

INVESTING IN AND PAYING FOR YOUR WATER SERVICES FROM 2015: UNISON Scotland response to Scottish Government Sep 2012

5. Written Responses – Questions

Key Policy Objectives

- 1) Do the key policy objectives provide a sound basis upon which to plan the delivery of services from 2015?

Yes No

We broadly support the key objectives listed in the paper. However, we would support a more radical reshaping of Scottish Water as set out in our previous submissions including Hydro Nation.

- 2) Do you agree that it would be beneficial to extend the regulatory period to six-years?

Yes No

Yes.

Principles of Charging

- 3) Do you agree that the current Principles of Charging remain broadly appropriate for the next regulatory period?

Yes No

We do not support the rigid application of cost-reflective charging or full-cost recovery. Whilst this may be generally appropriate there may be sound public policy reasons for not applying these principles in specific instances.

- 4) Do the specific issues identified (exemption scheme, charging for vacant properties, surface drainage charging) require further discussion and, if so, who should be involved in those discussions?

Yes No

We support the continuance of a small voluntary organisations scheme. We agree that vacant businesses should pay a charge consistent with domestic properties.

Investment Requirements

- 5) Do the Draft Investment Objectives included at Annex D of this paper identify all necessary improvements?

Yes

No

We do not support the customer standards arrangements that seek to make false comparisons with the English privatised industry.

We broadly support the analysis of the investment requirements set out in the paper.

The financial challenges facing the industry cannot be met by so called efficiency measures that are having a serious impact on long term quality. Increasing contractorisation within Scottish Water is also having a negative impact on the industry.

We remain unconvinced that the Regulatory Capital Value system adopted from the privatised industry in England is appropriate for the public service approach in Scotland.

These arguments are summarised in the STUC paper 'It's Scotland's Water' and in more detail in the STUC commissioned report from the Public Interest Research Network (PIRN) at the University of Strathclyde - *Scottish Water: The drift to privatisation and how democratisation could improve efficiency and lower costs.*

We would also draw attention to the recent Reid Foundation report on utility pricing.

The issue of borrowing may be addressed by the extension of powers in the Scotland Act 2012 and the current Treasury consultation on bonds. We believe that bonds may be appropriate way of financing Scottish Water's borrowing requirements and enable the full programme to be financed. Any limitation to the programme should be limited to technical capacity.

6) Do the specific issues identified (prioritisation of investment, promoting innovation) require further discussions and, if so, who should be involved in those discussions?

Yes No

The paper does not set out clearly any criteria for prioritising investment, other than meeting statutory responsibilities. This should therefore be the subject of further engagement with stakeholders.

We agree that there is a limited as to how much Scottish Water can build its way out of difficult problems. Tackling issues at source would be a more productive approach.

Other

7) Please include any other comments you wish to make on paying for and investing in water services from 2015 below.

Comments