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STATUTORY INSTRUMENTS

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**2024 No. 229**

**The Water Industry (Special Administration)  
(England and Wales) Rules 2024**

**PART 3**

**ADMINISTRATION: APPLICATION OF PART 3 OF THE 2016 RULES**

**Proposed administrator’s statement and consent to act (rule 3.2)**

**34.** Rule 3.2 has effect as if, in paragraph (1)(g), for “person by whom the appointment is made” to the end there were substituted “applicant”.

**Administration application (paragraph 12 of Schedule B1)**

**35.** Rule 3.3 has effect as if for that rule there were substituted—

**“Special administration application (paragraph 12 of Schedule B1)**

**3.3.—**(1) An application for an order for special administration (“the application”) under section 24 of the 1991 Act in relation to a company must—

- (a) be headed “Special administration application”;
- (b) identify, immediately below the heading, the company to which the application relates;
- (c) contain a statement identifying—
  - (i) whether the application is being made by the relevant authority or the Water Services Regulation Authority (“the applicant”); and
  - (ii) whether the company to which the application relates is a relevant undertaker or a qualifying water supply licensee;
- (d) include the applicant’s name and address for service; and
- (e) contain details of any issued and called-up capital, the number of shares into which the capital is divided, the nominal value of each share and the amount of capital paid up or treated as paid up.

(2) If the applicant is the Water Services Regulation Authority, the application must state that it is made with the consent of the relevant authority.

(3) If the application relates to a qualifying water supply licensee whose licence gives it a supplementary authorisation, the application must contain a statement that the Secretary of State or the Water Services Regulation Authority (as the case may be) has consulted the Welsh Ministers.

(4) The application must—

- (a) specify the name and address of the person, or of each person, proposed for appointment as special administrator;

- (b) state that the applicant believes that, for the reasons set out in the witness statement supporting the application, one or more of the grounds for making a special administration order specified in section 24(2) of the 1991 Act is satisfied;
  - (d) contain a statement that the applicant requests the court—
    - (i) to make a special administration order in relation to the company;
    - (ii) to appoint the proposed person to be special administrator; and
    - (iii) to make such ancillary order as the applicant may request, and such other order as the court thinks appropriate.
- (5) The application must be authenticated by the applicant or the applicant’s solicitor and dated.”.

**Witness statement in support of administration application (rule 3.6)**

**36.** Rule 3.6 has effect as if—

- (a) for paragraphs (1) to (3) there were substituted—

“(1) A special administration application must be supported by a witness statement.

(2) The witness statement must state the nature of the authority of the person making it and the means of that person’s knowledge of the matters to which the witness statement relates.

- (3) The witness statement must, to the best of the applicant’s knowledge or belief—

- (a) state whether the company that is the subject of the application is a relevant undertaker, or a qualifying water supply licensee;
- (b) state which of the grounds set out in section 24(2) of the 1991 Act the applicant believes are satisfied in relation to the company and the reasons for that belief;
- (c) contain a statement of the company’s financial position, setting out the assets and liabilities of the company, including contingent and prospective liabilities;
- (d) contain details of any security known or believed to be held by creditors of the company, and whether in any case the security is such as to confer power on the holder to appoint an administrative receiver;
- (e) contain details of any notice served in accordance with section 26(1)(c) of the 1991 Act by any person intending to enforce a security over the company’s property;
- (f) contain details of any step taken to enforce such a security;
- (g) contain details of any insolvency proceedings in relation to the company, including any petition that has been presented for the winding up of the company;
- (h) contain, where it is intended to appoint a number of persons as special administrators, a statement of the matters relating to the exercise of their functions set out in paragraph 100(2) of Schedule B1;
- (i) state any other matters which, in the applicant’s opinion, will assist the court in deciding whether to make an order for special administration.”;

- (b) paragraphs (4) and (5) were omitted.

