
Economic PERSPECTIVE

THE RESTRUCTURING AND REFORM OF THE SCOTTISH WATER INDUSTRY: A JOB HALF FINISHED

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1. Introduction

It is now over two years since the Scottish water industry underwent its most radical restructuring in half a century. During that time the three public water authorities (PWAs) have taken great steps forward in integrating and improving the separate management and operating systems inherited from their predecessors - the twelve regional and islands councils. Yet they have also been troubled by issues which have hit the headlines in the Scottish press: issues such as the water contamination incident on the outskirts of Glasgow last winter, concerns over the state of Scotland's bathing waters, the large price rises fixed by the Secretary of State, reductions in staff numbers and industrial relations difficulties which have led to strike threats by employees. The restructuring and reform of regulatory arrangements in 1996, it would appear, did not eliminate the difficulties of delivering water and sewerage services at a stroke.

The advent of a new Government, with an election commitment to conduct a thorough review of the industry, promised to address continuing public disquiet over the new institutional arrangements. In fact, the review did little to disturb the previous Government's settlement. Indeed the December 1997 announcement of its findings effectively put on hold the water industry policy debate until after the establishment of the Scottish Parliament.

Against that background this paper seeks to reopen the policy debate by analysing the political economy of the reform and restructuring process to date. After describing

the institutional changes it analyses the main benefits of reform, outlines the current challenges faced by the industry and goes on to consider the way in which the 'unfinished business' of economic regulatory reform and corporate governance might be brought to a satisfactory conclusion in the near future.

2. Restructuring and Reform

There were three main reasons underlying the Conservative Government's intention to reform the Scottish water industry in the early 1990s. First was the need to invest heavily in the infrastructure to bring Scottish water and sewerage services up to European standards. Years of under-investment had resulted in a situation in which it was estimated, in 1992, that £5 billion should be spent over 15 years to ensure compliance with European Directives on Drinking Water (80/778/EEC) and Urban Waste Water Treatment (91/271/EEC). Second was the Government's economic objective of limiting increases in the Public Sector Borrowing Requirement. Consequently they sought to restructure the industry in such a way as to lever in private sector finance to deliver this large investment programme, thereby limiting its impact on the public purse. Third, there was anecdotal evidence to suggest that the structure of the industry inherited from the 1975 local government reorganisation was too fragmented. Opportunities for exploiting considerable financial, technical and managerial economies of scale were apparently being lost.

Proposals to undertake a fundamental reform of Scottish local government provided the Government with an appropriate opportunity to re-examine institutional arrangements for the delivery of water and sewerage services. Consequently, under the terms of the Local Government etc. (Scotland) Act 1994 responsibility for these services was transferred from the nine regional and three islands councils to three new Public Water Authorities (PWAs). The Central Scotland Water Development Board was abolished, and a new economic regulatory body, the Scottish Water and Sewerage Customers Council (SWSCC), was established to protect the interests of consumers. The Secretary of State for Scotland became responsible for the appointment of all PWA and SWSCC board members, removing responsibility for these services from local government control for the first time. New pricing arrangements were put in place whereby the SWSCC was responsible, in the first instance for scrutinising and approving PWA Charges Schemes. In the

event of deadlock between these parties the Secretary of State would adjudicate.

Although privatisation of the industry was rejected, private sector involvement came about through engaging private sector firms in the financing and delivery of large infrastructure projects under the auspices of the Private Finance Initiative (PFI). This allowed authorities to stay within the External Financing Limits set by the Secretary of State, yet deliver large programmes of capital investment. Accompanying this initiative were large price rises for consumers, cushioned to a certain extent by central Government which granted Transitional Sewerage Relief on domestic bills (Table 1). Prior to reorganisation consumers had paid for water services through their council tax demands. On these, only a water charge was displayed, with the costs of sewerage being met out of general taxation. To avoid the impression that a large one-off increase in water related charges had occurred, with an aggregate water and sewerage item being displayed on council tax demands for the first time, the Government implemented the transitional subsidy arrangement. However, although overall price rises were reduced by this scheme, and although PWAs operated within strict aggregate price caps set by the Scottish Office, consumers in several areas of the country experienced double digit price rises as charge harmonisation across the new PWA regions was brought in (Tables 2a and 2b).

