



Committee for Infrastructure

OFFICIAL REPORT (Hansard)

Water and Departmental Delivery Group:
Department for Infrastructure

6 March 2024

NORTHERN IRELAND ASSEMBLY

Committee for Infrastructure

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Members present for all or part of the proceedings:

Mrs Deborah Erskine (Chairperson)
Mr John Stewart (Deputy Chairperson)
Mr Danny Baker
Mr Cathal Boylan
Mr Patrick Brown
Mr Keith Buchanan
Mr Stephen Dunne
Mr Mark Durkan
Mr Peter McReynolds

Witnesses:

Ms Susan Anderson	Department for Infrastructure
Ms Alison Clydesdale	Department for Infrastructure
Mr Declan McGeown	Department for Infrastructure
Mr Jonathan McKee	Department for Infrastructure
Mr Simon Richardson	Department for Infrastructure

The Chairperson (Mrs Erskine): We welcome everybody to the Committee. You are welcome to join us, and I am sorry that we kept you waiting. We have lots of things to discuss in today's session. I welcome Declan McGeown, who is the deputy secretary at DFI; Alison Clydesdale, director of water and drainage policy at DFI; Jonathan McKee, director of rivers development at DFI; Simon Richardson, director of Living with Water and Power of Water at DFI; and Susan Anderson, director of finance at DFI. Please try to keep your brief as succinct as possible, because members are very keen to ask questions. I will let you take it away, and we will take members' questions after.

Mr Declan McGeown (Department for Infrastructure): Thank you, Chair, for the invitation to brief you on the work of the water and departmental delivery group. My group is focused on two main areas of the Department. First, water, including oversight of Northern Ireland Water (NIW); water policy and legislation; rivers and flood risk management; and Living with Water. Secondly, departmental corporate services, which includes areas such as finance, strategic communications, corporate strategy and ministerial support. There are around 570 staff in the group, spread across eight directorates, and our group has a budget of £157.5 million resource and £347.8 million capital this year. The Committee has expressed interest in several areas which mainly fall within the water side of my remit, including flooding and the work of Northern Ireland Water. That is why today I have brought along a number of the water directors. My brief also includes departmental finance, and I, together with departmental colleagues, will provide a detailed finance briefing to the Committee on 20 March. However, I thought that it would be helpful to bring Susan along today as she is our director of finance. Susan also provides management oversight for Waterways Ireland.

As the departmental sponsor and shareholder for Northern Ireland Water, my team is responsible for monitoring its business performance and engaging with the company board, chair and executive team on strategic and shareholder matters, including the company's annual budget and operating plan. The Department also sets strategic objectives through the social environmental guidance for water and sewage services. The actual delivery of water and sewage services is, however, the responsibility of the company, subject to regulatory oversight by the Utility Regulator and environment regulators.

In line with Executive policy, the Department pays Northern Ireland Water a subsidy in lieu of domestic charging. That subsidy payment contains an element of what is, in effect, a part subsidy for the non-domestic sector. The subsidy requirement for 2023-24 is £398.8 million. The Utility Regulator has determined, through a price control process known as price control 21 (PC21), the outputs and tariffs for Northern Ireland water during the six-year period from April 2021 to March 2027. When the price control was finalised in 2021, the Utility Regulator determined that Northern Ireland Water would require revenue of £2.7 billion — that is, £2 billion capital and £0.7 billion resource funding — over the period.

The Utility Regulator is conducting a mid-term review of the PC21 work programme, the purpose of which is to update the revenue that Northern Ireland Water requires for the last three years of the PC21 period. The Utility Regulator is due to complete that process and publish its revised determination this summer; however, Northern Ireland Water has already advised the regulator of a significant increase in capital costs due to the increase in inflation and supply. The consequence of that is likely to be a significant increase in capital budget requirement for the remainder of PC21.

The Living with Water in Belfast plan, published by the Department in November 2021 after Executive endorsement, aims to help to protect Belfast from flooding, enhance the environment and facilitate economic growth by reducing waste water capacity constraints in the city. The published plan estimated that £1.4 billion would be required over 12 years. Due to inflation, however, the estimates for the Northern Ireland Water elements of the plan, which form the majority of the work, have risen significantly, with estimates now at around £2 billion. The Department is conducting a review of the programme to assess the impact of the rise in costs.

Within our rivers remit, our primary focus is on flood risk management. Recent flooding events have underlined the importance of ensuring that advice on flood risk is appropriate and of investing in flood risk management infrastructure and developing, with our multi-agency response partners, effective emergency planning arrangements. Rivers colleagues have in recent years developed extensive plans to inform how flood risk from both rivers and the sea can be managed where possible. With the necessary investment, and taking into account any lessons learned from the review of the recent flooding, we believe that further improvements can be made in that area.

