

R S GARROW LTD

WRITTEN SUBMISSION

Introduction

Ten years ago our R S Garrow Ltd innovation company found a shortage of housing sites in the Scottish Highlands due to the high costs of water and waste water services. We then searched out products with the technical performance to fill this gap. We now offer an established EU water directive compliant award winning drinking water processor and a range of modular waste water treatment plants with units already operating in Scotland, the UK and around the world.

Scottish Water

Here are our comments to your ICI Committee on Scottish Water's entry in the draft budget 2015-16 in the introduction to chapter 12 Infrastructure, Investment and Cities " Scottish Water has an annual turnover of some £1.2 billion, and is one of Scotland's twenty largest businesses. It employs some 3,600 staff and sustains a further 20 per cent of the Scottish civil construction industry. "We are committed to retaining Scottish Water within the public sector and supporting it to deliver its vision to be Scotland's most valued and trusted business. It is demonstrating that it is possible to deliver high quality public services at efficiency levels reached by the best of private sector comparators, whilst keeping the average household charge at £54 per annum lower than in England and Wales. Our support for Scottish Water's investment programme is key to the delivery of improvements to water and sewerage services - services which are essential for safeguarding public health and protecting our environment. "

Comparison to English and Welsh private sector operators' household charges

Scotland has eighty percent of the UK's water resources and supplies water to ten percent of the UK population. English and Welsh operators supply ninety percent of the UK population from twenty percent of the UK's water resources. Several English operators are authorised to only provide metered supplies to conserve limited raw water resources. The very different resource profiles raise a question of why Scottish charges are not materially lower than England and Wales ? £3,500million six year investment programme

As minister responsible for Scottish Water the Deputy First Minister will have signed off the £3.5billion six year investment programme for Scottish Water she announced on 29th September while very busy with her leading role in the independence referendum. In this announcement was "Drinking water improvements including at Glenlatterach (Aberdeenshire - £5.6 million), Fair Isle (£4.9 million) and South Uist (£6.8 million)."

South Uist has a resident population of about eighteen hundred people with additional tourists in the summer. South Uist has abundant rainfall and natural

environmental water. The cost of such schemes are spread over all Scottish Water drinking water customers under their harmonised (cross subsidisation) tariffs. Scottish Water's £416million cash holdings Scottish Water audited Annual Report and Accounts 2013-14 at Page 76 note 13 shows cash and cash equivalents of £416.6million at 31st March 2014 and £415.6million at 31st March 2013

Suggestions

We suggest that £416million of idle cash at Scottish Water and the fundamentally different factors at the English and Welsh water utilities used for comparison of Scottish Water's charges should trigger a review of Scottish Water's charges by parties not previously involved in the charge setting procedure. We suggest that the headline example of £6.8million to improve the water eighteen hundred people in South Uist currently use should be reviewed by parties who are not civil engineers and have not previously been involved in the procedure. A broader review including also waste water projects should follow on swiftly if this South Uist review finds, as we expect, a cheaper, lower carbon, quicker, etc. method or methods for South Uist drinking water. We suggest that £300million of the cash derived from Scottish water users be moved from Scottish Water to elsewhere in the public sector and put to use providing productive assets and employment.

R S Garrow Ltd
31 October 2014