

## CABINET

<b>Date of Meeting</b>	Tuesday, 18 <sup>th</sup> June 2019
<b>Report Subject</b>	Communal Heating Charges 2019/20
<b>Cabinet Member</b>	Cabinet Member for Housing
<b>Report Author</b>	Chief Officer (Housing & Assets)
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

In June 2018, Cabinet approved the recommended communal heating recharge for HRA tenants living in properties with shared gas meters.

At the time, Cabinet were asked to approve proposed recharges for both 2018/19 and 2019/20 with the caveat that a revised proposal would be brought to Cabinet if prices or usage increased.

As prices have increased by more than was anticipated at the time, revised recharges are now proposed for 2019/20 to avoid a deficit building on the heating reserve account.

### RECOMMENDATIONS

1	Cabinet approve changes to the current heating charges at council properties with communal heating schemes as outlined in the table 1, paragraph 1.08 of this report. All changes will take effect from 1 <sup>st</sup> August 2019.
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## REPORT DETAILS

1.00	<b>EXPLAINING COMMUNAL HEATING RECHARGES</b>
1.01	The Housing and Assets Portfolio currently operates nine 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 implemented in the summer each year, this enables an accurate picture to be gathered on the previous year's usage and allows us to calculate costs and any corresponding surplus or deficit 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>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> 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 stepped increase proposal was revised to avoid an increasing deficit on the heating reserve account.</p>
1.07	<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 have seen a small decrease in usage.</p>
1.08	<p>The table below sets out recommended heating charges based on actual usage in 2017/18 and 2018/19, the assumption that costs increase by 18% in 2019/20 and usage remains at similar levels for the next 12 months.</p> <p>Revised charges will be introduced in August 2019 to help spread the increased cost to tenants over a longer period.</p>

**Table 1**

Communal Area	Number of Beds	Weekly Charge 2018/19	Increase 2019/20	Revised Weekly Charge 2019/20 (from Aug 2019)
<b>Bolingbroke Heights, Flint</b>	1 Bed	£4.30	£0.50	£4.80
	2 Bed	£5.16	£0.60	£5.76
<b>Richard Heights, Flint</b>	1 Bed	£4.30	£0.50	£4.80
	2 Bed	£5.16	£0.60	£5.76
<b>Castle Heights, Flint</b>	1 Bed	£5.10	(£0.15)	£4.95
	2 Bed	£6.12	(£0.18)	£5.94
<b>Llwyn Beuno, Holywell</b>	1 Bed	£8.70	£1.85	£10.55
	2 Bed	£10.44	£2.22	£12.66
<b>Llwyn Aled, Holywell</b>	1 Bed	£9.80	£2.40	£12.20
	2 Bed	£11.76	£2.88	£14.64
<b>Panton Place, Holywell</b>	1 Bed	£6.90	£1.90	£8.80
	2 Bed	£8.28	£2.28	£10.56
<b>Acacia Close, Mold</b>	1 Bed	£8.35	(£1.55)	£6.80
	2 Bed	£10.02	(£1.86)	£8.16
	3 Bed	£11.27	(£2.09)	£9.18
<b>Glan-y-Morfa Court, Connahs Quay</b>	1 Bed	£7.50	£2.15	£9.65
	2 Bed	£9.00	£2.58	£11.58
<b>Chapel Court, Connahs Quay</b>	1 Bed	£7.90	£1.00	£8.90
	2 Bed	£9.48	£1.20	£10.68

**2.00 RESOURCE IMPLICATIONS**

2.01 As identified above.

**3.00 CONSULTATIONS REQUIRED / CARRIED OUT**

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 and 2018/19. A severe winter could lead to higher costs which could lead to an increased charge during 2020/21.

<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> Rachael Corbelli, Strategic Finance Manager <b>Telephone:</b> 01352703363 <b>E-mail:</b> <a href="mailto:rachael.corbelli@flintshire.gov.uk">rachael.corbelli@flintshire.gov.uk</a>

<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.  <b>Tenant:</b> a person who occupies land or property rented from a landlord (in this instance Flintshire County Council).  <b>Heating Reserve Account:</b> the account which records all expenditure on communal heating and all income from tenants.