Finally, as I indicated earlier, Susan and I are due to provide a fuller briefing on finance on 20 March, so, for the purposes of this morning's introductory meeting, I thought that members would be interested in a very high-level overview of the budgetary position facing the Department. The opening resource budget allocated to the Department for 2023-24 was £523.4 million, which, when compared with 2022-23 on a like-for-like basis, equates to a 14% reduction. The Department took significant action to reduce spending and increase fares and charges to help to sustain essential service. Despite that, we faced a £112 million funding gap that remained against our resource budget.

Following consideration of initial responses to the Department's equality impact assessment, the Department took a number of difficult decisions to further reduce costs. The Department's delivery partners also faces a significant shortfall, and the only options for steps to remain within the budget could not be taken in the absence of Ministers. At that stage, the Department was on a trajectory to overspend against its resource budget. Following restoration of the Executive, however, the Department received an in-year allocation of £87.8 million, which has been allocated to meet the forecast overspend and pay awards. The Department is therefore now expected to live within its resource budget.

The opening capital budget allocated to the Department was £792.4 million, which, when assessed against the identified need of £938.5 million, resulted in a shortfall of £146.1 million. In line with good financial management and the approach adopted in previous years, the Department factored in a level of overplanning, and £821.2 million of capital was initially allocated. As the year progressed, however, no additional funding was received to address the overplanning amount, and therefore actions had to be taken to delay or pause a range of projects in order to live within the original allocation. However, the Department received in-year funding specifically to address remedial works following the major

flooding event in October-November, which totalled £8.6 million. Again, following restoration of the Executive, the Department received a further allocation of £16 million, which is being spent on structural maintenance, water and waste water capital delivery works and a range of Translink works.

Members will know that budgets for future years have not been agreed; however, the Department is in the process of identifying requirements for 2024-25 in line with the Minister's priorities. Chair, that concludes —

The Chairperson (Mrs Erskine): Declan —.

Mr McGeown: I was just about to say that that concludes my high-level overview. I am happy to take questions.

The Chairperson (Mrs Erskine): That is perfect, thank you. Members have seen an overview as well, and we are keen to drill down into some of those issues.

I will start the questions. I have quite a few, but I am going to try to keep them as brief as I can. We had NI Water at our Committee and, to be honest, it was quite damning evidence on the amount of funding that they need. We understand that the Utility Regulator is looking at that again. I would not be at all surprised if the funding that they need has increased. I think it highly likely. As you say, the Department monitors the performance and engages with the company board. Does anybody from the Department attend board meetings? Some 72% of public funds goes to NI Water. Does anybody engage at board level?

Mr McGeown: We do not sit on the board, but we are represented at the audit committee and we have regular shareholder meetings with the organisation.

The Chairperson (Mrs Erskine): Do you think that that is enough?

Mr McGeown: We have regular interaction. I meet the chief executive monthly to catch up and go through all the key issues. Alison Clydesdale and her team, which oversees the shareholder role, meets quite frequently to be sure that day-to-day issues are being looked at. We have regular contact, almost every other day, with either the chief executive or someone senior in Northern Ireland Water.

The Chairperson (Mrs Erskine): It is just that 72% of NI Water funding comes from the Government and nobody from the Department is on the board. Is that a regular thing?

Mr McGeown: It would not be an irregular thing to see. We give them autonomy so that they can make decisions. Anything that comes out of their board, and any papers that are shared with the board, are typically shared with us as well so that we can see them. We are abreast of all that is going on, and we know, at a similar level of detail, what is going on, what are the key issues and challenges, et cetera. Across the Northern Ireland Civil Service, that would not be atypical, let us say.

The Chairperson (Mrs Erskine): How can the Department decide what funding is provided to Northern Ireland Water when the Utility Regulator makes its determination through PC21? What input is there from the Department?

Mr McGeown: We have a finite budget, as I said during my opening remarks. Therefore, difficult decisions have to be made, as you heard from Colin last week and will hear from Julie Thompson later on. Those are the challenges that we face. From that perspective, we have to look at what we can afford to provide to assist Northern Ireland Water. In advance of the price control exercises — PC21 is the current one, and the next is PC27 — we work closely with Northern Ireland Water, the Utility Regulator and others to set out our stall financially: what we have available and what we feel will be available. We try to work with them to develop planning in future years. Even now, even though we do not have a budget for next year, we have already indicated that a reasonable worst-case scenario to work on is £321 million. We know, and you heard from Northern Ireland Water, that that is a lot lower than what they need. That is the position that we have set out at this stage but, until and unless we are clear on our budget, it was prudent of us to say, "This is the budget to work within."

The Chairperson (Mrs Erskine): Members might pick up on some of that, but I want to move on to some other questions.

I notice that it said in the pack that

"proactive investment in flood-risk management"

has happened. Some

"50% of the fluvial and 22% of the coastal assets are still classed as failing or failed and require upgrading".

