

 Executive 9 February 2011		Agenda Item No.
Title	Approval of Heating, Lighting and Water Charges 2011/12 – Council Tenants	
For further information about this report please contact	Jameel Malik (Tel: 01926 456403) Sandra Jones (Tel 01926 456803)	
Service Area	Housing And Property Services / Finance	
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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	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 272

With regard to officer approval all reports <u>must</u> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	Jan 2011	Bill Hunt
Head of Service	Jan 2011	
CMT	Jan 2011	
Section 151 Officer	Jan 2011	Mike Snow
Finance	Jan 2011	Mike Snow
Strategic Asset Manager	n/a	
Procurement Manager	n/a	
Portfolio Holder	Jan 2011	Cllr Grainger
Consultation Undertaken		
None		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below		

1. SUMMARY

- 1.1 This report sets out the proposed service charges to council housing tenants for 2011/12, for the provision of communal heating, lighting and water supply.

2. RECOMMENDATIONS (TO COUNCIL) -

- 2.1 To recommend to Council:

To agree the revised service charges for Council tenants relating to heating, lighting, water and miscellaneous charges for the year commencing 1st April, 2011, as set out in paragraphs 7 to 9.

3. REASONS FOR THE RECOMMENDATIONS

- 3.1 Service charges are levied for the costs of electricity, gas and water supply usage in the communal areas of sheltered and very sheltered housing schemes and for direct supply to individual properties through communal heating schemes. The costs of maintaining communal laundry facilities are also recharged as a service charge 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. ALTERNATIVE OPTION CONSIDERED

- 4.1 Service charges ensure that the direct costs of services provided are only recharged to those tenants benefiting from the service. There is no alternative to having service charges and reviewing them annually as otherwise the costs would have to be met through rent pooling, i.e. covering the cost from the rental income received from all tenants. This would impact on the annual rent rise and lead to charges being made to tenants who would never benefit from the service provided.

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.

6. POLICY FRAMEWORK

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

7. BACKGROUND

- 7.1 Charges for electricity, gas, water and laundry facilities are recovered as a weekly service charge. They 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 most recent year.
- 7.2 The gas and electricity used to deliver communal heating and lighting on each of these schemes is supplied under the provisions of the Council's energy supply contracts, which are negotiated for a 3 year term. Tendering for the current contracts began during March 2010, with new prices being implemented from October 2010.
- 7.3 The charges calculated for this report are to cover the anticipated costs for the estimated energy to be used, by tenants, for the 12 month period between September 2010 and August 2011. It is also adjusted by one-third of any under or over recovery costs during the previous 3 years. This helps to mitigate any huge price variations or errors in usage calculations.
- 7.4 The new contract charges, effective from October 2010, have been used in the calculations and reflect any price changes applicable. These charges have been estimated to cover the cost of predicted energy consumption to be used between September 2011 and August 2012, by the tenants of the relative properties.
- 7.5 Energy costs have risen for all consumers during the last few months and these price rises are reflected in the new contract prices which the Council has negotiated. Consequently, charges at all of the properties covered by these contracts have had to be increased.
- 7.6 The previous gas supply contract was negotiated at a particularly beneficial rate which was fixed for the 3 year term of the contract. The price for gas in the new contract is now variable and currently has seen an average increase of around 27%, from 1.85p per Kilowatt Hour, (kWh), to 2.36p per kWh.
- 7.7 Current electricity supply charges, on average, have risen from 7p to 8p per unit for daytime usage, around a 14% increase. Night time units have increased on average by around 9%, from 4.2p to 4.59p per unit.

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 2011 the service charges be increased as follows:

	Current Charge per Week 2010/11 £	Proposed Charge per Week 2011/12 £
Bedsits and 1 bedroom flats	£ 4.85	£ 5.85
2 bedroom flats	£ 7.75	£ 9.35

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 2011 the service charges be increased from £9.55 to £12.20 per week.

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

- 9.1 Having regard to the previous 12 months' consumption and the current energy charges, it is recommended that as from 1st April 2011 the service charges for these items at the 5 Very Sheltered Housing Schemes should be increased as follows :-

Heating, Lighting and Miscellaneous Charges	Current Charge per Week 2010/11 £	Proposed Charge per Week 2011/12 £
<u>(a) Acorn Court, Pound Lane, Lillington</u>		
Nos. 1 - 12, 14 – 41	£ 6.00	£7.90
Nos. 43, 44, 46 and 47 (Misc. Charge only)	£ 0.60	£ 0.60
<u>(b) Tannery Court, Bertie Road, Kenilworth</u>		
Nos. 1, 2, 4 – 6, 7a, 8 - 12, 22a, 14 - 40	£ 6.70	£ 8.10
No. 3 (Warden's accommodation)	£ 9.80	£ 11.90
<u>(c) Yeomanry Close, Priory Road, Warwick</u>		
Nos. 1 - 12, 14 – 32	£ 5.10	£ 6.25
<u>(d) James Court, Weston Close, Warwick</u>		
Nos. 1 - 12, 14 – 26	£ 6.80	£ 8.90
<u>(e) Chandos Court, Chandos Street, Leamington Spa</u>		
Nos. 1 - 12, 11a, 25a, 14 – 46	£ 7.30	£ 9.00

10. WATER CHARGES - VERY SHELTERED SCHEMES

- 10.1 It is recommended that, having regard to the previous 12 month's consumption and the current water charges, as from 1st April 2011 water service charges in respect of the 5 Very Sheltered Schemes should be varied as follows :-

Water Charges:	Current Charge per Week 2010/11 £	Proposed Charge per Week 2011/12 £
<u>(a) Acorn Court, Pound Lane, Lillington</u>		
Nos. 1 - 12, 14 - 41, 43 - 47	£ 3.35	£ 3.95
<u>(b) Tannery Court, Bertie Road, Kenilworth</u>		
Nos. 1, 2, 3, 4 - 6, 7a, 8 - 12, 22a, 14 - 40	£ 3.25	£ 3.45
<u>(c) Yeomanry Close, Priory Road, Warwick</u>		
Nos. 1 - 12, 14 - 32, 33 and 34	£ 2.40	£ 2.30
<u>(d) James Court, Weston Close, Warwick</u>		
Nos. 1 - 12, 14 - 28	£ 2.45	£ 2.55
<u>(e) Chandos Court, Leamington Spa</u>		
Nos. 1 - 12, 11a, 25a, 14 - 46, 47	£ 2.50	£ 2.50