



Committee for Infrastructure

OFFICIAL REPORT (Hansard)

Northern Ireland Water: Overview of Role
and Functions

21 February 2024

NORTHERN IRELAND ASSEMBLY

Committee for Infrastructure

Northern Ireland Water: Overview of Role and Functions

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Members present for all or part of the proceedings:

Mrs Deborah Erskine (Chairperson)

Mr Danny Baker

Mr Cathal Boylan

Mr Patrick Brown

Mr Keith Buchanan

Mr Mark Durkan

Mr Peter McReynolds

Witnesses:

Mr Ronan Larkin

Northern Ireland Water

Mr Anthony Lynn

Northern Ireland Water

Dr Sara Venning

Northern Ireland Water

The Chairperson (Mrs Erskine): I remind members that this evidence session is being recorded by Hansard. I welcome to the Committee Dr Sara Venning, chief executive of Northern Ireland Water, and Ronan Larkin, Northern Ireland Water's director of finance. We look forward to hearing from you. I invite Dr Venning and Mr Larkin to make a presentation on the relevant issues, after which members will ask questions.

Dr Sara Venning (Northern Ireland Water): Thank you very much for the invitation to address the Committee today. I am the CEO of NI Water, and I am joined by Ronan Larkin, who is our director of finance, regulation and commercial. It is nice to be back. I have not been up here in a while, and, looking around the Committee table, I see some familiar and some new faces. On behalf of NI Water, we look forward to working with the Committee, and we very much welcome your invitation to be here this morning. Our invitation to you is an offer to host the Committee at some of our sites in due course. You will be very welcome. I appreciate that members probably have areas of interest, questions and topics that they will want to see covered, but we hope to give you a bit of a basic understanding of your publicly owned water utility — what we do and how we, as an organisation, have transformed from a government Department into a modern, efficient utility that has returned £1 billion to the public purse since its inception.

We will talk about the enabling and foundational nature of the infrastructure that we look after and the role that it plays in supporting economic growth and environmental protection. Some of you will have heard that waste water infrastructure has suffered from underinvestment. As we talk today, you will see that the legacy of underfunding is now having tangible effects across Northern Ireland. The previous Executive recognised — positively, I think — the need to step up investment in waste water, and our price control 21 (PC21) six-year investment plan was designed to reduce pollution and facilitate continued connections to our network. However, we face a crossroads now, where the

agreed plan is at risk. Budget constraints have been introduced in the current financial year, and further constraints are being discussed. Their implications for Northern Ireland are stark, but it is not too late to do something about them.

The next slide is introductory. NI Water was established in 2007 as a regulated utility and a government company. We are a stand-alone company; we have a board of directors; and we are subject to independent regulation. That is similar to what happens with gas and electricity in Northern Ireland. It is the same form of regulation as happens to the UK water companies. Our sole shareholder is DFI. As a shareholder, it holds a duty to ensure that the company is funded in order to carry out its requirements under the Water and Sewerage Services (Northern Ireland) Order 2006.

The Executive policy is that the domestic element of water tariffs is provided for via subsidy. That means that NI Water has a third classification as a non-departmental public body (NDPB). That further means that we have to have resource departmental expenditure limit (RDEL) and capital departmental expenditure limit (CDEL) cover for our activities. We derive income from business customers, but all other cover for all other expenditure comes from DFI. As we talk today, you will hear us mention PC21, which is the price control period that runs from 2021 to 2027.

The next slide comes from our annual report and accounts. It gives you a flavour of the size and scale of the water utility that is publicly owned. Some 910,000 people take our clean water services; 743 properties take our sewerage services; we produce over 600 million litres of treated water every day; and we treat 362 million litres of waste water every day. We do that through 27,000 kilometres of water pipes and 16,500 kilometres of sewer pipes. There are 24 water treatment works, which are in remote places. You might see the impounding reservoir — the big lake — beside the works, but you probably do not see the water treatment works. There are more than 1,000 waste water treatment facilities.

In its totality, we are talking about £3 billion worth of assets. That is why it costs so much to run the business. We have 1,450 people who look after those assets. The organisation is throughout Northern Ireland, and no matter which town, village or conurbation comes up when the weather map comes on the television tonight, we have assets there. We are the largest consumer of electricity in Northern Ireland and the second-largest landowner. That is both a burden and an opportunity, and we will talk about that in due course.

I included the next slide to give you a flavour, especially to people who are new to the Committee or to NI Water, of the organisation that we have become. As I said, we were born out of central government. Back in the day, when we were first independently compared with other water companies, we were deemed to be 49% less efficient; other companies could do things for 49% less money. Since 2007, we have invested in our people and in technology. We have innovated, and we have closed that efficiency gap. The last independent assessment in this price control period saw us close the final 5% to the notional most efficient company. The notional most efficient company is worked out by taking the best of everybody's individual performance. Therefore, it does not exist, but we will close that gap by 2027. That is a fantastic good-news story in a publicly owned organisation.

We did not deliver those improvements at the expense of customer service. Across the board — across all our service measures and some new service measures that have been brought in — we have been improving our offering. We have a customer service measure that enables us to compare ourselves with the likes of Amazon or John Lewis. The service measures are not just bespoke to the water industry. Equally impressive is that not only is the money invested with us invested efficiently but it makes a return for our shareholders. We are an organisation that delivers a return on any investment made to us. We make interest payments on the loans that we have, and we pay dividends; the same happens in the rest of the UK. We have returned almost a billion pounds to the public purse since we were formed in 2007.

We are also very forward-looking. We very much recognise the climate emergency. We have developed a climate change strategy and stand ready to play our part in delivering a net zero future. However, there are significant challenges ahead. You may be aware that environmental standards are rising, and, today, the rest of the UK has higher standards than we do in Northern Ireland on overflows and sewer discharges. The Northern Ireland Environment Agency (NIEA) will introduce those more stringent standards here, and that means that we will have to invest to upgrade our waste water assets and our infrastructure.

The modelling that we do on our systems now tells us that our waste water assets are at capacity. It tells us that we are spilling to the environment more frequently than we should, and, as a result,

development constraints are in place across Northern Ireland. If a waste water network or asset is at capacity, you cannot connect more load to it. From looking around the room, I can see members who have corresponded with us about that. The good news is that we recognised that issue. We could see it coming and have set out a plan to mitigate it. We have put in place a capital delivery team that stands ready to accelerate the necessary investment in waste water assets across Northern Ireland.

Why is that important? The next slide sets out the pivotal role that the service provides in supporting new development and economic growth. You will probably recognise many of the headlines in the slide, and they point to the growth and the ambition engendered in many of the strategies. I think of 10X or the previous Programme for Government. You have seen the councils put forward their local development plans. City deals are in place. Investment conferences are generating great leads for Northern Ireland. Recently, in a press release, Minister O'Dowd said:

"Everything we do and everything we plan to do in ... delivering positive and transformative change needs the right infrastructure in place".

Whether we are thinking about social housing schemes, regenerating city centres, new green recycling businesses, new or upgraded schools, student accommodation, factories or even hospitality venues, they need, at the most basic level, to connect to a sewer. As many of you are becoming increasingly aware, that most basic of needs cannot always be met.

