

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Self Regulation Select Commission
2.	Date:	25th July 2013
3.	Title:	Six Month Progress Update to Scrutiny Recommendations of RMBC's District Heating Service (February 2013)
4.	Directorate:	Neighbourhood & Adult Services and Resources

5. Summary

5th December 2012 (Minute Number 105 refers) Cabinet received the report which set 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.

Recommendation 16 of the review advised that Members of Self-Regulation Select Commission (or any successor body) assumes a monitoring role to ensure that the progress on the implementation of agreed recommendations is maintained.

This report is the first six month update following implementation in January 2013.

6. Recommendations

That the Self Regulation Select Committee

- Notes the positive progress made against the 16 Recommendations as set out in Appendix A.
- Requests an annual update report in February 2014.

7. Background Information

- 7.1 5th December 2012 (Minute Number 105 refers) Cabinet received the report which set out the findings and recommendations of the scrutiny review of District Heating, undertaken by the Self-Regulation Select Commission. The review was endorsed by the Commission and OSMB at their respective meetings of 22 November 2012 and 30 November 2012.
- 7.2 Recommendation 16 of the review advised that Members of Self-Regulation Select Commission (or any successor body) assumes a monitoring role to ensure that the progress on the implementation of agreed recommendations is maintained.
- 7.3 This report is the first six month update following implementation in January 2013.

8.0 Recommendation Outcomes – Six Month Review

- 8.1 As a result of the scrutiny review, officers have moved away from the previous 'silo' approach to managing the service and now have a much closer working relationship across the Directorates. This has meant that a number of review recommendations have been resolved ahead of plan and has led also to significant improvements in income recovery.
- 8.2 Separately, the new approach has enabled acceleration of Renewable Heat Incentive (RHI) claims, working alongside the bio-mass fuel providers. Officers are hopeful of a successful outcome before the end of 2013.
- 8.3 A major recommendation was to undertake a stock condition survey of all 18 schemes. This began in earnest in June 2013, using an in-house team with specialist contractors brought in as necessary. This arrangement has the added benefit of an immediate start, whilst further improving retained knowledge in relation to district heating schemes.

9. Finance

- 9.1 Recommendations 3 to 6 inclusive may impact on the charges levied to service users; any change will be subject to Cabinet support in the annual review of charges process.
- 9.2 Recommendation 1, 7 to 11 and 14-16 inclusive, have been accommodated for, either within existing resources or in the 2013/14 (and subsequent years) Planned and Capital Investment Programme which is funded by the Housing Revenue Account.
- 9.3 The outcome of Recommendation 12 and implementation of Recommendation 13 may require additional capital investment and this will be subject to either an in-year or subsequent year application for investment through the HRA 30 year Business Planning process.

10. 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.

11. 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

12. Background Papers and Consultation

Self Regulation Select Commission DH Report 30th November 2012

Cabinet DH Recommendations Report 5th December 2012

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Appendix A: Six Month Progress Update to Scrutiny Recommendations (February 2013)

Recommendation Endorsed by Cabinet 6th February 2013	Cabinet Decision <i>(Accepted/ Rejected/ Deferred)</i>	Cabinet Response <i>(detailing proposed action if accepted, rationale for rejection, and why and when issue will be reconsidered if deferred)</i>	Officer Responsible	Action by (Date)	June 2013 - Activity Update
<u>Recommendation 1</u> Lead revenue and capital expenditure officers are identified from within Contract and Development Services (C&SD) and Strategic Housing Investment Team (SHIS) and monthly monitoring is undertaken with a representative from Neighbourhood and Adult Service's (NAS) Finance support to ensure prudent budget control.	Accepted	Cabinet welcomes the recommendation of monthly monitoring.	Contract & Service Development Manager, Strategic Housing Investment Service Manager, NAS Principle Finance Mngr	Commence monthly from January 2013	Steering Group Meetings take place the first Thursday monthly and are attended by officers from all of the services identified. Individual revenue lead officers meet with Finance to track forecast spend monthly. Progress: Green
<u>Recommendation 2</u> Metering and tamper-proof temperature control of common areas and community centres will ensure fairer arrangements are made for individual energy use.	Accepted	Cabinet recommends that investment in communal areas and community centres is ordered in such a way as to ensure that it is consistent with the priority identified in the recent strategic review of community centre use.	Strategic Housing Investment Service Manager	Planned capital investment programme to commence over 5 years to start 2013/14.	Intelligent heating and lighting controls have been installed at Hampstead Green and the DH Stock Condition Survey findings (See Recommendation 7) will determine the investment order. Progress: Green
<u>Recommendation 3</u> A review of charges and creation of a mechanism for annual review will ensure that the fuel cost in providing DH can be fully recovered from residents and those responsible for communal areas	Accepted	Cabinet accepts that the principle of full cost recovery should be adopted. However this may require a phased approach to limit unforeseen and unaffordable increases impacting on tenants.	NAS Principle Finance Manager	This principle is adopted in the most recent charging review report of district heating.	A timely review of the charging mechanism was undertaken by NAS Finance Team in Winter 2012 which informed the charge setting process for 13/14. Review will be undertaken annually. Progress: Green

