

CABINET

Date of Meeting	Tuesday, 13 th July 2021
Report Subject	Communal Heating Charges 2021/22
Cabinet Member	Cabinet Member for Housing
Report Author	Chief Officer (Housing & Assets)
Type of Report	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 an accurate assessment of costs and impacts (negative or positive) on the heating reserve account.

The proposed recharges for 2021/22 are set out within this report and are pending Cabinet approval. In the majority of cases, the recharge to tenants has reduced for 2021/22, 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	Cabinet approve 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 30 th August 2021.
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REPORT DETAILS

1.00	EXPLAINING THE COMMUNAL HEATING RECHARGES
1.01	<p>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.</p>
1.02	<p>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.</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>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>
1.06	<p><u>2020/21</u> 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. Therefore, at the properties which have seen an increase in energy usage, this has resulted in a small deficit on the heating reserve. This will be recovered through the 2021/22 charges.</p>
1.07	<p><u>2021/22</u> The table below sets out recommended heating charges for 2021/22 based on actual usage in 2020/21. The assumption has been made that costs have reduced by an average of 14% in 2021/22 and that usage remains at similar levels for the next 12 months.</p> <p>Revised charges will be introduced from 30th August 2021.</p>

Table 1

Communal Area		Weekly Charge 2020/21		Increase 2021/22		Revised Weekly Charge 2021/22	
Bolingbroke Heights, Flint	1 Bed	£	4.10	-£	0.15	£	3.95
	2 Bed	£	4.92	-£	0.18	£	4.74
Richard Heights	1 Bed	£	4.10	-£	0.15	£	3.95
	2 Bed	£	4.92	-£	0.18	£	4.74
Castle Heights, Flint	1 Bed	£	4.70	-£	1.15	£	3.55
	2 Bed	£	5.64	-£	1.38	£	4.26
Llwyn Beuno, Holywell	1 Bed	£	6.00	£	0.50	£	6.50
	2 Bed	£	7.20	£	0.60	£	7.80
Llwyn Aled, Holywell	1 Bed	£	7.95	£	1.55	£	9.50
	2 Bed	£	9.54	£	1.86	£	11.40
Acacia Close, Mold	1 Bed	£	7.30	£	0.80	£	8.10
	2 Bed	£	8.76	£	0.96	£	9.72
	3 Bed	£	9.86	£	1.08	£	10.94
Glan-y-Morfa Court1, Connahs Quay	1 Bed	£	9.65	-£	1.35	£	8.30
	2 Bed	£	11.58	-£	1.62	£	9.96
Glan-y-Morfa Court2, Connahs Quay	1 Bed	£	5.30	£	1.65	£	6.95
Chapel Court, Connah's Quay	1 Bed	£	6.40	£	0.20	£	6.60
	2 Bed	£	7.68	£	0.24	£	7.92

Across all of our communal properties an options appraisal is being completed to assess the condition and efficiency of these heating systems and a plan will be put in place for improvements and upgrades over the coming years.

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 2020/21. A severe winter could lead to higher costs which may lead to an increased charge during 2022/23.

4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	This report was discussed in the Community, Housing and Asset Overview & Scrutiny Committee on 16 June 2021 and was supported.

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None.

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

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