

BARNSELY METROPOLITAN BOROUGH COUNCIL

This matter is a Key Decision within the Council's definition and has been included in the relevant Forward Plan

JOINT REPORT OF THE EXECUTIVE DIRECTOR FOR PLACE AND THE EXECUTIVE DIRECTOR FOR CORE SERVICES TO CABINET ON 1 DECEMBER 2021

Public or private: Public

The Cost-of-Living Crisis – Energy Prices for Council Tenants in Communal / Sheltered Accommodation

1. PURPOSE OF REPORT

- 1.1 To provide an update to Members on the cost-of-living crisis, specifically in relation to energy prices for those council tenants living in communal and sheltered accommodation.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 **Note the contents of this report alongside the Household Support Grant report on this agenda.**
- 2.2 **Approve the proposed reduction in the price of energy charged to tenants by 3.1p per KW-H, [from 9.5p to 6.4p per KW-H] from 1st September 2021; and**
- 2.3 **Note that the Council will review the pricing strategy in future years, given the current volatility in the energy market.**

3. INTRODUCTION & BACKGROUND

- 3.1 The cost-of-living crisis currently sweeping the UK will clearly impact many residents across the Borough. This is accentuated by the fact that Barnsley remains one of the most deprived areas in the country.
- 3.2 Households are experiencing a tightening of their disposable incomes as the impact of increases in the cost of commodities such as energy, fuel, and food takes hold. It is generally accepted that this will have a disproportionate impact on deprived communities, none more so than Barnsley which is the 38th most deprived area in England.
- 3.3 Furthermore, the Government's £20 per week cut to Universal Credit will likely see many of those same households squeezed further, exacerbating the cost-of-living crisis for those residents. In addition, tenants in employment will be impacted by the increase in employee National Insurance Contributions which comes into effect on the 1st April 2022.

- 3.4 In combination, without any action it is likely that many of our residents will fall further into fuel and food poverty with the many negative impacts that potentially brings e.g., worsening of health inequalities.
- 3.5 The Council recognises this crisis and the potential impact on residents and is therefore proposing to implement a Household Support Grant scheme whereby residents can apply for financial support for a range of items such as food, energy and water bills and wider essentials such as fuel. The report regarding the Household Support Grant is presented to Cabinet on this meeting's agenda.
- 3.6 To complement the Household Support Grant the Council has also undertaken a review of the energy prices it charges to those tenants living in sheltered / communal housing accommodation.
- 3.7 The Council currently provides a district heating scheme for 1,209 of its tenants at 24 communal housing settings across the Borough. As part of that arrangement, the cost of heat at each property is pooled and distributed across the tenants on an equity basis.
- 3.8 The review was commissioned following concerns that the prices charged by the Council for its district heating scheme appeared to be relatively high, particularly when compared to pricing in the open energy market.
- 3.9 Due to the complex way in which the scheme operates it is not possible to make a direct comparison with energy prices in the open market. Therefore, the review looked at neighbouring authorities that operate similar schemes to those of the Council.

4. PROPOSAL AND JUSTIFICATION

- 4.1 Based on the work carried out, it is proposed to implement a change to the pricing to support tenants with their energy bills within the context of the wider cost of living crisis.
- 4.2 The Council proposes an overall reduction in the price to tenants of 3.1p to **6.4p** per KW-H, which represents an average saving to a tenants' bill of £134 per annum. It is proposed to implement this revised price from the 1st September 2021 and would bring the Council's pricing in line with local comparators.

5. CONSIDERATION OF ALTERNATIVE APPROACHES

- 5.1 The Council has undertaken a thorough options appraisal in respect of the proposed charges using both other local authorities and various charging methodologies to assess the impact on both the tenant and HRA. The proposed option represents the most favourable for the tenants and is in line with other local authorities.

6. IMPLICATIONS FOR LOCAL PEOPLE/SERVICE USERS

- 6.1 The Council has made the decision to review the charging mechanism to ensure that it remains fit for purpose and in line with the various legislative requirements.

