



We have completed the second year of this six-year PC21 Business Plan (2021-27), which sets out the step change in investment required to address the most critical needs and enable Northern Ireland to thrive from its water and sewerage infrastructure. This plan also sets out the performance improvements we are committing to deliver for our customers and continuing to drive efficiency and innovation.

We continue to engage with our Government Shareholder and other stakeholders to secure the funding across PC21, supported by financial resilience. The Government's current approach to funding NI Water is undermining the delivery of our vital services.

Our performance is summarised below and is set in the context of economic and political uncertainty, climate change, and continued pressures on Government funding.

NI Water has been underfunded through the PC15 regulatory settlement (2015-21). We have draft public expenditure limits from Government for 2023/24 which are below the levels required and have no visibility of funding for the final three years (2024/25 to 2026/27) of PC21. Such a position would not be tolerated in any other part of the UK.

The absence of a functioning NI Executive prevents the setting of multi-year public expenditure budgets.

Delighting our customers

We are embracing new ways to meet rising customer expectations. Since increasing the operational hours of our social media platforms and introducing web chat, our social media base has continued to grow. Monthly web chat usage has also increased during 2022/23, and feedback from customers for these channels has been very positive. Our customer base for web self-serve also continues to expand. In 2022/23 we launched the web self-serve for developers. This transforms the way we interact with our customers, with around a quarter of our customers now choosing to contact us through a digital channel.

Our focus is on minimising the need for customers to contact us and for those customers that do make contact, ensure we resolve their issue first time. We made changes to our high-volume call handling process resulting in a significant reduction in unwanted repeat water contacts. Over 2022/23 we delivered against both our target for unwanted customer contacts, and our target for First Point of Contact

Resolution of 84%. We introduced early warning text notifications for metered non-domestic customers experiencing high water consumption and continue to deploy robotics to automate manual processes in areas such as leakage management. These improvements will help increase our Net Promoter Score, which was below target in 2022/23.

Caring for vulnerable customers and maintaining our cyber security are vital elements to our customer service. We are in the process of attaining the internationally recognised consumer vulnerability and Just a Minute (JAM) accreditations. Our Cyber Resilience Programme is helping us keep at the forefront of an ever-changing threat landscape and be aware of new methods of attack as they develop.

P26 Read more about delivering an exceptional customer experience.

Clean and safe water when you need it

We are committed to providing great tasting, clean and safe drinking water which complies with statutory standards and obligations and meets the expectations of our customers in relation to water quality. Overall drinking water quality compliance in the 2022 calendar year is above the PC21 target of 99.83%.

NI Water is one of the largest landowners in Northern Ireland and our largest land holdings tend to be in upper areas of drinking water catchments where peatbogs and heathland dominate. We have been working closely with partners in our drinking water catchments to improve water quality, enhance biodiversity and sequester carbon. We are supporting the implementation of the High Mournes Management Plan to manage the Mournes landholdings sustainably, so that

the public can enjoy recreation for years to come, as well as protecting this vital water source for NI Water. We continue to liaise with The Woodland Trust through riparian planting in some of our river catchments to stabilise the riverbanks and prevent erosion from affecting raw water quality.

Our cross-border partnerships also play an important role in catchment management. The €4.9m Source to Tap INTERREG VA project in the cross-border Derg and Erne catchments finished during 2022/23. Every £1 invested through the project's land incentive scheme is expected to deliver £3.36 worth of future benefits through reduced water treatment costs and improved ecosystems. We are working on an EU submission for Peace Plus funding known as 'The 'IDEALS' Project' to build on the success of the Source to Tap project.

All our raw water is currently sourced from lakes and reservoirs that are above ground and then treated to provide drinking water. We are also tapping into alternative sources of water in underground aquifers such as the Moneymore borehole in County Derry/Londonderry. This will not only improve the resilience of supply but will lower carbon emissions and energy costs because of reduced pumping and the use of solar energy. We are assessing the use of other ground water sources to be used to help provide additional resilience in other areas.

