



An Roinn Tithíochta,
Rialtais Áitiúil agus Oidhreachta
Department of Housing,
Local Government and Heritage

Water Sector Finance & Investment

25 February 2022



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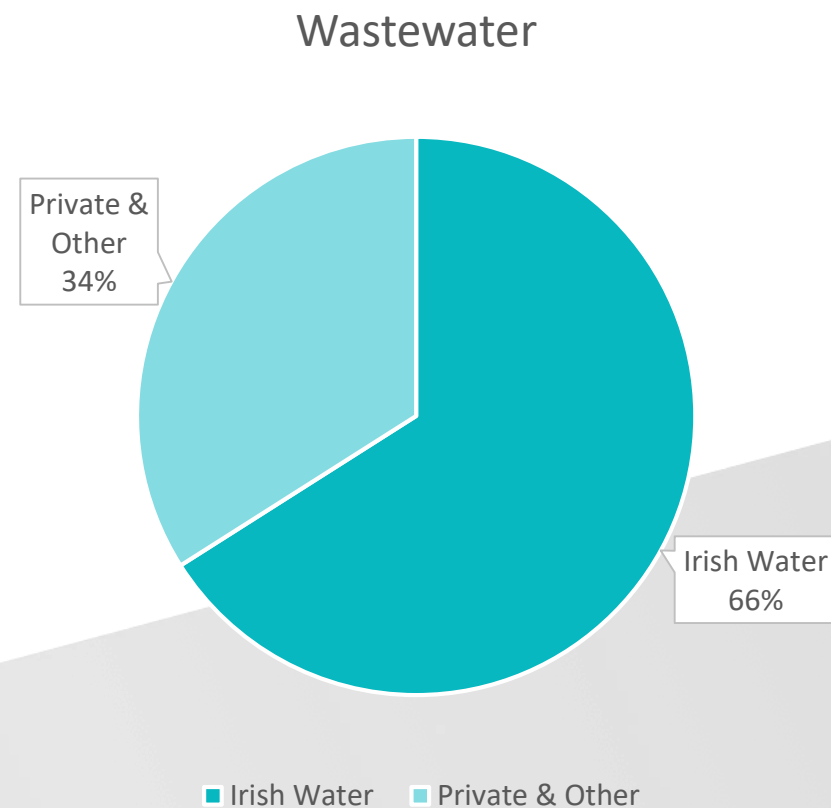
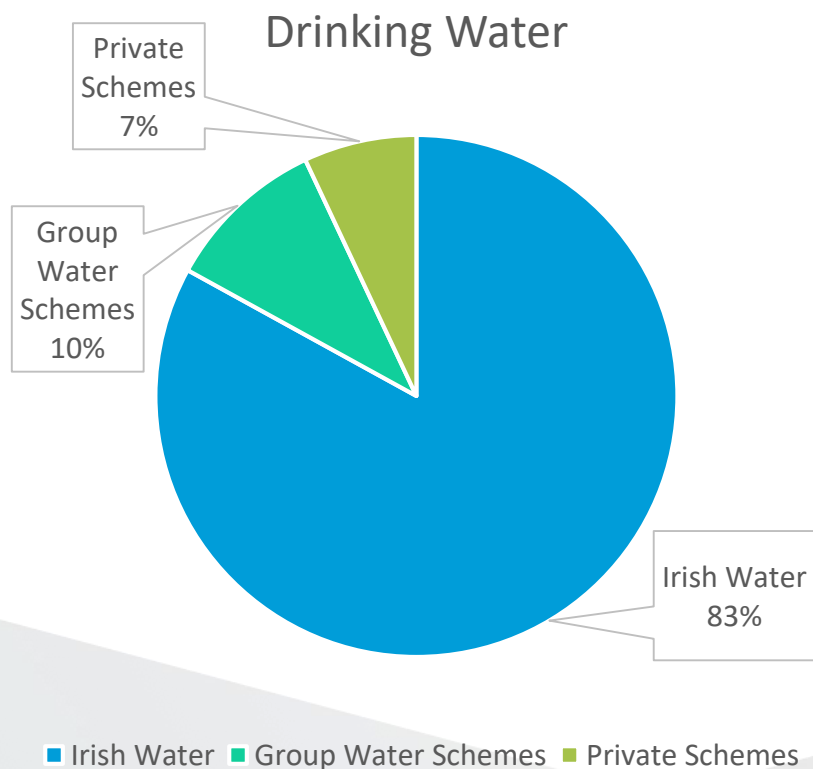
Water Investment in Context

