be taken forward through separate contractors.
- 4.16 The title deeds state that all owners in Westfield Court are responsible for the maintenance and repairs of all 12 communal soil stacks within the service risers, which meant that the cost of repairing the soil stacks would be met by all owners (including the Council). These works would be of significant scope and cost and was required in all 12 Service Risers. The Council notified owners that a majority decision on scope and cost would be required prior to the Council taking the lead role to carry out the works.
- 4.17 In May 2022, a vote was taken with all owners in Westfield Court to allow the Council to have the authority to carry out a pilot scheme in stair 5 service riser to determine the best practice to undertake the replacement works. The vote was passed. As asbestos was present, this required to be addressed first. A tender exercise took place in 2022 to engage a suitably experienced Licenced Asbestos Removal Contractor.
- 4.18 A contract was awarded, and subsequent site start arranged for January 2023. However, on the eve of commencement, despite previous reassurances, the

Contractor informed the Council that the proposed methodology to undertake the works was not practical and that they were unwilling to carry out the works as initially expected.

- 4.19 The new proposed method involved more invasive and disruptive works which would have required owner consent. As a result, works were paused. A further tender exercise took place later that year with more Asbestos Contractors. Unfortunately, no valid submissions were received to undertake the works by the original methodology and the replacement of wet services remains on hold.
- 4.20 The Building Condition Survey Report issued to the Council in 2021 included total maintenance costs of £47,000 per flat however, this excluded several elements (such as lift replacement, cold water storage tank replacement and further fire safety measures) that the Council is now aware of. The proposed cost to carry out the Service Riser work was not included either (this is estimated to cost in the region of £68,000 per flat). It is recognised that this is a significant cost and will be of serious concern to owners. Engagement with owners on commissioning a further fully comprehensive Building Condition Survey to cover all aspects of the building will be undertaken so that discussions can take place with owners required repairs and to explore options moving forward.

Loss of heating and hot water

- 4.21 The Council have a Repair and Maintenance Framework in place that is utilised for the annual maintenance of the boilers and other systems in the building. It is also utilised for any reactive maintenance because of breakdown. This Framework includes timescales to which contractors should adhere to in the event of urgent or emergencies such as loss of heating or hot water.
- 4.22 The communal boilers were replaced in 2018 following a period when temporary systems were in place. They continue to provide sufficient heat and hot water to all properties and there is no current requirement to consider boiler upgrade or replacement. Gas booster pumps have been installed to ensure regulated gas supply.
- 4.23 The hot water cylinders/storage, however, do need replaced. The cylinders are currently being supported by temporary heat exchangers
- 4.24 The heating and hot water pipe network which was installed when the building was originally constructed around 1952, is now beyond its economic life. Many of the issues with boiler failure are in relation to the pipes leaking, creating pressure loss, air locks and water failure to the boiler components. When the hoses split, they create immense amounts of water loss which in turn flood the boiler room. Temporary equipment has been installed to mitigate the elements which have exceeded their life expectancy including a new sump pump for drainage.
- 4.25 The pipe work infrastructure can only be redesigned and renewed to suit modern installation design. Unfortunately, efforts to replace the distribution pipework have encountered difficulties due to the presence of asbestos in the service risers and the challenging method of removal required.

4.26 It is recognised that these issues do unfortunately result in a loss of heating and hot water for residents from time to time and repairs are carried out as soon as possible to rectify any issues for the residents.

Maintenance standards and communication with residents

4.27 The age and condition of the building does mean that investment is required and there is an increasing requirement for maintenance and repairs. When repair issues are identified or reported, they are dealt with as quickly as possible however some of the issues can be problematic to address (such as those related to the pipe work infrastructure highlighted above).

4.28 There is no on-site Concierge service at Westfield Court and the owners do not pay for a concierge service. However, the Council's Concierge team from the South-West Locality do carry out regular block checks and lift fly tipped or bulk items when they can from in or around the block. There is a stair cleaning contract in place which owners pay for, and any concerns or issues related to the standard of cleaning should be reported to the Stair Cleaning team to be addressed with the contractor.