<p><u>Recommendation 4</u> That the review of charges accurately reflects the actual cost of fuel and other direct costs of heat production and service provision</p>	Accepted	Cabinet welcomes this recommendation	NAS Principle Finance Manager	This principle is adopted in the most recent charging review report of district heating.	Further to the implementation of Recommendation 3, a phased approach has been adopted and convergence over time has been commenced in 13/14 to account for the full cost of the DH service. Progress: Amber
<p><u>Recommendation 5</u> Complete the initial and subsequent annual review of DH separately from the annual rent review. Convergence of DH costs for the 1,400 DH users should not be associated with rent review for 21,000 users but overall consideration of financial impact should still be made to ensure that charges are affordable and accommodate provision for bad debt.</p>	Accepted	To fit in with Council budget setting processes, it will be necessary to complete both rent and district heating reviews within the same reporting period. However they will be considered independently of each other and subject to separate reports.	NAS Principle Finance Manager	This has been adopted for the 2013/14 budget.	Implemented. Progress: Green
<p><u>Recommendation 6</u> That the recommendations in the Internal Audit Report of DH Schemes 2012/13 be implemented.</p>	Accepted	Cabinet recommends that the Internal Audit Report recommendations are monitored via the Housing Excellence Plan and through financial service monitoring processes.	NAS Principle Finance Manager	In line with the timeframes set by Internal Audit.	The recommendations are being incorporated into the refreshed 13/14 Housing Excellence Plan. Progress: Green
<p><u>Recommendation 7</u> That a full Stock Condition Survey of all schemes is carried out forthwith, taking into account the boiler house, plant, infrastructure (distribution system), presence of controls both in communal areas and dwellings and the configuration of meters.</p>	Accepted	Cabinet welcomes the recommendation	Strategic Housing Investment Service Manager	Design Brief by April 2013. Surveys Complete by July 2013.	Revenue Budget identified and work commissioned. Commenced Monday 17 th June and anticipated to take 16 weeks to reach Outcome Report in October. This is slightly later than the estimated August 2013. Progress: Amber
<p><u>Recommendation 8</u> That a database is created that captures the Stock Condition Survey outcomes as well as asbestos, health and safety data and servicing schedules.</p>	Accepted	Cabinet further recommends that provision should be made to ensure that the data is transferred to the new integrated Housing Management System (IHMS).	Strategic Housing Investment Service Manager, C&SD Mngr	Commence August 2013 & transfers to new IHMS in accordance with the Phasing Plan	An external hard-drive has been arranged to store the files and plans related to the DH Stock Condition Survey. In addition to this the data will also be held on the CIPFA and Civica/Keystone asset databases. Progress: Amber

