

## SELF REGULATION SELECT COMMISSION

Venue: Town Hall, Moorgate  
Street, Rotherham.

Date: Thursday, 31st May, 2012

Time: 3.30 p.m.

### A G E N D A

1. Apologies for Absence.
2. To determine if the following matters are to be considered under the categories suggested in accordance with the Local Government Act 1972.
3. To determine any item which the Chairman is of the opinion should be considered as a matter of urgency.
4. Communications.
5. Declarations of Interest.
6. Questions from Members of the Public and the Press.

### For Decision:-

7. Minutes of the previous meeting held on 19th April, 2011 (herewith). (Pages 1 - 6)
8. Self Regulation Select Commission 2012/13 work programme (report herewith). (Pages 7 - 12)
9. Scrutiny Review: district heating schemes - update (report herewith). (Pages 13 - 18)
10. Date and Time of Next Meeting -
  - Thursday 12<sup>th</sup> July, 2012, to start at 3.30 pm in the Rotherham Town Hall.

### Members of the Self-Regulation Select Commission:-

Councillor Currie (Chairman)

Councillor J. Hamilton (Vice-Chairman)

Councillors Atkin, Beck, Beaumont, Donaldson, Ellis, Godfrey, Mannion, Pickering, Sharman, Tweed and Watson.

**SELF REGULATION SELECT COMMISSION**  
**Thursday, 19th April, 2012**

Present:- Councillor Hughes (in the Chair); Councillors Atkin, Beck, Currie, Ellis, J. Hamilton, N. Hamilton, Mannion and Sharman.

Apologies for absence:- Apologies were received from Councillors Donaldson and Parker.

**69. COMMUNICATIONS**

The Chairman reminded the Select Commission Members about the forthcoming Fuel Poverty workshop taking place on Monday, 23<sup>rd</sup> April, 2012 between 9.30 a.m. and 11.30 a.m.

**70. DECLARATIONS OF INTEREST**

There were no declarations of interest to report.

**71. QUESTIONS FROM MEMBERS OF THE PUBLIC AND THE PRESS**

There were no questions from members of the public or the press.

**72. MINUTES OF THE PREVIOUS MEETING HELD ON 8TH MARCH, 2012**

Resolved:- That the minutes of the meeting of the Self Regulation Select Commission held on 8<sup>th</sup> March, 2012 be approved as a correct record for signature by the Chairman.

**73. SUPPORT COSTS REVIEW**

Further to Minute No. 34 of the meeting of this Select Commission held on 8th December, 2011, consideration was given to a further report presented by Pete Hudson, Chief Finance Manager, which provided details of the proposed charging methodology to be adopted for the support services which have always been part of the Council, but excluded former RBT support services as these services were currently being reviewed by nominated services leads. Once reconfigured and fully reintegrated, appropriate bases for the allocation or apportionment of these costs would be identified and a final report produced with the consolidated analysis, supported by detailed financial information. This report would be produced once the Council's 2011/12 accounts had been finalised and audited.

A discussion and answer session ensued and the following issues were raised and clarification sought:-

- That the final report be submitted to this Select Commission before it was presented to the Deputy Leader for approval.
- Inclusion of the RBT services after the Council's 2011/12 accounts had been finalised and audited.
- Costs allocated or apportioned to the Resources Directorate to be pro-rata to the value of all other support costs allocated or apportioned to operational Directorates.

- RBT savings delivered through the management and administration reviews.
- Identification of costs in the Council's accounts.

Resolved:- (1) That the proposed charging methodology for Council support services be noted.

(2) That the further work to be undertaken in respect of the former RBT support services currently under review as part of their reintegration into the Council be noted.

(3) That a consolidated report supported by detailed financial information be presented to the Select Commission when this work was complete.

#### **74. UPDATE REPORT - SCRUTINY REVIEW INTO THE USE OF CONSULTANTS**

Consideration was given to a report presented by Pete Hudson, Chief Finance Manager, which provided an update on the agreed actions arising from the Scrutiny Review of Consultants and an analysis of revenue expenditure on Consultants over the last four years.