- Ireland has significant investment needs to support social and economic development – particularly housing
- Also significant requirements to improve our environmental performance
- These are not incompatible or conflicting objectives
- Ireland's overarching approach is set out in our national river basin management plan: a range of other policies and plans flow from that



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Meeting our Water Services Investment Needs





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Meeting our Water Services Investment Needs

- Irish Water now spending over €1billion in capital investment per annum in services
- Department providing €56m per annum in support for rural water services
- New scheme on un-sewered villages to be announced by Minister shortly
- Will complement Irish Water Small Town and Villages Programme

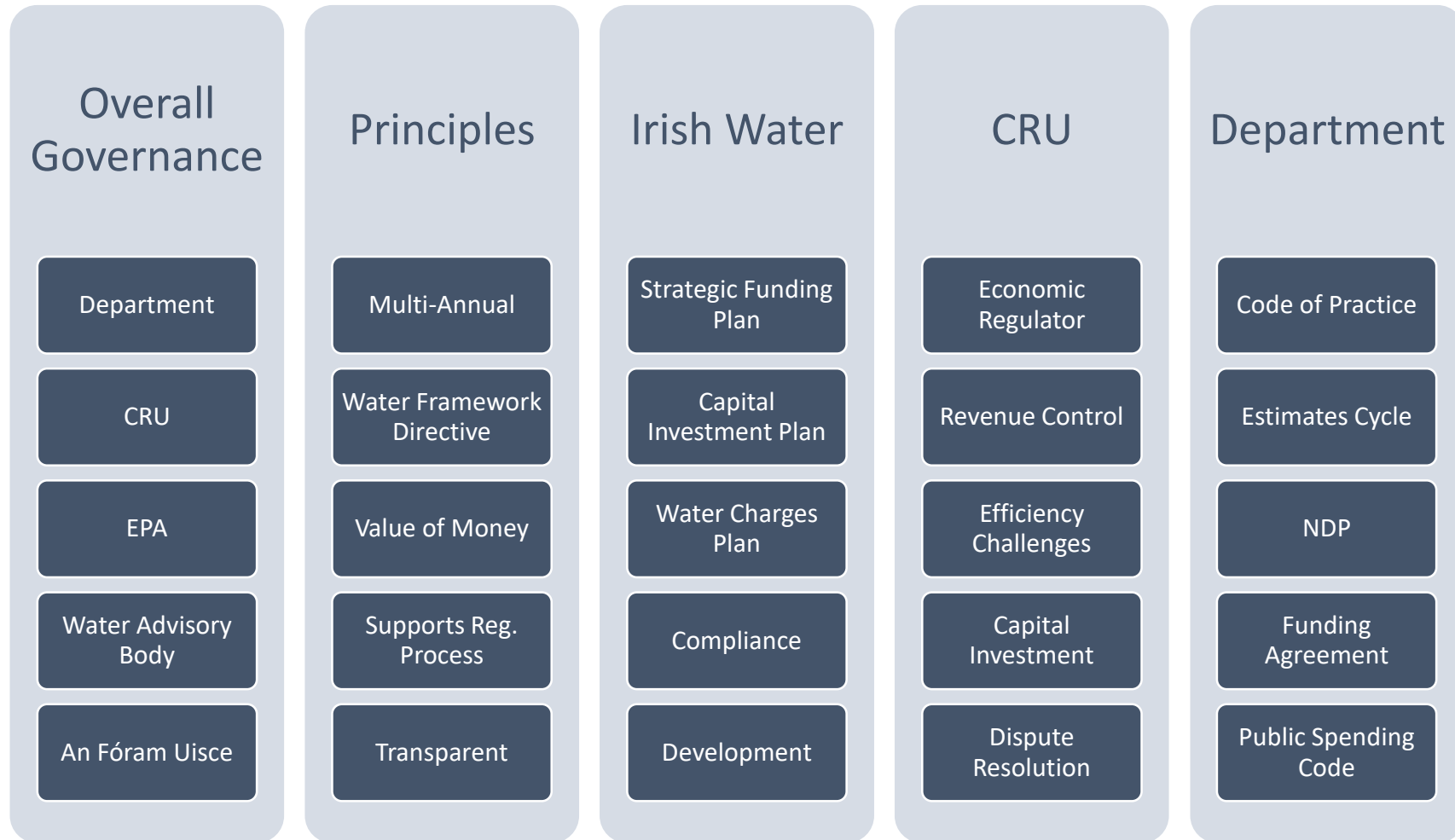


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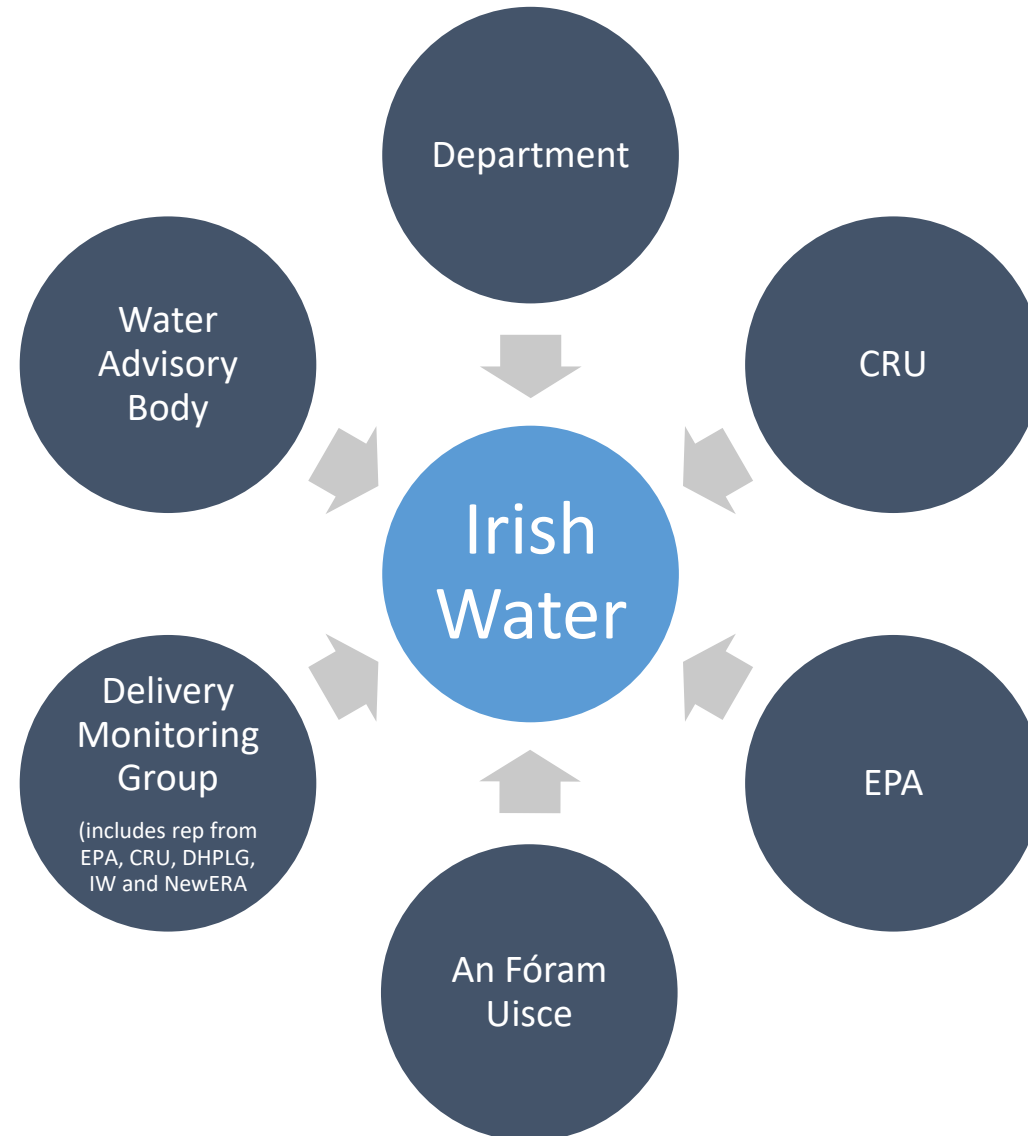
Some Strategic Challenges