Why would that happen? We are setting out here that the legacy of underfunding Northern Ireland's waste water system has caught up with us. Again, the Minister has pointed out that his Department has been operating with a limited budget. That has been the case for many years, and, therefore, there was insufficient funding to create capacity in the waste water networks and treatment works. The people who operate those assets have done everything that they can to ensure compliance and to ensure that the environmental standards that are set are met. We forecast that additional requirement for investment, and, hence, in PC21, the investment is £1 billion higher than it was in the previous price control. The other thing for us all to recognise is that, in Northern Ireland, our environmental standards are lower than those set in England and Wales, and, because of the lack of investment in waste water assets, further dispensations have been in place, but they can no longer be relied on. The PC21 investment was necessary to bring our assets up to the NI standards, but I am sure that nobody here will want to be left behind England and Wales, so those standards are due to increase even further.

As it stands, the situation across Northern Ireland is that the waste water treatment works are at capacity and cannot accept further load. Networks are undersized, meaning that storm water — rainwater — can overwhelm them and result in flooding or excessive levels of waste water spilling from the storm overflows that are in the network and that act as pressure relief valves. The issue that we face now is that, if we connect more load to an already overloaded system, we will just increase the level of spills and pollution, and that will come out in the rivers, the lakes, the sea or in people's homes. We have to do something to address that urgently. In agreeing the policy framework behind PC21 — the current investment plan — the Executive endorsed the programme of work that would start to tackle that lack of capacity. It is really critical for Northern Ireland that that programme of work gets delivered. Minister O'Dowd recognised the limited funding that has been provided for infrastructure, but he concluded that now is the time to start to address those shortfalls, and he observed that we now need more funding to allow us to deliver positive changes. We very much concur with that.

When we are on the money shot, who better than the director of finance to take you through some of that? I will pass over to Ronan.

Mr Ronan Larkin (Northern Ireland Water): Thanks, Sara. Good morning, Chair and members.

As Sara said, PC21 was a £1.8 billion capital programme for Northern Ireland across its water and waste water. I echo what Sara said: Northern Ireland needs that investment if it is to generate itself as a strong regional economy, and it needs that if it is to support the people who live here in the communities that you all represent.

In 2021, the Minister for Infrastructure at the time and the independent Utility Regulator recognised the deep-seated need and imperative for investment across the asset base for clean, safe drinking water every day, not least in waste water. We submitted our business plan to the regulator, and it determined that the business plan — the investment of £1.8 billion — should be underpinned and funded for the services that we provide. That would then give a green light for us to begin the

necessary work that all of us and, I am sure, all of you want to reduce further pollution and allow customers who are keen to live in clean, safe, modern, new homes to connect throughout the region. Also, businesses that want to come and set up here can connect to a waste water network and a modern waste water treatment works that can take the load that they will generate. That would then allow us to begin the early stage engineering design and early build work that will be needed. We wanted to make sure that that could progress at pace from the get-go. Before you build anything, you have to have planning in place, the asset in place and the supply chain in place, and you need the design work to make sure that we are building a future-proofed asset for the 21st century. Therefore, we worked hard to build and bring together a strong supply chain right across that piece for the years ahead.

I will go to the right-hand side of the slide. The PC21 final determination and the capital programme there — the CDEL piece that Sara referred to — can be broken down simply, and you will see figures of £0.5 billion, £0.6 billion and £0.7 billion on the bar chart. The £0.7 billion would have allowed us to improve 43 treatment works across Northern Ireland. The £0.6 billion allowed us to begin the task of addressing the big number of failing storm overflows, and our plan would have been to address 105 of those storm overflows and really make a great start on PC21 to address that. Then, of course, we have an existing asset base. When I think about our asset base, I tend to think of a car. You have to maintain it and keep it roadworthy. In our case, we have to maintain the asset base and make sure that it is able to do the job that it does. The plan would have allowed us to address a series of, frankly, struggling treatment works across the Province to keep them maintained and keep them going, and it would have been a precursor — an early stage introduction — to fixing some of the spills from many more storm overflows across Northern Ireland. We all see that playing out in the media and on our television screens right across the UK, including Scotland and Northern Ireland. Northern Ireland is no different: we have that problem that all of us have to tackle and address.

There is a positive here: we have continued to deliver schemes all the way through the early stage of the price control and right up to 2023. We have set out a series of pictures and headlines that some of you will be familiar with. We began phase 1 of the south Belfast Sicily/Marguerite Park flood alleviation project, which was a major concern for residents and businesses in that area. In Ards north, we completed a major waste water improvement project. It was a big engineering scheme that involved us and our supply chain. We appointed the "one team", as we call it, for the extensive upgrade of greater Belfast's waste water treatment works right around the lough. That team has been appointed, and there is extensive work there. We have major organisations in Northern Ireland and across the UK that are ready to do that work with us, and they have begun to do that early-stage work with us.

For clean water, at the treatment works in Fofanny in south Down, we have completed an upgrade of a clear water tank, which, again, gives us resilience in the water supply going into the area supplied by Fofanny. We had the commencement of the Meadow Lane waste water upgrade system, and, to the west of the Province, we upgraded the Derg water treatment works in Fermanagh. That provides security for the water supply in the regions of Castlederg and Strabane and in the outlying areas around there. All that work has continued to progress with the funding that has been made available, but we need more.

During 2023-24, a lot of our work has been around, frankly, seeking to secure funding and working very closely with our shareholder, DFI. I am sure that you are all familiar with the headlines around funding as we have headed through 2023-24. Our shareholder was asked to consider the fact that it might have to cut the funding for water and waste water by half on the capital programme. Just think about that: a 50% cut.

I will recap the numbers. In the PC21 final determination, the independent regulator determined that £1.8 billion should be invested in the asset base here and in making those assets available to customers. That underfunding scenario would take that down from £1.8 billion to £0.9 billion. Half of that would be entirely gone and would not be able to be used to promote works into the grounds and to get the work done. That is, frankly, the nightmare scenario that we currently face.

We remain hopeful, particularly with the Assembly back, that that scaling back will not materialise, because if it materialises, Northern Ireland will in a very bad place, particularly with its waste water treatment. We have to continue to make sure that there is clean, safe drinking water available to everybody as well. We remain hopeful that the scaling back will not materialise. That will allow us to make sure that we meet the demand that we and you see for new private and social housing throughout Northern Ireland; that businesses are able to relocate to our region, and we can accommodate them in doing so; that the people who use the service, and society generally, will see that we, as the water and waste water company, our shareholder and the Government are serious

about tackling our part in pollution; and that we have a clean, safe environment in Northern Ireland that we can promote.

On the back of that, tourism can continue to flourish. We have a reputation for great natural beaches and clean, safe beaches in Northern Ireland. That will continue as well. That will be a big piece of our tourism package in Northern Ireland for our economy. If we do not have a clean Northern Ireland, we will not be able to promote the tourism to the extent to which we would all wish.

Sara made the point about climate change. We are part of the climate change public-sector piece in Northern Ireland. For us to have a chance of meeting the net zero targets and contributing to the overall public-sector targets on net zero carbon, we know that we have to get those targets into our business and support them.

I will hand back to Sara for the summary.

