

CABINET

Date of Meeting	Tuesday, 18 th July 2017
Report Subject	Communal Heating Charges 2017/18
Cabinet Member	Deputy Leader of the Council and Cabinet Member for Housing
Report Author	Chief Officer (Community & Enterprise)
Type of Report	Operational

EXECUTIVE SUMMARY

To outline and seek the agreement of Cabinet for the proposed heating charges in Council properties with communal heating systems for 2017/18, 2018/19 and 2019/20.

RECOMMENDATIONS

1	Cabinet is asked to approve changes to heating charges at council properties with communal heating schemes as outlined in the table on page 2 of this report. All changes will take effect from 1 st September 2017.
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REPORT DETAILS

1.00	EXPLAINING COMMUNAL HEATING RECHARGES
1.01	<p>Community & Enterprise Portfolio currently operates 9 communal heating schemes within Flintshire. The Council negotiates fuel costs in advance and tenants benefit from the Council's Industrial and Commercial Contract rate. The cost of fuel used within these schemes is paid for initially by the Authority and collected from tenants in addition to their weekly rent. The charges and income received are paid into a holding account, and it is expected this account should be in a break even position at each financial year end.</p>
1.02	<p>New communal heating charges are implemented in the summer each year to enable an accurate picture to be gathered on the previous year's costs and any corresponding surplus or deficit on the heating account.</p>
1.03	<p>Any proposed changes to charges are intended to ensure that each communal heating scheme recovers the full energy cost charged in respect of each scheme and aims to keep a nil balance on the heating reserve account.</p>
1.04	<p>The Council charges tenants for the energy consumed within each block. This is a basic flat rate charge irrespective of individual usage. The method of applying tenants heating charges is to apply increases or decreases to tenant's each year, based on previous year's usage plus energy rate costs.</p>
1.05	<p>The cost of gas has increased by an average of 32% per Kwh in 2017/18 due to the current deal expiring. As the price has increased so significantly, Members are asked to agree a stepped increase in the weekly heating charge across 6 of the 9 communal heating schemes from September 2017. Where heating accounts were in credit at the end of 2016/17, it is proposed to use any credit to offset any increases.</p>
1.06	<p>Usage has reduced for the Heights in 2016/17 following the energy efficiency measures completed as part of WHQS works. For Bolingbroke and Richard Heights, the council proposes keeping the weekly charge at the same level, utilising credit on the account to enable this to happen.</p> <p>For Castle Heights the council proposes reducing the weekly charge as per the table below (usage has fallen by 29%). Castle Heights WHQS improvements were completed later in 2016/17 than for the other blocks and so now prices can be reduced based on revised usage.</p>
1.07	<p>The table below sets out recommended heating charges based on actual usage in 2016/17 and the assumption that costs and usage remain at the same level for the next 3 years.</p>

Communal Area	Avg. Weekly Charge 2016/17	Avg. Increase 2017/18	Avg. Weekly Charge 2017/18	Avg. Increase 2018/19	Avg. Weekly Charge 2018/19	Avg. Increase 2019/20	Avg. Weekly Charge 2019/20
Bolingbroke Heights, Flint	£ 4.50	£ 0.00	£ 4.50	£ -	£ 4.68	£ -	£ 4.68
Richard Heights, Flint	£ 4.50	£ 0.00	£ 4.50	£ -	£ 4.68	£ -	£ 4.68
Castle Heights, Flint	£ 6.29	£ (1.19)	£ 5.10	£ -	£ 5.10	£ -	£ 5.10
Llwyn Beuno, Holywell	£ 6.87	£ 0.67	£ 7.53	£ 0.62	£ 8.15	£ 0.54	£ 8.69
Llwyn Aled, Holywell	£ 7.85	£ 0.64	£ 8.48	£ 0.55	£ 9.03	£ 0.51	£ 9.54
Panton Place, Holywell	£ 4.68	£ 0.70	£ 5.38	£ 0.70	£ 6.09	£ 0.50	£ 6.59
Acacia Close, Mold	£ 7.55	£ 0.61	£ 8.17	£ 0.51	£ 8.68	£ 0.45	£ 9.13
Glan-y-Morfa Court, Connahs Quay	£ 5.66	£ 0.91	£ 6.57	£ 0.81	£ 7.38	£ 0.81	£ 8.20
Chapel Court, Connah's Quay	£ 6.05	£ 0.76	£ 6.81	£ 0.71	£ 7.52	£ 0.61	£ 8.12
<p>N.B Please note this is an average charge and each property will actually receive a charge relevant to its size.</p>							

2.00	RESOURCE IMPLICATIONS
2.01	As identified above.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	No formal consultation required, however, the Cabinet Member for Housing supports the proposals.

4.00	RISK MANAGEMENT
4.01	Tenants cannot claim Housing Benefit for the cost of domestic heating.
4.02	Estimates have been based on energy usage during 2016/17. A severe winter could lead to higher costs which could lead to an increased charge in 2018/19.
4.03	Proposals have been made assuming energy prices remain at the same level until 2020/21. If rates increase, revised proposals may be required for recovering costs and a further report will be presented to Cabinet.

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None. Contact Officer: Sian H Jones, Accountant Telephone: 01352704080 E-mail: sianhjones@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	Housing Revenue Account: records all revenue expenditure and income relating to the provision of council dwellings and related services. Tenant: a person who occupies land or property rented from a landlord (in this instance Flintshire County Council). Heating Reserve Account: the account which records all expenditure on communal heating and all income from tenants.