4.29 In previous years, the Concierge team for the South-West Locality held walkabouts with residents when there was a resident's group in place. However, attendance from residents declined and the walkabouts stopped. Officers are looking to reinstate these as resident led inspection in line with other similar work planned across the Council's housing estate.

4.30 The Council has communicated with owners regularly during the period between 2019 and 2023 in relation to the Building Condition Survey and the Service Riser works. A summary of communications during this period is shown in Appendix 2. The Council is aware of the increasing number of elements that require maintenance and replacement and the significant investment that this will require from both owners and the Council.

4.31 A letter has been sent to owners to communicate the outcome of the common charges and set out the plan for future engagement on the condition of the block. This letter was shared with ward councillors and members of Housing, Homelessness and Fair Work Committee for review before it was issued and is attached in Appendix 3.

5. Next Steps

5.1 Officers will continue to conclude the work to recalculate the common charges based on the correct rateable value and any balance due to owners will be credited.

5.2 A review of the rateable values for all high-rise blocks will be conducted to identify if there are any other issues with the accuracy of the rateable value being applied. Steps will be taken to rectify any properties identified and the owners notified of any credit due.

- 5.3 Engagement will commence with owners on proposals to commission new condition surveys to cover all aspects of the building including mechanical and electrical services.
- 5.4 Officers will contact residents to establish views on whether they would be interested in participating in a walkabout of the building to take place on a quarterly basis.

6. Financial impact

- 6.1 The costs of the proposed comprehensive Condition Survey on all elements of the building of Westfield Court will be met on a shared basis between the owners and the Council as owner and landlord. A scope of the work required to be included in the Condition Survey will be developed to ensure it is comprehensive prior to engaging with external contractors.
- 6.2 It is anticipated that the investment cost per flat will be significant. Once the condition survey is complete, officers will engage with owners on the recommendations, estimated costs and potential options moving forward. Any opportunity to secure grant funding to alleviate the costs will be investigated as appropriate.
- 6.3 Any applied subsidy of energy costs to owners would be funded through the Housing Revenue Account (HRA) through tenants rents across the city. The subsidy costs to the HRA if a subsidy is agreed are outlined in paragraph 4.9.

7. Equality and Poverty Impact

- 7.1 A 15 year capital investment plan for low rise blocks and a 10 year plan for high rise blocks is in place and work is underway to deliver these.
- 7.2 Detailed city wide stock condition surveys are underway in both low and high rise buildings and are being used to validate the priority of the capital investment programmes which are designed to bring Council homes up to a new build standard wherever possible and make homes as warm, safe and secure and cost effective to heat as possible for all tenants and residents.
- 7.3 There is a financial impact on Westfield Court owners of meeting ongoing repairs and maintenance costs associated with the common aspects of the building. Any investment proposals for the block will be carefully considered and any available grant funding will be sourced to minimise these costs as much as possible. Engagement with owners will begin at the earliest opportunity to discuss options and costs with owners to support.
- 7.4 The Edinburgh Poverty Commission aims to end poverty within a decade. Making Edinburgh a city where:
- Fewer than 1 in 10 children and adults live in poverty at any given time;

- No-one is trapped in long term persistent poverty;
- No one has to go without the basic essentials they need to eat, keep clean and safe, and stay warm and dry; and
- No one feels stigmatised, abandoned, or treated with less respect by the city when seeking or needing support.
- One of the key actions to end poverty in Edinburgh includes ‘a decent home we can afford to live in’.

7.5 The Child Poverty (Scotland) Act 2017 sets out targets to reduce the proportion of children in poverty by 2030. Three drivers which can lead to measurable improvement in income for low-income households were identified as:

- increasing income from employment,
- reducing costs of living, and
- increasing income from social security and benefits in kind.
- increasing the number of affordable homes in the city will therefore have a positive impact on child poverty. However, cost of living is just one driver. Priority families most at a higher risk of poverty include lone parents, disabled, minority ethnic, young mothers, children under one years old and families with three or more children.
- in 2023/24, 74% of Council homes and 52% of RSL homes were let to homeless households. In 2023/24, 13% of homeless presentations were by single parent families and a further 5% by couples with children. Just under half of presentations were from non-white Scottish, British and Irish populations; 11% were Black; 6% Asian, 14% from white other (Polish and other) and 16% other (Ukrainian, Arab, Mixed, Gypsy Traveller and other).
- focusing on the drivers of poverty and the priority families identified most at risk, remain at the core of the Tackling Child Poverty approach. However, each households' circumstances, experiences and barriers are unique. Building more affordable homes is only one element in a multifaceted response to tackling child poverty. The upgrade of existing homes helps to provide security of tenancy and reduce risks concerning poverty.

8. Climate and Nature Emergency Implications

- 8.1 The City of Edinburgh Council declared a Climate Emergency in 2019 and committed to work towards a target of net zero emissions by 2030 for both city and corporate emissions and embedded this as a core priority of the Council Business Plan 2023-2027.
- 8.2 In addition to this, the draft Climate Ready Edinburgh (adaptation) strategy also sets out ambitions to address the built environment, with a key action to work with the Council and social landlords to adapt social housing and green the areas around Council housing to support climate adaptation.
- 8.3 The Net Zero Edinburgh Leadership board (formerly IIPB) has a workstream focusing on energy and retrofit, which works closely with other subgroups including transport, just economic transition and Edinburgh adapts. These overlapping and

interlinked workstreams all work to deliver key actions as set out in the Climate Strategy and forthcoming Climate Ready Edinburgh plan and aim to support integration of adaptation measures across all areas of retrofit.

9. Risk, policy, compliance, governance and community impact

- 9.1 The Council has a role in Westfield Court both as factor and as a minority owner. It's role as factor is set out in the Written Statement of Service which details the factor's roles and responsibilities.
- 9.2 The Council cannot make decisions on the future of the block without consulting with the owners. Owners will be asked to vote as part of a Scheme Decision under the Tenement Management Scheme when decisions are required, this will include the decision to commission a full building condition survey.
- 9.3 The recent organisational review has created a new service managing High Rise blocks within the city. This incorporates capital investment programmes and delivering Whole House Retrofit to High Rise Blocks. One of the first actions of the High-Rise Strategy is to ensure every block has an accurate hard copy risk register but also electronic copies that can be updated as and when risks are identified or mitigated. Given the structural complexities and challenges of maintenance, repair and investment in high rise blocks, a new post of Property Manager has been created to improve the management of the city's high-rise blocks. This will improve the oversight of the factoring responsibilities that the Council has for high rise blocks, including Westfield Court.

10. Background reading/external references

- 10.1 None.

Appendices

Appendix 1 – Briefing Note - Review of Communal Charges at Westfield Court.

Appendix 2 – Owner's engagement summary.

Appendix 3 – Letter dated 8 August sent to owners at Westfield Court.

Appendix 4 – Letter dated 9 August sent to owners to advice this report was going to Housing, Homelessness and Fair Work committee on 27 August 2024.

Housing, Homelessness and Fair Work Committee – Westfield Court

Housing and Homelessness
Place Directorate
August 2024

1. Introduction

- 1.1 At the City of Edinburgh Council meeting on 27 June 2024, a Motion was agreed to provide a briefing report to the ward councillors and members of the Housing, Homelessness and Fair Work Committee by Friday 12 July 2024.
- 1.2 The Motion requested that a review of the increase in the common heating charge for 2024/25 and the “balancing off Common Charge” for 2022/23 should be undertaken immediately and a briefing note provided detailing the following:
 - 1.1.1 A clear breakdown of all service charges issued from 2021/22 until 2024/25.
 - 1.1.2 Details of how the energy is procured by the Council, including but not limited to: the name of the energy supplier, the rate in kilowatt hours (kWh) and the standing charge.
 - 1.1.3 An explanation of why the agreed fees and charges are not being applied in this case.
 - 1.1.4 Details of the review should be communicated to affected residents following agreement of a text with Housing leads and ward councillors.
- 1.3 This briefing note is being circulated later than requested in the motion due to the level of detailed work involved in pulling the relevant information together and officers apologise for the delay.