Dr Venning: Thanks, everyone, for your time. In the presentation, there were some very positive messages about how a public-sector organisation has transformed. I hope that we have brought into focus how the infrastructure and services that we provide have a pivotal role in protecting the environment and enabling economic growth. The stark message, however, is that Northern Ireland's waste water system is now simply not fit for purpose. It is undersized, and it cannot meet the new environmental standards that the public demand. As an organisation, we know what needs to be done. We have done the preparatory work of completing the designs and studies and putting in place a supply chain. We stand ready to deliver at pace. That commitment was given when we entered the PC21 period, but, since December 2023, the shareholder has been signalling a move away from that enabling plan, and if that comes to pass, the impacts will be widespread and felt across Northern Ireland.

Ronan has shared with you our hope that funding can be made available so that we can accommodate social and private housing; demonstrate that we are serious about tackling pollution and protecting the environment; play to our strengths and support the tourism industry; and, as a region, drive forward towards our net zero ambitions.

The Chairperson (Mrs Erskine): Thank you very much. You have said that there are some positives, but, from where I am sitting, there are an awful lot of challenges. We know that funding is key to some of that. Members will have questions as we go on, but I have some initial questions.

You talked about £1.8 billion of funding. That is your assessment of the level of funding required by Northern Ireland Water in order to ensure that investment in our waste water system can accommodate new connections. Do you include in that existing connections such as unadopted development sites? Within that £1.8 billion, are you also looking at future developments in order to future-proof our system? What percentage of it, to put it in layman's terms, are you looking at to make sure that, whatever investment comes out of the £1.8 billion, you are also future-proofing the system so that, after the initial money is spent, we do not go back over old ground? That is a couple of questions in one.

Dr Venning: They are great questions. The starting point is to ask how you plan your investment in a regulated utility. We are a regulated utility with a huge asset base, and we ask, "What are all the things that we need to do in that asset base?". Then we ask, "What can we deliver in a six-year window? For what can we put a supply chain in place?". Thinking about it at the most basic level, when you work on a sewer network, you dig up the roads. We could not possibly go into every town and village across Northern Ireland. Even if somebody came to me and said, "There is £5 billion, Sara. Spend that over the next six years", I could not do it, because it would bring Northern Ireland to a halt, and that would not work for us.

When we devise the investment plan, regulated and asset-intensive industries such as ours have to look out over a much longer period, and 12 to 18 years of investment will be required to recover the legacy that we are facing right now. As we try to address each chunk of that, in the six-year period that we are in, yes, with the assets that we are working on, we have an eye to future growth, but that period will not fix everything. The level of investment that we are talking about will have to be sustained in this six-year period, the next six-year period and, potentially, the six years after that. You will hear the UK water industry across the water talked about on the news at night; we are starting from a worse position.

You asked a question about unadopted sites. NI Water, as the operator and owner of the waste water assets, can adopt a site when it is at a certain standard. We have asset standards, and, when developers want to build houses, we work with them and explain the standard to which they must lay their sewers or put in any infrastructure. When those assets are at that standard, we are happy to adopt them. We cannot spend the money to bring them up to an adoptable standard.

The mechanism for that situation is that, when a developer enters into an agreement with us, it should have a bond in place. If the developer defaults on its part of the work, the bond, if it can cover the difference, is used. There have been historical cases in which the bond was insufficient — there was not enough money in it — and, in such instances, we are not in any way funded to do that remedial work.

The Chairperson (Mrs Erskine): Following on from that, if you had an unadopted site in an area that is constrained and the site is brought up to the adoptable level, are there no issues in that regard if it is a constraint issue? What is it going to look like? Are you going to have to say, "Sorry, we don't have the money. We can't actually bring you on to our network because we're constrained, but it is at an adoptable standard"?

Dr Venning: It would depend on the arrangement on that site. Some unadopted sites may still connect to our sewer network, so bringing them up to standard just means that we will look after the maintenance that is happening in that estate. That will be fine. It is done on a case-by-case basis, but, in general, they probably could be adopted if they were brought up to standard.

The Chairperson (Mrs Erskine): I will move on, and then I will come to other members. You talked about the environmental issues. You said that, in Northern Ireland, we are spilling in to the environment more than we should be. Why has that increased in recent years? Do you have any figures to point to that? It is concerning. Look at what is happening in England. Are we going to be in a similar situation here in Northern Ireland?

Dr Venning: We are in a similar situation here in Northern Ireland. In many respects, the situation in Northern Ireland is worse. We have more overflows per head of population, and per kilometre of pipe, than is the case in the UK because, over many years, not enough money has been spent on the sewer network. Rather than building more infrastructure, more overflows were put in place. We know through modelling that those overflows spill more frequently. We do not have — they have them in the UK — monitors that measure the duration and timing of a spill. Part of our PC21 investment plan is to put those monitors in place, but those programmes are now threatened. You are threatening the investment that will help you to monitor and understand what you are doing to the environment. As well as that, we know from our modelling that we are spilling more frequently. We need to invest the money to prevent that from happening. We also know that our standards are lower. We have been given a dispensation on some of those standards where investment has not been made in the waste water network. For all those reasons, it is imperative that we spend the money and bring the assets up to a fit-for-purpose standard.

The Chairperson (Mrs Erskine): It is quite a serious situation if we are in a worse position than what has been said in the media about England. What are the considerations when you are looking at the Northern Ireland Environment Agency (NIEA)? Are you working with it at the moment? I am sorry, members, for taking up time, but I just want to check what is happening. We are talking about £1.8 billion, but if that funding is secured, it will take a while for it to work out. In the short term, what happens if we have an overspill situation here in our waterways in Northern Ireland?

Dr Venning: First and foremost, the NIEA is an independent regulator. It is very clear that it will not be fettered — *[Interruption.]*

Mr Boylan: That is NIEA trying to get in the door *[Laughter]* but do not worry about it.

Dr Venning: — in its independence. It will monitor us, but, as I said, dispensations are in place. If an asset fails or spills because it has not been invested in and could not physically deliver the level of environmental standard that is required of it, there is no point in prosecuting NI Water, because NI Water could not have done anything about it. We will be prosecuted where a failure occurs because of a failure in our organisation or our stewardship of the asset. That is what I mean when I say that our standards are lower in the first instance, and dispensations are in place. That was recognised as we went in to this price control period. The investment of £1.8 billion over the six-year window should get

us to a place where we are able to meet the NI standards and are able to understand what more needs to be done to meet the GB standards, including the installation of monitors across the network. It is a piece of work. We have to work with the Environment Agency, but it is very much independent.

The Chairperson (Mrs Erskine): I saw a newspaper report recently that asked developers who were planning to build to get in touch with NI Water. The planning system can be quite convoluted. It can take a long time to get planning through. What it was basically seeking was for developers to fill out a pre-development enquiry (PDE) form. Is that before people go into planning?

Dr Venning: Yes.

The Chairperson (Mrs Erskine): Will you talk through the process of that? Is that a doomed-to-failure process if it involves constrained areas?

Dr Venning: Not really.

The Chairperson (Mrs Erskine): Will you outline what that process means?

Dr Venning: It is not at all a doomed-to-failure process. In actual fact, in recognising the difficulties in the waste water network and recognising our role in enabling economic development, we have two things to balance: the environment and economic development. What we established, working with the Environment Agency, was how we could find zero-detriment solutions to this problem while we know that the investment is coming.

In the next three years in Northern Ireland lots of things are due to be built. In the three years up until then, what could we do to make the most of the assets that we had to enable people to build homes and housing estates? If the pre-development enquiry comes to us before developers go to planning, they can get a sense, from talking to us, of whether they are in an area where nothing could possibly be done or if they are in an area — as the majority of people have been in this first three-year period — where there is some work that we or they could do.