**Service of application (rule 3.8)**

**37.** Rule 3.8 has effect as if—

- (a) paragraph (2) were omitted;
- (b) in paragraph (3)—
  - (i) in the opening words, the words in brackets after “following” were omitted;
  - (ii) for sub-paragraph (za) to the end, there were substituted—
    - “(a) the company;
    - (b) any person who has appointed, or is or may be entitled to appoint, an administrative receiver in relation to the company;
    - (c) if an administrative receiver has been appointed, the administrative receiver;
    - (d) if a petition is pending for the winding up of the company, the petitioner;
    - (e) the person, or each person, proposed for appointment as special administrator;
    - (f) the Environment Agency or Natural Resources Wales (as applicable);
    - (g) the Consumer Council for Water;
    - (h) the Chief Inspector of Drinking Water;
    - (i) if the applicant is the relevant authority, the Water Services Regulation Authority;
    - (j) if the applicant is the Water Services Regulation Authority, the relevant authority;
    - (k) if the company is a qualifying water supply licensee whose licence gives it a supplementary authorisation, the Welsh Ministers;
    - (l) any creditor who has served notice in accordance with section 26(1)(c) of the 1991 Act of the creditor’s intention to enforce the creditor’s security over property of the company.”.

**The order (rule 3.13)**

38. Rule 3.13 has effect as if, in paragraph (1), sub-paragraphs (h) and (i) were omitted.

**Notice of administration order (rule 3.15)**

39. Rule 3.15 has effect as if, after paragraph (2), there were inserted—

- “(2A) The applicant must as soon as reasonably practicable deliver a copy of the order—
- (i) where the relevant authority was the applicant, to the Water Services Regulation Authority; or
  - (ii) where the Water Services Regulation Authority was the applicant, to the relevant authority.”.

**Publication of administrator’s appointment (rule 3.27)**

40. Rule 3.27 has effect as if, in paragraph (3)—

- (a) in sub-paragraph (d), “and” were omitted;
- (b) after sub-paragraph (e), there were inserted—
  - “(f) any person who has appointed, or is or may be entitled to appoint, an administrative receiver in relation to the company;
  - (g) the Environment Agency or Natural Resources Wales (as applicable);

- (h) the Consumer Council for Water;
- (i) the Chief Inspector of Drinking Water; and
- (j) any creditor who has served notice in accordance with section 26(1)(c) of the 1991 Act of the creditor’s intention to enforce the creditor’s security over property of the company.”.

**Moratorium (rule 3.27A)**

41. Chapter 5 of Part 3 has effect as if, after rule 3.27, there were inserted—

**“Moratorium**

**3.27A.** Where an application is made under paragraph 43 (moratorium on other legal process) of Schedule B1

- (a) the applicant must, within two working days of making the application, serve notice of the application on—
  - (i) the relevant authority, and
  - (ii) the Water Services Regulation Authority; and
- (b) the relevant authority and the Water Services Regulation Authority may make representations concerning the application to the court by—
  - (i) filing written submissions to the court, and
  - (ii) appearing at any hearing concerning the application.”.

**Statement of affairs: release from requirement and extension of time (rule 3.33)**

42. Rule 3.33 has effect as if—

- (a) in paragraph (5), for “the administrator” there were substituted “the interested parties”;
- (b) in paragraph (6)—
  - (i) in the opening words, for “The administrator” there were substituted “An interested party”;
  - (ii) in sub-paragraph (a), for “the administrator” there were substituted “the interested party in question”;
- (c) for paragraph (7) there were substituted—

“(7) If a report is filed by an interested party, the interested party in question must deliver a copy of the report to the applicant and each other interested party, not later than five business days before the hearing.”;
- (d) in paragraph (8), for “the administrator” there were substituted “the interested parties”;
- (e) after paragraph (8), there were inserted—

“(9) For the purposes of this rule, each of the relevant authority, the Water Services Regulation Authority and the special administrator is an “interested party”, and “the interested parties” means each of them.”.

