

water
Reform
Northern Ireland

Reform of Water and
Sewerage Services in
Northern Ireland

Part 2

**Final Equality Impact
Assessment of the
Government's
Proposals for the
Reform of Water and
Sewerage Services**

December 2005

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PART 2: THE EQUALITY IMPACT ASSESSMENT (EQIA)

CHAPTER ONE: EXECUTIVE SUMMARY

1.1 All key elements of the Water Reform Programme proposals were screened for potential impact on equality of opportunity and good relations. No significant impacts were identified at the outset or in the consultation responses in respect of the proposals listed below. These have therefore been screened out from further consideration of equality of opportunity impact.

1. Economic and Consumer Regulation - Extension of the role of the Northern Ireland Authority for Energy Regulation (NIAER) to include regulation of the Northern Ireland Water Industry;
2. Customer Representation – Expansion of the remit of the General Consumer Council for Northern Ireland (GCCNI) to incorporate Customer Representation on water matters;
3. New charging arrangements – Reform of Non-domestic charging.

Separate EQIA

1.2 A separate EQIA is being prepared by Water Service to consider the impacts on the workforce and the wider community of the proposed creation of a Government-owned Company (GoCo) as the preferred business model. This will also consider impacts arising from the Water Service Transformation Programme.

Domestic Charging Proposals

1.3 The equality of opportunity and good relations impacts identified in the draft EQIA, set out in Chapters Two to Six of this report, have been reviewed and revised to take account of the evidence contained in the

consultation responses and recent research. Full details are set out at Chapter Seven. The additional information pointed up further impacts on a range of Section 75 groups arising from affordability. In addition, many organisations and individuals criticised the mitigation measures, in particular the 25% discount proposed for low-income households, as inadequate. Research suggested that, even with discount, over one in five households would suffer from water poverty when charges were fully phased in. Water poverty has been defined as occurring where households are required to spend more than 3% of their income on water charges.

- 1.4 As a result of this review, it has been concluded that the domestic charging proposals for water and sewerage would have the most significant negative equality impact on elderly or pensioner households. There would also be significant negative impacts on widowed-person households, lone-parent households and on children living in low-income households. Negative equality impacts would be experienced by Protestant households, Unionist households, young adult households, female households, low-income households with dependants or a disabled person and bisexual, lesbian or gay people living in low-income households. No impacts are anticipated on good relations.
- 1.5 In light of the additional impacts put forward in the consultation, including the additional equality impacts, which are largely linked to affordability, the Government has reviewed and now agreed to enhanced protections for low-income households. It is proposed that:
 - (a) in recognition of the relatively high levels of poverty and disadvantage in Northern Ireland, the Government's broad objective is to ensure that low-income households should not need to spend more than 3% of their income on water and sewerage services;

- (b) to meet this objective an Affordability Tariff should be set for those households that are deemed to be in low income and at risk of falling into hardship;
- (c) the Affordability Tariff should be set at a level derived from the Single Person Pension Credit Guarantee. For those in properties with a capital value of over £100,000 the Affordability Tariff should be capped at 3% of Single Person Pension Credit Guarantee Income. Additional protection, in the form of lower-level caps, should be provided for those with properties with a capital value of £100,000 or less. The cap should be set at 2.25% of the Single Person Pension Credit Guarantee Income for properties with a capital value of over £70,000 up to £100,000, and at 1.5% for properties with a capital value up to £70,000. This would mean that in 2009/10, when charges are fully phased in, those who were eligible and living in properties over £100,000 would pay £188 or just over £3.60 per week. Those living in properties over £70,000, and up to £100,000 would pay £141 or just over £2.70 per week and those living in properties up to £70,000 would pay £94 per annum or just over £1.80 per week. The Single Person Pension Credit Guarantee is a significant safety net threshold in the social security system. In 2005 it guarantees everyone aged 60 and over an income each week of at least £109.45 if single and £167.05 for couples;
- (d) with adjustments for inflation taken into account, it is estimated that households entitled to assistance would pay in the range of £30 to £60 in 2007/08, the first year of charges, rising to a range of £61.50 to £123 in 2008/09 and, finally, a range of £94 to £188 in 2009/10. When full tariffs are phased in, low-income households would need to pay no more than 3% of their income. For many low-income households it would be less than this;

- (e) eligibility for the Affordability Tariff will be determined through the social security system and not through ad hoc means testing by the Northern Ireland Water Limited (NIWL). All those who are entitled to Housing Benefit, Rate Rebate or equivalent provision for “relevant children” as defined in the Children (Leaving Care) Act NI 2002 or the new Special Rate Relief would automatically be entitled to the new Affordability Tariff. Householders in receipt of Income Support and Pension Credit who would be entitled to these passport benefits (but do not claim them) will be assisted in securing access to low-income protection by virtue of their eligibility for Housing Benefit or Rate Rebate. That would benefit at least 175,000 households. The inclusion of the new Special Rate Relief as a passport benefit would ensure that assistance is available for those on low incomes who are just beyond the current Housing Benefit and Rate Rebate threshold;
- (f) in addition, householders aged 16 or 17 will have automatic eligibility for low-income protection. Children leaving care will also be automatically entitled to low-income protection up to age 21.
- (g) the cost of the scheme would be met from public expenditure subsidy, and not from other customers, and would be evaluated after three years when charges are fully phased in to determine its effectiveness; and
- (h) NIWL would have the discretion to set up a special hardship scheme to provide temporary assistance to those households who find themselves unable to pay as a result of exceptional circumstances.

1.6 The revised proposals will mitigate more effectively the negative impacts arising from low income and affordability. No eligible

household should need to pay more than 3% of its income on water and sewerage charges and in many cases would pay a significantly lower percentage than this. The revised proposals will be particularly effective in assisting the elderly on low incomes, both those living in low-value properties and those who live in former family homes with a high capital value. The scheme will be reviewed after three years when charges are fully phased in and better information is available.

- 1.7 The revised low-income protection scheme will assist pensioners on low incomes but would not help those on fixed incomes outside Housing Benefit or Special Rate Rebate thresholds, many of whom will also be living in high value former family homes. As this group is likely to have low levels of water consumption, it is proposed that metering should be available, free of charge, from the date of the introduction of charges to pensioner households who apply. These customers would have an option to revert to an unmeasured charge within 12 months of metering. Meters would also be installed in all new properties and first time connections and billed on that basis as a practical means of achieving the long-term objective of widespread metering. In addition, low-income protection would be available to all eligible households who have meters.
- 1.8 Metering is likely to be of particular importance in securing reductions in bills for low-income households not in receipt of passport benefits or Special Rate Relief. Decisions on any extension of domestic metering in the future will be informed by equality and New TSN considerations.
- 1.9 The Minister has reviewed the Reform Proposals in light of the points made in the consultation and the conclusions of the final EQIA and confirmed final policy decisions. These are set out in Section Five of the IIA Consultation Report. A comprehensive monitoring system will be established with results widely and openly published.

CHAPTER TWO: INTRODUCTION

- 2.1 Section 75 of the Northern Ireland Act 1998 places a statutory requirement on the Department for Regional Development in carrying out its functions, to have due regard to the need to promote equality of opportunity:
- between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
 - between men and women generally;
 - between persons with a disability and persons without; and
 - between persons with dependants and persons without.
- 2.2 In addition, without prejudice to its obligations above, the Department must also have regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.
- 2.3 In practical terms, Schedule 9 of the Northern Ireland Act 1998, requires the Department, when developing new policy initiatives such as Water Reform, to perform an EQIA. This is a thorough and systematic analysis to determine the extent of any differential impact of policy proposals upon the nine equality categories defined in Section 75. Where impact is identified, consideration must be given to alternative policies which might better achieve the promotion of equality of opportunity or measures which might be employed to mitigate adverse impact.
- 2.4 This document sets out the final Equality Impact Assessment of the

proposals for reform of Northern Ireland's water and sewerage services. The findings of this EQIA have informed final ministerial decisions on the Reform Proposals and will inform the preparation of the legislation that will be required to implement the proposals for Water Reform.

