

SLOUGH BOROUGH COUNCIL

REPORT TO: Neighbourhoods & Community Services Scrutiny Panel **DATE:** 4th September 2014

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WARD(S) All

PORTFOLIOS Cllr James Swindlehurst

WATER METERING IN SBC PROPERTIES

1 Purpose of the report

- 1.1 To advise the Panel of the council's activities in relation to water meters in tenant properties.

2 Recommendations proposed/action

- 2.1 The Panel is requested to note the contents of the report.

3 Corporate Priorities

- 3.1 This report contributes towards the delivery of the 2013/14 Service Plan for Neighbourhood Services, which includes the following objectives:

Objective 2: *'Seek opportunities and implement initiatives to optimise revenue through new income streams, partnership working and achieve natural efficiencies through streamlining the delivery of services.'*

Objective 4: *'Implement creative management to improve quality of service to create and maintain attractive neighbourhoods that customers are proud to live in.'*

And connects to the following Corporate priorities:

Corporate Plan

- Improve the customer experience
- Deliver high quality services that meet local needs
- Develop new ways of working
- Achieve value for money

Sustainable Communities Strategy

- Economy and Skills
- Housing
- Regeneration and the Environment

Other implications

4.1 (a) Financial

The present billing and water collection arrangement provides with a significant commission payment each year.

Increasing the number of properties with water meters and therefore direct accounts with Thames Water will reduce this income of between approximately £18 and £45 per property per year.

(b) Risk Management

There are no practical risks to the council in this area.

In relation to the issue raised, the following initial risks have been considered:

Risk	Mitigating action	Opportunities
Legal	There is no contractual relationship to this arrangement and therefore it can be revised/terminated at any time. The council is not required to ensure a minimum number of properties are included in the agreement.	Removing water charges from residents' accounts reduces the potential for legal action/possession proceedings relating to the non-payment of rent, of which water is a component element and is typically the amount not paid if someone is in receipt of full housing benefit and cannot afford to pay the charge.
Property	Installing meters in branched supplies will require clarification of maintenance responsibilities as typically the council is responsible for pipework from point of entry of the utility supply to a dwelling/building.	Residents who have metered water supplies will have a direct relationship with Thames Water and will therefore have an understanding how to deal with them. Currently, most tenants have no direct relationship with the water provider.
Human Rights	None	None
Health & Safety	None	None.
Employment issues	None.	None.
Equalities issues	Reducing pressures on household finances to enable them to maintain their regular financial commitments.	Allowing tenants to request water meters and reduce bills could create additional disposable income. Promotion of schemes and initiatives that alleviate financial hardship is linked directly to debt/financial management and counselling and managing the impact of the welfare reform programme.
Community Support	None	None
Communications	Promotion of water metering and any associated reduction tariffs must meet OFWAT guidelines and the council	

	must not be seen to be encouraging anti-competitive behaviour.	
Community Safety	None	Expansion of caretaker roles and responsibilities could increase the speed of response and resolution of estate-based issues and concerns, including fly-tipping, graffiti removal and other safety hazards.
Financial	Improving service charge calculation will reduce the impact on HRA budgets.	Increasing service charge revenue and costs recovery will free up income to spend on other services to residents.
Timetable for delivery	Arrangement already in place.	
Project capacity	None	None.
Other	None	None

(c) Human Rights and other Legal Implications

There are no Human Rights Act or other legal implications in connection with this report.

(e) Equalities Impact Assessment

This is an existing initiative/arrangement and therefore no changes are being proposed that would require a new EIA.

(f) Workforce

There are no workforce implications.

5 **Arrangement with Thames Water.**

- 5.1 Council tenants in Slough pay for their water usage through a weekly charge that is levied as part of their weekly rent. The vast majority of council dwelling tenants therefore do not have a direct billing relationship with Thames Water.
- 5.2 This weekly charge for each property is derived from a master bill received from Thames Water setting out the charges due for each property covered by the arrangement.
- 5.3 All bills are calculated using the historic rateable value formula. This uses a pence per £ of the rateable value of the property plus an additional element allowed by OFWAT for maintenance and development of the water service infrastructure.
- 5.4 The council has a longstanding arrangement whereby water charges for the majority of HRA properties are billed directly to SBC by Thames Water. SBC pays the bill in two instalments and is then responsible for collecting the appropriate charges from its tenants.
- 5.5 The weekly charge made to tenants' rent accounts is the final amount billed by Thames Water after any reductions for Single Occupier or Assessed Household Charge situations.

