

## District Heating Update

<b>Meeting</b>	<b>Corporate Governance &amp; Audit Committee</b>
<b>Date</b>	<b>20<sup>th</sup> June 2025</b>
<b>Cabinet Member</b> (if applicable)	Cllr Moses Crook Deputy Leader and Transport and Housing
<b>Key Decision Eligible for Call In</b>	No Yes/No – If no give reason
<b>Purpose of Report</b> To provide an update on the District Heating Programme and Lessons Learnt: Actions from the Internal Audit report, Switch2 metering and billing contract.	
<b>Recommendations</b> <ul style="list-style-type: none"> <li>Note the report and to agree the contents are shared with key Council personnel and Councillors.</li> </ul> <b>Reasons for Recommendations</b> <ul style="list-style-type: none"> <li>To ensure key Council personnel and Councillors are aware of current position and progress regarding the District Heating Programme and delivery.</li> </ul>	
<b>Resource Implications</b>  The requirement for a dedicated Officer to manage the Heat Networks for Homes and Neighbourhoods is essential for full cost recovery on heat networks.  This role will form part of the future delivery of the Assets and Building Safety team, allowing for the future management of the contract, tenant and leaseholder engagement.	
<b>Date signed off by <u>Executive Director</u> &amp; name</b> <b>Is it also signed off by the Service Director for Finance?</b>  <b>Is it also signed off by the Service Director for Legal Governance and Commissioning (Monitoring Officer)?</b>	David Shepherd, Executive Director – Place   Kevin Mulvaney  Sam Lawton

**Electoral wards affected:** All

**Ward councillors consulted:** N/A

**Public or private:** Public

**Has GDPR been considered?** Yes

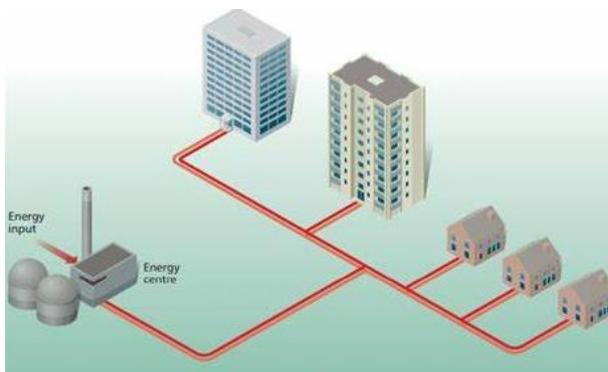
## 1. Executive Summary

The findings of the internal audit into the district heating schemes were published in June 2024, has accelerated the work currently been undertaken by Homes and Neighbourhood Services to resolve the historic issues relating to our district heating schemes and has highlighted some important priority areas that are being addressed.

Homes and Neighbourhood Services have responded proactively to the audit findings by forming an internal project group, creating an action plan to address each area of concern, and maintaining oversight at a senior level of the progress being made.

### Background

District heating, also known as a heat network, is a system that uses a singular central heat source to distribute heating and hot water through a network of insulated pipes to multiple individual dwellings. Each dwelling has a meter for their supply and are charged according to usage. The structure is typically used to deliver heating and hot water requirements to flats and maisonettes.



The contract with the current provider Switch2, was originally procured to carry out the end-to-end heat management service for Kirklees Council (Homes and Neighbourhood Services). This contract expired in January 2023, a variation to the contract was agreed to continue to use the current provider until 31st December 2024 which was granted by the Service Director for Homes and Neighbourhoods and, the Head of Procurement. A further extension was agreed for a period of 12 months which was approved by the Service Director for Homes and Neighbourhoods with Switch2 and will expire on 31st December 2025.

Kirklees Council has 25 individual district heat networks that supply heat to 1,042 Council homes, this includes 18% which are classified as leasehold properties. The properties span a wide geography across the Kirklees footprint, within the following wards:

Electoral Ward	Property count
Almondbury	28
Ashbrow	44
Batley West	10
Birstall/Birkenshaw	40
Crosland Moor/Netherton	48
Dewsbury East	246
Dewsbury South	30
Dewsbury West	210
Greenhead	99
Lindley	45
Liversedge and Gomersal	65
Newsome	177

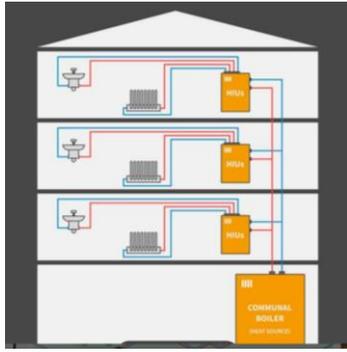
### Property breakdown:

The following is a summary of the 1,042 homes that are connected to the District Heating Network providing heating and hot water.

