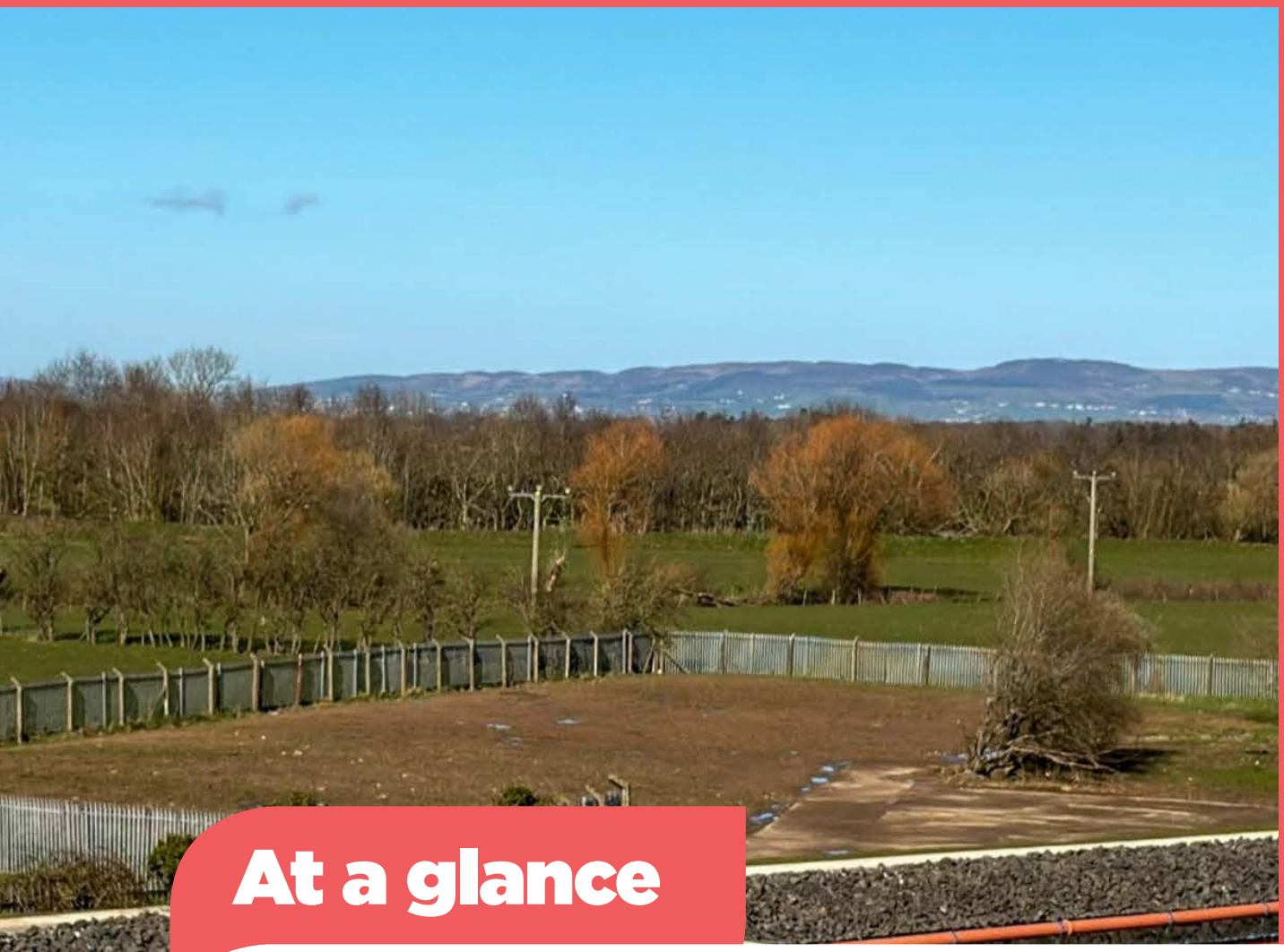
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Setting the scene

About us, our roles and responsibilities, governance, and the challenges we face including funding, climate, and aging assets.





At a glance

What this chapter covers

This chapter explains the essential role NI Water plays in supporting public health, protecting the environment and enabling economic and housing growth across Northern Ireland. It sets out why PC28 is critical to sustaining these outcomes, how the Plan supports NI Water's long-term strategic outcomes, and the key challenges that shape the investment requirements for the 2028–2033 period.

