

To: WCC/Future of PDHU

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1 April 2025

Dear Sir Madam

Pimlico District Heating Undertaking (PDHU)

I, and many others, are leaseholders and tenants in the social housing sector, of three Westminster City Council ('WCC') housing estates (and other council properties) disadvantaged by Pimlico District Heating Undertaking ('PDHU'), a WCC owned district heating system. More recently, residents have been made aware of a new high-profile heat network partnership (the South Westminster Area Network ('SWAN') being developed by Hemiko and Vital Energi (heat network developers), the Department for Energy Security and Net Zero ('DESNZ') and WCC to connect with PDHU. DESNZ and WCC have engaged AECOM as their technical advisers. Residents are concerned that AECOM and WCC have ranked SWAN the preferred option amongst the PDHU redevelopment options despite a lack of technical and financial detail. The SWAN feasibility study is ongoing, and its results are due in the middle of 2026 with a decision on construction to follow.

Established in 1950, PDHU originally utilised waste heat from the nearby Battersea Power Station which was pumped under the river Thames through a disused Metropolitan Water Board tunnel and distributed through 8,000 metres of buried pipes. In 1983, Battersea Power Station was decommissioned and PDHU transitioned to an alternative power source.

PDHU provides heating and hot water services across residential and commercial properties in Pimlico, Westminster, SW1. The system serves approximately 3,300 social housing properties in total, local schools, shops and a college. PDHU now uses three centrally-located gas boilers but it is beset by leaks and needs frequent repairs.

In 2004, WCC decided to upgrade PDHU and generate heat by the construction of a new Combined Heat and Power Unit (CHP) which would include three boilers, two gas engines and two power generators. The capital repayment costs of £381,000 a year (for fifteen years) fall solely on the residential users in social housing. Those costs are charged to the Housing Revenue Account (HRA) and fall to leaseholders and tenants to pay. Residents' representatives remain unhappy about the failure to reduce the capital charges over time as well as the over-run of the CHP construction costs from a budget of £4.8 million to a final account of £7.3 million. The installation was mismanaged by WCC and was over a year late in completion, and ultimately residents were asked to pay the increased sum.

Despite assurances that the CHP could operate successfully for thirty years, having opened in 2007 (but not becoming fully operational until 2010), by 2022 WCC had already decided to replace it. Two main explanations were proffered: 1) the existing pipework is ageing, and 2) the current energy sources produce large carbon emissions which is incompatible with WCC's target of 'net zero' by 2030. While the costs of procuring and operating CHPs were back charged to the residents, the decision to stop generating electricity was made unilaterally by WCC without due consideration of the remaining asset life or providing any cost-benefit analysis that would incorporate resident benefits from electricity sales and compare those with carbon tax. What happened to the CHP in 2021/22 is not clear and WCC have not given a sound explanation supported by evidence. Residents were told that the electric engines had been turned off because the ratio of gas prices to electric prices had changed, meaning that it no longer made sense to burn gas to produce electricity for sale.

However, residents doubted that as, in the UK, electricity prices are generally based on gas prices. In any event, having been turned on in 2010, it had lasted only 11 years.

Separately, since 2010, additional connections have been made to residential blocks (outside of the original estates served by PDHU) and commercial properties.

Maladministration of PDHU

Over decades PDHU has fallen into disrepair; it is a neglected liability, poorly managed, inadequately maintained and plagued by dangerous issues such as significant leaks, badly insulated pipes overheating whole buildings and health and safety issues (*see attached Times article of 10 November 2024*).

PDHU has been subject to catastrophic failure at entire block level and this has created hardship for residents, not to mention health and safety issues evidenced by a spate of burst pipes of scalding water, delivered at high pressure, (in December 2021 at Forsyth House, Lillington Gardens that resulted in residents being badly burned and, more recently on 29 December 2024, a hot water cylinder exploded showering scalding water over an employee of The Cask commercial property, in Lillington Gardens, that resulted in the employee being hospitalised for 5 days). Reaction times to breakdowns or failures are slow due to the complexity of the infrastructure of the system (the maze of underground pipework is not labelled which makes it time-consuming to shut-down a small part of the system) and the absence of as-built documentation and original architectural drawings. The absence of a risk management response plan means even a minor heating issue can result in significant disruption for residents. It's all very reactive.

Repairs are slow and sub-standard with little or no WCC quality control and quality assurance. A particular concern is the promptness of WCC's actions given the significant impact of leaks. WCC contractors fail to keep appointments and keep residents updated which is aggravated by poor record-keeping meaning repeated unnecessary repair visits (all of which residents have to pay for) or the same incident being logged multiple times. There are repeated failures to put things right first time meaning WCC's contractors attend without the right tools, parts or skills to carry out repairs. There is no monitoring and oversight by WCC either. A central feature of any repair is checking the condition and quality of work done in homes which has a direct impact on the quality of life of residents, affecting both health and wellbeing.