Has there been good use of public money to upgrade some flood assets if 50% and 22% of assets are failing and need upgraded, yet we still have another raft of upgrades to our flood alleviation schemes, plus we are looking at capital spend? There is a big shortfall there. Can you detail how recent those flood alleviation schemes were that we are now going to have to go back over and look at again?

Mr McGeown: I will pass that to Jonathan in a moment. Again, it is about the competing priorities that we have. We know that we would like to invest more into our flood risk management. We have a clear sense of what we need for future years, and we are trying to work towards that. To date, we have prioritised the areas that we feel need attention. Jonathan may want to develop that a bit more.

Mr Jonathan McKee (Department for Infrastructure): We have a range of flood risk management assets across the North, and we have a proactive programme of maintenance and repair. One issue that we have faced in recent years is of not having the finance available to take forward the works on the scale that is necessary.

We have identified strategically what we need to do. Over the past two to three years, we have developed a 10-year asset management plan for the first time. We also have our flood risk management plans. Those two strategic documents are useful because they allow us to get a complete picture on the state of our infrastructure first of all. That, then, allows us to report on the scale of the problem and then allows us to identify the finance that we need and the delivery teams that we need to tackle the problem.

That 10-year asset management plans deals with our existing infrastructure. Providing new infrastructure is where the flood risk management plans come in, because they identify the areas of significant risk here and any measures that potentially could be taken forward, if they are viable. With those two documents, we have been able to look at those and analyse those over the past couple of years and identify that we would need at least £30 million a year to tackle the problem. That is not to say that we have not been working through that process; we have. This year, we have invested over £22 million, but we would need to increase the amount of investment to take forward the repairs at the scale and the rate that we need to do them.

You asked how old some of these schemes that this work is needed on are. Omagh, which you will be familiar with, is a typical example of schemes that were constructed in the 1970s or earlier and are coming towards the end of their design life. That is an area that needs to be looked at. Other infrastructure that we have includes earthen embankments, which have existed for many years — since the 1970s or 1980s. There is a need to manage the vegetation on those embankments better because some of the defences that are classified as failing or failed are classified as such because there is so much vegetation on them that we cannot get a good look at them to see what the structural condition is. The first priority, if we were to get the resources, would be to tackle that vegetation to get a good understanding of what the structure underneath is like. We have been able to inspect some of them, so we know their condition. We take forward works in a prioritised manner, trying to address those that are in a worse state of repair first.

The Chairperson (Mrs Erskine): It would be good to get a breakdown so that we understand where those 50% and the 22% are. I notice that your information pack said that 5% of properties in Northern Ireland are at flood risk. Again, a breakdown of that would be very useful for us to have because we are talking about public money. If you are sitting in a home where there is potential for flooding, that is not a nice place to be. We saw that very recently.

Mr K Buchanan: Thanks, all, for coming along. I will be brief because I am conscious of other members. I have two questions, the first one is regarding the planning process. You are a consultee to councils. Obviously, you feed back to councils and say that it is or is not advisable to build somewhere. Do you ever monitor what councils do with your information? You could advise a council not to build on a flood plain, and some councils can say, "Well, we'll build it. The person is a nice

person and wants the house. We will let them build it". Where does that leave you as a consultee that has fed back to say that it is not advisable?

The climate change flood plain is, obviously, a slightly different thing. Some councils may or not be listening to your advice. Do you ever feed back and say, "What is the point of us advising if you do not listen to it?"? What happens if someone builds a house and it is flooded, and the insurance people find out that you advised the council not to allow it but the council had overridden that advice?

Mr McKee: You asked a couple of questions there. We are a statutory consultee of the planning authority, as you know. The responsibility to take our advice and to use that as part of the planning determination rests with the planning authority. We do not monitor what they do with that information, but, as part of our casework, we become aware of developments in areas of known flood risk. The first point of reassurance is that it does not happen very often. We also, as part of our planning consultation advice, give information on present-day flood plains and climate change flood plains. The planning authorities can use that information, along with the other factors that they have, to determine whether a development should be approved or not.

The planners have the right to make an exception. So, for example, if the development is for overriding regional importance, sometimes they set our advice to the side in those scenarios. However, generally speaking, the planning policies are robust, and our advice is adhered to.

Mr K Buchanan: Are you broadly content that the advice you give is adhered to or listened to?

Mr McKee: Yes. There is good challenge between ourselves and the planning authority as well. It is one of the strong elements of our work.

Mr K Buchanan: If you have advised a council, the decision is very much up to councillors, or the council planners. If they go against your advice not to build there, but some councillors make that happen and a house is flooded in the future, would that leave the person in a position, based on the fact that they technically have planning permission at that point?

Mr McKee: Occasionally, development takes place and our advice has not been factored into the decision-making and followed appropriately. The insurance industry or the home owner might write to us, and it is a matter for the planning authority.

Mr K Buchanan: You have already given your advice.

