Department for
Infrastructure
An Roinn
Bonneagair
Depairtment fur
Infrastructure
www.infrastructure-ni.gov.uk

Developer Contributions for Wastewater Infrastructure

21 MARCH 2025

CONTENTS

MINISTERIAL FOREWORD

1. Ministerial Foreword

This consultation on Developer Contributions for Wastewater Infrastructure seeks your views on whether and, if so, how my department should introduce developer contributions to help fund necessary improvements to our wastewater infrastructure.

Access to reliable wastewater infrastructure is essential for all of us. We depend on it daily for our homes, businesses, schools, and healthcare services to function effectively. The proper treatment and management of wastewater is crucial for protecting our environment, ensuring public health, and supporting economic prosperity.

The Executive has identified increasing housing stock, particularly social housing, as a key priority in its Programme for Government 2024-2027 (PfG). My department and NI Water play a vital role in ensuring that the necessary wastewater infrastructure is in place to support this vision and enable new housing development. I am clear that making this happen is one of my priorities going forward.

Due to years of historic underfunding, our current drainage and wastewater infrastructure is, however, sadly ageing and in urgent need of upgrades. As a result, there are areas right across the North which have limited or no capacity for new wastewater connections to the network, impacting housing development, economic growth, environmental sustainability, and public service delivery.

Improving our sewerage systems will be a significant undertaking, costing billions and spanning multiple decades. I am clear that the introduction of developer contributions would not alone present the funding needed to implement the improvements that are needed.

Finding a solution will take time, creativity and a commitment from all of us. I am currently taking a three-pronged approach to begin the journey towards having the infrastructure system we all need. This includes working with Executive colleagues to try and increase wastewater investment, launching this public consultation to explore options for developer contributions and introducing the Water, Flooding and Sustainable Drainage Bill to the Assembly to enable my department to issue future guidance on the design, maintenance, and adoption of Sustainable Drainage Systems.

Progress ***is*** being made. In December, my predecessor, John O'Dowd, was able to announce an additional £19.5m of ringfenced funding which allowed some 2,300 new properties to connect to the water and sewerage infrastructure. Launching this consultation is another major step forward.

It is important that everyone has the opportunity to express their views on whether and, if so, how developer contributions could be introduced to help bridge the funding gap for improving our wastewater infrastructure.

Your feedback will be invaluable in shaping future decisions.
Thank you for your participation and input.

LIZ KIMMINS MLA
Minister for Infrastructure

1 - CONSULTATION ARRANGEMENTS

1. Consultation Arrangements

Timetable

This consultation document will be available for comment and response for a period of 14 weeks from 21 March 2025 to 27 June 2025. The document can be viewed, downloaded and responded to from the consultation section of the Department's website https://www.infrastructure-ni.gov.uk/consultations/developer-contributions-wastewater-infrastructure.

How to respond

We welcome your views on whether and, if so, how developer contributions should be introduced.

Responses should be submitted using the online survey.

When you respond, tell us whether you are doing this for yourself or for an organisation.

If you are responding on behalf of an organisation, please tell us,

- Who the organisation represents.

Please note that responses to the consultation must be received by noon on 27 June 2025.

Alternative Formats

The consultation document can also be made available in alternative formats. Requests should be made to **developercontributions@infrastructure-ni.gov.uk**

Impact Assessments

The following impact assessments are available to view on our website https://www.infrastructure-ni.gov.uk/consultations/developer-contributions-wastewater-infrastructure

Equality Impact Assessment

A high-level section 75 screening has been carried as part of the preparations to launch this consultation.

No impacts were identified for any specific group at this stage. The Department recognises that equality screening is a live process that will be considered alongside the consultation process as it evolves.

Further s75 screening (and, if deemed appropriate) Equality Impact Assessments will be carried out as decisions are made and policies developed in response to this consultation.

Human Rights Impact Assessment

The Department has carried out a Human Rights Impact Assessment and considers the options laid out in this document are fully compliant with the Human Rights Act 1998.

Rural Needs Impact Assessment

The Department has carried out a Rural Needs Impact Assessment to assess any impacts of the proposed options on those in rural areas.

Regulatory Impact Assessment

The Department has carried out a Regulatory Impact Assessment to assess any impact on the proposed options on the wider business community including the voluntary and community sector.

Freedom of Information Act 2000 – Confidentiality of Responses

UK General Data Protection Regulation

The Department may publish a summary of responses following the closing date for receipt of comments. Your response, and all other responses to this publication, may be disclosed on request and/or made available on the DfI website (redacted). The Department can only refuse to disclose information in exceptional circumstances. Before you submit your response, please read the paragraphs below on the confidentiality of responses as this will give you guidance on the legal position about any information given by you in response to this publication.

