2

Creating our plan

Our strategy, engaging with customers and stakeholders, and defining the established need through legislation, LTWS, and S&EG.





At a glance

What this chapter covers

This chapter explains how we developed our PC28 Business Plan, translating statutory obligations, regulatory guidance and government policy into proposals aligned with our long-term strategy. It describes how customer priorities and stakeholder expectations informed those proposals, with asset evidence, deliverability assessments and assurance shaping the final plan.

Requirements and principles shaping the plan

Statutory and licence obligations, the Utility Regulator's guidance, government policy and our corporate and climate strategies provided the framework for developing PC28. We tested emerging proposals against established need, efficiency, deliverability and tariff affordability, linking the requirements described in this chapter to the investment, outcomes, operating expenditure, funding and delivery arrangements set out in Chapters 3–7.

Listening to customers and engaging stakeholders

Our approach builds on independent consumer research undertaken for PC21, supplemented by ongoing customer feedback, surveys and targeted research. Engagement with regulators, the Consumer Council and wider stakeholders helped test assumptions, refine priorities and align proposals with customer, environmental and drinking water quality needs. Formal PC28 working groups provided a continuing forum for this input and challenge.

Board oversight and independent assurance

The Board led the plan's strategic development and challenged its evidence, assumptions, costs, risks and delivery proposals through dedicated workshops. Independent assurance tested the completeness, consistency and supporting evidence of the submission, including its narrative, investment cases, data tables, financial model and technical appendices. The chapter concludes with the Board Assurance Statement, which endorses the plan subject to its funding qualification and the approvals, resources and dependencies identified in the plan.

Overall, this chapter explains how requirements, customer insight, stakeholder challenge and assurance came together to shape an evidence-based PC28 Business Plan. Delivery remains dependent on accessible funding and the other conditions identified in the plan; lower funding would materially affect the extent, timing and sequencing of outputs and outcomes.

2 Introduction

This chapter sets out how we developed our PC28 Business Plan. It explains how statutory and licence obligations, the Utility Regulator's guidance, government policy and NI Water's strategies informed the assessment of requirements and the formulation of proposals. It describes how engagement with customers and stakeholders informed priorities, and how proposals were assessed against the principles of established need, efficiency, deliverability and affordability. The chapter also sets out the governance, Board scrutiny and independent assurance applied during the plan's development and concludes with the Board Assurance Statement.

The remainder of this chapter is structured as follows:

- Section 2.1 provides a high level overview of how our plan came together;
- Section 2.2 sets out our understanding of the requirements;
- Section 2.3 explains how we capture customers views and act on them;
- Section 2.4 describes how we engaged with stakeholders;
- Section 2.5 provides an overview of the governance and assurance which supported the plan development; and
- Section 2.6 sets out NI Water's Board assurance statement.

2.1 How Our Plan Came Together.

Our PC28 Business Plan was developed through an iterative process, bringing together the requirements we must meet, evidence of asset and service needs, customer priorities and stakeholder expectations. The strategic challenges described in Chapter 1 provided the context. The statutory, regulatory and policy requirements set out in this chapter, alongside our long-term strategies and engagement with customers and stakeholders, helped define the outcomes required and the priorities for investment.

We translated these requirements into proposals for operating and maintaining our services and improving our assets. Chapter 3 explains how established capital investment needs were assessed, options developed and costs challenged before projects were prioritised and phased into the PC28 programme. Alongside this, we assessed the efficient level of operating expenditure needed to sustain essential services, accommodate new pressures and deliver further efficiencies through continued transformation, as described in Chapter 5. These proposals are linked to the outcomes and performance commitments set out in Chapter 4, providing a clear connection between expenditure and the benefits we aim to deliver.

As the proposals developed, we tested their efficiency, tariff affordability and deliverability, refining the scope, timing and sequencing of investment. Chapter 6 brings together the financial implications, including the revenue and funding required and the effect on customer tariffs. Chapter 7 explains how we assessed the organisational and supply-chain capacity needed to deliver the programme and how delivery will be managed. These assessments informed the size and profile of the plan, recognising that the full extent of established need cannot be addressed within a single price control.