2. Background

- 2.1 Westfield Court is a multi-storey block built in 1952 as a block of 88 flats, with an additional 4 flats added at a later date. It is now a mixed tenure block of 92 flats in which the Council own 32 flats and 60 flats are in private ownership. The private ownership includes 37 landlords and 23 owner occupiers.
- 2.2 The Council (as both an owner and as a landlord) had sole duty to carry out the common repairs and maintenance of the block when it was built when all properties were fully Council owned. Since then, the ownership mix has changed significantly through flats being sold through Right to Buy and the

Council is a minority owner. However, the Council acts as Property Factor for the block.

- 2.3 The Council is registered as a Property Factor in accordance with the Property Factors (Scotland) Act 2011. A Written Statement of Services is issued to owners which sets out the terms, delivery and standards of arrangements between the Council as Factor and all owners including the Council itself as an owner.
- 2.4 In its role of Factor, the Council acts as an agent to all the owners (including the Council itself as an owner) and has no more powers than are delegated to it by the owners.

3. Main Points

Breakdown of common charges

- 3.1 Owners are responsible for their share of all common repairs, servicing and maintenance costs associated with the building. At the start of each financial year, owners are issued with an estimated bill for the forthcoming year based on the last known actual annual costs. Owners receive a full year's estimated bill and have the option to pay monthly by standing order/direct debit based on the estimated costs provided, but they are not obliged to do so.
- 3.2 Once actual costs have been collated following the end of the financial year, owners are provided with an itemised bill. This is usually issued around late summer / early autumn each year. This bill will detail the actual costs for the financial year and will advise owners if they are due to pay an additional payment or are due a refund, based on the amount they have paid during the previous financial year. The proportion of the costs of these communal service charges are calculated based on the rateable value of each property.
- 3.3 The bill contains a breakdown showing:
 - Caretaker Costs (stair cleaning costs)
 - Health and Safety Reports (Zurich lift insurance reports).
 - Communal Lighting and Power
 - Lift Testing (annual lift servicing)
 - Water Testing
 - Block Repairs and Maintenance
 - Gas Charges
 - Administration Charges
- 3.4 The common charges applied in 2021/22 and 2022/23 have been reviewed in detail. The review found that the total charges applied for common repairs, maintenance, servicing and communal heating increased significantly between 2021/22 and 2022/23. The main reasons for the difference in costs between these two financial years are:
 - **The increase in communal gas costs** – the costs increased from £53,047 in 2021/22 to £181,447 to 2022/23 as a result of the significant increase in utility costs. We have received some queries about the erratic

charges month on month for the gas usage shown in the detailed breakdown with the annual common charges bill and have raised these with the utility supplier. The gas meter readings are captured through a SMART meter and reported direct to the utility supplier. There were issues with the way the meter readings were being recorded as there were periods where no readings were captured for several months, resulting in erratic readings. This has understandably caused some confusion and concerns; however, it has been confirmed with the supplier that the total amount of energy billed over the period is correct and the problem with the erratic recording of the usage from the meters has been resolved.

- **The increase in communal electrical costs, and the undercharging of electricity usage prior to June 2022** – when the final bill for common charges was issued on 15 September 2023, it was explained in the covering letter to owners that an error had been identified in how meter readings had been taken in previous years and that as a result owners had been undercharged previously. This error was rectified in June 2022 and accurate readings have been taken since then on which to calculate the usage. This therefore resulted in a higher charge in 2022/23 than owners would have seen in previous years. This was exacerbated by the general rise in utility costs.
 - **The increase in block repairs and maintenance costs** – these increased from £3,977 to £22,662 and were largely related to additional costs in repair and maintenance of the communal heating system. However, in reviewing the breakdown of these costs, it has been identified that there is a charge that has been applied for temporary plant totalling £12,190. It had previously been agreed that owners would not be charged for these costs and a credit will therefore be made to owners' accounts for the share of this cost that they have been charged.

3.5 In carrying out the review, officers have also identified an issue with the rateable value that has been applied to calculate the share per flat. Work is underway to recalculate the share of costs that owners are liable for and any credits or refunds due will be processed urgently.

