



Asset Transfer

Transferring utilities - navigating the pitfalls

The Role of Utilities in Asset Transfers

When assuming responsibility for a Heritage or Community Asset, Community Organisations need to be able to demonstrate to the local authority, potential funders and its own supporters, that it has a viable long-term project with realistic projected operating costs that allow for changing circumstances.

The business plan should include information on expected overheads and utilities are an important element.

ESTABLISHING A REALISTIC UTILITY COST

When preparing for an Asset Transfer utility costs can easily be overlooked. Before starting You will need to undertake an audit to identify all gas, electricity and water supplies and their potential costs.

So how can you establish a realistic budget?

Firstly, contact the current owner, and secondly, the current energy supplier and meter data collector who can provide historic consumption data.

ARE THE UTILITIES FIT FOR PURPOSE?

You should ensure that the condition and capacity of incoming supplies are fit for your site's anticipated requirements. Many utility costs relate to the size of pipework, meters and cabling. If the building previously had large incoming supplies you could be inheriting higher than necessary monthly costs.

Conversely, the site's there may insufficient capacity to support your planned requirements, which may require services to be moved or upgraded with the local network operator and supplier.

**The Energy
Action Group**

Efficiently managing
utilities complexity

HELP AND GUIDANCE

The Energy Action Group (EAG) has in depth experience of managing the transfer of utility services (gas, electricity and water) for organisations taking over property portfolios or single buildings under Asset Transfer schemes. We know how disruptive the process can be if not handled carefully.

Often, the local authority transferring the asset is understaffed and dealing with numerous other urgent matters. Utility issues often take a back seat and supplies can become orphaned during the transfer process with neither party fully aware of the situation. It can be difficult to fully establish the portfolio of meter assets and supplies. Not doing so presents a risk of energy being consumed without payment or budgeting arrangements in place. This can lead to calamitous arrears with severe financial implications and even disconnection of services.

Local Authorities manage significant numbers of energy and water supplies with individual supply contracts absorbed in large framework portfolios.

Individual supplies can drop through the cracks and get overlooked by the council in the Asset Transfer process. Where the existing supply details are not established before the transfer, the result is excessively high bills on 'out of contract' rates which is the last thing a new team need when taking over a site for the first time.

It is therefore essential that the local authority provide full copies of the last utility bill for each supply so the new management team has all necessary information relating to the new utility portfolio. We recommend these are secured early in the process to enable proper budget preparation and utility management.

WHAT DO I NEED TO DO?

The EAG can help you ensure an orderly **Change of Tenancy (COT)** process. This should take place in the weeks running up to the transfer date, but we can also help untangle things retrospectively if some supplies are not identified in advance. We'll help you correctly identify all services on site and gather the essential **unique supply point identification** details.

You will also need to establish the required capacities for your gas, electricity and water supplies. If you don't have sufficient capacity you could find your equipment unable to function properly. This involves carrying out an audit of all equipment to be installed.

We can assist with estimating annual kilowatt consumption, capacity and supply demand and the likely annual cost for budget planning.

We will research the market for the best tariffs for your sites and seek quotes that share a common contract end date with the Energy Action Group so that you can participate in the annual bulk energy basket tendering. By aligning contract end dates this will make your utilities much easier to manage with less costly labour through the year. There is no obligation to accept the quotes we find, nor is there any cost to you to belong to the Energy Action Group.

It is critically important to take readings of all meters, backed up by photographs, on the day that responsibility for the asset changes hands.

We wish you success with your Asset Transfer negotiations and very much look forward to assisting with a smooth and managed transfer of the utilities involved. Please do not hesitate to contact us when planning your next Asset Transfer.



Energy Action Group

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