

**FOR PUBLICATION**

**POLICY AND PROCEDURE -  
(A): RENT COLLECTION AND (B): WATER RATE COLLECTION (H000)**

**AGENDA ITEM**

---

MEETING:                   1. CABINET  
                                  2. EXECUTIVE MEMBER FOR HOUSING

DATE:                       1. 31ST JANUARY 2012  
                                  2. 13TH JANUARY 2012

REPORT BY:                HEAD OF HOUSING

WARD:                      ALL

COMMUNITY FORUM:      ALL

KEY DECISION             ITEM NO. 39 ON FORWARD PLAN  
REFERENCE  
(IF APPLICABLE):

---

FOR PUBLICATION

BACKGROUND PAPERS FOR PUBLIC REPORTS:  
                                  LOCATION:

TITLE:

---

**1.0     RECOMMENDATIONS**

1.1     That the policy and procedures for the collection of rent and of water rates be approved for implementation.

**2.0     PURPOSE OF REPORT**

2.1     To seek approval of formal policy documents in respect of the collection of rent and of water rates.

### 3.0 BACKGROUND

- 3.1 It has been recognised by colleagues in Arvato (those formerly in Revenues and Benefits) that there is not in existence a formal document reflecting the Council's Policy in respect of rent collection and for the collection of water rates.
- 3.2 The policy and procedures relating to rent collection (**Appendix 1**) simply confirm existing practice unless Members wish to consider any changes.
- 3.3 However, linked to the collection of water rates is the long standing debate about the dis-proportionate impact on tenants for non-payment of water rates i.e. potentially eviction, when no such sanction could be applied by the water authorities.
- 3.4 The subject of water rate collection has been reviewed periodically, for example in Best Value Scrutiny Panel (September 2001), Efficiency and Best Value Scrutiny Panel (November 2006) and was reported to Cabinet at similar times.
- 3.5 In 2011 the Scrutiny Board agreed to investigate and finalise the matter being aware of an ongoing concern regarding the disproportionate impact on tenants, namely that a Council tenant would be at threat of eviction for non payment of water rates whereas a private sector tenant would not. The Scrutiny Board considered the evidence gathered and requested officers propose possible policy improvement options.
- 3.6 Following the Scrutiny Board's request, amended draft policies were presented to and supported by the Scrutiny Board at its meeting on 16 June 2011 attended by the Executive Member for Housing. The Scrutiny Board then recommended that the amended proposed policies be referred to the Executive Member for Housing for formal consideration. Those proposed policies are now attached to this report to Cabinet.
- 3.7 The Council resolved to collect water rates from tenants on behalf of Severn Trent Water many years ago (certainly pre 1990s).

The original intention would have been to:

- (a) Collect all charges from tenants holistically
- (b) Prevent tenants being cut off for non-payment
- (c) Provide an easy payment facility spread over 48 weeks
- (d) Avoid secondary health risks associated with cut off water supplies

The threat to water supply was removed in the 1990s when Water Authorities were prevented from cutting off water supplies for non-payment.

Courts have made it clear that local authorities are entitled to seek possession where the arrears amount to water rates only, provided it can be shown in the tenancy agreement that the tenant is obliged to pay the charges. However, if tenants were billed directly the maximum penalty for non payment is a County Court Judgement with appropriate enforcement action, including bailiff action.

3.8 The consequences of the Council collecting water rates as part of “the Housing debt” are as follows:

3.9 **Advantages:**

3.9.1 Income received from Severn Trent covers cost overheads/administration, voids losses for water rates and generates a surplus (eroded over time by inflation etc). (Current commission £179,638 plus £100,000 voids allowance plus £65,000 bad debt provision).

3.9.2 Tenants enjoy a 48-week payment system.

3.9.3 Encourages a payment culture, particularly important amongst younger introductory tenants, who will have a better understanding of what they need to do when they get work and housing benefit stops.

3.9.4 Allows tenants to spread their water rates over a full year and pay manageable weekly sums.

3.9.5 Reduces the number of agencies a tenant has to deal with. A tenant with financial problems can come to the Revenues Hall, and with one visit sort out their rent, water rates, council tax and associated benefits.

3.9.6 Properties, abandoned by tenants on full Housing Benefit, come to light earlier than they otherwise might.

3.10 **Disadvantages:**

3.10.1 Since Housing Benefit is not payable for water rates we have to collect from and chase arrears from tenants who would otherwise be “rent free”.

