



# Enterprise and Wellbeing Scrutiny Committee

## Scrutiny Project Group

### *report on Water Rates*

Date : January 2014

## PROJECT GROUP MEMBERS:

Councillors:

Lead	Councillor Simmons
Group Members	Councillor Elliott Councillor Flood Councillor Hawksworth Councillor Hill Councillor Miles Councillor David Stone

### 1.0 INTRODUCTION AND REVIEW AIMS

1.1 This review aims to focus on policy on evictions for non-payment of water rates.

1.2 The main objectives of this review are:

- a) To review the operation of the Housing policy on water rate arrears evictions, which had been agreed in May 2011. The policy had been put in place in June 2011 to deal with the collection of water rates and with arrears, and it would be reviewed with an understanding that we would avoid evictions for non-payment of water rates only. It was agreed that the request to review was timely, the policy having been used for two years. **(Appendix 3 Water Rates Arrears Policy)**
- b) To find out more about the water rates collection contract with the Severn Trent Water Company, and the annual sum of money received by the Housing Revenue account for collection of water rates.
- c) To review any appropriate related matters.

### 2.0 REASONS FOR THE REVIEW AND LINK TO PRIORITIES

2.1 The contract with Severn Trent Water had not been reviewed in any detail by Scrutiny before the Scrutiny Project Group was set up on 27th June, 2013.

The contract had been in place for some years, and we were aware that the Housing Revenue Account received an annual sum of money for the collection of water rates.

Councillor Simmons had become aware that the contract was being reviewed by Business Transformation staff on behalf of Councillor McManus, Executive Member for Housing.

2.2 There was a lack of information about Housing policy towards tenants with water rates arrears, and related matters including:

- costs for collection
- payment for debt
- effect of current economic situation on arrears
- effect of arrears on homeless budget
- cost of collection to General Fund
- increased need for Tenant Support
- provision of advice and help available to Tenants.

2.3 The review aligned with Corporate Plan Aim 3:

“A place where everyone has fair access to a decent and affordable home.”

### **3.0 RECOMMENDATIONS**

#### **3.1 The Project Group recommends :**

- a) that Officers to report Scrutiny in six months time, as to the outcome/progress on the water rate collection process and technology review;
- b) (i) that an update be made to Scrutiny when the Contract with Severn Trent Water is formally signed, as it is only a ‘heads of terms’ agreement currently;  
  
(ii) that an update on the Contract be given to Scrutiny after one year;
- c) that Scrutiny discuss at a business meeting the operation of the ‘write-off’ policy to confirm with Revenues and Housing that they either remove the sentence about ‘write-offs’ from the policy, or

insert " 'write-offs' to be Officer recommendations carried out by Executive Members";

- d) that Scrutiny be asked to support a request to review the Tenant's information to include:
  - (i) more robust and prominent information on support available and advice regarding water rates and water meters;
  - (ii) re-emphasis to all tenants of the importance of communication with Revenues and Tenancy Support, if it is likely that the tenant may be approaching financial difficulties that may lead to arrears.
- e) that Scrutiny be given a progress report in six months time, monitoring the number of evictions for water rates arrears.

#### **4.0 REVIEW APPROACH**

- 4.1 The Project Group met on 5 occasions. The terms of reference were agreed at the first meeting held on 4th September, 2013, along with the membership of the Group, all of whom were self-nominated. Councillor Hill later left, when he became a member of Cabinet.

The methodology used to gather information was through interviews, meetings, desk top research and we have examined the previous contract through direct interviews, gathered statistics which were available about arrears/ and or evictions for water rates alone.

There has also been a web search and anecdotal evidence from Councillor Members.

**See "The Scoping Document" – Appendix 1**

#### **4.2 Desk top research**

We reviewed the web information of a number of water and sewage companies.

All provided a package of both reduced tariffs and support including advice about water meters.

We also examined web sites of various councils and found some do not include water rates and a few do have contracts with water companies.

It was impossible for us to find out the contract details but we are aware of how another council had renegotiated an increase in their contract this year. Some local councils have moved away from collecting water rates.

It was difficult as a lot of councils no longer have their own Housing stock and there is no clear information about other Social Housing providers and their position with regards water rates.

We believe that there has been a move away generally from central collection.

### 4.3 Interviews

A list of the witnesses interviewed is to be found at - **Appendix 1 “The Scoping Document “on page 2.** Law Centre and Citizens’ Advice representatives were not interviewed, but information was obtained from the Citizens’ Advice Bureau (**Appendix 11**).

