

## **EXPLANATORY MEMORANDUM TO**

### **The Grants to Water and Sewerage Undertakers Order (Northern Ireland) 2022**

#### **SR 2022 No. 23**

#### **1. Introduction**

- 1.1 This Explanatory Memorandum has been prepared by the Department for Infrastructure to accompany the Grants to Water and Sewerage Undertakers Order (Northern Ireland) 2022 which is laid before the Assembly in draft.
- 1.2 The Statutory Rule is made under Article 213 of the Water and Sewerage Services (Northern Ireland) Order 2006 (“the 2006 Order”), as amended by the Water and Sewerage Services Act (Northern Ireland) 2016 (“the 2016 Act”) and is subject to draft affirmative resolution.
- 1.3 The Rule is due to come into operation on 1 March 2022.

#### **2. Purpose**

- 2.1 The purpose of the Order is to amend Article 213 of the 2006 Order to extend the period during which the Department for Infrastructure may pay a subsidy to the water and sewerage undertaker in lieu of charges for domestic water and sewerage services until 31 March 2027.

#### **3. Background**

- 3.1 Since 2007, the Northern Ireland Executive has paid a subsidy to NI Water in lieu of domestic water charges. At its meeting on 7 October 2021, the Executive agreed to the continuation of the current policy on domestic water charging and agreed to the making of a statutory rule to extend the Department’s power to pay a subsidy in lieu of domestic water charges.
- 3.2 The Order extends the period during which the subsidy may be paid to NI Water, being a water and sewerage undertaker, to 31 March 2027. This will allow the next Executive a period of time to review the current policy not to introduce separate household payments for water and sewerage services, and to consider the future funding of water and sewerage services.
- 3.3 The 2016 Act amended the 2006 Order to extend the period during which a subsidy may be paid until 31 March 2017. The 2016 Act also amended Article 213 of the 2006 Order to enable the Department to extend the power to pay a subsidy to a water and sewerage undertaker, on behalf of domestic customers, by subordinate legislation.

3.4 Article 213 of the 2006 Order enables the Department to make grants to the water and sewerage undertaker for the purpose of defraying or contributing towards any costs the undertaker may incur, or losses it may sustain.

3.5 Subsequently, Article 2 of the Grants to Water and Sewerage Undertakers Order (Northern Ireland) 2017 extended the current power to pay a subsidy to a water and sewerage undertaker to 31 March 2022. This Order extends that date further to 31 March 2027.

#### **4. Consultation**

4.1 The Department consulted on the 2016 Act and the policy relating to the continuation of the policy on domestic water charging from 5 June 2014 for a 12-week public consultation period. The majority of consultees who responded to the question on the continuation of the policy on water charging, were in favour of the policy and of the provision of subsequent powers to continue the payment of a subsidy further through subordinate legislation. As this statutory rule is continuing the implementation of an existing policy, no further consultation was deemed necessary.

#### **5. Regulatory Impact**

5.1 The Department has carried out a screening exercise on the proposed legislative provisions against the criteria for regulatory impact. A Regulatory Impact Assessment does not have to be undertaken for “proposals which do not have an impact (positive or negative) on the wider business community”. Therefore, as the proposals relate to domestic users of water and sewerage services, a full Regulatory Impact Assessment is not required.

#### **6. Rural Needs Impact**

6.1 A Rural Needs Impact Assessment has been carried out and the current policy applies equally to every domestic water and sewerage customer in Northern Ireland, whether rural or urban. Therefore, the policy does not disadvantage the rural community.

#### **7. Financial Implications**

7.1 In 2020/21, the Department paid a subsidy of £314.3 million to NI Water, being a water and sewerage undertaker. Subsidy payments for 2021-2022 are profiled to amount to c. £348 million with similar and increasing payments for the next five years.

#### **8. Section 24 of the Northern Ireland Act 1998**

8.1 Consideration has been given to compliance with section 24 of the Northern Ireland Act 1998. No human rights issues have been identified by the Department.

#### **9. Equality Impact**

*This Explanatory Memorandum refers to the Grants to Water and Sewerage Undertakers Order  
(Northern Ireland) 2022 S.R.*

9.1 Consideration has been given to Section 75 of the Northern Ireland Act 1998. An equality impact screening assessment has been completed which identified no impacts on Section 75 groups. Therefore, a full Equality Impact Assessment is not considered necessary.

**10. Additional Information**

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None.