

POLICY NOTE

THE WATER AND SEWERAGE SERVICES TO DWELLINGS (COLLECTION OF UNMETERED CHARGES BY LOCAL AUTHORITY) (SCOTLAND) ORDER 2014

S.S.I. 2014/3

The above instrument was made in exercise of the powers conferred on the Scottish Ministers by section 37 and 68(2) of the Water Industry (Scotland) Act 2002 (“the Act”). The instrument is subject to negative procedure.

Policy Objectives

Section 29A of the Act requires Scottish Water to make a charges scheme which fixes the charges payable for water and sewerage services provided by it in the exercise of its core functions. Section 37 of the Act separately empowers the Scottish Ministers to determine, by order, that for specified services provided by Scottish Water to dwellings in the area of a local authority, the authority (not Scottish Water) is to collect the charges payable.

Since 1 April 1996, when Water Authorities were first established, provision has been put in place, by order, for the charges payable for services to unmetered dwellings to be collected by local authorities. These arrangements remain in place as regards the collection of charges for services up to the end of March 2014. These arrangements enable the charges to be collected at the same time as Council tax, which allows for efficiency savings.

This Order applies only as regards the collection of charges for services provided by Scottish Water to unmetered dwellings in the period from 1 April 2014 to 31 March 2018. In particular, it requires each local authority to collect the charges payable for dwellings in its area, and then make payments to Scottish Water so as to account for the amounts collected but with a fixed amount being deducted for the cost of collection. The amount to be deducted by each local authority (as regards services provided in each year) is set out in the Schedule. This provides greater transparency as to the amounts to be deducted. The Order also sets out the forms and procedures for demanding payment, etc.

Consultation

The Order was prepared in consultation with Council leaders, COSLA and Scottish Water. COSLA (representing local authorities) and Scottish Water are content with the Order, the main provisions of which derive from a set of principles agreed between them.

Financial Effects

The charges payable for services provided to unmetered dwellings by Scottish Water remain the same: these are not affected in any way by the Order. However, by virtue of

requiring each local authority to collect these charges, each authority will (as in previous years) incur costs in relation to the collection of charges for the services provided by Scottish Water to unmetered dwelling in the period from 1 April 2014 to 31 March 2018.

In previous years, each local authority recovered collection costs by deducting (from the sum payable for services provided in a given financial year) a fixed amount per dwelling plus a share of the subsequent balance of the service charge based on historic spend on Council tax benefit. In applying this approach, the total amount to be deducted for the cost of collection in relation to services provided in 2013-14 will be around £15 million.

This Order instead fixes the amount to be deducted (for the cost of collection) from the sum each local authority must pay to Scottish Water as regards services provided in each of the financial years to which the Order applies. These amounts also take account of the cost of collecting charges for dwellings for which there is no council tax liability.

In consequence, the total amount deducted for the cost of collection in relation to services provided in each financial year will increase to £18.25 million. This is seen by COSLA and Scottish Water to be a reasonable settlement in terms of recovering the cost of collecting charges for services provided from 1 April 2014 to 31 March 2018 and reflects their agreement that work on improving collection rates through further service improvements and best practice initiatives will continue.

Diversity and environmental impact

The Order has no diversity or environmental impact implications.

Climate Change and Water Industry Division
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