Over decades, WCC have not demonstrated that they are in a strong position to resolve issues. Residents have not seen any evidence of robust contracts monitoring and relaying customer feedback when evaluating performance of contracts and oversight of repairs. There is no performance monitoring in place with the service providers/contractors and WCC has showed no effort to hold them to account. Such failures are unacceptable and where contractors are involved the responsibility and accountability rests with WCC. It is WCC's maladministration.

There are complex billing issues that include a lack of billing information and data, a lack of transparency of bills, concerns about unfair pricing and generally inconsistent practice in metering use and billing by WCC. Bills are too expensive in comparison to alternative heating systems too. Research carried out by 'Inside Housing' in January 2025, in an article 'the heat network bills crisis', revealed that WCC had the largest increase in heat network costs to consumers (with a 608% increase in bills since 2020/21) in the UK.

Residents have no control over the temperature of the heating. There is not the same level of individual control with district heating as there is with individual heating systems. Without individual control homes over-heat and residents are opening windows to reduce the inside temperature instead of turning the system off entirely. It is difficult to provide a fair and equitable service where blocks vary considerably in terms of energy requirements (the upper floors of blocks require very little heating at all).

Residents are not updated about district heating policies and communications from WCC and teams responsible for the PDHU mechanical and engineering service are limited and an after-thought. Residents have not been consulted on WCC's district heating policy either; consumers are governed by an oligarchy. With no means of redress, residents are not able to look into how agreements have been put in place, whether any consultation was conducted correctly and if this was not the case, with the help of an official body, look at the feasibility of reopening the agreements.

Separately, there is little evidence that WCC is developing an energy efficiency strategy that would prioritise investment in energy efficiency works, such as new double glazing, external wall insulation and improved heat control that would serve to reduce heat loss and thereby lower carbon dioxide emissions. There is no joined-up thinking.

This appalling record continues in a mismanaged sector because of the inability of consumers on heat networks to switch operator/supplier. Understandably, resident trust in heating networks has gone. Residents feel that they are held hostage by PDHU, that it doesn't deliver on what it should, and that it carries significant health and safety risk, (*see Appendix A: Multiple technical and consultation failures of PDHU/WCC*).

PDHU & South Westminster Area Network (SWAN)

District heating networks are complex engineering projects that require significant up front capital investment costs with the potential to generate substantial bills for leaseholders living in the blocks where works were carried out.

At a meeting with residents on 26 September 2024, WCC introduced its intentions to develop SWAN, a new heat network opportunity that has been developed as part of the DESNZ strategy to establish a commercial heat network within Westminster, with technical advice provided by AECOM. From separate research, residents are aware that in May 2024, DESNZ tendered for a development partner to commercialise a low carbon heat network that would supply/connect to PDHU. Residents maintain that the PDHU/SWAN partnership is anti-competitive, fraught with conflicts of interest and that residents should not bear any related costs, (*see attached Times article of 13 November 2024*).

As shared by WCC on 26 September 2024, the predicted share of total SWAN cost to residents is £185 million or more (assuming the project does not generate any profit), divided between 3,300 homes, is an average cost of more than £60,000 per flat (the cost to four-bedroom home owners is £66,000 per flat) wildly assuming that SWAN can stick to the original cost estimate. Alternatively, the 'green' option preferred by residents (but discounted by WCC) of installing an individual electric boiler in each home would cost approximately £5,000 per flat.

It appears that WCC have already decided on their preferred way of proceeding with PDHU and that resident consultations are intended, at best, as a way of convincing others of their arguments and, at worst, are a smokescreen. WCC's preferred option (PDHU/SWAN) does not appear to be in the best interests of all residents despite WCC's insistence that leaseholders and tenants will have to pay for the venture. If a district heating system is considered the preferred option because of environmental concerns then residents should not have to fund it. Rather, the capital costs of the main plant and the primary and secondary networks should be funded through WCC taking out an infrastructure loan and spreading the cost through the energy charges over the lifetime of the system. There is an obvious injustice in putting all the capital costs on those residents who happen to hold the lease (or pay the rent to the HRA) when the work is done. Further, the scale and complexity of PDHU upgrade is unprecedented with no clear understanding or strategy on how to conduct the works inside the flats.

Consultation

There has been little and no genuine resident user consultation on PDHU operations for many years before 'the future of PDHU' was revealed early in 2023, with consultation meetings beginning in November 2023.

- At a WCC meeting on 26 September 2024, and at a WCC Scrutiny Committee meeting on 3 February 2025 at Westminster City Hall, to consider PDHU and SWAN, Councillor Ryan Jude, speaking on behalf of WCC, declared no conflicts despite having an interest of the Green Finance Institute. Councillor Jude is an employee of Green Finance Institute which in partnership with WCC issued a Local Climate Bond in March 2023, in support of WCC's decarbonisation initiative.
- Post 3 February 2025 WCC Scrutiny Committee Meeting, residents highlighted concerns regards the inaccurate meeting record prepared by WCC. The minutes stated (para 5.1), "*The Cabinet Members, assisted by specialist senior officers and technical consultants, then answered questions on:...*". The text covered the topics raised, but for the most part, none of the answers and no commitments to

provide those answers. Residents raised their objections in writing to WCC and asked for a more complete and accurate record.