Throughout this process, emerging proposals were subject to stakeholder engagement, internal challenge, Board oversight and independent assurance, as described later in this chapter. The resulting

plan therefore brings together investment, operational activity, funding and delivery arrangements in a single, evidence-based proposal for PC28.

2.2 Understanding the Requirements

Our first step in developing the PC28 Business Plan was to understand the different requirements and how each would shape our plan. Statutory and licence obligations set the standards and duties we must meet. The Utility Regulator's guidance framed how we developed and tested the plan. Government policy set the wider social, environmental and economic priorities, while NI Water's corporate and climate strategies guided the longer-term direction of our services and investment. Each played a distinct role in determining the outcomes we should deliver, the investment required and the priorities for PC28.

2.2.1 Regulatory Guidance

The PC28 Business Plan was developed in accordance with the Utility Regulator's regulatory principles, as set out in its PC28 approach decision document published on 18 December 2025. These principles provide the governing instructions for developing the PC28 plan. The Utility Regulator's key principle is:



'NI Water should prepare a business plan which sets out what is essential for the company to meet its statutory obligations. It should be an efficient and deliverable investment plan which meets established needs and is affordable from a tariff perspective.'

Figure 2.1 - Utility Regulator PC28 regulatory principles

We have set out below how we interpreted these principles and how compliance with each was embedded into our plan.

- **Statutory obligations** are defined by legislation set out in section 2.2.2 below. Collectively these laws and regulatory licence requirements set compliance obligations across each Price Control which in turn define the minimum investment NI Water must make to remain compliant, safe, and sustainable.
- **Established needs** translate statutory obligations into specific outcomes, based on technical interpretation agreed with regulators and stakeholders. As explained in section 3.3.3, this has identified £13.5 billion of investment needs across our services. These cannot all be addressed in a single price control, so our PC28 plan prioritises the highest-priority, deliverable solutions that offer the best value. Our understanding of the remaining needs will develop as investigations and engineering studies progress.
- **Deliverability** was tested against programme maturity, NI Water's organisational capacity and the capability of the NI Water's supply chain to ensure we were able to efficiently deliver our business plan. Our approach to assessing deliverability is set out in detail in chapter 7.

- **Efficiency** was built into the plan by challenging both the work required and the cost of delivering it. We tested investment needs, considered operational and lower-cost alternatives before proposing capital solutions, and reviewed options for whole-life value. Capital estimates were developed using standardised cost models and tested through engineering assurance and independent benchmarking, with efficiency targets assigned to individual schemes. We used econometric models to benchmark operating expenditure against the most efficient companies in England and Wales. Our proposals to deliver further sustainable cost savings build on existing efficiencies and continued transformation. Further detail is provided in section 3.5 and Chapter 5**.**

- **Affordability** was addressed by developing a funding plan that supports the investment required for PC28 while keeping customer tariffs as low and stable as possible. We smoothed allowed revenue across the period on a net present value-neutral basis and will return the full PC21 revenue over-recovery to customers during PC28. Our assessment of tariff affordability is set out in detail in chapter 6.

Taken together, these five principles provided a consistent framework for developing and refining our PC28 Business Plan. At each iteration, we assessed whether proposals addressed statutory obligations and established needs, reflected efficient costs and whole-life value, could be delivered within the assessed capacity of NI Water and its supply chain, and remained affordable from a tariff perspective. These assessments informed the scope, prioritisation and phasing of investment, ensuring that decisions about the size and profile of the programme considered the principles collectively rather than in isolation.

Our assessment confirmed that tariff affordability did not limit the proposed investment programme. Instead, its scale and timing were principally constrained by how quickly NI Water and its supply chain could increase investment from current levels while maintaining efficient delivery. The plan therefore focuses on the most pressing established needs that can realistically be addressed during PC28, recognising that meeting the full extent of need will require investment beyond this period. Section 3.3.4 explains how we assessed delivery capacity and the achievable pace of investment growth, while Section 3.3.6 sets out how we prioritised investment.