Properties	Number
District Heating – Council Homes - Bungalows, Houses, Flats	847
Sold/ Leasehold Properties	193
Opted Out – Managing their own heat supply	2
Total Homes	1,042

Over time the numbers have varied and will continue to do as properties are sold via. Right to Buy (RTB), Lease changes and, if the Council acquires former Leasehold properties.

In addition to the 1,042 homes that are connected to a District Heating Network, Kirklees Homes and Neighbourhoods Services also has a number of homes that receive heating and hot water through communal boiler houses within blocks of flats and residential schemes. These are known as Community Heating Schemes and, **are not connected to the District Heating Network**. These are different to district heating in that they are dwellings that have one communal boiler that supplies heat and hot water around a single building to multiple individual dwellings (flats). As illustrated below:



These dwellings do not have pre-payment meters installed like district heating properties, they pay for their heat and hot water via a service charge. These sheltered heating schemes are not classified as District Heating and are not part of the District Heating Internal Audit that was undertaken in June 2024.

## 2. Information required to take a decision

N/A No decision required.

## 3. Implications for the Council

Loss of revenue and reputational risk

### 3.1 Council Plan

There is now a working group in place to address all issues raised in the internal audit report. Below are the original recommendations from the audit, June 2024 with actions completed to date.

District Audit action tracker:

No	Recommendations	Auditee Response	Owner	Completion Date
R1	<p>Documented Procedure Notes should be produced and reviewed at least annually (or more often if systems change).</p> <p>This will aid the transitional arrangements currently in place for colleagues imminently leaving the council.</p> <p><b>Classification: Significant</b></p>	<p>Agreed.</p> <p>An end-to-end process for the management of the district heating scheme will be established, implemented, and scheduled to be reviewed on an annual basis. Procedure notes to be drafted alongside the terms of the new contract for the District Heating.</p> <p>Current process has been drafted. Chirpy Heat will advise on the end-to-end process and</p>	<p>Project Manager</p> <p>Service Manager- Strategy &amp; Performance</p>	<p>December 2024</p> <p><b>End to end process review Completed.</b></p>

		<p>agree a new process for approval.</p> <p>The consultant has been appointed and will be presenting a report to Homes and Neighbourhoods Senior Management Team on 22nd May 2025.</p> <p><b>Completed</b></p>	<p>Service Director, Homes, and Neighbourhoods</p>	<p>Target Completion 30<sup>th</sup> May 2025 <b>Completed</b></p>
<b>R2</b>	<p>As a priority, a compliant procurement process with Contract Procedure Rules should be completed.</p> <p><b>Classification: Fundamental</b></p>	<p>Agreed.</p> <p>A new contract for the management of the district heating services is to have a new specification and will be procured. Considering maintenance and repair obligations, data access and billing arrangements.</p> <p>A project group has been formed, and members of that group will support the procurement process. The purpose of the project group is to ensure a compliant procurement process takes place, prioritising the needs of end users and ensuring value for money.</p> <p>Section 20 consultation will take place with leaseholders given that leaseholders will be in receipt of new meters and, it is the Council's intention to pass on related costs for the replacing of the meters.</p> <p><b><i>Kirklees Council had a risk that a new contractor would not be in place by 31<sup>st</sup> December 2024 and, a further contract extension may be required.</i></b></p> <p><b><i>Head of Procurement has reviewed the options for the</i></b></p>	<p>Strategic Category Manager Procurement</p> <p>Service Director Homes and Neighbourhoods</p>	<p>31<sup>st</sup> December 2025 is the target date for procuring the new contract</p>