The Freedom of Information Act 2000 and Environmental Regulations 2004 give the public a right of access to any information held by a public authority, namely, the Department in this case. This right of access to information includes information provided in response to a consultation.

The Department cannot automatically consider as confidential information supplied to it in response to a consultation. However, it does have the responsibility to decide whether any information provided by you in response to this publication should be made public or treated as confidential.

The information you provide in your response, excluding personal information, may be published, or disclosed in accordance with the Freedom of Information Act 2000 (FOIA) or the Environmental Information Regulations 2004 (EIR).

Any personal information you provide will be handled in accordance with the UK-GDPR and will not be published.

If you want the non-personal information that you provide to be treated as confidential, please tell us why, but be aware that, under the FOIA or EIR, we cannot guarantee confidentiality.

For information regarding your personal data, please refer to the DfI Privacy Notice at www.infrastructure-ni.gov.uk/dfi-privacy. For further details on confidentiality, the FOIA and the EIR please refer to www.ico.org.uk.

Next Steps

After consideration of all the responses received by the deadline, a Consultation Responses Report will be prepared and published.

2 - BACKGROUND AND CONTEXT

2. Background and Context

This consultation is seeking your views on whether and, if so, how the Department for Infrastructure (DfI) should introduce developer contributions to help fund the wastewater infrastructure improvements needed to unlock housing development constraints and enable more homes to be built. Subject to the outcome of this consultation and any future policy direction taken, further consultation on the specifics of how developer contributions should operate may be required.

This section explains the wider context within which this consultation sits, including the background to the current situation in respect of wastewater infrastructure.

What is wastewater infrastructure?

Wastewater is water that comes from households or businesses and includes water from sinks, showers, toilets, and washing machines. This wastewater contains a mix of organic and inorganic substances, such as food particles, oils, chemicals, and human waste. Wastewater infrastructure includes sewer pipes, storage tanks, pumps, and treatment works, all of which are required to operate safely to collect and dispose of wastewater.

The preferred means of sewage collection and disposal is by connecting a property to the public sewerage network (which includes both foul and combined sewers) provided by NI Water and transporting the wastewater to a wastewater treatment plant, where contaminants are removed. The treated water is then returned to the environment via a watercourse or the sea. An alternative, primarily used in rural areas, is to install a self-contained septic tank that operates on a smaller scale for individual properties or a small collection of properties.

Paying for the delivery of wastewater infrastructure to households

The cost of delivering sewerage services throughout Northern Ireland is met from the Executive's budget and is administered through DfI. The Department is the sole shareholder of NI Water, which is both a Government Owned Company and a Non-Departmental Public Body. NI Water is operationally responsible for the delivery of all wastewater services in Northern Ireland.

In a single day NI Water collects over 360 million litres of wastewater from over 750,000 homes and businesses across Northern Ireland. Approximately 10% of wastewater is discharged through the storm overflow system: the other 90% produced is collected and travels through NI Water's 16,500km network of sewers. It is then taken to one of over 1000 wastewater treatment works where it is treated before being safely returned to the environment.

It costs around £680 million each year for NI Water to deliver water and wastewater services in Northern Ireland. This is funded through government subsidy, revenue raised by non-domestic charging and through borrowing. Using part of this £680 million, NI Water invests capital in the water and sewerage infrastructure – such as plant facilities including wastewater treatment works, pumping stations, combined sewer overflows, sewerage pipes and other assets.

Price Control

NI Water is a regulated utility and as such is subject to regulatory price controls undertaken every six years by the Utility Regulator. The Price Control (PC) is a formal process that determines the total revenue NI Water needs to provide efficient water and wastewater services. In the PC process NI Water submits a business plan to the Utility Regulator in line with the Department's Social and Environmental Guidance and the Utility Regulator makes a determination on the capital programme that is needed during the next six-year period at the most economic level of investment required to provide best value for the customer.

In May 2021 the Utility Regulator published its final PC determination for NI Water for the period April 2021 - May 2027, known as "PC 21". The PC sets out the price limits NI Water can charge its non-domestic customers and the outputs to be delivered during the PC period. Much of NI Water's Business Plan and PC21 reflects the requirement for the on-going operation and maintenance of our water and wastewater infrastructure. At the time, PC 21 recommended some £2.1 billion of investment over the period to 2027. A mid-term review in September 2024 assessed that the cost of delivering PC21 has risen to £2.37 billion, mainly as a consequence of inflation.

The detail of the PC is published and is available on the Utility Regulator's website at PC21 price control determination published | Utility Regulator (uregni.gov.uk).