One of the central concerns of political opponents to restructuring was the perceived loss of accountability through the removal of locally elected councillors from water boards and their replacement by central government appointees. When in opposition the Labour party pledged, if elected, to replace unelected board members with councillors from the unitary authorities. Once in government they found an industry buoyed up and enjoying the fruits of the removal of the dead hand of local political control. Consequently their water industry review, the results of which were announced in December 1997, left the new settlement largely intact. Although a larger number of local councillors were appointed to PWA boardsⁱⁱ the new Government drew back from a return to local government control. Instead it was stated that the new Scottish Parliament would be able to revisit the arrangements, altering them if necessary.

Of more significance, however, was the recognition that the economic regulatory

framework established under the 1994 Act was not strong or sophisticated enough to cope with the reconfigured industry. Under the old arrangements the Scottish Office was ultimately responsible for economic and environmental regulation of the industry, although the environmental regulatory powers were, in part, delegated to bodies such as River Purification Boards. From 1st April 1996 environmental regulation became the responsibility of the newly created Scottish Environment Protection Agency, with the Scottish Office retaining responsibility for drinking water quality regulation only. Certain economic regulatory powers were delegated to the newly created SWSCC, although ultimate responsibility for prices and the overall macroeconomic framework within which the industry operated was retained by the Scottish Office.

This arrangement worked tolerably for the first couple of years during which agreement was reached between the PWAs and the SWSCC on price rises. In January 1998 the SWSCC, unable to reach agreement with the PWAs, referred the draft charges schemes to the Secretary of State. After consideration the draft charges schemes were accepted, with minor amendments, thereby calling into question the ability of the SWSCC to protect consumer interests. This outcome effectively underlined the need - identified in the Government's Review - for a new, more powerful, economic regulator, combining the functions of the SWSCC with some of those retained by the Scottish Office. As yet, however, the Government has not signalled when Parliamentary time might be given over to legislation to bring this about.

The Benefits of Reform

Clearly, the reforms have affected the main industry stakeholder groups in different ways. Nevertheless it is possible to identify particular developments which have benefited the majority of industry stakeholders.

Financially, all PWAs have benefited through the exploitation of economies of scale. In oral evidence given to the House of Commons Scottish Affairs Committeeⁱⁱⁱ the three PWA chief executives quantified this effect. For the East of Scotland Water Authority, Mr Rennet indicated that on the first day of its operation the Authority had an operating budget which was £1.1 million less than for the aggregated former authorities. By the end of the first year a further £6 million of savings had been made, and a target of a 26% reduction in operating

costs (in real terms) had been set for the year 2001. Similar cost savings had been made in the North and West of Scotland Authorities. In the North the cost base had been reduced by £7.5 million over two years. In the West employee costs were £4 million lower than they were in the final year of the regional councils. All authorities had also benefited from savings through bulk purchasing of pipes and power, and the contracting out of services such as vehicle maintenance.

These savings went some way to releasing additional money for capital investment, that was further invigorated through continued engagement in Private Finance Initiative (PFI) schemes. Under previous local government arrangements infrastructure investment planning was fragmented and invariably hampered by the inadequate amounts of finance made available to them by central and local government. In England and Wales, the 1989 privatisation of the regional water authorities proved to be the start of the largest programme of capital investment in its history. Consequently the Conservative Government sought to promote the same end in Scotland, where the new PWAs were of a sufficient size to maintain teams of specialist staff able to deal with the legal, administrative and financial complexities of PFI projects. Although full privatisation was rejected, the principle of private sector involvement was established in the face of opposition from the Labour, Scottish Nationalist and Liberal Democrat parties. Once in Government the Labour Party found the attractions of PFI irresistible, and encouraged the PWAs to increase the amount of private sector capital employed in the industry. Table 3a lists the size and status of the industry's PFI projects to date. This stimulus has lifted overall levels of capital investment in the Scottish Industry (Table 3b) and provided a means by which private sector expertise has been accessed by the PWAs.

One of the qualitative improvements in industry performance from the consumer's point of view has been the increased transparency of the water authorities' operations since 1996. Before reorganisation differing accounting and reporting systems made the comparative analysis of operations problematic. Although minutes of the regional and islands councils' water subcommittees and other ad hoc performance related pieces of information were notionally available to all members of the general public, access to this information was difficult to secure and the results hard to interpret. In the informational

vacuum Scottish water industry 'myths' were perpetuated by local and national politicians unable or unwilling to call into question the performance of public sector operators for whom they were ultimately responsible. One of the favourite 'myths' was the assertion that Scottish consumers enjoyed the highest quality drinking water in the UK - or indeed in Europe. Clearly, if this had indeed been the case there would have been little need for the massive programme of mains renewal and reconstruction currently being undertaken by the successor bodies. In fact water quality in Scotland, although good, was no better than that enjoyed by consumers in England and Wales. Commenting on the report "Drinking Water Quality in Scotland 1996" the Scottish Environment Minister, Lord Sewel summed up the situation as follows,