		<p><b><i>extending of the Switch 2 contract to allow for time to carry out a robust compliant procurement process. Homes and Neighbourhoods has also appointed Chirpy Heat to produce a new and more robust contract specification.</i></b></p> <p><b><i>A contract extension was awarded to Switch2, which expires on 31<sup>st</sup> December 2025.</i></b></p> <p>Work is ongoing with Chirpy Heat on the specification and market engagement for a new pre-payment meter and billing provider.</p> <p><b>Ongoing</b></p>		
<b>R3</b>	<p>As previously recommended, the full costs and income associated with the District Heating scheme should be recalculated, following which a decision should be made as to the extent to which the charges to tenants/leaseholders should be increased.</p> <p><b>Classification: Fundamental</b></p>	<p>This has required a full review of the current charges and a reconciliation of the shortfall and review of what the new charges should be for residents. If the charges are to be raised, and/or a need to continue to phase the costs over a longer period to achieve full cost recovery and bringing costs in line with current energy charges.</p> <p>Housing Management are currently undertaking their own service charge review which will align with this work, but this review will need to be run independently.</p> <p>A tariff review was completed with Switch2 to determine what Kirklees Council needed to charge users to achieve a full cost recovery.</p> <p>The new tariff was charged from 2<sup>nd</sup> January 2025, so all residents and leaseholders are</p>	<p>Head of Housing Management &amp; Partnership</p> <p>Service Manager Strategy &amp; Performance</p>	<p>December 2024</p> <p><b>Completed</b></p>

		now paying an increased amount to cover the cost for their heating.		
		<b>Completed.</b>		
<b>R4</b>	Colleagues interacting with Switch2, need to show a greater degree of professional scepticism in their dealings and perform sample checks (e.g. to council collected meter readings) to confirm that income, and other data, is consistent with expectations.  <b>Classification: Significant</b>	<p>Process in place to check itemised invoices for repairs in the Energy team and the access team are now responsible for meter reading.</p> <p>The compliance Team now takes monthly meter readings - <b>completed.</b></p> <p>A Standard Operating Procedure (SOP) is required for consistency of approach and to address the problem with staff turnover in the team. This will be completed by the consultant.</p> <p>The team need to understand the end-to-end process from the purchase of commercial gas to the prepayment meters the tenants top up. Effective audit of finances can only be achieved with an open and transparent process.</p> <p>Recruitment is underway to appoint a dedicated Manager for the future management of District Heating and, Billing.</p> <p><b>Ongoing</b></p>	<p><b>Completed</b></p> <p>Project Manager (Capital)</p> <p>Service Manager Strategy &amp; Performance</p> <p>Service Director Homes &amp; Neighbourhoods</p>	<p>November 2024 <b>Completed</b></p> <p>31<sup>st</sup> July 2025</p> <p>In progress, to be reviewed by Chirpy Heat Target date 30<sup>th</sup> June 2025</p> <p>Estimated Target date 30<sup>th</sup> June 2025</p>
<b>R5</b>	District Heating Income and District Heating Expenditure should be recorded under the same group heading in SAP, to allow for easier comparison.  <b>Classification: Significant</b>	<p>This action is complete. All District Heating expenditure and income is now accounted for directly within the HRA and included in the quarterly financial monitoring report to Cabinet. For openness and transparency, it is itemised with</p>	Senior Finance Officer	30 <sup>th</sup> September 2024 <b>Completed</b>

		regular reviewing of income and expenditure.  <b>Completed</b>		
<b>R6</b>	As previously recommended, the vulnerability criteria should be reviewed to ensure it is still appropriate.  <b>Classification: Significant</b>	The current criteria needs to be confirmed, reviewed and the recommended changes implemented if applicable. Ensure any changes are communicated with the Energy Team.  A new Vulnerability Policy for Kirklees Homes and Neighbourhood Services has been approved by Cabinet (11 March 2025).  Completion date changed from 31 <sup>st</sup> January 2025 to 31 <sup>st</sup> March 2025. Approved by Cabinet on 11th March 2025, new policies around vulnerable tenants, domestic violence, and antisocial behaviour, are now approved and provides a framework to support vulnerable households.  <b>Completed</b>	Service Manager Strategy & Performance  Service Manager Housing Management & Partnerships	30 <sup>th</sup> December 2024 <b>Completed</b>  31st March 2025 <b>Completed</b>

