



Circular: L5/16

19 August 2016

To each Director of Services (Water)
To each Rural Water Liaison Officer

**Subsidy towards Operational Costs of Group Water Schemes and the suspension
of Public Domestic Water Charges**

The Department Circular L1/15 of 9 February 2015 outlined revised maximum subsidies payable towards the operational costs of group water schemes with effect from 1 January 2015. This reduction in subsidies reflected the new domestic water charging regime introduced on 1 January 2015.

As committed to under the 'Confidence and Supply Arrangement' (C&SA), agreed in the context of facilitating a minority government, the Water Services (Amendment) Act 2016 provides for the suspension of domestic water charges for a period of nine months from 1 July 2016. This period of suspension of charges is to allow for an extensive deliberation process to be undertaken on the future funding model for domestic public water and waste water services. The suspension period may be extended by the Minister for Housing, Planning, Community and Local Government where it is the case that such an extension is warranted to facilitate the completion of the deliberative processes.

Other water elements contained in the C&SA include the suspension of the Water Conservation Grant for 2016 and the restoration of subsidies to Group Water Schemes to pre-2015 levels for the suspension period.

As such, with effect from 1 July 2016, the maximum subsidies available towards the operational costs of group water schemes will be as follows for the 9 month period of suspension of public domestic water charges:

- **Subsidy A** towards the general operational and management costs of group schemes served from a public source is restored to €70;
- **Subsidy A** towards the general operational and management costs of group schemes served from a private source is restored to €140;
- **Subsidy B** towards the operational and maintenance costs associated with “bona fide” DBO contracts for schemes which have their own water treatment facilities remains unchanged.

The Department has consulted with the National Federation for Group Water Schemes and a number of local authorities in regard to the issues that the revised subsidy rates for 2016 and 2017 may present for current local authority payment systems. On the basis of this consultation it is proposed that the increased element of the subsidy be dealt with as a supplemental payment to group water schemes in 2016 and 2017 and be recouped by authorities accordingly from the Department as set out in the Department’s Explanatory Memorandum on ‘Subsidy towards the Operational Costs of Group Water Schemes’.

The table below details how this would operate in respect of 2016 and the reinstatement of the higher subsidy from 1 July 2016. Where the maximum subsidy amount is not due, the supplemental amount to be paid should be calculated proportionately.

| 2016 | Q1 & Q2 maximum subsidy amount | Q3 & Q4 maximum subsidy amount | Maximum subsidy amount for 2016 |
|--------------------------|--------------------------------|--------------------------------|---------------------------------|
| Subsidy A public source | €20 | €35 | €55 |
| Subsidy A private source | €47.50 | €70 | €117.50 |

The Department's Explanatory Memorandum will remain as is on the subsidy amount for the time being with the proviso that a supplemental subsidy amount will pertain to Subsidy A for the 9 month suspension period as detailed above. The Department will give further consideration to the subsidies available for the operation of group water schemes following Oireachtas decisions on the enduring funding model for public domestic water services so as to ensure continued parity of treatment between households connected to the public network and those on group water schemes.

The Department also wishes to inform local authorities that payment of grants/subsidies to group water schemes will be aligned to Government policy on encouraging the use of Eircodes. As such, each GWS will be required to provide this information for each property included in the application for subsidy payments from 1 October 2016. It is understood that individual group schemes may already collect Eircodes for their own administration purposes. This requirement is now incorporated into the relevant part of the application form in the Department's explanatory memorandum (attached). An information leaflet has also been prepared to assist GWS on Eircodes (attached).

Please arrange to bring the foregoing information to the attention of all groups in your functional area.

Any queries in relation to this circular and the recoupmnt of subsidy payments made to group water schemes can be directed to Mary Smyth at 096-24460 (mary.smyth@housing.gov.ie) or the undersigned.

Mise, le meas,



Luke Varley

Assistant Principal Officer

Rural Water Programme

Tel: 096 244367

Email: luke.varley@housing.gov.ie