- At a WCC meetings on 24 February 2025 and 7 March 2025, the consultations did not meet the standard of genuine engagement and dialogue that was expected (*see Appendix B & C complaint letters to WCC*).

On 6 November 2024, residents read with interest the article in the Independent, ‘*New £1bn heat network could provide low carbon heating for London landmarks*’, that unveils Adam Hug’s support, as leader of Westminster City Council, for SWAN. WCC leader Adam Hug said: “*The council has been actively supporting the government through the early stages of this pioneering network and will now take on a principal role to ensure that the project delivers the best outcomes for our residents and businesses.*” The article makes clear that the project is at an advanced stage in planning and it follows that those affected by it are not in a position to query or reverse it. Arguably, recent resident consultation meetings are compromised as residents are allowed to speak but not allowed to be listened to. Residents maintain that they have suffered prejudice in that they have found themselves in a different position to that intended by statutory consultation.

Right of Recovery

WCC are relying on vague and unfair terms in lease/tenancy agreements which create such an imbalance between a landlord and lessee/tenant, to the detriment of residents, in order to move forward on SWAN in less than 20 years after the failure of the CHPs. At the juncture when a new system is being considered, consumers have a right to choose a new supplier given PDHU disrepair, inefficiencies and commercial costs. Leases include a requirement for the ‘supply of heat’ not the ‘future of PDHU’ which is a commercial asset owned by WCC. Importantly, SWAN is a third party option and provider, and SWAN is not a party to our lease agreements. Leaseholders maintain that WCC, as landlord, is not able to recover heat network costs incurred for work and assets not specified as recoverable from the leaseholder in the lease.

At a WCC meeting on 26 September 2024, WCC representatives acknowledged that PDHU had fallen into a state of disrepair over many decades (in support of residents’ primary allegation of disrepair and deterioration) and in breach of WCC lease and tenancy obligations. The intended life of the infrastructure was 25 years but some liability for costs was passed to residents of some blocks after the introduction of “Right-to-Buy” by the Housing Act 1980, in the 1980’s. Nevertheless, it was decided by the First Tier Lands Tribunal in Continental Property Ventures Inc v White 2006, (and subsequent decisions), that the costs of a landlord’s historical neglect of a property resulting in disrepair cannot be passed on to a leaseholder. The Tribunal also emphasised the importance of reasonableness in incurring costs under lease agreements.

Irrespective of any lease provisions, the existing rules and regulations protect customers by simply stating that ‘customers on heat networks should not be disadvantaged compared to those using gas central heating, electrical heating.’ This is a key principle of fairness and equality and ensures that consumers receiving heat through district heating networks are not subject to poorer service, higher costs or other disadvantages compared to those using other common forms of heating like gas or electric systems. Consequently, all costs in excess of a viable and more affordable energy solution are not the responsibility of the leaseholder/tenant and should not be rolled into the future heating tariffs.

An attempt by WCC to get leaseholders to pay to replace PDHU appears to be contrary to the accepted principles of fairness in law; WCC is asking leaseholders to pay to replace a district heating network that is solely owned by WCC, that will provide heat/hot water that residents are then obligated to purchase from WCC yet residents have no ownership stake in that network, and WCC may even consider sale or transfer of ownership to a commercial/third party buyer at some later date without consultation with residents or benefit to residents.

Heat Network Regulation & Social Housing

In 2018, consumer protection and district heating networks were critically reviewed by the Competition and Markets Authority (‘CMA’). The CMA ‘Heat Networks Market Study Final Report of 23 July 2018’ (at page 32, item 3.5) explains that charges are highest among *a) local authority run schemes (charging on average 44% more than privately operated schemes and 100% more than housing association schemes) and b) district*

heating schemes. The CMA indicated that a large proportion of customers' bills are not calculated in a transparent way given the lack of reference to actual or estimated use. Indeed, numerous blocks connected to PDHU do not have space heating or domestic hot water data and meters, a matter that residents have raised with the Office for Product Safety and Standards ('OPSS') acting as a Secretary of State for DESNZ to enforce regulations.

WCC is involved in anti-competitive activities by progressing the PDHU/SWAN venture, a project fraught with conflicts of interest, which will only result in raised prices for consumer residents who are currently paying for a commercial district heating system that performs poorly, is inefficient and expensive. Residents have the right to opt for a domestic heating system that is suitable for their demands and needs (and their pockets).

The ageing population has many implications too. According to James Green, director of development and regeneration at WCC, writing in December 2024 for 'Inside Housing', quoting research from the charity 'Independent Age' which revealed that *'by 2040, it is estimated 74% of older people who are social housing tenants will be living in poverty.'*

I ask that WCC/PDHU 1) respond to each paragraph and accusation contained herein and 2) that SWAN be removed from the options list. I put WCC on notice that legal action will follow.

