

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

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| 1. Meeting: | Cabinet |
| 2. Date: | 5 December 2012 |
| 3. Title: | Scrutiny review of RMBC's District Heating Schemes |
| 4. Directorate: | Resources |

5. Summary

The report sets out the findings and recommendations of the scrutiny review of District Heating, undertaken by the Self-Regulation Select Commission (attached). The review was endorsed by the Commission and OSMB at their respective meetings of 22 November 2012 and 30 November 2012.

6. Recommendations

- a. That Cabinet receives the report and recommendations;**
- b. That the response of Cabinet to the recommendations be fed back to OSMB and to the Self-Regulation Select Commission within two months of its submission.**

7. Proposals and Details

- 7.1 The Self-Regulation Select Commission received a report to its January meeting outlining proposals for Housing Rent Increase 2012/13, which includes charges for heating in those areas covered by district heating. The report outlined that the scheme did not secure full recovery of its costs and despite action to address this, it had not proved possible to do this due to significant increases in fuel charges and other factors.
- 7.2 In light of report, the Commission agreed to undertake a review, chaired by Cllr Dominic Beck, to explore how cost effective and fuel efficient provision of District Heating (DH) can be achieved.
- 7.3 It is important that residents receive reliable, competitive and value for money heating. However, the current basis for charges does not reflect actual costs. The review sets out some practical steps to remedy this, ensuring that charges are fair and affordable to tenants. The review also explores how we communicate changes, service improvements or disruptions with our tenants.

In order for DH to be efficient and effective, the members concluded that management continuity and oversight needed to be improved and sets out how this can be achieved in relation to financial management, DH stock condition and future investment plans into existing schemes or in new technologies. Building on the recent scrutiny review of Fuel Poverty, the review group explored how new and more efficient technologies can minimise reliance on fossil fuels and if other sources of funding could support such developments.

- 7.4 There are sixteen recommendations, detailed in Section 4 of the report. These address the following areas:
- Consolidation of management arrangements and procedures;
 - A review of charges and creation of a mechanism for annual review to ensure that the DH fuel cost can be fully recovered from residents;
 - That a full Stock Condition Survey of all schemes is carried out, taking into account the boiler house, plant, infrastructure (distribution system) and presence of controls;
 - On the basis of information gathered by the Stock Condition Survey, that revenue spend profiles and capital investment plans are created, supported by the Housing Revenue Account 30 Year Business Plan to:
 - Improve existing viable schemes
 - Remove non-viable schemes and replace with the most effective alternative.
 - That all future investment in DH should incorporate where possible funding opportunities presented through ECO-obligations and Greendeal.
 - Ensuring that communication with service users is improved and that awareness is raised about energy efficiency and usage.

8. Finance

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,

The review links to the following Corporate Plan priorities:

- Making sure no community is left behind:
 - less people struggle to pay for heating and lighting costs
- Helping to create safe and healthy communities:
 - people are able to live in decent affordable homes of their choice
- Improving the environment:
 - reduced CO2 emissions and lower levels of air pollution

11. Background Papers and Consultation

See Section 5 of the review report

Self-Regulation Select Commission: 22 November 2012

OSMB: 30 November 2012

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