

**COUNCIL ASSEMBLY**  
**(ORDINARY)**  
**WEDNESDAY 16 MARCH 2016**  
**LATE QUESTION**

**1. QUESTION TO THE LEADER FROM COUNCILLOR ANOOD AL-SAMERAI**

Can the leader provide a full statement on the recent High Court ruling on water charges for all Southwark Council tenants, including the borough's legal costs so far?"

**RESPONSE**

The case was brought against the council by a tenant who asserted that the council was buying water and sewerage services from Thames Water, and re-selling them to tenants. She argued that the council should have reduced tenants' water bills to reflect certain discounts provided by Thames Water, in respect of void properties and commission. The Judge agreed with her analysis in his judgment on 4 March.

Notwithstanding the judgment, it remains our firm belief that the council (along with many other councils and housing associations) has been providing a service to Thames Water by billing tenants for their water and sewerage and by collecting their payments on Thames Water's behalf. The voids allowance and commission are intended to cover losses from empty properties, our administration costs and the risk of non-payment; the residual sum contributes to the provision of landlord services, including support for the investment programme.

It is important to note that tenants haven't suffered any financial loss, as they have paid exactly what Thames calculated they would have paid if they'd had a direct billing relationship with them. In the event that the council were to terminate the relationship with Thames, tenants would be charged exactly the same as they are now.

In budget terms, any backdated repayment to tenants would be a one-off call on reserves, which are largely already committed, but would be partly mitigated by off-setting any tenant arrears against their entitlement. However, the potential loss of commission going forward is of greater significance, and would mean we needed to find even greater savings. This may have a detrimental impact on housing service provision.

You will be aware that the judgment has potentially far-reaching implications for councils and housing associations with similar agreements with water providers throughout the country and is likely to have a similar impact on their budget considerations. The council is currently taking further legal advice and considering its next steps.

The council's legal fees to the end of the trial were just over £70,000.