The current state of wastewater infrastructure

The funding of wastewater infrastructure in Northen Ireland has been a challenge for government for many years. Following decades of underinvestment, upgrades to the wastewater system have not been able to proceed at the pace required. Much of the wastewater infrastructure is ageing and needs upgraded, meaning that there are areas across Northern Ireland where there is limited or no capacity to allow for new connections to the NI Water sewerage network. This is having an effect not just on the development of new housing, but also on economic growth, the environment and the delivery of public services across Northern Ireland.

Currently there are over 100 areas where the wastewater system is operating near or above design capacity and therefore cannot accommodate any additional wastewater connections. In addition, given the increasing pressure on the wastewater and sewer

network, NI Water has indicated that a further 30 economically constrained areas may emerge during the PC21 period. The position on development constraints is constantly changing, and NI Water publishes up to date wastewater system capacity information by council area on its website at https://www.niwater.com/capacity-information/.

Due to these development constraints, the provision of wastewater connections has become one of the main barriers to building new dwellings, and so substantial investment in our drainage and wastewater infrastructure is needed to deliver significant progress on increasing the supply of housing.

To enhance capacity and allow for new wastewater connections to the NI Water network, a range of wastewater network improvement works may be required, depending on the area in which developers wish to build. These range in scale from comparatively minor, such as installing larger diameter sewerage pipes or undertaking storm water offsetting, through to major works such as upgrading combined sewer overflows, large wastewater pumping stations or wastewater treatment works.

Housing

The NI Executive has identified increasing housing stock, particularly social housing, as a key priority in its Programme for Government 2025-2027. The Executive-endorsed Housing Supply Strategy 2024-2039 is one of the main drivers for meeting this PfG commitment.

The vision of the strategy is that everybody has access to a good quality, affordable and sustainable home that is appropriate for their needs and is located within a thriving and inclusive community. The strategy also outlines several objectives to meet this vision alongside a key ambition of creating a housing system that can deliver 100,000 homes and more, with one third of these being social homes.

DfI and NI Water have a vital role to play in both ensuring that the necessary wastewater infrastructure is in place to help meet this vision and enabling new housing to be built. As explained above, there are, however, several areas across Northern Ireland where there is currently limited or no capacity to allow for new wastewater connections to be made.

While new developments will deliver significant benefits – including the provision of new homes and jobs – they can also place additional pressure and have adverse impacts on existing wastewater infrastructure, which needs to be managed.

Environmental issues and the Northern Ireland Environment Agency

The Northern Ireland Environment Agency (NIEA) is an Executive Agency within the Department of Agriculture, Environment and Rural Affairs (DAERA).

NIEA is responsible for protecting and enhancing Northern Ireland's environment. A key aspect of this duty is ensuring that freshwater and the marine environment are protected from damage caused by human action. NIEA enforces environmental laws and ensure compliance with regulations regarding sewage treatment and discharge.

Compliance with wastewater flow and treatment standards set out in legislation is a key determining factor in any decision by NI Water to declare that an area is at capacity for further wastewater connections. NIEA is working closely with NI Water on a regulatory reform programme, some elements of which are required to be in place by 2027.

What DfI is doing about the capacity issues – the three-pronged approach

Improving our sewerage systems will be a huge exercise, costing billions, taking decades and spanning multiple PC periods. The Minister for Infrastructure is taking a three-pronged approach to work towards resolving this issue. This approach includes working with Executive colleagues to try and increase wastewater investment, launching this public consultation to explore options for developer contributions and introducing the Water, Flooding and Sustainable Drainage Bill to the Assembly to enable the Department to issue future guidance on the design, maintenance, and adoption of Sustainable Drainage Systems (SuDS). DfI is also working at a strategic level with colleagues in the Department for Communities and DAERA to identify steps which can be taken to maximise the building of houses and with NI Water to identify projects that can release capacity.

3 - DEVELOPER CONTRIBUTIONS FOR WASTEWATER INFRASTRUCTURE

3. Developer Contributions for Wastewater Infrastructure

What are developer contributions?

When a developer in Northern Ireland wants to build housing and wishes to connect to the NI Water network, they contact NI Water to enquire if there is capacity in its network to cope with any new demands that the proposed development may create. NI Water can then apply their pre-planning and pre-development enquiry process to advise on any constraints or capacity issues in the area.

If there is a wastewater capacity issue in relation to a housing development, NI Water will then work with the developer to identify what works would be required to enable a wastewater connection to be made. As explored in the next section, it may be possible in certain circumstances for these works to be completed and paid for by the developer. NI Water is, however, currently precluded by law from accepting direct payments from developers for connections to the NI Water network for the provision of sewerage services in respect of a dwelling where the required improvement involves the upgrading of an existing NI Water asset. This consultation is seeking views on whether this position should change and, specifically, on options for DfI to introduce arrangements for developer contributions to help fund the wastewater infrastructure improvements that will release capacity in the wastewater system thereby enabling more wastewater connections.