"The report published today, while not showing an overall improvement in performance, does show an improvement in some important aspects. However, the equivalent report for England and Wales, published by the Drinking Water Inspectorate in June 1997, showed an overall level of compliance with the regulations at taps in England and Wales of 99.6 per cent compared to 98.6 per cent in Scotland. 99.2 per cent of tap samples in England and Wales met the crucial microbiological standard, whereas only 97.7 per cent of samples in Scotland met this standard."

[Scottish Office News Release 1645/97, 3rd November 1997]

The foundation for improved transparency and information flows was laid by the Local Government etc. (Scotland) Act 1994. This legislation required PWAs to produce Codes of Practice (section 66), Schemes of Charges (sections 76 and 77) and audited accounts (sections 87 and 88). Reporting and information systems of the twelve predecessor bodies were consolidated by the PWAs and the task of public relations was professionalised in a way not seen before. The tangible effects of this included the publication of regular press releases, information leaflets and annual reports and accounts by each water authority. Public meetings of the water authority boards were advertised in the national press and systematic customer consultation has become a feature of their operations. In addition PWA chief executives have appeared before the House of Commons Scottish Affairs Select Committee to respond to MP's questions on the public record.

This culture of increased openness has, if anything, improved rather than diminished the authorities' public accountability. Systems of official scrutiny, in addition to those outlined above, have been opened up through the establishment of the SWSCC, its Area Committees^{iv}, and the transfer of some - but significantly not all - of the economic regulatory functions from the Scottish Office. Freed of the need to adhere to a parochial political agenda the SWSCC has been able to operate as a quasi-independent regulatory body, and has used its limited powers to obtain comparative information from the authorities to good effect. This mode of operation was not open to regional councillors - the local economic regulators - in the pre-1996 industry.

Another related benefit of reform has been the commitment on the part of the water authorities to become increasingly customer orientated. Regular reporting and liaison with customers and their watchdog, the SWSCC, has facilitated this. But it is clear that there has been a shift in the mindset of management within the industry away from producer-driven priorities - the 'producer knows best' culture - towards customer-driven priorities. Evidence for this may be found in the East of Scotland Water Authority's new customer strategy. A press release of 26/6/98 articulated this in the following way,

"The strategy will systematically change the values and culture of ESW to embrace not only customer care but also customer awareness and commitment. The key drivers behind the strategy are: customers define quality, not ESW, the provider; ESW will develop customer distinct competencies for all employees; the ultimate goal is customer loyalty, not acceptance."

[East of Scotland Water Press Release 26/6/98]

In an industry which remains dominated by engineering professionals with long experience of working in the public sector this is a radical and significant development. The momentum for this change is not all internally generated, however. Legislation, political initiatives such as the Scottish Affairs Committee scrutiny and the activities of the SWSCC in making comparisons with the PWAs' English and Welsh counterparts, all add to this development.

The sum of these gains is considerable. But not all industry stakeholders have benefited unambiguously from the reforms.

4. Current Challenges and Unfinished Business

Changes and reforms on this scale were always likely to unsettle and threaten employees working in the industry. Under the protective umbrella of local government control, the numbers working in the industry had declined only slightly in recent years, compared to the rather more dramatic falls in England and Wales (Tables 4a and 4b). On the whole the substantial job losses of the past two years have been accomplished through early retirement, natural wastage and voluntary redundancy packages^v. Industry unions did, however, threaten strike action over a pay offer of 2.5% made by the West of Scotland in late 1997. A settlement was reached after the Authority raised its offer to 3%. Across Scotland, water industry unions have expressed concern about the delinking of salaries from local government pay scales, and their negotiating position in an industry in which there is increasing private sector involvement. Generally, therefore, the environment in which employees work has become more uncertain.

On the other hand, the reduction in employee numbers and downward pressure on wages has reduced the industry's cost base quite dramatically. Ultimately this reallocation of resources should benefit the authority and the consumers it serves through the delivery of lower operating costs and charges.