Essential services for Northern Ireland

NI Water provides essential public water and wastewater services through a large and complex asset base that underpins everyday life, public health, environmental protection and economic activity across Northern Ireland.

A distinctive governance and funding model

NI Water operates as a publicly owned, regulated utility and non-departmental public body. This creates potential for misalignment between statutory obligations, regulatory expectations and available funding.

Transformation and operational improvement

Since its inception in 2007, NI Water has transformed its systems and processes and has made significant progress through improved asset information, digital capability, operational resilience, commercial excellence and energy management.

Strategic challenges shaping PC28

PC28 is shaped by major strategic challenges, including constrained funding, wastewater capacity, ageing infrastructure, climate change, environmental compliance, cyber risk, biodiversity pressures, emerging contaminants, supply-chain resilience and workforce capability.

The need for sustained investment

Sustained investment is essential to protect service quality, support housing and economic growth, improve environmental outcomes, strengthen resilience and help deliver Northern Ireland's wider social, economic and climate ambitions.

Overall, this chapter sets the context for the PC28 Business Plan by explaining NI Water's essential role, the progress made through transformation and efficiency, and the distinctive governance and funding model within which it operates. It also outlines the strategic challenges shaping PC28 and demonstrates why sustained, prioritised and deliverable investment is needed to protect essential services, meet statutory obligations, support growth and deliver long-term value for Northern Ireland.

1 Welcome to Our PC28 Business Plan

Price Control 2028 (PC28) is NI Water's fifth price control period and will run from April 2028 to March 2033. It comes at a critical time for Northern Ireland, when ageing infrastructure, wastewater capacity constraints, climate change, rising environmental standards and increasing resilience requirements are placing growing pressure on the essential water and wastewater services.

We have identified £13.5 billion of capital investment needs across our asset base, many of which have accumulated over several decades. Addressing all of these needs within a single price control period is neither practical nor affordable. Our PC28 Business Plan therefore sets out a prioritised, evidence-based response, identifying the minimum investment we consider necessary during the period to protect essential services, address priority statutory and regulatory requirements and tackle the most pressing infrastructure challenges.

Our PC28 plan provides a practical and responsible pathway to improve environmental outcomes, strengthen resilience and enable sustainable housing and economic growth, while laying the foundations for continued investment beyond PC28. Delivery remains dependent on the funding, approvals, resources and other dependencies identified in the plan.

This chapter sets the context for the PC28 Business Plan. It explains NI Water's essential role, the progress achieved through transformation and efficiency, and the distinctive governance and funding model within which it operates. It then outlines the strategic challenges which have shaped our PC28 plan. The chapter is structured as follows:

- Section 1.1 explains NI Water's essential role;
- Section 1.2 describes the progress achieved through transformation and efficiency;
- Section 1.3 outlines NI Water's distinctive governance and funding framework;
- Section 1.4 summarises the strategic challenges shaping our PC28 plan; and
- Section 1.5 provides an overview of our plan.

1.1 NI Water's Essential Role

NI Water is responsible for Northern Ireland's public water and wastewater services. These services rely on critical infrastructure that underpins public health, environmental protection and economic activity.

Each day, we deliver approximately 613 million litres of safe, clean drinking water to 930,000 households and businesses across Northern Ireland. We collect approximately 365 million litres of wastewater from 760,00 households and businesses connected to the sewerage network and transfer it to works where it is treated and disposed safely. To do this we operate an extensive network of water and wastewater assets. This infrastructure must be operated, maintained and enhanced continuously. We also have a responsibility to protect the environment in which our systems operate, both as the source of drinking water and as the recipient of treated wastewater.

We have around 1,600 employees and draw on the services of a wide range of small to large local supply chain companies.



Figure 1.1 - About NI Water

1.2 Our Transformation Journey

Since we were established in 2007, NI Water has significantly improved the performance, efficiency and resilience of water and wastewater services across Northern Ireland. As a publicly owned, regulated utility, NI Water has developed more mature systems of governance, asset management, operational control and customer service, while continuing to provide essential services within a challenging public expenditure framework.

Efficiency has been central to NI Water's transformation. Through sustained investment, innovation and continuous improvement, we have reduced the operating efficiency gap with leading industry peers from 49% to almost 2%, as shown below. This progress helps ensure that available funding is directed towards frontline services. Alongside these operating efficiencies, we have strengthened how we plan, prioritise and deliver investment, placing greater emphasis on evidence-based decision-making, risk management and whole-life value.

