

 Executive 15th February 2012		Agenda Item No. 8
Title		Approval of Heating, Lighting and Water Charges 2012/13 – Council Tenants
For further information about this report please contact		Jameel Malik jameel.malik@warwickdc.gov.uk 01926 456403 Sandra Jones sandra.jones@warwickdc.gov.uk 01926 456803
Wards of the District directly affected		All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006		No
Date and meeting when issue was last considered and relevant minute number		
Background Papers		Heating and Water Service Charges Working Papers
Contrary to the policy framework:		No
Contrary to the budgetary framework:		No
Key Decision?		Yes
Included within the Forward Plan? (If yes include reference number)		Yes Ref
Equality & Sustainability Impact Assessment Undertaken		No
Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive		Bill Hunt
Head of Service	n/a	Finance Report
CMT		
Section 151 Officer		Mike Snow
Monitoring Officer		
Finance	n/a	Finance Report
Portfolio Holder(s)		Councillor Vincett
Consultation Undertaken		
None		
Final Decision?		No
Suggested next steps (if not final decision please set out below)		
This will be a recommendation to Council on 22 February 2012		

1. SUMMARY

- 1.1 This report sets out the proposed recharges to council housing tenants for 2012/13, for the provision of communal heating, lighting and water supply.

2. RECOMMENDATIONS (TO COUNCIL)

- 2.1 To recommend to Council:

To agree the revised recharges for Council tenants relating to heating, lighting, water and miscellaneous charges for the year commencing 1st April, 2012, as set out in paragraphs 7 to 11.

3. REASONS FOR THE RECOMMENDATIONS

- 3.1 Recharges are levied to recover the costs of electricity, gas and water supply usage to individual properties within 2 of the sheltered and the 5 very sheltered housing schemes, which is provided as part of communal heating and water supplies. The costs of maintaining communal laundry facilities are also recharged at those sites benefiting from these facilities under the heading of miscellaneous charges. The charges are reviewed annually based on average consumption over the past three years, updated for current costs. Tenants are notified of the change at the same time as the annual rent increase.

4. POLICY FRAMEWORK

4.1 Policy Framework

The Heating, Lighting and Water Charges Report, forms part of the Budgetary Framework which is the resource strategy for implementing Fit for the Future.

- 4.2 In light of the proposed 8.39% rent increase proposed for 2012/13, consideration has been given to the level of recharges being considered and whether or not any further mitigation, especially for those who will see an increase in the recharge to be levied, might be possible.

4.3 Fit For the Future

A key element of Fit for the Future is ensuring that the Council achieves the required savings to enable it to set a balanced budget whilst maintaining service provision. The Housing Revenue Account is subject to the same regime to ensure efficiency within the service.

5. BUDGETARY FRAMEWORK

- 5.1 Service charges form part of the Housing Revenue Account which is a key component of the Council's budgetary framework. The recharges are set to enable the charges from suppliers to be fully recovered, with no cost or subsidy to the Housing Revenue Account and all other tenants.
- 5.2 Due to the way the recharges are calculated, based on a rolling three years, the actual changes in the proposed charges range from a 19% decrease to an increase of 12%.
- 5.3 The level of recharges being considered will have no significant impact on the Housing Self Financing Business Plan being implemented from 1st April, 2012.

6. ALTERNATIVE OPTION CONSIDERED

- 6.1 These recharges ensure that the direct costs of services provided are only charged to those tenants benefiting from the service.
- 6.2 There is little alternative to having these recharges and reviewing them annually in order to recoup a reasonable amount towards the cost of providing these services.
- 6.3 Recovering less than the cost of the services being provided means the burden would fall on all of our tenants, including those who would never receive benefit from the service provided and who have to pay for their own utility costs as well as being subject to the same level of rent increase. This is because the costs would have to be met from rent pooling, i.e. covering the costs from rent income received from all tenants.