2.2.2 Our Statutory Obligations

NI Water's core statutory duties are set out in legislation passed by the Northern Ireland Assembly and the UK Parliament. Key legislation includes:

- **Water and Sewerage Services (Northern Ireland) Order 2006** – which establishes NI Water's statutory duty to provide safe, reliable drinking water and effective wastewater services, maintain assets and protect public health.

- **Water and Sewerage Services Act (Northern Ireland) 2016** – which strengthens duties around sustainable service delivery, environmental protection and long-term planning.

- **Public Health and Environmental Legislation** – which includes the Water (NI) Order 1999 and related regulations governing drinking water quality, pollution control and environmental protection.

Northern Ireland continues to operate to EU-derived water and environmental standards because these requirements were carried into domestic law as "retained EU law" following the UK's exit from the European Union. As a result, the **Drinking Water Directive**, the **Urban Wastewater Treatment Directive**, and the **Water Framework Directive** remain central to NI Water's statutory compliance framework. Together, they set the minimum legal standards for drinking water quality, wastewater treatment performance, river basin health and the protection of the wider aquatic environment.

The UK's climate framework is underpinned by the **Climate Change Act 2008**. Northern Ireland's **Climate Change Act (Northern Ireland) 2022** sets a legally binding target of net zero emissions by 2050 and five-year carbon budgets, measured against a 1990 baseline. These budgets require sustained emissions reductions, with delivery measures set out in Climate Action Plans.

In addition, NI Water is required to comply with the conditions of its **Instrument of Appointment (Licence)**, which is issued and enforced by the Utility Regulator. Compliance with the Licence is a fundamental component of NI Water's regulatory framework and is central to the development of the PC28 Business Plan.

Collectively these laws, regulatory licence obligations and associated corporate reporting obligations set compliance obligations across each Price Control which in turn define the **minimum investment** NI Water must make to remain compliant, safe, and sustainable.

2.2.3 Government Policy

The Department for Infrastructure (DfI) sets the strategic direction for each NI Water Price Control through two key instruments: the **Long-Term Water Strategy (2015–2040)** and its **Social and Environmental Guidance**. Together, these frameworks ensure that capital investment aligns with statutory duties, government policy and long-term sustainability goals.



Figure 2.2 - Hierarchy of Policy Documents

In practice, these strategic direction documents, provide the foundation for NI Water's strategy and shape the scope and justification of our PC28 business plan.

- **The Long-Term Water Strategy** provides a 25-year vision for a resilient, affordable and environmentally sustainable water sector. It outlines six core themes: drinking water quality, wastewater management, flood risk and resilience, environmental protection, economic enablement and customer service.
- **The Draft PC28 Social and Environmental Guidance (S&EG)** DfI commenced a consultation on the Draft PC28 S&EG on 1st September 2026. The Draft S&EG sets ambitious expectations for improving water quality, addressing storm overflows, enhancing environmental performance, enabling economic development, strengthening asset health and progressing climate mitigation and adaptation. The Guidance also increases expectations in areas such as pollution reduction, protected sites, storm overflow performance and nutrient management.

NI Water is committed to these ambitions and has developed its plan accordingly. However, achieving them depends on the level and certainty of available public expenditure funding. As requested in the Draft S&EG, Section 3.11 explains how funding constraints would affect delivery of the plan.

2.2.4 Our Strategy

Our Corporate Strategy

NI Water's strategy seeks to support a healthy and thriving population, a growing economy and a flourishing natural environment. It is centred on five strategic priorities that define how we will deliver our purpose and vision while responding to our principal strategic risks. Together, these priorities provide a clear framework for balancing service delivery, resilience, environmental stewardship and long-term value creation. The five strategic priorities are illustrated below:

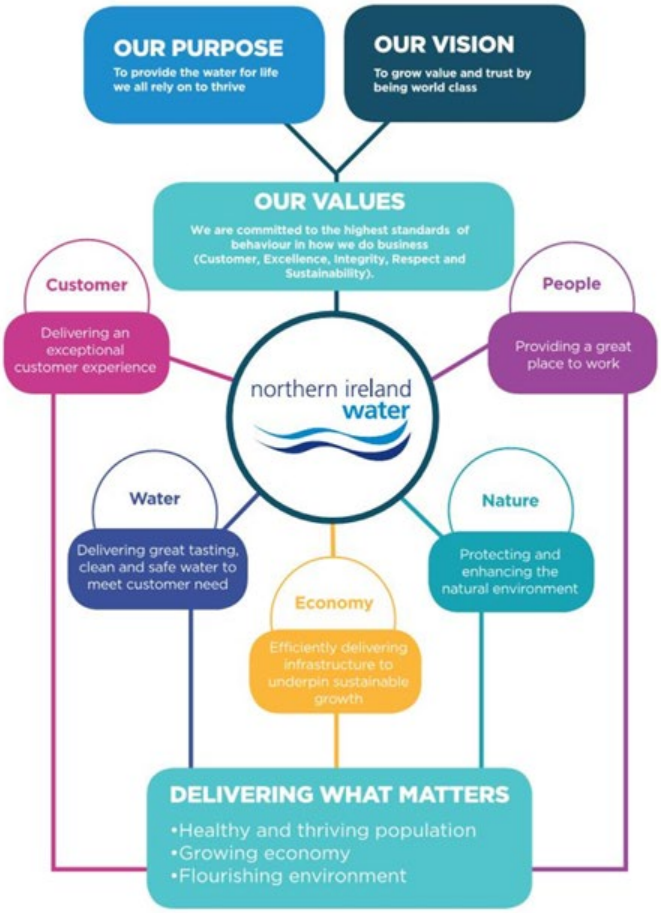


Figure 2.3 – NI Water's Corporate strategy

Our PC28 Business Plan translates these strategic priorities into the outcomes, performance commitments and investment programmes outputs set out in Chapter 4. This creates a strong and transparent link between our long-term strategy and what the plan will deliver for customers, drinking water quality, economic growth, environmental protection and our people. Throughout PC28, we will measure progress by tracking delivery of the strategic performance indicators alongside the Chapter 4 performance measures, enabling us to demonstrate how delivery of the plan is advancing our purpose, vision and strategic priorities. A copy of our corporate strategy is included in Appendix 2.1

Our Climate Strategy

In 2023, NI Water published its Climate Change Strategy that sets out our ambitions to become both net zero and climate-resilient, recognising the urgency of the climate emergency and the increasing pressures on water and wastewater services. The principles of the NI Water Climate Change Strategy are presented in Figure 2.4.

