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SCOTTISH STATUTORY INSTRUMENTS

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**2006 No. 120**

**WATER SUPPLY**

**The Provision of Water and Sewerage Services  
(Reasonable Cost) (Scotland) Regulations 2006**

<i>Made</i>	- - - -	<i>8th March 2006</i>
<i>Laid before the Scottish Parliament</i>	- - - -	<i>9th March 2006</i>
<i>Coming into force</i>	- -	<i>1st April 2006</i>

The Scottish Ministers, in exercise of the powers conferred on them by section 1(3C) of the Sewerage (Scotland) Act 1968(1) and section 6(2D) of the Water (Scotland) Act 1980(2) and of all other powers enabling them in that behalf, hereby make the following Regulations:

**Citation and interpretation**

1.—(1) These Regulations may be cited as the Provision of Water and Sewerage Services (Reasonable Cost) (Scotland) Regulations 2006 and shall come into force on 1st April 2006.

(2) In these Regulations—

- “the 1968 Act” means the Sewerage (Scotland) Act 1968;
- “the 1980 Act” means the Water (Scotland) Act 1980;
- “the 2002 Act” means the Water Industry (Scotland) Act 2002 (3);
- “the 2005 Act” means the Water Services etc. (Scotland) Act 2005(4);
- “charges scheme” means a charges scheme made under section 29A of the 2002 Act(5);
- “dwelling” has the same meaning as in Part II(6) of the Local Government Finance Act 1992;
- “public sewerage system” has the same meaning as in section 29 of the 2005 Act;
- “public water supply system” has the same meaning as in section 28 of the 2005 Act;
- “sewerage charges” means charges payable under a charges scheme in respect of the provision of sewerage to, or the disposal of sewage from, a dwelling; and
- “water charges” means charges payable under a charges scheme in respect of the supply of water to a dwelling.

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(1) 1968 c. 47. Section 1(3C) was inserted by section 29 of the [Water Environment and Water Services \(Scotland\) Act 2003 \(asp 3\)](#).  
(2) 1980 c. 45. Section 6(2D) was inserted by section 29 of the [Water Environment and Water Services \(Scotland\) Act 2003 \(asp 3\)](#).  
(3) 2002 asp 3.  
(4) 2005 asp 3.  
(5) Section 29A was inserted by section 21(1) of the [Water Services etc. \(Scotland\) Act 2005 \(asp 3\)](#).  
(6) 1992 c. 14, as amended by S.I. 1993/526 and S.I. 1997/673, regulation 2.

### Reasonable Cost

2.—(1) For the purposes of section 1(3) of the 1968 Act, so far as relating to section 1(2)(a) of that Act (duty of Scottish Water to provide for sewerage of their area), the reasonable cost to Scottish Water of a connection to the public sewerage system in respect of a dwelling shall be that specified in regulation 4(1).

(2) For the purposes of section 6(2) of the 1980 Act (duty of Scottish Water to provide supply), the reasonable cost to Scottish Water of a connection to the public water supply system in respect of a dwelling shall be that specified in regulation 5(1).

### Application of the Regulations

3.—(1) These Regulations do not apply—

- (a) to a connection of a dwelling to the public sewerage system involving only the construction of a drain; or
- (b) to any element of a connection to the public sewerage system which Scottish Water requires to make in compliance with any directions given to it under section 56 of the 2002 Act so far as setting objectives of a type referred to in section 56A of that Act(7);

(2) These Regulations do not apply—

- (a) to a connection of a dwelling to the public water supply system involving only the construction of a service pipe; or
- (b) to any element of a connection to the public water supply system which Scottish Water requires to make in compliance with any directions given to it under section 56 of the 2002 Act so far as setting objectives of a type referred to in section 56A of that Act.

### Calculation of Reasonable Cost: the 1968 Act

4.—(1) The reasonable cost of a connection to the public sewerage system shall be the lower of—

- (a) the cost calculated in accordance with regulation 6; or
- (b) subject to paragraph (3), the cost as calculated in accordance with the formula specified in paragraph (2).

(2) The formula is—

$$\text{£ cost} = \frac{A}{c} \left[ 1 - \left( \frac{1}{1+c} \right)^{12} \right]$$

Where—

“A” is the average of sewerage charges calculated in accordance with the following formula—

$$A = \frac{X + Y}{2}$$

Where—

“X” is the amount specified in a charges scheme in respect of sewerage charges payable in respect of a Band B dwelling for the financial year in which the connection is requested; and

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(7) 2002 asp 3. Section 56A was inserted by section 22 of the [Water Services etc. \(Scotland\) Act 2005](#) (asp 3).

