

## **POLICY NOTE**

### **THE PROVISION OF WATER AND SEWERAGE SERVICES (REASONABLE COST) (SCOTLAND) REGULATIONS 2015**

#### **S.S.I. 2015/79**

1. The above instrument was made in exercise of powers conferred by section 1(3C) and (3D) of the Sewerage (Scotland) Act 1968 and section 6(2D) and (2E) of the Water (Scotland) Act 1980. The instrument is subject to the negative procedure.

#### **Policy objectives**

2. These Regulations help to determine what is a reasonable cost for the purposes of the duties of Scottish Water to take pipes affording a supply of wholesome water (where required for domestic purposes) and public sewers to such points as will enable connections to be made.

3. Part 2 makes provision for determining the reasonable cost of taking pipes affording a supply of water to such points as will enable a building (or part of it) to be connected pursuant to the duties of Scottish Water in section 6(1) and (2) of the Water (Scotland) Act 1980. If taking the pipes to those points would exceed a reasonable cost, then Scottish Water is not required to do anything pursuant to that section.

4. Part 3 makes provision for determining the reasonable cost of taking public sewers to such points as will enable owners of premises (or part of them) to connect their drains or private sewers pursuant to the duties of Scottish Water in section 1(1) and (2) of the Sewerage (Scotland) Act 1968. If taking the public sewers to those points would exceed a reasonable cost, then Scottish Water is not required to do anything pursuant to that section.

5. The cost to Scottish Water in each case is determined to be reasonable cost if it does not exceed the threshold amount which is calculated using the relevant formula for that case. The amount determined by each formula equates broadly to the economic value of new connections resulting from the extension of the public water supply and sewerage networks.

#### **Consultation**

6. Scottish Water and the Water Industry Commission for Scotland were consulted and provided significant input on the proposals as they developed, and were content with the proposals. The Drinking Water Quality Regulator and Citizens Advice Scotland were also content. A targeted consultation of stakeholders and developers was undertaken, in particular with Homes for Scotland, who represent who represent companies and organisations which together deliver 95% of new homes built for sale each year and a significant proportion of affordable housing. No objections to the proposals were received.

## **Financial effects**

7. These Regulations (“the 2015 Regulations”) revoke and replace the Provision of Water and Sewerage Services (Reasonable Cost) (Scotland) Regulations 2011 (“the 2011 Regulations”).

8. The 2011 Regulations contained tables showing the baseline maximum cost of connection to the public water and sewerage networks for dwellings and non-dwellings. These baselines were based on forecast charges, as set out in the Final Determination of Charges as published by the Water Industry Commission for Scotland, but they still needed to be adjusted for inflation to calculate the reasonable cost thresholds for a given year. Rather than provide a further set of such tables, the 2015 Regulations contain formulae which set out how the reasonable cost thresholds are to be calculated for each connection year from 1 April 2015 onwards using published charge information.

9. In practice, the forecast charge used for the baseline thresholds in the 2011 Regulations was different from that actually charged because charge increases were lower than anticipated in the Final Determination and because of some rebalancing of the charges between the water and sewerage services to better reflect the costs of providing services. Going forward, the reasonable cost thresholds calculated using the formulae in the 2015 Regulations will align with the actual charges – any increase in charges will be reflected in a similar increase in the threshold. In consequence, the thresholds for year beginning 1 April 2015 will be slightly lower than the corresponding thresholds for the preceding year. For example, for a dwelling, the combined total of the reasonable cost thresholds (for taking both pipes and public sewers to the points required) will be about £12 lower. For each subsequent year (from 1 April 2016 onwards), the reasonable cost thresholds (derived from the formulae) should correspond more closely to the average charge for relevant water and sewerage services for that particular year. As noted above, consultees have been made aware of, and have expressed no objections to, these changes.

## **Diversity and environmental impact**

10. The Regulations have no diversity or environmental impact implications.

Climate Change and Water Industry Division  
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