Since 2008/09 when the Council implemented arrangements for tracking revenue expenditure on Consultants it had significantly reduced expenditure in this area and the report set out in detail the consultancy expenditure by Directorate for 2011/12.

It was pointed out that the Council had two Elected Member approved Framework Agreements in place - one for the provision of specialist Legal advice with Bevan Brittain and one for specialist Finance advice with Price Waterhouse Coopers (PwC).

The Select Commission asked a range of questions, which were answered, relating to:-

- Process of engaging consultants and the business cases for doing this.
- Budget monitoring reports and the appropriate scrutiny of contract spend and where consultants had been engaged.
- Reassurances that the spend on consultants was kept to a minimum.
- The need to optimise value for money in the use of the Council's resources.

Resolved:- (1) That the report be received and the contents noted.

(2) That the Self Regulation Select Commission continue to monitor spend on consultants.

(3) That a further report be submitted to the Self Regulation Select Commission on consultant and agency spend in due course.

#### **75. OVERVIEW OF HOUSING REVENUE ACCOUNT 30 YEAR BUSINESS PLAN MODELLING**

Further to Minute No. 178 of the meeting of the Cabinet held on 28<sup>th</sup> March,

2012, consideration was given to a report presented by Dave Richmond, Director of Housing and Neighbourhoods, which detailed how from 1st April, 2012 the current Housing Revenue Account (HRA) subsidy system would cease and a new a self financing process commenced. Over a thirty year period this new system may produce significant surpluses.

Based on the assumptions the Council would be able to maintain its housing stock to the decent homes standard and also be able to invest in other priorities, for example an ongoing programme of building Council houses to deal with the acute shortage of affordable housing in the borough. Such a programme had the ability to deliver training and job opportunities which could have a significant effect on regeneration in the borough.

Initial financial modelling had taken place and indicated that:-

- Current housing stock investment plans can be delivered.
- Debt could be serviced and/or repaid.
- Surplus resources can meet long term and wide ranging investment needs.

The report also demonstrated that whilst the surplus resources could be accessed, an alternative funding vehicle may be required to effectively “bring forward” or “smooth out” the projected surplus resources from the latter part of the Business Plan.

The Cabinet had agreed to bring forward proposals for possible future investment priorities and to work up formal proposals to utilise the available £33m borrowing headroom. This work was already underway and could largely be achieved from existing resources. However, a more fundamental piece of work related to the longer term strategy for Council estates. To achieve sustainable estates, which remained attractive places to live in the longer term, it would be necessary to consider a range of more significant interventions. Support would be required to undertake a rigorous and robust process aimed at informing estate based investment decisions. In determining investment priorities it would be essential that as a Council there was a clear understanding of the viability of each housing estate and the works that would be required to ensure that they were sustainable and desirable areas to live. This could potentially involve significant remodelling, investment or disinvestment.

A discussion and question and answer session ensued and the following issues were raised and clarified:-

- Housing list review and whether the figures were a true reflection of numbers.
- The various options that had been modelled and the outputs expected.
- Approval of the capital investment and the risks and uncertainties involved.
- Whether the options had been based on the current levels and if the Right To Buy Scheme had had any effect.
- Assumption of rental income and the rental income recovery rates.
- Changes of housing benefit and how this may affect the thirty year

modelling.

- Monitoring of the detailed plan and validity of the figures contained.
- The Council's Framework Agreement with Pricewaterhouse Coopers and the inclusion of the cost in the Review of Consultants.
- Additional spend on repairs and its requirement given the Decent Homes Programme.
- Activities that may be the responsibility of the tenant and how this may affect the assumptions.
- Use of the Capital Investment and whether this was to be shared borough wide.
- Mechanisms to access funding and additional support.
- Asset management and the quality of information.
- Mitigation of risks for those properties of poor quality and condition.
- Formulae for rents and whether the repairs would lead to an increase.
- Continued monitoring by the Overview and Scrutiny Management Board.