- 5.6 The cumulative total due to Thames Water is then reduced by two factors. These are:
- A flat rate 3% reduction to allow for void properties throughout the year as this would result in no charges being levied and consequently no charges collected.
 - A flat rate of 8% commission of the total figure minus the void allowance is then removed and this is in effect SBC's commission for operating the agreement

- 5.7 To illustrate the arrangement, the financial breakdown of the Thames Water arrangement for 2014/15 is as follows:

Total charges requested by Thames Water:	£2,029,794.20
Deduction for void properties (3%):	£ 60,893.82
Deduction for commission (8%):	£ 157,512.02
Adjustments for changes in 2013/14 year:	£ 15,001.56

Total payable by SBC to Thames Water: £1,796,386.80

6 Water rates charges to tenants

- 6.1 The charge is shown in tenants' annual rent review notification as 'Water'. Under the terms and conditions of SBC tenancies, payment of water charges is considered payment of rent; therefore any shortfall in rent payments is accounted for within the global rent arrears figure.

7 Housing Benefit

- 7.1 Water charges, along with heating or fuel charges, are not eligible for housing benefit purposes. Therefore, if a tenant is entitled to help with their rent through the Housing Benefit scheme, the eligible rent figure is the total rent minus any water, heating or fuel charges.

Any shortfall due after any Housing Benefit rebate is paid is payable by the tenant to the council.

8 Recovery action for non-payment.

- 8.1 As the annual bill amount is paid by the council directly to Thames Water and recovered by the council through the tenancy rent, there is no prospect of any interruption to or disconnection of supply as Thames Water are guaranteed full payment of the annual charge through the billing arrangement.
- 8.2 Non-payment of the water charge and any other shortfall in the rent is considered a breach of tenancy and consequently there is the possibility of enforcement action being taken for 'rent arrears' if a tenant does not pay the shortfall due. In very serious circumstances this could ultimately lead to eviction; however, in the last two years, there have been no tenants who have been evicted for non-payment of water charges alone.

9 Helping to reduce water charges

- 9.1 The council has not historically promoted money-saving initiatives relating to water charges.
- 9.2 As there is typically no direct relationship between tenants and Thames Water, the likelihood is that tenants may not contact Thames Water or visit their website to obtain information on water-saving or bill-reduction initiatives. As a consequence, tenants are tied into water charge levels that may not be appropriate to their household circumstances and that they are paying higher charges than may be necessary.
- 9.6 Since the issuing of the 2014/15 bulk account, Thames Water have confirmed that:
- Two properties have been metered and are now billed directly to tenants.
 - Only one property was deemed unable to be metered and this now has an Assessed Household Charge.
 - No properties were metered prior to April 20152014/15.
- 9.4 In response to the specific questions raised by the Member's call in of the metering arrangements, the Council's approach would be:

1 & 2. Can the council identify which tenants are likely to benefit from metering and if so how can the council encourage facilitate them to have meters installed.

The council would expect that all properties that contain an individual water feed into the dwelling can be metered. It is Thames Water's decision as to whether or not a property can be metered and this will be for practical/cost reasons.

As information about occupancy levels (measurable against bed size) is taken at sign-up and through an ongoing tenancy audit process, it is possible to identify clear cases of either single-occupancy (in the case of new tenancies) or under-occupancy (for tenancy audits, contact regarding bedroom tax deductions).

Where there are clear indications that tenants are likely to benefit from either metering or an alternative charge structure, tenants can be advised to contact Thames Water to pursue an application for a meter.

The council will promote metering through encouraging tenants to consider their water usage and undergo an assessment by contacting Thames Water. This will be done through editions of the Streets Ahead newsletter, or individual casework and tenancy interventions or other publications around welfare reform, debt management and energy efficiency.

Where landlord's permission is required, the council will not withhold permission unless there are significant cost implications/alterations to be considered first, or if the installation of a meter or associated works has an impact on the management of supply to the rest of the building.