- 2.5 This document is issued as Part Two of the Consultation Report on the Integrated Impact Assessment (IIA). Chapters Three to Six reiterate the conclusions of the draft EQIA, which was subject to consultation. Chapter Seven onwards reviews these findings in light of the consultation responses, confirming final policy decisions and monitoring arrangements. Annex A provides a summary of the main points made on the draft EQIA in the consultation and a response to each. Relevant organisations may be identified from the number assigned to each in Annex A of the Part One IIA Consultation Report.

CHAPTER THREE: SCREENING CONCLUSIONS OF DRAFT EQIA

Economic and Consumer Regulation

- 3.1 The 2003 Consultation Document (para 7.17) concluded that the proposal to establish arrangements for Economic and Consumer Regulation would not require detailed equality impact assessment. The consultation process endorsed this view (para 8.7 of the Consultation Report).
- 3.2 The Northern Ireland Authority for Energy Regulation (NIAER) has been selected to take on the role of the Economic and Consumer Regulation of the Northern Ireland Water Industry. NIAER is an existing Northern Ireland Public Authority, already designated in respect of Section 75 obligations, and has its own equality scheme. The primary legislation being developed to implement Water Reform will prescribe the expanded functions and responsibilities of the Regulator and will incorporate a statutory requirement on the Regulator to deliver its functions equally and impartially on behalf of all water customers.

Consumer Representation

- 3.3 The 2003 Consultation Document (para 7.17) concluded that the proposal to establish arrangements for customer representation would not require detailed equality impact assessment. The consultation process endorsed this view (para 8.7 of the Consultation Report).
- 3.4 The General Consumer Council for Northern Ireland (GCCNI) has emerged as the preferred option for the Northern Ireland Water “Champion”. The GCCNI is a well-established Northern Ireland Public Body already designated in respect of Section 75 obligations and has its own equality scheme. The primary legislation being developed to

implement Water Reform will prescribe the expanded functions and responsibilities of the GCCNI on water issues and will incorporate a statutory requirement on it to deliver its functions equally and impartially on behalf of all water users.

Business Model

- 3.5 The 2003 Consultation Document acknowledged that all five options explored would affect the same Section 75 groups – largely as a result of the operating efficiencies common to all models – and that a detailed EQIA would be required to address the impacts on both the workforce and wider society.
- 3.6 Since then, Ministers have decided that Water Service should become a Company wholly owned by Government (a GoCo) and have set Water Service an extremely challenging efficiency target, requiring a reduction in annual operating costs of at least £43 million by 2009/10. Responses to the 2003 consultation suggested that these decisions could give rise to a number of impacts.

Impact on the Water Service Workforce and Local Communities

- 3.7 Angela Smith, MP, announced in April 2003 that it was anticipated the reform process would lead to a reduction of 500-600 posts in the Water Service over a period of 5 to 6 years. She made it clear that this figure was subject to further work being done.
- 3.8 In October 2003, John Spellar, MP, indicated that the efficiency programme would result in reductions of no more than 350 posts in Water Service before 31 March 2006. The process of reductions has commenced, but to date has been managed through natural wastage.
- 3.9 It was not possible in November 2004 to be definitive about developments after 2006 but there will be ongoing pressure to deliver

efficiencies which is likely to result in further post reductions. The detailed work will have to take into account the charging levels as set by Government initially and then the new Economic Regulator.

- 3.10 Ministers have made it clear that all efforts will be made to avoid redundancies. Water Service management is committed to making reductions through natural wastage (e.g. retirements; not filling vacancies) wherever possible. All available established Civil Service procedures (into which equality of opportunity is fully integrated) will be used, including redeployment. Reductions will also be the subject of detailed consultation with Water Service staff and their representatives. These pre-redundancy measures will continue to apply once the GoCo is formed and will be part of the terms and conditions of service for employees transferring under the TUPE¹ arrangements.
- 3.11 An equality screening on implementation of the Efficiency Programme will provide opportunity for potential impacts to be considered further. This screening process will be undertaken by Water Service, ahead of responsibility transferring to GoCo, and will include consideration of any proposals to reduce or rationalize the number and location of offices and depots. [This screening subsequently resulted in a decision to carry out a full EQIA on the Water Service Transformation Programme. A draft EQIA will issue for consultation early in 2006.]

Public Private Partnerships (PPP)

- 3.12 The Minister's statement of 10 August 2004 also outlined the intention to investigate the role that the private sector might play in the GoCo. The Department is highly conscious, from feedback obtained during the consultation process, of the concerns of many regarding the equality implications of private sector involvement in financing and delivering water and sewerage services. In accordance with the PPP Framework

¹ Transfer of Undertakings (Protection of Employment)

Document “Working Together in Financing our Future”, Water Service (responsibility transferring to GoCo) will screen all PPP Projects to determine whether full equality impact assessment is required. [PPPs will be considered in the draft EQIA on the Water Service Transformation Programme, which will issue for consultation early in 2006.]

Non-Domestic Charging

- 3.13 Since the 2003 consultation process, policy development on new charging arrangements has been widened to incorporate changes to the already existing non-domestic charging arrangements. The non-domestic customers consist broadly of the agricultural, commercial, industrial, voluntary/community and public sectors. These proposals will essentially impact on businesses, or those conducting business, rather than on individuals, and their impacts will therefore be more appropriately addressed in the partial Regulatory Impact Assessment (RIA), Integrated Impact Assessment Part III. It has accordingly been decided to screen out the changes to non-domestic charging on the grounds that there is no reason to expect these proposals to impact differentially on any of the Section 75 categories. As this issue has not been screened in the 2003 Consultation Document, comments on the decision would be particularly welcome.

Domestic Charging

- 3.14 The 2003 Consultation Document provided a preliminary equality assessment which concluded that each of the possible options for domestic charging could present considerable equality impacts. The feedback to the Consultation Document confirmed this view. The options for domestic charging have therefore been subject to equality analysis leading to a full EQIA of the preferred charging option.

Good Relations

- 3.15 Under Section 75 (2) of the Northern Ireland Act 1998, the Department must also have regard to the desirability of promoting good relations between specified groups. It has been concluded that none of the proposals will impact on good relations between persons of different religious belief, political opinion or racial group.

Conclusion on Equality Screening of Draft EQIA

- 3.16 The proposals for new domestic charges should be subject to full Equality Impact Assessment at this point in time.
- 3.17 The proposals for economic and consumer regulation and consumer representation have been screened out of further equality impact assessment. Further consideration will be given separately, to the equality implications for the wider community and the Water Service workforce, of the implementation of the Efficiency Programme and PPP schemes. The first stage in this process will be screening for equality impacts to determine whether EQIAs should be performed. The implications of the preferred business model on the workforce, the wider community and PPPs will be subject to a separate EQIA at a later date. [These will be covered in the draft EQIA on the Water Service Transformation Programme due to issue for consultation early in 2006.] The revised arrangements for non-domestic charging have been screened out of further equality assessment.
- 3.18 None of the proposals has implications for good relations.

CHAPTER FOUR: THE APPROACH TO ASSESSMENT

- 4.1 The Department has followed closely the guidance for undertaking an EQIA as set out in the Equality Commission's publication "Practical Guidance on Equality Impact Assessments"².
- 4.2 This envisages seven separate elements:
1. Defining the aims of the policy - these are set out in the policy proposals paper;
 2. Consideration of available data and research;
 3. Assessment of impacts;
 4. Consideration of:
 - measures which might mitigate any adverse impact; and
 - alternative policies which might better achieve the promotion of equality of opportunity;
 5. Formal consultation;
 6. Decision by Public Authority and Publication of results of EQIA; and
 7. Monitoring for adverse impact in the future and publication of the results of such monitoring.