<p><u>Recommendation 9</u> That a revenue spend profile and capital investment plan is created for each scheme and resourcing of that plan is supported by the Housing Revenue Account 30 Year Business Plan.</p>	Accepted	Cabinet recommends that this plan is then monitored at the monthly triangulation meeting established under Recommendation 1. Also that delivery of Recommendation 13 (pilot scheme at Fitzwilliam Estate, Swinton) is included in the profile and monitoring process.	Contract & Service Development Manager, Strategic Housing Investment Service Manager	Draft plan commences August 2013 for implementation from 2014/15 onwards.	As per Recommendation 7, the DH Stock Condition Survey Outcome Report is anticipated in October. Progress: Amber
<p><u>Recommendation 10</u> All future investment in DH should incorporate where possible funding opportunities presented through ECO-obligations and Greendeal.</p>	Accepted	Cabinet welcomes the recommendation and considers that consideration should be given to leveraging inward investment into all schemes as part of the Planned and Capital programming of works.	Strategic Housing Investment Service Manager, C&SD Mngr	As opportunities present.	Following the DH Stock Condition Survey this will be implemented for future capital investment. Progress: Green
<p><u>Recommendation 11</u> On the outcome of the Stock Condition Survey implement a hierarchical approach to investment in DH schemes to:</p> <ul style="list-style-type: none"> - Improve existing viable schemes - Remove non-viable schemes and replace with the most effective alternative 	Accepted	Cabinet recommends that this approach is then recorded at the monthly triangulation meeting established under Recommendation 1	Contract & Service Development Manager, Strategic Housing Investment Service Manager	Draft plan commences August 2013 for implementation from 2014/15 onwards.	Recommendation action follows the DH Stock Condition Survey from October 2013. Progress: Green
<p><u>Recommendation 12</u> Enable a mini-competition for heating and hot water providers to explore solutions for Beeversleigh and which maximizes potential to draw in ECO funding.</p>	Accepted	Cabinet welcomes the recommendation	Strategic Housing Investment Service Manager	Brief preparation November 2013, Competition February 2014, Implementation 2014/15	Recommendation due in November 2013 although some tentative exploration of options has been commenced. Progress: Green
<p><u>Recommendation 13</u> Support a pilot to replace one scheme at Fitzwilliam, Swinton with individual boilers (subject to gas network) to</p>	Accepted	Cabinet recommends that the Chair of Fitzwilliam Estate Sub Group is involved with consultation in the selection of the block to pilot. Careful consideration will be	Contract & Service Development Manager,	Scope & Design March 2013, Implementation First quarter	Work commenced with Willmott Dixon Partnership to develop scope and design proposals however, as a result of the recommendations and closer

enable cost in use comparison between schemes and take into account service user satisfaction		required prior to initiation, to ensure that any potential pilot is likely to offer an effective, cost efficient service to residents.	Strategic Housing Investment Service Mngr	2013 Monitoring for 12 months & Review 2 nd quarter 2014	scrutiny of DH schemes, significant issue has been uncovered in relation to DH meters at Fitzwilliam. This has delayed progress whilst the meter issues are being addressed. Progress: Red/Amber
<u>Recommendation 14</u> That service users are contacted to seek their contact details and preference for failure notifications and that this information is securely communicated to contractors associated with DH repair and maintenance.	Accepted	Cabinet recommends that this approach should be applied to other areas of the housing information systems	Strategic Housing Investment Service Manager	January to March 2013	Willmott Dixon Partnership, the Council's repair and maintenance partner that deal with responsive calls and maintenance of the DH schemes have been engaged with identifying improvements to resident communication. Progress will be accelerated this month. Progress: Red/Amber
<u>Recommendation 15</u> Enable a series of information sharing sessions for DH Scheme users to raise awareness about energy usage and efficiency.	Accepted	Cabinet welcomes the recommendation and recommends that Ward Members and TARAs are informed and included in the sessions where appropriate.	Strategic Housing Investment Service Manager	April to August 2013	This activity is being carried out in conjunction with Recommendation 14. Progress: Amber
<u>Recommendation 16</u> That Members of Self-Regulation Select Commission (or any successor body) assumes a monitoring role to ensure that the progress on the implementation of agreed recommendations is maintained.	Accepted	Cabinet recommends annual monitoring, set to accommodate the annual review of charges process and which avoids year end accounting procedures.	Contract & Service Development Manager, Strategic Housing Investment Service Manager, NAS Principle Finance Mngr	To coincide with a suitable meeting, preferably in July.	This update is the first of a series provided to Scrutiny for consideration and action if deemed necessary. Progress: Green