My second and last question is on dredging of rivers broadly and the River Blackwater that goes into Lough Neagh. In the past, it has been in the news. It is not the broader problem in Lough Neagh; it is purely about access from the River Blackwater into the lough and the build-up of silt. More recently, someone has chopped down trees, I do not know who did that, but it was on a recent TV news report. Access for boats is now restricted. Pleasure boats are one matter, but there are also safety boats. What is your position on dredging the River Blackwater or, indeed, any river that flows into the lough that has restricted flow and is holding back boats?

Mr McKee: Our statutory responsibility is in relation to managing flood risk. We dredge watercourses or, more accurately, carry out watercourse maintenance on watercourses to maintain the drainage. The Blackwater is a navigation issue, and we do not have a statutory responsibility to dredge a watercourse for navigation purposes. Even if we were to do that, the difficulty is with resource. We do not have the resource we would need to address some of the maintenance issues that we spoke about earlier. Even though there is a power under one of the water orders, we do not have the resource to deal with that at present.

Mr K Buchanan: You are purely concerned with flooding, OK.

The Chairperson (Mrs Erskine): Sorry, Deputy Chair. I did not have you on the list.

Mr Stewart: That is OK. It was my fault.

The Chairperson (Mrs Erskine): Apologies.

Mr Stewart: Thank you for the presentation. We all appreciate the massive budgetary constraints that the Department is under, and the difficult challenges that you are working with.

First, with the £112 million gap in funding this year, how do you go about re-triaging the priorities and reassessing what the biggest priorities are?

Mr McGeown: I will pass that to Susan.

Ms Susan Anderson (Department for Infrastructure): The £112 million that you refer to was at a point earlier in the year. Since then, as Declan mentioned in his opening remarks, the Executive have given an allocation of just under £88 million. That has been used to offset the overspend trajectory that we were on. That has been allocated, particularly for waste water treatment, road maintenance, winter services and community transport, which are now fully funded, as well as some of the flood prevention programmes at a limited service rate. At this time, we expect to live within both the resource and capital budgets that we have been allocated.

Mr Stewart: My second question is about the impact of the capacity of Northern Ireland Water. Does the Department have an assessment about the overall development impact that it is having on both commercial and social housing development and economic schemes? For example, a recent FOI answer said that 12,000 homes in Belfast were on hold due to the impact of capacity issues. We hear the term "developer-led sewage solutions" being used in the absence of capacity. It may well be "developer-led", but I have quickly established that it is homeowner-paid due to sewage levies being applied to the houses that are being built. Ultimately it is the homeowners and the social housing developers who pay the levy through the increased cost of homes. From a planning and a departmental point of view, what is the overall impact of the capacity issue?

Mr McGeown: When the Utility Regulator made his determination in 2021, he set out that there were over 100 areas that were seen as economically or socially constrained. The determination felt that around 49 of those areas could be looked at and addressed during the six-year lifetime of PC21. Since that date in 2021, another 30 or so areas that need to be fixed have come on stream. We are running to catch up. There is not enough money to unlock that at the moment. We are trying everything that we can to work closely with Northern Ireland Water, but it is a challenge. There are probably now in excess of 49 areas that need to be addressed in this period. Over 102 have been identified by the Utility Regulator, and I suspect that that will grow as more developments are created.

Alison, is there anything that you want to add?

Ms Alison Clydesdale (Department for Infrastructure): Northern Ireland Water has established a development constraints project team to help to address and alleviate some of those capacity constraints where it can. Northern Ireland Water absolutely encourages early engagement with developers in the pre-development enquiry process. The process is to arrange initial discussions on waste-water issues at the beginning to try to find a resolution at an early stage for any sites where there could be a resolution.

Mr Stewart: That is what we have seen. It is just that that cost is often borne by the homeowner, or, if the impact is on social housing, included in the cost per build. Does the Department know the overall impact of the constraints on the system in terms of the number of houses that are not being built as a result?

Mr McGeown: We do not have it down to that level, but Northern Ireland Water is scoping that. It is in regular contact with us about the consequences. It often tells us about planned developments at universities etc that will impact on the system. We are alive to that. We are running to catch up.

Mr Stewart: I appreciate that.

I think that the consultation on water and sewage charges ends next week. Do you have an idea of when the report from that might be produced?

Mr McGeown: As we sit today, we have received over 1,800 responses. I suspect that more will come in over the next seven days or so. It will take a bit of time to work through those responses. We have a small team, but it will be getting ready to assess the responses and produce a report to the Minister. It will be done as quickly as possible.

Mr Boylan: You are all very welcome. I will be as quick as I can, Chair. I have only four areas to ask about, so I will try to pick them up fairly quickly. The Department has been under severe pressure because of the rise in energy costs. Will you give us a wee overview of where we are at with that now and how that has impacted?

Ms Anderson: NI Water is the biggest user of energy. That is where we have felt the biggest pressure throughout the year. That pressure has reduced in-year, and, as I said, we are able to manage it with additional allocation from the Executive.