To what extent are developer contributions currently permitted?

Where appropriate, developers may be permitted to facilitate specific housing developments by directly funding the wastewater improvement works required. These are sometimes referred to as 'developer-led and financed solutions' or as being 'developer-funded'. Where a developer-led solution could enable a connection to a development, NI Water will provide the developer with a cost.

Some examples of the developer-led solutions that are currently permitted are stormwater offsetting, flow transfer schemes and Package Wastewater Treatment Plants.

Stormwater offsetting

Storm water offsetting is the removal of storm water from a combined foul and storm drainage system to free capacity within the wastewater network or treatment works. The aim is to free capacity for a foul only discharge from a new development. The work will usually involve the disconnection of a surface water discharge entering a combined sewerage system and diverting it to a nearby watercourse, river or separate storm-only infrastructure.

Flow Transfer Schemes

Flow transfer schemes can be used to divert flows from drainage areas which have reached capacity to another wastewater network area where capacity exists, freeing space to connect a new development. Flow transfer schemes are often used in areas where storm water offsetting is not possible.

Package Wastewater Treatment Plants

If, following NI Water advice, developer-constructed sewage treatment is the only option, a suitable wastewater treatment plant which can meet the specification for NI Water adoption will be considered. This may involve a developer constructing a Package Wastewater Treatment Plant whereby they buy, install and maintain a standalone treatment works for their development. They are used more in rural areas.

Individual package wastewater plants can cause pollution if they are not properly maintained. Any increase in the number of such plants would be of concern to the NIEA in its role as the environmental regulator of NI Water.

Are developer contributions used elsewhere?

Within Great Britain, payments to water companies to improve wastewater treatment are primarily made through customer water bills, which fund the investments required by water companies to upgrade their wastewater treatment facilities. This process is regulated by organisations like the Water Services Regulation Authority, ensuring that these funds are used for necessary improvements and monitored to ensure compliance with environmental standards; this includes investments in infrastructure to tackle storm overflows and reduce sewage pollution.

In some jurisdictions, there is also a mechanism for developers to facilitate development by financially contributing to local councils through the Community Infrastructure Levy (CIL). The CIL is a standardised, non-negotiable charge that local authorities can impose on new developments with the aim of mitigating the impact of a development by providing funding or infrastructure. The CIL funding can support the delivery of new or improved infrastructure for water supply, wastewater, flood protection and drainage facilities as well as for transport, education, telecommunications, and waste management. In Ireland, where at present Uisce Éireann does not apply charges for water supply and wastewater services provided to domestic customers, local authorities use Development Contribution Schemes to require developers to contribute funding or infrastructure to offset the impact of new developments.

The NI Water funding model is unique to other jurisdictions in the UK, in that there are no direct domestic customer water charges in place which is used to fund many of the wastewater infrastructure improvement schemes elsewhere. Similarly, unlike other administrations where local councils manage key services such as roads, schools, housing

and water, Northern Ireland operates on a more centralised system. Instead of individual councils handling these responsibilities within their own council area, central government departments are in control of these matters. This contrasts with other areas where local authorities have broader autonomy in managing essential services.

There is therefore limited direct experience from elsewhere on which to draw. However, there are some principles which may prove useful for comparison purposes and it is clear that there is an expectation in other jurisdictions that developers will provide some form of financial contribution towards infrastructure costs.

How much does wastewater infrastructure cost?

The cost of wastewater infrastructure improvements can vary greatly depending on several factors including the nature of the works required, the specific site affected, construction complexities, and the nature of any existing infrastructure. As such, each improvement scheme needs to be assessed individually to provide an accurate cost for each project.

Works such as installing wider diameter sewerage pipes or building new stormwater storage tanks, are quicker and easier to complete. It would be more expensive to upgrade, for example, a small pumping station. These types of comparatively more minor works, costing up to £0.5m, will unlock a comparatively small number of additional housing connections to the network.

Major works such as upgrading or replacing a wastewater treatment works are significantly more expensive and take longer to complete but facilitate many more connections. These major works range in costs from £10m - £200m.

For example, the Belfast wastewater treatment works at Duncrue Industrial Estate was originally designed to treat a domestic and trade population equivalent of 290,000 and serves most of the City of Belfast. The necessary upgrade of this treatment works will cost approximately £170million with the initial cost of ensuring the compliance to the existing standards being £10m.

NI Water Developer Services have indicated that potential projects releasing development capacity over the next two years would cost £84m and would allow 5,300 houses to connect and future-proof capacity for a further 2000 connections. An additional £19.5m was allocated in October 2024 to facilitate the connections for 2,300 houses across five local council areas.