If you think about it, lots of rainwater gets into the sewers. We have had some great successes with developers who may be beside schools or areas of a lot of hard standing. They collect all the rain water and put it in a water course, not in a sewer, so that there is nothing more going into the sewer and they can put the foul water in there, thereby creating zero detriment to the environment.

If a developer comes to us and goes through a pre-development enquiry process, we will do a more detailed piece of work with them called a waste water impact assessment. If they get that before they go to planning, when their planning application comes in, we will understand what stipulation needs to go on it. What they will then get is, "Proceed, subject to A, B and C being done". Whereas, if they do not speak to us, and we know that we are in an area of constraint, we will have to say, "Recommend refusal, subject to speaking to NI Water". Therefore, it is quicker to do the PDE and the waste water impact assessment, and more likely to get you the positive outcome that you need, than it is not to speak to us. It just makes your process longer if you go into planning without having spoken to NI Water.

The Chairperson (Mrs Erskine): How long does that process take from NI Water's point of view?

Dr Venning: I will have to get the service level agreements (SLAs) sent to you. There are a series of SLAs for that. Pre-development enquiry should really be quite quick. Waste water impact assessment can take a little longer because the guys are out doing flow and load testing on the network, and it is a technical report. You are talking weeks for a PDE and, maybe, weeks up to months for the waste water impact assessment.

The Chairperson (Mrs Erskine): It would be useful to have those.

Dr Venning: Yes, we can do that.

The Chairperson (Mrs Erskine): I will come to Cathal, who indicated first.

Mr Boylan: Chair, thank you very much. Unfortunately, this time last week I got the sad news that my father-in-law had died, so I do apologise for not being there for the Committee's first meeting —

The Chairperson (Mrs Erskine): Sorry to hear that.

Mr Boylan: — and I wish you well in your new post. Sara, you are welcome back.

Dr Venning: Thank you.

Mr Boylan: I take it that we will get the £1·8 billion because that was agreed by the Utility Regulator. I know that there will be an argument and a toss over the next number of years, so I will start on the positive note that we will assume that we can try our best collectively to get that.

I want to come on to the areas of constraint, and the Chair has already picked up on some things. I want you to touch on where you are with those 100 areas of constraint now and give a bit more commentary on what I appreciate is the new system of engaging with the sector. Social housing is a big programme for us, and, overall, if we are going to go about this and get it right from the start, we need to engage with everybody. That includes the Planning Service and all the other groups that facilitate the programme. That is how we need to go about it, because, when we go into an area and build a house, we do not know what NIE Energy or NI Water are doing; those utilities are all applied for separately. I appreciate the new form for identifying and talking to developers, because, as elected reps, we get the other side of planning, when things do not go so well or you are in there. So I welcome all that.

Where are we with the 100 areas of constraint? The Government committed to programmes of social housing, and now they are back up and going. My question is on that point. I have two or three questions, but I will start with that one.

Dr Venning: The first thing to say is that that £1·8 billion has been approved by the Utility Regulator, which said that it is necessary. It said that that £1·8 billion is essential and that there is no nice-to-have in the work that it covers but that all the work is necessary. However, as I sit here today, I have no line of sight to that money. In fact, I have been asked to make a cut in the capital programme in the year that I am in and to plan for a 50% cut in waste water. That means that those 100 areas will increase and that, in all those 100 areas, we might once have been able to say, "Why don't we have a zero-detriment solution, because a waste water treatment works will be in place in two or three years' time?" That will not be the case.

Social housing is very time dependent, and the people who are delivering it need to know that they can build in a certain year. However, we are now in a world of uncertainty and cannot properly facilitate the people who are trying to deliver those social housing schemes and all the other things that they are trying to do.

I cannot overemphasise the fact that the network is at capacity. When we know that it is at capacity, we cannot connect more load to it. We cannot say, "Sure, it'll be OK," because we know now that it will not be OK and that we are not meeting the low standards that we have. If you do not invest in waste water assets, you will be grinding your economy, or that part of it, to a halt.

Mr Boylan: I appreciate that. I am sure that there is not opposition to all that, if you understand.

Dr Venning: Yes.

Mr Boylan: All I am saying is that elected reps are getting it day and daily, between social housing and all the other elements. That is what I wanted to know about, because the last report that we got was on the 100 areas of constraint.

The next point I want to get to concerns the climate emergency stuff: the flooding and the intense rainfall. I will use the two recent examples of Newry and Downpatrick in relation to your programme. There are three programmes: maintenance; upgrades; and new build or new development. Those are your key targets. Where are we with trying to identify and address the climate emergency stuff?

Dr Venning: We have done the work to ask, "What would the climate emergency mean for the water company?" We have a climate change strategy that has two strands. The first is all your carbon stuff and getting to net zero, and the second bit, which is more pertinent to flooding, is climate resilience.

From the perspective of water and waste water assets, how do we ensure that the assets that we have can deal with the heavy deluges that we get now but did not get in the past? How do we deal with the more prolonged hot and dry weather from a water resilience perspective? For the past three or four summers, when the temperature here has gone above 23°C and stayed above 23°C for more than three days, the people of Northern Ireland increased their demand for drinking water by over 20%, to the extent that we struggled to make sure that we had enough capacity in our treatment works to produce all that water.

On both sides — I mean waste water and clean water — investment and assets are needed to provide climate resilience. Again, that means long-term assets and long-term plans. For the next price control, which will be PC27, we will factor all that into our plans and say, "So I am going to do some work in a waste water network with a view to looking at how I can ensure that it can provide the resilience that it needs against climate change," while recognising that we will not build a waste water network that will deal with every eventuality with the amount of rain that comes from the sky, because in order to do that, the pipes would have to be so huge that the project would be completely unaffordable. That is where you have other solutions, such as blue-green solutions, and ways to divert that sort of storm water.

That is very much in our plans and thinking. It is quite developed. I hate to say it, but it has a cost. That level of investment will pertain for the next number of years because we now have new challenges. Not only do we have environmental standards to meet, but we have to deal with changes in the weather.

Mr Larkin: I have asked for that slide to be put back up, so that I can answer your question, Cathal. Some of the things on it will start to, directly or indirectly, impact positively on some of the things that you are talking about with regard to climate, asset resilience and the ability to have a buffer in place. I will pick out the completion of the upgrade to the Fofanny clear water tank. That is building a great big tank up in the mountains of south Down, so that, when the Fofanny water treatment works produces the water, we can store more of that water and have headroom and resilience available for when dry weather comes. We need to replicate that kind of scheme throughout lots of other parts of Northern Ireland. As Sara says, to do that, we need a capital DEL allocation in our budget. Frankly, if you are going to build a scheme like that, you need to have a clear line of sight to that funding several years ahead, whereas, at the moment, we have gone from not just stop-start but to stop-start and cut by 50%. We have to get away from that if we are serious about those assets and the resilience in the service that those assets will provide to customers and businesses in Northern Ireland.

I just thought that it was worth going back over some of those, because those are the kinds of things that we use the money for to put that investment into the ground and begin to address some of the issues about which you are, rightly, asking.

Mr Boylan: That is why we are having the conversation today. I am delighted to see Sicily on the slide. I did not know that we had property out there. *[Laughter.]* Anyway, besides that —

Dr Venning: That is where the Committee would like to visit.

