

Committee: Housing Management and Almshouses Sub-Committee	Dated: 14/10/2022
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. On 30th September 2022:

- 423 credit refunds have been raised for payment, totalling £290,828 (these are refunds of credits sitting on rent accounts following the adjustments applied in April 2022)

- Only 10 credit refund claims are still pending (including claims awaiting verification evidence from claimants)
- 92 claims have been received from former tenants
- 108 claims have been received for the 2001-5 period

13. A letter reminding eligible current tenants about claims for the 2001-5 period has also been issued and it is expected that further claims will be received. Calculations for this period have now been settled.

Corporate & Strategic Implications

Strategic Implications

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

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

Conclusion

16. 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 the final claims for credit refunds, as well as claims for the 2001-5 period.

17. Over 400 refunds have been processed, with only 10 outstanding at the time of writing.

Appendices

- None

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