

Water rates responses précis

Letter from Huw Irranca-Davies (relevant minister)

Executive summary – the government has stepped in short-term to prevent a hike in prices; longer term they expect some consideration to be made for community bodies (see detail below).

'The government supports site area charging for surface water drainage in principle'.

BUT 'clearly very wrong' for community facilities to be facing hikes of 'several hundred per cent' and for massive variations between different areas and different companies.

Minister has written to Ofwat and the CEO of United Utilities – increases of this magnitude 'not in line with government guidance...to Ofwat (2000)' or Ofwat guidance to water companies (2003).

United Utilities has in response set its charges for 2009/10 'at 2007/08 levels...I.E.AT LEVELS PRIOR TO THE INTRODUCTION OF SITE AREA CHARGING...THIS IS NOT A LONG-TERM SOLUTION'.

'I EXPECT COMPANIES AND THE REGULATOR TO SETTLE THIS IN A WAY THAT IS FAIR AND REASONABLE AND REFLECTS GOVERNMENT GUIDANCE TO OFWAT. IF THEY DO NOT THEN I WANT TO MAKE IT CLEAR THAT I WILL RESOLVE THIS.'

Letter from Ofwat

Executive summary – we have been 'misled on this issue'; social tariffs are for the government to decide; the problems were due to a breakdown in effective communication with customers by United Utilities; the Scout Association and Ofwat are working together to sort the mess out.

We have been 'misled on this issue'; (Ofwat go on to explain the work of water companies)

- Cost of sewer-based drainage is 'approximately £600 million a year across England and Wales'.
- Rateable value system was 'unfair as it resulted in some customers cross-subsidising others'.
- Surface area charging 'better reflects the actual costs customers impose on the sewer system'.
- We accept that 'customers with lower rateable values may see significant increases'.
- 'it is for companies to set their charges and consider the impact on their customers'.
- We have based our guidance on...**fairness and environmental responsibility**'.

- **'Social tariffs...are very much a matter for the government'.**
- BUT 'permanent reductions in charges to one group...would increase charges to other customers'. This should 'be made explicit in appropriate legislation'.
- Suggest that a 'phased approach' could assist community organisations like the Scouts.
- Problem in United Utilities areas due to lack of effective communication.
- Concerned about 'unnecessary worry' caused by 'misinformation'. **The Scout Association are to work with Ofwat to assess the impact of last year's charges in the United Utilities area.**



HOUSE OF COMMONS
LONDON SW1A 0AA

Councillor Alison Knight
Deputy Leader of the Council
Royal Borough of Windsor and Maidenhead
Town Hall
St Ives Road
Maidenhead
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SL6 1RF

Thursday, 20th August 2009

Dear Cllr Knight,

Thank you for your letter of 3rd August regarding the recent Council motion, which I received today.

I am pleased to hear that the Council are actively pursuing this issue. Your motion certainly highlights the possible consequences these changes will have on voluntary and community groups.

These changes come at the worst possible time for the voluntary sector, which is already suffering as a result of the economic crisis.

The Shadow Secretary of State for Environment, Food and Rural Affairs, Nick Herbert MP, has announced that Conservatives will press for a change in the law to allow water companies to reduce the charges for voluntary groups.

We also propose that Ofwat is given the power to allow companies to exercise their discretion and introduce social tariffs to deal with surface water drainage for these customers. This would be similar to the tariff introduced by Severn Trent which charges these groups a minimal fee for drainage. We want Ofwat to be given the responsibility to ensure that the effects of this change - which would have only a tiny effect on other customers' bills - will be revenue neutral.

You are doing the right thing raising your concerns with the Secretary of State and I hope you receive a speedy response. If there are any particular concerns you would like me to raise also, please do contact me again and I would be more than happy to contact him.

Thank you once again for keeping me updated.

Yours sincerely,

Adam Afriyie MP



THE RT HON THERESA MAY MP
Shadow Secretary of State for Work & Pensions
and Shadow Minister for Women & Equality

HOUSE OF COMMONS
LONDON SW1A 0AA

Mr Ian Trenholm
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CHIEF EXECUTIVE'S OFFICE
R.B.W.M.

-7 SEP 2009

27 August 2009

Dear Ian,

Thank you for your letter of 3rd August regarding the Council's motion on water bills to non-domestic properties.

I warmly welcome the motion and I am pleased that you have given this issue some attention. I share the Council's concern about these charges, which, as the motion notes, could have a particularly negative impact on the voluntary and community groups that do so much to serve our community. It would be extremely unfortunate if these charges were to damage or even force the closure of some of these groups.

As you might be aware, the Conservatives are pressing for a change in the law to allow water companies to charge reduced rates to voluntary sector organisations. I know that my colleague Nick Herbert MP, the Shadow Secretary of State for Environment, Food and Rural Affairs, will be pushing them on this. We propose that Ofwat is given the powers to allow water companies to charge a social tariff on surface water drainage for voluntary groups. Of course, Ofwat must ensure that these changes are revenue neutral.

Thank you again for making me aware of this motion and I trust that the Council will continue to monitor this important issue.

Yours sincerely,

The Rt Hon Theresa May MP

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