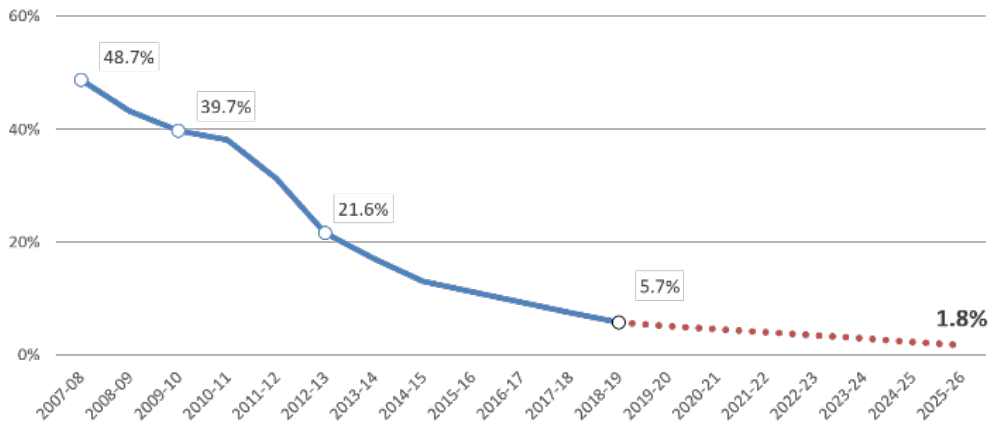


Figure 1.2 - NI Water's opex efficiency gap compared to E&W.

NI Water has also modernised its operational capability. Digital tools, improved data, real-time monitoring and initiatives such as the Intelligent Operations Centre have strengthened operational visibility, enabled faster responses to issues and supported more proactive management of service risk. These developments have helped the company make better use of existing assets, improve

resilience and improve operational efficiency. Over the last nineteen years, the operational efficiency gap between NI Water and the best performing companies in E&W has reduced considerably.

Overall, NI Water is now a more capable, efficient and performance-focused organisation than when it was established in 2007. However, the scale of future challenges means continued transformation must be matched by sustained investment. Efficiency and innovation will remain essential, but they cannot substitute for the long-term funding needed to maintain resilient services, meet statutory obligations, support growth and improve environmental outcomes.

1.3 Governance Model

In 2007 NI Water was established as a government-owned company responsible for the delivery of water and sewerage services in Northern Ireland. Since then, NI Water has operated within a distinctive hybrid governance model. It is a government-owned company subject to the Companies Act 2006, with a Board responsible for the stewardship, performance and resilience of the business. However, because NI Water relies on Government for the majority of its funding, it is also classified as a non-departmental public body for public expenditure and national accounts purposes. This means that, unlike other regulated water companies in the UK, NI Water remains dependent on annual public expenditure allocations and as a result does not have full funding certainty for the duration of a price control period.

NI Water is also a regulated utility and its activities are overseen by a number of regulators and statutory bodies. Our principal stakeholders are depicted on the water industry structure in Northern Ireland in Figure 1.3.

