

**TAVISTOCK TOWN COUNCIL
BUDGET AND POLICY COMMITTEE
TUESDAY 28th MARCH 2023
BRIEFING NOTE
ENERGY CONSUMPTION**

1. BACKGROUND

- 1.1 The Committee will recall agreeing that measures be introduced to mitigate and manage energy costs, with particular regard to the unscheduled pressures arising from the Ukraine conflict and the contemporaneous retendering of Council contracts in July 2022.

2. THE CURRENT SITUATION

- 2.1 General – all Managers were/are tasked with looking at ways in which energy consumption can be better managed. In the immediate term this principally has been through demand management. For example turning equipment on later in the day/season, restricting/rescheduling operating hours, increased use of targeted zoning, precluding certain uses etc.
- 2.2 An engineer has also reviewed all main building heating systems and their recommendations as to efficiency and consumption have been adopted.
- 2.3 It should be noted there has been an added benefit from mild weather which means most (heating) systems did not come into routine operation until early/mid November. However, a consequence is that consumption figures to date may not be wholly representative of a moderate to harsh winter (notwithstanding a cold 'snap' in December).
- 2.4 Billing to date suggests that, in the round, consumption is mainly within the limits which have been set which provides some current reassurance as to overall cost envelope in this financial year.

Note – financial year end has not yet been reached and final invoices are not yet in hand. See also para's 2.5 & 3.2 below.

The Council will be better placed to assess the overall position from the phased budget report after year end.

- 2.5 On a related matter attention is drawn to the Guildhall insofar as electricity is concerned. More specifically there is currently a substantial invoice for electricity (in relation to the Guildhall) which is being investigated with the previous supplier. On first impressions it appears that it results from prior misbilling's and credit notes by the former supplier, resulting in an invoice extending into the last financial year. It should be noted that, as this relates to the early period of operation of the premises, this may mean that the budgeting assumptions made for the premises next year (2023-24) prove inaccurate. A provision of iro up to £10,000 would be prudent.

3. CONCLUSION

- 3.1 With the assistance of mild weather and the goodwill of staff and stakeholders (most especially Pannier Market traders), meter readings currently suggest winter energy costs to date are broadly within current year target. These will be kept under review going forward and, as invoices are received, reconciled against spend incurred with further reporting in due course.
- 3.2 However, it is important to note that:
- weather can play a large part;
 - part current year spend has been at old contract rates therefore the cost is not a reliable indicator of future spend;
 - Government support for businesses (changing in April) plays an appreciable role for electricity (in rough terms TTC's fixed contract rate is iro 41p per unit, the support scheme reduces that to 21p per unit);
 - The continuing commitment of staff and stakeholders is pivotal.
- 3.3 It is also critical to bear in mind that the Councils energy contracts are of 2 years duration (electricity) and 3 years (gas). Consequently, even if energy markets continue to fall substantially, there will be legacy issues til 2025. For electricity (given the extent of Government winter subsidy this may prove

particularly challenging in 2023-24 as it will necessitate a material uplift in cost on comparable usage).

- 3.4 Equally, if there is another energy price spike, the fixed nature of the contracts potentially affords some in term protection.
- 3.5 However, contractual arrangements do mean no saving against unit cost of gas or electric is anticipated in contract term(s).

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TOWN CLERK
MARCH 2023
TAVISTOCK TOWN COUNCIL**