Mr Boylan: I need to ask this one for sure: will you outline the PC21 agreement with the Utility Regulator? Where are we at with that now? What was the determination? Where are we at, three years in? You talked about inflationary pressures and other added costs that NIW has stated. Will you give us a wee overview of that, please?

Mr McGeown: When the Utility Regulator prepared his determination back in 2021, the indication was that it would be £2.1 billion and £0.7 billion in capital and resource, respectively. About two years in, there were a number of energy price and inflationary shocks. We suspect that the costs are going to go up quite markedly from that. That has become clear in the discussions that we have had with Northern Ireland Water. It submitted a statement to the Utility Regulator, which is doing its midterm review at the moment, and provided figures for what it gauges will be the costs. The Utility Regulator is looking at that in the round and asking what the costs are and what they are likely to have been for the last three years. My sense — it is just an indication at this stage — is that we are probably looking at another 30% increase in that cost, but that is just a rough figure until and unless the Utility Regulator completes his work. It is certainly going to be much higher than the initial £2.1 billion and £0.7 billion. That is clear. We are seeing that already in Living With Water estimations, along with other —.

Mr Boylan: Are the inflationary pressures across the board?

Mr McGeown: It is largely construction inflation and energy costs that have caused that increase.

Mr Boylan: Jonathan, you are very welcome. A number of years ago, we set up the multi-agency task force to respond to flooding. How are you getting on with that, and how can we strengthen that? Also, there is a water, flooding and sustainable drainage Bill coming about. Can you give us a wee timeline for that as well, please? Thank you.

Mr McKee: I can answer the question about the multi-agency response and all that work, and then my colleague Alison will talk about the Bill.

Over the last decade, we have developed good relations with all our multi-agency response partners. As you will have seen during the flooding at the end of 2023, it was not just the Department that responded: all our multi-agency colleagues responded with us and we shared information with one another to make that government response as good as it could be. With each emergency, there are always things that you learn and develop. There are multi-agency governance structures in place around the whole theme of civil contingencies, which allow us to share information and refine our approaches. Over the years, that has allowed us to get to the well-prepared position that we are currently in. There will be a review of the most recent flooding event — the one at the end of last year — and that will involve the same multi-agency partners that worked with us during the response to that. If any recommendations are identified, they will go on to an action plan, and that will be followed through on to help us in future emergencies.

Mr Boylan: And the Bill?

Ms Clydesdale: We hope to bring the Bill through before the end of this calendar year. The consultation has been completed. The consultation report was published back in July 2023, and the drafting has started on the Bill. That will come to the Committee for scrutiny in due course.

Mr Boylan: How will the Bill physically work on the ground? How will it impact the ordinary layperson? What measures in the Bill will lead to change?

Ms Clydesdale: We consulted on nine measures altogether, and we are taking forward seven of them. Most of the legislation is about helping Northern Ireland Water make some amendments to its

powers and duties. It will expand the list of activities of Northern Ireland Water in relation to the hosepipe ban. That is really the main element of it. It will also allow Northern Ireland Water to adopt and maintain certain private drainage infrastructure that was constructed before 1 October 1973. When Northern Ireland Water was set up, it did not have to look after pre-1973 drainage infrastructure, which has been a problem linked to flooding in some areas. The legislation gives it the power to adopt such infrastructure where it would help to do so.

It also provides Northern Ireland Water with some powers in relation to misconnections and developing guidance on sustainable drainage systems. It will also amend the current legislation to allow article 161 adoption agreements to be included in the Statutory Charges Register. It also puts the homeowner flood protection grant scheme, which is a pilot scheme, on a statutory footing. There are a few technical amendments in it as well. It is quite a small Bill.

Mr Boylan: SuDS and 161s will be a bit of a help. Thank you very much.

The Chairperson (Mrs Erskine): You said that it is quite a small Bill, but it seems like it is doing quite a lot of stuff. I suppose that it is being drafted at the minute, but do you know how many clauses it will have or what we are looking at there?

Ms Clydesdale: I do not have that detail with me today, but that will all come to the Committee for scrutiny in due course. We are planning to send you the consultation response. The Committee was not sitting when the consultation response was published, so that will come to you shortly.

The Chairperson (Mrs Erskine): OK. Thank you.

Mr Baker: Declan, I have a small point about the mid-term review. The note said that that will happen in March, but, if I picked you up right, you said that it will happen in the summertime.

Mr McGeown: Yes. We had our meeting with the water stakeholder group earlier this week, and the Utility Regulator said that it is now likely to be May/June before it will have that information. At the time of writing, we were working to March, but the Utility Regulator updated us earlier this week to say that it is more likely to be May.

Mr Baker: Thank you. I would like a wee bit more detail, if you have it, on the £16 million allocated since the restoration of the Executive. You touched on the projects associated with that, but do you have any more detail?