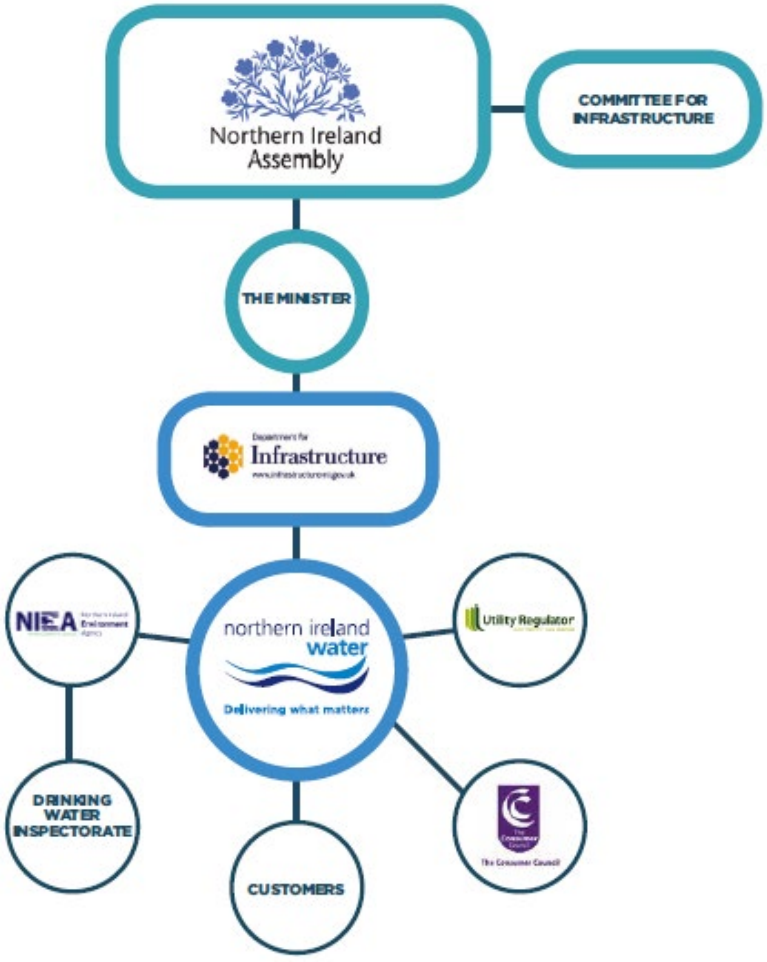


Figure 1.3 - Structure of the Water Industry in NI

These organisations set, monitor and enforce expectations across economic regulation, environmental protection, drinking water quality and consumer representation:

- **The Utility Regulator (UR)**, whose duties include protecting consumers' interests, ensuring NI Water's functions are properly carried out across Northern Ireland, and ensuring that NI Water can finance those functions.
- **The Northern Ireland Environment Agency (NIEA)**, the executive agency within DAERA whose primary purpose is to protect and enhance Northern Ireland's environment.
- **The Drinking Water Inspectorate (DWI)**, a unit within NIEA, responsible for regulating drinking water quality for public and private supplies.
- **The Consumer Council for Northern Ireland (CCNI)**, whose role is to ensure that consumers' interests are considered in policy and decision making.

NI Water is expected to meet the obligations of a regulated utility, including the duties and standards set by regulators and government, but it must do so within a public expenditure framework that does not always provide funding at the level, timing or certainty required to deliver those obligations. This creates a structural tension between what NI Water is required to deliver, what regulators expect, what the Board is accountable for, and what can be funded through annual budget settlements.

1.4 Key Challenges Going into PC28

The PC28 Business Plan has been developed in the context of a range of evolving sector-wide and organisation-specific challenges. These have informed the assessment and prioritisation of investment needs, while recognising that some of the underlying issues require coordinated action beyond NI Water's direct control. The remainder of this section outlines the principal challenges shaping the PC28 period and how we have sought to address them in our plan.

1.4.1 Funding Model and System Misalignment

As outlined in section 1.3, NI Water is a regulated utility, a limited company and a non-departmental public body. Unlike regulated water companies elsewhere in the UK, NI Water does not have funding certainty across the full price control period.

This places NI Water in the difficult position of being accountable for regulated utility outcomes while not controlling all of the levers needed to fund and deliver them. Regulatory assessments have identified investment requirements materially above the level likely to be available through public expenditure allocations. As a result, delivery of statutory, licence and environmental obligations cannot be assured under current arrangements.

The impact on PC21 has been significant. Capital funding has remained below assessed need, constraining delivery and leading to the deferral or reprofiling of major programmes, including Living With Water. At the same time, ageing assets, wastewater capacity constraints and rising environmental expectations have continued to increase delivery risk. The consequences are now visible across performance, compliance, assurance and financial resilience. Regulatory scrutiny has intensified, including Stage 1 enforcement proceedings and enquiries linked to performance and compliance outcomes.

The misalignment also affects the day-to-day operating expenditure required to run and maintain essential water and wastewater services. Annual funding decisions must accommodate the recurring costs of operating a large and complex asset base, maintaining service continuity and responding to changing operational pressures. Where operating funding does not keep pace with efficient need, NI

Water has less flexibility to manage emerging risks, undertake preventative maintenance and sustain service and compliance outcomes. This can increase reliance on short-term prioritisation and result in costs, risks and interventions being deferred into later years.