Mr Brown: It is Marguerite Avenue in Newcastle. It was flooded a couple of weeks ago.

The Chairperson (Mrs Erskine): I do not think that we will get a site visit.

Mr Larkin: It is Sicily Park. You will not need a flight to get there.

Mr Boylan: Sorry, Chair: I just could not resist that.

My final question is about the Minister's announcement the other day of £16 million of capital. Have you identified an area for that yet? Can you comment on that £16 million?

Dr Venning: Very much, but you have to set it in context. This year, £50 million was taken out of the programme, and £6 million to £7 million has been put back in. Of course, we will deliver that programme efficiently and effectively, but we are £43 million down before we start this year.

Mr Larkin: We will make sure that the money that has been made available to us from that £16 million is used. We have people actively trying to get some of the schemes that we had to stop in December

because of the cuts back up and running, get the sites open and get plant, equipment and contractors back on-site. Some of those contractors have moved away to other places, including parts of England. We are saying, "Come back here; we have another £5 million to £7 million to spend with you". There is no doubt that we will use it. We are grateful to have it. It is good to have it, but we need a clear line of sight ahead. These are huge, complex programmes of work. If we are entering into a contract with a contractor and supplier, they need to know that the funding is secured for that two- or three-year scheme before we begin it, so that they and we can really get after it from the get-go. Ultimately, those assets serve the customer needs that, I know, all of you are keen to represent for your constituents.

Mr Boylan: I have a wee final point. I appreciate that questions are asked about the legislation that, we know, is coming down the tracks and what has been committed on the climate. Some of that is for other Committees. In our Committee, we are only doing our bit on DFI. However, I like to see collective responsibility and cooperation. That will be a key point in going forward on all this. Thank you very much, Chair.

The Chairperson (Mrs Erskine): Thank you. I have a number of members who are indicating that they wish to speak. There is another one. We will try to get to everybody. I ask you to be mindful of the time.

Mr K Buchanan: Thanks, Sara and Ronan, for coming along. We are only as good as the people with whom we communicate. NI Water has a few good people; Philip and Brian, to name but a few, in mid-Ulster. If we did not have them to work with us, we would get nothing delivered locally. I want to thank them for that and to put that on the record.

Dr Venning: Thank you.

Mr K Buchanan: I have several questions, but I will group them. There are figures being bandied about that agriculture is responsible for 62% of the phosphorus in Lough Neagh, NI Water is responsible for 20-odd% and there is 12% from septic tanks. What is your opinion on those figures? How much is NI Water affecting the whole issue — "the green lough", as I refer to it? I have my opinion on the figures. What is your opinion on NI Water being responsible for 20-odd%?

Dr Venning: The Agri-Food and Biosciences Institute (AFBI) is doing the modelling work. We have in the region of 76 waste water treatment works around the inner edge of Lough Neagh. If you think about the entire catchment of Lough Neagh, you realise that it extends way past the inner collar. However, in that inner collar, we have 70-odd waste water treatment works. We have a standard to which we treat the waste water coming from those works, and that standard has nutrients in it. For sure, some of the nutrient load in Lough Neagh comes from our waste water assets.

Think about Ballyronan, which has been invested in. We have invested in our waste water treatment works as best we can. Yes, quite a bit of the nutrient load comes from agricultural run-off. We are aware of 10,000 septic tanks around the edge of Lough Neagh. Those are the ones that we are aware of. Our only responsibility in relation to septic tanks is to empty them when requested. There may be more tanks that we have never been asked to empty. We have not done an analysis of the modelling, but, broadly speaking, the ratio is there or thereabouts.

Mr K Buchanan: You are not in big disagreement about the 20-odd%?

Dr Venning: No, because that is what happens in waste water treatment. You treat out, but you do not treat out all the nutrient load. The Environment Agency calculates what the watercourse can accept.

Mr K Buchanan: On the slide that refers to the £1.8 billion, there is a caption that reads, "Address 105 failing storm overflows". How many overflows do you have?

Dr Venning: There are thousands. There are probably 800 to 900 failing overflows. That is the first tranche of money being invested in a significant way in the waste water system. You could fix the overflows, but what that does is convey all the waste to the waste water treatment works. In that part of the plan, quite a lot of the money was focused on waste water treatment so that, when the overflows get fixed, you have treatment in place to be able to deal with it. That is why it is a programme of work that will last way beyond six years.

Mr K Buchanan: What happens if the £1.8 billion is reduced to, say, £0.9 billion and you do maintenance and repairs of £0.5 billion?

Dr Venning: You have next to no money left to address treatment or capacity. That is why I am saying that the impacts will be widespread.

Mr K Buchanan: For the remaining period to 2027, technically, you have £0.4 billion to spend, if you do not get the £1.8 billion.

Dr Venning: Yes.

Mr K Buchanan: Are you planning for £0.9 billion or £1.8 billion? Ultimately, you would like £1.8 billion, but what are you planning for?

Dr Venning: As a company — this is the dilemma of the governance model — we are a regulated utility, and the regulator has been clear that it demands that we meet our obligations to deliver PC21, because that is what we signed up to. That is what the policy framework that was put in place by the Executive enabled. The policy framework was the framework on which PC21 was designed. The shareholder is signalling that there is, perhaps, a need for a reduction in funding and is asking what would that look like. We can tell them what that would look like, but, as an independent board of directors, we are being clear with the shareholder that we do not believe that we can take decisions to break the law in relation to environmental considerations.

In answer to your question, this year, I am putting forward an operating plan to the shareholder that enables me to keep that programme alive, because that is what Northern Ireland needs. The shareholder and, I suppose, the policymaker can change the policy framework to say, "Actually, it is now our policy not to protect the environment. It is now our policy not to support economic growth". If that happened, the regulator could change its determination, but that has not happened yet — and I would not recommend it.

Mr K Buchanan: I have a final bunch of questions, which follow on from the Chair's point. You talked about doing upgrades to the plants at Ballyronan and Moygashel. Forgetting about the pipework feeding the plant — because, hopefully, you will reduce that through storm removal — what percentage of capacity do you leave in those treatment plants when you upgrade them? Do you leave 10%, 20% or 30%? What is the benchmark?

Dr Venning: They have design standards. They are probably trying to design in 15-plus years' growth, because those are, perhaps, 40-year assets. We have built works and then a big factory comes along. For example, in Dungannon, an agri-food business came along —

Mr K Buchanan: Granville, yes.

Dr Venning: — and our headroom got eaten up much quicker. There is a distinct balance to be found. If you make it too big, it is inefficient, it uses more electricity and chemicals, and it does not treat as well. Sometimes, in those works, we also try to leave enough space so that, if there was additional load in future, another lane — a modular build — could be built quite easily.

Mr K Buchanan: My final, final question. *[Laughter.]*

The Chairperson (Mrs Erskine): I cannot say very much after the way that I started. *[Laughter.]*

Mr K Buchanan: It is on the waste-water impact assessment and the developer model. The developer goes to pre-build and has a conversation with you before he hits planning. You come back to him and say, "Right, you are going to add in this. Reduce the multiplication of 12: schools, car parks, all that". Is that waste water impact assessment paid for by the developer? I will fire a few questions around this same thing. Is he or she paying for that service? How many staff do you have doing inspections for waste water impact assessments? Are you meeting your turnaround target of 65 days? Is the developer getting value for money? A lot of developers are on to me. They are paying you for a service; are you delivering that service?

