

Renfrewshire Council



To: Finance, Resources and Customer Services Policy Board

On: 31 January 2018

Report by: Director of Finance and Resources

Heading: Policy Statement: Water Direct Scheme

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| 1. | Summary |
| 1.1 | This paper seeks board approval to implement the attached Policy Statement (Appendix 1) facilitating the adoption of the Water Direct Scheme by Renfrewshire Council. |
| 1.2 | Renfrewshire Council, like all Scottish Councils, bills and collects Water and Sewerage charges on behalf of Scottish Water alongside the billing and collection of Council Tax. |
| 1.3 | The means tested Council Tax Reduction Scheme can reduce the amount of Council Tax a customer is required to pay to zero however this does not extend to Water and Sewerage charges, for which there is a maximum 25% discount available. |
| 1.4 | Many customers in receipt of full support through Council Tax Reduction wrongly assume that they do not have any liability for Water and Sewerage charges, and incorrectly ignore their Council Tax/Water & Sewerage billing notification. As a consequence, it is common for such customers to find themselves in an annual cycle of increasing debt without knowingly understanding how it occurred. |
| 1.5 | The main objective of the proposed policy is to mitigate such customers the incidence of this ongoing and often spiralling cycle of Water and Sewerage debt and support customers to meet their commitments to pay their ongoing charges. |

2. **Recommendations**

It is recommended that the Finance, Resources and Customer Services Policy Board:

- 2.1 Approve the Policy Statement attached as Appendix 1.
- 2.2 Delegate authority to the Director of Finance and Resources to develop operational guidance for the facilitation of the scheme.

3. **Background**

- 3.1 The Water Direct scheme has been available and operating across the rest of the UK for some years but in Scotland was not introduced until more recent legislative changes extended the availability of the Scheme to Scottish customers. As part of these legislative changes, successful pilot schemes were operated in Inverclyde and Fife Council areas in 2015, since which 11 other Council areas have elected to implement the scheme. At its core, the Water Direct Scheme is intended to provide a mechanism to support specific customers avoid accruing debt for Water and Sewerage charges.
- 3.2 The Water Direct scheme allows customers in receipt of certain DWP benefits or credits, who have experienced arrears, to pay a fixed amount towards their charges directly from their benefit. Similar to direct payment of Housing Benefit to Social Landlords, such direct deduction/payment process assists customers with budgeting and managing their water services bill.
- 3.3 Importantly, the application of Water Direct can occur without the need for a Summary Warrant being applied. The application of a Summary Warrant represents a key stage in the legislative enforcement process underpinning billing and collection, and critically results in a 10% addition being added to the outstanding liability.
- 3.4 If Water Direct is implemented, the amount deducted under scheme is equal to the weekly cost necessary to meet the ongoing water charges that have been set by Scottish Water ensuring that the customer's level of debt moving forward is not increasing. The scheme is therefore intended to support the managed payment of the customer's ongoing liability, mitigating the risk of escalating arrears and future statutory addition being applied.

- 3.5 Where applicable, arrangements may already be in place to recover arrears of Water and Sewerage from DWP benefits and this would continue alongside the recovery of ongoing Water and Sewerage charges.
- 3.6 In tandem to the proposed introduction of this scheme and as reported to the Board work is being progressed to promote increased take-up of Council Tax Reduction support, seeking to maximise the level of support provided to eligible customers across Renfrewshire. This work will continue and will link closely with the implementation of the Water Direct Scheme to support customers in dealing with both Council Tax and water charges.
- 3.7 The attached policy states that this Board will be updated at each cycle on the performance of the scheme, as part of the normal CBS reporting arrangements; this will include any necessary update on the position with Universal Credit.
- 3.8 It is proposed that the attached policy statement is approved, and authority is delegated to the Director of Finance and Resources to develop operational guidance for the facilitation of the scheme. The guidance will be prepared, working with appropriate partner organisations and drawing on the experience of the other councils across Scotland that have already implemented the Water Direct Scheme as a way of supporting customers to meet their Water and Sewerage charges.
- 3.7 The operational guidance will include the process for implementing the scheme including a focus on debt recovery good practice, income maximisation opportunities as well as customer and stakeholder communication. As the impact of Universal Credit full service is increasingly understood as it rolls out across the country, it is expected that there may be a need for the operational arrangements to be reviewed and adjusted to ensure the scheme continues to effectively support customers in the context of the new benefit environment.