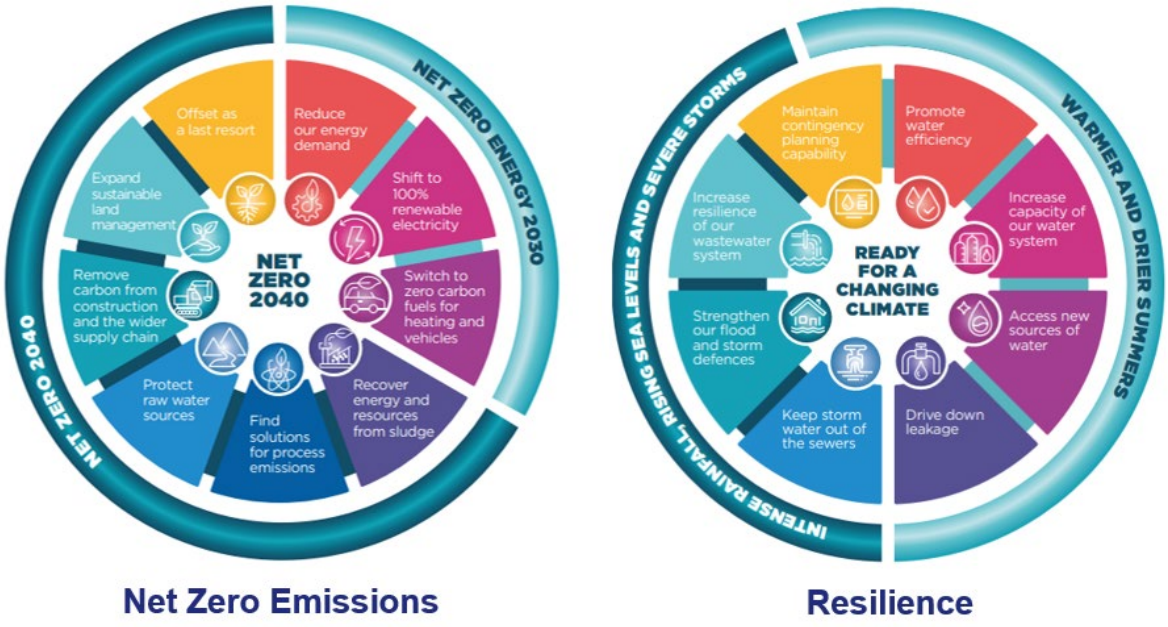


Figure 2.4 – NI Water's Climate Change Strategy Principles

We are committed to building resilience into our operations and infrastructure and endeavour to ensure these issues remain a high priority within our PC28 Business Plan. A copy of our climate change strategy is included in Appendix 2.2.

2.2.5 Our Approach to Climate Change in PC28

Building on our Climate Change Strategy, Appendix 2.3 sets out our approach to reducing emissions and strengthening climate resilience during PC28. It distinguishes the statutory framework established by the Climate Change Act (Northern Ireland) 2022 from our wider strategic ambitions and sets out an ambition to reduce territorial-based emissions by at least 16.6k tCO_2e by 2032, based on our 2023/24 reported emissions. This will help NI Water meet our obligations under the Climate Change Act, support delivery of the second carbon budget and strengthen its longer-term transition to net zero. Planned measures focus on energy efficiency, renewable energy, fleet and estate decarbonisation, and developing approaches to wastewater process emissions. We will also strengthen supply-chain engagement and whole-life carbon management to prepare for further reductions in Scope 3 emissions in PC33 and beyond. Alongside mitigation, our adaptation programme includes flood protection, nature-based solutions, sustainable drainage and peatland and forestry restoration. Furthermore, the PC28 Capital Investment Plan takes account of the latest guidance on climate impacts within asset designs, incorporating an up to 35% increase in peak rainfall and peak river flow, an increase from the previous 20% guidance.

2.3 Listening and Responding to Our Customers.

NI Water has transformed how it serves and engages with customers. This transformation has helped deliver sustained improvements in customer experience, reflected in strong performance against key customer measures during PC21. Building on this progress, our focus for PC28 is to maintain consistently high standards while continuing to improve customer journeys and outcomes in response to changing customer needs and feedback.

In preparation for PC21, NI Water commissioned extensive independent consumer research from Ipsos MORI. The insight from this research helped shape customer outcomes, performance commitments

and investment priorities across the business in PC21. The figure below summarises the customer preferences identified through this research.



Figure 2.5 - Relative importance of selected service issues to customers

The Customer Measures and Satisfaction (CM/SAT) group considered whether further independent consumer research was required for PC28. It concluded that this was unnecessary given customers' views were unlikely to have changed materially and NI Water already had access to a broad range of more recent customer insight. In its PC28 Approach, the Utility Regulator accepted the CM/SAT group's conclusion.

For PC28, while the research undertaken for PC21 remained a foundation for understanding customer preferences, this has been supplemented by ongoing feedback and surveys to identify changes in expectations and service experience. This provides a more current understanding of customer expectations. These sources include:

- Near real-time customer feedback surveys providing continuous insight into service experience.
- Annual omnibus surveys capturing the views of customers who have not engaged directly with NI Water.
- Independent research undertaken by stakeholder groups, including the Consumer Council; and
- Targeted research focusing on specific customer groups and services, including customers in vulnerable circumstances.