“Y” is the amount specified in a charges scheme in respect of sewerage charges payable for a Band C dwelling for the financial year in which the connection is requested; and

“c” is 3.75%(8).

(3) Where a connection to the public sewerage system will serve more than one dwelling, the reasonable cost calculated in accordance with the formula specified in paragraph (2) shall be multiplied by the number of dwellings to be served by the connection.

#### **Calculation of Reasonable Cost: the 1980 Act**

5.—(1) The reasonable cost of a connection to the public water supply system shall be the lower of—

- (a) the cost calculated in accordance with regulation 7; or
- (b) subject to paragraph (3), the cost as calculated in accordance with the formula specified in paragraph (2).

(2) The formula is—

$$\text{£ cost} = \frac{A}{c} \left[ 1 - \left( \frac{1}{1+c} \right)^{12} \right]$$

Where

“A” is the average of water charges calculated in accordance with the following formula—

$$A = \frac{X + Y}{2}$$

Where—

“X” is the amount specified in a charges scheme in respect of water charges payable in respect of a Band B dwelling for the financial year in which the connection is requested;

“Y” is the amount specified in a charges scheme in respect of water charges payable in respect of a Band C dwelling for the financial year in which the connection is requested; and

“c” is 3.75%.

(3) Where a connection to the public water supply system will serve more than one dwelling, the reasonable cost calculated in accordance with the formula specified in paragraph (2), shall be multiplied by the number of dwellings to be served by the connection.

#### **Calculation of the cost of a connection: the 1968 Act**

6.—(1) Subject to paragraph (2), when calculating the cost of a connection to the public sewerage system, including a connection that serves more than one dwelling, account shall be taken only of the costs reasonably and necessarily incurred in making the connection, including—

- (a) the costs of the provision of such other infrastructure as Scottish Water considers reasonable and necessary in consequence of the connection; and
- (b) such other costs as Scottish Water considers reasonable and necessary in consequence of the connection.

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(8) The figure of 3.75% represents the real cost of capital allowed for by the Water Industry Commission for Scotland in its determination made on 30th November 2005 under section 29B(1)(a) of the [Water Services etc. \(Scotland\) Act 2005](#) (asp 3).

- (2) No account shall be taken of—
- (a) any part of a connection that relates to the matters referred to in regulation 3(1); and
  - (b) any charge which is payable under a charges scheme in respect of the making of a connection to the public sewerage system.

**Calculation of the cost of a connection: the 1980 Act**

7.—(1) Subject to paragraph (2), when calculating the cost of a connection to the public water supply system, including a connection that serves more than one dwelling, account shall be taken only of the costs reasonably and necessarily incurred in making the connection, including—

- (a) the costs of the provision of such other infrastructure as Scottish Water considers reasonable and necessary in consequence of the connection; and
- (b) such other costs as Scottish Water considers reasonable and necessary in consequence of the connection.

- (2) No account shall be taken of—
- (a) any part of a connection that relates to the matters referred to in regulation 3(2); and
  - (b) any charge which is payable under a charges scheme in respect of the making of a connection to the public water supply system.

St Andrew's House, Edinburgh  
8th March 2006

*RHONA BRANKIN*  
Authorised to sign by the Scottish Ministers

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

Section 1 of the Sewerage (Scotland) Act 1968 and section 6 of the Water (Scotland) Act 1980 respectively require Scottish Water to make new connections to the public sewerage and water supply systems where it is possible to do so at reasonable cost. These Regulations make provision in relation to the calculation of reasonable cost for the purposes of those sections.

Regulation 2 makes provision for the reasonable cost of a connection to the public sewerage and water supply systems.

Regulation 3 specifies the connections to the public sewerage and water supply systems, respectively, to which these Regulations do not apply.

Regulations 4(1) and 5(1), respectively, set out how the reasonable costs of a connection to the public sewerage and water supply systems is to be calculated. The reasonable cost is the lower of the cost calculated in accordance with regulation 6 or 7, or in accordance with the formula specified in regulation 4(2) or 5(2) (where appropriate, as read with regulation 4(3) or 5(3)).

Regulations 6 and 7 specify the matters to be taken into, or left out of, account when calculating the cost of a connection, respectively, to the public sewerage and water supply systems.