Your sincerely

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Leaseholder

Enclosures:

Appendix A: Multiple technical and consultation failures of PDHU/WCC.

Appendix B: No genuine consultation complaint letter to WCC dated 25 February 2025.

Appendix C: Excerpt of complaint letter to WCC/Cllr Liza Begum dated 11 March 2025, following a consultation meeting on 7 March 2025, regarding no genuine consultation.

Appendix D: PDHU Chronology.

The Times article: 'Flat owners face £66,000 bill each for council's new green heating' dated 10 November 2024.

The Times article: 'Heating plan shows the folly of net zero ideology' dated 13 November 2024.

Appendix A: Multiple technical and consultation failures of PDHU/WCC.

The potential costs to residents of these failures, as leaseholders and tenants, in a financial sense run into the multiple thousands of pounds, but are also having a profound social impact in terms of residents' physical and mental health, financial wellbeing and social cohesion. The failings detailed below are for the sake of brevity simply a sample of a much wider array of issues.

Maintenance failings:

In 2024, there were 629 leaks on Lillington and Longmoore Gardens (much higher than any other estate served by PDHU), and some 40 visits from London Fire Brigade.

Failure to apply for government funding:

WCC is in technical violation of its legal obligation to leaseholders by its repeated failure to apply for government funding under the Heat Network Efficiency Scheme ([Heat Network Efficiency Scheme \(HNES\) - GOV.UK](https://www.gov.uk/government/schemes/heat-network-efficiency-scheme)), intended to optimise performance of the existing PDHU network, rather than build a new network such as SWAN. The work under the HNES is typically intended to identify performance improvements in any district heating scheme such as PDHU.

Metering irregularities:

The Consumer Protection from Unfair Trading Regulations 2008 and the Electricity and Gas (Consumer Protection) Regulations 2005 clearly state that billing must reflect actual consumption. Additionally, the failure to install and maintain building-level meters is in breach of legal obligations under the Heat Network (Metering and Billing) Regulations 2014. No block-level meter data is being used to calculate residents' bills across Lillington or Longmoore Gardens at present. Bills are calculated using only one meter (P18), despite the requirements of the 2014 Regulations. In fact, the numerous other meters registered by WCC are not used for calculation purposes and are only registered to satisfy DESNZ requirements which is a farce. WCC have confirmed that individual block metering at Lillington Gardens is "difficult to achieve due to the configuration of the underground mains distribution network."

As part of a FOI request to WCC, residents requested meter readings to reconcile the heat consumption across the four blocks of Longmoore Gardens (metered at block level) and the one heating and hot water meter for Longmoore Gardens. Over several years, WCC data showed discrepancies ranging from 10-15% due to thermal losses, but for some years, the discrepancies are as high as 50%. While some discrepancy between meter data is possible, one would expect that difference to be more or less similar over time and certainly not to increase to 50%. WCC is unable to capture, aggregate and analyse data related to usage of the network to optimise performance and remediate issues.

WCC was asked how often meters are calibrated or checked, WCC responded by not answering the question with reference to UK legislation and technical standards but rather gave the response that, "All new meters are calibrated from new, issues picked up ad hoc."

Residents are continuously fobbed off when making requests for detailed information in order to evaluate the network and its performance and maintenance. The situation with respect to meter installation, reading and calibration is entirely untenable. It is of the utmost concern that residents may have been overcharged and charged for services they did not receive.

Oversupply of heat:

WCC have confirmed that PDHU heat is supplied continuously/all year round for many blocks. In WCC's own words, "Lillington Gardens Estate, Charlwood House (excluding A2 Dominion) and Parkinson House have a heating supply which is available all year round. These blocks house vulnerable residents and so the heating is not normally turned off for the Summer unless requested."

Further, WCC has been extending the heat network outside of the estates. WCC have confirmed that consumers/residents of Longmoore Gardens unnecessarily pay for a continuous supply of heat (24/7), including their share of heat losses, so that WCC/PDHU can supply heat to paying customers of the 'Tachbrook Triangle', a residential and commercial property redevelopment project completed in 2011, and not part of

the original estates supplied by PDHU. This decision was taken by WCC and residents of Longmoore Gardens were not consulted when the contract to supply heat to Tachbrook Triangle was executed.

WCC have not addressed the issue of the benefit of WCC supplying heat to extra customers to the financial detriment (extra costs) to residents of Longmoore Gardens. The fact that WCC has an agreement to supply heat to the Tachbrook Triangle 24/7 has resulted in the supply of heat to Longmoore Gardens 24/7 and residents having to pay for the heating being provided round the clock. While WCC is making money from other developments, it's charging Longmoore residents for unnecessary heating because there is no hydraulic separation.