Another rather unwelcome development from the industry's point of view has been the gradual ebbing away of public goodwill towards the water authorities, and confidence in their management. Despite remaining firmly within the public sector adverse political and press comment, combined with raised customer expectations have led to a souring of the relationship between customers and water authorities. Under the old local government regime failures to deliver a high quality service met with a greater degree of tolerance and understanding than was seen, for example, in the December 1997 diesel spillage episode in the West of Scotland area. In this case the fact that the water authority's chief executive was the previous head of the Strathclyde Region water department, and that the incident was clearly not caused or precipitated by the institutional changes, appeared to go over the heads of the Water Authority's media critics. It remains to be seen whether the resignation of the Authority's Chairman succeeds in bolstering public

confidence in its much-criticised senior management.

Distracted by these headline-grabbing local incidents the more fundamental policy debate appears to have been put on hold by a Government busy with other legislative priorities. Nevertheless two issues, which aroused much controversy during the early 1990s, will continue to underpin the management and regulatory difficulties experienced by the industry unless tackled by policymakers in the first year of a Scottish Parliament. These issues are economic regulation and corporate governance.

As noted earlier the 1996 settlement, in which price regulation was delegated to the SWSCC and macroeconomic / efficiency regulation left with the Scottish Office, has proved untenable. This division of responsibilities has weakened overall regulatory control by allowing Water Authorities to play one body off against the other. In the 1998/99 price settlement the Secretary of State for Scotland chose to make limited concessions to a SWSCC concerned about the effect of rapidly increasing water charges on low income households. Nevertheless the very large price rises proposed by the Authorities were permitted - almost in their entirety^{vi}. Allowing regulatees to 'second-guess' their front line regulator in this way undermines regulatory credibility and moral authority; consequently it is extremely unclear just how effective the SWSCC will be in protecting the interests of domestic customers at the time of the next price-setting exercise. Such regulatory uncertainty will have real costs for consumers.

The recommendation contained in the Government's industry Review, of establishing an independent economic regulatory body along the lines of Ofwat in England and Wales, is an important and welcome one. Accountable to the Scottish Parliament through the Scottish Executive the regulatory body's director's position would be established in statute, protecting the holder of the post from overt political interference. However without rapid implementation of this recommendation the Scottish consumer lacks an effective economic advocate and champion against the naturally monopolistic suppliers of this essential service. The risk is that insufficient pressure will be put on the Water Authorities to justify, publicly, increased charges. Long overdue debates, such as that over universal domestic metering in Scotland, will once again be stifled by a political and engineering establishment wishing to defend

and preserve the charging status quo. Government and industry will continue to set the policy agenda, and consumers will remain rather passive recipients of whatever level of service these other stakeholder groups deem appropriate.

The second piece of 'unfinished business' for policymakers is the reform of corporate governance. The removal of the industry from local government control has, on the whole, proved to be a liberating experience for managers in the industry, and it is to the credit of the new Government that - in the face of fierce political opposition - its Review did not completely reverse the changes implemented in 1996. However, it was recognised that greater freedom should be accompanied by greater accountability, and for that reason the Government increased the numbers of locally elected councillors on each of the boards.

Doubts remain, however, over whether a higher proportion of local councillors sitting on water authority boards implies greater public accountability. Under the pre-1996 arrangements this accountability link was opaque as the main election platforms of local councillors seldom contained reference to local water issues. Other issues such as housing, education, transport and health generally headed their political agendas and consumed most of their time and energies. Arguably, a new authority board, with its members selected carefully and made responsible to the Secretary of State, and through him to Parliament promises equally effective democratic control.

Ultimately, however, the argument over the number of local councillors with seats on various boards is a rather sterile one. What matters is first, whether there is a fair cross section of civic society and opinion represented on these bodies, and second, whether there are systems in place to allow consumers to communicate with their representatives. John Kay articulated the first point in a recent discussion of corporate governance of a quite different institution - the London International Financial Futures Exchange (LIFFE).

"There is no perfect solution. But we can detect some elements of the right approach. Detach councils and governing boards from day to day - or even month to month - decisions. They will inevitably undermine managerial responsibility and often degenerate into posturing by conflicting interest groups. Give strong managers

freedom to develop the business of the [LIFFE] exchange, but make sure they are periodically accountable for their success in that. And accountable to a group that includes not only the relevant interest groups, but a strong leavening of objective outsiders. The role of outsiders is less to protect the public interest, although that is relevant, but rather to prevent any interest group exerting too much or too noisy influence. That is how infrastructure assets - from water boards to universities - were generally managed before the state took control. And it often worked."

[John Kay 'A Fair Trade in Governance', Financial Times 27/5/98.]

