

**REPORT TO: PLANNING AND TRANSPORTATION COMMITTEE,
29 SEPTEMBER 2003**

REPORT ON: SCOTTISH WATER REASONABLE COST CONTRIBUTIONS

REPORT BY: DIRECTOR OF PLANNING AND TRANSPORTATION

REPORT NO: 611-2003

1 PURPOSE OF REPORT

- 1.1 To inform the Committee of concerns regarding the funding of drainage and water supply infrastructure to serve new development and seek approval for these concerns to be raised through appropriate channels.

2 RECOMMENDATIONS

- 2.1 It is recommended that Committee
- a Notes the content of this report; and
 - b Remits the Director of Planning and Transportation and other Council officials to raise concerns regarding Scottish Water's Reasonable Cost contributions through all appropriate forums as well as with Scottish Water directly.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications for the Council as a direct result of this report. However, changes in Scottish Water's approach to the funding of drainage and water supply infrastructure to serve new development may have a direct impact on Council budgets, particularly where the Council is providing serviced land for business and industrial development.

4 LOCAL AGENDA 21 IMPLICATIONS

- 4.1 There are no Local Agenda 21 implications arising from this report.

5 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 There are no equal opportunity implications arising from this report.

6 BACKGROUND

- 6.1 Scottish Water has a duty to provide water and sewerage services. In terms of new development, Scottish Water is required to take their sewers to such a point as will allow connection to public sewers at reasonable cost. Any shortfall between the full cost of water and sewerage services provision and reasonable cost requires to be met by the developer.
- 6.2 The issue of reasonable cost contributions is a feature of the Water Environment and Water Services (Scotland) Act 2003. This includes provision for "reasonable cost" to be defined in Regulations to be made by Scottish Ministers. During the passage of the Act, Ministers have made it clear that the intention behind this part of the Act is for developers to assume responsibility for providing properties that they have built

with the necessary connections to the mains. It is likely therefore, that by 2005, Scottish Water will not make any contribution towards the cost of connection to the drainage and water supply network.

- 6.3 In preparation for this, in July 2003 Scottish Water implemented a revision of to the way in which "reasonable cost" reimbursement is evaluated. In future, this will be based strictly on the contribution rates which pertain at the time when claims are actually submitted. At the same time as making this change Scottish Water took the opportunity to rationalise the level of contribution so that it is uniform across Scotland. This rationalisation represents a reduction in the contribution that was previously payable for development in Dundee.
- 6.4 Changes to reasonable cost contributions raise particular issues for housing development and could impact upon proposals where market conditions are more difficult. It will also impact on the provision of serviced land for business and industry, including for example the further development of Claverhouse. Due to the long lead in time and the often-speculative nature of this type of development, there can be no certainty at commencement of the level of contribution, if any, that may be received from Scottish Water towards servicing on completion. Where the Council acts as an enabler or developer this could impact on Council budgets.
- 6.5 On behalf of Dundee City Council, representations have been made to Scottish Water that changes to Reasonable Cost contribution will have an adverse impact on development proposals in Dundee where market conditions are less favourable than other parts of Scotland. These concerns will continue to be raised as appropriate with Scottish Water. In addition, the Council's representation on bodies such as the Convention of Scottish Local Authorities (COSLA), the Scottish Society of Directors of Planning (SSDP) and the Society of Chief Transport Officers in Scotland (SCOTS) will also be used to highlight concerns.

7 CONSULTATIONS

- 7.1 The Chief Executive, Depute Chief Executive (Support Services), Depute Chief Executive (Finance), and Assistant Chief Executive (Community Planning) have been consulted and are in agreement with the contents of this report.

8 BACKGROUND PAPERS

- 8.1 None.

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