



**Author/Lead Officer of Report:** Steve Howard  
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**Report of:** Lorraine Manley  
**Report to:** Cabinet  
**Date of Decision:** 23<sup>rd</sup> May 2018  
**Subject:** Contract to provide agency services to Yorkshire Water for collection of water rates.

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? Safer and Stronger Communities	
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? 270	
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"The appendix is not for publication because it contains exempt information under Paragraph (3) of Schedule 12A of the Local Government Act 1972 (as amended)."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:**  
 The report is seeking approval to enter into a new three year contract with Yorkshire Water to collect water rates from Council housing tenants as an agent of Yorkshire Water.

**Recommendations:**

- 1) That Cabinet agrees that the Council enter into a three year collection contract with Yorkshire Water to collect water rates from Council housing tenants on the terms and for the reasons outlined in the report and :
- 2) Delegate authority to the Executive Director of Place, in consultation with the Director of Legal and Governance to finalise terms and complete all necessary documentation.

**Background Papers:**

N/A

<b>Lead Officer to complete:-</b>	
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: Karen Jones
	Legal: Deepak Parmar
	Equalities: 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	<b>EMT member who approved submission:</b> Lorraine Manley
3	<b>Cabinet Member consulted:</b> Jayne Dunn
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.
	<b>Lead Officer Name:</b> Steve Howard
	<b>Job Title:</b> Income management & Financial Inclusion, Council Housing Services
<b>Date: 14 May 2018</b>	

## **1. PROPOSAL**

- 1.1 The proposal is for the Council to continue to act as agents for Yorkshire Water and collect water rates from Council housing tenants on behalf of Yorkshire Water. The Council will provide collection services 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 (N.B. 10% of Council tenants are supplied by Severn Trent. Tenants who have water meters pay directly to Yorkshire Water)
- 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 on a weekly basis. There is no difference in charges for tenants who pay water rates as part of their rent. They pay the same yearly amount to the Council as they would if they had their water rates collected directly by Yorkshire Water. Making one combined payment is more convenient for tenants.
- 1.5 The Council is flexible and typically will make arrangements for tenants to pay weekly, fortnightly or monthly. Weekly payments can be particularly helpful for those who may be budgeting on a week by week basis.
- 1.6 The previous contract with Yorkshire Water expired on 31 March 2018. As a short term measure to ensure continuity until the contract arrangements are approved the Council has entered into an interim arrangement with Yorkshire Water to provide collection services of water rates from 1st April to 31st May 2018 on the same terms as the previous arrangement.
- 1.7 This Cabinet report seeks approval to enter into a new three year contract with Yorkshire Water
- 1.8 This proposal requires approval from Cabinet due to its financial value and that the contract will affect more than two wards.

## **2. HOW DOES THIS DECISION CONTRIBUTE?**

- 2.1 The proposal contributes to the ambitions of the Corporate Plan for Sheffield to be an in touch organisation, committed to tackling inequalities and supporting thriving neighbourhoods and

communities.

- 2.2 The recommendation will maintain an arrangement which provides an easy and cost effective route for tenants and Yorkshire Water respectively to manage payment of water rates. The Council also receives an income stream which contributes to the Council's overall budget.

### **3. HAS THERE BEEN ANY CONSULTATION?**

- 3.1 There has been regular consultation with customers over the years and there is a tenant's rents group all of whom give regular feedback that they regard the collection of water rates by the Council as a benefit. The reason for this is it allows tenants to have one payment method; to combine payments of rent and water rates ensuring they are better able to manage their money and allows them to spread payments and pay weekly or fortnightly if they wish.

### **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

#### **4.1 Equality of Opportunity Implications**

- 4.1.1 No changes are proposed as a result of this proposal

#### **4.2 Financial and Commercial Implications**

- 4.2.1 The Council will receive payment from Yorkshire Water for its services under the contract. This will cover the cost of operation and is factored into the Council's overall budget position.
- 4.2.2 The financial value of the new arrangement and its operation are detailed in the appendix 1.
- 4.2.3 The Council will enter into negotiations with Yorkshire Water in order to deal with any outstanding arrears due from the Council to Yorkshire Water. These negotiations will take place prior to entering the contract.

#### **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 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.
- 4.3.3 Yorkshire Water falls outside of the scope of the Utilities Contracts Regulations 2016; therefore, the Council does need to tender for these services under any formal procurement route.
- 4.3.4 The contract provides that the Council has previously and will continue to act as agents for the purposes of carrying out the collection service. This is in contrast to the situation in the 2016 case of Kim Jones v Southwark LBC where Southwark Council was held to be a purchaser and re-seller of water services rather than acting as agents for the water company.
- 4.3.5 In light of the above ruling, The Council shall be mindful of the provisions found in 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 as agent. The Council shall set out clearly within the agreement that the Council is not a reseller of water services to Council tenants.
- 4.3.6 The Council will set out clearly the terms on which the collection service will be provided. The Council will also ensure its commercial position is protected within the formal agreement and to ensure any personal data is protected.

#### 4.4 Other Issues.

- 4.4.1 Measures are in place to help tenants on low incomes. Yorkshire Water operates a discretionary 'Water Support' scheme aimed at customers whose water rates are higher than average and are financially vulnerable. Although this is a cash limited pot, Council staff last year supported around 800 tenants to apply for water support ensuring that they were not charged more than average water charges for the year, a reduction in charges circa £163k for Council tenants. This scheme is in addition to Council administered discretionary funds.

## 5.0 **ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 The Council could notify that it no longer wishes to act as an agent for Yorkshire Water. This would however result in

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

## **6. REASONS FOR RECOMMENDATIONS**

- 6.1 The preferred option continues to provide a valued service to tenants via existing long standing operational arrangements and maintains an income stream to the Council.