<b>R7</b>	As previously recommended, high value credit balances should be routinely reviewed with a view to refunding customers and/or giving the option to reduce future pre-payments.  <b>Classification: Significant</b>	Review current process, produce a SOP, and implement changes. A process is not in place now for a resident who has high levels of credit or debt until a property becomes void.  The cause of these balances is being investigated, and a process is to be implemented on how to manage arrears balances and what action can be taken against the tenants and residents to manage individual account.	Strategic Managers Housing Services  Service Manager Strategy & Performance	In progress, to be reviewed by Chirpy Heat Target date 30 <sup>th</sup> June 2025
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		<p>A dedicated District Heating Manager is being recruited to have oversight and responsibility for consulting with and, manage the Switch2 contract, new contractor and, billing arrangements. Target date 30 June 2025.</p> <p><b>Ongoing</b></p>		
<b>R8</b>	<p>The boiler replacement programme should be completed as a priority.</p> <p><b>Classification: Significant</b></p>	<p>A replacement programme is underway.</p> <p>The boiler replacement programme has been replacing boilers based on their age. The replacement programme for 2024 was completed on time. All planned works for the District Heating boiler works is on track to be completed this financial year; by 31<sup>st</sup> March 2025.</p> <p>A new subgroup may need to be implemented to understand and consider grants and funding (to work along the replacement timeline)</p> <p>Following S20 consultation, leaseholders will be recharged for the cost of any boilers replaced in their properties. <i>Application submitted for HNES funding round 9 for one district heating site and one retirement living scheme with support from the consultant. Decision notification will be communicated in July 2025.</i></p> <p><b>Ongoing</b></p>	<p>Service Manager M&amp;E</p> <p>Subgroup required to look at the meter replacement, boiler programme, boiler plant replacement and HIU replacement – possibility of accessing funding – Subgroup leader and members: Property services (technical) and Assets (programme) Service Manager Strategy and Performance</p>	<p>31<sup>st</sup> March 2025</p> <p><b>Completed</b></p> <p>Target date 31<sup>st</sup> July 2025</p>
<b>R9</b>	<p>A formal assessment should be undertaken as to whether the current meters, need to be upgraded.</p> <p><b>Classification: Significant</b></p>	<p>An assessment will be undertaken to complete a replacement Programme. This will need to form part of the new contract for the management of the District Heating schemes.</p>	<p>Service Manager Strategy and Performance</p>	<p>Target date 30th June 2025</p>

		<p>Chirpy Heat has been appointed and will assess whether the meters need to be replaced. Consultant Chirpy Heat are reporting on the current meters and recommendations for meter replacement programme end of June 2025.</p> <p><b>Ongoing</b></p>		
<b>R10</b>	<p>Depending on future pricing decisions, the benefits of low-cost heating should be promoted more robustly to increase take-up.</p> <p><b>Classification: Merits Attention</b></p>	<p>Letters were sent to all residents and leaseholders on District Heating advising them of their new tariff. The letters were completed with advice from Switch2 our current provider and with Council Communications.</p> <p><b>Completed</b></p> <p>Heat networks will form part of the sustainability strategy for Homes and Neighbourhoods. Heat Networks can provide low-cost heating and will contribute towards decarbonisation of Council homes in Kirklees which will be considered by Kirklees Council Cabinet during 2025/26.</p> <p>Part of this work will be development of a clear Housing Revenue Account Decarbonisation Strategy for its 22,000 Council housing (including leaseholder homes), alongside a tenant engagement strategy and, communicating the benefits of heat networks to tenants &amp; residents. Consultants Chirpy Heat will be advising on options for achieving this and any national best practice that is available for Portfolio Holder and, Kirklees Cabinet to consider. Kirklees are also working with other LA's who are also reviewing their approaches on decarbonisation.</p>	<p>Service Manager Strategy &amp; Performance / Communications Business Partner</p> <p>Service Manager, Strategy &amp; Performance</p>	<p>31<sup>st</sup> March 2025</p> <p><b>Completed</b></p>