7. BACKGROUND

- 7.1 The gas and electricity used to deliver communal heating and lighting on each of the schemes mentioned in this report, is supplied under the provisions of the Council's energy supply contracts, which are now negotiated on our behalf by the ESPO energy consortium. A highly favourable fixed price was negotiated for gas supplies, effective to March 2012, which these tenants were able to enjoy the benefit of. However, the consortium is predicting an increase in gas prices of 32% for the 12 months from April 2012 and it is this rate which has had to be applied when estimating costs for 2012/13. An increase of 9% has been predicted for the electricity supply contract for 2012/13 so again, this is the rate which it is appropriate to apply when estimating costs for the coming financial year. These are the rates which have had to be applied to all of the Council's gas and electricity supply contracts for 2012/13.
- 7.2 The recharges calculated for electricity, gas, water and laundry facilities are recovered as a weekly service charge and are based on average consumption over the past three years, updated for current costs. This requires an annual review, as the average will change when the consumption and cost data are analysed for the previous 12 months.
- 7.3 The recharges contained within this report cover the anticipated costs for the estimated energy to be used by the benefitting tenants, for the 12 month period between September 2011 and August 2012. An adjustment, comprising one-third of any under or over recovery of costs during the previous 3 years, is also added. This 'smoothing', helps to mitigate any huge price variations or errors in usage calculations.
- 7.4 Energy costs have risen significantly for all consumers during the last few months and these price rises reflected in the new contract prices which have been negotiated by the ESPO consortium, on the Councils behalf. Consequently, recharge estimates for all of the properties covered by these contracts will have increased for 2012/13, but because of the mitigating effect of the 3 year 'smoothing' which is applied, some tenants living in these establishments and using these services, will actually benefit from a reduction in their recharge payments.

8. RADCLIFFE GARDENS, BRUNSWICK STREET, LEAMINGTON SPA

- 8.1 The 54 dwellings in this sheltered housing complex are supplied with domestic hot water all year round and with central heating, normally during the period October to May/June each year but dependent on weather conditions, from a communal gas boiler unit.
- 8.2 Having updated the 3 year average with regard to the previous 12 months' consumption and the current energy charges, it is recommended that as from 1st April 2012, charges are reduced as follows:

	Current Charge per Week 2011/12 £	Proposed Charge per Week 2012/13 £	Proposed Change per Week 2012/13 £
Bedsits and 1 bedroom flats	£ 5.85	£ 5.65	-£ 0.20
2 bedroom flats	£ 9.35	£ 9.00	-£ 0.35

9. FETHERSTON COURT, TACHBROOK ROAD, LEAMINGTON SPA

- 9.1 Fetherston Court is a sheltered housing complex of 9 flats. These properties are heated from a central gas boiler, and all gas and electricity supplies, including the wardens flat, are paid for by the Council. Having regard to the previous 12 months' consumption and the current energy charges, it is recommended that as from 1st April 2012, charges are increased from £12.20 to £12.85 per week. This represents an increase of £0.65 per week.

10. HEATING, LIGHTING AND MISCELLANEOUS SERVICE CHARGES - VERY SHELTERED HOUSING SCHEMES

- 10.1 Having regard to the previous 12 months' consumption and the current energy charges, it is recommended that as from 1st April 2012, charges for these items at the 5 Very Sheltered Housing Schemes should be varied as follows :-

Heating, Lighting and Miscellaneous Charges	Current Charge per Week 2011/12 £	Proposed Charge per Week 2012/13 £	Proposed Change per Week 2012/13 £
Acorn Court			
Nos. 1 - 12, 14 - 41	£ 7.90	£ 8.30	£0.40
Nos. 43, 44, 46 & 47 (Misc. Charge only)	£ 0.60	£ 0.60	-
Tannery Court			
Nos. 1, 2, 4 - 6, 7a, 8 - 12, 22a, 14 - 40	£ 8.10	£ 8.40	£0.30
No. 3 (Warden's accommodation)	£ 11.90	£ 12.30	£0.40

Yeomanry Court			
Nos. 1 - 12, 14 - 32	£ 6.25	£ 7.05	£0.80
James Court			
Nos. 1 - 12, 14 - 26	£ 8.90	£ 7.20	-£1.70
Chandos Court			
Nos. 1 - 12, 11a, 25a, 14 - 46	£ 9.00	£ 9.05	£0.05

11. WATER CHARGES - VERY SHELTERED SCHEMES

- 11.1 It is recommended that, having regard to the previous 12 month's consumption and the current water charges, as from 1st April 2012 water charges in respect of the 5 Very Sheltered Schemes should be varied as follows :-

Water Charges:	Current Charge per Week 2011/12 £	Proposed Charge per Week 2012/13 £	Current Change per Week 2012/13 £
Acorn Court			
Nos. 1 - 12, 14 - 41, 43 - 47	£3.95	£3.20	-£0.75
Tannery Court			
Nos. 1, 2, 3, 4 - 6, 7a, 8 - 12, 22a, 14 - 40	£3.45	£3.70	£0.25
Yeomanry Close			
Nos. 1 - 12, 14 - 32, 33 and 34	£2.30	£2.15	-£0.15
James Court			
Nos. 1 - 12, 14 - 28	£2.55	£2.85	£0.30
Chandos Court			
Nos. 1 - 12, 11a, 25a, 14 - 46, 47	£2.50	£2.35	-£0.15