

Investing In and Paying For Your Water Services from 2021

Summary Of Responses

December 2018

INVESTING IN AND PAYING FOR YOUR WATER SERVICES FROM 2021

SUMMARY OF RESPONSES

Introduction

The engagement paper “[Investing in and paying for your water services from 2021](#)” sought views from customers and stakeholders on the water industry’s charging principles and investment priorities for the regulatory period 2021-27 and beyond. In particular, it sought views on:

- Scottish Ministers’ key policy objectives for the next regulatory period.
- The principles which govern how Scottish Water charges its customers for the services that it provides.
- A draft set of Ministerial investment objectives for Scottish Water.

The consultation was published on 6 July 2018 with a closing date of 28 September 2018. 107 responses were received.

Who responded to the consultation?

The number of responses received are summarised in the table below.

Type of Organisation	Number
Members of the public	87
Businesses	1
Local authorities	11
Charities/voluntary organisations	2
Water Industry Organisations	6
Total	107

Responses from water industry organisations included those from SEPA, Citizens Advice Scotland, Scottish Water, Water Industry Commission for Scotland and the Drinking Water Quality Regulator.

The Government’s Proposals

Question 1: *Do the key Policy Objectives provide a sound basis upon which to plan the delivery of services from 2021?*

49 of the 107 respondents answered ‘yes’, 39 answered ‘no’ and 19 did not answer the question directly or offered no comment.

There was broad agreement with the Policy Objectives. Some respondents who answered yes suggested that consideration should be given to connecting rural communities to the public network.

Many of the respondents who answered 'no' not provide any comments. Those who did noted:

- The single person status discount should not be reduced.
- Further work is required for Scottish Water to lower its carbon emissions and improve discharges in order to protect the environment.

Question 2: *Do you agree that the current Principles of Charging remain broadly appropriate for the next regulatory period?*

68 of the 107 respondents answered 'yes', 28 answered 'no' and 11 did not answer the question directly or offered no comment.

Respondents answering 'yes' included suggestions on how to ensure the principles continue to remain appropriate. These include:

- Customers facing affordability issues should be exempted from all charges, mirroring Council Tax Reduction.
- Inverclyde and North Lanarkshire councils suggested that the banding multipliers for E-H properties should mirror those used by local authorities.
- Scottish Environment Link and RSPB Scotland suggested charges could be further amended to support the polluter pays principle.
- The income threshold for the water and sewerage charges exemption scheme be raised.

Those who disagreed suggested:

- The single person discount should not be reduced.
- Households could be metered so that consumers only pay for the services they use.
- Household charges could be split to cover infrastructure maintenance and consumption separately so low water users can benefit whilst still contributing towards Scottish Water's costs.
- Drainage charges for businesses should not be calculated by reference to RV, a banding system could be fairer.

Question 3: *Do you agree the vacant household premises exemption should be removed?*

47 of the 107 respondents answered 'yes', 48 answered 'no' and 12 did not answer directly or offered no comment.

Respondents answering 'yes' commented:

- Services are still supplied and should be paid for.
- Applying charges will encourage owners to use the property.
- Introducing charges for vacant households aligns the policy with business charges.
- Consideration should be given to exempting a property if the owner is recently deceased.

Those answering 'no' noted the property shouldn't be eligible for charges if it is not using water or sewerage services and it was suggested that vacant properties could attract a reduced charge to reflect the fact the property is still connected to services.

Those who did not answer the question directly broadly indicated support for the current principles. Local Authorities noted that introducing vacant charging would have the potential to increase billing and collection costs and also require changes to IT systems.

Question 4: *Do you agree with the proposal to reduce the single occupant status discount from 25% to 10%, using the revenue to improve support for customers facing affordability constraints?*

12 of the 107 respondents answered 'yes', 87 answered 'no' and 8 did not answer directly or provided no comment.

Those answering 'yes' were typically organisations and commented that households in receipt of council tax reduction are more likely to face affordability constraints than single person households.

Those answering 'no' were largely individuals and argued:

- Single person households use less water.
- These households may already face affordability issues and removing the discount would compound this.
- Properties should be metered to accurately reflect consumption.
- Different levels of discounts could be applied based on the household income level.
- 2 respondents suggested the discount be removed rather than reduced.
- 1 respondent suggested the revenue raised should be used to improve services rather than increase other available discounts.

Question 5: *Do you agree that the costs of meeting the demands of growth on the water and wastewater infrastructure should be reviewed?*

81 of the 107 respondents answered 'yes', 13 answered 'no' and 13 did not answer the question directly or offered no comment.

The majority of respondents agreed that a review would be beneficial. Some noted that developers should pay a contribution when existing infrastructure needs to be upgraded to accommodate additional properties.

Question 6: *Do the draft investment objectives outlined above and set out in Annex C identify all areas where investment will continue to be necessary?*

53 of the 107 respondents answered 'yes', 20 answered 'no' and 34 did not answer the question directly or offered no comment.

Those answering 'yes' supported the objectives as presented.

Those answering 'no' gave a variety of reasons for disagreeing with the investment objectives. These include:

- PFI contracts should be discontinued.
- More significant investment should be targeted towards climate change adaptation and carbon reduction.
- Consideration should be given to extending the public network to rural communities with poor quality private water supplies.
- The objectives are too focussed on maintaining current standards rather than encouraging further improvements.

Question 7: *Do you agree that Scottish Water should be directed to address these additional requirements?*

85 of the 107 respondents answered 'yes', 5 answered 'no' and 17 did not answer the question directly or offered no comment.

Some respondents chose to provide additional comments on a wide range of subjects including:

- Further consideration should be given to encourage connections for rural communities.
- The partnership working between Scottish Water, SEPA and Local Authorities with respect to flooding/surface water management is valued by Councils.

Summary of letters

7 customers chose to write to the Scottish Government to set out their support of retaining the 25% single person status discount. These are not included in the total of 107 responses. The comments made in these letters are reflected in the paragraphs above.

Conclusion

It is clear from the engagement that there is broad support for:

- The current Principles of Charging, subject to further examination of the available discounts, exemptions and reductions;
- The draft investment Objectives; and
- A review into the costs of meeting the demands of growth.

Water Industry Team
December 2018



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