

Prime Minister

The DoE calculate that the average domestic consumer pays about 10 p a day for his water and that a rebate of say £3 would



No mb

therefore compensate for a number's disconnection - though this of course takes no account of hardship. Do you wish to

Prime Minister

WATER CHARGES REBATE

There has been some correspondence about the basis of the rebate scheme proposed by the water industry for those consumers who were deprived of their water supply during the strike. *increase his jumper?*

It has become apparent that individual water authorities have taken local judgements about the scale of rebate to be offered in their areas. My Department has had discussions with the National Water Council and the individual authorities and has emphasised the importance of the rebate as a gesture of goodwill.

WML n/s

The scheme of which you were earlier informed rests on a minimum refund of £1 paid to any consumer who was without water for 3 or 4 days. The scale then rises to a maximum of £4 or £5. Other authorities have adopted a higher starting point and there is some variation in the minimum number of days without supply consumers have suffered before qualifying for a rebate.

The events of the last week suggest that this less-than-uniform response has not caused problems. My Department is keeping in continuing touch with each and every authority. We are reassuring Chairmen that the scale of rebates should be set at the most generous level thought to be reasonable. In cases of individual difficulty we are encouraging generosity rather than parsimony.

I am copying this to Cabinet colleagues and to Sir Robert Armstrong.

T K

10 March 1983

Local Govt,
Part of LA
Manuals, Pt 3





HU
LOCAL GOV.

10 DOWNING STREET

From the Private Secretary

14 March 1983

Water Charges Rebate

The Prime Minister was grateful for your Secretary of State's minute of 10 March, which she has noted without comment.

I am sending copies of this letter to the Private Secretaries to the other members of the Cabinet and to Richard Hatfield (Cabinet Office).

M. C. SCHOLAR

David Edmonds, Esq.,
Department of the Environment.

CONFIDENTIAL

JUL



LOCAL GOVERNMENT

10 DOWNING STREET

From the Private Secretary

2 March 1983

Dear Julian,

Water Charges Rebates

The Prime Minister has seen a copy of your Secretary of State's letter of 28 February to Mr. Giles Shaw, Parliamentary Under Secretary of State at the Department of the Environment.

The Prime Minister has commented that there is no parallel between the situation in water, and that in gas and electricity. The latter are paid for by measured use.

I am copying this letter to the Private Secretaries to the members of Cabinet and to Richard Hatfield (Cabinet Office).

Yours sincerely,

Michael Scholten

Julian West, Esq.,
Department of Energy.

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cc to

SECRETARY OF STATE FOR ENERGY
THORNHILL HOUSE SOUTH
MILLEBANK LONDON SW1P 4QJ

01-211-6402

Prime Minister

(2)

MUS 1/3

Giles Shaw Esq MP
Parliamentary Under Secretary
of State
Department of the Environment
2 Marsham Street
London
SW1P 3EB

*There is no parallel -
Gas - electricity are price fo-
by increased use
not.*

28th February 1983

Giles

WATER CHARGES REBATES

Your wrote to me on 24 February about the proposed rebate on domestic water charges for consumers deprived of supply during the recent strike.

While you say that the scheme should not be seen as a precedent elsewhere, I believe it will inevitably be so regarded if there should be a gas or electricity strike. We may or may not then be able to contain pressures for similar rebates of standing charges depending on the circumstances. However, provided colleagues accept the risk of such pressures I would not wish to oppose the proposal.

I am copying this to the Prime Minister, members of the Cabinet and Sir Robert Armstrong.

Nigel Lawson

NIGEL LAWSON

Local Govt.
Part of LA Manuals,
p. 3

Handwritten notes and a stamp. The stamp is red and contains the text: "RECEIVED" and "MAY 1963". There are also some illegible handwritten words and a small diagram with arrows.

al JV



withdrawn
by DOE

DEPARTMENT OF THE ENVIRONMENT
2 MARSHAM STREET LONDON SW1P 3EB
01-212 3434

My ref:
Your ref:

25 February 1983

Michael Scholar Esq
Private Secretary
10 Downing Street
LONDON SW1

Prime Minister

(1)

10p a day takes no account
of any reimbursement for hardship.

