

Committee: Housing Management and Almshouses Sub-Committee	Dated: 26/05/2022
Subject: Water Charge Rebates Update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	4
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	£
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain's Department?	Y/N
Report of: Director of Community and Children's Services	For Information
Report author: Liam Gillespie, Head of Housing Management	

Summary

In February 2022, Members approved the repayment of an element of weekly water charges paid by secure tenants of the Corporation, from 2005-2019. The rebate amounted to approximately £1.4m and was credited to rent accounts for current and former tenants in March 2022.

This paper is intended to update Members on progress in relation to this project.

Recommendation

Members are asked to:

- Note the report.

Main Report

Background

1. Until March 2019, the City Corporation, in common with many other social landlords, had an agreement with Thames Water to collect water charges on its behalf, in return for a 'commission' and a further discount relating to empty properties. Tenants paid weekly water charges as an element of their rent. The Corporation's agreement ended in March 2019.
2. This type of arrangement was successfully challenged in court by tenants of two London Boroughs, with the Court of Appeal finding in October 2020 that such

agreements were contrary to the Water Resale Order of 2001 (as amended), which prohibits “water resellers” from making profit on water services. Some Boroughs therefore chose to make repayments back to April 2001, or a later date depending on the terms of their specific agreement with Thames Water.

3. The Corporation’s own arrangements with Thames Water began in 1996 and ended in March 2019. After considering the implications for the Corporation following legal advice on the issue, Members approved the repayment of charges from April 2005 to March 2019. Members opted to automatically rebate sums from 2005, rather than 2001, as neither the Corporation, nor Thames Water, holds information relating to charges before 2005.
4. Members did however decide that the Corporation would consider claims from tenants for the period 2001 – 2005, subject to them being validated.
5. The rebates were equivalent to 19.56% of charges paid by tenants and interest was payable on the amounts rebated.
6. The rebate was credited to tenants’ rent accounts at the end of March 2022, a total of £1,410,757.85.
7. Of that sum, £1,002,861.34 related to current tenants and leaseholders who purchased their homes via Right to Buy.
8. To carry out the work connected to the rebates, and deal with enquiries and claims, a small team of staff was set up consisting of a Team Leader and three officers. The Team Leader is a permanent staff member on secondment, and the team members were recruited through an agency.
9. All eligible tenants were written to regarding the rebate in March 2022 and a detailed Q&A was enclosed, with similar information being placed on a dedicated web page. This letter was followed by a more detailed communication in April, which informed eligible tenants of the amounts due to them, broken down by year, plus some detail about the method of calculation of the rebate for the period 2005 – 2019.
10. Since that time, the Water Rebates Team has dealt with many enquiries from both current and former tenants, by telephone, post and via the dedicated email address (waterclaim@cityoflondon.gov.uk).
11. Most enquiries are from current tenants wishing to claim back a credit on their rent account.

Current Position

12. At the time of writing:

- 66 credit refunds have been paid, totalling £37,667.75

- 177 refund claims are pending (this includes claim forms received without the required supporting evidence, through to fully verified claims sent to Chamberlain's for payment to be raised)
 - 42 claims have been received from former tenants
 - 95 claims have been received for the 2001-5 period
13. A significant amount of former tenant arrears will be written off by the credits applied to the rent accounts of tenants who left owing rent, or court costs.
14. The application of the rebate to rent accounts had a noticeable effect on overall rent arrears for current tenants:
- At year end, arrears stood at £286,949.56
 - Following the application of the rebate, this figure reduced to £192,823.73., the lowest arrears figure since 2015/16
 - The number of households in serious arrears (eight weeks or more) fell from 100 to 77
 - The percentage of households in arrears of any kind fell significantly, from 39% to 25%
15. Officers are processing refund claims as quickly as possible, and claimants have been advised that the process may take up to 30 days. This is the standard time for a credit refund to be processed from a rent account.
16. Most claims have been processed within this time, however some have exceeded this timescale. This is partly due to the volume of claims. Additionally, the Chamberlain's Department has necessary checks and processes to carry out before payments can be made. It should be noted that this work is being taken on by a small team in the Chamberlain's Department without the help of additional resources.
17. Some claims have been delayed due to their complexity. Several claims have been received which relate to deceased tenants' accounts, which of course necessitate further investigation and the requirement to provide additional evidence to support the claim.
18. A small number of tenants have been able to provide evidence of their water charges for the period 2001-2005, having kept copies of old rent letters or statements. These claims will be paid as normal. In cases where this information is not available, officers are making a calculation based on the 2005 figure to arrive at a reasonable settlement figure.

Corporate & Strategic Implications

Strategic Implications

19. The water charge rebate supports our Housing Strategy outcome of "well-managed estates where people are happy and proud to live".

20. The decision to refund the money to residents has also addressed a key risk to the HRA from potential litigation.

Conclusion

21. The rebate of a proportion of water charges due to our Secure tenants was carried out in March 2022, amounting to approximately £1.4m. The project has made significant progress and the team dealing with the project is now concentrating on processing claims for credit refunds.

22. Officers are considering claims for the 2001-5 period, for which no information is held, however a reasonable settlement figure will be calculated.

Appendices

- None

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