Resolved:- (1) That the work to facilitate the borrowing of up to £33m (permissible against the debt cap ceiling), in order to address short to medium term housing related investment priorities be noted.

(2) That the submitting of a further report to Cabinet identifying and costing these short to medium term priorities for consideration and approval be noted.

(3) That the securing of external support to assist officers be noted to:-

- Define and model future Investment methods available across the term of the Business Plan.
- To undertake an estates needs analysis and investment planning as described in section 10.0.

(4) That the injection of an additional £1m p.a. into repairs as described in Section 9.2 be noted.

(5) That a further report on progress be submitted to the Overview and Scrutiny Management Board in due course.

## **76. SCRUTINY REVIEW OF RMBC'S DISTRICT HEATING SCHEMES**

Further to Minute No. 43(2) of the meeting of the Self Regulation Select Commission on 12th January, 2012, it was agreed that "a Review [should] take place on District Heating Charges under the remit of value for money."

This report presented by Caroline Webb, Senior Scrutiny Adviser, sought expressions of interest to be part of the review, which would look at charges for heating in those areas covered by a district heating scheme of which they were three distinct schemes in operation, each with a separate charging format:

- A pooled metered scheme.
- An unmetered scheme at Beeversleigh.
- Switch 2 card meter scheme at Swinton.

In 2007/08, the Cabinet Member approved a three-year strategy for ensuring

the full recovery of district heating costs. Due to ongoing and significant increases in the prices of gas and utility charges in general, this strategy had yet to be fully realised and it was under this remit that the Self Regulation Select Commission agreed to undertake a review to ascertain whether value for money was being secured.

The Select Commission were, therefore, asked to confirm if it still wished to undertake this review and, if so, it was suggested that a small steering group be set up to determine the scope of the review, identify witnesses and undertake background research. This work would be supported by relevant officers across Directorates.

It was suggested that this work commenced early in the new municipal year, after the annual meeting of Council.

Dave Richmond, Director of Housing and Neighbourhoods, provided further information in relation to the schemes and welcomed the opportunity for the Self Regulation Select Commission to assist with a solution and it was suggested that a scoping report on the areas to focus upon be submitted to the next meeting, with an outline of timescales over the next few months.

Resolved:- (1) That a review of district heating charges under the remit of value for money be initiated.

(2) That a scoping report be submitted to the next meeting of the Self Regulation Select Commission when nominations to a small steering group be received.

## **77. 2012/13 MONEY MATTERS BUDGET CONSULTATION FINDINGS**

Consideration was given to a report presented by Andrew Bedford, Strategic Director of Resources, which provided the key headlines from the recent Money Matters Budget Consultation that took place to help inform the Council's Budget for 2012/13. The Money Matters Budget Consultation had been active since 11<sup>th</sup> October, 2011 and was completed on 23rd December, 2011.

The headline messages were set out in detail as part of the report and were based on an amalgamation of the outcome of the various consultation methods deployed.

The Select Commission welcomed the opportunity for the public to participate and the methods of promoting the consultation process through the local media.

Resolved:- (1) That the headline messages arising from the analysis of the Money Matters Budget Consultation be noted.

(2) That the consultation findings assist with and help to shape the Medium Term Financial Strategy and allocation of resources moving forward.

## **78. EXCLUSION OF THE PRESS AND PUBLIC**

Resolved, that under Section 100A(4) of the Local Government Act, 1972, the

press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act (as amended March, 2006 (information relating to finance and business affairs).

**79. DIGITAL REGION - UPDATE**

Andrew Bedford, Strategic Director of Resources, gave an update on the current position with the Digital Region.

Further information was provided on coverage across the sub-region, the lead being taken by Rotherham amongst shareholders on the ways forward and the procurement process to seek a new technology provider for the operation of the network.

A number of issues were discussed.

Resolved:- (1) That Andrew Bedford be thanked for his update.

(2) That the information be noted.

