



Author/Lead Officer of Report:
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Report of: *Mick Crofts*

Report to: *Cabinet*

Date of Decision: *17 March 2021*

Subject: Contract to act as agent for Yorkshire Water collecting Water Rates from council tenants where Yorkshire Water is the water supplier to the property

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>	
- Affects 2 or more Wards	<input checked="" type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? Neighbourhoods and Community Safety		
Which Scrutiny and Policy Development Committee does this relate to? <i>Safer and Stronger Communities Scrutiny Board</i>		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given? 930		
Does the report contain confidential or exempt information?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
<i>"The appendix is not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended)."</i>		

Purpose of Report:

To seek authority that allows Sheffield City Council to further contract with Yorkshire Water as their agent and continue collecting water rate charges from Council tenants on Yorkshire Water's behalf for the period 1st April 2021 to 30 March 2024.

Recommendations:

That Cabinet:

- i. Notes the contents of the report.
- ii. Approves the council entering a contract on the basis that the council will act as agent for Yorkshire Water to collect water rates from Council tenants occupying properties where Yorkshire Water is the supplier.
- iii. To the extent not already delegated to them by the Leader's Scheme of Delegation, delegate authority to the Executive Director of Place, in consultation with the Director of Legal and Governance and Director of Finance and Commercial Services to prepare and execute all required documentation and take steps to implement these recommendations.

Background Papers:**Equalities Impact Assessment****Appendix A – Finance (Contains Exempt Information)**

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, where required.
	Finance: <i>(Insert name of officer consulted)</i> Karen Jones
	Legal: <i>(Insert name of officer consulted)</i> Marcia McFarlane
	Equalities: <i>(Insert name of officer consulted)</i> Louise Nunn
<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	EMT member who approved submission:  M Crofts, Executive Director Place
3	Cabinet Member consulted:  Councillor Paul Wood
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 Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.
	Lead Officer Name: Rachel Dawson
	Job Title: Operations and Development Manager, Income Management and Financial Inclusion Team

1. PROPOSAL

- 1.1 The proposal is for the Council to continue to act as agents for Yorkshire Water collecting water rates from Council housing tenants on behalf of Yorkshire Water. This will be a collection services the Council provides for Yorkshire Water.
- 1.2 The Council currently acts as agents for Yorkshire Water to collect water rates from Council housing tenants in the Yorkshire Water region, this arrangement will not apply to Council housing tenants who have water meters and therefore pay directly to Yorkshire Water, or the 10% of Council tenants whose water is supplied by Severn Trent.
- 1.3 Our current working arrangement with Yorkshire Water is a long standing one and provides an efficient and cost effective route for tenants, the Council and Yorkshire Water to manage the collection of water rates. As part of the arrangement the Council receives a payment from Yorkshire Water for administering the scheme.
- 1.4 Water rates are added to the net rent account and then charged to tenants on a weekly basis. Making one combined payment is more convenient for tenants. There is no additional charge to the tenant where the council collects their water rates and council employees will give assist tenants with their Water Support applications.
- 1.5 Yorkshire Water has indicated they would agree to the Council continuing collecting these charges as their agent and they are prepared to confirm this in the commercial documents.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The proposal contributes to the Housing and Neighbourhood Theme of “Sustainable and Attractive Neighbourhoods” by supporting and assisting tenants to be financially viable and sustain tenancies. The proposal also contributes to the Housing and Neighbourhood Ambitions to “Offer Housing Support Where Needed”, “Exploit Commercial Potential” and “Become More Business Like”.
- 2.2 Collecting water rates alongside council tenants’ rent, will allow the Council to give better support to tenants. We can reach agreement with tenants on affordable repayment agreements for both rent and water charges which will allow tenants to sustain tenancies and budget their income. The Council is flexible and can make arrangements for tenants to make payments 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.

- 2.3 The recommendation maintains 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 Housing Revenue Account which is utilised to support Council Tenants within the Council's overall budget.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 The arrangement between Yorkshire Water and the Council is an extremely longstanding one. There has been regular consultation with customers over the years, involving tenants' rent groups (which include representatives from Tenants and Residents Associations) and public consultation, where the collection of water rates by the Council was discussed where we understood customers saw this as a benefit.

There has been no recent customer consultation due to the disbandment of customer rent groups, restrictions due to the pandemic and lack of meetings from groups which would be consulted namely Tenants and Residents Association. In the previous three year contract period, we received no complaint from customers about collection of water rates by the Council, or negative feedback.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 Customers who receive their water supply from Severn Trent will not be included in this arrangement and therefore, customers in some geographical areas will get a more positive experience when paying water rates because they will benefit from combining payments with rent.

The proposal will have no impact on any protected characteristic but will have a positive impact for "Poverty and Financial Inclusion". The process used to collect water rates will allow council tenants to have access to trained income specialists who can give financial support, assistance and guidance, signposting to debt support agencies and tenancy support agencies. By making the payment through the council, the customer can also have the opportunity to pay weekly, fortnightly or monthly, on any day of the month that is convenient.

The new contract would see no changes to the current arrangements because these proposals are similar to what has been delivered by the Council for the last 3 years as an agent of Yorkshire Water.

4.2 Financial and Commercial Implications

- 4.2.1 The Council will receive payment from Yorkshire Water for its services under contract. The contract will yield an income for the Housing Revenue Account over the 3-year contract. This will be an income stream to the Housing Revenue Account this will be used to administer the contract and support Council Tenants 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.
- 4.3.2 The Council has a written agreement with Yorkshire Water that explains the basis on which the Council enters the agreement and explains the Council is providing Yorkshire Water with a collection and recovery service. It is clear that Yorkshire Water gives the Council authority to collect and recover water charges from Council tenants on its behalf and there is a description of the collection services that will be provided. The arrangement is not resale of water.
- 4.3.3 In *Kim v Southwark LB* and *Kingston-upon-Thame RB v Moss*, these councils' water rates collection arrangements with their water supplier operated differently from what is being proposed and their commercial documents did not clearly explain a service to the water supplier or that the council was acting only as the agent for the water supplier. Courts therefore decided those councils were not acting as agents for their water authority, but reselling water under the Water Industry Act 1991, and their resale was higher than stated in the Water Resale Order 2006 so the councils had to reimburse some of the collection from tenants.
- 4.3.4 Although the current agreement is clear that the arrangement is not for resale of water, the council's position will be further strengthened by explicit statement of the fact that the Council acts as agent on behalf of Yorkshire Water in providing a service that collects water rates from Council tenants on behalf of Yorkshire Water.
- 4.3.5 The Council will ensure its commercial position is protected within the formal agreement by also including compliance with data protection legislation.
- 4.3.6 These proposals will not require the Council to undertake any procurement.

4.4 Other Implications

- 4.4.1 Measures are in place to protect tenants on low incomes. As well as utilising Council administered discretionary funds, the Council will also continue to support tenants to access the Yorkshire Water, water support scheme, aimed at those customers whose water rates are higher than average and are financially vulnerable.

5. **ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 To not collect water rates for Yorkshire Water. However, this would result in a reduction in service for tenants who would have to make payments direct to Yorkshire Water and would also not have the support to apply for water support grants, Yorkshire Water would require time to develop alternative arrangements to collect outstanding water rates and a reduction in income to the Council.

6. REASONS FOR RECOMMENDATIONS

- 6.1 The Council has been collecting water rates on behalf of council tenants for over 20 years. The arrangement is mutually beneficial for all parties, the Council receives an income to the Housing Revenue Account which is used to support Council Tenants, Yorkshire Water receive a high collection rate and customers benefit from officers who are trained in financial inclusion and support, as well as income collection.