

Energy Self-Audit for Management Committee Toolkit

Energy expenditure makes up around 20% of a village hall's total running costs. This figure is higher than the definition for domestic properties in fuel poverty which is why it is important for the management committees of village halls to understand how they can minimise their energy expenditure.

This document asks key questions about your energy bills, all of which will have an impact on how much you pay for your energy.

1. Are you paying too much?

Businesses pay VAT at 20% their energy bill. However, some organisations can pay the lower rate of 5% on 'non-business' use.

For village halls and community centres, 'non-business' use is considered to be activities or services which are funded by:

- Grants
- Donations
- Voluntary contributions
- Investment income
- Membership subscriptions which only provide members with copies of reports, annual accounts and the right to vote at meetings

If more than 60% of your energy consumption is for non-business services/activities then your energy bills should be charged at the lower VAT rate. Check your energy bills to find out which VAT rate you pay and contact your energy company if you think you're being overcharged. Claims can also back date up to 4 years' worth of overpayments. If you are eligible for the lower VAT rate, you are also exempt from paying the Climate Change Levy.

2. Are you being billed for estimated meter readings?

If you don't provide your energy company with actual meter readings, then you will be billed according to their estimates. If the energy company overestimate then it will work in your favour because you will have built up credit and the energy company will owe you this money.

However, if your readings are underestimated and your hall has used considerably more energy than you have been billed for then you may receive a large catch up bill when an actual meter reading is supplied. It's also worth noting that if you have a large debt, you will not be able to switch energy supplier until paid off.

If you have received an estimated energy bill, just take a meter reading and phone your energy supplier, or submit it online if you have access.

Also, when you are taking a meter reading, make sure you're reading it correctly. If it's wrong then you can face similar issues as above. If you are unsure how to read your meter correctly then contact your energy supplier for advice. The best way to provide actual meter readings is to have a smart meter installed which will feed the information directly through to your supplier meaning you don't have to take the readings. It can be good practice to record the readings in a booklet so that you can see the previous reading to check it looks right.

3. When was the last time you shopped around for a better tariff?

Despite energy rates for village halls being commercial, you can still shop around to find the best tariff and switch suppliers if necessary.

For village halls, fixed term contracts often offer the best value as both the standing charge and the price per kWh are fixed for the duration of your contract. It is important though that you're comfortable with the length of contract as they're legally binding and you will not be able to leave halfway through unless you move premises, which is unlikely for village halls and community spaces.

It is also important to note that if you're out of contract, then your energy supplier can charge deemed rates which are substantially higher than contracted rates, so when your contract ends, always check you are on the best tariff available from your current supplier and shop around for a new contract.

4. Have you considered a green energy tariff?

Green tariffs have grown in popularity over recent years and can show your commitment to improving your environmental performance. They can be particularly attractive for village halls who cannot justify the high upfront costs of installing their own renewable energy solutions. Where the tariff is backed up by certificates, you can also claim reductions on your carbon footprint.

If you are considering a green tariff, check closely how the supplier certifies their green energy as some suppliers aren't as transparent as others. As of February 2020, the greenest tariffs available were being offered by Good Energy, Green Energy UK, and Ecotricity.

It is often believed that these green tariffs are more expensive than standard ones but due to their popularity, the prices have come down significantly and are not always more expensive.

5. Should you have a smart meter installed?

The UK Government wants all homes and businesses to have smart meters installed by the end of 2024 but technical problems have slowed the rollout.

While you are not obliged to have one, a smart meter is a gas or electricity meter that works by automatically sending meter readings to your supplier. Once you're connected, your bills will be more accurate as you'll only be charged for the energy you've used. You won't have to submit monthly meter readings any longer, reducing the chance of errors.

One of the many issues though is switching suppliers. While having a smart meter doesn't affect your right to switch, you may experience technical difficulties and your meter may not work correctly. This may be time consuming to resolve and you may need to provide your new supplier with manual readings. However, if you're unlikely to switch supplier then it is still a good idea to have a smart meter installed.

By having a smart meter installed, it helps to create a smart energy system which means suppliers can better match supply with demand, and integrate more renewable energy sources such as wind and solar into the system.