



## Water bills and rateable values

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Members of the public often contact their water company or MP complaining that their water bill is much higher than their neighbour's because of differences to the rateable value of the properties.

However, rateable values cannot be changed. Opting for a water meter might be the best option for households seeking to reduce their water bill. This note explains this situation.

Please note that some help is available to those struggling to pay their water bill. See [the Standard Note on water affordability for more information](#).

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## 1 Rateable values

Rateable values were introduced in 1847 to fund large sanitation improvements.<sup>1</sup> The rateable value was an estimation of the annual rental value of the property at the time of the assessment. Valuation would have taken into account a number of factors, including the condition of the property. In that way two similar properties next to each other may have significantly different rateable values.

The last domestic property rateable value assessment happened in 1973, although amendments and additions were made up to 1990. That means that all properties built since 1990 do not have a rateable value, and that rateable values might no longer be a true reflection of a property's value.<sup>2</sup>

Rateable values have not been updated since 1990 because in that year the Community Charge (poll tax) was introduced.<sup>3</sup> This ended the use of rateable values for calculating taxes. Rateable values have not been used for anything other than calculating water bills since that time.

Water companies are allowed to use rateable values to calculate charges. It was intended that over time water companies would move to other charging methods, such as water meters, so that it did not matter that rateable values would become increasingly out of date.<sup>4</sup>

All buildings built since 1990 have a water meter.<sup>5</sup> Around 50% of homes in England and Wales will have a water meter in 2015.<sup>6</sup>

## 2 How do rateable values affect water bills?

For properties without a water meter,<sup>7</sup> water companies calculate the water bill by multiplying the rateable value by the relevant water charges. Properties with a high rateable value will pay more than properties with a low value. If two neighbouring properties had been assigned different rateable values, even if are now very similar, they will have different water bills.

Rateable values do not reflect actual water consumption. Therefore those people living in high rateable value properties but with low water consumption may have a disproportionately high water bill. Such people may be able to make significant savings by switching to a water meter. In one water company area, switching saved households an average of £100 per year.<sup>8</sup> Generally, any property owner (or occupier with a lease of more than six months) can ask for a water meter to be installed. [See here](#) for further information.

## 3 Is it possible to change a rateable value?

Rateable values are no longer calculated and water companies cannot reassess them. It is therefore not possible to change the rateable value of a property. It is not possible to appeal

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<sup>1</sup> Anna Walker, *The Independent Review of Charging for Household Water and Sewerage Services: Final Report*, December 2009

<sup>2</sup> Anna Walker, *The Independent Review of Charging for Household Water and Sewerage Services: Final Report*, December 2009

<sup>3</sup> HL Deb 22 May 1989 vol 508 cc87-138

<sup>4</sup> HL Deb 22 May 1989 vol 508 cc87-138

<sup>5</sup> All properties built since 1990 have a water meter installed.

<sup>6</sup> Water for Life, *The Water White Paper 2011* CM 8230

<sup>7</sup> Or an assessed charge if a meter cannot be installed.

<sup>8</sup> Anna Walker, *The Independent Review of Charging for Household Water and Sewerage Services: Final Report*, December 2009

a rateable value. Householders can ask the water company to check that the correct rateable value is being used to calculate water bills, although an error might not be in the householder's favour.

#### **4 Why not use Council Tax bands instead?**

Basing water bills on Council Tax banding would create its own problems. A large number of people would see their water bills go up or go down, and in an unpredictable way. These changes would not correlate well with the householder's ability to pay, so a large proportion of the poorest people would see their bills go up.<sup>9</sup>

#### **5 How can someone calculate if they will save money by switching to a meter?**

Water meter calculators can be used to estimate the impact of moving to a water meter. The Consumer Council for Water has a [water meter calculator here](#), and water companies have calculators on their websites.

Households are generally permitted to go back to an unmetered charge within 12 months if they are unhappy. [See here](#) for more information.

Other techniques for reducing water bills are described in the Standard Note on [water affordability](#).

#### **6 Further information**

The water regulator, Ofwat, provides answers to frequently asked questions on rateable values and water meters on its website. See [here](#).

Additional background information and advice on rateable values and water meters is also available from the [Consumer Council for Water](#).

Please note that help is available to those struggling to pay their water bill. See [the Standard Note on water affordability for more information](#).

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<sup>9</sup> Anna Walker, *The Independent Review of Charging for Household Water and Sewerage Services: Final Report*, December 2009