- 6.2 Section 24 of the Housing Act 1985 allows local authorities to make such reasonable charges as they may determine for a tenancy or occupation of their houses. Further, it requires the local authority from time to time to review rents and other charges (such as district heating charges) and make such changes, as circumstances may require.
- 6.3 Further to the work on district heating charges, the Council (working with Berneslai Homes and other agencies) has a Warm Homes Service (in addition to the BH Tenant's First Team) which provides advice, guidance, and pathway referrals to assist residents (across tenure) who are struggling to keep their homes warm, access the right energy tariffs or who may be in fuel poverty. This service will shortly transfer into the Housing, Sustainability and Climate Change Team who will seek to grow this offer further; with an aspiration (delivered via the Affordable Warmth Task Force) to create a one-stop shop for energy efficiency support and advice to all residents of the borough. Whilst the Council cannot control energy prices (except for the welcomed district heating charges above), it can aid residents re: benefit maximisation, advice on keeping well and warm, and retrofit funding from government initiatives such as Local Authority Delivery (LAD) and the Sustainable Warmth programmes.
- 6.4 From a Council Housing perspective, officers are working closely to develop a suite of costed retrofit options to improve the efficiency of housing stock across the borough; targeting properties with households experiencing fuel poverty and/or with energy performance below an EPC C rating in the first instance; aligned to the Government's Fuel Poverty Strategy and funding initiatives (Social Housing Decarbonisation Fund). This will include a review of the district heating systems where there is the potential to improve energy efficiency and reduce carbon emissions. Any changes to heating systems will be in full consultation with residents and be assessed to ensure that they are promoting a 'just transition' to net zero carbon targets in line with the Council's Sustainable Energy Action Plan. The Council is also exploring options to access the Government's Heat Network Efficiency Scheme launched to support performance improvements to existing district heating or communal heating projects.

7. FINANCIAL IMPLICATIONS

- 7.1 Consultations have taken place with representatives of the Service Director – Finance (S151 Officer).
- 7.2 The proposal detailed in this report seeks to reduce the District Heating Tariff charged to tenants.
- 7.3 The current rate charged to tenants is 9.5p per KW-H. The proposal is to reduce the tariff by 3.1p to 6.4p per KW-H, which represents an average saving to a tenants' bill of £134 per annum.
- 7.4 It is proposed to fund the reduction in income which is an estimated £0.155M per annum [c.£0.090M part year effect in 2021/22] within the Council's Housing Revenue Account.
- 7.5 A summary of the above financial implications is attached at Appendix A.

8. EMPLOYEE IMPLICATIONS

8.1 There are no direct employee implications from this report.

9. LEGAL IMPLICATIONS

9.1 There are no direct legal implications from this report.

10. CUSTOMER AND DIGITAL IMPLICATIONS

10.1 None

11. COMMUNICATIONS IMPLICATIONS

11.1 The affected tenants will be contacted by Berneslai Homes in due course.

12. CONSULTATIONS

12.1 Consultations have been undertaken with Council officers in finance and housing and Berneslai Homes.

13. EQUALITY IMPACT

13.1 Equality Impact Assessment Pre-screening completed determining full EIA not required.

14. THE CORPORATE PLAN AND THE COUNCIL'S PERFORMANCE MANAGEMENT FRAMEWORK

14.1 This proposal contributes towards the Council's objective of reducing fuel poverty.

15. TACKLING THE IMPACT OF POVERTY

15.1 This proposal contributes towards the Council's objective of reducing fuel poverty.

16. TACKLING HEALTH INEQUALITIES

16.1 This proposal contributes towards the Council's objective of reducing fuel poverty.

17. REDUCTION OF CRIME AND DISORDER

17.1 None

18. RISK MANAGEMENT ISSUES

18.1 None

19. HEALTH, SAFETY AND EMERGENCY RESILIENCE ISSUES

19.1 None

20. COMPATIBILITY WITH THE EUROPEAN CONVENTION ON HUMAN RIGHTS

20.1 None

21. CONSERVATION OF BIODIVERSITY

21.1 None

22. GLOSSARY

23. LIST OF APPENDICES

Appendix A: Financial Implications

24. BACKGROUND PAPERS

HRA 2021/22 Budget and MTFS – Cab.13.01.2021/8

If you would like to inspect background papers for this report, please email governance@barnsley.gov.uk so that appropriate arrangements can be made

Report author: Neil Copley