3.6 The review has also identified a query regarding the communal electricity supply which is still under investigation. Owners have been charged for their share of the communal electrical supply based on meter readings taken from the site and these readings have been taken correctly since June 2022. However, the bills received from Scottish Power, the supplier, appear to be estimates and it is some time since a bill based on an actual reading has been provided. This is being investigated with Scottish Power and it is not anticipated it will affect owners' bills. However, if there is any change, officers will write to owners and make any necessary adjustments.

- The bills for the actual costs in 2023/24 are currently being finalised and will be issued shortly. The estimated bill for 2024/25 will be reviewed once the final bill for 2023/24 is known to consider whether it is a reasonable estimate or whether it

should be revised. We'll let owners know the outcome of that review.

Energy Supply

Communal Gas supply

- 3.7 The energy provider for the communal gas supply to Westfield Court is TotalEnergies Gas and Power Ltd. This is provided through the Council's commercial contract for gas, which is secured through a Scottish Procurement Framework contract for the supply of Natural Gas to public bodies and third sector organisations. The start date for this contract was 1 April 2020 for an initial two-year period ending 31 March 2022, with an option to extend this by a further 3 years to the end of financial year 2024/2025.
- 3.8 The gas meter readings are captured through a SMART meter and reported direct to the utility supplier and can be accessed by Council officers online. There were issues with the way the meter readings were being recorded as there were periods where no readings were captured for several months, resulting in erratic readings. This has understandably caused some confusion and concerns; however, it has been confirmed with the supplier that the total amount of energy billed is correct and the problem with the erratic recording of the usage from the meters has been resolved. Meter readings for June 2024 are expected imminently.
- 3.9 The fixed or standing charges for gas for years 2021/22 to 2023/24 are shown below. It should be noted that the universal increase in energy costs is outwith the control of the Council.

Year	Standing Charge
2021/22	£11,036.74
2022/23	£22,293.34
2023/24	£19,411.77

Communal Electricity supply

- 3.10 The communal electricity supply is provided by Scottish Power. The bills are calculated based on meter readings taken from the meter on site at Westfield Court. The readings are taken by the Council officers and the costs are calculated by the year end based on the lowest unit charge that has applied during the financial year.
- 3.11 The table below details the rate at which the cost per kWh has changed over the years, showing a significant increase between 2021/22 and 2022/23.

Year	Pence per kWh
2021/22	1.597
2022/23	5.315
2023/24	4.222

- 3.12 It was identified in June 2022 that electricity meter readings for the communal electricity were being collated on site from the sub meter rather than the main meter. Consequently, the previous electrical bills charged to owners had been lower than they should have been and owners had been undercharged in previous years. Owners were notified of this when the actual bills were issued for the financial year 2022/23. Owners were not charged for the underpayment from previous years; however as correct meter readings were taken from 30 June 2022, this in part accounts for the increase in communal electricity costs for the year 2022/23.
- 3.13 Further investigation is required with Scottish Power concerning the electricity bills which have been historically based on estimates. This investigation should not affect owners but if there is any change, officers will notify owners. Officers are also investigating the contractual arrangement with Scottish Power as the supplier. This appears to be a historical arrangement that has been in place for many years. Options to change to a different supplier will be discussed with owners.

Fees and Charges

- 3.14 The Motion approved at full Council requested “an explanation of why the agreed fees and charges are not being applied in this case”.
- 3.15 The City of Edinburgh Council [fees and charge rates](#) are published on the Council website annually. Included in the fees and charges published for 2024/25 is the fortnightly heating charge for Council tenants at Westfield Court. These charges were frozen this financial year. However, this is only applicable to the charge passed on to tenants by the Council in its role as landlord for communal heating as part of tenants’ rent. This is not applicable to owners who are liable for their share of the utility costs based on a rateable value, in line with other common charges.
- 3.16 As the utility costs are set by the providers, the actual costs are not within the control of the Council. Any decision to reduce costs charged to owners would result in the HRA picking up a higher share of the costs, essentially passing these costs on to tenants. A set of subsidy options for owners will be recommended to Housing, Homelessness and Fair Work Committee Members on 27 August 2024 (0%, 10%, 25% and 50%). However, officers will ensure that any common charges recharged to owners are properly scrutinised to

ensure that only costs that owners are liable for are charged on and steps are taken wherever possible to minimise those costs.