Heat supply temperature:

In relation to the heat supply temperature, WCC state, "weather compensated heating control systems are installed at Churchill Gardens and Abbots Manor Estate at block level. The secondary heating circuit temperature typically ranges from 55C to 72C. Lillington and Longmoore Gardens have individual wall mounted thermostats fitted to each flat. Residents are able to adjust their heating individually according to their needs." This is not correct. Some blocks do not have thermostats and those blocks that are fitted with thermostats do not operate to reduce the temperature.

EPC rating discrepancy:

The system's high EPC rating appears inconsistent with the known operational issues of PDHU, and it's proving a challenge to get WCC to clarify how the assessment was conducted. There are serious issues that need to be addressed, especially in light of the fact that Lillington and Longmoore buildings have been presented as fuel-efficient. This misrepresentation is preventing residents from accessing the 'Warm Home Discount Scheme', which is forcing many into deeper fuel poverty. The inaccurate EPC data is effectively masking the real performance issues with the heating system, including excessive energy consumption and potential heat loss, and thus is causing real harm to the residents who should be eligible for this vital support.

Lack of transparency:

Projects like PDHU and SWAN are very lucrative for contractors with multiple layers of contracts hindering transparency. The energy industry faces accusations of profiteering. Customers of PDHU want to receive a fully transparent contract from their energy supplier with no hidden charges and the reassurance of knowing that the price agreed with the supplier is what they'll pay at the end of each month. These are legally protected rights that to date have been violated in the PDHU option selection process.

In February 2025, SWAN publicised to prospective partners that, "we are looking for buildings or land to host our energy centres in the SWAN area", setting out the land/building criteria, and explaining that "the SWAN Partnership is interested to rent or buy this space or combine as part of an offer to supply low carbon heat to the building. Hosting an energy centre is a good way to make decarbonisation cheaper for your building".

<https://london-hq.co.uk/south-westminster-area-network-swan-february-2025-update/>

Inequality of charges:

A one-off charge to a leaseholder at the projected £55-66K is prejudicial as it would take decades for a similar amount to be recouped from tenants via a capped annual rent rise of 7%. In addition, by this time, the tenancy could have changed several times. The charge to tenants would be fairer as it would be paid over an extremely long period of time by the various users of the flat, whereas one leaseholder who happens to own a property now would invariably end up paying for subsequent owners' benefit.

Supplemental bills and 'back-billing' practices:

Residents of Lillington and Longmoore Gardens and Churchill Gardens in the 2023-24 financial year received supplemental bills (in September 2024) of a very substantial but wildly fluctuating nature. I reserved my right to legally challenge the bill for the period April 2023 to September 2023, in light of OFGEM's 'back billing' rule (see link below) implemented in 2018. I understand that it is intended that the back billing rule will apply to district heating system consumers as it does now to gas and electricity consumers. Therefore, the principle applies to WCC/PDHU practices and the issue of back billing beyond 12 months from the date of supply needs to be remedied by WCC, particularly given that 1) the heat remains on over-night in Forsyth House resulting in excess heat charges to consumers across the estate, and 2) WCC are not compliant with the metering regulations.

<https://www.bbc.co.uk/news/articles/c4gxwgn035wo>

WCC actions are Ultra Vires:

Since 1983, WCC has been acting beyond its legal authority to operate and expand PDHU:

- The construction of the Churchill Gardens Pump House, beyond the perimeter of Lillington and Longmoore Gardens, in a part of WCC property not covered under the lease terms is ultra vires, as WCC arguably lacks the legal authority (either by statute or lease agreements) to extend PDHU beyond its original mandate, thus exceeding its authority.
- The CHPs, generating about £1 million (circa £300/dwelling per year), were shut down in 2021 with no resident consultation, despite the procurement of CHPs being partially funded by leaseholders.
- Since 2011, the absence of consultation regarding the Tachbrook Triangle expansion, which negatively impacts Longmoore properties, is ultra vires. Expanding a district heating network into areas not covered by the lease or included in the original lease agreement is ultra vires.
- WCC using funds allocated for the maintenance of PDHU to finance the expansion into new areas is ultra vires.
- The SWAN option which will be owned by a private company, is also ultra vires, as lease agreements are with WCC and do not extend to third parties.
- WCC not obtaining full planning authority is also ultra vires.

For many years, WCC has cited the Local Government (Miscellaneous Provisions) Act 1976 as legal authority to operate and expand PDHU. In the Cabinet Member Report on PDHU published on 20 July 2009, at paragraph 3.4.4, WCC cited the 1976 Act as legal authority to charge leaseholders for heating and hot water costs.

On 25 November 2016, a resident of Churchill Gardens wrote to Charlie Parker, the then Chief Executive of Westminster City Council, to complain that 'In 2008/9, as a result of the review, we were told that there were no plans to extend the system. Now the system is being extended towards Ebury Bridge, without any notification to, or consultation with, resident users.' In his email response on 14 December 2016, Mr Parker cited legal authority from the 1976 Act, explaining that 'WCC is able to run PDHU at a surplus per the 1976 Act.'