R11	<p>Those who have chosen not to use the district heating system should not have to pay the standing charge.</p> <p><b>Classification: Significant</b></p>	<p>Review the options for opting out of District heating. Currently no option to opt out is available for tenants and residents, due to ensuring viability of the scheme.</p> <p>Decision needs to be taken. This should form part of the heat network strategy, and the communication plan.</p> <p>This is being reviewed, and guidance will be given by the consultant on the available options and, any leaseholder risks, as Leaseholders within their individual leases are responsible for major works. This forms part of s20 consultation.</p> <p>Options will then be considered and, preferred option will be communicated and implemented during 2025/26.</p>	Service Manager Strategy & Performance	Target date 30 <sup>th</sup> June 2025
R12	<p>Homes &amp; Neighbourhood Management need to decide if they want to apply for funding through the Energy Bill Relief Scheme (via a rebate in 2024/25), and if so the District Heating Team need to provide evidence stating why they are entitled to government funds and communicate to tenants that the funds have been received through the scheme.</p> <p><b>Classification: Fundamental</b></p>	<p>A decision is required on who receives the funding: Kirklees Council or the tenant.</p> <p>This was not applied for in 2024/25.</p> <p>The Energy Bill Relief Scheme was a 12-month scheme from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024, Kirklees climate change team, applied for the funds and were successful. This funding is no longer available.</p> <p><b>Completed</b></p>	Housing Management & Partnerships Services Manager	31 <sup>st</sup> July 2024 <b>Completed</b>
R13	<p>Homes &amp; Neighbourhood Management need to decide if they want to apply for Capital funding available under the “Heat Network Efficiency Scheme.”</p> <p><b>Classification: Significant</b></p>	<p>The decision is to be made by the Homes and Neighbourhoods Senior Management Team (in consultation with Mechanical and Engineering Team).</p> <p><i>The decision was made by the Energy Team with advice from</i></p>	Service Manager Strategy & Performance	30 <sup>th</sup> June 2025 <b>Completed</b>

		<i>the consultants. The Heat Network Efficiency Scheme round 9 has been applied for as per R8 above.</i>		
		<b>Completed</b>		
<b>R14</b>	The Energy & Climate Change Team need actual readings to be taken at least twice a year and preferably quarterly.  <b>Classification: Significant</b>	Currently performed by the Asset Team and reported to Finance.  The new manager within Homes and Neighbourhoods will take ownership of this service area when appointed.  <b>Process in place to capture meter readings.</b>	Service Manager Strategy and Performance	October 2024  <b>Completed</b>

### 3.2 Financial Implications

The following highlights the agreed approach to full cost recovery:

The tariff for district heating in Kirklees had not been altered on the meters in resident's properties since the commencement of the contract with Switch2 in 2013. This has led to inaccurate billing and because of high inflation specifically in 2022-23 this resulted in a deficit for Kirklees Homes and Neighbourhoods (HRA) due to not charging enough to cover the cost of providing this service. This was reported to the Homes and Neighbourhoods Housing Advisory Board, attended by Service Director of Homes and Neighbourhoods, Heads of Service, Independent external members, Tenant members and Portfolio Lead on 22<sup>nd</sup> November 2022. This formed part of the quarterly finance monitoring report to 30<sup>th</sup> September 2022, where at that time there was a forecast shortfall of £581,000, this was then referred to in later quarterly finance monitoring reports that were presented to the Council.

Kirklees Council instructed Switch2 to conduct a tariff review in 2024. This review was to determine how efficient each scheme was and what residents in individual schemes should be paying to cover the costs of providing heat and hot water to the residents.

Switch2 used the data on gas provided to each site and the usage of each dwelling served by individual boilers to produce consumption data. They then used this data to provide the correct tariff per site.

