

4(ii)(a)

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

COUNCIL – 24 JANUARY 2007

REPORT BY THE CABINET MEMBER FOR HOUSING SERVICES, ADULT SOCIAL CARE, PUBLIC HEALTH AND ENVIRONMENTAL HEALTH

HEATING AND HOT WATER CHARGES ON LANCASTER WEST ESTATE

This report provides information to Members in response to the petition presented to the Council meeting on 6 December on heating and hot water charges on Lancaster West Estate.

FOR INFORMATION

1 Background

- 1.1 At the Council meeting on the 6 December 2006, Councillor Blakeman presented a petition of 151 signatures expressing opposition to increases in heating and hot water charges on Lancaster West Estate. The prayer of the petition said:-
- 1.2 "We, the undersigned residents of the Lancaster West Estate, wish to bring to the attention of the Cabinet Members of the Royal Borough of Kensington and Chelsea and the Board of the Tenant Management Organisation (TMO) the fact that the recent massive increase in hot water and heating charges on the Estate will push many residents into debt and hardship. Many Estate residents are elderly people who receive pensions but are not eligible for Housing Benefit. Others - both tenants and leaseholders - are on low incomes but also not eligible for benefits. None of these vulnerable people will receive help from the Hardship Fund and this winter they will be forced into fuel poverty and destitution.

The TMO says this massive increase is needed because Lancaster West was under-charged in 2003. If this is the case, then the fault lies with the TMO and vulnerable residents should not be punished for the TMO's mistake. However, residents understand that the real reason for the increase is that there has been under-investment in the heating plant for many years, it has no functioning thermostat to maintain an even temperature and it is therefore operating at extremely wasteful levels. We, the residents of Lancaster West,

oppose this unreasonable increase and call upon the Council and the TMO immediately to take all realistic steps to mitigate it."

2. Response to petition

- 2.1 The Council and the TMO recognise that the recent and dramatic fuel price increases imposed by the energy suppliers have been causing problems for some of our tenants and leaseholders on the Lancaster West Estate. The Council and the TMO have had no option but to pass on those increases to residents.
- 2.2 Members may already be aware of the steps we have taken to introduce a hardship fund of £20,000 for those experiencing the most severe difficulties. For those residents, the fund has reduced the impact of the increases by up to 30% for a period of six months from 1 October 2006.
- 2.3 On Lancaster West Estate 280 TMO tenants who are on housing benefit and paying over £20 per week in heating and hot water charges are receiving credits ranging from £1.52 up to £15.21 per week to help cushion the impact of the charges.
- 2.4 However, we do realise that there are residents of Lancaster West on low incomes who do not qualify for the hardship fund. Consequently, at their meeting on 11 January the TMO Board agreed to approach the Council to extend the hardship fund to help people in this situation, although they recognise that this may be difficult to achieve, given the financial costs of doing so.
- 2.5 The TMO is also committed to working with the Council and local MPs to lobby Government and the energy regulator about the problems caused to people by these increases. The TMO has collected hundreds of signatures for the petition that will shortly be presented to the DCLG highlighting the problems caused by fuel price increases for those on housing benefit and low incomes.
- 2.6 The petition appears to state that the tenants are being made to pay the huge increases because of undercharging in 2003. However, this is not the case: we are not recovering any losses incurred before 2006; in fact, the Council will bear the loss of some £117,500 of the actual heating costs incurred before then.
- 2.7 It must be pointed out that the increases are a direct result of increases by the energy suppliers.
- 2.8 Clearly the problems on the Lancaster West Estate are exacerbated by the fact that the communal heating systems were designed and installed when the estate was built in the early 1970s. The design

standards for energy efficiency at that time were not as high as would currently be required today.

- 2.9 We readily admit that temperature control has been a problem on the estate. This is caused by failure in the thermostatic controls, however, these are in the process of being changed. A £300,000 programme commenced last year, which will be completed by August 2007. In addition to this, we are also installing lagging to the pipe work to provide extra insulation and prevent heat loss.
- 2.10 As you will appreciate, the cost of replacing the Lancaster West system with either a new communal system or individual systems for flats is phenomenally expensive. A survey of the central plant concludes that it has a life expectancy of three years.
- 2.11 The TMO's Capital Programme Team is currently in the process of inviting tenders for the preparation of a feasibility study, which will look to find the best way of replacing it with a modern efficient system sometime around 2010. The proposals will then be reported to Lancaster West EMB and the TMO Board.
- 2.12 I hope this addresses the issues raised by this complex and difficult situation.

FOR INFORMATION

Councillor Fiona Buxton
Cabinet Member for Housing Services, Adult Social Care, Public Health and Environmental Health