It is correct that the Local Government (Miscellaneous Provisions) Act 1976 contains various provisions relating to local government functions, and certain sections could in theory support actions like providing heating systems in public buildings or other public local services, but it is quite broad and not specifically targeted at expanding district heating networks for residential housing, including council houses. WCC would have had to use housing-specific laws, energy laws, and climate/environmental frameworks to expand district heating systems in council housing, and this would need to align with housing management rules, including tenant consultation and approval processes, but WCC systematically failed to do this over many decades.

I maintain that PDHU's expansion and development over-time is not within the 'reasonable contemplation of the parties'. If residents had no reasonable expectation that the heating system would change in such a significant way, and if they were not consulted, WCC is in breach of its obligations under the lease and public law. WCC is in breach of its duties which could lead to potential legal challenges, (*see Appendix D: PDHU Chronology*).

Appendix B: No genuine consultation complaint letter to WCC dated 25 February 2025.

To: The Future of PDHU
futureofpdhu@westminster.gov.uk

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25 February 2025

Dear Sir Madam

Pimlico District Heating Undertaking (PDHU) Consultation with Westminster City Council (WCC) at 64 Victoria Street on 24 February 2025 at 6.30pm

I am writing to make a formal complaint regarding the PDHU consultation process residents participated in on 24 February 2025. It is my belief that the consultation did not meet the standard of genuine engagement and dialogue that was expected.

Prior to the meeting WCC did not confirm resident attendance, previous minutes were not tabled, some residents received meeting materials 2 hours before the meeting start time but other residents did not.

Residents had anticipated a thorough and meaningful exchange of information and perspectives, but the process seemed to lack transparency and an opportunity for information sharing by WCC. Despite residents' efforts to engage, the majority of questions were unanswered and, at best, a few words of explanation were offered by WCC. Councillor Begum was asked about WCC actions to address urgent H&S issues relating to the operation of PDHU. Yet again, residents were told that 'WCC had commissioned an independent survey' but no further information was given. AECOM didn't answer any questions at all, and instead nonchalantly replied, 'we will take an action' after each challenge.

Andrew Campbell and Andrey Bulavin of the Residents Technical Working Group (RTWG) presented and it was reported that the technical information provided by WCC in January 2025 was 'incomplete, inconsistent and late'. Residents reminded WCC that under the Local Government (Transparency) Code 2014 and the Local Audit and Accountability Act 2014, the public has the right to inspect certain documents related to local authorities.

WCC's presentation was plagued with misinformation and highly skewed data to generate misleading results; favourable data outcomes for SWAN and unfavourable data outcomes for direct electric in-flat heating (DE). Challenges by Councillor Glen and residents on the incorrect data outcomes received no credible answers from WCC and their advisors, who once again reported that the electrical power grid 'could not support' DE, despite never having asked any questions relating to capacity of the National Grid. WCC's presentation and performance reinforces doubts about their capacity and capability to deliver this project.

Councillor Jude omitted to declare any conflicts of interest despite a clear and obvious conflict being highlighted by residents. At the end of the meeting Debbie Jackson and Councillor Jude recognised that the team needed to improve on their approach to consultation despite WCC pushing to identify one preferred solution by Q3 2025.

The purpose of a consultation is to allow for constructive challenge of the 6 options and mutual understanding. Unfortunately, the approach taken during this consultation did not reflect this principle.

Residents were left with the feeling that the decision had already been made (with a clear preference for SWAN), making the consultation process more of a formality rather than an opportunity for genuine input.

Given the size and complexity of the project, residents are within their rights to insist on a thorough institutional and organisational assessment of those involved in the project in the light of WCC's performance last night. In conclusion, the RTWG and residents highlighted that the shortlist of 6 options is incorrect and that this element in the process needs to be revisited, particularly the SWAN and MHB options, which WCC explained 'are third party options' and 'not WCC options.'

I would appreciate it if you could provide further clarification regarding the process and the steps that will be taken to ensure that future consultations are more effective and respectful of residents' views.

Yours faithfully

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Appendix C: Excerpt of complaint letter to WCC/Cllr Liza Begum dated 11 March 2025, following a consultation meeting on 7 March 2025, regarding no genuine consultation.

Below is a summary of the key issues discussed at the meeting at WCC Victoria Street on 7 March 2025:

WCC asserted that Critical Success Factors (CSF) have been influenced by residents. In response, residents have challenged this position, claiming that it is misinformation from WCC. To date, residents have been unable to positively influence the choices and rankings set by WCC and AECOM. They argued that if these factors were adjusted, it would significantly impact the direction of the project and the ranking of options. It is felt that WCC has been effectively 'controlling the narrative' at every opportunity.