Implications of the Report

1. **Financial** - It is not anticipated there will be any net cost to the Council of operating the scheme and it is expected to result in a reduction in the level of outstanding water and sewerage debt accruing each year under the statutory joint billing and collection arrangements operated for Council Tax and Water & Sewerage annual charges.

2. **HR & Organisational Development** - N/A.
3. **Community/Council Planning** –
 - *Working together to improve outcomes - end the spiral of Water and Sewerage debt and support customers to meet their commitments to pay their ongoing Water and Sewerage charges.*
4. **Legal** – N/A
5. **Property/Assets** – N/A
6. **Information Technology** – N/A
7. **Equality & Human Rights** – (b) *The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. Some negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. Mitigating actions are detailed in section 3.6 and 3.7 of this report. A full copy of the Equality Impact Assessment undertaken is available from the report author. Following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored.*
8. **Health & Safety** – N/A
9. **Procurement** – N/A
10. **Risk**– N/A
11. **Privacy Impact** – N/A
12. **Cosla Policy Position** – N/A.

List of Background Papers

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Renfrewshire Council

Finance and Resources

Water Direct Policy Statement

Background

The Water and Sewerage Services to Dwellings (Collection of Unmetered Charges by Local Authority) (Scotland) Order 2014 determines that Scottish Local Authorities must demand and recover charges payable in respect of Water and Wastewater services.

From 01 April 2012, amended legislation allows the Department of Work and Pensions to recognise the Water and Sewerage Charges of a Council Tax bill, as a separate entity from the Council Tax element and establishes the Scottish Local Authorities as a 'Water Charge' creditor.

This enables Scottish Authorities to apply for a deduction from the customer's ongoing DWP Benefit for payment of the Water and Sewerage charges levied along with their Council Tax charge, for their current year charge as well as a deduction for Council Tax/Water and Sewerage charge arrears.

The scheme is designed to help customers who have arrears on their water charges and are in receipt of one of the following benefits:

- (i) Income-related Employment & Support Allowance (ESA)
- (ii) Income-based Jobseeker's Allowance
- (iii) Income Support
- (iv) Pension Credit
- (v) Universal Credit

1. Policy Objectives

- a. Efficient collection of on-going Water and Sewerage charges, negating the need for a Summary Warrant resulting in; a lower debt to the customer and no accrual of further debt.
- b. Assist vulnerable customers who persistently fall into debt from doing so by allowing deductions for current consumption.
- c. Enable Renfrewshire Council to improve the efficiency of recovery of water charges debt.

Access to the scheme has three requirements:

- (i) Customer has a liability for water/wastewater charges

- (ii) Customer is in receipt of one of the qualifying DWP payments detailed above.
- (iii) Creditor (Renfrewshire Council) is able to confirm that the customer appears to have difficulty in managing their financial affairs (accepting that previous Council Tax debt and/or no payment to current year after bill and reminder issued are indicators of this).

The Council applies to the DWP confirming the amount due and the weekly amount required to meet ongoing Water and Sewerage charges

On receiving the application, the DWP will decide whether a deduction under Water Direct is allowed. This decision will be based on the amount and nature of deductions already in place. This decision is taken in the context of DWP safeguard policies that ensure the customer's remaining income is sustainable without causing hardship.

The amount deducted under the Water Direct scheme is an amount equal to the weekly cost necessary to meet the ongoing water charges that have been set by Scottish Water ensuring that the customer's level of debt is not increasing.

Arrears accrued up to the date Water Direct deductions commence would be dealt with as Third Party Deductions under The Council Tax (Deductions from Income Support) Regulations 1993 at the rate of £3.70 per week.

The combination of a Water Direct deduction and an additional Third Party Deduction for any current year arrears will ensure that the customer's current year water charge is cleared by the end of the financial year, breaking the cycle of debt.

2. Operation of the scheme

The development of scheme processes and procedures is delegated to the Director of Finance and Resources. These should be developed, documented and reviewed, collaborating appropriately with partner Council Services/organisations.

If a customer feels adversely affected by the scheme, a joint working arrangement will be in place with the Council's Advice Works team to ensure appropriate, independent money advice is available.

The scheme will be operated and managed within Customer and Business Services (CBS), alongside Revenues and Financial Support administration. The Finance and Resources Policy Board will be updated at each cycle on the performance of the scheme, as part of the normal CBS reporting arrangements.