Ms Anderson: Yes, certainly. Of the £16 million that we were allocated, £5 million has gone to the Department for structural maintenance. That is about improving the structure of the road. A sum of £4 million has gone to Translink, which will touch on zero-emission buses, the Belfast transport hub and some other health and safety works that Translink needs to take forward. The balance of £7 million has gone to NI Water to pick up some of the PC21 capital works that it needs to do.

The Chairperson (Mrs Erskine): Patrick is joining us online; he is next.

Mr Brown: Thank you very much for the presentation, Declan. It is good to see you again. It will probably come as no great surprise that I have a couple of questions on flooding. It is a fact that we are only ever a few days of heavy rainfall away from a similar devastating flood incident to the ones that we had last Halloween in Downpatrick, Newry and other places. The need to develop and release that flood review is crucial. I wanted to ask for an update on the time frames around that. You referred to that, but the last that I was aware — this was from chatting to Gary Quinn — was that the terms of reference were still being developed. That was in January, and I was told that the terms of reference would be shared with elected Members to advise them on whether they could input into that process, which I very much want to be involved in. As I have not heard anything since January, what stage is that at? That is my first question, and I have one more.

Mr McGeown: We are taking forward the review in conjunction with the Executive Office. I will ask Jonathan to give you an update on where we are with that.

Mr McKee: I can provide some further detail on the review. The review is being coordinated by the Executive Office, and the various Departments and organisations that form part of the response are leading on the elements for which they are responsible. The first phase has been completed, which is

individual organisations carrying out their own internal debriefs. The next phase is a further multi-agency debrief, when we will all get together and share our collective learning, and that will take place this week. Following that, we will start to formulate emerging recommendations on the basis of what the responding organisations consider to be useful things to do should flooding occur again — and flooding will occur again. Thereafter, there will be stakeholder group engagement, which will allow elected representatives to attend along with our multi-agency colleagues and a consultancy firm, Jacobs, which is helping us with our review, providing the technical independent analysis in and around the causes of the flooding and helping to inform any viable alleviation measures that might be taken forward.

Thereafter, it is intended to have an open day, when we have a clearer line of sight on what the recommendations might be. That is a general high-level overview, but we can provide a more detailed briefing on that, if that would be useful.

Mr Brown: Thanks, Jonathan. I have a supplementary on that. My first question was about time frames for delivery. Can you be a bit more specific about when you expect that piece of work to be completed and whether the terms of reference for the review can be circulated, particularly to elected Members in areas that were affected by flooding?

Mr McKee: The terms of reference can be circulated, and we will take that as an action. On the question of time frames, the multi-agency debrief is this week, and the elected Member engagement will be towards the end of the month. We hope to have the review at a sufficiently developed stage to have an open day at the end of June.

Mr Brown: That is great, thank you very much. Declan mentioned the review of the advice that you give to other public bodies and agencies about flood response. Will that cover, for example, the advice that DFI Rivers apparently gave to Newry, Mourne and Down District Council on opening sluice gates instead of the full lock gates at Newry canal, which, I have been told, may have contributed to the impact of flooding in Newry?

Mr McKee: The review will look at the causes of flooding in the areas that were significantly impacted by it. It will consider the use of the sluice gates in Newry. To be clear, they are managed and maintained by the council, not by DFI Rivers. We liaise with the council. The source of flooding from Newry was that the Newry river overtopped its bank upstream of Newry and crossed into the canal. The canal then overflowed, not because of any maladministration of the canal but because it became overwhelmed by river water that had short-circuited into the canal system.

The other important point to note about flooding, particularly in Newry, Belfast, Downpatrick or any other coastal area, is that tides, and particularly high tides, can have an exceptional effect on the impact of flood risk. When you have a high flow in a watercourse — we had record-breaking flows in some of the watercourses in the coastal areas of the south-east — trying to get out into the sea, and the tide is raised or elevated because of the stormy conditions, that can simply cause the water to back up and cause flooding. That is my professional opinion as to what happened in many of the locations in October and November 2023. The review will look at that in more detail and provide us with more detailed analysis. We will see what we can do thereafter.

Mr Brown: I have a quick supplementary question, Chair, if that is OK.

Jonathan, is it your opinion that the opening of sluice gates instead of lock gates in the case of Newry canal did not make a difference to the flood impact on the city of Newry?

Mr McKee: I do not want to pre-empt what the review will say or its independence. I will say one thing, however: if you are opening gates and the high tide is the limiting factor, the tide becomes the factor, not whether the gates are open. That phenomenon is well known, well accepted and understood in flood risk management. It is difficult to model. On that night in Newry — I was monitoring developments right through the night — the problem arose when the tide started to rise, coupled with the fact that the river had overtopped, jumped the flood bank upstream of Newry and caused the canal to start to surcharge. It was to do with those two compounding factors: high flow and a high tide.

