

Report to **Cabinet**

Item

21 June 2017

Report of Director of neighbourhoods

10

Subject The renewal of the contract for the collection of water rates on behalf of Anglian Water

KEY DECISION

Purpose

To seek approval for the renewal of the contract to collect water rates from council tenants on behalf of Anglia Water.

Recommendation

To renew the contract to collect water rates from council tenants on behalf of Anglia Water.

Corporate and service priorities

The report helps to meet the corporate priority a healthy city with good housing and delivering value for money services.

Financial implications

The contract provides a net income accruing to the Council of £101,000 per annum.

Wards All

Cabinet member Councillor Harris – Deputy Leader and Social housing

Contact officers

Lee Robson, Head of Neighbourhood Housing Services 01603 212939

Grant Lockett, Tenancy Services and Income Manager 01603 212810

Background documents

None

Report

Background

1. In 2013 the council agreed a five year contract to collect water rates from tenants on behalf of Anglian Water. The commission figure was calculated annually by Anglian Water and based on a fixed sum per property. This equated to £241,124 for 2015-16.
2. The contract is due for renewal in April 2018. However, should the council want to terminate the contract, Anglian Water would need to be notified of this intention by October 2017.
3. The Council collects water rates as part of rent collection activity so effectively there is little marginal cost to the activity. However, the estimated annual cost based on staffing and overhead costs of collecting the water rates arrears due from tenants where no rent is collected, as they are on full housing benefit and whose only liability is water rates, is £113,000.
4. The transaction cost for pay zone or post offices for these cases was £17,900 for the year 15-16.
5. A further cost relates to rent and water tenants who pay by telephone or by the internet. There is no accurate means of estimating this, but the best estimate is approximately £9,000 per annum.
6. This gives total collection costs to the council of £140,000. When balanced against the income of £241,000 this represents a net surplus accruing to the Council of £101,000 per annum.
7. If agreed the final terms of the contract would be negotiated by the Director of Neighbourhoods and the Head of Housing with Anglian water.

Implications

8. Future options are either that the Council continues with the current arrangements and seeks a renewal of the contract or to cease the collection of water charges.
9. On the basis of the income achieved, it is recommended that the Council renews the contract as it provides an income to the Housing Revenue Account.
10. In considering its decision, Cabinet needs to be mindful of the consequences of a number of changes that will mean more tenants becoming rent plus water tenancies thereby increasing savings on marginal costs. These are:
 - a. The effects of continuing benefit reform particularly Universal Credit
 - b. The new build of council housing stock
 - c. Tenants choosing to have water meters installed are likely to accelerate growth of rent plus water tenancies

11. Some tenants however, may cease to be liable for the actual payment of rent i.e. changing to full housing benefit and with no liability for 'bedroom tax'. These tenants could become water-only tenants.
12. Similarly, some tenants may choose to have a water meter installed which will decrease income to the Council. However, not all properties, such as flats, are suited to having a meter installed.
13. Under the Water Industry Act, a water company can refuse to install a meter in one of two circumstances:
 - a) Where meter installation is unreasonably expensive or
 - b) Where it is impractical to do so.

Consultation

14. The Council is not required to consult with tenants should the decision be to continue with the contract.
15. However if the decision were to recommend to cease collecting water rates, tenants would need to be individually consulted about the recommendation. This would be a significant piece of work requiring notices of intention to vary rent arrangements being served followed by variation notices after considering representations.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	21 June 2017
Director / Head of service	Bob Cronk/Lee Robson
Report subject:	Potential payment of an annual commission for the council collecting water rates on behalf of Anglian Water from tenants.
Date assessed:	18 May 2017
Description:	

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Continuing with the current contract will produce a surplus in terms of finance
Other departments and services e.g. office facilities, customer contact	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The collection of water rates and the overall impact it will creat will assist in creating and maintaining "healthy tenancies"
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact
Economic development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	To continue with the contract will ensure that people can manage their finances appropriately and will therefore, be more likely to stay in the local area and contribute to the local economy
Financial inclusion	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	As above
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	To continue with the contract will help to avoid tenants getting into debt with water bills resulting in disconnection which would present a health hazard to tenants and their neighbours. Water company recovery policies now exclude disconnection for domestic consumers. It assists tenants with budgeting and payment management.
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact
Human Rights Act 1998	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	This will assist in enabling someone to live in a home of their choice

	Impact			
Health and well being	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	As above
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment
Positive
Negative
Neutral
Issues