Consideration of Available Data and Research

- 4.3 The Department has ensured that the consideration of equality issues has been factored into the process used to develop domestic charging policy.
- 4.4 Equality analysis of the domestic charging options has therefore taken place in three phases, in line with the various stages of policy

² www.equalityni.org

development. In Phase I and Phase II, equality effects were assessed at District Council level. In Phase III, the analysis was carried out at the more detailed electoral ward level, where the data allowed.

4.5 The quantitative data used to characterise these areas in terms of equality groups was:

- **Age and Gender**
 - Phase I: Mid-Year Estimates of Population, June 2001.
 - Phase II: Mid-Year Estimates of Population, June 2002.
 - Phase III: 2001 Census

 - **Marital Status** - 2001 Census, which also gives information on 'living arrangements' (ie. alone or as part of a couple).

 - **Religion** - 2001 Census, 'Community Background' variable. This variable has a better coverage of the two main traditions than the 'Religion' variable per se.

 - **Racial Group** - 2001 Census. For the first time these data are available on the numbers of people of ethnic minority background in the NI population.

 - **Disability** - Those in receipt of Disability Living Allowance or Attendance Allowance, February 2003 (Phase I and Phase III), May 2003 (Phase II). 2001 Census, those with a long-term limiting illness (Phase III).

 - **People with Dependants** - 2001 Census, number of households with dependant children. Also for the first time, the 2001 Census recorded the number of people caring for others, who may in turn be elderly or disabled.
-

- **Political Opinion** - First preference votes cast in the June 2001 District Council elections from the Electoral Office for Northern Ireland.
- **Sexual Orientation** - No population data are available on sexual orientation – it is not possible to include this group in quantitative analysis.

4.6 The above data on equality groups are linked to other datasets which are used to illustrate the potential effects of the various charging options. These are:

- House sales data from Valuation & Lands Agency (VLA) for 1998 and 1999 (Phase I) giving capital values at point of sale. Data for 2002 and 2003 (Phase II) and 2002, 2003 and 2004 (Phase III) also included house size as a variable.
- DETI 'New Earnings Survey' 2002 (Phase I)
- NI Household Panel Survey, February 2003 (Phase I)
- 2001 Census – household composition variable (Phase I)

4.7 Ideally, analysis would be carried out by linking householders and their Section 75 characteristics with individual data on household size, water consumption, income and house value. However, as data are not available to do this, analysis has to be carried out in a spatial way to link the overall population characteristics of an area to the *average* household sizes etc. Care must be taken in interpreting the findings in that the characteristics of areas cannot be assumed to be homogenous, so for example, if we find that an area with high *average* house values has a large proportion of non-white ethnic groups, it is not necessarily true that these particular people will be living only in the

expensive houses. This is more of an issue in Phases I and II of the analysis which were carried out at a higher geographical level. Phase III analysis was carried out at electoral ward level, and is therefore more robust.

Additional Data, Research and Evidence

- 4.8 Since the draft EQIA issued for consultation on 29 November 2004, further data and research have become available. In December 2004 Defra published the “Cross-Government Review of Water Affordability Report” available on:

<http://www.defra.gov.uk/environment/water/affordability/index.htm>

In addition, Professor Paddy Hillyard and Fiona Scullion of the School of Sociology and Social Policy, Queen’s University Belfast have published a paper, “Water Affordability Under the Water Reform Proposals”, available on www.research.ofmdfmi.gov.uk/waterpoverty.pdf

- 4.9 The consultation responses also included a wide range of evidence of potential impacts on Section 75 groups.

CHAPTER FIVE: ASSESSMENT OF IMPACTS IN DRAFT EQIA

5.1 This section outlines the relative equality impacts of the wide range of options considered for domestic charging which, combined with a range of technical, economic and other policy factors led to the development of the preferred charging arrangements. The results of the impact assessment process are set out in this section in summary form. Further details, including methodological considerations, are given in the Equality Technical Appraisal available on the Water Reform website: www.waterreformni.gov.uk

Phase 1 – June 2003

- 5.2 The 2003 Consultation Document set out broad representative options upon which domestic charges could be based. These were a uniform (or flat) charge; a property-based charge (based on capital value); and a combination of both. It also raised the possibility of domestic metering.
- 5.3 Whilst these represented only indicative options, the Department performed an internal preliminary assessment of equality impacts to help inform the process of policy development.
- 5.4 The equality effects of the three Phase 1 options are fundamentally driven by different factors as follows:
- i. Property-based charge – differential house prices related to the Section 75 profile of the people who live in them.
 - ii. Flat charge – differential household sizes and the Section 75 profiles of the people in those households.

- iii. Metering – differential consumption, and the profiles of the Section 75 people who need to consume more.

5.5 The equality effects of the 3 options are summarised in the table below.

Section 75 group	Property-based charge (capital value)	Flat Charge	Metering
Religion	Negative on Protestants	Negative on Protestants	No Impact
Political Opinion	Negative on Unionists	Negative on Unionists	No Impact
Gender	No Impact	No Impact	No Impact
Age	Negative on Elderly	Negative on Elderly	Negative on children
Marital Status	Negative on Married people	Negative on Single people	No Impact
Disability	No Impact	No Impact	Negative on Disabled people
Dependants	Negative on carers of elderly people	Positive on households with children	Negative on those with dependants
Race	No Impact	Positive on ethnic minorities	No Impact

5.6 In summary, Phase 1 analysis indicated that metering would result in the smallest equality impact and that the other options would have greater equality implications. This equality assessment also supported the early policy decision³ to rule out a flat charge approach from further consideration.

Phase II – March 2004

5.7 In Phase II attention focused on approaches based on property size, value or some combination. All of these property-based charging approaches also contained a metering option.

5.8 Equality analysis was repeated for the capital value option on an

³ John Spellar, 7 October, 2003

updated house price dataset. A new option of charging based on property size was also assessed, as this was considered to provide an indicator of the costs on the water and sewerage system placed by households.

5.9 The equality effects of these two options are summarised in the table below.

Section 75 group	Capital Value of Property	Property Size
Religion	Negative on Protestants	Negative on Roman Catholics
Political Opinion	Negative on Unionists	Negative on Nationalists
Gender ⁴	No Impact	No Impact
Age	Negative on Elderly	Negative on Children
Marital Status	Negative on separated/widowed/divorced people	Negative on Married People
Disability	No Impact	No Impact
Dependants	Negative on carers of elderly people	Negative on households with children
Race	No Impact – small numbers	No Impact – small numbers

Phase III – August 2004

5.10 This analysis was performed at a much more detailed level than the preceding phases. This section outlines the assessed impact on each of the Section 75 groups of a charging system based on capital values. Full details of the analysis are given in the Equality Technical Appraisal available on the Water Reform website: www.waterreformni.gov.uk

Religious Belief

5.11 There is a significant negative equality impact on Protestants. There is a markedly higher representation of Protestants in those areas of Northern Ireland with higher house prices. Where house prices are

⁴ Where there is an impact on the elderly there are more females and vice versa – it is thought this is an age rather than a gender effect

highest, the population is 62% Protestant and 33% Roman Catholic, compared to 46% and 52% respectively where house prices are lowest. These figures show that Protestants are likely to bear a disproportionately greater burden of the domestic water and sewerage bill than their representation in the wider Northern Ireland community (53%) would otherwise indicate.

Political Opinion

- 5.12 There is a significant negative equality impact on Unionists. There is a markedly higher representation of Unionists in those areas of Northern Ireland with higher house prices. Where house prices are highest, the population is 56% Unionist and 32% Nationalist, compared to 43% and 50% respectively where house prices are lowest. These figures show that Unionists are likely to bear a disproportionately greater burden of the domestic water and sewerage bill than their representation in the wider Northern Ireland community (48%) would otherwise indicate.