- The continued evolution of Irish Water - the Water Transformation programme
- Ensuring sufficient local government resource to oversee group water schemes and private supplies
- The need to manage water quality more generally
- There is sufficient capital resource to meet our national needs.....however, this requires planning and prioritisation.
- The Development Plan process remains key

Irish Water Funding Model



Governance of Irish Water



Principles of Irish Water Funding Model

Water Framework
Directive

Supports the
Regulatory
Process (CRU)

Transparent and
Accountable

Exchequer
Funding
(Domestic Sector)

Non-Domestic
Funding

Avoids Cross-
Subsidation

Value for Money

Multi- Annual
Capital
Investment

Irish Water

Challenges

- Compliance with regulatory standards
- Network loss rate & reduce leakage
- Support social & economic development
- Develop resilience in the network

To Meet the Challenges

- Water Services Strategic Plan
- Strategic Funding Plan
- Capital Investment Plan
- Water Charges Plan

Delivery

- Maintenance & Leakage programmes
- Project selection & approval
- Budgets & Cash-flow
- Project management & reporting



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Role of the Commission for Regulation of Utilities (CRU)

- The CRU is the independent economic regulator of Irish Water. The key function of the CRU is to protect the interests of Irish Water's customers. It does this through:
 - *Approving Irish Water's revenues and charges through a **Revenue Control** process*
 - *Approving Irish Water's code of practice*
 - *Advises the Minister on matters related to the delivery of water services*
 - *Providing a dispute resolution service for customers of Irish Water*
 - *Cooperating with the EPA, Irish Water's environmental regulator*



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CRU – Revenue Control

- Revenue control is a method of setting the amount of money ('allowed revenue') that can be recovered by Irish Water over a period of time (RC3 – 2020 to 2024).
- The Revenue Control process involves:
 - *the CRU reviewing Irish Water's submissions*
 - *benchmarking Irish Water's proposed costs*
 - *completing a public consultation process*
 - *setting 'efficiency targets' for Irish Water and*
 - *setting appropriate revenue allowances for operating costs, capital costs and other items.*

Department

Policy & Governance

- Water Services Policy Statement
- Code of Practice for Governance of State Bodies
- PSC – Sector Specific Guidelines
- Delivery Monitoring Group

