POLICY NOTE

THE WATER AND SEWERAGE SERVICES UNDERTAKING (BORROWING) (SCOTLAND) ORDER 2020

SSI 2020/341

The above instrument was made in exercise of the powers conferred by section 14(2) of the Water Services etc. (Scotland) Act 2005 (the "**2005 Act**")

Section 14(2) of the the 2005 Act provides that Scottish Water Business Stream and its holding company Scottish Water Business Stream Holdings(together the undertaking established by Scottish Water for the purposes of section 13 of the 2005 Act) may only borrow money from Scottish Ministers or from any other persons in the circumstances specified by the Scottish Ministers in an order. This order made under section 14(2) specifies that the undertaking may borrow from Scottish Water or a subsidiary of Scottish Water to enable it to carry out its authorised activities. Those activities are those licensed under section 6 (1) and (3) of the 2005 Act, and those in which it engages by virtue of section 13(7) of the 2005 Act. These are the provision of water and waste water retail services in Scotland and England.

Policy Objectives

There is an existing order under section 14(2) in force which specifies the circumstances in which money can be borrowed from the Scottish Ministers and was prepared for the establishment of Business Stream in 2008, which was financed through borrowing from the Scottish Ministers. Financing of Business Stream is now to be enabled to be conducted within the Scottish Water Group by means of transactions between its subsidiary companies. This order will therefore specify the circumstances in which the undertaking may borrow from persons other than Scottish Ministers, and will allow lending to be made available to Business Stream Holdings and Business Stream from Scottish Water or a subsidiary of Scottish Water, to ensure Business Stream can continue to carry out its authorised activities.

Consultation

Scottish Water and its subsidiaries along with the Water Industry Commission for Scotland have been consulted closely. No wider public consultation was carried out.

Financial Effects

There is no impact to the Scottish Budget, lending made under this order will come from within the Scottish Water Group.

Impact Assessments

No impact assessments were deemed relevant to this order.

The Cabinet Secretary for Environment, Climate Change and Land Reform confirms that no BRIA is necessary as the instrument has no financial effects on the Scottish Government, local government or on business.

Scottish Government
Directorate for Energy and Climate Change

29/10/2020