Agree, nevertheless, to Giles

Dear Michael

WATER CHARGES REBATES

with
rec

I understand that the Prime Minister has suggested that the water charges rebate scheme described in Mr Shaw's letter of 24 February should be based on a minimum rebate of £5.

Shaw's
proposal?

The basis of rebate proposed by the industry is a proportion of the consumer's bill to reflect the number of days he was without a piped supply. The average domestic consumer pays just under £67 per year for all the water services, and more than half of this is for sewerage and environmental services. So he pays less than 10p per day for his water. Consequently on a proportional basis the refund to many consumers would be less than £1. The water authorities are proposing that in such cases the refund would be rounded up to £1.

MU 25/2

If the minimum repayment were £5, the rebate to the average domestic customer would be equivalent to two months' charges; this is out of all proportion to the typical case of the period for which supply was discontinued. It seems entirely reasonable that there should be a link between the daily cost of water and the amount of the refunds. The water authorities are anxious to maintain this link so as not to call into question the way they are exercising their statutory powers under Section 30 Water Act 1973.

Another important consideration is that as most householders pay their water charges on a rateable value basis, there is at best only a rough link between the size of bill and water usage. Water undertakers as monopoly suppliers of the service will be able to make up any shortfall in revenue occasioned by rebates that cannot be covered by operational savings by a general increase in charges in future years. The incidence effect as between rebated customers and others might worsen rather than diminish the unfairness of the present RV based charge.

The water authorities will of course be making rebates under their normal charging powers and are fully seized of the value of very early publicity. I understand that in a number of cases plans are well advanced to announce them publicly in the very near future.

For these reasons I hope that the Prime Minister will accept that a £1 minimum rebate should be maintained.

I am copying this to the Private Secretaries to members of the Cabinet and Sir Robert Armstrong.

Yours ever

R D

R D NEVILLE-CARLE
PRIVATE SECRETARY

25 JUN 1983
FEB 1983

9 10 11 12 1
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COMMUNICATIONS



Local Govt
file Kb

10 DOWNING STREET

From the Private Secretary

25 February 1983

WATER CHARGES REBATES

Your Minister sent the Prime Minister a copy of his letter of 24 February to the Secretary of State for Energy about water charges rebates.

The Prime Minister has commented that the minimum rebate of £1 is wholly inadequate. She suggests that the minimum rebate should be £5 if possible.

M. C. SCHOLAR

Mrs. Joan Dunn,
Department of the Environment.

CONFIDENTIAL

xb

010

CC TV



DEPARTMENT OF THE ENVIRONMENT
2 MARSHAM STREET LONDON SW1P 3EB
01-212 3434

My ref:
Your ref:

The Rt Hon Nigel Lawson MP
Secretary of State
Department of Energy
Thames House South
Millbank
LONDON SW1

24 February 1983

Frankly - I think rebate is long overdue
2. I think it possible
Prime Minister
Some water rebate.

Dear Mr Lawson

ML 24/2

WATER CHARGES REBATES

During the debate on 14 February on the recent industrial action, I announced that the water industry had been asked to consider as a matter of urgency the circumstances in which it would be right to give rebates on domestic water charges where consumers had suffered clearly identified hardship.

The industry (both authorities and companies) has now come forward with its proposals. It suggests that rebates should be confined to domestic customers who were continuously deprived of a piped supply for at least a few days (those that had a piped supply but had to boil it would not qualify), and that abatement should be related to water supply charges only (not sewerage charges). The industry are also proposing a minimum rebate of £1.

In welcoming the industry's proposals, I am suggesting that all domestic customers deprived of a piped supply for the qualifying period should receive a minimum rebate of £1.

There is no legal liability on the industry to make rebates. The scheme has been developed expressly as a mark of goodwill to domestic consumers who have suffered considerable hardship as a result of the strike. In all some 84,000 customers will qualify for rebates at a total cost of £4m. The scheme should not be seen as a precedent elsewhere. As its presentational value would be greatly enhanced if notices could be issued with the annual statement of charges in March, the industry wishes to announce the proposal this week.

I am copying this to the Prime Minister, members of the Cabinet and Sir Robert Armstrong.

Joan Brown

for GILES SHAW
(Agreed by Mr Shaw and signed in his absence)

24 FEB 1983

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