

CABINET

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| Date of Meeting | Tuesday, 12 th July 2022 |
| Report Subject | Communal Heating Charges 2022/23 |
| Cabinet Member | Cabinet Member for Housing and Regeneration |
| Report Author | Chief Executive |
| Type of Report | Operational |

EXECUTIVE SUMMARY

The Housing and Communities 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 an accurate assessment of costs and impacts on the heating reserve account.

The proposed recharges for 2022/23 are set out within this report and are pending Cabinet approval. In the majority of cases, the recharge to tenants has reduced for 2022/23, 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.

Tenants are currently benefitting from preferential unit rates due to the Council having secured a fixed rate for fuel until March 2023. It is possible that Communal Heating Charges will increase from 2023/24 when the Council has renegotiated its energy tariff.

RECOMMENDATIONS

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| 1 | Cabinet to consider changes to the current heating charges at council properties with communal heating schemes as outlined in table 1, paragraph 1.07 of this report. All changes will take effect from 5 th September 2022. |
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REPORT DETAILS

| 1.00 | EXPLAINING THE COMMUNAL HEATING RECHARGES |
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| 1.01 | <p>The Housing and Communities 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 which is fixed until March 2023. 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.</p> |
| 1.02 | <p>Each year the new communal heating charges are calculated based on the previous year's energy use which enables us to project the costs and impacts (negative or positive) on the heating reserve 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.</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 uplifts or decreases to tenants each year, based on previous year's usage plus energy rate costs.</p> |
| 1.05 | <p><u>2020/21</u></p> <p>In April 2020, the energy rates decreased by an average of 14% and in some properties, the energy usage fluctuated against the estimated usage used to calculate 2020/21 charges.</p> <p>The majority of tenants saw a reduction in their Communal Heating charges in 2020/21. However, at the properties which saw an increase in energy usage, this resulted in a small deficit on the heating reserve at the end of 2020/21 which was recovered through the 2021/22 charges.</p> |
| 1.06 | <p><u>2021/22</u></p> <p>In 2021/22 on average, the total energy usage reduced slightly across our Communal Heating schemes and there was a further reduction in costs of 14%. This resulted in a small surplus on the heating reserve in the majority of our properties, which will be factored into the 2022/23 recharge calculations.</p> |
| 1.07 | <p><u>2022/23</u></p> <p>The table below sets out recommended heating charges for 2022/23 based on actual usage in 2021/22. The assumption has been made that rates will be held at 2021/22 levels for 2022/23 and that usage remains at similar levels for the next 12 months.</p> |

Revised charges will be introduced from 5th September 2022.

Table 1

| Communal Area | | Weekly Charge 2021/22 | Increase/ (Decrease) 2022/23 | Revised Weekly Charge 2022/23 |
|--|-----------|-----------------------|------------------------------|-------------------------------|
| Bolingbroke Heights, Flint | 1 Bedroom | £ 3.95 | -£ 0.20 | £ 3.75 |
| | 2 Bedroom | £ 4.74 | -£ 0.24 | £ 4.50 |
| Richard Heights | 1 Bedroom | £ 3.95 | -£ 0.20 | £ 3.75 |
| | 2 Bedroom | £ 4.74 | -£ 0.24 | £ 4.50 |
| Castle Heights, Flint | 1 Bedroom | £ 3.55 | £ 0.65 | £ 4.20 |
| | 2 Bedroom | £ 4.26 | £ 0.78 | £ 5.04 |
| Llwyn Beuno, Holywell | 1 Bedroom | £ 6.50 | £ 0.60 | £ 7.10 |
| | 2 Bedroom | £ 7.80 | £ 0.72 | £ 8.52 |
| Llwyn Aled, Holywell | 1 Bedroom | £ 9.50 | -£ 1.70 | £ 7.80 |
| | 2 Bedroom | £ 11.40 | -£ 2.04 | £ 9.36 |
| Acacia Close, Mold | 1 Bedroom | £ 8.10 | -£ 1.00 | £ 7.10 |
| | 2 Bedroom | £ 9.72 | -£ 1.20 | £ 8.52 |
| | 3 Bedroom | £ 10.94 | -£ 1.36 | £ 9.59 |
| Glan-y-Morfa Court1, Connahs Quay | 1 Bedroom | £ 8.30 | -£ 0.20 | £ 8.10 |
| | 2 Bedroom | £ 9.96 | -£ 0.24 | £ 9.72 |
| Glan-y-Morfa Court2, Connahs Quay | 1 Bedroom | £ 6.95 | -£ 1.30 | £ 5.65 |
| Chapel Court, Connahs Quay | 1 Bedroom | £ 6.60 | -£ 0.40 | £ 6.20 |
| | 2 Bedroom | £ 7.68 | -£ 0.24 | £ 7.44 |

The above table shows that the majority of properties included in our Communal Heating scheme will have a reduction in their charges for 2022/23. The proposal to increase charges at Castle Heights and Llwyn Bueno is as a result of increased energy usage in 2021/22.

2.00 RESOURCE IMPLICATIONS

2.01 As identified above.

3.00 IMPACT ASSESSMENT AND RISK MANAGEMENT

3.01 Tenants cannot claim Housing Benefit for the cost of domestic heating.

3.02 Estimates have been based on energy usage during 2021/22. A severe winter could lead to higher costs which may lead to an increased charge during 2023/24.

3.03 Tenants are currently benefitting from preferential rates due to the Council having secured a fixed rate for fuel until March 2023. Due to the recent

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| | energy price increases, it is likely that when the fixed rate ends at the end of the financial year 2022/23, the unit charge for Gas will increase significantly which is likely to impact on future Communal Heating recharges to Tenants. |
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| 4.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
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| 4.01 | No formal consultation required. |
| 4.02 | The report was presented to the Community, Housing and Assets Overview and Scrutiny Committee on the 6 th July 2022. Members supported the recommendations but noted concerns relating to the impacts of any future energy price increase particularly when the current fixed contract terms ends. |

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| 5.00 | APPENDICES |
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| 5.01 | None. |
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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
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| 6.01 | None. |
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| 7.00 | CONTACT OFFICER DETAILS |
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| 7.01 | Contact Officer: Rachael Corbelli, Strategic Finance Manager Telephone: 01352 703363 E-mail: rachael.corbelli@flintshire.gov.uk |
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| 8.00 | GLOSSARY OF TERMS |
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| 8.01 | 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. |
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