

## COMMUNITY & ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

<b>Date of Meeting</b>	Tuesday 7 <sup>th</sup> July 2020
<b>Report Subject</b>	Communal Heating Charges 2020/21
<b>Cabinet Member</b>	Cabinet Member for Housing
<b>Report Author</b>	Chief Officer (Housing & Assets)
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

The Housing and Assets Portfolio currently operates eight communal heating schemes within Flintshire. The Council negotiates fuel costs in advance and tenants benefit from the Council's Industrial and Commercial Contract rate.

New communal heating charges are based on the previous year's energy use ensuring a more accurate assessment of costs and impacts (negative or positive) on the heating reserve account.

The proposed recharges for 2020/21 are set out within this report and are pending Cabinet approval. In the majority of cases, the recharge to tenants has reduced for 2020/21, which as in other years, would allow Flintshire to recover the projected costs of the heating charges whilst still passing on the benefit of reduced energy costs to tenants.

### RECOMMENDATIONS

1	That Scrutiny note changes to the current heating charges at council properties with communal heating schemes as outlined in the table 1, paragraph 1.07 of this report. All changes will take effect from 31 <sup>st</sup> August 2020.
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## REPORT DETAILS

1.00	EXPLAINING THE COMMUNAL HEATING RECHARGES
1.01	The Housing and Assets Portfolio currently operates eight 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 through a heating reserve account and then collected from tenants in addition to their weekly rent.
1.02	New communal heating charges are based on the previous year's energy use ensuring a more accurate assessment of costs and impacts (negative or positive) on the heating reserve account.
1.03	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.
1.04	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 uplifts or decreases to tenants each year, based on previous year's usage plus energy rate costs.
1.05	<p><u>2018/19</u> In April 2018 the cost of gas increased by an average of 10%. A colder winter also meant that the majority of schemes saw a small increase in usage. The previously approved stepped increase proposal was revised to avoid an increasing deficit on the heating reserve account in 2019/20.</p>
1.06	<p><u>2019/20</u> In April 2019, the average price increase was 18%. As a result of the mild winter the majority of schemes saw a small decrease in usage.</p> <p>During the year in 2019/20 works were completed on upgrading the heating systems at Panton Place, Holywell and in one area of Glan y Morfa Court, Connah's Quay. As a result of this work, these tenants are now billed directly by their chosen utilities provider based on their own meter readings and usage.</p>
1.07	<p><u>2020/21</u> The table below sets out recommended heating charges for 2020/21 based on actual usage in 2019/20. The assumption has been made that costs will have reduced by an average of 14% in 2020/21 and that usage remains at similar levels for the next 12 months.</p> <p>Revised charges will be introduced from 31<sup>st</sup> August 2020.</p>

**Table 1**

Communal Area		Weekly Charge 2019/20	Increase 2020/21	Revised Weekly Charge 2020/21
<b>Bolingbroke Heights, Flint</b>	1 Bed	£ 4.80	£ (0.70)	£ 4.10
	2 Bed	£ 5.76	£ (0.84)	£ 4.92
<b>Richard Heights</b>	1 Bed	£ 4.80	£ (0.70)	£ 4.10
	2 Bed	£ 5.76	£ (0.84)	£ 4.92
<b>Castle Heights, Flint</b>	1 Bed	£ 4.95	£ (0.25)	£ 4.70
	2 Bed	£ 5.94	£ (0.30)	£ 5.64
<b>Llwyn Beuno, Holywell</b>	1 Bed	£ 10.55	£ (4.55)	£ 6.00
	2 Bed	£ 12.66	£ (5.46)	£ 7.20
<b>Llwyn Aled, Holywell</b>	1 Bed	£ 12.20	£ (4.25)	£ 7.95
	2 Bed	£ 14.64	£ (5.10)	£ 9.54
<b>Acacia Close, Mold</b>	1 Bed	£ 6.80	£ 0.50	£ 7.30
	2 Bed	£ 8.16	£ 0.60	£ 8.76
	3 Bed	£ 9.18	£ 0.68	£ 9.86
<b>Glan-y-Morfa Court1, Connahs Quay</b>	1 Bed	£ 9.65	£ -	£ 9.65
	2 Bed	£ 11.58	£ -	£ 11.58
<b>Glan-y-Morfa Court2, Connahs Quay</b>	1 Bed	£ 9.65	£ (4.35)	£ 5.30
	2 Bed	£ 11.58	£ (5.22)	£ 6.36
<b>Chapel Court, Connah's Quay</b>	1 Bed	£ 8.90	£ (2.50)	£ 6.40
	2 Bed	£ 10.68	£ (3.00)	£ 7.68

It should be noted that in the majority of cases, the recharge to tenants has reduced, which allows Flintshire to recover the projected costs of the heating charges whilst still passing on the benefit of reduced energy costs to tenants.

The exception within table 1 above is Acacia Close, Mold which identifies an increase in heating charges of 7% (an average across the three property types of £0.59p per week). This compares with a reduction in heating charges for this site of 18% last year. Flintshire County Council's Energy Team will be working with the supplier to install automatic readers on the meters at Acacia Close. This will support more accurate and timely billing by the utilities provider and will, in turn, allow us to bill our tenants based on more accurate information going forward.

At Glan y Morfa Court, Connah's Quay, works are ongoing to install individual meters to tenants' properties in Block 1. As this work is unlikely to be completed until later in 2020/21, charges have been kept static for these tenants and this will be reassessed upon completion of the works.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	As identified above.

<b>3.00</b>	<b>IMPACT ASSESSMENT AND RISK MANAGEMENT</b>
3.01	Tenants cannot claim Housing Benefit for the cost of domestic heating.
3.02	Estimates have been based on energy usage during 2019/20. A severe winter could lead to higher costs which may result in an increased charge during 2021/22.

<b>4.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
4.01	No formal consultation required.

<b>5.00</b>	<b>APPENDICES</b>
5.01	None.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	None.

<b>7.00</b>	<b>CONTACT OFFICER DETAILS</b>
7.01	<b>Contact Officer:</b> Rachael Corbelli, Strategic Finance Manager <b>Telephone:</b> 01352 703363 <b>E-mail:</b> <a href="mailto:rachael.corbelli@flintshire.gov.uk">rachael.corbelli@flintshire.gov.uk</a>

<b>8.00</b>	<b>GLOSSARY OF TERMS</b>
8.01	<b>Housing Revenue Account:</b> records all revenue expenditure and income relating to the provision of council dwellings and related services.
8.02	<b>Tenant:</b> a person who occupies land or property rented from a landlord (in this instance Flintshire County Council).
8.03	<b>Heating Reserve Account:</b> the account which records all expenditure on communal heating and all income from tenants.