TRANSPORT AND THE ENVIRONMENT COMMITTEE

AGENDA

32nd Meeting, 2000 (Session 1)

Tuesday 19 December 2000

The Committee will meet at 2.00 pm in Committee Room 2 to consider the following agenda items:

1. **Water Inquiry (in private):** The Committee will consider possible lines of questioning for witnesses on its inquiry into water and the water industry.

   *Not before 2.15 pm*

2. **Water Inquiry:** The Committee will take evidence as part of its inquiry into water and the water industry from—

   - The Minister for the Environment, Sport and Culture
   - Scottish Council for Voluntary Organisations
   - Campaign for Lower Water Charges

3. **European Parliament Familiarisation Scheme:** The Committee will choose a member to represent the Committee on this scheme.

4. **Water Inquiry (in private):** The Committee will consider further practical arrangements for its inquiry into water and the water industry.

5. **Genetically Modified Organisms (in private):** The Committee will consider a second draft report on the issue of genetically modified organisms.

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The Scottish Council for Voluntary Organisations in Scotland

SCVO is the umbrella body for the ‘third sector’ in Scotland, representing the interests of voluntary organisations (non-statutory, nonprofit organisations) and providing services to make them more effective. Through our elected structures and networks we represent the full extent of the Scottish third sector: some 44,000 organisations, involving 100,000 people in paid employment and a further 600,000 as regular volunteers.

Background

Considerable anxiety has been caused to SCVO member organisations and the sector more widely over the last three years as a result of changed liability to pay water and sewerage charges set by one or more of the three Scottish water authorities (West of Scotland Water (WoSWA), East of Scotland Water (EoSW) and North of Scotland Water (NoSWA), and the resulting, apparently new, bills that many have received. The problem arose initially as a direct consequence of bad drafting of the reforms to Scottish local government in 1994.

SCVO has made repeated efforts to raise this issue with the authorities, the Water and Sewerage Customers Council (as was) the new Water Industry Commissioner and the Scottish Office/Executive.

Last year the new Environment Minister, Sarah Boyack secured the water authorities’ agreement to a year’s ‘grace’ from the removal of reliefs to allow time for planning and consultation.

Despite this, direct contact with the water authorities has been slow to start and only recently SCVO staff have had two meetings with the authorities at Finance Director level, with a representative from the Water Services Unit in the Scottish Executive also present.

This policy paper reports on the position now reached with the water authorities in terms of the process of removal of water rates relief. It further discusses the principle of whether this should be happening at all, and proposes a new way forward.

The process of removal of water rates reliefs

The water authorities decided to remove water rates reliefs previously given to charitable organisations alongside their local property rates reliefs in 1997. They decided to remove reliefs partially, and in a phased manner, i.e from some
organisations, or some organisations’ premises (it was not clear which initially, but the word ‘sensitive’ was used somewhat arbitrarily), and to phase removal at 20% a year for five years.

SCVO argued strongly that their approach was misguided and potentially discriminatory, and was being undertaken without any consultation as to the process, likely impact, or indeed the principle.

The authorities have now agreed a process of withdrawal of reliefs based both on the status of the organisations concerned, and on the nature of the activities they undertake in relevant premises.

As with all charging for services, it is for the pursuer (in this case the water authority) to be able to prove that they are authorised to levy a charge and that the charge levied is correct for the services provided. The water authorities recognise there are still noticeable problems with their databases and bill generation and mistakes do occur. The authorities have advised SCVO that in any case of an apparent problem with any aspect of a bill, then initial questions ought to be raised with their local water authority office.

Consultation on the principle of removal of water rates reliefs

SCVO’s elected Policy Committee has now (June 21st 2000) adopted a formal policy position on the principle of charges to voluntary organisations for the provision of water and sewerage services.

Until now, SCVO had engaged with the authorities on the very serious flaws in the way they have sought to progress the introduction of a phased ending to such reliefs, and on the need to consult on both process and principle.

We had understood that under the terms of the ‘Compact’, as public bodies they should be obliged to consult on this significant change affecting large parts of the voluntary sector.

The authorities have now accepted this, and albeit somewhat after-the-fact, have now instigated a consultation process. This is, in their terms, limited to existing customers, rather than the sector more widely, and takes the form of a letter and questionnaire form. However they have accepted that submissions from elsewhere are acceptable and will be considered.

The principle of water rates relief removal – an SCVO policy position

SCVO has sought to defend the interests of those charitable voluntary organisations whose historical enjoyment of rates relief has been threatened by the decision of the water authorities to remove them, albeit in an incremental way.

We have, however, been explicit in our acknowledgement of the fundamental structural changes that brought the decision about – ie the establishment of the
authorities and their distinct role from local authorities or other public bodies, and also of the challenges faced by the new authorities in investing in Scotland’s water and sewerage services.

However SCVO advocates that voluntary organisations should enjoy relief from water rates because of the very public service/benefit nature of their activities.

Indeed the settlement reached with the authorities for the current financial year, focusing on the nature of the activities undertaken in certain voluntary organisations’ premises already recognises this point.

SCVO would further argue that relief from water and sewerage rates should be granted to ALL voluntary organisations, because of their public benefit nature, regardless whether historically they have been granted charitable status.

The water authorities should work with SCVO and other network bodies to ensure the good and accurate management of ‘customer’ databases in relation to voluntary organisations.

Further we would recommend that this aspect of the benefits of charitable status should be reviewed by the independent review commission on charity law now meeting.

The decisions on the level of water rates charges recently announced for 2000-2001 have produced a sharp increase in charges for all users causing a great deal of concern in the voluntary sector, independent of the reliefs debate. Indeed, the Scottish Executive has invited SCVO’s participation in a pre-consultation exercise to look at the affordability of water and sewerage charges in Scotland for lower income households.

A number of Scottish local authorities have been considering and approving motions expressing their concern about the impact of the increases in charges for this year, both on low income households and on voluntary organisations. A motion approved by the City of Edinburgh was fairly typical. SCVO welcomes this support for our position.

Bills for the 2000-2001 financial year began to be sent out in April this year and these should show the combined effect of the increase in charges for all non-domestic customers as well as the introduction of the first installment of the phased withdrawal of reliefs, on relevant premises. The combined effect of these two measures produces an increase in bills for some voluntary organisations in the range of 30-45%.

SCVO
June 2000
TRANSPORT AND THE ENVIRONMENT COMMITTEE

NOMINATION OF COMMITTEE MEMBER FOR EUROPEAN PARLIAMENT
FAMILIARISATION PROGRAMME

**Background**

The European Parliament has agreed to fund a short familiarisation programme for a group of Scottish Parliament Committee Conveners and members. This is likely to take place in the Spring of 2001.

The aim is to familiarise members with the European legislative process and the operation of the European Parliament.

Much of the business of the Scottish Parliament is driven or affected by European legislation and policy. The Parliament has obligations within Community law. A good understanding of the European Union is important in helping members to work effectively in these areas.

**Recommendation**

The Committee is invited to nominate at this meeting a member, which may be the Convener or another member, of the Committee to take part in a European Parliament-funded familiarisation programme.

Committee Office
Directorate of Clerking
December 2000