Marital Status

- 5.13 There is a negative impact on married people due to the greater representation of married people compared to all other marital categories in those areas with highest house prices. Where the house prices are highest, 54% of the population is married, compared to 44% where house prices are lowest. This confirms the view that married couples live in larger and possibly more expensive properties than single householders, and will therefore incur higher charges.

Age

- 5.14 There is a negative impact on the elderly but not on households with children. Where the house prices are highest, there is a disproportionate representation of over 65 year olds who make up 14% of the population compared to 13% in Northern Ireland as a whole. On

the other hand there are fewer children aged under 16 (22% of the population where houses are most expensive and 25% where they are cheapest).

People with Dependants

- 5.15 There is a negative impact on those with elderly dependants. In areas with higher property prices there is a greater than average number of carers (12% of the population compared to the Northern Ireland figure 11%). They would appear to be caring for the elderly rather than the disabled, of whom there are fewer than the NI average in these areas.

Gender

- 5.16 There would be no impact on gender under this charging regime.

People with Disabilities

- 5.17 There would be no impact on people with disabilities under this charging regime.

Race

- 5.18 Although there are more ethnic minorities living in areas where houses are most expensive, this does not necessarily mean that those individuals are living in these houses. The small numbers involved do not allow firm conclusions on impacts. Consultation feedback on this conclusion would be particularly welcome.

Sexual Orientation

- 5.19 There are no data available to assess the potential impact on the sexual orientation category. Consultation feedback on this conclusion would be particularly welcome.

Good Relations

- 5.20 The proposals are unlikely to impact on good relations between persons of different religious belief, political opinion or racial group. While negative equality impacts have been identified on Protestants and Unionists, this is due to the markedly higher representation of Protestants and Unionists in those areas with higher house prices and they are unlikely to impact significantly on good relations.

CHAPTER SIX: ALTERNATIVE/MITIGATION MEASURES PROPOSED IN DRAFT EQIA

- 6.1 The Policy Proposals Paper, published along with the IIA, set out the rationale for the preferred charging approach. It explained why other possible approaches or alternatives have been discounted. This section addresses mitigation measures for the chosen preferred option.
- 6.2 The Department has sought to tailor the charging scheme to include the following measures which would mitigate the negative equality impacts which have been identified.

Standing Charge

- 6.3 Every household connected to the water and sewerage infrastructure will pay a standing charge for water and for sewerage. This will be a uniform amount payable by all, broadly reflecting the costs associated with maintaining connections to the public water and sewerage networks. The standing charge will represent approximately 35% of the total costs of domestic supply. It therefore has the effect of reducing the overall property-related element of the domestic charges.

Capping of Charges

- 6.4 The cap (£750) ensures that the most expensive properties do not incur charges which are substantially higher than could be justified by the overall highest levels of household consumption of water and sewerage services. By limiting the level to which charges can rise, a limit is similarly imposed on the property-related equality impacts on the affected groups.

Protection for Low-Income Households

- 6.5 Customers who are in receipt of Housing Benefit, Rate Rebate, or the proposed new Special Rate Relief will be eligible for a 25% discount on the annual water and sewerage charge. Whilst this is essentially a ‘targeting social need’ provision, it is available to all households meeting qualifying conditions across the full range of charges, this means that it will provide a reduction for all, irrespective of the value of the property. The actual amount of the discount increases with rising property value up to the imposition of the cap. It means more in cash terms for those qualifying households in higher value properties.
- 6.6 It is proposed in future to assess and monitor the impact of the low-income discount scheme to establish if it can be used to provide further mitigation of equality impacts.

Domestic Metering

- 6.7 Metering of domestic properties is to be provided for in the proposed charging regime, though not until the new charges are fully phased in. This is to allow sufficient time to introduce metering without unfairly burdening any group of customers. The preliminary impact assessment (Phase I) indicated that metering would not have a negative impact on the religion/political opinion categories.
- 6.8 Much policy development work will be required to ensure that any future charging regime does not have any negative impacts on equality groups, for example, people with disabilities or households with children which may require large amounts of water. The Department will therefore screen the emerging metering proposals for equality impacts.
- 6.9 In addition, the Department considers that there are features of the new domestic charging arrangements which, although not providing

direct mitigation for the relevant Section 75 groups, will reduce their overall impact. These are set out in the following paragraphs.

Phasing the Introduction of Domestic Charges

- 6.10 The introduction of the new charges will be phased in. Domestic customers will pay one third in the first year, two thirds of the annual charge in the second year following their introduction, and thereafter the full charge. While this facility will benefit all domestic customers, it will provide a greater benefit in cash terms to the Section 75 groups on whom the charging system has a greater impact.

Water Service Efficiency Programme

- 6.11 Water Service has been set an extremely challenging target to reduce annual operating costs by £43 million by the end of the decade. The efficiency improvements will ensure that the water and sewerage charges are kept as low as possible. The implementation and further development of the efficiency programme will be overseen by the new Economic Regulator, who will be required to ensure that the level of charges is reasonable and that there is a fair distribution of costs among customer categories.

CHAPTER SEVEN: CONSULTATION AND KEY FINDINGS

- 7.1 The draft EQIA was circulated widely for consultation as part of the Integrated Impact Assessment on 29 November 2004, with a closing date for comment of 4 March 2005. Full details of the consultation process, including pre-consultation meetings and measures and other stakeholder meetings, are set out in Section Two of the IIA Consultation Report.
- 7.2 Around thirty organisations and two members of the public commented on the draft EQIA. In addition, the Age Sector Reference Group submitted a petition opposing domestic water charges with 1462 signatures which stated that Government had failed to consult adequately with older people on the proposals.
- 7.3 The main themes emerging from the consultation responses are discussed below. In addition, a summary of the points made, and the Government's response to each, is set out at Annex A.

Screening and Methodology

- 7.4 A number of organisations challenged the screening process and conclusions. A few felt that screening should not have been mixed in with the EQIA. Others queried whether the screening conclusions had been subject to consultation and pointed to an absence of evidence of consultation with affected individuals and groups during the screening process. Some organisations challenged the screening conclusions and argued that the choice and formation of the GoCo, the future of the Water Council, the economic and consumer regulation and customer representation arrangements and the reform of non-domestic charging should have been subject to full EQIA. Emphasis was also placed on the need for a full EQIA of the Water Service rationalisation and PPP

proposals, with concern expressed about the screening arrangements and the possible timing of any such EQIA.

- 7.5 The EQIA methodology used was criticised on the grounds that important issues and elements of the charging proposals were not addressed. It was also claimed that the Equality Commission's Guidance for implementing Section 75 was not followed.
- 7.6 It is felt that the decision to consider all the key elements of the Water Reform Programme in the EQIA represented the most integrated and transparent approach to Section 75. The screening conclusions were underpinned by consultation with representative and stakeholder groups prior to and during the 2003 and 2004/05 consultation exercises. Both consultation exercises included initiatives to help to engage with all sections of the population, including older people. The consultations provided individuals and groups with the specific opportunity to comment on the screening proposals and to submit evidence of impacts on Section 75 groups which might justify full equality impact assessment of the proposals.
- 7.7 It is noted that some organisations queried the proposals to screen out from further Section 75 consideration the economic and consumer regulation proposals, the customer representation proposals and the reform of non-domestic charging. However, in doing so, they did not make the Department aware of any quantitative or qualitative information or evidence of potential impacts on Section 75 groups arising from these proposals. Most of the points raised in this context actually related to the domestic charge, which has been subject to full EQIA, or to the internal rationalisation plans for Water Service, including the impact of the move to GoCo status on staff, on which a draft EQIA is currently being prepared for consultation early in 2006. The Department has, therefore, considered each policy proposal against the main screening questions and the consultation responses and has concluded that there is no evidence that they will have

significant implications on equality of opportunity. Accordingly, it has been concluded that there are no grounds for detailed equality impact assessment of these proposals.

- 7.8 On the methodology used, the EQIA was carried out in accordance with the Equality Commission's Guidance for implementing Section 75. However, the constructive comments and additional evidence of impacts submitted on the domestic charging proposals by respondents are welcome. These and the findings of recent research have been fully considered in this final EQIA.