Our interruptions to supply strategy has helped us deliver the best performance in relation to minimising water supply interruptions for customers. Key activities within the strategy include post interruption reviews to establish key learnings; utilising water tankers in response to interruption to supply events and engagement with stakeholders.

Our leakage teams work around the clock, locating and repairing leaks. In 2022/23, we were making good progress with reducing leakage. However, in December 2022 the UK and Ireland experienced a major freeze thaw weather event which had a very significant impact upon NI Water's and customer's pipework. This resulted in leakage being around 6.3 million litres per day higher than the 2022/23 target of 156 million litres per day. We are deploying a range of new technologies such as satellite imagery to improve our leakage performance over the remainder of PC21.

P32 Read more about supporting a healthy and thriving population.

Sustainable economic growth

The public expenditure made available from Government for investment in wastewater services has been below the investment required to provide increased capacity to facilitate growth or achieve water quality targets. Our PC21 Business Plan sets out the investment required to start to address the wastewater capacity constraints in over 100 towns and cities across Northern Ireland. We continue to promote the need for multi-year funding of the PC21 Final Determination, supported by a financial risk mechanism, through liaison with key stakeholders. We are preparing for the Utility Regulator's PC21 mid-term review and continue to support the NI Audit Office's review on funding, which is due for publication in Summer 2023.

In June 2022, NI Water commenced a £1.2bn major project framework, which will deliver large water and wastewater infrastructure projects. The framework provides us with access to some of the most innovative providers within the supply chain and is a major boost to local companies. One of the first major projects on the framework is the upgrade work at Belfast wastewater treatment works, which commenced in 2022/23.

Following approval by the Utility Regulator, NI Water increased its non-household water and wastewater tariffs by 13.4% on average from 1 April 2023. Measured customer bills increased by 12.7%, while unmeasured and trade effluent bills increased by 13.7% and 15.5% respectively. This compares favourably with other utilities across gas and electricity sectors. When setting tariffs, NI Water seeks to strike a balance between the conflicting priorities of minimising the impact on customers whilst at the same time ensuring that enough revenue is generated. NI Water is facing considerable budgetary pressures, which are likely to continue through 2023/24, primarily due to the impact of rising power prices and other unavoidable increases affecting other material costs such as chemicals. Whilst any increase is unwelcome, we have worked hard to ensure our water and sewerage services continue to provide good value for money to our customers.

P42 Read more about supporting a growing economy.

Flourishing natural environment

Every day we recycle wastewater from Northern Ireland's homes and businesses before safely returning it to the rivers and sea. Traditional treatment works are carbon intensive, requiring a lot of energy, concrete and chemicals to ensure treated wastewater can be safely released back to the environment. We are committed to a more sustainable approach to wastewater treatment.

Our PC21 Business Plan includes ambitious infiltration and storm water removal targets aimed at reducing risk of property flooding, enhancing our natural environment, and facilitating economic growth. This programme is underway with investigation work starting in the form of initial studies and modelling to enable the future programme to be delivered. A major storm separation scheme is underway at Ravenhill Avenue, Belfast, removing around 88,200m² of storm water from the combined system. This represents 4% of the 2,187,240m² of storm water to be removed from the combined system over PC21. The £1.4bn Living With Water Programme will improve strategic drainage infrastructure in the greater Belfast area through a combination of traditional and nature based solutions. A similar approach is being explored for Derry/Londonderry, which NI Water plans to support.

We recognise the need to improve how we measure wastewater compliance. The current regulatory monitoring programme is based on pre-announced rather than unannounced regulatory sampling at the treatment works and the reported wastewater compliance doesn't incorporate flow compliance for the wastewater treatment works or the sewer network. This provides an incomplete picture of environmental compliance and protection. A Wastewater Regulation Compliance Reform Group has been established with senior management representation from NI Water and NIEA. This working group will act as the interface between NIEA and NI Water on the delivery of wastewater regulation reform over PC21. It is recognised that the outcome of the proposed regulation change will result in new evidence, which will highlight non-compliance across our wastewater infrastructure.