The CSFs presented by WCC in November 2023 lacked clear definitions, and there was no follow-up meeting that addressed these factors until the Scrutiny Committee meeting in February 2025. Without clear definitions, it has been difficult for residents to influence the decision-making process. Furthermore, despite residents' requests, a 'credibility' CSF (with an agreed definition) has not been included, which undermines the claim that the project is "all about the residents," as stated by Debbie Jackson.

A resident also highlighted that project 'affordability' should be prioritised and a CSF (with an agreed definition). Further, the work should be phased to avoid unnecessary front loading of costs, and cost recovery should be via energy charges spread over the lifetime of the asset. Residents are already paying inflated energy costs due to the inefficiency of PDHU over decades and should not be expected to pay more in the future. Residents also criticised the project plan for not including building retrofitting (such as insulation) as part of the broader proposal.

Direct Electric (DE) option has been assigned the highest lifetime cost (over 40 years) by AECOM out of the six options, without AECOM providing any clear or logical explanation. When asked to explain this ranking AECOM responded using only highly-technical jargon in an attempt to confuse residents. Many residents were left visibly shaking their heads in confusion and disbelief. As it stands, DE is the third most logical option overall, particularly when the CSFs are adjusted.

Residents emphasised that DE offers a significant advantage. Other WCC options would leave residents vulnerable to issues such as market-sharing practices, high prices, and anti-competitive activities by WCC and its partners. Recognising the monopolistic nature of heat networks, residents feel they are in a weak position

to negotiate prices and terms of service, and a complaint has been made to the Energy Ombudsman regarding these issues.

A resident referred to comments made by WCC leader Adam Hug in the media on 16 November 2024: “The council has been actively supporting the government through the early stages of this pioneering network and will now take on a principal role to ensure that the project delivers the best outcomes for our residents and businesses.” The article makes clear that the project is at an advanced stage in planning, and it therefore implies that those affected by it are not in a position to query or reverse it. The resident pointed out that the recent ‘consultation’ meetings were compromised, as residents were allowed to speak but not listened to, leaving residents unable to influence decisions. Residents maintain that they have suffered prejudice, as they have been placed in a different position than originally intended by statutory consultation.

A resident reported that in 1983, Lillington and Longmoore Gardens (LLG) was disconnected from its own oil boiler and connected to PDHU without any consultation with or decision-making by residents. Prior to 1983, LLG operated as a low-pressure, independent estate-wide system. It remains unclear whether LLG heating system and buildings were designed to operate at the high pressures of PDHU, or whether the current leaks (which are four times the rate of other estates) are a consequence of WCC’s decision-making.

There is growing concern among residents that WCC does not have the necessary support or mandate from residents to move forward with the project. In fact, at the so-called ‘consultation’ meetings residents have overwhelmingly spoken out in opposition to third-party options such as SWAN and Mobile Heat Batteries. Residents argue that WCC must have clear support from the community before proceeding with major projects. If residents feel they have not been genuinely consulted and therefore have no influence over the decision-making process, this could result in resistance and potential legal challenges.

One tenant, who supported PDHU over the years, noted that while district heating could potentially offer cost savings, his opinion is an outlier compared to the general sentiment of the residents.

When challenged, WCC reported an intention to review lease agreements and consider the implications of the Leasehold Reform Bill, at a future date.

For these reasons (and other reasons), WCC is not in a position to proceed with the Cabinet Meeting decision on 31 March 2025. To date, residents have not been able to scrutinise the data on which WCC and AECOM’s assumptions are based, nor have they had the opportunity to influence WCC’s decision-making process.

