

 Executive 12th February 2014 Council 26th February 2014		Agenda Item No. <div style="font-size: 2em; font-weight: bold; text-align: center;">7</div>
Title	Heating, Lighting and Water Charges 2014/15 – Council Tenants	
For further information about this report please contact	Mark Smith mark.smith@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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	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	Previous annual 'Approval of Heating, Lighting and Water Charges' reports, every February	

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 538
Equality & Sustainability Impact Assessment Undertaken	No

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	27-Jan-2014	Bill Hunt
Head of Service	n/a	Finance/Housing & Property Report
CMT	27-Jan-2014	
Section 151 Officer	27-Jan-2014	Mike Snow
Monitoring Officer	27-Jan-2014	Andrew Jones
Finance	27-Jan-2014	Mike Snow
Portfolio Holder(s)	27-Jan-2014	Councillor Vincett
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 recharges to council housing tenants for 2014/15, 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 rent year commencing 6th April 2014, as set out in Appendix 1 & Appendix 2.

3. REASONS FOR THE RECOMMENDATIONS

- 3.1 Recharges are 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 are provided as part of communal heating and water supplies. The costs of maintaining communal laundry facilities are also recharged at those sites benefitting from these facilities under the heading of miscellaneous charges.
- 3.2 The charges necessary to fully recover costs are 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.
- 3.3 In February 2013 the increase required to meet projected Heating & Lighting costs was felt unaffordable for tenants, so it was agreed to implement a lower increase and aim to fully recover costs within 5 year. Due to environmental measures taken, credits received and lower than expected price rises the proposed charges for three sites are able to meet costs with a decrease or modest increase in charges.
- 3.4 For three sites the increases needed to fully recover costs remain unaffordable, so it is proposed to cap the increase in weekly Heating & Lighting charges to 70p, and continue to move towards full recovery over future years.
- 3.5 The changes in the proposed charges range from a 6% decrease to a 9% increase (-80p to +70p per week) for Heating/Lighting Charges, and from a 10% decrease to a 5% increase (-35p to +15p per week) for Water Charges. Full details are shown in Appendix 1 and Appendix 2.

4. POLICY FRAMEWORK

4.1 Policy Framework

- 4.1.1 The Heating, Lighting and Water Charges Report forms part of the Budgetary Framework, which is the resource strategy for implementing Fit for the Future.
- 4.1.2 Until 2013/14, it was the policy of this council to set recharges to tenants for the electricity, gas and water supplied to certain properties at the level that will fully recover these costs without 'rent pooling', that is without subsidising from other HRA income.

- 4.1.3 In light of the greater financial freedom from Self Financing the Council has more scope to vary this approach to keep charges affordable for tenants.

4.2 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.
- 5.2 If charges are set so as not to fully recover costs, this will present an additional cost to all housing tenants by way of the rent they are charged.

6. ALTERNATIVE OPTION CONSIDERED

- 6.1 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.
- 6.2 For those Heating/Lighting charges which have been set below the level necessary to recover the full cost, a higher charge could be set to better reflect the costs. This may make the increase unaffordable for tenants.
- 6.3 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.

7. BACKGROUND

- 7.1 Costs for electricity, gas, water and laundry facilities provided at some housing schemes are recovered as a weekly charge.
- 7.2 These utility charges are not eligible for Housing Benefit.
- 7.3 Tenants are notified of these charges at the same time as the annual rent increase.
- 7.4 The gas and electricity used to deliver communal heating and lighting is supplied under the provisions of the Council's energy supply contracts.
- 7.5 Fetherston Court is due to be redeveloped. The property is now empty and is therefore not included in this report.
- 7.6 Photovoltaic cells (solar panels) were installed on James Court, Tannery Court and Yeomanry Court in April 2012. The electricity generated reduces consumption from the national grid.

- 7.7 A biomass heating system is to be installed in Tannery Court. This installation will reduce our carbon emissions and costs will be partly offset by the Government's Renewable Heat Incentive scheme.
- 7.8 Housing and Property Services have commenced a full review of the heating and lighting systems at these sheltered and very sheltered housing schemes. This has led to new cavity wall insulation and loft insulation top-up which will reduce fuel consumption.

Heating, Lighting and Miscellaneous Charges

It is recommended that from 6th April 2014 charges covering heating, lighting and miscellaneous charges should be varied as follows :-

Heating, Lighting and Miscellaneous Charges	Current Charge per Week 2013/14	Charge To Fully Recover Costs 2014/15	Proposed Charge per Week 2014/15	Proposed Increase/ Decrease per Week 2014/15	Proposed % Change 2014/15
Acorn Court, Stockton Grove, Lillington, Royal Leamington Spa					
Nos. 1 - 12, 14 - 41	£8.90	£10.30	£9.60	+£0.70	+7.9%
Nos. 43, 44, 46 and 47 (Misc. Charge only)	£0.60	£0.60	£0.60	+£0.00	+0.0%
Tannery Court, Bertie Road, Kenilworth					
Nos. 1, 2, 4 - 6, 7a, 8 - 12, 14 - 40, 22a	£8.95	£8.45	£8.45	-£0.50	-5.6%
No. 3 (Warden's accommodation)	£13.15	£12.35	£12.35	-£0.80	-6.1%
Yeomanry Close, Priory Road, Warwick					
Nos. 1 - 12, 14 - 32	£7.40	£7.60	£7.60	+£0.20	+2.7%
James Court, Weston Close, Warwick					
Nos. 1 - 12, 14 - 26	£7.80	£10.10	£8.50	+£0.70	+9.0%
Chandos Court, Chandos Street, Royal Leamington Spa					
Nos. 1 - 12, 11a, 25a, 14 - 46	£9.45	£10.45	£10.15	+£0.70	+7.4%
Radcliffe Gardens, Brunswick Street, Royal Leamington Spa					
Bedsits and 1 bedroom flats	£5.95	£5.70	£5.70	-£0.25	-4.2%
2 bedroom flats	£9.45	£9.10	£9.10	-£0.35	-3.7%

Water Charges

It is recommended that from 6th April 2014 water charges should be varied as follows :-

Water Charges	Current Charge per Week 2013/14	Proposed Charge per Week 2014/15	Proposed Increase/ Decrease per Week 2014/15	Proposed % Change 2014/15
Acorn Court, Stockton Grove, Lillington, Royal Leamington Spa				
Nos. 1 - 12, 14 - 41, 43 - 47	£3.45	£3.10	-£0.35	-10.1%
Tannery Court, Bertie Road, Kenilworth				
Nos. 1 - 6, 7a, 8 - 12, 14 - 40, 22a	£3.65	£3.80	£0.15	+4.1%
Yeomanry Close, Priory Road, Warwick				
Nos. 1 - 12, 14 - 32, 33 and 34	£2.70	£2.80	£0.10	+3.7%
James Court, Weston Close, Warwick				
Nos. 1 - 12, 14 - 28	£3.05	£3.20	£0.15	+4.6%
Chandos Court, Chandos Street, Royal Leamington Spa				
Nos. 1 - 12, 11a, 25a, 14 - 46, 47	£2.90	£3.05	£0.15	+5.2%