

EAST AYRSHIRE COUNCIL

CORPORATE GOVERNANCE COMMITTEE – 23 SEPTEMBER 2003

DEPARTMENT OF FINANCE - SCOTTISH WATER CONTRACT

Report by the Director of Finance

1. PURPOSE OF REPORT

- 1.1** The purpose of this report is to seek approval for a contract with Scottish Water to collect Water Services charges.

2 BACKGROUND

- 2.1** The Water Industry (Scotland) Act 2002 and the Water Services Charges (Billing and Collection)(Scotland) Order 2002 together provide that the Council is required to demand and recover Water Services Charges from domestic dwellings within the Council's area on Scottish Water's behalf. Water Services Charges are recovered along with Council Tax.
- 2.2** Since 1996 the operational arrangements have been governed by the requirements of the Billing Order in place.
- 2.3** Paragraph 7 of the 2002 Billing Order allows the arrangement to "be varied by an agreement entered into between the Local Authority and the Water Authority".
- 2.4** Scottish Water have proposed a variation to the terms of the Billing Order which will provide a financial incentive to the Council to improve collection performance. The proposal takes the form of a contract based on the requirements of the 2002 Billing Order along with performance incentives.

3 FINANCIAL IMPLICATIONS

- 3.1** The 2002 Billing order requires Scottish Water to pay the Council a fee of £4.47 in 2003/04 for each connected domestic property. The proposal in the contract offers additional financial rewards as follows:-
- (a)** 10% of all money collected against 2003/04, during 2003/04 and transferred to Scottish Water above the 89% collection level up to 91%.
 - (b)** 20% of all money collected against 2003/04, during 2003/04 and transferred to Scottish Water above the 91%.

- 3.2** For 2004/05 the basic payment of £4.47 will be increased in accordance with inflation and the percentage threshold for the incentive arrangements will be updated to take account of 2003/04 collection performance.
- 3.3** An additional fee of £0.20 per property will also be provided for the enhanced payment and information arrangements included in the contract. For 52,000 properties this will net the Council additional income of £10,400.

4 RECOMMENDATIONS

- 4.1** It is recommended that Members approve the signing of the contract with Scottish Water for the collection of Water Services Charges.

Alex McPhee
Director of Finance

IM/JB
2 September 2003

LIST OF BACKGROUND PAPERS

Nil

Any Member wishing further information should contact Iain MacMillan, Head of Exchequer Services (Tel: 01563 576443).