Our approach in PC28 will build on this combination of established research and current customer insight. We will continue to review feedback across these sources to identify recurring issues, understand changing needs and inform improvements to customer journeys and service delivery. We will use customer feedback alongside our customer experience and performance measures to assess whether these changes are delivering better outcomes and where further action is required. This creates a continuing cycle of listening, responding and evaluating, helping to keep our services aligned with customer needs throughout PC28. Our approach is summarised in Figure 2.6 below.

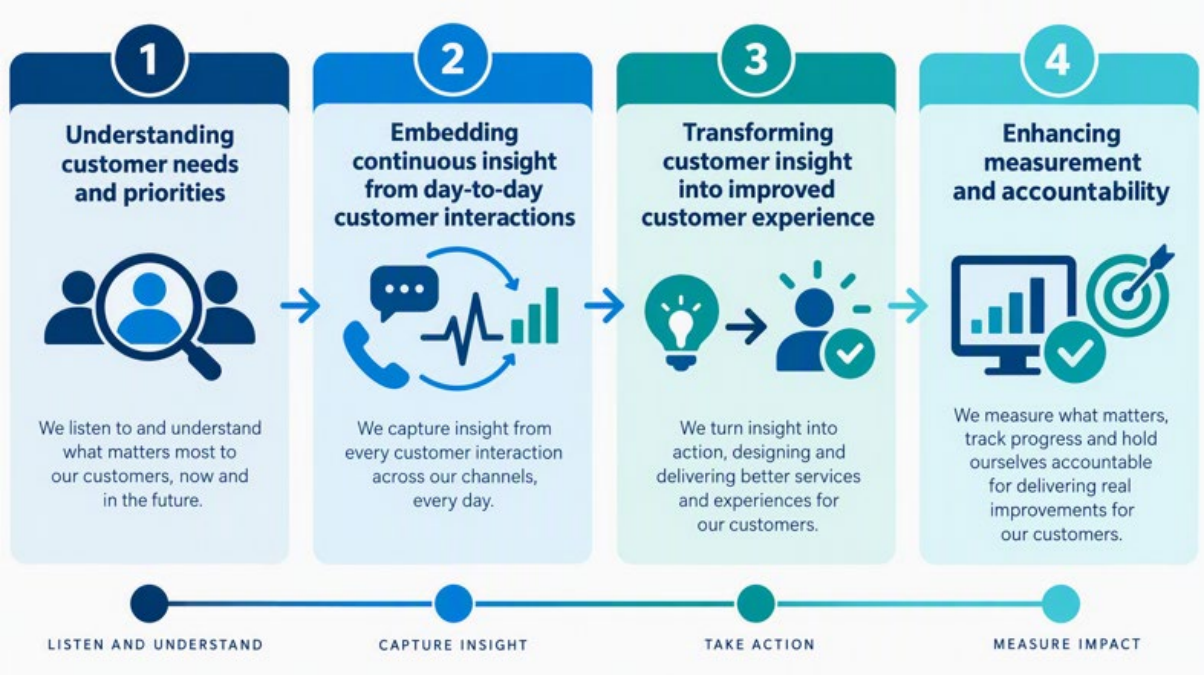


Figure 2.6 – Listening and responding to our Customers in PC28

We describe our approach in more detail in Appendix 2.4.

2.4 Engaging With Stakeholders

We rely on the support and challenge of our principal stakeholders. Their challenge and input is particularly important in a highly interconnected water sector where many of our key challenges, including growth, environmental improvement, climate resilience and wastewater capacity, require coordinated action across organisational boundaries.

2.4.1 Principal Stakeholders

Our PC28 Business Plan is underpinned by strong and constructive collaboration with key stakeholders including the Consumer Council for Northern Ireland (CCNI) and regulators across the water sector. Stakeholder input provided important challenge and helped ensure our plan reflected expectations around transparency, performance and value for money.

We adopted a partnership-led approach, using working groups to test emerging proposals and refine priorities. These groups helped us:

- agree assumptions and priorities for developing the Business Plan;
- align investment proposals with regulatory and policy expectations; and
- ensure that customer-facing commitments were supported by credible delivery plans.