**80. DATE AND TIME OF NEXT MEETING**

Resolved:- That the next scheduled meeting take place on Thursday, 31<sup>st</sup> May, 2012 at 3.30 p.m.

<b>ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS</b>
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<b>1.</b>	<b>Meeting:</b>	<b>Self-Regulation Select Commission</b>
<b>2.</b>	<b>Date:</b>	<b>31<sup>st</sup> May 2012</b>
<b>3.</b>	<b>Title:</b>	<b>Work programme: 2012/13</b>
<b>4.</b>	<b>Directorate:</b>	<b>Resources All wards</b>

**5. Summary**

The paper outlines current options for a Scrutiny Work Programme for 2012/13.

**6. Recommendations****That Members:**

- Identify priority areas to be fed into the draft work programme in line with the Commission's remit
- Identify any areas for review to be undertaken during 2012/13
- Consider how they would like to tackle any nominated themes (as outlined in para 7.4) and to be updated verbally at the meeting
- Other issues which need to be included, in light of comments made about resource limitations.



## 7. Proposals and details

7.1 As outlined in the Council's Constitution, the remit of the Self-Regulation Select Commission is to:

- scrutinise the Council's self assessment processes as part of the self-regulation framework
- scrutinise issues and actions emerging from external assessments (peer review, inspection etc)
- monitor and hold to account the performance of service delivery within RMBC and its partners etc with particular reference to the Corporate Plan and Sustainable Community Strategy
- scrutinise and monitor whether efficiency savings are achieved or exceeded
- co-ordinate the carrying out of value for money reviews
- scrutinise the annual budget setting process
- monitor the Council budget and MTFS

7.2 As we are at the start of the new municipal year there is a need to begin the development of a new annual work programme. There are a number of factors which need to be considered in pulling the programme together:

- A retrospective look at what was achieved in 2011/12 and any outstanding issues that need to carry forward
  - Self-Regulation's 2011/12 work programme is attached as Appendix A. Its main focus was the scrutiny of the budget setting process. (The report from the Scrutiny of the Budget Process will be available at July's meeting of the Commission). Other activity has focused on monitoring performance and finance; scrutinising strategic partnerships and responding to consultation and contributing to the peer review process for Children and Young People's Services. Members of the Commission have also been involved in ad-hoc Performance Clinics during the year.
- An opportunity for Scrutiny members to feed issues of concern, into the respective Select Commissions, and enter into a wider discussion around the detail of the work programme.
- In addition to work identified on priority areas or issues referred from the previous municipal year, members are asked for comments on areas to be addressed by the Commission during 2012/13. These should be in line with the commission's remit (suggestions for areas of work relating to other commissions will be referred to OSMB for consideration).

7.3 It is also important to note the changes that have occurred during the last year and the reduction in staffing resources. Any work programme needs to take account of this and look realistically at what can be achieved and where it is best to focus resources and efforts.

7.4 Discussions have already been taking place between Cabinet, SLT and Scrutiny Chairs to identify some strategic priorities for the work programme that will involve joint working across both the Executive and Scrutiny's Commissions. (see below).

- Fuel Poverty

- 11 most deprived areas
- Troubled Families
- Welfare Reform
- Role of local members in their communities
- Reducing Health Inequalities
- Special Educational Needs and announced legislative changes

These joint priorities of Cabinet, Scrutiny and SLT (outlined in para 7.2) are to be discussed at the OSMB meeting of 25<sup>th</sup> April. These priorities would represent overarching themes which can either be retained by OSMB to explore or allocated to the Select Commissions to lead on. At the time of writing, OSMB have yet to recommend to individual commissions which ones are priorities for the work programme and how these will be allocated. This will be reported verbally to the meeting.

It is suggested that nominated Commissions could then work on the theme and develop an appropriate programme to address the issues. An example of this is the recent work done on Fuel Poverty. Following a themed meeting at the Improving Places commission, a working session was set up which looked in depth at a whole range of issues associated with Fuel Poverty, followed by a focused discussion on what issues Scrutiny could add value to by focusing on e.g. a review of the up and coming Green Deal and how it will work in Rotherham.

