

## **RENT ARREARS RECOVERY - Water Charges**

### **1 SUMMARY**

- 1.1 The aim of this report is for Members of the Overview and Scrutiny Committee to consider the continued collection of water and sewerage charges from all tenants other than those in sheltered accommodation. The Meeting will be attended by the Head of Service and the Housing Manager to answer Members questions.

### **2 INTRODUCTION**

- 2.1 Historically, the Council has always collected the water and sewerage charges with the weekly rent. The Council, in return, has received from the water authorities a commission. With the increase in debt and collection charges it is now considered that acting as agent on behalf of the water authorities may no longer be financially advantageous to the Council.

### **3 COLLECTION OF WATER AND SEWERAGE CHARGES**

- 3.1 The principal reasons why the Council should consider ceasing to collect water and sewerage charges on behalf of the water authorities is to reduce the total rent payable by the tenants. This reduction in payment should stabilise or prevent arrears occurring where maximum Housing Benefit is payable as water and sewerage charges do not qualify for benefit. Furthermore, it will allow staff to focus on the remaining arrears and ensure a continued improvement in rent arrears recovery.
- 3.2 However, the Council must be mindful of the other implications for tenants insofar as they would be required to make payments of water and sewerage charges directly to the water authorities. It will be necessary to arrange a meeting with the Essex and Suffolk Water Company to discuss the proposal.
- 3.3 Some Essex Authorities have already decided to cease to collect water and sewerage charges and others are currently considering the position as part of their Best Value Review. The Council could, if it were so minded to do after considering all the implications, terminate the current arrangement from April 2003.
- 3.4 The Essex and Suffolk Water Company would be requested to work in partnership with the Council to ensure a smooth transition if the current arrangement is terminated.

## **COMMUNITY OVERVIEW & SCRUTINY COMMITTEE - Item 8**

### **19 March 2002**

---

- 3.5 Since April 2000, it has become illegal for a water company to disconnect the supply of anyone owing an outstanding sum on their water account.
- 3.6 Essex and Suffolk Water Company are able to provide tenants with a payment card similar to the former rent payment card (smart cards are now in use) and tenants could continue to make their payments at the Post Office as they do their rent.
- 3.7 The Council currently receives commission of £20,000.
- 3.8 Sheltered Housing Schemes all have centrally metered supply and tenants of these schemes pay a fixed amount based on the total water consumption of the scheme. These tenants also pay a fixed amount in respect of heating. It would not be practical to include these tenants if the proposal were to be implemented.
- 3.9 The impact of ceasing to collect water rates and sewerage charges has been assessed so that projections of the benefits achievable can be provided to the committee. It is important to note that calculations of the possible impact are extremely difficult to make due to the way rent and other charges are collected but the following points are relevant:-
- (a) Estimates show that the potential favourable impact on the reduction of rent arrears would be in the region of £18,000.
  - (b) In January 2002, 40% of General Housing tenants were in receipt of full housing benefit. The removal of water rates and sewerage charges from these rent accounts would mean that no recovery action would be required as the total rent due would be fully covered by Housing Benefit. This would free up staff time which would enable them to concentrate on other tenants whose accounts are in arrears. It is anticipated rent recovery performance would improve. However, it is impossible to quantify the extra amount of rent arrears that could be potentially collected.
  - (c) The Head of Service believes the above findings support the case for ceasing to collect water and sewerage charges on behalf of the water authorities and that a favourable decision in this respect would have a positive and long term benefit in terms of the Council's performance on rent collection and arrears recovery. However, tenants should be consulted on the proposal.
  - (d) Tenants who have low consumption would have the option to have their supply metered.

**4 FINANCIAL IMPLICATIONS**

- 4.1 There would be a loss of £20,000 in respect of commission to the Housing Revenue Account. The cost of each water rate payment using the current Post Office Swipe Card is £0.49. The overall saving on Giro charges would therefore be in the region of £13,800.
- 4.2 Savings would also be achieved by recovery action no longer being required for chasing small debts including the production of recovery letters, postage, stationery and staff time.
- 4.3 The separation of Water Rate from pure rent will enable the Council's change to be more clearly shown, particularly during the early years of rent restructuring.

**5 CONCLUSION**

- 5.1 That there is no longer the financial incentive for the Council to collect charges on behalf of the water companies.

**6 RECOMMENDATION**

- 6.1 It is proposed that the Overview and Scrutiny Committee considers a change of policy inasmuch as:-
  - (1) That ceasing to collect water and sewerage charges on behalf of water authorities from April 2003 is supported in principle and that preliminary Notice be given to the Essex and Suffolk Water Company.
  - (2) Tenants' views are sought in accordance with the Council's statutory duty to consult on any proposed changes to their tenancy agreement.
  - (3) That a further report is submitted to a future meeting of the Committee after the consultation period. (HRHM)

S J Clarkson

Head of Revenue and Housing Management

## **COMMUNITY OVERVIEW & SCRUTINY COMMITTEE - Item 8**

### **19 March 2002**

---

For further information please contact Clive Burton on:-

Tel:-                Ext 3356  
E-Mail:-           clive.burton@rochford.gov.uk