3. What percentage of let properties are currently metered

Neither Thames Water nor the council hold this information. Thames Water's account representative indicates that no properties have moved to metered during the several years they have worked on the SBC account.

4. Has the council identified any difficult to meter areas which would be subject to the assessed household charge, including the single occupier tariff?

Again, the decision to meter is Thames Water's but we do not envisage that there are any developments that present any exceptional difficulties that would prevent metering.

Where Thames Water identify properties that cannot be metered and are then considered for AHC, we will, on a case by case basis, consider the reasons to see whether there is a simply remedy to allow metering.

5. Is it possible to meter accommodation that was previously designated?

Subject to there being up to two cold supply pipes into the dwelling/unit then yes.

- 9.5 OFWAT governs the activities of water companies in bulk-marketing its client base to offer or prompt billing schemes. This extends to any work the council can do on Thames Water's behalf and does not recommend the council carries out any block-referral of buildings, dwellings or schemes to Thames Water but that it makes tenants aware of their initiatives and to request tenants contact TW directly, or if a Tenancy Sustainment or other support worker is engaged with the tenant, that they contact with their permission.

10 Promoting water meters

- 10.1 have agreed with Thames Water to signpost tenants towards their services through articles in forthcoming issues of Streets Ahead.
- 10.2 Where financial hardship is encountered through arrears casework, tenancy support/intervention or other case management processes, assistance or advice will be given to households to contact Thames Water for an assessment where either the single occupier or assessed household charge may be appropriate.

11 Appendices Attached (if any)

- 11.1
 - Thames Water support initiatives – Appendix A

Appendix 1
Water Metering in SBC Properties

Initiative	Eligibility	Restrictions / conditions																					
Water metering	Up to two meters per property subject to separately meter-able supply pipes.	<ul style="list-style-type: none"> • Tenant must make application in person. • Landlord cannot refer buildings/stock en bloc • Property is removed from SBC billing arrangement. 																					
Single occupier / assessed household charge.	Only when water meter is not possible	<ul style="list-style-type: none"> • Thames Water will assess usage to ensure that there will be a benefit to the customer. • Tenant/SBC must notify Thames Water of any change in occupancy/entitlement so that the reduction can be removed. • Once reduction is agreed, Thames Water notifies SBC who amends weekly rent charge – property remains on SBC billing arrangement. <p>Examples of benefits of single occupier / assessed household charge</p> <table border="1"> <thead> <tr> <th>Bedsizes</th><th>Average bill</th><th>Reduced bill</th></tr> </thead> <tbody> <tr> <td>Single occupier</td><td>£310.00</td><td>£232.00</td></tr> <tr> <td>1 bed AHC</td><td>£310.00</td><td>£286.00</td></tr> <tr> <td>2 bed AHC</td><td>£355.00</td><td>£304.00</td></tr> <tr> <td>3 bed AHC</td><td>£366.00</td><td>£337.00</td></tr> <tr> <td>4 bed AHC</td><td>£404.00</td><td>£364.00</td></tr> <tr> <td>5 bed AHC</td><td>£440.00</td><td>£400.00</td></tr> </tbody> </table>	Bedsizes	Average bill	Reduced bill	Single occupier	£310.00	£232.00	1 bed AHC	£310.00	£286.00	2 bed AHC	£355.00	£304.00	3 bed AHC	£366.00	£337.00	4 bed AHC	£404.00	£364.00	5 bed AHC	£440.00	£400.00
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Smart Meters	Work is in progress for completion by 2030	<ul style="list-style-type: none"> • Thames Water starting with tenement blocks in inner London boroughs. • No current timescale for Slough borough 																					
Water Sure	Metered properties only	<ul style="list-style-type: none"> • If there special reasons why water usage is high (medical/cultural reasons) then the bill will be capped up to a certain amount – variable. 																					
Water Sure Plus	Metered/unmetered properties	<ul style="list-style-type: none"> • Bill will be reduced by 50% if the original bill is more than the bill payer's income. • Targeted towards those on benefits but takes into account gross income, not disposable income. 																					
Trust Fund	All customers	<ul style="list-style-type: none"> • An emergency hardship fund dealing with applications for grants money for essential items in times of crisis 																					