**Administrator’s proposals: additional content (rule 3.35)**

43. Rule 3.35 has effect as if—

- (a) in paragraph (1)—

- (i) in the opening words, after “delivered to” there were inserted “the relevant authority, the Water Services Regulation Authority,”;
- (ii) in sub-paragraph (b)(ii), “or appointment” were omitted;
- (iii) in sub-paragraph (j)(ii)(cc)—
  - (aa) “, before the proposals are approved,” were omitted; and
  - (bb) for “rule 3.60(6)(b)” there were substituted “3.60(6)(a)(ii)”;
- (iv) sub-paragraph (k) were omitted;
- (v) in sub-paragraph (l)(ii), “, if the administrator’s proposals are approved,” were omitted;
- (vi) sub-paragraph (m) were omitted;
- (b) for paragraph (9) there were substituted—
  - “(9) The document containing the statement of proposals must include a statement that the basis of the special administrator’s remuneration is by reference to the time properly given by the special administrator and the special administrator’s staff in attending to matters arising in the special administration; and”;
- (c) paragraph (10)(b)(ii) were omitted.

**Administrator’s proposals: statement of pre-administration costs (rule 3.36)**

44. Rule 3.36 has effect as if, in paragraph (c), for “paragraph 3(1) of Schedule B1” to the end there were substituted “section 23 of the 1991 Act”.

**Advertising administrator’s proposals and notices of extension of time for delivery of proposals (paragraph 49 of Schedule B1) (rule 3.37)**

45. Rule 3.37 has effect as if for paragraph (2) there were substituted—

“(2) Where, on an application by the special administrator under paragraph 107 of Schedule B1, the court orders an extension of the period in paragraph 49(5) of Schedule B1 for delivering copies of the statement of proposals, the special administrator must as soon as reasonably practicable after the making of the order deliver a notice of the extension to—

- (a) the creditors of the company;
- (b) the members of the company of whose address the special administrator is aware;
- (c) the registrar of companies;
- (d) the relevant authority; and
- (e) the Water Services Regulation Authority.”.

**Administrator’s proposals: revision (rule 3.42)**

46. Rule 3.42 has effect as if for that rule there were substituted—

**“Special administrator’s proposals: revision**

**3.42.—**(1) Where paragraph 54(1) of Schedule B1 applies, the special administrator’s revised proposals must identify the proceedings and include—

- (a) any other trading names of the company;
- (b) details of the special administrator’s appointment, including—
  - (i) the date of the appointment, and

- (ii) the person who made the application for the appointment;
  - (c) details of the directors and secretary and details of any shareholdings in the company which they may have;
  - (d) a summary of the original proposals and the reason or reasons for the revised proposals;
  - (e) details of the revised proposals, including details of the special administrator’s assessment of the likely impact of the revised proposals upon creditors generally or upon each class of creditor;
  - (f) where the revised proposals relate to the ending of the special administration by a creditors’ voluntary winding up and the nomination of a person to be the liquidator of the company—
    - (i) details of the proposed liquidator,
    - (ii) where applicable, the declaration required by section 231 of the Act, and
    - (iii) a statement that the creditors may nominate a different person as liquidator in accordance with paragraph 83(7)(a) of Schedule B1 and rule 3.60(6)(a)(ii); and
  - (g) any other information that the special administrator thinks necessary.
- (2) In accordance with paragraph 54(2) of Schedule B1, the special administrator must send a copy of the revised proposals to the persons set out in that paragraph within 14 days of the date of the special administrator’s revision of those proposals.
- (3) A notice under paragraph 54(4) of Schedule B1 must—
- (a) be advertised in such manner as the special administrator thinks fit as soon as reasonably practicable after the special administrator has sent the revised proposals to the creditors; and
  - (b) state that members may request in writing a copy of the revised proposals, and state the address to which to write.
- (4) As soon as reasonably practicable after sending the copy of the revised proposals, the special administrator must deliver a copy to the registrar of companies accompanied by a notice which must contain—
- (a) identification details for the proceedings; and
  - (b) the date of the revised proposals.”.

