

Graeme Dey  
Convener  
Environment, Climate Change and Land Reform Committee  
Scottish Parliament  
EH99 1SP

28 June 2016

Dear Graeme,

I should like to inform you and members of your Committee of policy decisions that I have taken in relation to forthcoming changes to water, sewerage and drainage charges for business customers.

The Committee may be aware that charging policies are set out in a Principles of Charging Statement<sup>1</sup>. This sets out the general principles that must underpin the calculation of charges for both households and businesses.

As you will agree, thriving businesses underpin Scotland's economic growth and future prosperity. For this reason, the Principles of Charging Statement committed the Government to modernising two aspects of the charging regime to ensure that charges are fair, broadly cost reflective and harmonised:

- Introducing charges for vacant business/non-household properties; and
- Modernising the basis upon which unmeasured charges including drainage charges are calculated.

I can confirm that, following a consultation undertaken last year, I have decided that charges for vacant business properties will take effect from 1 April 2017. Charges will be introduced on the basis that vacant properties benefit from water and sewerage services and should therefore pay for them. A summary of the consultation responses will be published when the announcement is made.

In relation to unmeasured charges, I can confirm that a consultation will be launched on Thursday 30<sup>th</sup> June. This will propose that these charges are calculated relative to the current Rateable Value as assigned by the Assessor rather than historic values, and that changes are phased over a three year period. Whilst our proposals are revenue neutral, the changes will affect the charges paid by every business in Scotland. I have attached a copy of the consultation for your information.

<sup>1</sup> <http://www.gov.scot/Resource/0045/00459866.pdf>

I should be happy to answer any questions that the Committee may have in relation to these policy decisions.

Yours

Roseanna

**Roseanna Cunningham**