

AUSTIN ROAD ESTATE, HAYES – PETITION IN RELATION TO HEATING CHARGES AND REFUND

Cabinet Member	Councillor Phillip Corthorne
Cabinet Portfolio	Social Services, Health and Housing
Contact Officer	Grant Walker, Social Care, Health and Housing
Papers with report	None

HEADLINE INFORMATION

Purpose of report	To inform the Cabinet Member that a petition signed by 60 tenants and leaseholders of Austin Road estate, Hayes was received by Hillingdon Homes Ltd. Because the petition could not be heard by Hillingdon Homes Ltd before it closed, the petition is to be actioned using the Council's petition procedure.
Contribution to our plan and strategies	Healthy Communities, Older People and Housing
Financial cost	There are no costs associated with this report, and no financial implications for the General Fund.
Relevant policy Overview Committee	Social Services, Health and Housing
Ward(s) affected	Townfield

RECOMMENDATIONS

That the Cabinet Member notes:

1. the reasons for the delays in hearing this petition;
2. the actions being taken by Hillingdon Housing Service to address the concerns raised by the petitioners;
3. the actions taken to implement a permanent solution by replacing the obsolete heating and hot water meters; and
4. the developments that emerged during the installation of new meters and actions taken to resolved these.

INFORMATION

Reasons for recommendation

With the project to install new heat meters now complete and gone live, the charges for 2010/11 will be made using data on actual usage. Officers remain of the view that using dwelling size as the basis for charging in the interim was a fair, reasonable and transparent method.

Alternative options considered / risk management

Hillingdon Homes and the Council jointly looked at the following alternative methods of charging:

Using the previous year's readings

This method was considered to be flawed on the basis that:

- it assumed that residents' hot water and heating usage pattern had not changed from the previous year to the next
- there was the issue of how to handle new residents with no previous readings (both tenants and leaseholders)
- there had been a number of complaints about the accuracy of the meters in the past
- it was also known at the time that there would be no accurate reading for 2008/09 and possibly 2009/10 because a new method of metering would not be commissioned until at least 2009/10
- for every year we do not get a reading, using previous years' readings becomes more problematic in that the last reading will be older by one year, essentially making the whole exercise meaningless

Distribution based on number of bedrooms

- in the absence of any accurate readings the only fair way of distributing the central heating and hot water costs was considered to be to pro-rata the charge to the relative size of the properties
- it was accepted that this method would not take account of individual usage and refunds received in 2007/08 would be different to those made the previous year. However this method of sharing the true costs of operating the Hayes central boiler was at least transparent
- heating charges for new residents could be based on the size of their dwelling
- it was understood that usage would vary individually, e.g., the flat above the boiler room not needing to turn on radiators, etc. However, without an accurate means of measurement we could not devise a fairer way to set the charge

Based on the fact that the calorific meters were obsolete and there was no means of obtaining accurate readings from the current meters, it was decided that the fairest way of distributing the central heating cost was therefore to use dwelling size. It was acknowledged that there were variances in the amounts calculated for residents for heating and hot water charges and refunds between 2006/07 and 2007/08. The amount collected in total was calculated to cover the actual cost of running the boiler.

Comments of Policy Overview Committee(s)

None at this stage.

Supporting information

The petition and delays in reporting

1. During July 2010, Hillingdon Homes Ltd received a petition from residents of the Austin Road estate in Hayes. The petition relates to the reduction of the 2008/09 heating charge refund and the method being used to calculate the heating and hot water charges, pending the replacement of obsolete heating and hot water meters. In February 2010, Hillingdon Homes had received an

“interim” petition with 17 signatures from the residents in connection with the 2008/09 heating charge refund. A response to the “interim” petition was sent to the lead petitioner in accordance with the Hillingdon Homes petitions procedure. In April 2010, the lead petitioner informed Hillingdon Homes that the heating charge refund petition had been put on hold by the petitioners *“till after the elections in May 2010”*.

2. The July petition states *“We the undersigned do not consider the heating refund should be dependent on the size of the property, to be in any way fair.”*

3. Sixty residents signed this new petition submitted in July 2010. It could not be heard before Hillingdon Homes was closed in September 2010 because the lead petitioner could not make the Petition Hearing dates available for the Operations Committee of Hillingdon Homes in August and September 2010. It was agreed with the lead petitioner that the petition would be transferred to the London Borough of Hillingdon.

4. During the transfer process, this petition was listed as part of the governance process and actions to be taken up by the relevant Council units. The investigation we subsequently carried out indicates that this petition was not picked up in any of the actions after the transfer back to the Council.

5. On 17 January 2011, we were alerted to this omission by a Member’s Enquiry. The officer in Democratic Services responsible for petitions was notified and a new report prepared for the Council’s petition process. However, because of the time it has taken to reach this stage, the fact that the central heating meter replacement project had started and there were additional issues as a result of the replacement project, we felt that it would be necessary to capture as much of the current issues as possible instead of just reporting on the original issues in the petition. We have updated the report to include issues encountered during the replacement project which was completed in April 2011.

