

## **Executive Note**

The Water and Sewerage Services Undertaking (Lending by the Scottish Ministers) Order 2008 (S.S.I 2008/44).

The above instrument was made in exercise of the powers conferred by section 14(2) of the Water Services etc. (Scotland) Act 2005. The instrument is subject to negative resolution procedure.

### **Policy Objectives**

Following the Water Services etc. (Scotland) Act 2005, Scottish Water set up a wholly owned subsidiary, Scottish Water Business Stream (Business Stream), to compete in the non-domestic retail water market. Business Stream has been awarded a license by the Water Industry Commission for Scotland. To enable there to be sufficient separation from the wholesale business, a wholly owned intermediate holding company, Scottish Water Business Stream Holdings, was also established.

The purpose of the instrument is to enable Scottish Ministers to lend sums, of such amounts as they may determine, directly to Business Stream and Scottish Water Business Stream Holdings rather than routing this lending through Scottish Water, which is the situation at present. The lending by Scottish Ministers to Business Stream and Scottish Water Business Stream Holdings will therefore replace the current lending by Scottish Water and further demonstrate the separation of Business Stream from Scottish Water. The lending will be at commercial rates to ensure a level playing field in the competitive retail market. The lending is required to enable Business Stream to undertake the activities covered by its license to allow it to function as an effective business.

### **Consultation**

The following bodies have been consulted during the preparation of the instrument:

Scottish Water

Scottish Water Business Stream Holdings

Scottish Water Business Stream

### **Financial Effects**

The instrument enables Scottish Ministers to lend to Scottish Water Business Stream and Scottish Water Business Stream Holdings. The lending by Scottish Ministers will replace the lending by Scottish Water, who will repay these amounts to Scottish Ministers. As a result there are no overall financial effects on the Scottish Government. There are no financial effects on local government or on business.

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