A pragmatic decision was made to increase charges on the 2<sup>nd</sup> of January 2025 to recover the costs. This was discussed as part of the Rent and Service charge process and the recovery of costs was agreed by Service Director for Homes and Neighbourhoods and Portfolio Lead on 25<sup>th</sup> November 2024. Charges increased from 4.6p per kwh plus a daily admin charge of 14.5p to a maximum of 13.7p per kwh plus a daily admin charge of 24.3p. Meters were amended accordingly, on 2<sup>nd</sup> January 2025 to reflect these increases, as per following:

Street	Tariff charge	Ward
Blackers Court	8.9p	Dewsbury South
Bradcroft	7.8p	Greenhead
Bronte Road	9.2p	Birstall/Birkenshaw
Charles Street	7.3p	Crosland Moor/Netherton
Hawthorne Terrace	7.3p	Crosland Moor/Netherton
Cliffe Court	8.7p	Liversedge/Gomersal
Dearne Fold	8.7p	Lindley
West Street	8.7p	Lindley
St Peters Gardens	8.7p	Dewsbury East
Beech Walk	8.7p	Dewsbury East
Eightlands Road	8.7p	Dewsbury East
Elim Walk	8.7p	Dewsbury East
Ashworth Road	8.7p	Dewsbury East
Barber Walk	8.7p	Dewsbury East
Savile Walk	8.7p	Dewsbury East
Wellington Walk	8.7p	Dewsbury East
Milton Walk	8.7p	Dewsbury East
Gladstone Court	8.7p	Dewsbury West
Russell Street	8.7p	Dewsbury West
Gledhill Terrace	9.7p	Dewsbury West
Croft Cottage Lane	8.7p	Greenhead
Hillhouse Lane	8.7p	Greenhead
Hurstwood	8.4p	Ashbrow
Ings Way West	9.0p	Almondbury
Keldregate	8.7p	Ashbrow
Leeds Road	7.3p	Birstall/Birkenshaw
Quarry Road	8.7p	Liversedge/Gomersal
Upper Barker Street	8.7p	Liversedge/Gomersal
Moorend Lane	7.7p	Batley West
Staincliffe Road	7.7p	Batley West
Norcross Avenue	8.5p	Lindley
Oxford Place	9.9p	Crossland Moor/ Netherton
Perseverance Street	13.7p	Newsome
School Lane	8.7p	Dewsbury West
Spring Grove Street	8.7p	Newsome
Water Street	8.7p	Newsome
Prospect Street	8.7p	Newsome
Springwood Hall Close	8.7p	Greenhead
Queen Elizabeth Gardens	8.7p	Newsome
Trinity Street	8.7p	Newsome
Heckmondwike Road	8.7p	Dewsbury West
Wroe Street	8.7p	Dewsbury West
Quarry View	8.7p	Liversedge/Gomersal

Kirklees Council have a contract manager for Switch2, to consult with, monthly meetings are in place. This has not always been the case and needed to be addressed. All reports that were previously sent to incorrect correspondence email addresses are now collated by the energy team and invoices are checked thoroughly before being paid.

This monitoring has uncovered debts on pre-payment meters that have not been addressed to date. Advice provided from our heat network consultant has stated that in the absence of a tariff review since the start of the Switch2 contract in 2013, Kirklees cannot seek to recover historic undercharges that have not been previously communicated to the residents and leaseholders.

Ofgem rules on back billing to protect consumers – Guidance:

**Our back billing rules**

*These rules set out when a supplier can charge you for any shortfalls in payment for energy you have used.*

*You cannot be charged for energy used more than 12 months ago if:*

- *you have not had an accurate bill for it before, even though you asked for one.*
- *you have not been informed about any charges due via a statement of account before*
- *your Direct Debit amount was previously set too low to cover any charges due.*

*Suppliers must make these rules clear in their contract terms and conditions.*

However, Kirklees Council are treating debt on meters separately to unrecovered costs prior to the tariff review being undertaken. The aim is to achieve a full cost recovery of heating charges in 2025/26. The forecast shortfall at Q2 2024/25 was £573k and the forecast shortfall at Q3 2024/25 was £553k. The actual shortfall at Q4 was £497k.

Total cost/total income

	2022/23	2023/24	2024/25	Projected 2025/26
Income	£252,000.00	£191,000.00	£404,000.00	£928,000.00
Expenditure	£1,174,000.00	£647,000.00	£901,000.00	£928,000.00*

\*Will be determined by usage

Debt on accounts with Switch2

	Up to 2025	Total
Current residents	£18,225.20	
Former residents	£32,330.95	£50,556.15
Current leaseholders	£1,541.15	
Former leaseholders	£1,732.18	£3,273.33
		<b>£53,829.48</b>

Switch2 have provided details of historic debts from meters which are irrecoverable, and it is therefore, proposed that these will be written off against the bad debt provision. Managing leaseholders is a function within the HRA and not a General Fund activity. Therefore, historic undercharges which are unrecoverable will be written off against the bad debt provision.

