EXPLANATORY MEMORANDUM TO

The Grants to Water and Sewerage Undertakers Order (Northern Ireland) 2027

S.R. 2027 No. XX

1. Introduction

1.1. This Explanatory Memorandum has been prepared by the Department for Infrastructure to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

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 the draft affirmative resolution procedure.

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 2032.

3. Background

3.1. Since 2007, the Northern Ireland Executive's policy has been to pay a subsidy to NI Water in lieu of domestic water charges. At its meeting on 16 April 2026, 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 the sole water and sewerage undertaker, to 31 March 2032. 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, and the Grants to Water and Sewerage Undertakers Order (Northern Ireland) 2022 extended

the power again until 31 March 2027. This Order will extend that date further until 31 March 2032.

4. Consultation

4.1. The Department consulted on the 2016 Act, including the policy relating to making future amendments to continue the policy on domestic water charging by secondary legislation, from 5 June 2014 for a 12-week public consultation period. The majority of consultees who responded to the question on 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. Equality Impact

5.1. No new Equality Impact Assessment (EQIA) exercise was carried out as this is a continuation of a pre-existing policy. A S75 Impact Screening Assessment for the Grants to Water and Sewerage Undertakers Order (Northern Ireland) 2022 was previously published on the Department's website on 03 February 2022. No significant impacts were identified on any S75 groups. Consideration has been given to Section 75 of the Northern Ireland Act 1998.

6. Regulatory Impact

6.1. A new Regulatory Impact Assessment (RIA) screening exercise has not been carried as this is a continuation of a pre-existing policy.

7. Financial Implications

7.1. In line with the Subsidy Memorandum of Understanding (MoU), the Department will pay NI Water a subsidy totalling £507.9m in 2026-27, in lieu of domestic water charges. The subsidy payment does not commit the Department to a specific level of budget cover. It is required to enable cash to be drawn down by NI Water.

7.2. These subsidy payments have been set in line with the Executive's policy that, during the current Programme for Government period:

7.3.
- There will be no separate household payments for water and sewerage services;
- Non-domestic metered payments for water and sewerage services and trade effluent charges will continue;
- The domestic water allowance and the domestic sewerage allowance will be retained for eligible non-domestic metered customers; and
- Unmeasured non-domestic payments will remain at 50%.

8. Section 24 of the Northern Ireland Act 1998

8.1. The Department has carried out a Human Rights Act Screening Analysis and no human rights issues have been identified. No Convention Rights or rights under Article 2(1) of the Windsor Framework are engaged by the policy proposal. The SR is compatible with Convention rights.

8.2. The SR is compatible with Article 2(1) of the Protocol on Ireland/ Northern Ireland in the EU withdrawal agreement (rights of individuals); the SR does not discriminate against a person or class of person on the ground of religious belief or political opinion; modify an enactment in breach of section 7 of the Northern Ireland Act 1998.

9. EU Implications

9.1. Not applicable.

10. Parity or Replicatory Measure

10.1. The SR does not replicate, and is not required to maintain parity with, legislation in other administrations.

11. Additional Information

11.1. Not applicable.