#### **Issues identified in interviews**

- The current CBC response to water rates arrears
- Differences between CBC policy and water companies’ policy on arrears
- CBC advice to tenants on installing water meters
- CBC advice and support to tenants, especially new tenants and those in changing circumstances, and need to encourage tenants to take up offer of Tenancy Support
- Advice given to Members of Council on CBC water rates policy
- Reasons why CBC collects water rates – costs and benefits
- Information on services delivered in Chesterfield by Severn Trent and Yorkshire Water, and how this was reflected in water bills
- Details of ‘other charges’ in Revenues documentation, and the need to list water rates as a separate charge
- Statistics on how many tenants asked that water rates be listed separately from rent and other charges
- Wording of tenancy agreements and communication with tenants on water rate payment
- Details of recent evictions for non-payment of water rates and other charges
- Role of Customer Services Centre staff in water rate collection

- Comparisons with other local authorities' policies on water rate collection, and with the policies of housing associations and other social housing providers
- impact of changing payment methods on tenants and arrears
- Details of water company response to non-payment of water rates
- Continuing impact of Welfare Reform and future impact of Universal Credit on water rate payment
- Identifying links with the Corporate Plan.

#### 4.4 Calculation of arrears

We interviewed:

- Scott Webster (Project Officer)
- Cllr Jim McManus (Executive Member for Housing)
- Cllr Martin Stone (Assistant Executive Member for Housing)
- Barry Dawson (Head of Finance)
- Fran Rodway (Customer Centric Services Manager)

We had mixed responses and it became clear that Members of Council had different understandings of how much went towards payment for Water Rates and how much for rent.

Fran Rodway made it clear it was not pro rata and she clarified at the Debt Recovery briefing that it was 1 payment!

We identified that it only became transparent when someone was on full Housing Benefit and only in arrears on water rates.

#### 4.5 How revenues deal with arrears

See information in **Appendix 3 and Appendix 9.**

#### 4.6 Evictions

We reviewed Councillor David Stone's emails, along with evidence from Fran Rodway, Julie McGrogan (Housing Service Manager), Cllr Jim McManus and Cllr Martin Stone and Tenancy Support Workers as well as considering the Policy (**Appendix 6**).

**Issues – some people we interviewed had not seen the policy.**

The emails from Fran Rodway clearly state there was an agreement not to evict for water rates (**Appendix 5**).

The policy is confusing as it implies we do not evict for arrears and then states we can/do.

It also comments on being able to write them off. We have received no evidence that Appeals have ever recommended a 'write-off'.

This Policy was put in place in June 2011; it is the same policy that has been agreed by Cabinet as part of the new contract.

#### 4.6 **Contract**

We reviewed the proposed Contract and interviewed Scott Webster about the details and the consequences. It was clear that the renegotiation was long overdue and the new deal was better for CBC. And evidence was that if we got people paying regularly it was better than expecting them to pay separately to us for Rent and to Severn Trent for Water rates.

We also were supportive of the transfer from Housing Revenue Account of the Contract monies to the General Fund as the costs are incurred for recovery and collection by Revenues and it is difficult to quantify how much dealing with water rates, in addition to other charges, is costing.

Severn Trent collect for the sewage and surface water drainage services, so C.B.C collects that money on behalf of Severn Trent.

#### 4.7 **Tenant Support**

We were impressed by the work the Tenant Support officers carry out and recognise that it is a finite service that cannot provide support to every tenant.

We were provided with information about what support there is for tenants in financial difficulties, and a summary is attached at **Appendix 10**.

The Tenants' Pack included some advice about water meters and assistance but it is on a sheet with information about gas services. A checklist used with new tenants was also supplied (**Appendix 7**)

We were satisfied that Tenancy Support provide those who are referred to them or ask for help with the necessary help, and that they use a variety of charities to assist them.

## **5.0 EVIDENCE AND RESEARCH**

5.1 Evidence gathered to support the review work includes:

Appendix 1	Water Rates Scrutiny Project Group Scoping Document
Appendix 2	Extract from Corporate Plan
Appendix 3	Water Rates Arrears Debt Recovery Policy
Appendix 4	Extract from Cabinet Report on Severn Trent Water Rate Collection Contract 6.11.13
Appendix 5	Housing Officers' comments
Appendix 6	Summary of emails on water rate arrears policy and practice from Customer Centric Manager
Appendix 7	Statements from Tenants' Pack
Appendix 8	Reports and minutes relating to water rates: <ul style="list-style-type: none"><li>• Efficiency and Best Value Scrutiny Panel report on Collection of Water Rates 16.11.06</li><li>• Report to Scrutiny Board on Collection of Water Rates 17.2.11</li><li>• Report to Scrutiny Board on Evictions for Water Rates only 17.3.11</li><li>• Report to Scrutiny Board on Collection of Arrears of Water Rates 16.6.11</li><li>• Minute from Enterprise and Well-being Scrutiny Committee 18.10.12</li><li>• Minute from Enterprise and Well-being Scrutiny Committee 27.6.13</li></ul>
Appendix 9	Checklist from Customer Centric Services Manager on debt recovery presentation
Appendix 10	List of charitable sources of support for tenants in arrears
Appendix 11	Information about support for customers in arrears from Severn Trent Water Trust
Appendix 12	New information issued to tenants on water rates and water meters.