A range of methods can be used to look at this including task groups, spotlight reviews, information sessions as well as full reviews.

- 7.5 The work programme is flexible and issues may be referred to OSMB and Select Commissions by individual members as well as from other sources, including members of the public. In determining its priorities for the work programme, OSMB Members should make a judgment on what outcomes may be achieved by accepting a referral, bearing in mind resource and capacity implications.

It is suggested that the work programme is reviewed by OSMB members and Select Commissions at regular intervals. This will ensure that issues of greater importance can be given a higher priority, reflecting changing circumstances or events. However if new issues are introduced, to ensure that the work programme is manageable and achievable, Members will need to decide if other items should 'fall off the agenda' to accommodate these discussions.

## **8. Finance**

There are no direct financial implications arising from the report.

## **9. Risks and Uncertainties**

It is important that a robust work plan is put in place to ensure that the work of Scrutiny is targeted, effective and delivers clear outcomes. The risk of not doing this is that the agenda items will become information items and not add value to the work of the Council.

**10. Policy and Performance Agenda Implications**

The proposed work programme takes on board key policy agendas the Council is currently considering and performance information as and where necessary.

**11. Background Papers and Consultation**

Cabinet/SLT/Scrutiny Chairs meetings.

**12. Contact**

Caroline Webb, Senior Scrutiny Adviser  
Resources Directorate  
[caroline.webb@rotherham.gov.uk](mailto:caroline.webb@rotherham.gov.uk) (8)22765

## Work programme:

## Appendix A

July 21	<ul style="list-style-type: none"> <li>• Taking the Lead – setting the context for self-regulation</li> <li>• Corporate Plan Outcomes (Corporate Performance Report)</li> <li>• Strategic Partnership</li> </ul>
September 15	<ul style="list-style-type: none"> <li>• Children and Young People's Services Peer Review</li> <li>• Budget Outturn</li> <li>• Central Establishment Charges (Support Cost Review)</li> <li>• Further update on performance report</li> </ul>
October 27	<ul style="list-style-type: none"> <li>• Business rates consultation</li> <li>• Housing Revenue Account update</li> <li>• 2011/12 Budget monitoring report</li> <li>• 2012/13 Budget timetable and MTFS</li> </ul>
December 8	<ul style="list-style-type: none"> <li>• 2012/13 Budget timetable and MTFS</li> <li>• Feedback from Children and Young People's Services Peer Review</li> <li>• Corporate Plan Outcomes Performance Quarter 2 report</li> <li>• Consultation: Council Tax</li> </ul>
January 26 2012	<ul style="list-style-type: none"> <li>• 2011/12 Revenue Budget Monitor</li> <li>• Budget 2012/13</li> <li>• Strategic Partnering</li> <li>• Digital Region</li> </ul>
February 28	<ul style="list-style-type: none"> <li>• Proposed Revenue Budget and Council Tax for 2012/13</li> </ul>
March 8	<ul style="list-style-type: none"> <li>• Complaints and Compliments <ul style="list-style-type: none"> <li>- Adult Social Care Complaints – Annual Report 2010 – 2011</li> <li>- Children and Young People's Comment, Compliments and Complaint – April to September 2011</li> <li>- EDS Customer Care Overview Report 1st July, 2011 to 31st December, 2011</li> </ul> </li> <li>• Corporate Plan Outcomes Performance Quarter 2 report</li> <li>• Revenue Budget Monitoring for the period ending 31st December, 2011</li> </ul>

	<ul style="list-style-type: none"> <li>• Corporate Risk Register</li> </ul>
<p>April 19</p>	<ul style="list-style-type: none"> <li>• Support Costs Review</li> <li>• Update Report - Scrutiny Review into the Use of Consultants</li> <li>• Overview of Housing Revenue Account 30 Year Business Plan Modelling</li> <li>• Scrutiny Review of RMBC's District Heating Schemes (report herewith)</li> <li>• 2012/13 Money Matters Budget Consultation Findings</li> <li>• Digital Regions Updates</li> </ul>