We deal with around 11,500 blockages of our sewers each year. The most common cause of these blockages is the flushing of items which do not dissolve down the toilet such as wet wipes and the disposal of fats, oils, and grease (FOG) down the sink. Our customer campaigns continued the messages around bag it and bin it, with focus on 'hot spots' and promotion of 'wet wipes' messaging to reduce the amount of blockages.

At NI Water, we're committed to delivering a net zero, climate resilient future for all our customers. Our Climate Change Strategy was published in May 2023 and sets out how we can harness the huge and largely unseen potential for NI Water to address climate change. Several of the approaches we are taking will benefit our society and economy more broadly as it seeks to decarbonise and exploit the benefits of green growth through a just transition. We have challenged ourselves to go further and faster than the net zero 2050 targets set by law. NI Water is committed to achieve net zero for the energy we use by 2030 and net zero for all our emissions by 2040, as measured against our 2020/21 adjusted baseline. We can also play a strategically important role in helping society to decarbonise by planting one million trees; building more renewables on our land; kick-starting our hydrogen economy; and providing sources of warmth for district heating schemes.

P50 Read more about protecting and enhancing the natural environment.

Happy, safe and healthy people

We want to create a great place to work and ensure that NI Water is fit for the future by attracting, developing, and retaining top talent. Our people strategy is focused on driving performance for our customers through building capability, ensuring we have the right people with the right skills performing their roles to the best of their ability.

Whilst many organisations are experiencing the 'great resignation', our staff turnover remained consistently low at around 5%, while average tenure has remained high at over 15 years. Nearly 10% of our workforce was promoted in 2022/23. Our employer brand remains strong in the marketplace, with over 250 new recruits in the last two years. We continue to grow and diversify our

entry level academy to seed our organisation with top talent to support succession planning. Over 30 higher-level apprentices and graduates will join in 2023/24, bringing our academy numbers to over 100, or just under 10% of the workforce. We are also investing in our leaders and managers through a management development framework that will develop world class management capabilities.

Health and safety is an integral part of NI Water's day-to-day business. Our Health, Safety and Facilities Transformation Programme (2021-2025) sets out several priorities for health and safety. A significant amount of work was undertaken during 2022/23 to progress the programme, including investment in facilities and above ground buildings and related assets. The focus over 2023/24 will continue to be on facilities, along with arrangements for staff returning to offices and driver safety.

We use a range of listening strategies to gather the voice of the employee and ensure that action is targeted in the right place. These include employee surveys, frontline focus groups, cultural ambassador network, monthly polls, and employee workgroups. Feedback received has helped inform a variety of corporate strategies including our health and wellbeing strategy and the new hybrid working strategy. We have engaged a new expert culture and engagement partner to help design and deliver a new holistic listening strategy. We were delighted to be the inaugural winner of the Diversity and Inclusion award at Belfast Chamber Business Awards in October 2022 and became the second public sector organisation in Northern Ireland to achieve the Silver Diversity Charter Mark.

NI Water is committed to creating a legacy for communities. Our Cares Challenge volunteering scheme is one of the largest in Northern Ireland and has delivered over 11,500 employee hours to help good causes. Employees have volunteered across a wide range of areas, including painting residential care homes, tree planting and conservation work. We continued to spread the message on the value of water for health, the economy and nature through our unique education programme, which included over 200 school visits and over 60 community visits during the year. Through our lead role in the local Water-Aid Committee, we are supporting

WaterAid's Deliver Life project in Malawi. The project aims to improve the health of women, girls, and children by providing access to clean water, decent sanitation, and good hygiene in their communities.

P68 Read more about helping our people and communities to thrive.



Sara Venning
Chief Executive
29 June 2023