

Investing in and paying for your water services from 2021: Final Consultation An invitation to provide your views on the final draft Principles of Charges and Ministerial Objectives

Overview

General Comments

We are pleased that the final draft Principles of Charges and Ministerial Objectives welcome the long term vision for the water sector in Scotland, and recognise our role to lead in realising this vision. We also welcome the changes from the initial drafts in 2018, reflecting the need to respond to the climate emergency, to introduce additional support for customers who might face difficulty paying bills, ensuring all customers receiving a service are paying for it and introducing new arrangements to meet the costs of providing additional capacity to support development.

We published our Strategic Plan on the 5th February which is focused on how we will meet our customers' current and future expectations over the next 25 years. We committed to achieving three strategic outcomes that are aligned with our role in achieving the Water Sector Vision:

- Service excellence – adapting to a changing climate, dealing with our ageing assets and meeting our customers' evolving expectations.
- Beyond net zero emissions – showing leadership in mitigating climate change and enhancing Scotland's natural environment.
- Great value and financial sustainability – customers will receive great value, now and in the future, and we will be financially sustainable.

As a long term industry we particularly welcome the focus on ensuring the continued serviceability of Scottish Water's assets well beyond the 2021-27 regulatory period as well as the recognition that the need to plan for the replacement of major assets and respond effectively to the climate emergency present significant challenges.

We have worked with other water sector stakeholders to conduct an extensive customer research and engagement programme; customers highlight that continuing to deliver high quality great tasting drinking water and protecting Scotland's water environment are the most important areas for them.

We support the Scottish Government intention to give customers certainty of pricing and to avoid shocks to customer charges over future periods as long term challenges are addressed. We particularly welcome the Scottish Government increasing the lending it is prepared to make available to £1.02bn over the 2021-27 period to support stable charges.

Clearly the emergence of the COVID-19 global pandemic, since the issue of this consultation, could have a profound impact on how final objectives and principles may be set. It is too early to speculate on what changes may be appropriate, but we would encourage those changes that both recognise the position that customers will face at the end of the pandemic and the need for the necessary long term investment to achieve the water sector vision.

Detailed Response

Specific Comments

1	Principles of Charging - Do you agree that the final draft Principles of Charging are appropriate for the next regulatory period?
<p>YES</p> <p><i>Comments</i></p> <p>We agree that the 4 principles (stable charges, full cost recovery, harmonised charges and cost reflective charges) remain appropriate.</p>	
2	Affordability - Do you agree that the level of financial support provided for households that receive Council Tax Reduction should be increased?
<p>YES</p> <p><i>Comments</i></p> <p>Scottish Water is supportive of improving financial support to customers with affordability constraints and welcomes the Scottish Government's further consideration of this issue. We also recognise the benefits for customers of providing the support through existing mechanisms, thereby avoiding a separate application requirement for customers.</p>	
3	Do you agree that the eligibility criteria for this financial support should be extended to include all those in receipt of Council Tax Reduction and some other form of Council Tax discount?
<p>YES</p> <p><i>Comments</i></p> <p>We are supportive that the eligibility criteria for financial support should be extended to include dwellings that receive Council Tax Reduction and some other form of Council Tax discount.</p>	
4	Household Vacant Exemptions - Do you agree with the proposals regarding charging at vacant dwellings?
<p>YES</p> <p><i>Comments</i></p> <p>We agree with the proposals regarding charging at household vacant dwellings to bring three categories of vacant dwellings into charge that are currently exempt – new dwellings, empty dwellings and dwellings under repair. We recognise this change will better align the household charging regime with that of business premises.</p>	
5	Providing additional capacity in network assets to support development - Do the revised arrangements provide a suitable basis for financing the provision of additional capacity in existing network assets to meet the needs of development?
<p>YES</p> <p><i>Comments</i></p>	

Following the review of how the costs of meeting the demands of growth on water and waste water infrastructure are met, we agree the revised arrangements provide a suitable basis for financing the provision of additional capacity in existing network assets to meet the needs of development. The needs of new housing development and the domestic requirements of commercial and industrial developments being met through Infrastructure Charges, up to a maximum limit, simplifies the arrangements.

Should these changes proceed we will work with WICS to agree the upper limit and the appropriate level of Infrastructure Charges, and continue to assess the effectiveness of the revised arrangements during the period and advise the Scottish Government should further changes be required.

6

Investment Objectives - Do the key policy objectives provide a sound basis upon which to plan the delivery of services from 2021?

YES

Comments

We agree the key policy objectives provide a sound basis upon which to plan the delivery of services from 2021. Scottish Water welcome the introduction of the long term industry vision, and the key policy objectives are aligned to our Strategic Plan.

7

Other - Please include any other comments you wish to make on 'Investing in and paying for your water services from 2021: Final Consultation' below:

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