

# Executive

Excerpt of the minutes of the meeting held on Wednesday 10 February 2016 at the Town Hall, Royal Leamington Spa at 6.00 pm.

**Present:** Councillor Mobbs (Chairman); Councillors Coker, Cross, Mrs Gallagher, Mrs Grainger, Phillips Shilton and Whiting.

**Also present:** Councillor Barrott (Chair Finance & Audit Scrutiny Committee), and Councillor Boad (Chair of Overview & Scrutiny Committee & Liberal Democrat Group Observer).

## 100. **Declarations of Interest**

There were no declarations of interest.

### **Part 1**

(Items on which a decision by Council is required)

## 106. **Heating, Lighting and Water Charges 2016/17 – Council Tenants**

The Executive considered a report, from Finance, that set out the proposed recharges to Council housing tenants for the provision of communal heating, lighting and water supply during 2016/17.

Recharges were levied to recover costs of electricity, gas and water supply usage to individual properties within one of the sheltered and the 5 very sheltered housing schemes, which were provided as part of communal heating and water supplies. The costs of maintaining communal laundry facilities were also recharged at those sites benefitting from these facilities under the heading of miscellaneous charges.

The charges necessary to fully recover costs were calculated annually from average consumption over the past three years, updated for current costs and adjusted for one third of any over-recover or under-recovery in previous years. The charges for 2016/17 were calculated on the basis of average consumption for 2013/14, 2014/15 and 2015/16. The use of an average ensures that seasonal and yearly variations were reflected in the calculation.

For reference, in February 2013 the increase required to meet projected Heating & Lighting costs was deemed unaffordable for tenants, so it was agreed to implement a lower increase and aim to fully recover costs within a 5 year period. In 2015/2016 it was recommended that where the increase to fully recover costs was higher than 95p per week, the increases be constrained to 95p to ensure the increase was affordable for tenants and continue to move towards full recovery over future years.

For 2016/17, the Council was moving towards a policy of full recovery and to achieve this it was recommending that the charges be increased by the lower of, the full amount or an amount commensurate to the

decrease in rent arising from the 1% reduction. This approach would phase in gradually the full costs recovery and would ensure that no excessive increases to the charges are made in one year.

The proposed increase in weekly charges was equivalent to the 1% decrease in average rent to tenants. This was a fair approach as it facilitates the council implementation of full costs recovery and it did not make tenants worse off, as shown at Appendix 1 to the report.

The Gas and Electricity contracts for the authority were currently being renegotiated and reduction in costs was expected to materialise in 2016/17, with savings being passed on to tenants in future years.

If any proposed charges were thought to be unaffordable for tenants, charges could be set at any level between no increase and the proposed charges, with the understanding that this means that the shortfall would either be funded from the rents of all tenants, the majority would also be paying their own electricity and gas costs directly, or recovered from charges in future years when some flats may be occupied by new tenants who had not benefited from the reduced charges.

For those Heating/Lighting charges which had been set below the level necessary to recover the full cost, a higher charge could be set to better reflect the cost. This would mean a number of tenants would be paying an increase in charges of up £3.40 per week (£176.8 per year), while other tenants would see a reduction in the charges they pay by up to 80 pence per week (£41 per Year).

Alternatively charges could be set above the real costs of recovery. This would mean tenants of these schemes would have no choice but to pay above the real cost of these utilities, as the communal nature of these services means they cannot choose their own energy suppliers. This would not be fair.

The Leader of the Executive drew attention to the addendum circulated at the meeting about this item which provided further details and revised the weekly charges so that they were an equivalent to a 1% increase in average rent to tenants. This is a fair approach as it facilitates the council implementation of full costs recovery and it doesn't make tenants worse off and was detailed in a revised Appendix 1 circulated at the meeting.

Councillor Phillips proposed the recommendations as set out in the report subject to the amendments circulate in the addendum at the meeting.