The principle of accountability is a good one. But the new Scottish Executive and Parliament would be wrong to believe that they, or indeed local government, had any monopoly right over the corporate governance of this industry. Arguably a 'leavening' of objective outsiders on every board is an essential element of a publicly accountable Scottish water industry. And, hand-in-hand with this must come a commitment on the part of board members to be aware of the preferences and opinions of their 'constituents', whether they be voters or the disenfranchised members of society.

Conclusion

The 1996 reform of the Scottish water industry set in motion a series of changes which have, already, benefited consumers of the service. In the closing years of the century the new PWAs have an unrivalled opportunity to deliver a large, quality enhancing, investment

programme that will allow the industry to meet the increasingly strict environmental standards laid down by the European Union. However the issues of economic regulation and corporate governance threaten to undermine the gains of the past two years unless Scottish politicians renew their determination to modernise and stimulate organisations which are amongst the largest natural monopolies still operating in the public sector. It remains to be seen whether the new Scottish Executive and Parliament gives the industry the time and priority it deserves.

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APPENDIX

Table 1: Transitional Sewerage Relief £ million.

Water Authority	1996/7	1997/8	1998/9
North	22.4	14.9	7.4
East	27.3	18.2	9.0
West	40.0	26.6	13.2
Total	89.7	59.7	29.7

Source: 1996/7 Table 2.13 Departments of the Secretary of State for Scotland and the Forestry Commission (1996), The Government's Expenditure Plans 1996-7 to 1998-9, Cm 3214, HMSO Edinburgh. 1997/8 The Scottish Office. 1998/9 Scottish Water and Sewerage Customers Council. Total does not sum for 1998/9 due to rounding.

Table 2a : Percentage Increases in Net Domestic Water and Sewerage Charges for Band D Households (including Transitional Sewerage Relief).

WATER AUTHORITY AREA	% Increase 1996/7 - 1997/8	% Increase 1997/8 - 1998/9
NORTH		
Tayside	39.58	39.35
Grampian	32.23	32.95
Highland	32.23	32.95
Western Isles	16.40	21.57
Orkney	16.40	21.57
Shetland	16.40	21.57
EAST		
Borders	28.58	28.05
Forth Valley	53.89	59.34
Fife	42.36	44.15
Edinburgh & Lothians	28.58	28.05
North Lanarkshire & East Dunbartonshire	28.73	31.16
Kinross	36.55	31.84
WEST		
Dumfries & Galloway	28.73	31.16
Strathclyde	28.73	31.16

Source: Scottish Water and Sewerage Customers Council.

Notes: i) Transitional Sewerage Relief was granted for the first time in 1996/7.

Quarterly Economic Commentary

Table 2b: Net Domestic Water and Sewerage Charges for Band D Households (including Transitional Sewerage Relief).

WATER AUTHORITY AREA	Net Domestic Band D Water and Sewerage Charges		
	1996-97 £	1997-98 £	1998-99 £
NORTH			
Tayside	81.50	113.76	158.52
Grampian	97.00	128.26	170.52
Highland	97.00	128.26	170.52
Western Isles	120.50	140.26	170.52
Orkney	120.50	140.26	170.52
Shetland	120.50	140.26	170.52
EAST			
Borders	95.50	122.79	157.23
Forth Valley	52.50	80.79	128.73
Fife	71.50	101.79	146.73
Edinburgh & Lothians	95.50	122.79	157.23
North Lanarkshire & East Dunbartonshire	92.00	118.43	155.33
Kinross	81.50	111.29	146.73
WEST			
Dumfries & Galloway	92.00	118.43	155.33
Strathclyde	92.00	118.43	155.33

Source: Scottish Water and Sewerage Customers Council.

Notes:

* Transitional Sewerage Relief was granted by the Government for the first time in 1996/7.

Table 3a: The Scottish Water Industry PFI Project Progress as at 20th July 1998.