It is important to recognise that there is no expectation that developer contributions will provide all, or even most, of the significant funding needed to address the full capacity challenges within the existing wastewater infrastructure network. Without introducing

some method for providing additional funding however, even limited improvements will not be possible and the current situation in terms of housing development constraints will continue.

Impacts of introducing Developer Contributions

Any contribution towards upgrading or replacing wastewater infrastructure would increase the costs to the developer of building new houses. In some instances, a developer may make the commercial decision not to proceed with a development rather than make a contribution. Where the developer does make a contribution, it is likely that in many instances they will seek to pass on some or all of this cost to the purchaser which would increase house prices. There may also be an impact on the pricing of land for development as the added cost of building houses would need to be factored into the cost analysis undertaken by the developer. This would be the case for both private and social housing developers, with the cost of the former being met by private purchasers and the cost of the latter most likely by government.

However, if the current constrained budgetary climate persists and the Price Control is unable to be fully funded, then without the introduction of a pathway for developer contributions as a partial solution, the existing situation of limitations being place on new housing will remain unchanged.

4 - OPTIONS FOR INTRODUCING DEVELOPER CONTRIBUTIONS

4. Options for Introducing Developer Contributions

Introduction

It is important at this juncture to reiterate that neither option for introducing developer contributions will result in the level of funding that is required to address the historical underfunding of wastewater infrastructure investment in Northern Ireland. However, either option will result in additional funding which will help to release capacity to enable wastewater connections.

In essence there are two main pathways through which developer contributions could be introduced: an optional contribution to upgrade or replace the existing wastewater infrastructure at a specific location to enable further wastewater connections; or a general levy applied on Northern Ireland - wide needs basis.

The following section explains these options in more detail but at a high level the main difference is that the first option allows developers to voluntarily choose to offset the costs of improving the wastewater systems which connect to land that they own to allow them to build houses which connect to the wastewater system, while the second option would instead make it compulsory for any person seeking to build a house in Northern Ireland to pay a levy for general use in improving wastewater connections at any location in Northern Ireland.

Option 1: Voluntary Developer Contributions for Wastewater Infrastructure

Option 1 would establish a system where developers, currently unable to build due to a lack of wastewater capacity in their locality, could opt to pay to offset the costs of upgrading or replacing the infrastructure preventing new connections.

Legislation would be introduced to enable developers liaising directly with NI Water about the upgrades to NI Water's sewerage, drainage, or wastewater treatment assets that are needed before their proposed housing development can proceed, to make a financial contribution to NI Water to pay some or all of the cost of those works. Developers could choose to make individual contributions for specific sites or pool payments to meet the required level of funding to NI Water if identified infrastructural improvements can benefit multiple development sites. This pooling mechanism is already in place in other UK jurisdictions.

Developer contributions could help offset costs in a range of scenarios. Where, for example, work would free up capacity for a limited number of additional connections, through installing a new storage tank or increasing the capacity of an existing sewer or pumping station, developers may wish to meet the full costs. Where more expensive remedial work is required, developers may wish to offer a contribution towards the costs to expedite the process.

This voluntary contribution option allows developers to decide whether and how much to contribute, in consultation with NI Water. The works funded through these optional developer contributions are most likely to be on the lower end of the spectrum, such as paying for storm water offsetting, enlarging or replacing sewers, or other comparatively lower-cost improvements.

To aid in determining whether to contribute, the developer would liaise with NI Water regarding the proposal site where wastewater capacity may constrain development. NI Water would undertake a cost assessment – involving site inspections and data analysis – and advise the developer of the cost to complete the improvements to the required standard.

Option 1 could be implemented either through:

(A) An upfront payment of an agreed amount paid directly to NI Water to cover the cost of the works (including an adequate contingency) which NI Water would use to undertake the works either itself or using its own specialist contractors; or

(B) The developer submits a secured financial bond to NI Water to cover the cost of the agreed works which would only be used in the case of the developer defaulting.

The upfront payment a) is the simplest approach and the easiest to administer. The bond method b) would be somewhat similar to that already in place in relation to the

development of roads, whereby prior to construction, a developer is required to enter into an agreement with DfI Roads, which is secured by a bond that may be used by DfI Roads to complete the road works should the developer default.

One factor which may favour only making provision for direct payment and not for a bond arrangement would be concerns about what could happen if a developer defaulted or became bankrupt and the infrastructure they put in place is not of an adoptable standard. Another is the complex nature of construction for wastewater infrastructure and the expertise required to undertake work to the required standard, at scale, taking appropriate account of the implications for the environment, the existing network and properties, and future potential developments which would be a barrier to anyone other than NI Water carrying out the works.