Dr Venning: Yes.

Mr K Buchanan: At the end of it, they pay for the splitting of the storm for foul. At what point will that stop, where you remove too much storm from the system and leave the foul that is going to a treatment plant too strong — for want of a better term? At what point do you say that the 12 rule has to stop?

There are a lot of questions there. Is the developer getting a rough deal? Are you making him or her pay? Are you meeting the targets? Are you resourcing that whole thing? Roy Mooney does a great job — I am not picking on Roy — but is he getting enough resources to do his job? Developers are on to me day and daily, frustrated by that whole process: the start, then planning and then getting to a finish. I will leave it at that. It is about the whole model.

Dr Venning: The best way would be for us to have the capacity in place and, then, a waste water impact assessment would not be needed. People now face a choice. They can wait until the capacity is in place — even if we were properly funded, that could be anywhere between six and 18 years. That is option 1. The other option is to accelerate it and try to understand whether there is more that can be done. If I do not have the money to invest in the assets, I have certainly not been given the money to pay for the waste water impact assessment.

Yes, developers are being asked to pay for waste water impact assessments, which generally cost between £2,000 and £3,000. Some people are building one house, but lots of people are building hundreds of houses, so they are being asked to pay for the waste water impact assessment.

Are we meeting our 65-day target? Thank you, Deborah: you asked about SLAs. Keith obviously knows about the 65-day target for the waste water impact assessment. We see performance stats, and I have a recollection of, perhaps, 85%-plus being met, but we will provide the figures of how we are doing on SLAs.

Yes, developers have to pay. If the waste water impact assessment comes up with a solution, and the solution requires pipes to be built, storm to be separated or a tank to be put in place, yes, the developer has to consider whether they want to price that into their scheme. They are free to decide not to do that, but their scheme will not be viable. They will have to park it until such times as the publicly funded water company catches up, and that is the legacy of underfunding. If the waste-water network is underfunded, the developers, who are social housing developers as well as private housing developers, cannot be supported. Those are the choices that were made in the past.

Are the developers getting a rough deal? The starting position for the theorists was this: there is no capacity in the waste-water network, so close it down. The developers are therefore not getting a rough deal, because we are finding solutions nine times out of 10. Lots of work is getting done, and lots of homes have been built. Have we increased staffing? I cannot tell you just how many people work in developer services off the top of my head, but we have increased staffing, and we have accessed external support to bolster that number, so we are not building all the cost into the company.

Mr K Buchanan: It is a comment, not a question, Chair.

The Chairperson (Mrs Erskine): We will need to move on.

Mr K Buchanan: It is not a question. The waste-water impact assessment is the very start of the process. If that is delayed or it takes too long, it holds the developer up with regard to planning. That is the first key thing for any developer. It is not NIE, generally, but waste water. I will leave it there, however. Apologies, Chair.

The Chairperson (Mrs Erskine): It is a massive area, and you are right: we get it daily.

Dr Venning: To finish, when we were told in December to put a hard stop on work between then and the end of the year, those were the type of works on which we had to put a hard stop. If you are told to stop spending money, you have to stop spending money, and that creates delays for people.

Mr K Buchanan: Thanks.

The Chairperson (Mrs Erskine): I will move on to Peter, to be followed by Patrick.

Mr McReynolds: Thanks, Sara and Ronan, for your presentation. Sara, it is good to see you again.

I am following the format here, as I have a couple of questions. First, can you explain and describe what the impact of not receiving the full allocation will look like for service delivery, water quality and capital projects? Secondly and loosely connected to that, is the final figure that you have given a cast-iron final figure? Can it not be reduced in any way, shape or form?

Dr Venning: The £1.8 billion?

Mr McReynolds: Yes, the £1.8 billion. Is that absolute, or is there any way in which to rework that?

Thirdly, do you have any updated figures from the mid-term review of PC21? I am not sure that you will.

Dr Venning: Maybe Ronan will jump in there.

Mr Larkin: I will start with the absolute impact. We have been discussing that all the way through the Committee's questions. Yours is a strong question, because the absolute impact, which affects operational and day-to-day services on the resource DEL side as well as on the capital side, is that we have to slow down and stop schemes. For our internal piece, it is about how we operate the assets and continue to maintain them. Having to stop base maintenance schemes is the equivalent of not addressing an issue with the brakes on your car. You know that your car should be roadworthy to make sure that it is safe for you and other road users. When we stop maintaining our assets, something will give at some point, and that is not a good place to be. It is not a good place for our staff to be in either. They want to operate the assets in their remit properly and professionally. There is an impact from not maintaining the assets, which means that they degrade over time and start to malfunction, making the job of the operators more difficult and possibly leading to failure in the assets.

In a capital scenario, where investment is cut immediately, we always have to have clean, safe drinking water as the number-one priority, because all of us use that every day through our taps. When that is done, all the available capital is first pushed towards the water system. That leaves the waste-water system neglected, with the bits that are left being used for that. We have had to pause maintenance schemes and delay their start until next year, because we were not able to do them this year. We have had to stop beginning new schemes this year. We were ready to put capital works on-site in a number of places and begin work. We have had to stop some schemes and say to our supply chain that they will not happen this year. We have also had to build in delays.

Frankly, if you have started a scheme but are then moving away from it and asking suppliers to move off-site until further notice and they have to close up the site with us, that is inefficient, because you have to open the site again at some point. You pay to close the site down and make it secure and safe, and then you have to open it up again and start reworking it. That is a very inefficient use of money. To stop-start and significantly cut a capital programme of the nature of Northern Ireland Water's is not an efficient, good use of public money. That is an immediate impact.

The next piece is that the 105 interventions that we have, around the constrained areas and so on, just go much further back immediately. The impact that we are facing in 2024-25 is not just in-year. Keith, you asked the question, "What are you planning for the future?". We are trying to plan for the programme that is PC21, but we know that, having had to shut the programme down in December, we have to try to start to build.

We do not know what our number is yet, by the way, for 2024-25, which is five weeks away. So, in five weeks' time, we have a big programme to build, and we do not have a capital allocation budget. How do we begin to allocate that, if we do not know what it is? We need to know what that looks and feels like, and we do not have it yet. We have been told that we must never overspend. If we do not know what our allocation is, and we must not overspend, which work schemes, particularly multi-year schemes — we start them this year but we might not finish them for two or three years — do we begin? The impact of that is that we have to pause those schemes and wait until we have certainty around our capital programme.

Equally, we are entering into contracts with third parties. There are contractual obligations and penalties for pulling out of the contract. So all of that has a huge knock-on effect for Northern Ireland, in being able to connect those new houses — whether that is social or private housing — new businesses, tourism, new hotels and so on. That all has a big knock-on effect, which acts as a drag to the economy over here. It makes it much more difficult to work in some of the things that Keith was asking about, the delays in the planning and the waste water impact assessments. That stop-start

operating does nothing to move us to a situation, which we all want to see, where all developers are served superbly and to a very high standard. We would all like to be there. The stop-start and the cuts do nothing whatsoever to help that situation.