This misalignment is therefore a primary risk for PC28. Without a more sustainable and predictable funding framework, the gap between need and deliverability will continue to widen. This would increase exposure across wastewater capacity, environmental compliance, asset deterioration, climate resilience, customer service, financial sustainability and reputation. Resolving the misalignment between legal duties, regulatory expectations, funding decisions and delivery responsibility is critical if PC28 is to protect public health and the environment, restore long-term resilience and enable sustainable housing and economic growth.

1.4.2 Ageing Wastewater Infrastructure

Northern Ireland's wastewater system is at a critical point. Decades of underinvestment and increasing regulatory and environmental expectations have created a structural infrastructure deficit. Wastewater collection, treatment and return are fundamental to public health, environmental protection and the functioning of a modern economy. However, many wastewater treatment works, pumping stations and sewer networks are operating at capacity.

The impact is increasingly visible: development constraints for homes and businesses, reduced system resilience, growing compliance challenges and heightened exposure to pollution incidents, sewer flooding and deterioration in receiving water quality. These pressures affect communities across Northern Ireland and limit the pace at which NI Water can support housing, economic development and environmental improvement.

Current estimates suggest that around £10 billion of investment may be required to address the wastewater infrastructure backlog and associated compliance, resilience and growth requirements. Even with sustained funding, it could take several price controls to restore and modernise the system to the standard required to meet long-term environmental, regulatory and economic objectives. Without sustained, prioritised investment, the risk is that ageing wastewater assets will increasingly constrain growth, weaken environmental performance, increase regulatory exposure and undermine NI Water's ability to provide resilient wastewater services. PC28 will therefore be a critical period for stabilising and beginning to reduce this risk.

Section 3.2.2 of our business plan sets out the proposed PC28 investment in wastewater collection and treatment infrastructure, compliance and capacity needs to reduce pollution and flooding risks, strengthen service resilience and support sustainable housing and economic growth, while recognising that addressing the full infrastructure backlog will require sustained investment over several price controls.

1.4.3 Environmental Compliance and Pollution Risks

As Northern Ireland's sole water and sewerage undertaker, NI Water must meet extensive statutory, regulatory and licence obligations across environmental protection, drinking water quality, wastewater discharges, health and safety, data protection and cyber security. These obligations are increasing at the same time as funding constraints and ageing infrastructure are widening the gap between required investment and deliverability, particularly in wastewater services.

For PC28, the key risk is that compliance expectations continue to rise faster than the funding and infrastructure capacity needed to meet them. Wastewater Regulation Reform, enhanced monitoring, and revised approaches to testing, reporting and flow compliance assessment will increase the

visibility and scrutiny of existing non-compliance, especially where capacity and asset constraints already exist.

Section 3.2.2 of our business plan sets out the investment we propose to undertake during PC28 to address priority wastewater infrastructure needs, improve compliance and resilience, and support sustainable housing and economic growth.

1.4.4 Capacity Constraints

Development constraints now represent one of the most significant challenges facing the wastewater system. This challenge is not unique to Northern Ireland and reflects a sector-wide requirement for substantial investment in wastewater infrastructure, environmental compliance and growth capacity. In Northern Ireland this has been compounded by long-term underinvestment, ageing assets, and changing environmental obligations. As a result many wastewater treatment works and associated sewer networks are operating at or beyond their design capacity. In these locations, the system cannot reliably accommodate additional hydraulic load without causing increased pollution risk, sewer flooding, or deterioration in receiving water quality.

Across Northern Ireland, constraints affect a large number of towns and settlements of all sizes. These constraints limit the ability of new homes, commercial premises and strategic developments to connect to the wastewater network.

We recognise that resolving all existing development constraints during PC28 would not be deliverable or affordable. We have therefore adopted a focused, prioritised approach that targets interventions where they can unlock development capacity, reduce environmental risk and deliver the greatest overall benefit. However, PC28 can only be the next step in a longer-term recovery programme. Sustained investment beyond PC28 will be required to address the underlying causes of capacity constraints.

Section 3.9.4 sets out the investment proposed during PC28 to begin addressing development constraints, while Section 4.4.4 sets out the development outcomes this investment is expected to support.