Moving forward, we will recover the actual costs of providing heat and hot water to residents and leaseholders by charging the correct tariff for each scheme. The Housing

Revenue Account should not be subsidising any shortfall in leaseholder charges and the increase in tariff should recover the leaseholder cost. As per Financial Regulations, the Council is able to increase charges on an annual basis to recover costs. Leaseholders will be notified accordingly.

### **Switch2 – provision of services**

These include the following:

Operate the Metering Equipment and provide the following Services:

- Data Service
- Credit Billing and /or Prepayment Service (“PAYG”)
- Maintenance Service
- Metering and Billing Service and Maintenance Service Provider Agreement

A question was raised in a previous audit committee: *Information on how the energy price cap increase/decreases would impact residents.*

- The energy price cap is for domestic supplies of electricity and gas, district heating schemes receive heating and hot water from a commercial supply, and are therefore, not currently subject to an energy price cap.

Kirklees Homes and Neighbourhoods have commissioned a consultant to review all their heat networks, district heating schemes and sheltered heating schemes to ensure transparency in charges.

A question was raised at a previous audit committee: *The pricing structure that included extensive solar panels installed.*

No district heating sites have solar PV. However, some of the independent living schemes (Sheltered schemes) have Solar PV installed by the Council: The electricity generated from these panels is used for the communal electricity of the building during daylight hours, each resident has their own electric bill for their dwelling.

There is a new gas contract now live with Total Energies, final meter readings for all meters have been taken and submitted along with the Meter Point Reference Number (MPRN), and the date of the meter reading.

### **3.3 Legal Implications**

N/A

### **3.4 Climate Change and Air Quality**

The implementation of a Decarbonisation strategy will include specific plans for Kirklees Council heat networks and are a key contributor to our long term aims to become carbon neutral by 2038. A feasibility study is being undertaken by our consultant’s Chirpy heat, to advise on replacing all our communal boilers in independent living schemes with ground source heat pumps, using external funding and internal capital budgets to achieve this.

Chirpy Heat submitted Kirklees Heat Network Efficiency Scheme, HNES application for round 9 funding to complete the upgrade to 2 heat network schemes (1 District heating - Eightlands, Dewsbury, 180 dwellings and 1 Retirement living scheme, Burhouse court, Honley, 39 dwellings) on 28<sup>th</sup> March 2025. Notification of outcome will be received by the end of July 2025.

### 3.5 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)

Risk	Mitigation	RAG
Regulatory compliance: Failure to comply with the new heat regulations could result in legal or financial penalties	Requires a dedicated officer in place to have regular reviews and update policies and procedures accordingly. Currently looking at resourcing this role as part of the establishment review.	Medium
Contract Management: Evolving contract management with Kirklees and Switch 2 could affect collaboration and programme outcomes, leading to failure to track contract renewal dates, poor decision-making missed deadlines and miss payments.	Implement a robust contract management system to track renewal dates, deadlines, and payments. Schedule regular meetings with Kirklees and Switch2 to maintain open communication, documenting all interactions and decisions to ensure transparency and accountability.	Medium
Inaccurate Data: The absence of a central storing place of the data makes it difficult to keep track of the latest versions and ensure data accuracy in one central place.	Implement a centralised data management system accessible to all relevant internal and external officers. Conduct regularly audit data to ensure accuracy and consistency. IT backup systems in place to aid with the loss of data.	Medium
Ofgem has taken over as the regulator from April 2025, it is expected that a limit will be put on as to how far you can go back to recover debt.	Prepare for Ofgem's new regulations by reviewing current debt recovery practices and making necessary adjustments. Consultant in place to provide advice.	Medium
The increases in unit rates applied in January 2025, may be under recovery	Ongoing monitoring of position and reported each ¼ to Cabinet in normal Finance reports.	Medium
Investigation of accounts which may yield potential debts and other issues around contractor performance, due to inaccurate reporting by Switch2 and not having a dedicated Officer to manage the contract.	Resolution of debt needs further investigation. Establish clear processes for tracking and recovering debts. Engage with residents to negotiate manageable repayment plans for the collection of the debt.	Medium
Resource and capacity to meet the demands of the action plan	Assign a dedicated officer to manage the contract with Switch2. A project group has been formed, to address the actions and take ownership.	Medium
Staff changes impacting the delivery of the action plan	Once the procedures and new contract and ways of working are in place, future handovers should be more thorough and achieve continuity of service.	Medium