Appendix D	
PDHU Chronology	
1950's	PDHU built 1950
1964 to 1972	Lillington and Longmoore Gardens (LLG) were built between 1964 and 1972, comprising 14 blocks of flats.
1972	LLG development completed. Heat was provided from an on-site oil-fired boiler house (not PDHU) with a total heat output of 7.25MW.
1980's	Right to buy scheme began in 1980's.
1982	LLG / Forsyth House Lease commencement date June 1982.
1982	The energy centre for PDHU was still in Wandsworth next to Battersea Power Station and in LLG.
1983	Battersea Power Station was decommissioned.
1983/84	<p>LLG was taken off its own on-site oil boiler in 1983 and connected to PDHU with no consultation with Westminster City Council (WCC) or decision-making by residents.</p> <p>WCC instructed feasibility study recommends connection of LLG to PDHU (so the original design including the pipework did not anticipate any exposure to PDHU pressures and possibly temperatures). The buildings were spec'd for an onsite oil-fired boiler, hence shorter pipeline network and less pressure and temperature loss. The decision was taken by WCC without due consideration of pressures, temperatures and water quality.</p> <p>The Council's decision to connect Lillington and Longmoore Gardens to the PDHU in 1984—without leaseholder consultation or necessary technical adaptations—has directly contributed to the disproportionate rate of system failures in the estate. Although Lillington was originally designed to operate with a standalone oil-fired boiler system at Morgan House, it was unilaterally connected to PDHU, a system for which its internal infrastructure was neither engineered nor suitable. This mismatch in design specifications—particularly in relation to pressure, temperature tolerances and water composition—resulted in a significantly higher incidence of leaks: 17% of all network leaks occur in Lillington and Longmoore, despite the estate comprising only 4.6% of Westminster's housing stock. That is approximately 3.5 times the average failure rate.</p> <p>The fact that hydraulic isolation from the PDHU was not completed until 2025—over 40 years after the initial connection—raises serious questions about the Council's ongoing duty under the lease to maintain and repair the system with reasonable care and skill, and not to impose foreseeable harm through unsuitable infrastructure decisions. Until the recent pressure reduction from 8 bar to 4 bar, the estate endured decades of technical stress, leading to avoidable degradation and disruption.</p>
1996	<p>Around 1996, WCC introduced a programme on LLG to install in-flat surface mounted copper heating pipes to replace pipes buried in the concrete floors. In flat burst pipes and leaks from PDHU infrastructure continued. An independent heating consultant concluded that the cause of failure could be one or more of the following: insufficient rust inhibitor in the heating fluid (rust stains on the walls of flats that had suffered burst pipes was noted); wrong specification of the piping (material or thickness); heating system operating above the design pressure.</p> <p>Arguably, while copper pipes can be used in lower pressure district heating systems or for individual flats in certain circumstances, they may not be the best option for a high-pressure district heating system, particularly in larger-scale applications where pressures and temperatures are consistently high, such as PDHU.</p>
2007	WCC/PDHU install a boiler replacement at the Pump House in Churchill Gardens Estate. Replacement boilers allow an expansion of PDHU and add an extra 1,400 dwellings with no consultation by WCC or decision-making by residents.

	<p>WCC decided to upgrade PDHU and generate heat by the construction of a new Combined Heat and Power Unit (CHP) which would include three boilers, two gas engines and two power generators. The capital repayment costs of £381,000 a year (for fifteen years) fall solely on the residential users in social housing. Those costs are charged to the Housing Revenue Account (HRA) and fall to leaseholders and tenants to pay. Residents' representatives remain unhappy about the failure to reduce the capital charges over time as well as the over-run of the CHP construction costs from a budget of £4.8 million to a final account of £7.3 million. The installation was mismanaged and was over a year late in completion.</p> <p>Despite assurances from WCC that the CHP could operate successfully for thirty years, having opened in 2007 (but not becoming fully operational until 2010), by 2022 WCC had already decided to replace it. Two main explanations were proffered: 1) the existing pipework is ageing, and 2) the current energy sources produce large carbon emissions which is incompatible with WCC's target of 'net zero' by 2030.</p> <p>While the costs of procuring and operating CHPs were back charged to the residents, the decision to stop generating electricity was made unilaterally by WCC without due consideration of the remaining asset life or providing any cost-benefit analysis that would incorporate resident benefits from electricity sales and compare those with carbon tax. What happened to the CHPs in 2021/22 is not clear and WCC have not given a sound explanation supported by evidence. Residents were told that the electric engines had been turned off because the ratio of gas prices to electric prices had changed, meaning that it no longer made sense to burn gas to produce electricity for sale. However, residents doubted that as, in the UK, electricity prices are generally based on gas prices. In any event, having been turned on in 2010, it had lasted only 11 years.</p>
2007	WCC decision to connect Tachbrook triangle and supply heating and hot water to commercial and residential properties (beyond the perimeter of LLG) 24/7 all year around with Longmoore residents negatively impacted by heat "creep" due to the hot water throughput via the same meter. No consultations with stakeholders including LLG residents took place.
2010	Since 2010, additional connections have been made to Wolfson House, the Holy Apostles Church, the Sir Simon Milton UTC and its adjacent block of flats on Ebury Bridge. No consultations with stakeholders including LLG residents took place.
20 March 2025	<p>WCC letter to residents.</p> <p>'As part of our ongoing efforts to refine and improve our billing process, our goal remains to charge you as fair and accurate a proportion of the heat used. Where possible, we will use the consumption at your building only as a basis for the charge. We are currently undergoing a heat meter replacement programme to upgrade the metering infrastructure to comply with the Heat Network Regulations. We are assessing the increased level of metering required to allow for a more accurate building by building charge for the next billing cycle. Therefore we will base your heating and hot water service charge on consumption data from the estate's central meters, which provide a clear and accurate reflection of overall usage. In your heating and hot water service charge, there are four main elements:</p> <ol style="list-style-type: none"> 1. Fuel Charge: This is based on the estate-wide meters, and your consumption is allocated according to the number of habitable rooms in your property. 2. Non-Fuel Charge: This related to repairs and maintenance of the PDHU network. 3. Distribution Losses: This accounts for the heat losses from the main plant, as well as from the estate and your block.

	<p>4. <u>Standing Charge:</u> This is set from the gas supply to the estate.</p> <p>We base the estimates on the consumption data from January 1 to 31 December 2024. These estimates will be reconciled with actual consumption data in September 2026.'</p>
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