6. Also, because of the lapse of time, officers wrote in July to the lead petitioner to apologise for the delays, and to ascertain how she wished to proceed. She confirmed that she still wished for the report on her petition to be presented to the Cabinet Member, and for the matter to be resolved as soon as possible.

The background to the petition

7. The petition was brought about by the obsolescence of the calorific meters which were used to measure hot water and central heating usage by the Hayes Town Centre flats. The metering system used was installed in the early 1980s and the technology was based on late 1960s and early 1970s technology. In early 2008, the only manufacturer in Europe stopped production of replacement parts for these calorific meters. Prior to this, Hillingdon Homes had worked with Switch2Energy - the company that serviced the meters - to find an alternative source for the supply of calorific heat meter meters without success. As a result, in 2008 Switch2Energy stopped servicing and reading the meters, because annual replacement parts could not be sourced and readings from existing out of date meter meters would be inaccurate and invalid.

8. Since it was no longer possible to take accurate meter readings, the Council opted to use property size to calculate the charges at Hayes Town Centre as a temporary measure, pending the installation of a new way of metering. This is the same method used for other shared heating schemes where there is no metering system. All tenants and leaseholders affected were informed of this decision and the system was explained to them. They were also informed that this was a temporary solution and that a permanent solution would be found.

9. In 2007/08, a transitional refund was paid to tenants and leaseholders in the central heating scheme to soften the impact of moving from metered supply to flat rate charges. The transitional refund was not paid beyond 2008 because it was meant to be a temporary relief, and this was explained to tenants and leaseholders.

10. In 2008, Hillingdon Homes engineers reviewed alternative metering solutions. These solutions were very expensive and would have cost between £1,500 and £2,000 per dwelling, giving a total cost for the estate of between £390,000 and £520,000. This range of cost would have been difficult to fund out of the Housing Revenue Account (HRA) in the 2008/09 financial year, because of resource pressures and a number of high priority health and safety investment needs in the HRA.

11. In July 2008 a bid was submitted to the London Development Agency (LDA) for funding for an innovation project at Austin Road estate to introduce remote metering and convert the communal heating system to combined heat and power unit. This project had an initial estimate of £215,000 and funding of £130,000 was sought from the LDA with the balance to be met from the HRA works to stock programme. When the board of Hillingdon Homes approved the 2009/10 works to stock programme the outcome of this bid (and others) to the LDA was not known, but initial funding of the HRA contribution was included in the programme. Funding for the 2009/10 programme was given by Cabinet in February 2009, with subsequent capital release of this funding in May 2009.

12. Hillingdon Homes engineers had identified a further solution which was piloted in 2009. The pilot was successful and was well received by those tenants that took part in it. This solution involved a water flow meter and a sonic sensor that would cost an average of £1,000 per dwelling - this is at least £500 (50 per cent) cheaper than the least expensive solution previously identified. Two meters are fitted in each flat – one to measure hot water usage and one heating usage.

13. The project was subsequently carried forward into 2010/11 programme, and the new meter installation project started in 15th November 2010 after a lengthy statutory consultation with leaseholders on costs and services provided by the new meter. Installation was programmed for completion by end of March 2011. The contractor had a number of problems and delays to the project caused by some tenants and leaseholders not keeping booked installation appointments.

14. At the end of March 2011, of the 259 properties, the installation of new meters had been completed in 249 properties. We are still having problems with installation to ten properties and, as the main installation project is now completed, these ten properties are being picked up as part of project closure.

15. Six out of the ten properties are leaseholders. To install the heat meters and isolation valves we need a partial shutdown of the system. Once we have resolved access and the cost to the leaseholders of completing the meter installation, we can progress these. The other four flats are in Skeffington Court. This will require a complete system shutdown for the installation. The cost of the actual installation is less than the cost to shut down the system and restore it, so again the leaseholders need to agree for the total cost. Considering the system disruption, it would be advisable if we can plan this works at the same time with our planned boiler replacement works later this year.

16. The system is now live on the majority of flats as the engineers were able to switch the system on without the remaining properties having meters. There may be some problems with the hot water meters in 22 flats (the heat meters are working okay in these) which we are taking steps to resolve - we will continue to analyse data in order to get the perception of a fully working metering system at least until winter months when everyone is consuming energy.

17. During the new meter installations we encountered a number of issues due to the age and configuration of the service pipe-work and residents experienced loss of heating supplies caused by air locks and air venting problems. We have arranged refunds of the heating charge to be made to reflect that they were without heating and hot water for a cumulative period of up to four weeks, and for reimbursement of the additional cost of running the temporary heaters that we provided.

Heating and charges and refunds

18. In August 2008, we wrote to tenants and leaseholders in Hayes Town Centre with the information that the calorific meters used for measuring the use of hot water and central heating were not being manufactured any more. We explained that, as a result of this, the method of charging would be changing to a standard charge based on bedroom sizes. A number of discussions took place with the Tenant and Resident Association and assurances were given that this was a temporary measure until replacement metering devices were installed.

