

## CABINET

<b>Date of Meeting</b>	Tuesday 19 <sup>th</sup> July 2016
<b>Report Subject</b>	Communal Heating Recharges 2016/17
<b>Cabinet Member</b>	Cabinet Member for Housing
<b>Report Author</b>	Chief Officer (Community & Enterprise)
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

To outline and seek the agreement of Cabinet for the proposed heating charges in council properties with communal heating systems for 2016/17.

### RECOMMENDATIONS

1	Cabinet is asked to approve a decrease to the weekly heating charges for communal properties as outlined in the table below.
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## REPORT DETAILS

1.00	EXPLAINING COMMUNAL HEATING RECHARGES
1.01	<p>Community &amp; Enterprise Portfolio currently operates 9 communal heating schemes within Flintshire. The Council negotiates fuel costs 12 months 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 anticipated 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 August 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 individual schemes and aims to keep a nil balance on the heating reserve account.</p>
1.04	<p>The Council charges tenants for the fuel 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 heating increases/decreases to tenant's each year based on previous years usage plus energy rate increases/decreases.</p>
1.05	<p>A drop in Kwh usage has been evident in 2015/16 compared to the previous year. This could in part be due to the mild winter but is also likely to be due to the energy efficiency improvements to the properties (e.g. external insulation). This has resulted in an income surplus to the majority of the communal heating accounts and this surplus (ranging from £25 to £124) will be reimbursed to tenants affected in the coming weeks.</p>
1.06	<p>In addition, the Council has been able to purchase gas this year at a significantly reduced price (a reduction of approximately 30% per Kwh). As the gas price has fallen this year Members are asked to agree a decrease in the weekly heating charge across all 9 of the communal heating schemes for 2016/17. The 2016/17 surplus paid to date will be calculated and reimbursed to tenants in addition to their 2015/16 reimbursements.</p>
1.07	<p>The table below sets out recommended heating charge decreases for 2016/17, based on actual usage in 2015/16 and cost estimates for 2016/17.</p>

Communal Area	Avg. Weekly Charge 2015/16	Avg. Weekly Decrease 2016/17	Revised Avg. Weekly Charge 2016/17
Bolingbroke Heights, Flint	£ 6.12	-£ 1.62	£ 4.50
Richard Heights	£ 6.12	-£ 1.62	£ 4.50
Castle Heights, Flint	£ 9.07	-£ 2.78	£ 6.29
Llwyn Beuno, Holywell	£ 8.26	-£ 1.39	£ 6.87
Llwyn Aled, Holywell	£ 11.61	-£ 3.77	£ 7.85
Panton Place, Holywell	£ 7.20	-£ 2.49	£ 4.71
Acacia Close, Mold	£ 12.65	-£ 5.09	£ 7.55
Glan-y-Morfa Court, Connahs Quay	£ 8.25	-£ 2.59	£ 5.66
Chapel Court, Connahs Quay	£ 7.67	-£ 1.61	£ 6.05

N.B Please note this is an average charge and each property will pay a slightly different charge depending on the number of bedrooms.

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

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

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	Tenants cannot claim Housing Benefit for the cost of domestic heating. Any decrease in the charge will therefore have a positive impact on tenant's disposable incomes.
4.02	Estimates have been based on energy usage during 2015/16. A severe winter could lead to higher costs which could lead to an increased charge in 2017/18.

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

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p>None.</p> <p><b>Contact Officer:</b> Sian H Jones, Accountant  <b>Telephone:</b> 01352704080  <b>E-mail:</b> <a href="mailto:sian_h_jones@flintshire.gov.uk">sian_h_jones@flintshire.gov.uk</a></p>

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