Issues Highlighted by members but not prioritised:

- Town Centre Initiatives – has value for money be achieved
- PFI – lessons learnt

<b>ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS</b>
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<b>1.</b>	<b>Meeting:</b>	<b>Self-Regulation Select Commission</b>
<b>2.</b>	<b>Date:</b>	<b>31<sup>st</sup> May 2012</b>
<b>3.</b>	<b>Title:</b>	<b>Scrutiny review of RMBC's District Heating Schemes</b>
<b>4.</b>	<b>Directorate:</b>	<b>Neighbourhood and Adult Services</b>

## **5. Summary**

At the meeting of the Self-Regulation Select Commission on 19<sup>th</sup> April 2012, it was agreed that at the next meeting, nominations be received to form a review group to scrutinise the district heating schemes and that a scoping paper be received to provide Member understanding about the scale and nature of District Heating in Rotherham and to inform the extent of the review.

This paper sets out the number and location of schemes; the type of heating, fuel, cost of fuel and income for the schemes and includes some broad risks associated with some schemes.

## **6. Recommendations**

That Members:

- agree that the review of the district heating scheme focuses on the following:
  - the rationalisation of the management of the District Heating Schemes as a whole.
  - exploring how the most cost effective and fuel efficient provision of heating be achieved;
  - the cost and frequency of repairs to District Heating Schemes;
  - improving the communications with District Heating Service Users.
- identify if additional areas should be included in the scope of review;
- agree which members should be part of the review group;
- give consideration to the review timescales to ensure that savings and efficiencies can be maximised

## 7. Background

- 7.1 In 2007/08, the Cabinet Member approved a three year strategy for ensuring the full recovery of district heating costs. Due to ongoing and significant increases in the prices of gas and utility charges in general, this strategy had yet to be fully realised and it was under this remit that the Self Regulation Select Commission agreed to undertake a review to ascertain whether value for money was being secured. (Minute No. 43(2) 12th January, 2012.)
- 7.2 Select Commission, 19<sup>th</sup> April, (Minute No.76 refers) requested a scoping paper be submitted to the next meeting when nominations would be received to form a small Member working group to review the District Heating system.
- 7.3 Members are asked to determine the scope of the review, identify witnesses and undertake background research; the working group will be supported by relevant officers across Directorates, the Lead Officer being the Programme Delivery Manager, Tracie Seals ([tracie.seals@rotherham.gov.uk](mailto:tracie.seals@rotherham.gov.uk) 01709 334969).

## 8. Proposals and Details

- 8.1 The issues outlined below identify the major issues attached to the current schemes

- a need to rationalise the management of the District Heating Schemes as a whole so that the repairs and maintenance of the systems, buildings and access are managed by one service area.
- how the most cost effective and fuel efficient provision of heating be achieved;
- the cost and frequency of repairs to District Heating Schemes;
- communications with District Heating Service Users.

It is suggested that the review focuses on the areas listed above. Members' views are sought on this proposal and if additional issues should be considered as part of the review

- 8.2 No timescales have been identified. However, in order to maximise savings and efficiencies, it is suggested that the work commences in June 2012, with a view to feeding in recommendations as part of the 2013/14 budget setting process towards the end of 2012. Further details on timescales will be discussed once the review group is established. Members views are sought on these broad timescales.
- 8.3 There are 36 District Heating Schemes at 18 sites across the Borough, serving 1,333 (includes 34 properties sold through Right to Buy) dwellings.