We have engaged with our principal stakeholders through a range of PC28 working groups:

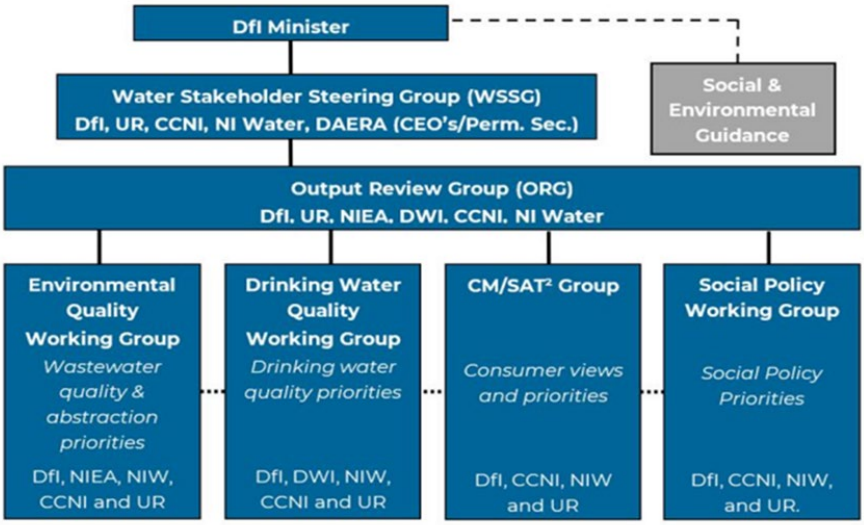


Figure 2.7 – Principal stakeholders and working groups.

The stakeholder governance structure supporting PC28 is outlined above. The following groups in particular played a key role in the development of our plan:

- **Environmental Quality Working Group**: Identifies and prioritises environmental requirements for the PC28 period.
- **Drinking Water Quality Working Group:** Determines priorities relating to drinking water quality for the price control period.
- **Customer Measures and Satisfaction (CM/SAT) Group**: Considers consumer-focused priorities for PC28 and determines the need for, and scope of, customer engagement activities.
- **Social Policy Working Group:** Identifies priorities across wider social policy areas relevant to the price control period.

In addition, the PC28 Cost Assessment Working Group, comprising representatives from the Utility Regulator and NI Water, provided a dedicated forum to discuss and develop a common approach to assessing costs efficiency and setting targets in PC28.

NI Water's engagement with the Utility Regulator and all PC28 working groups has been continuous throughout the development of the business plan and will remain a central part of our approach following submission.

2.4.2 Wider Stakeholder Landscape in Northern Ireland

NI Water also engages with a broad range of external stakeholders whose interests, statutory responsibilities, and community roles intersect with the delivery of water and wastewater services. Wider stakeholder groups include local councils, developers and elected representatives. These bodies play an important part in shaping investment priorities and informing long-term planning.

2.5 Governance and Assurance of Our Plan

Figure 2.8 summarises the governance structure supporting the development and assurance of our PC28 Business Plan.

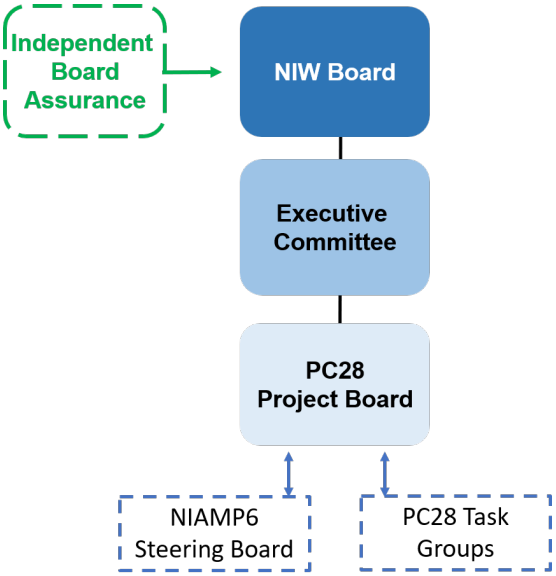


Figure 2.8 – PC28 Governance Structure

The NI Water Board has led the strategic development of our PC28 Business Plan, providing oversight and challenge as proposals took shape. Over the past one and half years, six dedicated PC28 Board workshops were held. These provided a structured forum to examine the supporting evidence, test alignment with NI Water's long-term strategy and consider how the proposed investment and activities would contribute to the outcomes needed for customers, the environment, public health and the wider Northern Ireland economy.