## **6.0 REVIEW FINDINGS AND ANALYSIS**

6.1 The new contract will provide a proper framework which can be monitored and provides a more realistic level of reimbursement for the



level of debt and costs to collect. The Group were concerned that the terms had not been renegotiated at an earlier date, however we were pleased to note that this matter has been addressed through the new contract outline terms (**Appendix 4 – Cabinet report 19.11.13; page 6 item 14**).

6.2 It also allows flexibility to terminate/ renegotiate the contract should either party find it is not of mutual benefit, without incurring a cost; which at this time of massive Welfare Reform and in particular the proposed introduction of Universal Credit, along with the cuts to the Local Government finances, is of vital importance both to tenants and the Council.

6.3 Having explored the issues about the calculation and identification of arrears we concur with Cabinet recommendation: P6 item 14 (4) that,

**“The rent collection process and technology (which includes water rates), be reviewed to enable effective monitoring and management of the actual costs of collecting the water rates.”**

6.4 We identified that the costs of work to collect the Water Rates and to deal with any recovery matters, including any consequential funding of homelessness is the financial responsibility of the General Fund.

We therefore agree with the Cabinet Report decision that the payment of the Severn Trent Water bill be transferred to the General fund from the Housing Revenue Account (**Appendix 4 - Cabinet Report - 19.11.13, P6, 14 (2)**).

6.5 We also agree that in light of future unknown effects of both Welfare Reform and costs of supplying clean drinking water, including dealing with sewage and surface water that we should ensure some funds are made available to allow for consultation with Tenants.

As the cost of this process would be a Housing responsibility, we agree that (**Appendix 4, P6, 14 (3)**):

**“£30,000 of the estimated 2013/14 surplus from the contract be transferred to the Housing Revenue Account.”**

## 7.0 RECOMMENDATIONS

At the meeting of the Scrutiny Project Group on 10th December, 2013, it was agreed to make the following recommendations:

- 7.1 That Officers to report Scrutiny in six months time, as to the outcome/progress on the water rate collection process and technology review.
- 7.2 That an update be made to Scrutiny when the Contract with Severn Trent Water is formally signed, as it is only a 'heads of terms' agreement currently.
- 7.3 That an update on the Contract be given to Scrutiny after one year.
- 7.4 That Scrutiny discuss at a business meeting the operation of the 'write-off' policy to confirm with Revenues and Housing that they either remove the sentence about 'write-offs' from the policy, or insert " 'write-offs' to be Officer recommendations carried out by Executive Members".
- 7.5 That consideration be given to:
  - (i) more robust and prominent information on support available and advice regarding water rates and water meters;
  - (ii) re-emphasis to all tenants of the importance of communication with Revenues and Tenancy Support, if it is likely that the tenant may be approaching financial difficulties that may lead to arrears.
- 7.6 That Scrutiny be asked to support a request to review the Tenant's information to include clearer and more explicit information on the payment of water rates.
- 7.7 That Scrutiny be given a progress report in six months time, monitoring the number of evictions for water rates arrears.
- 7.8 That at the Scrutiny business meetings the list of Scrutiny Projects and their expected timetable is made available, and any impact on the Executive's decisions or expected Cabinet meetings is identified at the earliest opportunity, to enable Scrutiny Project Groups to

amend their timetable for submitting reports to enable Cabinet to consider their findings in their decision-making processes.

## 8.0 REVIEW CONCLUSIONS

- 8.1 The Scrutiny Project Group wish to thank all the officers and Democratic Services staff, in particular Mary Stead, who provided administrative support, along with the Executive Members and Assistant Members for their time and input into this issue. They are also grateful for the advice from the Scrutiny Officer Anita Cunningham, and for support from Councillor Vicki Lang, Chair of Scrutiny.
- 8.2 The Scrutiny Project Group were pleased to note that when Cabinet considered the matter of the Contract with Severn Trent Water on 19th November, 2013, a number of its findings had also been identified and had been addressed. A number of additional recommendations have been made which they hope will assist in identifying the amounts owed, and help with recovery and reduce the number of evictions. They have suggested that Scrutiny Monitor the progress with regards software and technology; monitor evictions and policy, and the completion of the Contract process.
- 8.3 The Scrutiny Project Group were pleased to note that Housing Support Staff were very responsive, which will help new tenants to focus on the need to pay their water rates, but if in difficulty, to contact the council for help and advice (**Appendix 12**).
- 8.4 The Scrutiny Project Group wish to reiterate that currently they support retaining the contract with Severn Trent Water for collection of water rates, as they believe that regular payments along with their rent helps prevent arrears in both rent and water rates. The support and expertise of the Revenues Recovery Section and Housing staff will help a number of tenants facing financial problems at this difficult time, and will ensure that they prioritise their expenditure.

## APPENDICES

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### Contacts:

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