3.10.2 Staff spend time recovering relatively small debts.

- 3.10.3 Rent arrears are higher because water rates are included.
- 3.10.4 Tenants can be and have been evicted for non-payment of water rates (because it is a Housing debt the way it is collected) even though the Water Authority cannot even turn off the supply. Although numbers evicted are low, only 2 in the last financial year, the impact is still disproportionately severe on the individual.

#### **4.0 TENANT OPINION**

- 4.1 As a result of previous discussions on the merits or otherwise of continuing to collect Water Rates as a Housing debt, a full consultation with all tenants was carried out in 2000 to determine whether tenants wished to continue with current arrangements or to be separately charged.
- 4.2 There was a reasonable, but minority, response rate of which 94.4% were in favour of maintaining the status quo even if it meant some tenants being evicted.
- 4.3 It is unlikely that a further survey would produce different results as the current system is of benefit to the majority of tenants (simple - pay with your rent and costs spread over 48 weeks) even though in default of payment the sanction is comparatively severe.
- 4.4 Any material change in collection method would be subject to an all tenant consultation and will require an Equality Impact Assessment.

#### **5.0 WATER METERS**

- 5.1 Tenants are completely free to opt for a water meter but few have done so to date, possibly as they are perceived to be a more costly option and there is no access to a 48 week payment system.
- 5.2 Tenants are no longer required to seek permission from Councils before fitting water meters, indeed it is illegal for a Council to ask a tenant to seek permission (Water Industry Act).
- 5.3 Water meters are normally fitted free of charge at the customer's request. There are charges if the stop tap needs re-locating and some properties have joint supplies which cannot be metered.
- 5.4 Once fitted the Water Authority will not remove the meter for a subsequent tenant or owner of a property for whom it may be a more expensive option and for this reason the Council has not advertised or promoted the availability of water meters to date.

## 6.0 FINANCIAL MATTERS

- 6.1 As referred to above, income received from Severn Trent covers cost of overheads and administration, void losses for water rates and generates a surplus (eroded over time by inflation etc).
- 6.2 Current commission (2010/11) is £179,638 plus £100,000 voids allowance plus £65,000 bad debt provision.
- 6.3 The actual cost of collection can only be estimated as some of the work would take place anyway. Administrative costs are insignificant. Direct costs are more significant but are covered by the allowances from Severn Trent.

## 7.0 OTHER OPTIONS FOR TENANTS IN ARREARS OF WATER RATES

- 7.1 Customer services staff are aware, and refer tenants to, a number of charities who offer relief in cases of hardship, as follows:

Provider	Details
Severn Trent Trust Fund	Provides grants to clear or reduce water and sewerage debt. Will also help with money advice, rent counselling and financial literacy. Can take a while to come through and unlikely to be for the full amount. Vulnerable tenants more successful.
St Martins in the Field	Provides grants to clear or reduce water and sewerage debt. Quick response. May pay full amount.
British Legion and SSAFA	Charitable awards for ex-service personnel

- 7.2 Within the attached policy document (**Appendix 2**) a revised policy and procedure is proposed that tenants with water rate only arrears (because they only have a liability for water rates due to being in receipt of full Housing Benefit) are given the opportunity to obtain a water meter from the water authority rather than continue to increase arrears and ultimately face eviction.
- 7.3 This policy revision will limit but not remove the likely financial losses through non-payment but a reasonable level of bad debt is covered by the agreement with Severn Trent.
- 7.4 As referred to in the policy, tenants with water rates only arrears could expect to be served notice and given the above option at a debt level of approximately £100 (or 13 weeks arrears), although advice about the

options will be made available at first contact following non-payment.

## **8.0 SCRUTINY BOARD**

8.1 As detailed at paragraph 3.5, this matter has been considered by Scrutiny Board at a series of meetings earlier this year and the Board was happy to recommend that the draft policies on the collection of rent and on the collection of arrears for water rates only, including the option to fit water meters, be referred to the appropriate portfolio holder(s).

## **9.0 EQUALITIES**

9.1 To be completed - no specific problem area. Policy offsets all equally. (Preliminary Assessment attached at Appendix 3).

## **10.0 RECOMMENDATIONS**

10.1 That the policy and procedures for the collection of rent and of water rates be approved for implementation.

## **11.0 REASONS FOR RECOMMENDATIONS**

11.1 (i) To ensure proper documentation exists.  
(ii) To minimise risk of eviction for water rates non-payment.

**A. J. SIMPSON  
HEAD OF HOUSING**

Further information on this matter can be obtained from Andy Simpson (Extension 5140).

Officer recommendation supported/not supported/modified as below or Lead Members' recommendation/comments if no Officer recommendation.

Signed

Executive Member

Date

Consultee Executive Member/Support Member comments (if applicable)