Scheme	Location	Billing	Heating Type	No. of Dwellings
Arbour Drive	Thurcroft	Account	Gas	31
Beeversleigh	Clifton	Account	Gas	48
Elizabeth Way	Masbrough	Account	Gas & Bio-mass	104

Hurley Croft	Brampton	Account	Gas	60
Longfield Drive	Ravenfield	Account	Gas	33
Manor Lodge	Brinsworth	Account	Gas	31
Mansfield Road	Aston	Account	Gas	154
Mark Grove	Bramley	Account	Gas	31
		Account	Gas & Bio-	
Mason Avenue	Swallownest		mass	96
Model Village	Maltby	Account	Gas	44
Munsbrough	Greasbrough	Account	Gas	84
Woodland Drive	Anston	Account	Gas	39
		Account	Gas & Bio-	
St Annes	Shaftsbury		mass	75
Swinton Fitz A to T (19 schemes)	Fitzwilliam	Pre-payment	Gas	238
The Grange	Maltby	Account	Gas	51
Tickhill Road	Maltby	Account	Gas	23
Vale Road	Thrybergh	Account	Gas	131
Hampstead Green	Kimberworth	Account	Gas	60
<b>18 sites, includes 34 RTB properties</b>				<b>1,333</b>
<b>Does not include community centres</b>				

- 8.4 **Fuel:** Appendix A shows that there is an overall cost in fuel of circa £780,000 per annum, attributed to all the District Heating Schemes, however this also includes fuel used by a number of Community Centres that are attached to most of the District Heating Schemes. Currently it is not possible to separately account for the fuel usage by the Community Centres.

A recent (separate) property survey of Community Centres revealed most to be overly warm with heating permanently set to full regardless of the occupancy levels or fluctuating use during any week.

District heating fuel has been procured via the Yorkshire Purchasing Organisation (YPO) on a four year tender basis, taking into account both cost and quality, based on wholesale gas and electric prices and purchased 12 months in advance.

- The electricity contract was awarded to N Power and is due to conclude in March 2015. This means that the tender will go out in the financial year 2013 - 14 in order to allow the purchase of electricity 12 months in advance.
- The current gas contract has 12 months left to run; in order to allow the purchase of wholesale gas; it has just been re-tendered and awarded to British Gas. The new contract is due to begin in June 2013 and will conclude in March 2017
- The current Biomass contract has been agreed via a framework agreement with the YPO, and has been awarded to Silvapower who are a local supplier.



8.5 **Maintenance:** Broadly the risks associated with District Heating can be summarised:

- Plant coming to the end of its useful life, requiring capital investment
- Access issues – due to space constraints some meters are located under buildings requiring accompanied visits for health and safety purposes.
- Risk of leaks leading to loss of DH due to underground pipes – this risk is associated with bad weather and results in loss of service for tenants, many of which are elderly.
- Inadequate or absence of heating controls in dwellings and community centres
- Boiler House maintenance requirements
- Upgrades to boilers due to more onerous legislation (flue condensate pipes)
- Meters required in the boiler houses to monitor effectiveness of schemes (i.e. heat output compared to tenant use).

Day to day repair and maintenance is performed by Contract and Service Development. Capital investment is authorised by Strategic Housing Investment Service. Economic Development Services have some management responsibility for boiler houses and some plant. There is no single overall point of contact.

8.6 **Income:** At the start of each year, the NAS Resources, Finance Manager calculates the cost of district heating, less the maintenance (which is paid for from the Housing Revenue Account) and works with the District Heating Officer to estimate the individual household charge. Tenants pay for District Heating in advance by weekly payment through their rent account.

Sold properties using DH, receive an annual charge that also includes £75, for maintenance costs. This amount was set a number of years ago.

With regards to income, it is not possible to reflect the level of income in relation to each scheme. This is due to the way payments are collected. A tenant's weekly rent account amount can be comprised of any combination of charges for the dwelling, garage, community facility, Rothercare provision, furnished homes and district heating. Dwelling rent takes the first priority; if rent arrears accrue then discussion between the Housing Income Champions and the District Heating Officer follow, to determine the balance between payments.

Many tenants have become accustomed to accruing a moderate credit and anticipate refund cheque at quarter reconciliations. Due to the increasing cost of fuel and in some instances, increase in rent arrears, the number and value of refunds has reduced. This has resulted in an increase of telephone complaints from tenants that do not understand the causes.