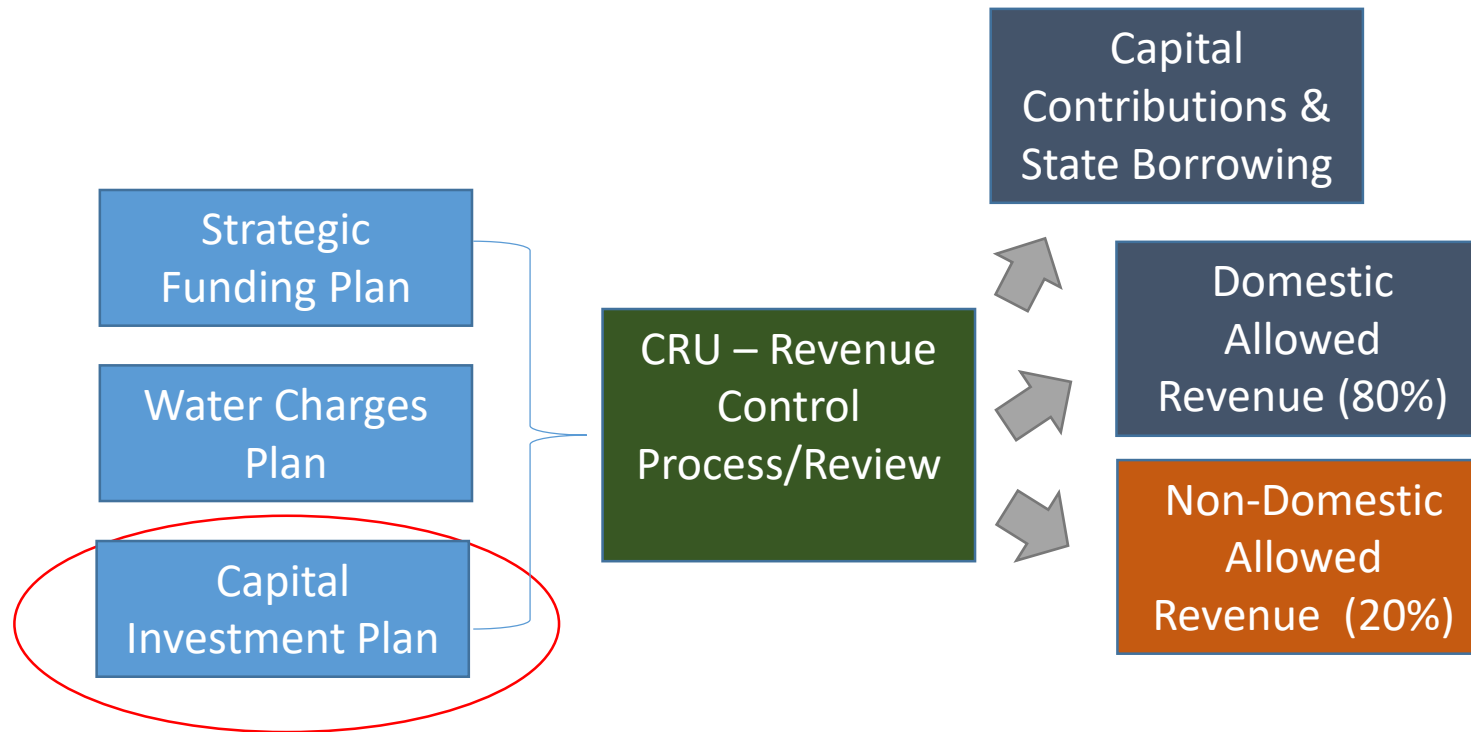
Funding (Domestic Sector)

- Memo of Funding Agreement
- National Development Plan (NDP)
- Budget/Estimates Process
- Monthly Subvention & Capital payments & reporting

Consent Framework

- > €20 million and > €100 million
- MHLGH and MPER
- NewERA – Financial Review
- WAU – Policy Assessment

Irish Water Funding Model





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National Development Plan 2021 - 2030

- Water is a Strategic Investment Priority under the NDP. In the period 2021 – 2025 approx. €6bn investment will be undertaken by Irish Water of which over €4.5bn will be Exchequer funded.
- This investment includes projects and programmes committed to in Irish Waters Capital Investment Plan 2020 – 2024 approved by the CRU.
- This valuable investment in public water infrastructure will deliver critical outcomes for customers and communities across the strategic objective themes of:
 - *Quality – safe drinking water (circa €3bn)*
 - *Conservation – responsible environment, social and economic policy (circa €0.7bn)*
 - *Future Proofing – upscaling capacity for future economic and social progress (circa €2.4bn)*

Irish Water & Housing for All





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- Action 27.1 - Investment in Growth: The Government will continue to deliver a high level Irish Water investment in water infrastructure to support housing delivery nationwide
- Action 27.2 Timely Delivery of Connections: Irish Water will ensure that its network delivery stream supports timely delivery of housing connections
- Action 27.3 Self-Lay Accreditation: An accreditation scheme will be advanced to facilitate developers in providing water services infrastructure, provided agreed standards are met.
- Action 27.4 First Mover: Irish Water and the Commission for the Regulation of Utilities will review the water connection policy to address any issues with first mover disadvantage.
- Action 27.5 Capacity Registers: Irish Water will roll out a national water supply capacity register to complement the wastewater capacity register, in Q1 2022, to bring greater clarity to planning for housing by identifying where capacity facilitates early housing provision or where constraints may exist.



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Thank You