

REPORT TO: POLICY AND RESOURCES COMMITTEE - 8 DECEMBER 2003

REPORT ON: DOMESTIC WATER & SEWERAGE REDUCTION SCHEME

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 794-2003

1 PURPOSE OF REPORT

1.1 To update Elected Members on the current position regarding the Domestic Water & Sewerage Reduction Scheme.

2 RECOMMENDATIONS

2.1 That the Committee supports the recommendations of the Water Customer Consultation Panels to:

- a extend the current Water & Sewerage Reduction Scheme beyond March 2004; and
- b request that a further study is undertaken to address the impact of increasing water charges on vulnerable households.

2.2 That the Chief Executive be instructed to write to the Scottish Executive and COSLA to inform them of the views of the Council.

3 FINANCIAL IMPLICATIONS

3.1 There would be no direct financial implications for the Council following withdrawal of this scheme.

3.2 Withdrawal of the scheme would, however, impact on a significant number of low income Council Taxpayers within Dundee. As a consequence this is likely to impact on their ability to pay the overall Council Tax levied.

4 LOCAL AGENDA 21 IMPLICATIONS

None.

5 EQUAL OPPORTUNITIES IMPLICATIONS

None.

6 BACKGROUND

6.1 Following a consultation exercise carried out by the Scottish Executive during 2000, a Domestic Water & Sewerage Reduction Scheme was introduced with effect from 1 April 2001.

6.2 The purpose of the scheme was to help people on lower incomes living in higher banded properties accommodate the large increases in water charges which were being imposed by the respective water authorities. In the case of NOSWA Band D charges within Dundee, these had risen from £81.50 in 1996/97 to £299.58 in 2000/01.

6.3 At the time of the introduction of the Reduction Scheme the combined Band D charges for water and sewerage had risen to £350.18, an increase of 430% in just 5 years.

7 CURRENT DOMESTIC WATER & SEWERAGE REDUCTION SCHEME

7.1 The original scheme was introduced on 1 April 2001 as a transitional scheme. In order to be eligible for a reduction in water charges, Council Taxpayers must be in receipt of Council Tax Benefit and their water and sewerage charges must be in excess of the qualifying threshold. The qualifying thresholds over the period of the scheme were as follows:

2001/02	£180
2002/03	£198
2003/04	£220

7.2 Current indications are that the Scottish Executive does not plan to continue the scheme beyond the current financial year.

8 IMPLICATIONS OF WITHDRAWAL OF REDUCTION SCHEME

8.1 There are presently 7,104 households in Dundee eligible for a reduction in their water and sewerage charges amounting to £220,000 in 2003/04, with the majority in both number and value falling within Council Tax property bands A to C.

8.2 There is little doubt that these households include some of the poorest people within the City. Withdrawal of the Reduction Scheme will increase their liability for water charges by up to £208 per annum, depending on the Council Tax band and the number of adults living in each household (see attached appendix).

8.3 The Water Customer Consultation Panels, which were established by the Scottish Parliament to represent the views and interests of customers of Scottish Water, have recently published a report on water charges. This report has been addressed jointly to Members of the Scottish Parliament and to Scottish Water.

8.4 Whilst the report covers a number of issues regarding the principles of charging for water and wastewater services, one of its main recommendations is that the current charge reduction scheme for low income households should be extended beyond March 2004. A further priority is a study of the impact of the current Water & Sewerage Charges Reduction Scheme on low income households. The report recommends that the costs of extending the scale, scope and timing of the scheme should also be explored in conjunction with a larger study looking at the impact of rising water charges on vulnerable households.

9 CONCLUSION

9.1 The withdrawal of the Water & Sewerage Reduction Scheme will have a detrimental impact on the poorest households within Dundee.

9.2 Members are asked to support the recommendation of the independent Water Customer Consultation Panels whereby the current scheme is extended and that a further study is undertaken to address the impact of increasing water charges on vulnerable households.

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DEPUTE CHIEF EXECUTIVE (FINANCE)

1 DECEMBER 2003

Domestic Water & Sewerage Relief Scheme

Band	A	B	C	D	E	F	G	H
<u>2003/04 Charges</u>								
Water	116.66	136.11	155.55	175.00	213.89	252.77	291.66	350.00
Sewerage	116.79	136.25	155.72	175.18	214.11	253.04	291.97	350.36
Total	233.45	272.36	311.27	350.18	428.00	505.81	583.63	700.36
Qualifying Threshold	220.00	220.00	220.00	220.00	220.00	220.00	220.00	220.00

Reductions Receivable

The table below details the amount of reduction receivable under the given circumstances. This is the amount of reduction that would be lost should this relief be withdrawn.

Band	A	B	C	D	E	F	G	H
<u>Two or more adult household</u>								
Entitled to 100% Benefit	13.45	52.36	91.27	130.18	208.00	208.00	208.00	208.00
Entitled to 50% Benefit	6.72	26.18	45.64	65.09	104.00	104.00	104.00	104.00
<u>Single person household</u>								
Entitled to 100% Benefit	0.00	0.00	13.45	42.64	101.00	101.00	101.00	101.00
Entitled to 50% Benefit	0.00	0.00	6.73	21.32	50.50	50.50	50.50	50.50

At present the maximum payable for persons in properties from Band A to Band E in receipt of 100% benefit is £220. The level of reduction awarded for those in properties banded F - H is restricted to the level of reduction received for a Band E property. As follows.

Band	<u>Max Payable</u> <u>(100% Benefit)</u>	Band	<u>Max Payable</u> <u>(100% Benefit)</u>
A	£220.00	E	£220.00
B	£220.00	F	£297.81
C	£220.00	G	£375.63
D	£220.00	H	£492.36

DOMESTIC WATER & SEWERAGE RELIEF SCHEME

Applies from 1 April 2003-31 March 2004

Eligibility

- 1 Must be liable for water and/or sewerage charges.
- 2 Water and sewerage charges must be in excess of qualifying threshold.
- 3 Must be in receipt of Council Tax Benefit.
- 4 The rate of reduction will mirror the level of Council Tax Benefit awarded during a person's period of liability compared to the maximum Council Tax Benefit that could have been awarded during that period.

Qualifying Threshold 2003/04

- 1 £220 for full year charge.
- 2 £220 (pro rata) for part year charge.
- 3 £220 (pro rata) where charges are due for a single service only (eg water only).