Key Considerations

Financial

NI Water would be responsible for assessing the anticipated cost of infrastructure improvements for the relevant developer's proposal. NI Water would also require a mechanism to receive the funds, and a means of ensuring that the received monies are allocated to the specific intended works.

As mentioned earlier, there could be an opportunity for the relevant developers to liaise with NI Water and pool the improvement payments in order to meet the level of funding required to complete the works to facilitate connections at more than one development site.

Planning

The planning authorities would not be party to the agreement nor the transfer of funds, between the developer and NI Water. The existence of such an agreement would, however, be a material consideration in the determining of the relevant planning application and be included in any planning approval to provide assurance to all parties that the required wastewater connections to facilitate the development will be available. This would ensure the planning approval is viable and is not dependent on future wastewater connections that may not be available.

It is envisaged that through the planning development management consultation process, NI Water would reference the financial agreement (that is, the contribution payment or bond) in place and ensure compliance with that agreement by including a negative condition on any planning approval.

Legislation

As it is not currently possible for developer contributions to be made to NI Water for wastewater infrastructure improvements, legislation would need to be introduced in order to facilitate this pathway. Amendments to the Water and Sewerage Services (Northern Ireland) Order 2006 would be required to enable developers to make direct financial contributions to NI Water for this purpose. This would involve an Executive Bill and the associated legislative procedures.

Fairness

Allowing developers to make financial contributions to enable their sites to proceed by privately funding the necessary improvement works may result in them being fast-tracked ahead of other sites, which could affect the prioritisation of wastewater infrastructure projects. This approach may also lead to high-value housing being delivered ahead of other types of housing, as private developers are more likely to invest in improving wastewater infrastructure in areas where they can sell houses for higher prices. Consequently, this could impact the Executive's target for delivering social housing, necessitating additional government funding to mitigate these effects.

In a similar scenario, a developer might invest in upgrading the wastewater infrastructure to facilitate housing development on their site. If these improvements are 'future-proofed' so that they allow for additional connections, future developers could then benefit from the existing work without incurring any of the costs – in other words they would have been subsidised by the first developer.

To address this, a reimbursement scheme could be introduced. In essence this would allow the initial developer to recoup some of the costs from subsequent developers who later rely on the enhanced infrastructure. This practice is currently employed by NI Electricity (NIE) through the Electricity (Connection Charges) Regulations (Northern Ireland) 1992. In this scenario, if works such as the installation of a transformer, an underground cable or overhead line, are required to facilitate an electricity connection for a domestic dwelling and another connection comes off this network within five years from when it was initially energised, then that new customer must pay a contribution, via NIE and less NIE administrative fees, towards the original payee for sharing these assets.

Option 2: Compulsory Developer Wastewater Contribution Levy

Option 1 for the introduction of developer contributions outlined an approach whereby developers could choose to offset the costs of wastewater improvements in a specific location that is where it would directly benefit them. This second option would instead introduce a compulsory wastewater levy, requiring a financial contribution from developers which would be used on a prioritised needs basis across Northern Ireland.

The introduction of a compulsory levy whereby a fee would be paid by anyone wishing to build a new house in Northern Ireland would create a ring-fenced fund to be used exclusively for the purpose of improving wastewater infrastructure to unlock new housing connections. It would, help to offset the funding gap between the amount that NI Water receive from the Executive and the amount that is needed to address wastewater constraints. While bringing in the levy would never close the entire wastewater investment gap that has arisen due to historical underfunding, it would generate monies that could be set against the £84m that NI Water has indicated would enable projects to go ahead over the next two years allowing 5,300 houses to connect and future proofing capacity for a further 2,000 connections.

A compulsory levy has several advantages over voluntary contributions. Firstly, it would ensure that all developers contribute to the costs of wastewater infrastructure improvements, creating a more fair and equitable system. This prevents situations where only some developers bear the costs while others benefit without contributing. It would also provide an additional consistent and predictable source of (albeit limited) funding dedicated to wastewater infrastructure, assisting with advance planning for improvements and reducing delays caused by the uncertainty of ad-hoc funding. This would help with long-term planning and investment, ensuring that wastewater systems are resilient and capable of supporting sustainable development to meet current and future demands. This, in turn, unlocks housing development constraints, enabling more homes to be built and supporting economic growth for the entire community.

A compulsory levy also enables the pooling of resources, ensuring that essential wastewater infrastructure improvements are made based on need and impact, supporting compliance with environmental regulations and prioritising the protection of our environment.

There are however, also potential drawbacks in introducing a compulsory levy which need to be factored into any consideration of the options, and which may need to be mitigated in the design of any future levy.