The Chairperson (Mrs Erskine): Thank you. We look forward to the report coming out.

Mr Durkan: Thanks to the team for coming along. I am sure that you tuned in, along with millions of other viewers, to our Committee meeting a couple of weeks ago when Northern Ireland Water witnesses were in. I expected you guys to come in today and dispute, query or at least contest some of what they said. I appreciate that the midterm review is ongoing, but I did not hear pushback or even questioning of their presentation of just how bleak the situation is. They suggested that they faced being cut back by 50% in the next price control period (PCP). Do you guys accept that, pending the Utility Regulator's report?

Mr McGeown: Sometimes it is about how the information is presented. I would probably have characterised it in a different way, had I been presenting it, but everyone has their own way of presenting the information. We have not cut any budget, which is the point that was made two weeks ago, because we do not have a budget yet. We cannot cut what we do not have, as you will appreciate. We have said that, in the absence of budgets, our planning assumption is that we will roll forward the £321 million from this year into next year and will plan on that basis. If that is interpreted as, "You are cutting us by £300 million", which was the figure, that is an interpretation.

A number of points were made on the day. I think that the figure being talked about was £1.8 billion, whereas we were talking about £2.1 billion, because that was what the Utility Regulator had said. There was also a characterisation of a "stop-start" approach to the budget. That was not so; the capital budget was communicated in June of last year, and that was the budget to work towards. I do not want to unpick everything — unless you want to go through it, and I am happy to do that.

Mr Durkan: Are we talking about a stop-start approach to your budget?

Mr McGeown: We were given our budget only —.

Mr Durkan: It is understandable if there was a stop-start approach from you to the NIW budget.

Mr McGeown: Absolutely, but we were clear from June. When we were clear, we were clear to Northern Ireland Water, in June, that £321 million was the target budget. That never moved. It was not the case that we suddenly changed the figure mid-year or mid-flight; we certainly did not. In fact, with the Executive's return, we have increased it in recent days, as Susan mentioned. We did not chop and change the figure. It was always £321 million.

Mr Durkan: 3, 2, 1 Dusty Bin. *[Laughter.]* You mentioned that decisions had to be taken to pause or delay projects. I do not expect you to go into all of them, but I am keen to know what and where they were. Who prioritises, and how is that done?

Mr McGeown: Do you mean across the Department?

Mr Durkan: Yes.

Mr McGeown: We have a Minister now, as you know. We sit with the Minister and present a line-by-line breakdown of the budget and, from a zero-based approach, how much everything will cost us. It is then for the Minister to decide where the priorities lie and where we will direct the funding. We work closely with him. In the absence of a Minister over the last 12 months, we worked closely with the permanent secretary, and decisions that could be made were made. Decisions that could not be made were not made, and we can develop those if you want to know what they were. There were a number of decisions that we simply could not make — for example, stopping waste water treatment. We felt that we, as officials, could not make that decision.

Mr Durkan: Flooding is obviously a massive issue. My constituency escaped the worst of it recently, and I am sympathetic to those who did not.

Much was made about the response. The Secretary of State then rode to the rescue with a financial package that he took from your already overstretched budget. Where did he get that money? What sofa was it down the back of? Is it money that could have been spent, or was earmarked for spend, even elsewhere, on flood mitigation schemes elsewhere?

Ms Anderson: My understanding is that it was capital funding that was held at the centre, and it was arranged with Treasury to move it over to resource. That is where that came from.

Mr Durkan: It was held at the centre, but was it anticipated that it would not be spent this year, or would there have been the capacity to carry it over? By the way, I am not begrudging the money going out to people who need it, but we see the pressure that DFI budgets are under.

Ms Anderson: My understanding is that it was held at the centre and not allocated at the start when the Secretary of State made his budget decisions in April. That was the decision that was taken at that time.

Mr Durkan: I have one final wee question on flooding. It is about the homeowner flood protection grant scheme. What has its uptake been like? What interest has there been? I know from previous experience that it can be quite onerous. I know that, in Eglinton, which is no longer in my constituency, there are issues with social housing landlords not having much of an appetite for or interest in it. Can we ask that the Department engages with them, because, obviously, they are duty-bound as landlords to protect their tenants? Earlier, before you came in, we were chatting about motor insurance. The impact of flooding incidents on home insurance not just for those who have suffered flooding but for people living anywhere within a couple of miles radius is that people now find it extremely difficult and, in some cases, impossible, to get insured. Has there been any interaction between the Department, DFI Rivers and insurers at any point?

Mr McKee: I can answer that, Chair. The homeowner flood protection grant scheme was launched in January 2016. We have had 139 installations completed since then and have spent roughly £1 million on that. Yes, a high level of governance is associated with the scheme. That is appropriate to make sure not just that those who are most in need can benefit from it but that we make best use of public money, because we also have other flood risk management interventions that we can provide, with flood alleviation schemes being the most obvious. We want to make sure that we are not investing wholeheartedly in the homeowner flood protection grant scheme in the same area that a flood alleviation scheme will be developed within a matter of months, say.