### **Creditors’ decision for the nomination of alternative liquidator (rule 3.42A)**

**47.** Chapter 7 of Part 3, so far as, by virtue of this Part, it applies for the purposes of these Rules, has effect as if, after rule 3.42, there were inserted—

#### **“Creditors’ decision for the nomination of alternative liquidator**

**3.42A.**—(1) Where, under rule 3.35(1)(j)(ii) or rule 3.42(1)(f), the special administrator has proposed that the special administration will end by the company’s entering creditors’ voluntary liquidation, the special administrator must, in the circumstances detailed in paragraph (2), seek a decision from the company’s creditors for the purpose of nominating a person other than the person named as the proposed liquidator in the special administrator’s proposals or revised proposals.

(2) The special administrator must seek a decision from the company's creditors where such decision is requested by creditors of the company whose debts amount to at least 10 per cent of the total debts of the company.

(3) The request for a decision from the company's creditors for the purpose set out in paragraph (1) must be made within eight days of the date on which the special administrator's statement of proposals is delivered, or, where revised proposals have been sent out relating to the ending of the special administration by a creditors' voluntary liquidation, within eight days of the date on which the revised proposals are delivered.

(4) A request under this rule must include—

(a) a statement of the requesting creditor's claim, together with—

(i) a list of the creditors concurring with the request, and of the amounts of the debts respectively owed to them in the special administration; and

(ii) from each creditor concurring, written confirmation of that creditor's concurrence; or

(b) a statement of the amount of the debt owed to the requesting creditor and that that alone is sufficient without other creditors.

(5) Where a decision has been requested under this rule, the expenses of the requisitioned decision must be paid either, if the creditors so decide, as an expense of the special administration, or otherwise by the requesting creditor.

(6) A decision requested under this rule must be reached within 21 days of the special administrator's receipt of the notice requesting the decision procedure.”.

### **Order of priority (rule 3.51)**

48. Rule 3.51 has effect as if, in paragraph (2)—

(a) in sub-paragraph (c)—

(i) “where an administration order was made” were omitted;

(ii) for “costs of the applicant” there were substituted “costs of the applicant for the special administration order”;

(b) sub-paragraph (d) were omitted;

(c) for sub-paragraph (g), there were substituted—

“(g) any necessary disbursements by the special administrator in the course of the special administration (but not including any payment of corporation tax in circumstances referred to in sub-paragraph (j) below);”.

### **Pre-administration costs (rule 3.52)**

49. Rule 3.52 has effect as if, for that rule, there were substituted—

#### **“Pre-special administration costs (rule 3.52)**

**3.52.—**(1) Where the special administrator has made a statement of pre-special administration costs under rule 3.35(10)(a), the special administrator must apply to the court for a determination as to whether, and to what extent, the unpaid pre-special administration costs are approved for payment.

(2) The special administrator must deliver at least 14 days' notice of an application under paragraph (1) to such of the company's creditors as the court may direct, and those creditors may nominate one or more of their number to appear or be represented at the application.

(3) The court may, if it appears to be a proper case, order the costs of the application, including the costs of any creditor appearing or being represented, to be paid as an expense of the special administration.”.

**Administrator’s application for order ending administration (paragraph 79 of Schedule B1) (rule 3.57)**

**50.** Rule 3.57 has effect as if—

(a) for paragraphs (1) and (2) there were substituted—

“(1) An application to court under paragraph 79 of Schedule B1 for an order ending a special administration must—

(a) where the applicant is the special administrator, be accompanied by a progress report for the period since—

(i) the last progress report (if any), or

(ii) if there has been no previous progress report, the date on which the company entered special administration, and

(iii) a statement indicating what the special administrator thinks should be the next steps for the company;

(b) where the applicant is the relevant authority or the Water Services Regulation Authority, be accompanied by—

(i) a witness statement explaining why the applicant believes that there is no longer a need to pursue the purpose of the special administration;

(ii) either—

(aa) a progress report, or

(bb) an explanation of why there is no progress report; and

(iii) a statement indicating what the applicant thinks should be the next steps for the company.

