

Jon Rathjen

Scottish Government

Water Industry Team

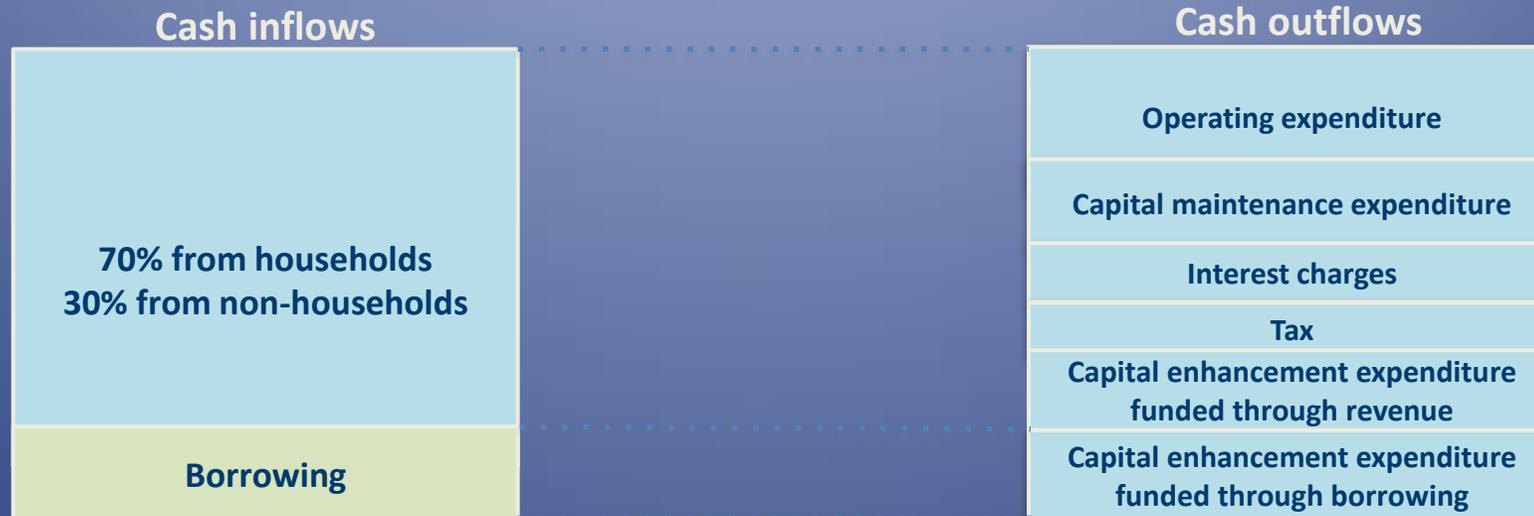
Scotland The Hydro Nation



Funding Scottish Water

Ministers set the Principles of the charging regime, the current period is 2015-21.

Water Industry Commission for Scotland (WICS) then ensure Scottish Water generates sufficient cash-flow to operate, maintain infrastructure and deliver the £3.6 bn capital programme. Scottish Water agrees charging scheme with WICS.



The level of support under the existing arrangements in Scotland

Only 50% of homes pay the full council tax band equivalent water charge

- £84.6m – 25% reduction for single adult occupancy – 925,000 homes
 - £0.6m – 50% reduction for multiple status discounts – 3000 homes
 - £29.2m – occupied exempt (students) – 75,500 homes
 - £20.6m – short term vacants – 56,500 homes
 - £11.3m – Water and Sewerage Reduction Scheme
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- Note the Water and Sewerage Reduction Scheme would be much larger if status discounts were not applied – another £28m.

Brief history of household charging

- Council Tax used for water charging since 1993
- Unmeasured charges always billed by Local Authorities along with Council Tax demands
- Household wastewater charges phased in (transparency) from 1996
- Harmonisation of charges
 - 1996-2000 within each Water Authority
 - 2002-2005 across Scotland
- April 2006
 - Removal of reductions for Second Homes and Long Term Vacant households – extra revenue used to partially finance
 - Introduction of support related to Council Tax Benefit (now Council Tax Reduction) - introduced as a temporary measure 2006-2010 but still in operation

Household – Observations and lessons learned

- Householders have had a long period of charge stability both in terms of how they are charged and of charge levels.
- The joint billing of Council Tax and water services is an efficient, effective and economic way of billing and collecting water charges from households.
- The Council Tax based charging regime provides support through reduced charges to 50% of households in Scotland,
- Providing help with water charges from water revenues requires other customers to pay higher charges.
- Despite the reduced charges there will be some households (low income working or benefit only households) where the level of water charges represents a significant proportion of income.
- Is the solution to 'affordability' issues one for social welfare or the water industry?

Business - Observations and lessons – listening & responding

- Acting in the best interests of all customers is a balance between spreading the charging load as widely as possible within legislation (which defines what we can do) and doing so in a way (policies) that are considered to be fair to the generality of customers.
- A customer complaint doesn't mean that the customer has been wrongly treated but it is always an opportunity to deliver great customer service and to learn as a business.
- Scottish Water has made refinements to charging policies to further improve charging fairness in response to customer concerns

Scotland The Hydro Nation

Scottish Ministers must:

‘take such reasonable steps as they consider appropriate for the purpose of ensuring the development of the value of Scotland’s water resources’

Concept of Scotland the Hydro Nation

– ‘a nation which manages its water environment to the best advantage, employing its knowledge and expertise effectively at home and internationally.’

Hydro Nation Scholars at water innovation testing facility



Jobs and investment



The Last Word

- Charges need to be affordable but equally the wider the charging base the better and we need to be sure it is a service charge not a welfare tool or a tax.
- Scotland the Hydro Nation is a unique and innovative governance regime which puts the customer first, and seeks to maximise the monetary and non-monetary value we get from our water resources.

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