

## CABINET

<b>Date of Meeting</b>	Tuesday, 19 <sup>th</sup> June 2018
<b>Report Subject</b>	Communal Heating Charges 2018/19
<b>Cabinet Member</b>	Deputy Leader of the Council and Cabinet Member for Housing
<b>Report Author</b>	Chief Officer (Housing & Assets)
<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 2018/19 and 2019/20.

### RECOMMENDATIONS

1	To approve 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 1 <sup>st</sup> August 2018.
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## REPORT DETAILS

1.00	EXPLAINING COMMUNAL HEATING RECHARGES
1.01	<p>The Housing &amp; Assets 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 through a heating reserve account and then collected from tenants in addition to their weekly rent.</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 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 increases or decreases to tenants each year, based on previous year's usage plus energy rate costs.</p>
1.05	<p><u>2017/18</u>            The cost of gas increased by an average of 32% per Kwh in 2017/18 due to the Council's contract expiring. As the price increased so significantly, Cabinet (July 2017) approved a three year stepped increase to the weekly heating charge across six of the nine communal heating schemes from September 2017.</p> <p>This proposal was caveated as there was a possibility of prices or usage increasing. In the event of an increase, a revised proposal would be brought back to Cabinet.</p>
1.06	<p><u>2018/19</u>            Although a 4% reduction was previously expected in April 2018, the average price increase was 10%. The colder winter has also meant that the majority of schemes have seen a small increase in usage. The stepped increase proposal has now been revised to incorporate these changes to avoid an increasing deficit on the heating reserve account.</p>
1.07	<p>The table below sets out recommended heating charges based on actual usage in 2017/18, the assumption that costs increase by 8% in 2019/20 and usage remains at the same level for the next 2 years.</p> <p>Revised charges will be introduced in August to help spread the increased cost to tenants over a longer period.</p> <p>N.B. Please note, this is an average charge and each property will actually receive a charge relevant to its size.</p>

**Table 1**

Communal Area	Avg. Weekly Charge 2017/18	Avg. Increase 2018/19	Proposed Avg. Weekly Charge 2018/19 (from Aug 2018)	Avg. Increase 2019/20	Proposed Avg. Weekly Charge 2019/20 (from Aug 2019)
Bolingbroke Heights, Flint	£ 4.50	£ 0.37	£ 4.87	£ 0.40	£ 5.27
Richard Heights, Flint	£ 4.50	£ 0.37	£ 4.87	£ 0.40	£ 5.27
Castle Heights, Flint	£ 5.10	£ 0.68	£ 5.78	£ 0.79	£ 6.57
Llwyn Beuno, Holywell	£ 7.53	£ 1.80	£ 9.33	£ 1.72	£ 11.05
Llwyn Aled, Holywell	£ 8.48	£ 1.41	£ 9.90	£ 1.41	£ 11.31
Panton Place, Holywell	£ 5.38	£ 1.56	£ 6.94	£ 1.51	£ 8.45
Acacia Close, Mold	£ 8.17	£ 1.30	£ 9.47	£ 1.25	£ 10.72
Glan-y-Morfa Court, Connahs Quay	£ 6.57	£ 1.07	£ 7.64	£ 1.12	£ 8.76
Chapel Court, Connah's Quay	£ 6.81	£ 1.16	£ 7.97	£ 1.16	£ 9.13

1.08

In addition to the above, over the years a number of communal schemes have had their systems upgraded resulting in highly efficient, high performing, and energy efficient installation. However further work is needed and this is an ongoing programme of work being delivered through the Welsh Housing Quality Standard. Two schemes which are currently moving through the work planning phase are the communal systems at Panton Place, Holywell and Glan y Morfa Court, Connah's Quay. Upgrade work on these installations is proposed to commence during the current financial year.

<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.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	Tenants cannot claim Housing Benefit for the cost of domestic heating.
4.02	Estimates have been based on energy usage during 2017/18. A severe winter could lead to higher costs which could lead to an increased charge during 2019/20.
4.03	Proposals have been made assuming energy prices increase by 8% in 2019/20. If rates increase further, revised proposals may be required for recovering costs and a further report will be presented to Cabinet.

<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>Contact Officer:</b> Sian H Jones, Accountant <b>Telephone:</b> 01352704080 <b>E-mail:</b> <a href="mailto:sianhjones@flintshire.gov.uk">sianhjones@flintshire.gov.uk</a>

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