To support its scrutiny, the Board appointed AtkinsRealis to provide independent expert assurance of the Business Plan. The assurance process was designed to test whether the submission was complete, internally consistent and supported by appropriate evidence. It covered the narrative, investment cases, data tables, financial model and technical appendices.

AtkinsRealis, as the Board Assurance Advisor, has confirmed that the plan is clear, evidence-based, with a narrative supported by robust data.

2.6 PC28 Business Plan - Board Assurance Statement

The Board Assurance Statement below provides formal accountability for the PC28 Business Plan, giving the Utility Regulator and wider stakeholders confidence that the submission has been subject to appropriate scrutiny and assurance. It sets out the basis for the Board's endorsement, while making clear the funding qualification on which delivery of the proposed outputs and outcomes rests.

Board Assurance Statement

The Board of Northern Ireland Water has overseen the development of the PC28 Business Plan to ensure that the Plan is evidence-based, efficient, affordable from a tariff perspective and deliverable. The Board has also assured itself that the Business Plan aligns with NI Water's statutory obligations and supports the long-term interests of customers, communities and the environment in Northern Ireland. This approach is consistent with the Utility Regulator's recognition that PC28 cannot address all long-term investment needs in a single price control.

Actual public expenditure allocations are determined by the Northern Ireland Executive and the Department for Infrastructure and are outside the control of both the Board and NI Water. In providing this Assurance Statement, the Board emphasises that accessible funding levels below those determined by the Utility Regulator would materially affect the extent, timing and sequencing of outputs and outcomes set out in the Business Plan. Consistent with the Department for

Infrastructure's Draft PC28 Social and Environmental Guidance, the PC28 Business Plan clearly sets out the implications of a constrained funding scenario.

In approving the submission of this Plan, the Board confirms it is satisfied that:

- the Plan sets out NI Water's assessment of the revenue necessary to deliver water and sewerage services in accordance with its statutory obligations, having regard to the strategic priorities set out in the Department for Infrastructure's Draft PC28 Social and Environmental Guidance, as well as the specific environmental and water quality needs identified by the quality and environmental regulators (NIEA and DWI) and the consumer priorities identified through consumer engagement;
- the Board has challenged the evidence, assumptions, costs, outputs, risks and delivery strategies contained within the Plan and is satisfied that they represent an efficient, balanced and evidence-based proposal which is affordable from a tariff perspective and deliverable within the assessed capacity of NI Water and its supply chain;
- appropriate governance, assurance and review processes have been applied, including independent assurance, to test the completeness, consistency and robustness of the submission and the information on which it is based.

The Board has considered the deliverability of the proposed programme and is satisfied that appropriate assessments have been undertaken in relation to resources, supply chain capability, organisational capacity, programme management, risk and delivery planning. The Board believes that the Plan is capable of being delivered through the governance, assurance and delivery arrangements established by NI Water, subject to the funding profile, approvals, resources and dependencies identified within the Business Plan.

Subject to the qualification on funding, the Board therefore endorses the PC28 Business Plan as NI Water's proposed programme for the period 2028–2033.

2.7 Appendices and Annexes

The following appendices and annexes provide supporting information for this chapter.

Reference	Supporting Document
Appendix 2.1	NI Water Our Strategy 2021–2046
Appendix 2.2	NI Water's Climate Change Strategy
Appendix 2.3	NI Water's Approach to Climate Change in PC28
Appendix 2.4	Listening and Responding to Our Customers