Procuring Agency	Project Name	Capital Value £ million	Status	Financial Close (expected)
North of Scotland Water Authority	Inverness main drainage / Fort William sewage treatment	45	Signed	December 1996
North of Scotland Water Authority	Dundee, Carnoustie & Arbroath waste water treatment	100	Tenders invited / negotiation	October 1998
North of Scotland Water Authority	Aberdeen, Stonehaven, Fraserburgh & Peterhead sewage and sludge treatment	80	Potential	May 1999
Total		225		
East of Scotland Water Authority	Esk Valley purification scheme	21	Tenders invited / negotiation	December 1998
East of Scotland Water Authority	Almond Valley trunk sewer & Seafeld sludge incineration	100	Tenders invited / negotiation	December 1998
East of Scotland Water Authority	Levenmouth purification scheme	47	Tenders invited / negotiation	Spring 1999
Total		168		
West of Scotland Water Authority	Dalmuir secondary sewage treatment	50	Tenders invited / negotiation	December 1998
West of Scotland Water Authority	Daldowie / Shieldhall sludge treatment centres	60	Tenders invited / negotiation	December 1998
West of Scotland Water Authority	Meadowhead, Ayr, Stevenston & Inverclyde sewage treatment	80	Potential	March 1999
Total		190		

Source: The Scottish Office.

Table 3b: Capital Investment Since Reorganisation.

	1996/7 £m	1997/8 £m	% Increase
North of Scotland	62.2	65.7	5.6
East of Scotland	83.3	84.0	0.8
West of Scotland	104.8	129.3	23.4
Total	250.3	279.0	11.5

Source: Annual Reports and Accounts.

Note: Includes infrastructure maintenance expenditure.

Table 4a: Number of Full-Time Equivalent Employees at March 31st.

Year	Scotland	Northern Ireland	England and Wales*
1983	6,121	2,605	66,551
1984	6,144	2,524	63,173
1985	6,129	2,518	59,606
1986	6,155	2,510	57,502
1987	6,182	2,605	56,774
1988	6,194	2,552	55,356
1989	6,094	2,569	54,575
1990	6,162	2,584	53,908
1991	6,229	2,598	46,436
1992	6,514	2,633	46,313
1993	6,608	2,533	45,123
1994	6,665	2,463	44,605
1995	6,653	2,418	43,650
1996	6,921	2,308	39,892
1997	6,803	2,260	37,379

Source: Waterfacts '92, Waterfacts '97

Notes:

* Figures for England and Wales post 1990 exclude NRA staff. Most of these transferred from the Regional Water Authorities in 1989. 1990 figures are averages.

Table 4b: Full-Time Equivalent Employees per Thousand Resident Population.

Year	Scotland	Northern Ireland	England and Wales*
1983	1.19	1.69	1.34
1984	1.19	1.63	1.27
1985	1.19	1.62	1.19
1986	1.20	1.60	1.15
1987	1.21	1.65	1.13
1988	1.22	1.62	1.10
1989	1.20	1.62	1.08
1990	1.21	1.63	1.06
1991	1.22	1.62	0.91
1992	1.27	1.63	0.90
1993	1.29	1.55	0.88
1994	1.30	1.50	0.86
1995	1.30	1.47	0.84
1996	1.35	1.39	0.77
1997	1.33	1.36	0.72

Source: Waterfacts '92, Waterfacts '97, Annual Abstract of Statistics 1998.

Table 5: Average (Weighted) Household Water and Bills 1998/9.

	Water and Sewerage Bills 1998/9 £
ENGLAND & WALES*	
Anglian	288
Dwr Cymru	294
North West	234
Northumbrian	228
Severn Trent	222
South West	354
Southern	257
Thames	201
Wessex	266
Yorkshire	226
SCOTLAND**	
North of Scotland	156
East of Scotland	140
West of Scotland	138

Sources:

*Ofwat (1998) 1998-99 Report on tariff structure and charges, Ofwat, Birmingham.

** Scottish Water and Sewerage Customers Council, The Scottish Office.

Notes:

*Average household bills relate to the ten water and sewerage companies only and include metered and unmetered customers. Nineteen water only companies also supply around a quarter of English and Welsh consumers. The average (weighted) water (not sewerage) bill for these consumers was £120.

** Figures derived by weighting the average council tax bill in each property band in each water authority area, by the proportion of households in each band in each area.

ⁱ Water and Sewerage in Scotland: Investing for our Future (1992).

ⁱⁱ After the Review 16 of the 33 member of the water authority boards (excluding Chief Executives) were elected local councillors.

ⁱⁱⁱ 1st April 1998.

^{iv} One for each of the three PWAs.

^v Evidence given to the Commons Scottish Affairs Select Committee by Mr Findlay - Chief Executive of the North of Scotland Water Authority - on 1st April 1998 confirmed that this had been the case. North of Scotland had shed over 100 jobs. West of Scotland had shed around 400 employees during the same period.

^{vi} In absolute terms Scottish water and sewerage charges still remain below those charged in England and Wales. Compare Table 2b with Table 5.