



Delivering what matters

Every aspect of life in Northern Ireland relies on the services we deliver. Our business is essential to support a healthy and thriving population, a growing economy, and a flourishing natural environment. Our focus is delivering high quality drinking water and recycling wastewater safely to the environment today and tomorrow.

However, we have reached a tipping point. Delivery of our essential services is dependent on a solution being found to the funding of water and sewerage infrastructure.

This is a critical time for the water sector. We face multiple strategic challenges such as an aging water and sewerage infrastructure, climate change, declining biodiversity, economic and political uncertainty. Public expectations are also shifting with a call to clean up our rivers and seas. These pressures are amplified by public expenditure cuts which are putting delivery of our services at considerable risk.

Northern Ireland is unique within the UK as being the only part where the regulated water utility is unable to fully implement the economic regulator's final determination due to public expenditure constraints. This is an unsustainable position in the face of such pressures.

Our PC21 Business Plan (2021-27) sets out how we can meet these challenges and enable Northern Ireland to thrive from its water and sewerage infrastructure. This report provides an update on delivery in the second year of PC21.

World class on tap

Delivery of great tasting, clean and safe drinking water is central to what we do and underpins public health. Being able to rely on and have confidence in the quality of water that we supply is a fundamental expectation of our customers. We are proud to deliver a world class product to our customers. Overall drinking water quality compliance in the 2022 calendar year is above the PC21 target of 99.83%.

Working together with partner organisations through projects such as Source to Tap can improve the water quality before it even reaches the water treatment works. This collaborative approach benefits the natural environment and biodiversity and

can reduce our operating costs, especially when resources are pooled with stakeholders to access funding.

Climate change necessitates increased resilience of water supply. Warmer and drier summers and freeze-thaw conditions in the winter create surges in the demand for drinking water and increase bursts, causing leaks such as occurred in December 2022. We are deploying a range of new technologies such as satellite imagery to improve our leakage performance over the remainder of PC21.

As a society we need to place more value on water; to reduce pollutants entering our waterways and the millions spent on removing them through water treatment; to work with nature rather than against it to support sustainable economic growth; to be ready for more extreme weather conditions; to better design our homes to use less drinking water for flushing the toilet and washing the car. This can help in further driving down leakage, our carbon footprint, increase water resilience and reduce the volume of water returned to our sewers.

Drains and cranes

Productivity is a key driver of economic growth and improved standards of living. Decades of low productivity is the biggest economic challenge facing Northern Ireland, restricting the money available to invest in public services.

Our infrastructure is essential for the local economy to reach its full potential and drive higher productivity. NI Water invests to meet the needs of current and future generations, which requires long-term planning as some of our assets have lives extending over 100 years. However, underfunding of our PC15 Business

Plan (2015-21) has already resulted in curbs to economic development with new housing and businesses being unable to get connected to our sewerage system in our cities and over 100 towns. Our PC21 Business Plan sets out a step change in investment to start tackling development constraints. If you want to put up the cranes, you must invest in the drains.

Nurturing nature

Society is becoming much more connected to our natural environment and more aware of the role it plays. Nature provides us with a range of ecosystem services, which filter our fresh water, absorbing and retaining carbon, protect us from flooding, provide recreation, attract tourists, and support our overall health and wellbeing. NI Water relies on fresh water as the key input to provide its services.

We have a big challenge to ensure that we leave the natural environment in a better state for future generations. No river water bodies in Northern Ireland have achieved good or high overall status, with NI Water being one of the primary polluters along with agriculture and urban run-off.

Most of the urban areas of Northern Ireland, including road surfaces, are served by combined sewers that carry both wastewater and surface water - such a system would never be built today. Heavy rainfall can cause the sewers to become full of water and the sewage to discharge directly into the rivers or streams, bypassing the treatment works. Our PC21 Business Plan includes ambitious infiltration and storm water removal targets aimed at reducing risk of property flooding and enhancing our natural environment. 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 provides an incomplete picture of environmental compliance and protection across our network and at the treatment works. We are working closely with NIEA to get a better understanding of our wastewater compliance through a multi-year programme of reform involving improved monitoring and inspection activities.

Our Climate Change Strategy was published in May 2023 and sets out our transition path to a zero carbon and climate resilient business. We have challenged ourselves to go further and faster than the already stretching net zero targets set in law. The strategy positions us to play a strategically important role in building the green economy and restoring biodiversity.

Making it happen

Delivering what matters is dependent on a solution being found to the funding of water and sewerage infrastructure. It is unacceptable for a critical national infrastructure provider, with decades-long investment horizons, to be held hostage to in-year and year-by-year funding fluctuations. The long-term success of NI Water can only be realised if we move from a 'stop-start' approach to delivery because of underfunding and lack of visibility on funding, to multi-year funding in line with that determined by the independent Utility Regulator, supported by a mechanism to deal with financial shocks.

Over 2022/23, we engaged with the NI Audit Office's review on funding our infrastructure which is due for publication in Summer 2023 and welcome the wider focus being brought on funding from the NI Fiscal Commission and the NI Fiscal Council. The approach to funding our infrastructure ultimately rests with the Department for Infrastructure Minister and the NI Executive. Government, as our sole Shareholder, needs to properly fund our critical national infrastructure.

We are pivoting our business to play a strategically important role in building the green economy and restoring biodiversity. NI Water is collaborating with all our stakeholders to make these urgent changes to deliver infrastructure fit for the challenges in the 21st century.

Water is our most precious resource. Let's value it, protect it, and enhance it.

Dr Leonard J. P. O'Hagan CBE DL
Chair of the Board
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