

Economy

Efficiently delivering infrastructure to underpin sustainable growth



Construction of new wastewater pumping station at Bangor, County Down

Strategic areas of focus



Sustainable development goals



Principal threats/opportunities

PT1 PT2 PT3 PT5 PT6 PO1 PO3 PO4

Page 72 Read more about principal threats and opportunities.

Strategic performance indicators

Economy	Unit of measurement	Target 2020/21	Actual 2020/21	Pass/Fail	Target 2021/22
Increase/(decrease) in customer tariffs	%	2.25	1.8	Pass	0.9
Number of economic constraint areas removed*	Number	n/a	n/a	n/a	0
Number of serious development restrictions removed*	Number	n/a	n/a	n/a	4
Bathing water quality**	Excellent	Majority excellent or good	12	Pass	Majority excellent or good
	Good		5		
	Sufficient		5		
	Poor		1		

* New target for PC21

**Other major contributors to bathing water quality include agriculture, wider industry and consumer behaviour (flushing inappropriate items). Targets for 2020/21 and beyond changed to be 'majority excellent or good'.

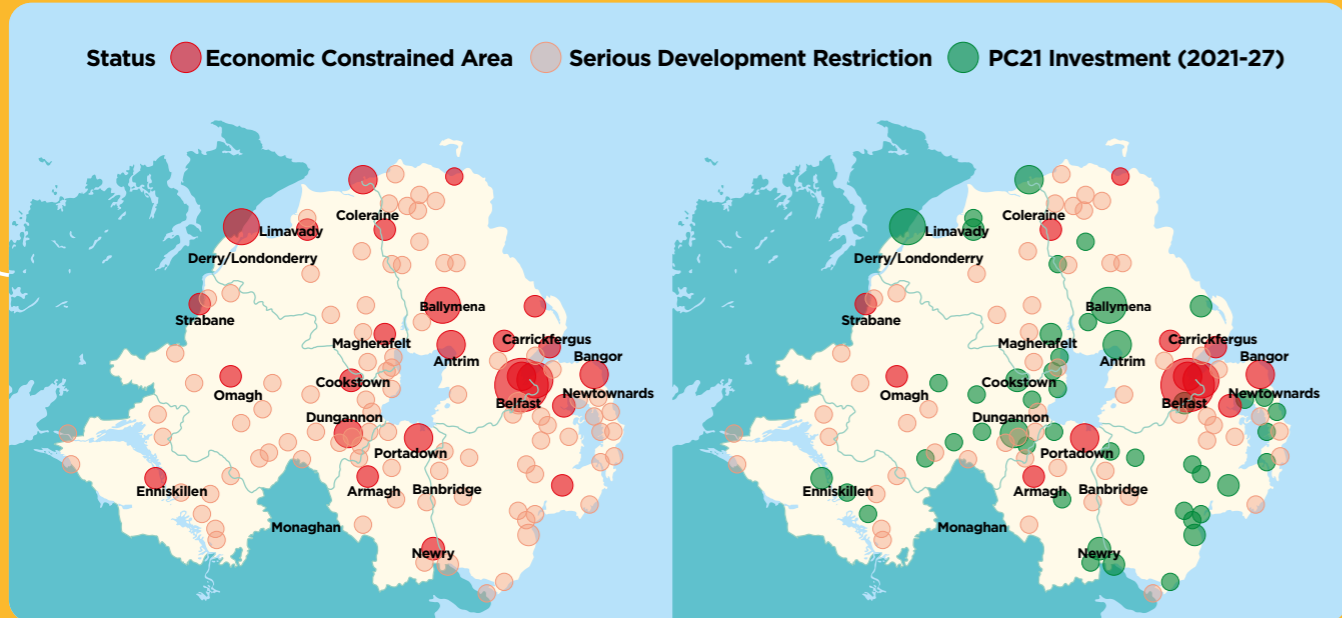
Strategic areas of focus

Funding world class economic infrastructure

Over the past 15 years the public expenditure made available from Government for investment in wastewater services has not been able to keep pace with the investment required to provide increased capacity to facilitate growth or achieve more stringent standards to achieve water quality targets. As a result, many of our sewerage networks and wastewater treatment plants are now having to operate at or beyond their design capacity, limiting opportunities for new connections and constraining economic development in 116 towns and cities across Northern Ireland, including Belfast and Derry/Londonderry.

During 2020/21, we continued our engagement with local councils and other stakeholders on wastewater capacity constraints. We are also developing tools to help us further prioritise and target investment on wastewater capacity constraints across Northern Ireland.

Our PC21 Business Plan sets out the investment required to start to address the wastewater capacity constraints. We anticipate that it will take a sustained increase in investment over the next quarter of a century to solve the problem of development constraints.



Development constraints across Northern Ireland at the start of PC21 (2021)

Development constraints across Northern Ireland at the end of PC21 (2027)

Efficient and affordable service

Since 2007, NI Water has delivered significant improvements to water services. We have reduced operating costs and improved comparative efficiency with water companies in England and Wales, and more than doubled the level of service we provide to our customers. Using new efficiency models developed in conjunction with the Utility Regulator, we have calculated that the gap between us and the most efficient water companies in England and Wales has reduced from 49% in 2007/08 to just 5.7% in 2018/19. We are committed to reducing annual operating costs by a further £13m to eliminate this efficiency gap by 2027.

