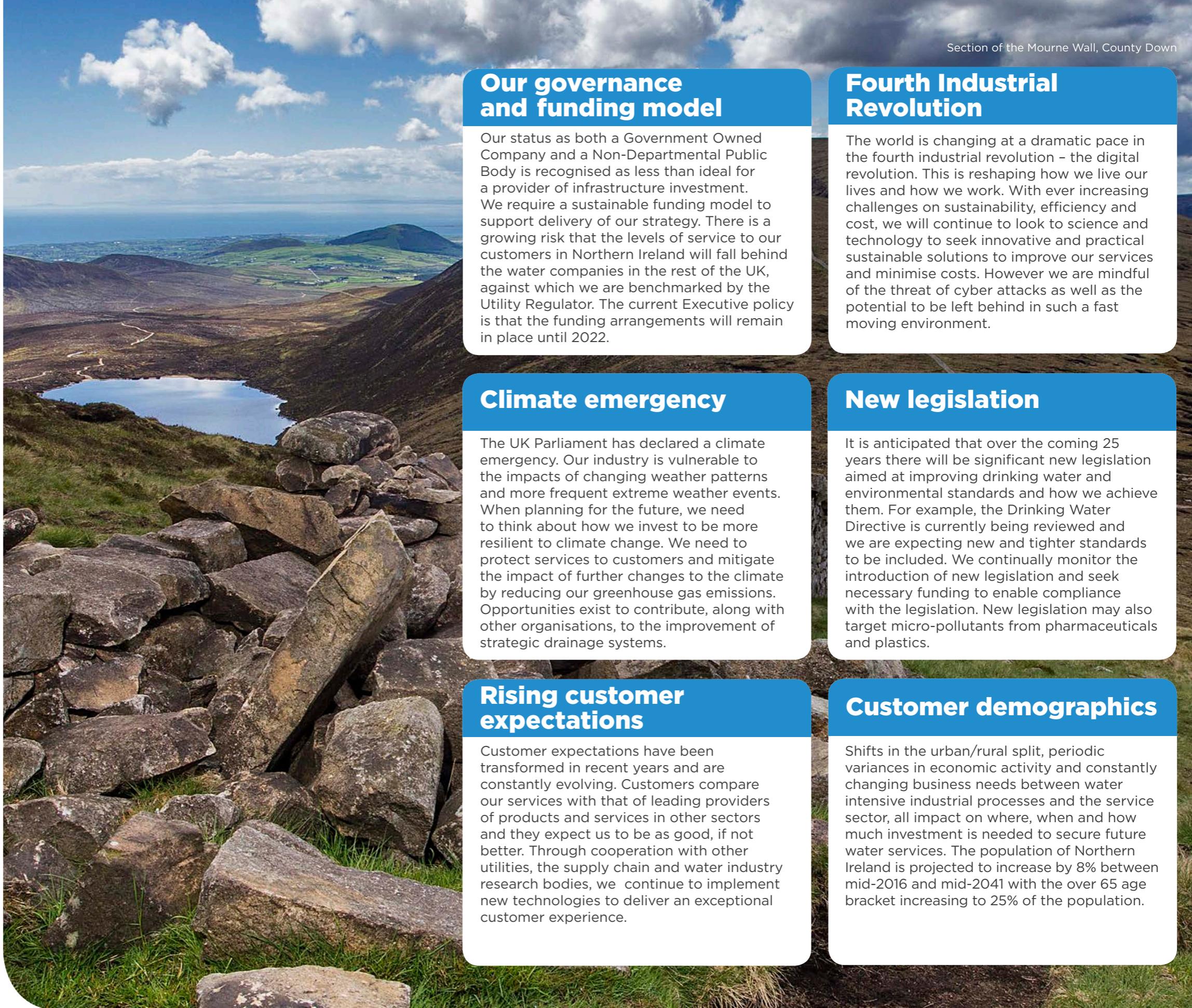


Strategic risks

In developing our strategy, we need to understand the strategic risks we may face over the next 25 years. Some of the risks are long-standing, some are new but for each, we need to understand how they will impact our ability to deliver our services to customers. The risks can present a mix of threats (downside risks) and opportunities (upside risks).

We operate a leading edge, integrated risk and resilience model to reduce the threats and maximise the opportunities. In doing so, we can deliver better outcomes from our strategy.



Our governance and funding model

Our status as both a Government Owned Company and a Non-Departmental Public Body is recognised as less than ideal for a provider of infrastructure investment. We require a sustainable funding model to support delivery of our strategy. There is a growing risk that the levels of service to our customers in Northern Ireland will fall behind the water companies in the rest of the UK, against which we are benchmarked by the Utility Regulator. The current Executive policy is that the funding arrangements will remain in place until 2022.

Fourth Industrial Revolution

The world is changing at a dramatic pace in the fourth industrial revolution – the digital revolution. This is reshaping how we live our lives and how we work. With ever increasing challenges on sustainability, efficiency and cost, we will continue to look to science and technology to seek innovative and practical sustainable solutions to improve our services and minimise costs. However we are mindful of the threat of cyber attacks as well as the potential to be left behind in such a fast moving environment.

Climate emergency

The UK Parliament has declared a climate emergency. Our industry is vulnerable to the impacts of changing weather patterns and more frequent extreme weather events. When planning for the future, we need to think about how we invest to be more resilient to climate change. We need to protect services to customers and mitigate the impact of further changes to the climate by reducing our greenhouse gas emissions. Opportunities exist to contribute, along with other organisations, to the improvement of strategic drainage systems.

New legislation

It is anticipated that over the coming 25 years there will be significant new legislation aimed at improving drinking water and environmental standards and how we achieve them. For example, the Drinking Water Directive is currently being reviewed and we are expecting new and tighter standards to be included. We continually monitor the introduction of new legislation and seek necessary funding to enable compliance with the legislation. New legislation may also target micro-pollutants from pharmaceuticals and plastics.

Rising customer expectations

Customer expectations have been transformed in recent years and are constantly evolving. Customers compare our services with that of leading providers of products and services in other sectors and they expect us to be as good, if not better. Through cooperation with other utilities, the supply chain and water industry research bodies, we continue to implement new technologies to deliver an exceptional customer experience.

Customer demographics

Shifts in the urban/rural split, periodic variances in economic activity and constantly changing business needs between water intensive industrial processes and the service sector, all impact on where, when and how much investment is needed to secure future water services. The population of Northern Ireland is projected to increase by 8% between mid-2016 and mid-2041 with the over 65 age bracket increasing to 25% of the population.