Assessment of Impacts and Additional Evidence

- 7.9 The assessment of the equality of opportunity impacts of a charging system based on capital values was widely criticised. It was argued by a number of organisations that the analysis did not reflect the full impact of the hybrid charge (standing charge plus variable charge linked to capital value) on Section 75 groups, particularly those in low-income households. It was pointed out that affordability of the charge had Section 75 implications and that the standing charge element (now set at approximately 35% of costs for domestic customers) would form a higher proportion of lower level bills and could thus impact negatively on many Section 75 groups within low-income households.
- 7.10 Many groups put forward additional evidence of impacts on Section 75 groups in low-income households such as the elderly, the disabled, lone parents and widows. The Equality Commission and the General Consumer Council for Northern Ireland (GCCNI) stressed the need to assess the impacts on those who would suffer from hardship, poverty and debt as a result of water affordability problems. They suggested that the Department should consider the potential for water poverty, which they defined as households spending more than 3% of income on water and sewerage bills. They also advocated consideration of the proposals in the context of the social and economic circumstances of

Northern Ireland households relative to those in Great Britain (GB) and, with other organisations, supplied statistics which contrasted socio-economic conditions in Northern Ireland unfavourably with those in GB. The Equality Commission advised that, in considering impacts on low-income groups, it would be legitimate to consider relevant information from other jurisdictions, including the experience in England and Wales.

7.11 The points made about the analysis which underpinned the draft EQIA conclusions are noted. As paragraph 4.7 of the draft EQIA pointed out, data were not available at the time to link householders and their Section 75 characteristics with individual data on household size, water consumption, income and house value. The analysis was, therefore, carried out in a spatial way linking the overall population characteristics of an area to its average house value. The analysis was carried out at electoral ward level and is considered to be robust. Nevertheless, the Department acknowledges the importance of the impacts associated with affordability, and has reflected in this final EQIA the evidence submitted of additional impacts on some Section 75 groups. The findings of recent research carried out by the Department for the Environment, Food and Rural Affairs (Defra) and Queen's University Belfast have also been taken on board. These have enabled full account to be taken of the Section 75 impacts associated with affordability.

7.12 The Cross-Government Review of Water Affordability Report published by Defra in December 2004 confirmed that water affordability is likely to be a concern for specific income and/or consumer groups such as pensioners, lower-income working and non-working households, and that the problem appeared to be confined to particular regions such as Wales and the North West and South West of England. The report estimated that, on average, the percentage of households paying more than 3% of disposable income for water would rise from 8% in 2004-05 to 12% in 2009-10. However, for low-income households the figure

would rise from 29% to 40%. Ministers' decisions following the review are also set out in the report. These largely involve minor amendments to the Vulnerable Groups Regulations and other measures to increase take-up from the current level of 7,200 across England and Wales, the extension of best practice and the introduction of new initiatives on key affordability and debt related issues.

7.13 Professor Paddy Hillyard and Fiona Scullion of Queen's University Belfast have carried out some research on "Water Affordability under the Water Reform Proposals". This is available at www.research.ofmdfmi.gov.uk/waterpoverty.pdf . This analyses the possible impacts of the domestic charging proposals on Section 75 groups with and without taking account of people's ability to pay. Ability to pay is assessed on the basis of the risk of water poverty for different groups. As mentioned earlier, water poverty is considered to be expenditure of more than 3% of household income on water charges. The paper concludes that the proposals will impact adversely on the poorest sections of the community in Northern Ireland. It suggests that social and demographic factors will be more important in terms of impacts than religious belief or political opinion. Even though the paper shows that better off sections of the community will pay a higher proportion of the overall charge in relation to their numbers in the community, it concludes that, even with rebate, some 22% of households, (over one in five) including the elderly, the widowed and lone parents, will suffer from water poverty when charges are fully phased in. In the poorest quintile of households the water poverty figure will be 65%.

7.14 Professor Hillyard's approach, which is based on a random survey of households using a range of individual household information such as income, capital value and Section 75 characteristics, complements the spatial analysis carried out in the draft EQIA. Both approaches have strengths and weaknesses. His initial assessment of impacts echoes, to some degree, the conclusions in the draft EQIA. His second

assessment, which takes ability to pay into account, provides additional useful information about impacts. This research, together with the qualitative and quantitative evidence included in the consultation responses, provides comprehensive information which has helped the Department to make final decisions about impacts on equality of opportunity and good relations.

Joint Impact of Domestic Rating Reform and Water Reform

- 7.15 Several organisations queried whether the joint consequences of changes proposed to domestic rates and water charges had been assessed. GCCNI pointed out that the draft EQIA did not take into account the joint impact on the household bill of proposed rates increases and water charges.
- 7.16 The Government is mindful of the need to ensure that both reforms are implemented in a fair and reasonable way. To this end there has been close liaison between the respective project groups from the outset. As a result policy development has been aligned, with individual project decisions informed by the consideration of issues in the other reform project and vice versa.
- 7.17 Considerable Section 75 and New TSN analysis has been carried out on each reform proposal and is an on-going part of the policy development process for both DFP and DRD. A Joint Monitoring Group has been established to help to assess, monitor and mitigate overall impacts. The charging regimes for Rates and Water, including the protections for those on low income, vary significantly. Equality impacts will also vary considerably. However, on the basis of the individual equality impact assessments, the Joint Monitoring Group has been able to identify the groups most likely to experience negative equality impacts from both reforms. These include the elderly and lone-parent households. Also, the assessment process identified Protestants and those in the 'other religion' category as likely to face an

above average bill under the new system of water charging and the new rating system, though this also is the case with the existing NAV based rates system. It is important to note that such an impact will occur because of the differing housing markets (and the prices paid for houses) throughout Northern Ireland. In many cases, this will be linked to ability to pay. Where that is not the case, the protections for low-income groups will mitigate the negative impacts.

7.18 The Section 75 impacts associated with affordability identified in this EQIA will not translate across to domestic rating reform as some 175,000 of the poorest households currently do not pay full rates because they are on Housing Benefit. Joint negative impacts are, however, likely to be experienced by those on incomes just above Housing Benefit levels. A new Special Rate Relief scheme is to be introduced in April 2007 to provide assistance to this group, which is likely to include the Section 75 groups most affected. This new scheme is intended to help those on low incomes that are just beyond the current Housing Benefit and Rate Rebate threshold. DFP is currently considering a further report from external consultants on the administration and targeting of this new scheme. In recognition of the joint impacts, eligibility for this Special Rate Relief will also be a passport to the Water Reform protections for low-income households.

7.19 In addition, the Government intends to align, as far as practicable, the transitional arrangements for Water Reform and Domestic Rating Reform. Government will monitor the joint impact on households.

Review of Impacts

7.20 The Department has reviewed the impacts identified in the draft EQIA in light of the additional evidence submitted in the consultation responses and the findings of research recently published by Defra and Queen's University Belfast. The final EQIA conclusions are discussed and set out below against each Section 75 group.