(2) Where an application under this rule is to be made—

(a) the applicant must deliver notice to the other interested parties; and

(b) notice of the application must be delivered at least five business days before the application is made.”; and

(b) after paragraph (2), there were inserted—

“(2A) The application under this rule must be accompanied by—

(a) a statement that notice has been delivered in accordance with paragraph (2); and

(b) a copy of any response to that notice.

(2B) In paragraph (2), each of the relevant authority, the Water Services Regulation Authority and the special administrator is an “interested party.”.

**Notice by administrator of court order (rule 3.59)**

**51.** Rule 3.59 has effect as if—

(a) in sub-paragraph (b), “and” were omitted;

(b) after sub-paragraph (b), there were inserted—

“(ba) the relevant authority and the Water Services Regulation Authority; and”.



**Moving from administration to creditors' voluntary winding up (paragraph 83 of Schedule B1) (rule 3.60)**

52. Rule 3.60 has effect as if—

- (a) in paragraph (2)(b), there were omitted “the appointment or” and “, as the case may be”;
- (b) for paragraph (6) there were substituted—
  - “(6) For the purposes of paragraph 83(7)(a) of Schedule B1—
    - (a) a person is nominated by the creditors as liquidator by—
      - (i) their approval of the statement of the proposed liquidator in the special administrator’s proposals or revised proposals; or
      - (ii) their nomination of a different person, through a decision procedure under rules 3.35(1)(j)(ii)(cc) and 3.42A;
    - (b) the creditors’ approval is deemed to have been given under sub-paragraph (a)(i) where no decision procedure is sought under rules 3.35(1)(j)(ii)(cc) and 3.42A.”;
- (c) after paragraph (7), there were inserted—
  - “(8) The Water Services Regulation Authority must notify the relevant authority before consenting to the special administrator delivering to the registrar of companies a notice of moving from special administration to creditors’ voluntary liquidation.”.

**Moving from administration to dissolution (paragraph 84 of Schedule B1) (rule 3.61)**

53. Rule 3.61 has effect as if—

- (a) for paragraph (5) there were substituted—
  - “(5) Where the court makes an order under paragraph 84(7) of Schedule B1, it must—
    - (a) where the applicant is the special administrator, deliver a copy of the order to the relevant authority and the Water Services Regulation Authority;
    - (b) where the applicant is the relevant authority, deliver a copy of the order to the special administrator and the Water Services Regulation Authority; or
    - (c) where the applicant is the Water Services Regulation Authority, deliver a copy of the order to the special administrator and the relevant authority.”;
- (b) after paragraph (6), there were inserted—
  - “(7) The Water Services Regulation Authority must notify the relevant authority before consenting to the special administrator delivering to the registrar of companies a notice of moving from special administration to dissolution.”.

**Notice of intention to resign (rule 3.63)**

54. Rule 3.63 has effect as if—

- (a) in paragraph (2), for sub-paragraph (c) there were substituted—
  - “(c) the name of the person who made the application for a special administration order.”;
- (b) in paragraph (3)(b), from “where” to “order,” were omitted;
- (c) for paragraph (4) there were substituted—
  - “(4) The notice must be delivered—
    - (a) to any continuing special administrator of the company; and
    - (b) to the relevant authority and the Water Services Regulation Authority.”.

### **Notice of resignation (paragraph 87 of Schedule B1) (rule 3.64)**

**55.** Rule 3.64 has effect as if—

(a) for paragraph (1) there were substituted—

“(1) A resigning special administrator must, within five business days of delivering the notice under paragraph 87(2) of Schedule B1, deliver a copy of the notice to—

(i) the registrar of companies;

(ii) all persons to whom notice of intention to resign was delivered under rule 3.63(4);

(iii) if there is no continuing special administrator of the company, the company; and

(iv) the company’s creditors.”;

(b) in paragraph (2)(c), for from “appointment” to the end, there were substituted “application for an order for special administration.”;

(c) for paragraph (4), there were substituted—

“(4) Notice of resignation under paragraph 87(2) of Schedule B1 must be given by filing the notice with the court.”.