4. Next Steps

- 4.1 Officers will conclude the work to recalculate the common charges based on the correct rateable value and any balance due to owners will be credited. This will include the adjustment for the credit for the charges incorrectly applied in 2022/23. A review of the estimated bill issued for 2024/25 will also be undertaken in light of these findings.
- 4.2 A draft letter for owners detailing the outcome of this review is attached to this Briefing Note, comments on this letter are invited by local elected members and Housing leads by Tuesday 6 August 2024 in advance of being issued to owners.
 - A review of the rateable values for all high-rise blocks will be conducted to identify if there are any other issues with the accuracy of the rateable value being applied. Steps will be taken to rectify any properties identified and the owners notified of any credit due.
- 4.3 Engagement will commence with owners on proposals to commission new condition surveys to cover all aspects of the building including mechanical and electrical services.
- 4.4 Officers will explore the future options for the utility supply for both communal gas and electricity for the block.
- 4.5 A full report will be presented at the next meeting of the Housing, Homelessness and Fair Work Committee on 27 August 2024.

5. Contact Details

Graeme Reid, Head of High-Rise Management and Investment, Housing and Homelessness (Place)

E-mail: Graeme.reid@edinburgh.gov.uk

Appendix 2 - Westfield Court Owners engagement summary

Westfield Court – Correspondence to Owners

DATE	LETTER	Relevant Content notes
15 November 2019	Information Letter re heating, soil stack & survey	<ul style="list-style-type: none"> • Communal Heating system at end of life and requires replacement. • Soil stack repairs required. All owners will be liable for costs. • Building Condition Survey has been commissioned on behalf of owners at no cost to owners. • Info on mechanism for agreeing repairs under Tenement Mgmt Scheme.
22 November 2019	Roles & Responsibilities Letter inc. appendices	<ul style="list-style-type: none"> • Letter confirming Title Deeds information on Roles and Responsibilities of owners in Westfield Court. Factoring role of the Council set out in Written Statement of Services. Repair reporting system for routine common repairs for all residents.
20 December 2019	Newsletter 1	<ul style="list-style-type: none"> • Service Riser survey planned – Stair 5 is highest risk -work to be at no cost to owners as a pilot due to risk of boiler room flood and heating loss. • Building Condition Survey work awarded to consultants – at no cost to owners. Survey report will be shared when complete.
24 January 2020	Newsletter 2	<ul style="list-style-type: none"> • Service Riser survey access required in private and CEC flats. • Building Condition Survey on site work will start in January 2020 for 8 weeks. • Reminder of dedicated e-mail address and drop-in sessions for owners.
31 January 2020	Block 5 Stack Survey Letter - Capita	<ul style="list-style-type: none"> • Stair 5 owner’s letter to request access to flats for service riser survey.
31 January 2020	Stock Condition Survey – F&G	<ul style="list-style-type: none"> • Confirmation to residents on how the Building Condition Survey will be carried out.
27 February 2020	Newsletter 3	<ul style="list-style-type: none"> • CEC await Service Riser report from consultants. • Building Condition Survey underway. • Drop-in sessions offered twice a week.
- April 2020	Newsletter 4	<ul style="list-style-type: none"> • Building Condition Survey- fieldwork done.
31 August 2020	Newsletter 5	<ul style="list-style-type: none"> • Service Risers – Surveys paused by ACM’s found. • Building Condition Survey not yet complete – Structural assessment required.
25 January 2022	External Cladding Letter – Gable End Defect	<ul style="list-style-type: none"> • Emergency building defect work carried out to secure cladding panels.
2 February 2022	Additional External Cladding Works - Dates	<ul style="list-style-type: none"> • Emergency building defect work carried out to secure cladding panels.

