



Report to Policy Committee

Author/Lead Officer of Report: Dean Peaker,
Service Manager

Tel: 0114 2052524

Report of: Ajman Ali, Executive Director, Neighbourhood Services
Report to: Housing Policy Committee
Date of Decision: 20th June 2024
Subject: Contract to act as agent of Yorkshire Water, and for Sheffield City Council to collect Water Rates from council tenants, where Yorkshire Water provide their utilities.

Type of Equality Impact Assessment (EIA) undertaken	Initial <input type="checkbox"/>	Full <input checked="" type="checkbox"/>
Insert EIA reference number and attach EIA	2663	
Has appropriate consultation/engagement taken place? See below.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken? See below.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
The appendix is not for publication because it contains exempt information by virtue of part 4 of the constitution, para 11.2 rule 3.		

Purpose of Report:

Sheffield City Council (SCC) provides services to Yorkshire Water (YW) currently, acting as an “agent of Yorkshire Water” to collect water rates on behalf of Council tenants. This agreement has been in place for over 20 years, with the current 3 year agreement expiring on 31st March 2024. This report sets out the detail of the proposal to enter in to a new 3 year contract with Yorkshire Water.

This report seeks approval of the terms of contract offered by Yorkshire Water by the Housing Policy Committee for the period 1st July 2024 – 31st March 2027.

Recommendations:

It is recommended that the Housing Policy Committee:

1. To receive and consider the contents of this report.
2. Authorise the entry into the contract offered by Yorkshire Water to allow Sheffield City Council (SCC) to enter into a new contract to collect water rates on behalf of Yorkshire Water (YW) from Council tenants.
3. Delegate authority to the Executive Director of Neighbourhoods, in consultation with the Director of Legal and Governance, to complete all necessary documentation.

Background Papers: N/A

Lead Officer to complete:-	
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed.
	Finance: Helen Damon
	Legal: Tarmina Saville
	Equalities & Consultation: Louise Nunn
	Climate: no climate implications
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>
2	SLB member who approved submission: Ajman Ali
3	Committee Chair consulted: Douglas Johnson
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.
	Lead Officer Name: Dean Peaker
	Job Title: Service Manager
	Date: 10 th June 2024

1. PROPOSAL

- 1.1 The Council proposes to enter in to a further 3 year contract with Yorkshire Water for the period 1st July 2024 – 31st March 2027, to collect water charges from Council tenants in homes where Yorkshire Water provide utilities. The Income Management and Financial Inclusion Team, within the Housing Service, are responsible for managing Sheffield City Council (SCC) rent accounts and collecting all rental income that makes up the Housing Revenue Account (HRA). The collection of water charges on behalf of Yorkshire Water has been in place for over 20 years, and for the last 3 years under the contract that was due to end on 31st March 2024. Negotiations have taken place between Sheffield City Council and Yorkshire Water to table a new proposal for the period.

The Council would act as an “agent of Yorkshire Water” to collect the water rates on their behalf. The status of the Council as an agent, rather than a water re-seller, is clearly confirmed within the contract.

Yorkshire Water provides utilities to approximately 33,000 Council homes. The remaining homes are either vacant, on a water meter, or have an alternative water supplier, typically Severn Trent.

Yorkshire Water have agreed to increase the fee paid to Sheffield City Council annually at the rate of inflation (CPIH) linked to the previous November. For example, the 2025/2026 rates will increase on 1st April 2025 by the rate of CPIH in November 2024. Increases will take place each April for the period of the contract and will allow for the costs of delivering the contract to reflect expenditure, which will also increase with inflation each year.

This would yield an income of approximately £900,000 per year for the 3 years in the contract. This income received by the Council is used to administer the contract and utilised to support Council tenants within the Council’s overall budget.

Entering into this new contract would mean water rates will continue to be added to the rent account, and then charged on a weekly basis. As the Council are acting as an agent of Yorkshire Water, then there are no additional charges to tenants for the Council collecting their water rates. A single combined payment is made which helps tenants manage their personal finance, and any changes to this would likely have a negative impact on tenants, who would need to pay Yorkshire Water separately and may not receive the same level of support if struggling to manage their payments.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The proposal contributes to Sheffield’s Council Plan 2024-28. It highlights

how the contract between Yorkshire Water and Sheffield City Council meets the council's clear mission – 'together we get things done'. For Council tenants living in Sheffield it means that collecting water rates alongside council rents helps the Council to better support them.

Affordable repayment agreements with tenants for both rent and water charges can be agreed, helping to sustain tenancies and helping tenants to better manage their money. The Council is flexible and typically will make arrangements for tenants to pay weekly, fortnightly or monthly. Weekly and fortnightly payments are particularly helpful for those who receive their income more frequently and budget on a weekly / fortnightly basis. There is also a wide range of payment options for tenants, with numerous direct debit payment dates available.

