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Date: 3 April 2018

Christina McKelvie MSP
Convener, Equalities and Human Rights Committee
The Scottish Parliament
Edinburgh EH99 1SP

Dear Ms McKelvie

Making the most of our equalities and human rights levers

Thank you for your letter to Sandra Black, Chief Executive dated 16 February 2018 in respect of the above which has been passed to me to respond.

Within Renfrewshire Council, whilst the formal agreement of the Council's budget is sought annually, the process of budget management and resource allocation is ongoing throughout the financial year. The Council has an agreed scheme of delegation whereby budgetary responsibility and oversight is delegated to Policy Boards which meet regularly over the course of the financial year; and budget decisions may be taken at each meeting.

Every policy decision taken by a Policy Board actively considers equalities and human rights implications (however it should be noted that not every decision a Policy Board will take will result in a change in Council policy). Where these decisions involve changes to budgets, they will also consider the financial implications of the decision; and (if agreed) will then subsequently be incorporated into the Council's base budget process ie the equalities and human right implications are considered in advance of the formal council budget setting.

An example of the above is the decision taken by the Council's Finance, Resources and Customer Services Policy Board on 31 January 2018 in relation to the implementation of the Water Direct scheme. A copy of this report is attached for your information (all Policy Board reports are available on the Council's website). This decision results in a policy change which has both equalities and financial implications which are outlined within the report but also highlighted at the end of the report in the implications section.

I hope this information is useful but if you require any clarification or further information please let me know.

Yours sincerely

Alastair MacArthur
Head of Finance



Renfrewshire Council

31 January 2018

Equality Impact Assessment Report By

Alan Russell, Director of Finance
Water Direct Scheme

Overview

1. *Overview of the policy or service and why it has been impact assessed - for example introduction of a new policy/service, changed/revised policy or service*

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:

1. Income-related Employment & Support Allowance (ESA)
2. Income-based Jobseeker's Allowance
3. Income Support
4. Pension Credit
5. Universal Credit

2. *Main equality and human rights impacts (negative and positive) identified from the assessment against the general equality duty and human rights*

The policy may impact those in receipt of the above specific benefits, who tend to be experiencing socio-economic disadvantage. It is recognised that within this group, there tends to be an over representation of disabled people, women (to some extent) and certain minority ethnic groups. Some potential issues were also identified in the communication of the scheme, to ensure that those potentially affected are made aware of the change of process and are sign posted to any additional help or support that may be available to them.

The impact will be mixed. Part of the intention of the scheme is to break a debt cycle (positive), but it may, in its implementation, cause some immediate hardship (negative).

It should be noted however that not all Council Tax payers in receipt of the specified benefits above will be impacted. Only those who fail to pay their Water and Sewerage Charges as billed.

The scheme does not discriminate against the affected customers due to the benefit they are in receipt of. If a customer, who is not in receipt of one of the specified benefits, fails to pay their council tax as billed, a 10% Statutory Addition charge is levied against the balance due and further additional fees can be added by the Council collections agents, Walker Love. Under the Water Direct scheme no additional charges will be added. Only the outstanding water and sewerage charges will be collected.

No negative impacts have been identified on an individual's human rights however if a customer feels adversely affected by the scheme, a joint working arrangement will be in place with the Council's Welfare Rights Team to ensure appropriate, independent money advice is available.

3. *What (if any) changes to the policy or service will be undertaken as a result of the impact assessment*

All Council Tax payers will be informed of the scheme in the annual Council Tax billing process. Further information will also be mailed with any required reminder notices issued. This will include information on who may be affected and clarify the specific benefit types. This will mean there will be two notifications to affected customers before the Council proceed to request the deduction in line with the Water Direct scheme.

Alternative formats for information will also be made available on request. The Council Tax system currently only flags customers who have a visual impairment. Contact will be made with local Advice Works advisors and Welfare Rights Officers to ensure that they are aware of the Water Direct scheme and how individuals may be affected.

Evidence of assessment

1. *Summary of evidence used to consider equality and human rights impacts*

National evidence has been used to inform the understanding of those living in socio-economic disadvantage affected. The link below highlights the particular equality groups more likely to experience poverty. Some types of disability benefits are not included as part of the scheme, so there may be a lesser effect on disabled people than the national data indicates.

<http://www.gov.scot/Topics/People/Equality/Equalities/Poverty>

There has also been evaluation in other areas where the scheme has been implemented (linked below). This has been used in the process of designing local implementation, to ensure that lessons learnt can be applied.

<https://www.cas.org.uk/publications/sink-or-swim-consumers-experiences-water-and-sewerage-debt>

Some local evidence is available which shows that working age households will be more likely to be eligible for the Water Direct scheme than would be suggested by the ratio of working age households within the whole local Housing Benefit (HB) & Council Tax Reduction (CTR) caseload. These variations can be explained by a higher propensity to pay Council Tax when due amongst pensioner households.

An analysis of Gender inequalities reveals that for single adult households males will be slightly more likely than females to have deductions applied for when compared to the HB/CTR caseload. Female households will make up a larger proportion of the single adult properties in scope.

Due to arrears levels, households with at least one disabled person will be more likely to have a Water Direct deduction applied for than would be expected when looking at the overall caseload of HB/CTR recipients. This is not unexpected as findings of the national equality poverty survey linked to above include that households with a disabled adult will be 50% more likely to be 'not coping' financially than non-disabled households.

No data is available to calculate the percentages of other protected groups likely to be eligible for inclusion in Water Direct.

2. *Justification of the option that will be taken*

The scheme will be implemented as per the legislation, but will include the mitigations mentioned, such as raising awareness of the scheme to potentially affected customer and sign posting affected customers to further support, to alleviate the potential negative impacts.

3. *Actions to remove or mitigate negative impacts and actions to maximise positive impacts to promote equality and human rights*

Communication activity will be undertaken with those potentially affected to ensure that they don't suffer unnecessary disadvantage. Positive impacts, in terms of escaping debt will also be realized.

4. *Further update on the identification of impact resulting from the implementation of the policy service delivery*

To be updated, as part of the review process.

Conclusion *(include the following information)*

1. *Outcome of the evidence gathered (key issues identified from analysis)*

Those in receipt of certain benefits are more likely to be affected. It is thought this will tend to be those who are more socio-economically disadvantaged, including disabled people, women and certain minority ethnic groups. In the long term, this will be a positive impact in relieving debt, but may involve some hardship on the shorter term.

2. *Results of the consultation and involvement activities undertaken with customers/service users including protected characteristics*

Reports from other local authorities have been considered, but no direct consultation has taken place locally.

3. *Monitoring and review arrangements relevant to the implementation of policy and service delivery*

The scheme will be reviewed after one year and further impacts assessed.

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

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

Author: Emma Shields ext 6880

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.