

# **Modernising the Water Industry's use of Rateable Values to Charge non-Households for Water and Sewerage Services**

**December 2016**



**Scottish Government**  
Riaghaltas na h-Alba  
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# Modernising the Water Industry's use of Rateable Values to Charge non-Households for Water and Sewerage Services

## Summary of Responses

### Introduction

This consultation paper sought views from customers, Licensed Providers and other stakeholders on proposals to use the Rateable Values as most recently assigned by the Assessor, to charge occupiers of non-household properties for unmeasured water and sewerage services. It noted that this proposal is not a revenue generating measure for Scottish Water. In particular it sought views on:

- The case for change;
- The need for transitional arrangements given the size of the adjustments for some customers; and
- When the new arrangements should take effect.

The consultation was launched on 30 June 2016 and closed on 7 October 2016. 57 responses were received. The consultation is available at:

<https://consult.scotland.gov.uk/water-industry/use-of-rateable-value-to-charge-non-households>

### Who responded to the Consultation?

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

Type of Organisation	Number
Businesses	7
Licensed Providers	7
Representative bodies/organisations	8
Local Authorities & public bodies	17
Members of the public	6
Water Industry Organisations	4
Charities and voluntary organisations	8
<b>TOTAL</b>	<b>57</b>

Responses from representative bodies/organisations included those from organisations representing chartered surveyors, estate agents, owners of non-household properties and the Scottish Assessors Association.

Responses from water industry organisations included those from SEPA, Citizens Advice Scotland, Scottish Water and the Metropolitan Strategic Drainage Partnership.

## **Subsequent Meetings**

Meetings were held with Licensed Providers and one representative body. Further meetings will be offered to the Charities that responded to the consultation. The timing of the latter meeting is not critical to this consultation as it will relate to the requirement for certain charities to pay water and sewerage charges rather than the basis upon which charges are calculated.

## **The Government's Proposals**

### **Question 1 - Do you agree that the water industry should use the most recent Rateable Values to calculate charges from April 2020?**

There was broad agreement, across the customer groups that responded, that the current method for calculating unmeasured charges is unfair and out of date. 37 of the 57 respondents agreed with the proposal that the most recent Rateable Values should be used by the Water Industry. 11 did not agree and 9 did not answer the question.

Those who agreed recognised that the use of current values would bring transparency and consistency with the rating system. They also noted that current values should be used going forward and reflect any changes resulting from revaluations and appeals. Those who disagreed, did so because the start date was too late/too early or because they objected to the use of Rateable Values as a basis for calculating unmeasured charges.

Whilst most respondents agreed with the proposal, 11 respondents (including the Federation of Small Businesses, Aberdeen Chambers of Commerce, Aberdeenshire Council and COSLA) questioned the use of Rateable Values as a basis for calculating unmeasured charges – and in particular for drainage charges noting that they:

- Penalise those with high Rateable Values – in particular small businesses;
- May accentuate the regional impacts arising from the 2017 revaluation;
- Do not incentivise the installation of sustainable drainage measures that are designed to attenuate surface water;
- Do not bear any relation to actual use of the service – for example the amount of surface water produced from the impermeable surfaces used by the business; and
- Do not provide a discount on property drainage charges where customers with large sites have installed their own collection and treatment processes to deal with most, but not all, of the surface water.

The respondents suggested that drainage charges should be calculated by reference to surface area. The Metropolitan Glasgow Strategic Drainage Partnership proposed that discounts should be available under 29E of the Water Industry (Scotland) Act 2002 where customers install sustainable drainage measures that avoid the need for Scottish Water to invest in assets to cope with additional surface water.

**Question 2 – If you have replied ‘yes’ to question 1, do you agree that there should be transitional arrangements?**

32 respondents agreed that there should be transitional arrangements, 4 disagreed and 21 did not answer the question. Those who agreed noted that, given the potential size of the adjustments, it was necessary to allow time for businesses to budget for and adapt to the changes. Those who disagreed remarked that all customers should move to the 2017 immediately to ensure that there is clarity, particularly given that many customers will only see marginal changes to their bills. They also noted that there is likely to be a further adjustment in 2021 when the next charging period is due to start resulting in instability in bills. One respondent suggested that the increases should be capped by business sector. Such caps should be designed to protect smaller businesses that are less able to adjust to the higher bills. CoSLA noted that transitional arrangements should be delayed until the 2017 rates revaluation, and associated transitional arrangements, are known.

**Question 3 – If you have replied ‘yes’ to question 2, do you agree that transitional arrangements should be from 1 April 2018 to 1 April 2020?**

27 respondents agreed that the time proposed for transitional arrangements is reasonable. Some suggested that the transition might start in 2017 and be 3 years in length rather than start in 2018. There was agreement that the transition to the new values should be completed by the next revaluation in 2022 and price review in 2021. 4 respondents did not agree with the proposed timeframe. Some argued that this was too short whilst others argued that this is too long. 24 respondents did not answer the question.

**Question 4 – If you have replied ‘no’ to question 3, what do you think is the appropriate period for transitional arrangements?**

53 respondents did not answer the question. In many cases comments had been provided in response to Question 2.

**Question 5 – If you have replied ‘no’ to question 1, on what date should the most recent Rateable Values be used to calculate charges?**

50 respondents did not answer the question. Some Licensed Providers noted that it was essential that wholesale prices are adjusted downwards in proportion to the overall increase in the total sum of the Rateable Value across Scotland.

## **Summary of letters**

13 respondents chose to write to the Scottish Government to set out their views on the issues raised in the consultation. These are included in the total of 57 responses. The comments made in these letters are reflected in the paragraphs above apart those from Women's Aid charities. Responses from 7 Women's Aid charities were received. They highlighted that recent changes to the Exemption Scheme for Charities is causing financial hardship. They also raised issues with the classification of their properties as non-domestic rather than domestic. A meeting will be offered to these charities to discuss the issues raised.

Water Industry Team  
Scottish Government  
December 2016



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Any enquiries regarding this publication should be sent to us at  
The Scottish Government  
St Andrew's House  
Edinburgh  
EH1 3DG

ISBN: 978-1-78652-678-6 (web only)

Published by The Scottish Government, December 2016

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA  
PPDAS260658 (12/16)

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