**8.7 Tenants:** we are aware that tenants become frustrated when the whole district heating shuts down as a result of failure or repair requirements. Some of that frustration is due to poor communication. When the Council's contractor, Willmotts attends repairs, it is a challenge to alert each property.

**9. Finance**

- The cost attached to the review will be met through existing resources.
- The financial implications of any recommendations emerging from the review will require further exploration by Cabinet and the Strategic Leadership Team on the cost, risks and benefits of their implementation.

**9. Risks and Uncertainties**

Failure to ensure the full recovery of district heating costs in the long term may have an impact on the Housing Revenue Account.

**10. Policy and Performance Agenda Implication,**

It is important that residents receive reliable, competitive and value for money heating. This links to the wider Affordable Warmth and Anti-Poverty Agendas.

There is also evidence to demonstrate that communal heating systems can contribute to the limitation of emissions of harmful gases. This may have positive implications for the Council's environmental policies.

**11. Background Papers and Consultation**

Housing Rent Increase 2012/13 – Report to Cabinet, 18 January 2012  
Self-Regulation Select Commission – Minute 43 - 12.01.12 & 76 - 19.04.12

**Contact:**

Tracie Seals, Lead Officer, District Heating Steering Group, direct line (01709) 334969 e-mail: [tracie.seals@rotherham.gov.uk](mailto:tracie.seals@rotherham.gov.uk)

Caroline Webb, Senior Scrutiny Adviser, direct line: (01709) 822765  
e-mail: [caroline.webb@rotherham.gov.uk](mailto:caroline.webb@rotherham.gov.uk)

**Appendix A - District Heating Boiler House** (Figures shown are for April 2011-March 2012)

Site	Electricity kWh	Gas kWh	Water Cubic Metres	Biomass kWh	Electricity £	Gas £	Water £	Biomass £
Arbour Drive Boiler House	11,239	544,641	0	0	1,112	16,347	0	0
Ascension Close Boiler House (Model Village)	31,831	975,304	2	0	3,108	26,823	81	0
Beeversleigh	54,863	956,983	0	0	6,377	26,134	0	0
Connery Close Boiler House (Vale Road)	37,954	2,659,965	37	0	3,631	73,093	111	0
Elizabeth Parkin Boiler House	0	590,840	0	0	0	17,743	0	0
Florence Avenue Boiler House (Mansfield Road)	41,663	3,218,692	3	0	4,061	88,716	72	0
Greasbrough - District Heating	42,210	1,655,698	1,744	0	4,376	55,294	4,495	0
Hurley Croft Boiler House	0	1,220,342	0	0	0	33,306	0	0
Langdon Walk Boiler House	56,995	831,066	0	0	6,353	27,463	0	0
Manor Lodge Boiler House	0	640,672	0	0	0	17,603	0	0
Mark Grove Boiler House	25,016	523,650	0	0	2,447	19,063	0	0
Masbrough Housing / College Road	35,920	72,489	0	0	3,804	2,607	0	0
Mason Avenue Boiler House	36,988	2,073,182	0	174,000	3,608	57,055	0	6,720
ST ANNS - Boiler House	31,208	1,271,810	9	0	2,953	34,440	108	0
Swinton Fitzwilliam Estate Boiler House	859	3,438,385	942	0	258	93,415	1,139	0
The Grange Boiler House	20,902	657,953	37	0	2,049	18,095	2,472	0
Tickhill Road Boiler House (Glencairn Court)	12,402	472,517	0	0	1,224	14,192	96	0
Vine Close Boiler House	57,627	2,001,377	0	0	5,609	54,930	0	0
Woodland Drive Boiler House (Narrow Lane)	31,810	627,166	0	0	3,106	18,790	0	0
<b>Total</b>	<b>592,801</b>	<b>24,616,699</b>	<b>3,355</b>	<b>174,000</b>	<b>60,642</b>	<b>701,255</b>	<b>10,072</b>	<b>6,720</b>