Operationally, if our resource DEL programmes — we have to look at those too, it is not just on the capital side — are cut, that will have a knock-on effect on how we operate and run and maintain and grow the assets every day and make sure that people are operating the systems properly, including taking customers' calls and addressing things that go wrong. Take the example of leakage. Things burst in the network. We have 50,000 kilometres of pipework in the ground. When things go wrong in that, we want to be out on the ground with our own teams or contractors, getting it fixed and getting it addressed as quickly as we can. In a world where the capital and resource DEL is cut, to the extent that we have had to consider in the 2023-24 year, and possibly it is still on the table for the rest of PC21, we have to decide whether to fix something or leave it, let it run and let it leak for another while.

That is counterintuitive for a water company, and again, it is very inefficient to do that. That is part of the knock-on effect of not having, not just the availability of capital, but the medium-term, across-the-price-control view and being able to say, "The regulator has looked at our plan and has determined and said, 'There is your contract, Northern Ireland Water. Go out and deliver that for people in Northern Ireland'". We have to sign up to that plan, and that is a contract with the regulator. The only way that that can be changed is through the regulator getting different social and environmental guidance from the Executive, from government. That has not happened. When the independent regulator looked at the PC21 plan, it underpinned a few things and said that that work must begin to start addressing some of the things that we have been talking about this morning.

We submitted our mid-term review last year to the regulator. We submitted an updated version of the PC21 programme. You will all be familiar with the discussion on the impact that inflation has had, and continues to have, on pricing. Delay equals cost. The cost of building some of these assets and making sure that this infrastructure is in the ground has gone up. The regulator is working through that at the moment, and looking at the real price effects of that. The regulator has not given us an answer to that, but I know, from recent dialogue with it, that it has confirmed that none of the needs that were in the PC21 business plan, which was submitted to the regulator in 2020, have gone away in 2024. Those needs are still there, and the regulator still expects Northern Ireland Water to deliver those needs for consumers, customers and businesses.

The biggest practical impact is this: how do we run these assets with less available resource? How do we support people, such as some of the guys you were describing, to do their jobs? We have to make sure that they have the resources available to do those jobs, that they are equipped to do them, and they have the certainty of resourcing. They are out, spending money, making sure that the assets work and customers are getting served, and they need to know that there is a budget backing them up to do that. Right now, we do not have that certainty to the extent that any utility, and certainly a water company, needs to have. That is the real impact, Peter. Is that helpful?

Mr McReynolds: It is, yes. I will ask a quick supplementary question, if that is OK.

The Chairperson (Mrs Erskine): Yes, very quickly.

Dr Venning: You would like us to be snappy.

The Chairperson (Mrs Erskine): I really appreciate the responses and information that you are giving to the Committee, because this is a massive piece of work and there are an awful lot of challenges, but I ask everyone to speak concisely to the issues.

Mr McReynolds: Ronan, you mentioned having to tell contractors to pause the works. How do those conversations go? Is it built into the initial contract that pauses might happen, or do you begin to look like an unreliable client? What do those conversations look like?

Mr Larkin: We are working very hard not to look like an unreliable client, because that builds uncertainty, which manifests itself in new prices when you put the next tender out. What we are trying to do — we have been successful so far — is to have collaborative and open conversations with those contractors to try to find a way through some of that. We can get the early-stage work that they might do to a certain point of completion, and then we have to pause the work with them until we know what we are doing next. Those contractors have organisations to run and payrolls to pay, so they need

certainty. We do not want to become an unreliable client and I think we are far from that, because we are all working very hard to make sure that we do not get there. It is a good question.

Dr Venning: There are local firms here that are asking questions about whether they should send their staff down South or across the water. That is happening right now because of decisions that were taken before Christmas.

The Chairperson (Mrs Erskine): OK, thank you. Patrick?

Mr Brown: Thank you, Chairperson. I will try to make this a question that requires a yes or no answer. *[Laughter.]* It is good to meet you, Sara, and thank you for your presentation.

Dr Venning: It is nice to meet you.

Mr Brown: Ronan, we met a few years ago in Newry, Mourne and Down District Council. It is frustrating to see that the picture has not changed much and has probably got worse since then.

I have two questions, the first of which goes back to Deborah's question about unadopted developments. I appreciate that it is not necessarily NI Water's responsibility, but do you have a list of developments where there are NI Water assets that have not been brought up to an adoptable standard so that, were funding to become available to top up the existing bonds that have been insufficient to bring those assets up to an adoptable standard, you could more easily work through those assets to achieve that? They are spread across Northern Ireland, and I am aware of a number of them in my constituency. It is not always pumping stations that are the issue; sometimes, it is street lights or pavements, which, obviously, fall outside your remit. Do you have a works plan if funding were to become available from the Department to complete those works?

My second question is about the flooding review, which is being carried out by DFI Rivers. We saw the sharp end of the lack of investment in waste water last November. I was on the ground in Downpatrick and Newcastle, and Cathal Boylan will have seen it in Newry. I am curious to know what you guys are doing to feed into that review to make sure that the cross-cutting nature of the issue is made clear to DFI Rivers and the Department, so that you can make a very strong case for funding. It is getting significant political attention at the moment in respect of alleviating future flooding. How are you guys feeding into that?

Dr Venning: The first thing to say is that none of those unadopted sites or assets is an NI Water asset. They might be waste water assets, but they are not NI Water assets. We will be aware of the location of the sites, and we will have been aware of the snagging lists and the work that should have been done. An assessment exercise was done at one point to determine how much it would cost to bring a lot of the sites that we knew about at the time up to an adoptable standard. However, people are thinking of taking £900 million away from the assets that we are responsible for, so we have had no indication that anybody is making money available for the assets that we are not responsible for. We can help: we are expert, and we have access to contracts. We can do a job, but we have to work on the assets that we own in the first instance.

On flooding, in previous times when I came to this Committee, I may have talked about Downpatrick and a failure of NI Water assets. The thing that pleased us is that the NI Water staff were very happy to be out and to be part of a collaborative cross-functional team looking at flooding. Our NI Water assets continued to operate as they should throughout that flooding event. That is a good news story. Being part of DFI means that we always stand ready to support those other agencies. However, it is important to recognise that that is surface water flooding and that sits outside NI Water's control and remit, albeit, when an emergency happens, we are happy to be part of a response team.

Mr Brown: There were localised residential flooding issues in Downpatrick. I have had site visits with NI Water where waste water capacity was identified as part of the issue, so there were issues with the network. In the town centre, that was definitely more of a rivers issue, but there were localised examples.

Dr Venning: That is exactly what we are talking about today. That is the manifestation of the fact that, if you do not have capacity in your sewer, it will come out in people's homes and gardens as well as the watercourses. It is entirely unpleasant. That is what we are trying to say. We need to be told to get on with fixing it. That is what we want to do.

The Chairperson (Mrs Erskine): Patrick, I asked a question in relation to what you asked there, and some of that information is in the Assembly Library. That might tally up with some of the things that we are talking about.

Mr Baker: Thank you, Sara and Ronan. You will be glad to know that you have already given the information that I was going to ask about. I have only a quick question. Overall drinking water quality compliance for the 2022 calendar year is over the target of 99.83%. Do you know where we are sitting now?

Dr Venning: The calendar year 2023 has ended. I cannot give you a figure of 99.9%, but I know that we came in over target. It is February, so there will be final checks with the Drinking Water Inspectorate, but, from our calculations, we believe that we will have met those drinking water standards. That is a really important point to make and share with the Committee. My daughter said to me this morning that people like to drink bottled water, and I said that I do not understand why because your tap water goes through more stringent testing and more checks than bottled water has to. We will be doing quite a bit of work to try to get the message out about the checks and the reassurance that you can take on the safety and quality of your drinking water. Over 200,000 samples of drinking water are taken a year and tested through labs to provide that assurance. That is what goes on in the background of those figures for drinking water quality. I am very pleased to see the water on the table this morning.