Religious Belief

- 7.21 The draft EQIA concluded that there was a significant negative equality impact on Protestants due to their markedly higher representation in those areas of Northern Ireland with higher house prices. Some organisations suggested that impacts arising from water affordability would result in an opposite differential impact in this category. Professor Hillyard's research estimates that Protestant households will, on average, pay £23 more per year in water and sewerage charges than Roman Catholic households and that Protestant households are at greater risk of water poverty than Roman Catholic households or households of neither religion. The differential impact on Protestants appears to be less than originally anticipated. **It has therefore been concluded that there would be a negative equality impact on Protestants.**

Political Opinion

- 7.22 The draft EQIA concluded that there would be a significant negative equality impact on Unionists due to the markedly higher representation of Unionists in those areas of Northern Ireland with higher house prices. Professor Hillyard's analysis shows that impacts on political opinion are not split simply across Unionist /Nationalist lines. However, overall, Unionist-voting households will be negatively impacted compared to Nationalist-voting households. **It has therefore been concluded that there would be a negative equality impact on Unionists.**

Marital Status

- 7.23 The draft EQIA concluded that there would be a marginal negative impact on married people due to the greater representation of married people compared to all other marital categories in those areas with higher house prices. Professor Hillyard's analysis shows that married

couple households would have the highest average water charge but that the risk of water poverty was low for these households. This is not unexpected given that married-couple households may have two people contributing to bills. The consultation responses suggested that the charge would present greater affordability problems for other marital categories such as single people, those separated or divorced, those widowed and lone parents. Professor Hillyard's analysis confirms that negative impacts are more likely to be experienced by widowed person households and lone-parent households. Compared to the average risk of water poverty of 22%, these households have a 50% and 34% risk respectively of water poverty. **It has therefore been concluded that there would be a significant negative impact on people living in households without other adults, particularly those widowed and lone parents.**

Age

- 7.24 The draft EQIA concluded that there was a marginal negative impact on the elderly but not on households with children. A large number of consultation responses expressed the view that the negative impact on elderly people was likely to be the most significant impact of the charging proposals. Much evidence was submitted, often by individual pensioners and their representative groups, of the hardship and poverty already experienced by pensioners, and the detrimental effects of the charge on them, especially those on low incomes living in family homes with a high capital value. Help the Aged indicated that one in four pensioners were in poverty and one in two found it hard to make ends meet. Professor Hillyard's analysis confirms that pensioner households are at the highest risk of water poverty. In addition, he concludes that there would be impacts on the 16-24 age group taking into account ability to pay. Children living in lone-parent households were also identified as being more at risk of water poverty than children living in family households. Save the Children consider that the charges will have a detrimental effect on the health and wellbeing of

children in low-income families. They highlighted recent analysis which establishes that almost 40% of children in Northern Ireland are living in poverty with around 8% in severe poverty. **It has therefore been concluded that the proposals would have significant negative impact on the elderly and children in low-income households and a negative impact on young adult households.**

People with Dependants

- 7.25 The draft EQIA concluded that there would be a marginal negative impact on those with elderly dependants due to a greater than average number of carers in areas with higher property prices. Professor Hillyard's analysis indicates that there is no significant difference in impacts between those households with or without caring responsibilities. A small number of organisations felt that there would be negative impacts on carers. CarersNI considers that there would be negative impacts on carers in low-income households. **It has therefore been concluded that the proposals would have a negative equality impact on low-income households of people with dependants.**

Gender

- 7.26 The draft EQIA concluded that there would be no impact on gender. Although we were unable to draw any clear conclusions from the analysis, Professor Hillyard has confirmed that women are more likely to be in poverty than men. Women are also disproportionately represented in lone-parent households and in single pensioner households. These impacts have already been acknowledged. **It has therefore been concluded that the proposals would have a negative impact on female households.**

People with Disabilities

7.27 The draft EQIA concluded that there would be no impact on people with disabilities. A few organisations considered that there would be an impact on disabled people because of the link between disability and low income. Professor Hillyard's analysis identifies a positive impact on households with a disabled person. However, this is based on a small number of households in the survey containing people with disabilities. Therefore, the Department discussed the issue with Disability Action who provided evidence of a link between disability and low income. **It has therefore been concluded that there would be a negative equality impact on low-income households with a disabled person.**

Race

7.28 The draft EQIA did not reach firm conclusions due to the small numbers involved and invited consultation feedback on the issue. No submissions were received from groups or organisations representing ethnic minorities. Some organisations asked for information about the type of charges to which Travellers might be subject. Travellers will pay charges for household connections to water and sewerage services. Serviced sites may already be subject to water charges. It is not yet clear how possible increases in water and sewerage charges would translate across to caravan site fees. Discussions with the Northern Ireland Council for Ethnic Minorities (NICEM) and other representative groups also failed to identify any major issues. **It has therefore been concluded that there would be no impact on race.** However, the Department will monitor this area closely to ensure that any unforeseen difficulties are picked up at as early a stage as possible. These could well also relate to affordability. Particular attention will be paid to the presentation and dissemination of information surrounding the charging system to ensure that it is accessible to all, including minority ethnic groups and Travellers.

Sexual Orientation

- 7.29 The draft EQIA also asked for consultation feedback on this category. Again, no representative groups responded to the consultation. One organisation suggested that differential impacts might arise from the link with low income. This was borne out by discussions with a representative group which highlighted qualitative evidence and international research on such a link. **It has therefore been concluded that there would be negative equality impacts on bisexual, lesbian or gay people living in low-income households.**

Good Relations

- 7.30 The draft EQIA concluded that the proposals would be unlikely to impact on good relations between persons of different religious belief, political opinion or racial group. Two organisations and one member of the public queried this conclusion in light of the significant negative equality impact on Protestants and Unionists highlighted in the draft EQIA. These impacts are now considered to be much lower than originally envisaged. In any case, the impacts would be of an indirect nature and, as such, would be unlikely to impact on good relations.

Summary of Final Impacts

- 7.31 The Department has concluded that the domestic charging proposals for water and sewerage would have the most significant equality impact on elderly or pensioner households. There would also be significant negative impacts on widowed-person households, lone-parent households and on children living in low-income households. Negative equality impacts would be experienced by Protestant households, Unionist households, young adult households, female households, low-income households with dependants or a disabled person and bisexual, lesbian or gay people living in low-income households.

Alternative Measures/Mitigation

- 7.32 The mitigation measures put forward in the draft EQIA were criticised as unclear and inadequate by many organisations. The standing charge was not considered to be a mitigation due to its regressive nature, and the capping of charges was regarded as mitigation only for the rich. As these measures will restrict, to some degree, the impact of the charges on those living in high value properties, they will mitigate any religious belief and political opinion impacts which arise because of the higher capital values.
- 7.33 The mitigating impacts of the phasing-in proposals and the Water Service efficiency programme were dismissed as cosmetic. Insofar as the three-year phasing in period will result in lower level charges for the first two years, they will have a mitigating effect. However, the short-term nature of this mitigation measure is acknowledged. Similarly, the efficiency programme will help to keep charges at as low a level as possible.
- 7.34 A large number of organisations expressed disappointment about the failure to develop concrete metering proposals as part of the initial charging regime. Many of these emphasised the need for a future full EQIA on metering proposals and the associated charging structure.
- 7.35 Major dissatisfaction was evident on Section 75 and New TSN grounds with the 25% discount on the annual water and sewerage charge offered to customers in low-income households in receipt of Housing Benefit, Rate Rebate or the proposed Special Rate Relief. The 25% discount was regarded as inadequate and unlikely to protect low-income groups such as pensioners from water poverty.
- 7.36 Careful consideration has been given to the concerns expressed about the mitigation proposals, in particular the evidence submitted that the

25% discount would be unlikely to alleviate hardship for low-income households. It is recognised, in light of the fact that the majority of additional Section 75 impacts identified are derived from low-income and water affordability considerations, that the protections proposed for low-income groups are also central to equality of opportunity considerations.

Revised Protections for Low-Income Households

7.37 The Government acknowledges the depth of the concerns expressed about the affordability of the new charge, and the protections advanced for low-income households. In light of these criticisms, and the additional impacts identified in the consultation responses and reflected in this final Equality Impact Assessment, the Government has reviewed the protections proposed for low-income households to develop alternative measures which would provide a higher level of protection generally, improve affordability and more directly mitigate hardship.