## 4. Consultation

Tenant Led Panel were consulted on the letter for residents, informing them of the forthcoming increase to their energy charge. The tariff change was implemented from

the 2<sup>nd</sup> of January 2025 and all residents were given the 30 days' notice required, by letter.

## **5. Engagement**

Residents have received communication regarding increase tariff charges, which included key contact details and, for any household in severe financial hardship details of support that may be available.

## **6. Options**

6.1 **Options considered N/A**

6.2 **Reasons for recommended option N/A**

## **7. Next steps and timelines**

### **7.1 District Heating Audit**

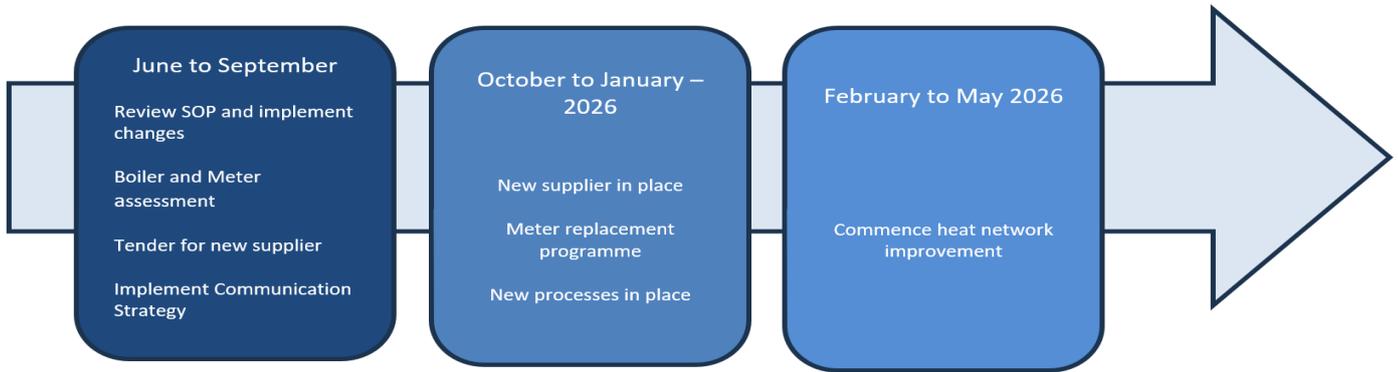
- Continue to have monthly District Heating Group meeting.
- Accelerate the recruitment for a dedicated resource to manage the decarbonisation strategy including District Heating Programme.
- Collaborate closely with the consultant to complete a full survey of heat networks, efficiency review of boilers houses and procurement of a metering and billing provider. Incorporating their advice on new heat regulations and compiling our decarbonisation strategy.
- Develop a clear new tender specification for the District Heat metering and billing contract following the necessary reviews and assessments to ensure that this allows for improved contract management of a new provider.
- Continue to monthly contract management review meeting with Switch2 – Ensure the new tariff charges are effectively monitored for any resident's feedback or issues.

### **7.2 Lesson Learnt**

- This has identified that the need for a dedicated manager to manage the end-to-end process for metering and billing. We are working with HR colleagues on a recruitment campaign for this and, a dedicated resource to manage the decarbonisation strategy including District Heating Programme
- The need to collaborate closely with the consultant to complete a full survey of heat networks, efficiency review of boilers houses and procurement of a metering and billing provider. Incorporating their advice on new heat regulations and compiling our decarbonisation strategy. Agree a programme

including a route to tender specification following the necessary reviews and assessments.

- Work with Switch2 on the debt highlighted for the prepayment meters.



**8. Contact officer**

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**9. Background Papers and History of Decisions**

Corporate Governance & Audit Committee - September 2024 – see appendices.

**10. Appendices**

N/A

**11. Interim Service Director responsible**

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