Mr Baker: That was a wee positive question.

The Chairperson (Mrs Erskine): Yes, that is good.

Mr Durkan: You should start selling it.

The Chairperson (Mrs Erskine): Yes, like Del Boy. As I am sure that you can see, the water in Fermanagh and South Tyrone is doing great things for the people down there. Last but not least, Mark, I will move on to your question.

Mr Durkan: It will not be least.

Thank you for coming in and outlining just how troubled the waters are with where you are working and where we all need to be working not just as a Committee and a Department but as an Executive and an Assembly to move this place forward.

The £0.9 billion cut was characterised as a 50% cut. Is it actually more than a 50% cut if we are now halfway through the period? Are you being asked to save £0.9 billion in the remaining three years?

Dr Venning: Yes, in the remaining three years. It is a cut of about 50% because there was £1.8 billion left to —. No, you are right. We have invested £321 million this year, £200 million-odd the year before and £200 million-odd the year before that. In the remaining three years, the plans were to invest circa £600 million per annum because we were starting to build really big waste water schemes. It is out of those three years that we are being asked to take that £600 million back down to around £300 million, so the £900 million is coming out in those last three years. That means that you cannot start construction.

Mr Durkan: You are being diplomatic. There is a continual reference to the shareholder who is asking you to make those savings or cuts. You have one shareholder, and that is the Department for Infrastructure. The Department has budgetary challenges, as do all Departments, but the Executive signed up to this. Across Departments and across parties, there was a recognition of Northern Ireland Water's role and the need to upgrade our infrastructure to move this place forward in many ways. In the face of the huge cuts and savings, how do you prioritise what you do and do not do?

Dr Venning: That is an excellent question. That is where you will hear us talk about policy frameworks. I sometimes think that they are such boring languages. The social and environmental guidance was approved by the Executive; they gave us, the Northern Ireland Environment Agency and the Drinking Water Inspectorate the decision-making toolkit to come up with the big plan. If cuts of £900 million are to be made, first, there have to be changes to the social and environmental guidance, because we need to be told the will of the policymakers. There will be no money for waste water other

than to keep what you own ticking over; you will not be able to build capacity. We will need guidance on whether, if we were down to our last £100, we should protect the river course or build the house.

Mr Durkan: Is it just the monitoring programmes that would be in jeopardy?

Dr Venning: They have gone.

Mr Durkan: It is as if someone does not want us to know how bad the situation is.

Dr Venning: Yes.

Mr Durkan: On capital projects in border areas, do you have any collaboration with your counterparts in the South?

Dr Venning: We do. In the north-west, we take waste from our Culmore water treatment works in Derry across the border to treat it. We have an arrangement with Donegal County Council for that. We meet counterparts in Irish Water to share learnings and best practice on how we do capital schemes or whatever. We face very similar challenges.

Mr Durkan: Is there potential for enhanced collaboration?

Dr Venning: We have also had EU-funded schemes, for example on shared waterways such as Carlingford lough and in the Foyle area, where we have worked with Irish Water on —

Mr Larkin: Shared waters.

Dr Venning: Yes, the shared waters scheme. We do that as well.

Mr Larkin: We are applying for PEACE PLUS funding as well. We put extensive applications in for that, which will complement the investment that we are making in water and waste water assets. The stipulation is that an application needs to be for something beyond what we are already doing; it has to be additional or complementary. We are looking at those funds because they open up opportunities for Northern Ireland to have additional investment that is funded from elsewhere.

The two INTERREG schemes that Sara referred to were hugely successful. They added value and assets on the ground for Northern Ireland. The PEACE PLUS applications will add to that and ought to support the clean environment aspect of Northern Ireland. Ultimately, it will be a block builder for things such as tourism.

Mr Durkan: I wonder whether there might be a role for us as a Committee to support those PEACE PLUS bids. Could we look at that, Chair?

Northern Ireland Water has so much to do, never mind balancing the books. Have you identified all the lower-hanging fruit — the less expensive schemes such as Living with Water and sustainable drainage systems (SuDS)? Is work going on to identify more? What work has been done to identify revenue-generation opportunities in and across Northern Ireland Water's estate, such as the potential for dynamic renewable energy projects?

Dr Venning: I will kick off. Ronan, you can support or come in. We have been really innovative in generating revenue. We built a solar farm at our largest waste water treatment works in County Antrim. When we built it, our business case said that we should see about £500,000 of savings a year from it in lower energy costs, but we have seen £1 million of savings. Energy prices have gone up now. Beside that, we have put in battery storage, and that is a revenue-generating activity.

For resilience, lots of our assets have generators. We have aggregated those generators and put them into the system support market, and we generate revenue from that. You are talking about £400,000 or £500,000 a year of revenue generation. We have recognised that, and, in our 'The Power of Water' portfolio, we put forward a number of renewable schemes whereby you could utilise our expertise and the assets of the publicly owned water company to, for example, to build a wind farm. That could be a wind farm that has already been consented, but we could put the scheme through and build the wind farm. You would add about 10% to Northern Ireland's green energy target, and you

would have offset the carbon footprint of the largest user of electricity in Northern Ireland, which is us. The business case stacked up, but it required a capital investment, which, at this point in time, has not been forthcoming.

We have put forward lots of innovations. We are doing some super work in our waste water treatments on hydrogen and electrolyzers. That means taking the effluent from the waste water treatment works, electrolyzing it and making hydrogen and oxygen. So, yes, we are really up for that, and in order that you get all those benefits — there are lots of benefits to be had, and they will be demanded because you have to decarbonise — you have to keep your company whole. We are back to the funding. For the avoidance of doubt, if you take £900 million out of the company in the last three years of this price control, you are not keeping it whole.

The Chairperson (Mrs Erskine): OK. Are you content, Mark, yes? Well, maybe not content but —.

Mr Durkan: Content with the answer.

Mr Boylan: He is being careful. He is a former Minister, so he is being *[Inaudible.]*

Mr Durkan: *[Inaudible.]*

The Chairperson (Mrs Erskine): Mark mentioned the PEACE PLUS funding. The Committee would need to see the details of that before we commit to giving a position on it. I ask that you pass us the details or follow up on that so that we can see the details in full. We may have further questions as a result.

Mr Larkin: Chair, the applications and business cases are at the draft stage of development. We can share them with you.

Dr Venning: Yes. These are our ambitions and are areas for which we believe we could usefully apply for PEACE PLUS funding.

The Chairperson (Mrs Erskine): You might not want to answer this if you are still at the draft stage, but how much would you be asking for from PEACE PLUS?

Mr Durkan: Probably £900 million.

Mr Larkin: That would be nice. We will come back on the detail of that. That is probably the best way to do that.

The Chairperson (Mrs Erskine): Yes. Perfect. Thank you.

Thank you for coming to the Committee today and for your answers to all our questions. It has been very useful, constructive and enlightening to hear about the situation that is facing NI Water. We will, no doubt, be in touch over the coming weeks and months, and I am sure that we will have further engagement as time goes on. Thank you for coming to the Committee today. We really do appreciate it.