Appendix 2 - Westfield Court Owners engagement summary

23 February 2022	Riser 5 – R&R & Next Steps	<ul style="list-style-type: none"> Information on process of how service riser works will be managed and programme of communications to affected owners.
6 April 2022	Riser 5 – Info Letter	<ul style="list-style-type: none"> Information on proposal for Service Riser works – decant required.
9 May 2022	Riser 5 - Vote Letter	<ul style="list-style-type: none"> Scheme Decision Vote form – scope to remove asbestos, replace soil stack and carry out fire safety works at no cost to owners.
2 June 2022	Riser 5 - Vote Result Letter	<ul style="list-style-type: none"> Result – 53 Agree 39 Do not agree – Vote carried. Decant process to follow for Block 5 (4 flats)
1 July 2022	Riser 5 – Legally Binding Letter	<ul style="list-style-type: none"> Vote now legally binding following the 28-day period for formal appeals.
8 November 2022	Riser 5 - Works	<ul style="list-style-type: none"> Service Riser works to start in January 2023 – request private owners move out for 9 weeks- in two phases; alternative flat will be available temporarily; an occupancy agreement will be required.
16 December 2022	Occupancy Agreement – Block 5	<ul style="list-style-type: none"> For owners to prepare for flats to be empty for Service Riser works.
17 February 2023	Riser 5 – Work Cancelled	<ul style="list-style-type: none"> Contract terminated due to unexpected change in methodology by contractor meaning works now disruptive for flat owners.
11 April 2024	Fire Strategy Work	<ul style="list-style-type: none"> Survey of Residents to inform Fire Strategy Survey – stay put strategy in place in accordance with SFRS policy.

Resident
Westfield Court
Edinburgh
EH11 2RL

Date 30 July 2024

Your ref

Our ref

Dear Resident

We have recently carried out a review of common service charges that have been passed on to owners at Westfield Court following a request from Council. The purpose of this letter is to provide you with information about the outcome of that review and to let you know about our plans to engage with you shortly about the condition of the building.

Common charges

As an owner in the block, you are responsible for a share of all common repairs, servicing and maintenance costs associated with the building, and each financial year an estimated bill is sent to you for the forthcoming year based on the last known actual annual costs.

An itemised bill is issued to you in late summer / early autumn each year once all the final charges for the previous financial year ending 31 March have been scrutinised and checked for accuracy and you are notified if you are in credit or debit dependant on the amount you have paid during the previous year.

The actual costs for 2023/24 are still being collated and are not yet available and the invoice for 2024/25 is an estimate based on the last known actual costs for the building, which is 2022/23.

The review found that the total charges applied for common repairs, maintenance, servicing and communal heating increased significantly between 2021/22 and 2022/23.

The main reasons for the difference in costs between these two financial years are:

- **The increase in communal gas costs** – the costs increased from £53,047 in 2021/22 to £181,447 to 2022/23 as a result of the significant increase in utility costs. We have received some queries about the erratic charges month on month for the gas usage shown in the detailed breakdown with the annual common charges bill and have raised these with the utility supplier. The gas meter readings are captured through a SMART meter and reported direct to the utility supplier. There were issues with the way the meter readings were being recorded as there were periods where no readings were captured for several months, resulting in erratic readings. This has understandably caused some confusion and concerns; however, it has been confirmed with the supplier that the total amount of energy billed over the period is correct and the problem with the erratic recording of the usage from the meters has been resolved.

Housing and Homelessness (Place)

Business Centre G5, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG

- **The increase in communal electrical costs, and the undercharging of electricity usage prior to June 2022** – when the final bill for common charges was issued on 15 September 2023, it was explained in the covering letter to owners that an error had been identified in how meter readings had been taken in previous years and that as a result owners had been undercharged previously. This error was rectified in June 2022 and accurate readings have been taken since then on which to calculate the usage. This therefore resulted in a higher charge in 2022/23 than owners would have seen in previous years. This was exacerbated by the general rise in utility costs.
 - o **The increase in block repairs and maintenance costs** – these increased from £3,977 to £22,662 and were largely related to additional costs in repair and maintenance of the communal heating system. However, in reviewing the breakdown of these costs, it has been identified that there is a charge that has been applied for temporary plant totalling £12,190. It had previously been agreed that owners would not be charged for these costs and a credit will therefore be made to owners' accounts for the share of this cost that they have been charged.