7.38 As a result of this review, the Government has now agreed to enhanced protections for low-income households. It is proposed that:

- (a) in recognition of the relatively high levels of poverty and disadvantage in Northern Ireland, the Government's broad objective is to ensure that low-income households should not need to spend more than 3% of their income on water and sewerage services;
- (b) to meet this objective an Affordability Tariff should be set for those households that are deemed to be in low income and at risk of falling into hardship;
- (c) the Affordability Tariff should be set at a level derived from the Single Person Pension Credit Guarantee. For those in properties with a capital value of over £100,000 the Affordability

Tariff should be capped at 3% of Single Person Pension Credit Guarantee Income. Additional protection, in the form of lower-level caps, should be provided for those with properties with a capital value of £100,000 or less. The cap should be set at 2.25% of the Single Person Pension Credit Guarantee Income for properties with a capital value of over £70,000 up to £100,000, and at 1.5% for properties with a capital value up to £70,000. This would mean that in 2009/10, when charges are fully phased in, those who were eligible and living in properties over £100,000 would pay £188 or just over £3.60 per week. Those living in properties over £70,000, and up to £100,000 would pay £141 or just over £2.70 per week and those living in properties up to £70,000 would pay £94 per annum or just over £1.80 per week. The Single Person Pension Credit Guarantee is a significant safety net threshold in the social security system. In 2005 it guarantees everyone aged 60 and over an income each week of at least £109.45 if single and £167.05 for couples;

- (d) with adjustments for inflation taken into account, it is estimated that households entitled to assistance would pay in the range of £30 to £60 in 2007/08, the first year of charges, rising to a range of £61.50 to £123 in 2008/09 and, finally, a range of £94 to £188 in 2009/10. When full tariffs are phased in, low-income households would need to pay no more than 3% of their income. For many low-income households it would be less than this;
- (e) eligibility for the Affordability Tariff will be determined through the social security system and not through ad hoc means testing by the Northern Ireland Water Limited (NIWL). All those who are entitled to Housing Benefit, Rate Rebate or equivalent provision for “relevant children” as defined in the Children (Leaving Care) Act NI 2002 or the new Special Rate Relief would automatically be entitled to the new Affordability Tariff. Householders in receipt of Income Support and Pension Credit

who would be entitled to these passport benefits (but do not claim them) will be assisted in securing access to low-income protection by virtue of their eligibility for Housing Benefit or Rate Rebate. That would benefit at least 175,000 households. The inclusion of the new Special Rate Relief as a passport benefit would ensure that assistance is available for those on low incomes who are just beyond the current Housing Benefit and Rate Rebate threshold;

- (f) in addition, householders aged 16 or 17 will have automatic eligibility for low-income protection. Children leaving care will also be automatically entitled to low-income protection up to age 21.

- (g) the cost of the scheme would be met from public expenditure subsidy, and not from other customers, and would be evaluated after three years when charges are fully phased in to determine its effectiveness; and

- (h) NIWL would have the discretion to set up a special hardship scheme to provide temporary assistance to those households who find themselves unable to pay as a result of exceptional circumstances.

7.39 The revised proposals will mitigate more effectively the negative impacts identified on Section 75 groups arising from low income and affordability. No eligible household should need to pay more than 3% of its income on water and sewerage charges and in many cases would pay a significantly lower percentage than this. The revised proposals will be particularly effective in assisting the elderly on low incomes, both those living in low-value properties and those who live in former family homes with a high capital value. The scheme will be reviewed after three years when charges are fully phased in and better information is available.

7.40 The revised low-income protection scheme will assist pensioners on low incomes but would not help those on fixed incomes outside Housing Benefit or Special Rate Rebate thresholds, many of whom will also be living in high value former family homes. As this group is likely to have low levels of water consumption, it is proposed that metering should be available, free of charge, from the date of the introduction of charges to pensioner households who apply. These customers would have an option to revert to an unmeasured charge within 12 months of metering. Meters would also be installed in all new properties and first time connections, and billed on that basis as a practical means of achieving the long-term objective of widespread metering. In addition, low-income protection would be available to all eligible households who have meters.

7.41 Metering is likely to be of particular importance in securing reductions in bills for low-income households not in receipt of passport benefits or Special Rate Relief. Decisions on any extension of domestic metering in the future will be informed by equality and New TSN considerations.

CHAPTER EIGHT: POLICY DECISIONS

- 8.1 The Minister has reviewed the Reform Proposals in light of the main points raised in the IIA Consultation, including the conclusions in the final EQIA, and has confirmed the policy decision on each proposal in Section 5 of the IIA Consultation Report. These include the decision to enhance the protections for low-income households and to make a managed long-term transition to widespread domestic metering with metering available when charges are introduced to pensioner households who apply.

CHAPTER NINE: MONITORING FOR ADVERSE IMPACT IN THE FUTURE

- 9.1 The domestic charging proposals will impact on all households in Northern Ireland. A formal monitoring system will be established at the outset to assess regularly and comprehensively the impacts of the policy and to establish the effects on relevant equality groups. This monitoring will include the joint impacts of Water Reform proposals and the Domestic Rating Reform. It will be complemented by the work of the economic and consumer regulator, the NIAER, and the consumer representative body, GCCNI.
- 9.2 The results of this monitoring will be widely and openly published in an accessible way and will be included in the Department's annual progress report to the Equality Commission which is available on the Department's website.
- 9.3 The impact and operation of the scheme to protect low-income groups, which is the key mitigation proposal, will be monitored closely to ensure that uptake is maximised. The scheme will be reviewed once charges are fully phased in with particular attention paid to equality impacts. Similarly, detailed metering policy proposals will be subject to equality screening and decisions will be informed by equality considerations.

CHAPTER TEN: PUBLISHING THE RESULTS OF THE EQIA

- 10.1 Copies of the IIA Consultation Report, including this final EQIA and the final RIA, will be sent to all organisations and individuals who responded to the consultation, including stakeholders involved in consultation and pre-consultation meetings, and to consultees listed in the Department's Equality Scheme.
- 10.2 The documents will be available on the Department's website at www.waterreformni.gov.uk. The general public will be informed of the availability of the EQIA through a press release.
- 10.3 Requests for copies of the document in accessible formats such as braille, large print or audiotape should be made to Stephen Creagh at the address below.

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Summary of IIA responses to EQIA

ORGANISATION	ISSUE	RESPONSE
	EQIA	
	Screening and methodology	
10, 24, 45, 59, 1P	EQIA on internal rationalisation should not have been deferred as future of jobs and officers are at stake. Concerned about economic impact and job losses.	The equality screening of internal rationalisation proposals was carried out when specific efficiency plans had been developed and associated impacts could be identified. A full EQIA is being prepared to cover the Water Service Transformation Programme and should issue for consultation early in 2006
28	Proposals for rationalisation of Water Service and PPPs must be screened, with consultation as part of the screening process.	Agreed. The new Equality Commission Guidance on Section 75 advises that screening proposals must be subject to consultation.
7	EQIA should have been carried out on the decision to charge per se.	Consideration was given to the Section 75 impacts of all the charging options examined, with a full EQIA carried out on the preferred charging option. Final decisions on charging

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ORGANISATION	ISSUE	RESPONSE
		<p>were made by Ministers in light of EQIA conclusions.</p>
<p>7, 29, 37, 43, 49, 32, 57, 60, 59</p>	<p>EQIA should cover formation of GoCo, PPPs, Water Council, regulatory and monitoring arrangements. Section 75 representation on the new bodies should be considered. The GoCo may have impacts on low-income households.</p>	<p>The impacts of the selection of the GoCo as the preferred business model on staff and the local community along with the associated rationalisation plans, including PPP schemes, will be covered in the draft EQIA on the Water Service Transformation Programme which will issue for consultation early in 2006. Appointments to the GoCo board will be made in accordance with the Office of the Commissioner for Public Appointments (NI) Guidance. No evidence of specific impacts on Section 75 groups arising from the regulatory and monitoring proposals was identified by consultees.</p>
<p>43, 49, 60, 29, 37 1Pet</p>	<p>No consultation during the screening process as required, no evidence Department consulted adequately with affected individuals and groups, including older people.</p>	<p>The Department carried out extensive consultation in 2003, which informed the development of the policy proposals and the screening proposals in the 2004/05 consultation. This also sought views on the screening conclusions and was accompanied by a series of pre-</p>