### **Application to court to remove administrator from office (rule 3.65)**

**56.** Rule 3.65 has effect as if—

(a) in paragraph (2), for sub-paragraphs (b) to (e), there were substituted—

“(b) to the person who made the application for the special administration order;

(c) to any continuing special administrator appointed to act jointly or concurrently;

(d) to the company;

(e) to the Environment Agency or Natural Resources Wales (as applicable);

(f) to the Consumer Council for Water;

(g) to the Chief Inspector of Drinking Water;

(h) if the applicant for the special administration order was the relevant authority, to the Water Services Regulation Authority;

(i) if the applicant for the special administration order was the Water Services Regulation Authority, to the relevant authority.”;

(b) after paragraph (2), there were inserted—

“(2A) Where an application for an order under paragraph 88 of Schedule B1 is made, the special administrator, the relevant authority and the Water Services Regulation Authority each have a right to appear or be represented at any hearing of the application.”;

(c) in paragraph (4)—

(i) in sub-paragraph (b)(i), “and” were omitted;

(ii) in sub-paragraph (b)(ii), for “companies.” there were substituted “companies, and”;

(iii) after sub-paragraph (b)(ii), there were inserted—

“(iii) the creditors of the company.”.

### **Notice of vacation of office when administrator ceases to be qualified to act (rule 3.66)**

**57.** Rule 3.66 has effect as if for “the registrar of companies” there were substituted—

- “(a) the relevant authority;
- (b) where the company is a qualifying water supply licensee whose licence gives it a supplementary authorisation, the Welsh Ministers;
- (c) the Water Services Regulation Authority; and
- (d) the registrar of companies.”.

#### **Deceased administrator (rule 3.67)**

**58.** Rule 3.67 has effect as if for paragraph (4)(b) there were substituted—

- “(b) the name of the person who made the application for special administration;”.

#### **Application to replace (rule 3.68)**

**59.** Rule 3.68 has effect as if, in paragraph (2), for sub-paragraphs (a) to (j) there were substituted—

- “(a) to the company;
- (b) to any person who has appointed, or is or may be entitled to appoint, an administrative receiver in relation to the company;
- (c) if an administrative receiver has been appointed, to the administrative receiver;
- (d) to the person, or each person, proposed for appointment as special administrator;
- (e) to the Environment Agency or Natural Resources Wales (as applicable);
- (f) to the Consumer Council for Water;
- (g) to the Chief Inspector of Drinking Water;
- (h) if the applicant is the relevant authority, to the Water Services Regulation Authority;
- (i) if the applicant is the Water Services Regulation Authority, to the relevant authority;
- (j) if the applicant is the special administrator, to the relevant authority and the Water Services Regulation Authority;
- (k) if the company is a qualifying water supply licensee whose licence gives it a supplementary authorisation, to the Welsh Ministers;
- (l) to any creditor who has served notice in accordance with section 26 of the 1991 Act of the creditor’s intention to enforce the creditor’s security over property of the company.”.

#### **Appointment of replacement or additional administrator (rule 3.69)**

**60.** Rule 3.69 has effect as if for that rule there were substituted—

##### **“Appointment of replacement or additional special administrator**

**3.69.** Where a replacement or additional special administrator is appointed to act—

- (a) rule 3.27 (publication of administrator’s appointment), paragraphs (1), 2(a) and (b), (3) and (4), apply;
- (b) the replacement or additional special administrator must deliver notice of the appointment to the registrar of companies;
- (c) all documents must clearly identify the appointment as an appointment of a replacement special administrator or an additional special administrator.”.