19. In response to enquiries on the heating charge and refund for 2007/08, Hillingdon Homes conducted a review of all the calculations used to distribute the total cost of running the boiler and the resulting refunds for each dwelling (tenants and leaseholders). This exercise was led by the Head of Finance at Hillingdon Homes and the review looked in detail at:

- the cost of running the boiler for 2007/08 – gas costs, electricity costs, boiler maintenance and servicing costs, non domestic rate charges for the boiler house, etc;
- the heat meters – meter readings, supplies, maintenance and servicing of parts for the current meters; and
- alternative ways of distributing costs.

20. The review found the following:

- *Boiler running costs for 2007/08* - The cost allocation was correct and in summary the total running costs for the boiler in 2007/08 was £116,675. The cost for 2006/07 was £110,350. All charges were checked to ensure that amounts billed to the Hayes boiler account were correct.
- *Heat meters* - The main issues for refunds in 2007/08 and subsequent years was the reading of meters. We were informed by the technical experts contracted to service the meters that the contents of calorific vials on the meters could not be relied on to give accurate readings. Calorific vials are glass containers with graduated measurements containing special liquids. The liquid in the vial evaporates as hot water or heat passes through the heating pipe that the vial is attached to. These vials were designed to be replaced annually and for a number of years the contractors had problems replacing the vials as they were not manufactured anymore. As a result, the meters were obsolete and the contractor could not obtain replacement parts. Service companies declined to carry out further readings - on the basis of information provided by the manufacturer that the accurate reading of the meters could not be guaranteed.

Hillingdon Homes considered sending out caretakers to take readings but, based on the information from the manufacturer and servicing agents, it was known that readings would not be accurate. As a result, readings could not be relied upon and any resulting charges and refunds would be unreliable. It was agreed that, if we want to continue with the policy of measured hot water and heating supplies, the only alternative would be to replace the obsolete meters.

- *Alternative methods of distributing 2007/08 costs* - Hillingdon Homes and the Council jointly looked at the following alternative methods of charging - using the previous year's readings and distribution based on number of bedrooms. The pros and cons of each are described above under the section heading *Alternative options considered / risk management*

21. Based on the fact that the calorific meters were obsolete and there was no means of obtaining accurate readings from the current meters, it was decided that the fairest way of distributing the central heating cost was therefore to use dwelling size. It was acknowledged that there were variances in the amounts calculated for residents for heating and hot water charges and refunds between 2006/07 and 2007/08. The amount collected in total was calculated to cover the actual cost of running the boiler.

22. Nevertheless, there was recognition of the strength of feeling among residents on the estate, and the impact the level of refunds would have on their personal finances. 104 residents got a larger refund in 2007/08 than in 2006/07, whilst 155 residents got less. To soften the impact on those that were worse off, it was decided by officers to refund any amount over £50 of the difference (i.e., where the refund in 2007/08 is less than the refund in 2006/07). As an example:

Refund 2006/07	£294.35
Refund 2007/08	<u>£184.96</u>
Difference	£109.39
Less cushioning	-£ 50.00
Refund due	<u>£ 59.39</u>

23. The fact that this adjustment would only be made for 2007/08 and that the following year's charges would be based on bedroom sizes pending a new meter installation was communicated to all tenants and leaseholders.

24. In 2008/09, six complaints were received from residents in relation to the methodology used for heating refunds by the Council. These were resolved with the exception of one ongoing complaint which resulted in the current petition.

25. The installation of the new meters is now virtually completed, with the exception of ten flats where we have had difficulty getting access, and there may be some problems with the hot water meters in 22 flats. The 227 remaining systems have been tested and from 1 April 2011 the metering system is live.

Financial Implications

The costs of heating are properly chargeable to tenants. In the absence of meters, the practice of basing the charge on property size including number of bedrooms is acceptable.

EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES

What will be the effect of the recommendation?

Actions being taken by officers will address all the complaints made by tenants and leaseholders as regards the use of dwelling size to charge for heating and hot water.

Consultation carried out or required

In August 2008, we wrote to tenants and leaseholders in Hayes Town Centre with the information that the calorific meters used for measuring the use of hot water and central heating were not being manufactured any more. We explained that, as a result of this, the method of charging would be changing to a standard charge based on bedroom sizes. A number of discussions took place with the Tenant and Resident Association and assurances were given that this was a temporary measure until replacement metering devices were installed.

CORPORATE IMPLICATIONS

Legal

The Cabinet Member has before him a recommendation seeking that the Cabinet Member note:

- (1) The reasons for the delays in hearing this petition;
- (2) The actions being taken by Hillingdon Housing Service to address the concerns raised by the petitioners;
- (3) The actions taken to implement a permanent solution by replacing the obsolete heating and hot water meters; and
- (4) The developments that emerged during the installation of new meters and actions taken to resolved these.

Under Article 7.08(d) of the Council Constitution, Cabinet Members have a general delegation to deal with petitions in their portfolio area in accordance with Council procedure. Therefore, this recommendation falls within the Cabinet Member's delegations.

Article 13 of the Council Constitution requires that all key decisions taken by Cabinet follow the seven principles set out therein.

There are no legal impediments to the recommendation being made.

BACKGROUND PAPERS

None.