In carrying out the review, officers have also identified an issue with the rateable value for the whole block as the four flats that were built on the site of the former nursery need to be included. The rateable value for each flat is correct but work is underway to recalculate the share of costs that owners are liable for and the credits due will be processed urgently.

The review has also identified a query regarding the communal electricity supply which is still under investigation. Owners have been charged for their share of the communal electrical supply based on meter readings taken from the site and these readings have been taken correctly since June 2022. However, the bills received from Scottish Power, the supplier, appear to be estimates and it is some time since a bill based on an actual reading has been provided. This is being investigated with Scottish Power and it is not anticipated it will affect owners' bills. However, if there is any change, officers will write to owners and make any necessary adjustments.

The bills for the actual costs in 2023/24 are currently being finalised and will be issued shortly. The estimated bill for 2024/25 will be reviewed once the final bill for 2023/24 is known to consider whether it is a reasonable estimate or whether it should be revised. We'll let you know the outcome of that review.

Please be aware that you are not obliged to pay this bill in advance, but you are encouraged to make monthly payments to avoid a large bill for the full year. If you have any concerns or queries about paying your bill, please contact us.

Building condition

Westfield Court is now over 70 years old, and some elements are now inefficient and past their economic life, contributing to the high repair and maintenance costs. We know the financial burden this places on owners.

A survey was previously commissioned and paid for by the Council in 2019, with the final report being received in 2021, which highlighted that there was significant investment required in the building. You will be aware from previous communications in 2022 and 2023 that the Council attempted to take forward works to one service riser as a pilot, but as the level of work required to be carried out inside private flats was quite extensive and would require owners to decant their properties, meant the works did not proceed.

It is recommended that a comprehensive, up to date building condition survey should be commissioned and we will be in touch again shortly to engage with all owners on this proposal.

I hope that this information is helpful, and I would like to apologise for the errors that have been identified in how charges have been applied. We will contact you again as soon as we have further information regarding the review of the rateable value and any impact that the outcome of the investigation of the electrical charges may have on your account.

If you have any questions, please feel free to contact us at housingcapitalinvestment@edinburgh.gov.uk

Yours faithfully

Graeme Reid

Head of High-Rise Investment and Management

Resident
Westfield Court
Edinburgh
EH11 2RL

Date 09 August 2024

Your ref

Our ref

Dear Resident,

At the City of Edinburgh Council meeting of 27 June 2024, a Motion was agreed to provide a report to Housing, Homelessness and Fair Work Committee related to costs charged to owners at Westfield Court.

The Motion requested that the report include:

- Details of the review in relation to heating charges to owners;
- Options for Committee to agree to reduce or remove the increase in the communal heating charge for 2024/25 and the bill issued to “balance off Common Charges” from 2022/23;
- The outcome of the condition survey;
- A response to the reported frequent loss of heating and hot water and actions being taken to address this;
- A response to a reported decline in standards of maintenance of the building and its surrounding areas, and decline in standards of communication with residents, and actions being taken to address these; and
- Details of any other communal heating systems factored by the Council which have resulted in substantial increases in energy costs and/or displays similar defects.

This report will be presented at Housing, Homelessness and Fair Work Committee on 27 August 2024 and the papers will be available to view one week in advance and can be accessed using this link:

<https://democracy.edinburgh.gov.uk/ieListDocuments.aspx?CIId=141&MIId=7338&Ver=4>

We wanted to make sure you were aware of this report and had access to review it.

We will be in touch with you after the committee date, to share the decisions agreed by the committee, the next steps proposed by the Council officers in relation to the Building Condition Survey for owners in the block and updates on the annual common charges.

If you have any questions, please feel free to contact us at housingcapitalinvestment@edinburgh.gov.uk

Yours faithfully,

Graeme Reid

Head of High-Rise Management and Investment