One of the ways in which we drive efficiencies is by working closely with our supply chain. Over 2020/21 we procured a number of services, including a £14m contract to local firms, Connect, Transform, Sustain (CTS) and Lowry Building & Civil Engineering. This contract will deliver building's maintenance and repair services across our sites, enabling us to work together to continue to efficiently provide essential water and wastewater services to our communities, 24 hours a day, 7 days a week.



Two of our supply chain partners pictured with our Director of Finance and Regulation

Strategic areas of focus

Efficient and affordable service (continued)

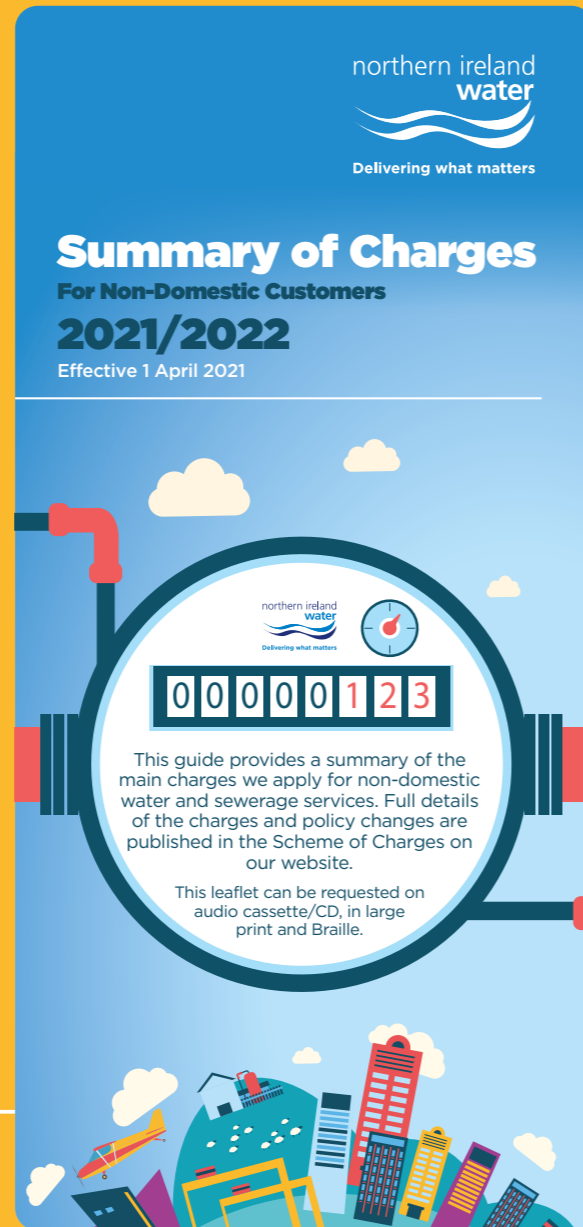
The amount by which NI Water can increase customer tariffs is determined by the Utility Regulator. We work with the Utility Regulator to ensure the fairest pricing outcome for our customers. NI Water is acutely aware of its responsibility to strike a balance between our need to generate sufficient income to allow us to continue delivering our services and minimising the impact on non-domestic customers.

In response to COVID-19, the below inflation planned 1.8% increase in non-domestic water and sewerage charges from 1 April 2020 was deferred to minimise the burden on business customers. The 1.8% increase applied from 1 October 2020 to 31 March 2021. Non-domestic water and sewerage charges rose by 0.9% from 1 April 2021 in line with inflation.

Our PC21 Business Plan proposes that average tariffs remain stable in real terms over the PC21 period despite a significant increase in the level of capital investment planned. We hope that this position can be sustained although the impact of COVID-19 could put pressure on this position.



Read more at https://www.niwater.com/sitefiles/resources/news/2021/march/niwsummaryofchargesleaflet21_22.pdf



Sustainable growth

Every aspect of life in Northern Ireland relies on the water and wastewater services we provide, so it is important that any investment we make in our infrastructure is built with the future in mind. In order to improve our long term resilience we need to ensure our infrastructure can withstand pressures such as climate change, growth in the economy and the need to protect and restore nature.

Over 2020/21, we commenced a £2m investment to upgrade the wastewater treatment works and pumping station in the village of Greyabbey, County Down. This investment will help to alleviate development constraints, support local tourism in the area and protect Strangford Lough, Northern Ireland's first marine conservation zone.



Greyabbey wastewater treatment works, County Down

Over 2020/21, we also completed construction of a £1.4m scheme in Armagh to complete a new pumping station and essential sewer upgrades. The improvement work will significantly reduce the risk of out-of-sewer flooding and will bring environmental improvements by enhancing the water quality in the Callan River.



New wastewater pumping station in the west of Armagh City, County Armagh