**Recommended** that the Council approves the revised recharges for Council tenants relating to heating, lighting, water and miscellaneous charges for the rent year commencing 4 April 2016, as set out in Appendix 1 and Appendix 2 to the minutes.

(The Portfolio Holder for this item was Councillor Phillips)  
(Forward Plan reference number 755)

(The meeting ended at 6.55pm)

**Heating, Lighting and Miscellaneous Charges**

From 6<sup>th</sup> April 2016 charges covering heating, lighting and miscellaneous charges should be varied as follows:

<b>Heating, Lighting and Miscellaneous Charges</b>	<b>Current Charge per Week 2015/16 £</b>	<b>Charge To Fully Recover Costs 2016/17 £</b>	<b>Proposed Charge per Week 2016/17 £</b>	<b>Proposed Increase/ (Decrease) per Week 2016/17 £</b>	<b>Proposed Change 2016/17 %</b>
<b>Acorn Court, Stockton Grove, Lillington, Royal Leamington Spa</b>					
Nos. 1 - 12, 14 - 41	£10.55	£11.60	<b>£11.35</b>	+£0.80	+7.6%
Nos. 43, 44, 46 and 47 (Misc. Charge only)	£0.60	£0.60	<b>£0.60</b>	+£0.00	+0.0%
<b>Tannery Court, Bertie Road, Kenilworth</b>					
Nos. 1, 2, 4 - 6, 7a, 8 - 12, 22a, 14 - 40	£8.85	£8.35	<b>£8.35</b>	-£0.50	-5.6%
No. 3	£13.00	£12.25	<b>£12.25</b>	-£0.75	-5.8%
<b>Yeomanry Close, Priory Road, Warwick</b>					
Nos. 1 - 12, 14 - 32	£7.60	£10.10	<b>£8.38</b>	+£0.78	+10.3%
<b>James Court, Weston Close, Warwick</b>					
Nos. 1 - 12, 14 - 26	£9.35	£10.35	<b>£10.13</b>	+£0.78	+8.3%
<b>Chandos Court, Chandos Street, Royal Leamington Spa</b>					
Nos. 1 - 12, 11a, 25a, 14 - 46	£10.70	£11.20	<b>£11.49</b>	+£0.79	+7.4%
<b>Radcliffe Gardens, Brunswick Street, Royal Leamington Spa</b>					
Bedsits and 1 bedroom flats	£6.45	£8.40	<b>£7.13</b>	+£0.68	+10.5%
2 bedroom flats	£10.05	£13.45	<b>£10.84</b>	+£0.79	+7.9%

## Water Charges

From 4<sup>th</sup> April 2016 water charges should be varied as follows:

<b>Water Charges</b>	<b>Current Charge per Week 2015/16 £</b>	<b>Proposed Charge per Week 2016/17 £</b>	<b>Proposed Increase/ (Decrease) per Week 2016/17 £</b>	<b>Proposed Change 2016/17 %</b>
<b>Acorn Court, Stockton Grove, Lillington, Royal Leamington Spa</b>				
Nos. 1 - 12, 14 - 41, 43 - 47	£3.45	£3.70	+£0.25	+6.7%
<b>Tannery Court, Bertie Road, Kenilworth</b>				
Nos. 1, 2, 3, 4 - 6, 7a, 8 - 12, 22a, 14 - 40	£4.00	£4.10	+£0.10	+2.3%
<b>Yeomanry Close, Priory Road, Warwick</b>				
Nos. 1 - 12, 14 - 32, 33 and 34	£2.65	£2.65	+£0.00	+0.0%
<b>James Court, Weston Close, Warwick</b>				
Nos. 1 - 12, 14 - 28	£2.90	£2.90	+£0.00	+0.0%
<b>Chandos Court, Chandos Street, Royal Leamington Spa</b>				
Nos. 1 - 12, 11a, 25a, 14 - 46, 47	£3.10	£3.20	+£0.10	+3.2%