Approval of the new contract would maintain an arrangement which provides an easy and cost effective route for tenants and Yorkshire Water respectively to manage payment of water rates. It also brings in an income stream to the Council which is utilised to cover the costs of administering the scheme and support housing services within the Council's overall budget.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 Consultation is not required for approval to continue collecting water charges under the terms of the current contract.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 Sheffield City Council would only be collecting water rates for the properties where Yorkshire Water provide utilities. Those Council tenants whereby Severn Trent supply utilities will continue to pay their water charges directly to Severn Trent. Those tenants that have a water meter fitted will continue to pay their charges directly to Yorkshire Water. Therefore, the tenants directly affected will get a more positive experience when paying their water rates, by benefitting from combining payments with rent.

This decision has no impact, negatively or positively, on any protected characteristic. It would have a positive impact on "Poverty and Financial Inclusion". By paying water rates with rent, Council tenants have access to trained Income Specialist staff who can give financial support, assistance and guidance, signposting to debt support and tenancy support agencies. The Income Management Team can also support customers by utilising budgets such as the HRA hardship fund, or directing to other funding available, such as Discretionary Housing Payments and Council Tax Support. By paying the Council directly,

tenants can also pay at a frequency that suits them. Staff in the Income Management Team will also support tenants to claim Universal Credit and Housing Benefit, where payments for water rates can also be requested to be paid at source, again helping many tenants to better manage their money.

The new contract would see no changes to the current arrangements, and the proposals are very similar to the service that has been delivered by the Council, acting as an agent of Yorkshire Water, for over 20 years.

4.2 Financial and Commercial Implications

- 4.2.1 The Council will receive payments from Yorkshire Water for its services under contract. The contract will yield an income of around £900,000 for the Council, per year, over the 3-year contract. The income stream to the Housing Revenue Account is used to administer the contract and utilised to support housing services within the Council's overall budget.

4.3 Legal Implications

- 4.3.1 The Council has the power to enter into such agreement under the Power of General Competence found in S1 of the Localism Act 2011. The Council will act as an agent on behalf of Yorkshire Water and will provide a collection service in order to collect water rates from Council tenants.

Yorkshire Water falls outside of the scope of Utilities Contracts Regulations 2016; therefore, the council does not need to tender for these services under any formal procurement route.

The contract provides that the Council has previously and will continue to act as agents for the purpose of carrying out the collection service. This contrasts with the case of *Kim Jones V Southwark LBC*, where Southwark Council was held on the facts to be a purchaser and re-seller of water services rather than acting as agents for the water company.

Considering the above ruling, the Council has ensured the new contract has been drafted to ensure compliance with the Water Industry Act 1991 and the Water Resale Order 2006.

The Council will mitigate this risk by entering into a formal three year agreement with Yorkshire Water for the purposes of providing a collection service on behalf of Yorkshire Water expressly as agent. The Council has set out clearly in the agreement that the Council is not a reseller of water services to Council Tenants.

The Council has also set out clearly the terms on which the collection services will be provided and has ensured its commercial position is protected within the formal agreement and to ensure any personal data is

protected.

The key points of the contract of note are as follows:

Sheffield City Council are appointed as agent to collect water and sewerage charges from Council tenants and not as a reseller of water.

Sheffield City Council has data obligations in line with GDPR and reporting obligations to Yorkshire Water.

Sheffield City Council are paid via commission at a set rate per property that reflects actual collections received.

Sheffield City Council has given a warranty that it shall not evict tenants on the basis of non-payment of water and sewerage charges.

The parties can terminate on 9 months in the event of a default termination and on 9 months' notice with effect from the next 1 April in any year in the event of a no fault termination.

There is in place a general liability cap for the Council.

4.4 Climate Implications

4.4.1 There are no direct climate consequences arising from this report.

4.4 Other Implications

4.4.1 Agreeing to continue collecting water rates for Yorkshire Water customers means that further support can be provided to people on low incomes. As well as utilising other funding available, the Income Management Team will continue to support tenants on low incomes by helping them to access Yorkshire Water's support scheme. This reduces the weekly water charges for those that qualify, so those with the most challenging financial circumstances receive this extra level of financial help.

5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 The alternative is to not collect water rates for Yorkshire Water. This would however result in a reduction in service for tenants, who would have to make payments direct to Yorkshire Water as well as their rent. Tenants would also not have the additional support to apply for water support grants. Yorkshire Water would require time to develop alternative arrangements to collect outstanding water rates. There would also be a reduction in income to the Council, which is currently being used to support housing services within the Council's overall budget.

6. REASONS FOR RECOMMENDATIONS

- 6.1 Sheffield City Council have been collecting water rates as an agent of Yorkshire Water for over 20 years. The contract is mutually beneficial for all parties. Sheffield City Council receive an income which is used to administer the Yorkshire Water Contract and support Council tenants to pay their water rates and support other housing services. Yorkshire Water receive a high collection rate, and trained staff who support tenants to access their support schemes. Tenants benefit from being able to make one payment for both their rent and water rates, as well as being able to access trained staff who are experts in providing financial inclusion and support, helping them to manage their money, pay their bills and ultimately sustain their tenancy.

This page is intentionally left blank