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ORGANISATION	ISSUE	RESPONSE
		<p>consultation and consultation meetings held with stakeholders. These are listed in Section Two of the IIA Consultation Report. In addition, discussions took place with representative groups individually and in the Department's Equality Forum.</p>
57	<p>Failure to consult during screening has led to spurious conclusions, for example on disability/race, on inadequate data.</p>	<p>The consultation provided an opportunity for organisations, groups or individuals to comment on the screening decisions and conclusions reached. Additional views have been sought from stakeholders to ensure that the conclusions in the final EQIA are as accurate as possible.</p>
43, 29, 60	<p>Screening should not have been mixed into the EQIA.</p>	<p>It was decided to consider the Section 75 implications of the Reform Programme holistically; to do otherwise might have made the screening conclusions less transparent.</p>
22, 29, 37,40, 43, 57, 59, 60	<p>EQIA flawed; did not address important issues or follow Equality Commission Guidance.</p>	<p>Equality Commission Guidance was followed. The final EQIA conclusions on impacts have been reviewed in light of consultation comments and</p>

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ORGANISATION	ISSUE	RESPONSE
		additional research and analysis available in the interim.
32	Why was no EQIA carried out on the non-domestic sector?	The Regulatory Impact Assessment focuses on the non-domestic sector. No evidence of Section 75 impacts within this sector was put forward in the consultation process.
59	The fourth option referred to in the Equality Technical Appraisal, at para 1.2, should have been made available for the IIA process.	Noted. The ratio of fixed to variable components was not clear at the time.
	Assessment of Impacts	
25, 50, 1P	Query whether there are no impacts on good relations as Protestant and Unionist households will be providing a cross subsidy for low-income households.	The protections for low-income households will be funded in full by Government and will not be a charge on other consumers. It is considered that there will be no significant impacts on good relations.

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ORGANISATION	ISSUE	RESPONSE
59, 28, 32, 16, 34, 39, 43, 60, 29, 37, 57, 61, 26	Section 75 impacts of the hybrid charges, i.e. including the standing charge element, need to be considered to take account of the impact on Section 75 groups in low- income households, where standing charges have a regressive impact.	Noted. These have been considered in the final EQIA. The additional protection in the form of lower caps for those living in houses valued at £100,000 or less will help to offset the impact of the standing charge on lower-value properties.
22, 26, 27, 43, 33, 34, 49, 53, 61	Impacts on disability, sexual orientation, older people and children in low-income households, large families and students are very likely.	Noted. These have been considered in the final EQIA.
32, 49, 43, 60, 29	Where is the evidence for the conclusions? No analysis provided. Guidance not followed. Was full consultation carried out with affected groups and their representatives?	The Equality Commission Practical Guidance on Equality Impact Assessment was followed. Para 5.1 of the draft EQIA indicated that the Equality Technical Appraisal had been placed on the Water Reform website. Section Two of the IIA details the pre-consultation and consultation meetings held with stakeholders. In addition, discussions took place with representative groups individually and in the Department's Equality Forum.

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ORGANISATION	ISSUE	RESPONSE
28	Analysis should be presented in body of final EQIA, not separately.	Noted. Given the technical nature of the analysis it was felt that it should be presented separately from the final EQIA with a clear line to the appropriate website/annex.
32	No evidence from the 3 phases in the technical appraisal to support the discrete capital value charging regime.	The decision to support the discrete capital-value charging regime was influenced by a number of factors, including equality. These are set out in the Policy Proposals Paper.
32, 57, 28	Impacts on those who suffer from hardship, poverty and debt as a result of water affordability problems have not been assessed. These may result in an opposite differential impact on religious belief. An analysis of water poverty across Section 75 groups would help the EQIA process and enable better considerations of meaningful mitigation measures or alternative policies. It is legitimate to consider relevant information from other jurisdictions.	The New TSN analysis considered the socio-economic impacts of water charging. These issues and impacts have been considered in the final EQIA.

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ORGANISATION	ISSUE	RESPONSE
43, 60, 29	What is the impact on Travellers?	<p>Travellers will pay charges for household connections to water and sewerage and would be able to apply for low-income protection, if appropriate. Serviced sites may already be subject to water charges; and any increase in charges as a result of the Reform Proposals may be reflected in site fees. Impacts will be monitored closely.</p>
7,15, 20, 32, 38, 56, 58, 65	The assessment does not take into account the impact on the total household bill of the increase in rates bills and new water bills.	<p>The assessment has been carried out on the Water Reform Proposals. Water and Rates charging regimes vary significantly and equality impacts will also vary significantly. However, policy development has been aligned and a Joint Monitoring Group has been established to help assess, monitor and mitigate overall impacts.</p>
28	The EQIA should consider any changes with regards to charging in the context of the particular circumstances of households in Northern Ireland compared to GB - larger households, lower income, higher numbers on benefit.	<p>Agreed. The levels of protections now proposed for low-income households are considerably higher than those in GB.</p>

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ORGANISATION	ISSUE	RESPONSE
25, 59, 61	<p>Adverse impacts must raise questions about proceeding with proposals. Differential impacts not acceptable. Impacts on elderly and carers need more attention.</p> <p>Metering may have adverse impact on single people especially widows and widowers.</p>	<p>Impacts and mitigation measures have been reconsidered in the final EQIA. Failure to proceed with Water Reform would create adverse impacts on the programme to modernise the water and sewerage infrastructure and would reduce the funds available for other essential areas such as health and education. Metering proposals have been developed in parallel with low-income protection proposals, which will apply to measured and unmeasured households.</p>
52	<p>Impacts on older people and carers may increase HPSS costs by compromising ability to maintain independence in own homes.</p>	<p>Noted. Every effort has been made to mitigate the impact on elderly households.</p>
Consideration of Mitigation/Alternatives		
26, 29, 32, 34, 43, 49, 56, 60	<p>Metering issue is not addressed satisfactorily. More information is required and details, including that of charging structure, should be subject to EQIA.</p>	<p>The aim of a managed long-term transition to widespread domestic metering has been confirmed. In the interim, metering will be available to pensioner households on request as a further mitigation of negative equality</p>

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ORGANISATION	ISSUE	RESPONSE
		impacts. Detailed proposals will be subject to appropriate equality consideration.
32	Decisions taken now, for example on billing systems, must not limit future decisions on metering.	Agreed. Flexibility will be retained.
56	No adequate consideration of alternative policies to mitigate adverse equality impacts.	Revised and enhanced protections for low-income and pensioner households have now been developed.
57	Disappointed that full EQIA was not done on metering as part of initial charging regime.	The metering proposals were not far enough advanced to enable a full assessment of the impacts. Detailed proposals will be subject to appropriate equality consideration.
59, 32, 22, 37, 7, 43, 60, 29, 57	Mitigation inadequate, unclear and not acceptable. Standing charge not mitigation as poor pay more. Metering inappropriate and references confusing. Phasing in not mitigation – no increase in income. 25% discount inadequate. Efficiency Programme cannot be classified as a mitigating measure.	It is accepted that the phasing-in of charges is only a short-term mitigation measure. Only a very small percentage of properties have been valued above the £350,000 cap, and therefore cross subsidy is not a significant issue. Without a cap, expensive properties could face unreasonable levels of charge. Revised and enhanced protections for

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ORGANISATION	ISSUE	RESPONSE
	Cap is protection for rich at expense of poor.	low-income households have now been developed.
26	Recommends the inclusion of receipt of DLA as passport to 25% discount as a mitigating factor.	DLA is a benefit available to adults and children. It is not affected by savings or income and is not, therefore, considered to be an appropriate passport benefit for a low-income scheme.
28	Progressive taxation can promote equality of opportunity.	Taxation might reflect ability to pay but it cannot reflect consumption. It is considered to be an inappropriate means of raising revenue towards a commodity or service.