As with option 1, the levy would increase costs to developers. However, unlike that option which allowed developers to make a choice, a levy would automatically increase the overall cost of development projects. These additional costs would either need to be absorbed (which could impact profit margins and financial viability) or be passed on to buyers, which would lead to higher housing prices. Increased house prices could affect

housing affordability and market demand, which could in turn impact on the ability to reduce housing waiting lists across Northern Ireland.

Higher development costs might also deter some developers from pursuing new projects, especially in areas with tight profit margins, which could lead to a reduction in the overall supply of new housing. Developers might also be more likely to focus on properties which have a high value, potentially leading to a concentration of new housing in more affluent areas.

There might also be a perception of the levy creating an unfair burden on some developers, as those who propose to build on sites with existing wastewater capacity might feel that they are being unfairly made to contribute to a fund for improvements they do not directly benefit from. Smaller developers might also find it more challenging to absorb the additional costs compared to larger developers.

Additionally, establishing and administering a compulsory levy would be administratively complex, including setting up the legal framework, calculating the levy amounts, collecting payments, and ensuring compliance, which may also offset some of the immediate benefits.

Implementing a levy would also not provide an immediate solution. Depending on when the fee is collected (e.g., at the planning permission stage or upon completion of construction), it could take some time before the fund accumulates enough to significantly impact housing. This creates a paradox: the fund cannot grow until houses are built, but houses cannot be built without the necessary funding to improve wastewater infrastructure. A potential resolution could involve the Executive investing an initial amount to stimulate the fund, possibly with a match-funding approach.

Key Considerations

Levy amount and calculation method

The amount of any levy imposed would need to be carefully calculated in order to mitigate the impact on developers and buyers whilst still achieving the aims of releasing capacity to enable connections to wastewater infrastructure. A methodology for calculating levy amounts would also need to be consulted upon, with options including a flat rate, a rate based on the number of wastewater connections, or a sliding scale that adjusts based on the size and type of development to be agreed.

Purpose of levy

There would need to be clear and transparent criteria governing how levy funds would be allocated, including defining the specific purposes for which the funds can be used and how decisions would be made in terms of prioritisation of wastewater infrastructure improvements.

Legislation that clearly defines the rules and regulations governing the levy would need to be drafted and consulted on, including specifying who is required to pay, when the payment would need to be made, how the funds will be used, and the penalties for non-compliance. A regulatory process in terms of audits and checks would also be needed, and a system for public reporting on the use of the levy developed.

Exemptions / Reduced Rates

Consideration would also need to be given to whether there should be exemptions or reductions to the levy to address any potential inequalities. This may include, for example, an exemption for new rural housing which require septic tanks, or reduced rates for certain types of developments, such as social housing, to ensure that the levy does not disproportionately impact vulnerable groups.

Combining Options 1 and 2

It would also be possible to combine options 1 and 2. In this scenario, the option for developers to voluntarily contribute to upgrading or replacing wastewater infrastructure that benefits them could be introduced in the short-term. Meanwhile, the longer-term process of designing and consulting on the specifics of a levy could be undertaken. Since option 1 is purely voluntary, it would not impact the later introduction of the levy. Developers would retain the ability to offset the wastewater funding required to upgrade a specific location in addition to paying the levy if they chose, though there would be no expectation that they would do so.

5 - CONSULTATION QUESTIONS

5. Consultation Questions

Question 1 –
Do you agree with the principle that a pathway for developer contributions should be introduced in Northern Ireland? (Tick only one answer)

☐ Strongly agree
☐ Agree
☐ Neither agree nor disagree
☐ Disagree
☐ Strongly disagree

Question 2 –
Referring to Section 4 of the consultation report which option do you think would be the best pathway? (Tick only one answer)

☐ Option 1: Voluntary Developer Contributions for Wastewater Infrastructure
☐ Option 2: Compulsory Developer Wastewater Contribution Levy
☐ Both Option 1 and Option 2
☐ Other -please specify in box below

Regardless of how you answered Question 2, we would welcome your responses to questions 3, 4, 5 and 6 below

Option 1: Voluntary Development Contributions for Wastewater Infrastructure

Question 3 – If voluntary developer contributions are introduced, how should these be made? (Tick only one answer)

- ☐ Upfront payment
- ☐ Bond
- ☐ Both an upfront payment and a bond
- ☐ Not Sure
- ☐ Other – please specify

Question 4 – If voluntary developer contributions are introduced, do you agree that there should be a reimbursement scheme? (Tick only one answer)

- ☐ Strongly agree
- ☐ Agree
- ☐ Neither agree nor disagree
- ☐ Disagree
- ☐ Strongly disagree

Please Explain:

Option 2: Compulsory Developer Wastewater Contribution Levy

Question 5 – What are your views on how a compulsory levy should be introduced?

You might want to tell us about what factors you think should be taken into consideration in designing the levy process, such as whether there should be an exemption or reduction scheme introduced, how the amount of the levy might be calculated, what that amount should be and how you think it should operate.