1.4.5 Climate Change

Northern Ireland faces a climate emergency, and the risks for NI Water will intensify during PC28. More intense rainfall, storms, flooding, longer dry periods, rising temperatures and declining raw water quality will place greater pressure on water resources, treatment processes, wastewater networks, drainage capacity and ageing assets. These pressures increase the risk of service disruption, pollution incidents, flooding, compliance failure and higher operating and capital costs.

Climate change is a systemic challenge that requires coordinated, long-term action across catchments, assets, operations and investment planning. For PC28, the key risk is that climate pressures compound existing infrastructure deficits, wastewater capacity constraints, biodiversity loss, emerging contaminants and rising regulatory expectations, while funding uncertainty limits the pace at which resilience can be improved. Without sufficient investment in PC28, NI Water's ability to deliver its Climate Change Strategy and emerging Biodiversity Strategy will be constrained.

NI Water has begun embedding climate mitigation and adaptation into business planning, supported by the implementation of its Climate Change Strategy, development of a Biodiversity Strategy and voluntary nature-related reporting.

Appendix 2.3, which accompanies this plan, provides an overview of our approach to climate change mitigation and adaptation during PC28, including measures to reduce emissions and strengthen the resilience of our water and wastewater services.

1.4.6 Cyber

Resilient digital systems and robust information governance are essential to maintaining essential water and wastewater services. Cyber risk is increasing as regulation tightens, technology changes rapidly and hostile actors target critical national infrastructure. NI Water must comply with GDPR and the Network and Information Systems Regulations, which apply to Operators of Essential Services. These obligations require stronger resilience across corporate IT, operational technology and critical service environments.

The key risk is that a successful cyber incident could disrupt essential services, compromise operational technology, affect drinking water production or wastewater treatment, undermine data integrity and create public health, environmental, regulatory and reputational impacts.

NI Water is strengthening cyber resilience through improved controls, monitoring, backup and recovery arrangements, supplier updates, training, phishing simulations, OT network segmentation, vulnerability management, cyber exercises and business continuity planning.

The threat level remains high. The National Cyber Security Centre has advised of increased threats to Critical National Infrastructure, including greater focus on sabotage. AI-enabled phishing, social engineering, malware development and automated reconnaissance are expected to increase the scale, speed and sophistication of attacks.

In PC28 we plan to invest almost £7m protecting critical operation systems from this risk of cyber attack. Further details are provided in section 3.2.3.

1.5 The Structure of Our Plan

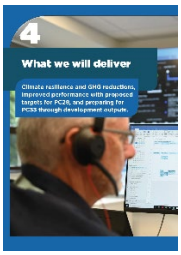
The remainder of this Business Plan explains how NI Water has translated that context into a practical, evidence-based and deliverable plan for PC28.



Chapter 2 – Creating our plan.
Explains how statutory and regulatory requirements, government policy, customer and stakeholder priorities, and robust evidence shaped the PC28 Business Plan. It describes how needs were assessed and prioritised, and how affordability, deliverability, governance and assurance were applied to produce a balanced and credible plan.



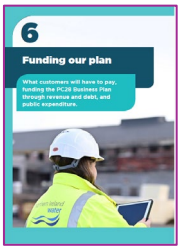
Chapter 3 - Maintaining & improving our assets.
Sets out the capital investment required to maintain and improve water and wastewater assets during PC28. It explains how £13.5 billion of established need was prioritised to protect essential services, meet statutory obligations, support growth and resilience, and the consequences of funding constraints.



Chapter 4 – What we will deliver.
Translates our plan into the customer, service, environmental and resilience outcomes NI Water will deliver through PC28. It explains the performance commitments and measures that will be used to track progress, demonstrate benefits and provide clear accountability for delivery.



Chapter 5 – Operating efficiently.
Explains the operating expenditure required to maintain essential services and how we ensure operating costs are as efficient as possible and how through continued transformation, we will deliver sustainable operating efficiencies.



Chapter 6 – Funding our plan
Sets out how NI Water's PC28 Business Plan will be funded and explains the level of revenue required to deliver the proposed investment, operating expenditure and outcomes. It also sets out the implication for customer tariffs.



Chapter 7- Delivering our plan.
Explains how NI Water will mobilise, govern and control delivery of the PC28 programme. It sets out how capacity, sustainability, innovation and value for money will be embedded, and how performance, risks and dependencies will be managed.

In addition to the Business Plan document our PC28 Business Plan submission comprises:

- PC28 Business Plan tables;
- Financial Model; and
- A number of technical appendices.