Impact Assessments

Question 6 –
Do you have any comments to make on any of the impact assessments that accompany this consultation?

The link to all the impact assessments is available on page 4 of this consultation.

☐ Yes- please use the comment box below

☐ No

Please explain:

Glossary of Terms

Term	Definition
Asset	An asset is a resource with economic value that an individual company or country owns or controls with the expectation that it will provide a future benefit.
Combined Sewer Overflow	Combined sewer overflows are pipes and pumps that carry both stormwater and sewage which allow excess flows of highly diluted wastewater – which in many cases pass through screens to remove plastic and rags – to be returned into watercourses/rivers and the sea to help prevent homes and businesses from being flooded.
Combined Sewers	These pipes carry both wastewater from homes and businesses, and rainwater (also known as storm water) which runs off from roads, drives and roofs (impermeable surface areas) to wastewater treatment works.
Drainage Infrastructure	A term used to collectively describe all the assets within a drainage system.
Drainage Network	A collective term to cover a system of open channels, watercourses or pipes that convey surface water.
Foul (wastewater)	Foul wastewater is wastewater that has been used for washing, cooking, or in a sanitary convenience. It can be contaminated with chemicals, effluent, or other pollutants.

Term	Definition
NI Water	Northern Ireland Water is the water and sewerage undertaker for Northern Ireland.
Northern Ireland Environment Agency (NIEA)	NIEA is responsible for protecting and enhancing Northern Ireland's environment.
Package Wastewater Treatment Plant	Package wastewater plants are pre-manufactured treatment facilities used to treat wastewater in small communities or on individual properties.
Price Control (PC)	The Price Control (PC) is a formal process that determines the total revenue NI Water needs to provide efficient water and wastewater services.
Pumping Station	A pumping station is a structure that moves water or wastewater to a different location. They can be used for groundwater, surface water, or sewage.
Sewage	The flow in foul and combined water that is produced by a community of people. For example, from toilets, sinks, washing machines, baths and showers. Typically used to describe the contents of foul and combined sewers, which can also be called wastewater. Sewage is one of the main components of wastewater.
Sewage Treatment	Sewage treatment is the process of removing contaminants from sewage to make it safe for reuse or release into the environment.

Term	Definition
Sewerage Network	This term is used to describe all of the NI Water sewers, overflows, storm tanks and pumping stations that convey flow to either a wastewater treatment works or to a receiving water (such as a river lake or sea).
Sewerage Pipe	A sewerage pipe is a pipe that carries waste and dirty water away from e.g. homes and factories.
Stormwater Offsetting	Storm water offsetting is the removal of storm water from a combined foul and storm drainage system to free capacity within the wastewater network or treatment works.
Stormwater Storage Tank	A stormwater storage tank is a designed structure that temporarily holds excess rainwater runoff from storms, collecting it from impervious surfaces like roofs and roads, and then releases it at a controlled rate to prevent flooding and manage water flow in drainage systems.
Sustainable Drainage Systems (SuDS)	Drainage systems designed to mimic nature and typically manage rainfall close to where it falls. They control the quantity and quality of run-off waters by providing storage, for example in tanks or ponds. This delays or prevents discharge to streams or rivers until there is capacity to accommodate it.
Surface Water	This is caused by rainwater that falls on the ground, roofs, roads pavements and paths. It can either evaporate back into the air, infiltrate the ground, pond on the surface or flow into a receiving water (such as a river lake or sea) via a wide range of flow paths

Term	Definition
Utility Regulator	The Utility Regulator is the economic regulator for the water, gas, and electricity industries in Northern Ireland.
Wastewater	This is sewage plus other materials such as trade effluent (wastewater from commercial processes) and leachate (polluted water from landfill sites) that could also be discharged into sewers or directly to a wastewater treatment works by a tanker.
Wastewater Connection	A wastewater connection is a link between a property and the public sewerage system that carries wastewater away.
Wastewater Improvement Works	Wastewater improvement works refers to construction or maintenance projects aimed at enhancing the quality of wastewater by improving the efficiency and effectiveness of sewage treatment processes, typically including upgrades to existing wastewater treatment plants or sewerage systems to remove more pollutants and contaminants before returning back into the environment.
Wastewater Infrastructure	Wastewater infrastructure is a network of pipes, pumps, tanks, and other facilities that collect and treat wastewater from homes, businesses, and industries.
Wastewater Treatment Works	Wastewater treatment works have four main stages of treatment – preliminary, primary, secondary, and tertiary. The number of stages depends on what quality the treated wastewater needs to reach before it can be safely returned into rivers or the sea.
Watercourse	A channel or passage through which water flows.