It will be no surprise to members to hear that, in recent months, we have had a sharp uptake in applications. I think that we have around 50 live applications. That is because with the recent flooding in the south and east there is a greater need for or greater understanding among some residents about having to protect their own property. We are open to helping them in whatever way we can.

Yes, we engage with the insurance industry from time to time. Occasionally, insurers write to us about the flood alleviation measures that we have in a particular area. What they do with that information in setting their premiums, I am not entirely sure of or sighted on. We have strong links with the Association of British Insurers. After any emergency, we are keen that it puts information out so that the residents or those who have been affected by flooding are as clear as they can be on the flood insurance picture.

Mr Durkan: Thanks, Jonathan. I have just one wee question on those figures. So, there have been 139 successful —.

The Chairperson (Mrs Erskine): Mark, we will have to try to move on.

Mr Durkan: It is interesting. There have been 139 successful applications since 2016. Currently, there are 50 live applications. That suggests that there is a high attrition rate in applications.

Mr McKee: No. The figure of 51 applications is an unusually high peak. We are working through them. I am not saying that all 51 applications will be eligible or that, ultimately, a scheme will be developed for all those individual properties, but it has been a particularly busy period. That is reflective of the nature of the flooding that we experienced and of areas flooding that had not been flooded in many years, if ever.

The Chairperson (Mrs Erskine): Thank you. Members, I remind you that there are other people on the list. Let us be respectful, because I want to make sure that everybody gets their questions in. Peter, you are next.

Mr McReynolds: Thank you, everyone, for coming in. It is good to see you again. I have two questions. One is for Jonathan and one is for Declan. Jonathan, you mentioned the figure of £30 million for flood risk management. Is there any cross-departmental working to try to introduce that? It

will be really important in the context of climate change and of what we saw last year. Are you speaking to other Departments about how you can try to get access to that money?

Mr McKee: The £30 million is what we would need to manage the flood risk from rivers and the sea. It would be to develop a capital works programme of new schemes and to invest in the infrastructure that we talked about at the beginning of the session which needs to be repaired and upgraded. We work with other organisations to try to make best use of our money. For example, in Newry, an area that has recently been affected, we are working with the council to see whether we can take forward elements of the scheme that we need to deliver there in conjunction with its public realm scheme. That will be a really good use of public money, if we are able to do it. Sometimes, trying to get projects to amalgamate, integrate and dovetail can be difficult, particularly if you do not start out with that objective, but we are doing our best to do that.

The management of surface water will, ultimately, involve a wider range of organisations. Northern Ireland Water and the Department will have responsibilities in taking forward approaches to manage surface water. It will involve a wider range of stakeholders. Looking into the future, sustainable drainage systems (SuDS) will become more important, as will the use of green space to try to attenuate flows before they get into urban areas and cause flooding. If we see funding opportunities from other sources along the way, we will do our best to try to link in with those and maximise them.

Mr McReynolds: Declan, we have heard over the past weeks about the amount of money that is needed to deliver those infrastructure projects. There have been lots of widely ambitious motions, which are fantastic and which we support, but in the context of the budgetary pressures being experienced by DFI, we will not be able to do everything. I always try to understand what it will look like if PC21 or Living with Water is not funded. How does the Department work with Northern Ireland Water to prioritise schemes in the context of water quality being affected in some way? Northern Ireland Water is not going to say, "We need x amount of money", if, actually, it can put up with whatever the Department is able to contribute. What does the worst-case scenario, where you are not able to give the full allocation to Northern Ireland Water, look like? Where does the Department fit in after that to work with it and ensure that standards do not slip?

Mr McGeown: Northern Ireland Water probably has around 600 projects on the books that it needs to take forward across Northern Ireland. As it is costed out, as we look into next year, Northern Ireland Water is talking indicatively about needing around £590 million. That would be to cover the work programme for the next 12 months. We talked about the fact that, at the moment, based on this year's figures, we are looking at £321 million. Obviously, that gap is huge. I said to Sara Venning, "Give me a paper that sets out some of the things that will be impacted by not having the full funding", and she kindly provided me with that. Those things will be having waste water treatment works at full capacity and beyond. It will be the storm overflows. It will be looking at how we make sure that we comply with our environmental guidelines.

Certainly, I have had conversations with Sara, saying, "What figures can we work towards? Let us try to get a gauge of what you need to absolutely satisfy all of your needs". Again, it is still a higher figure than what we believe to be affordable; the figure that is being suggested at the moment is around £470 million. That presents us with challenges, but we are looking at that as well. We are having that regular conversation and looking at what it means. We are also engaging with the Utility regulator, the Environment Agency and others to see how it shapes up and what the consequences of not fully funding it are.

As I said in the opening remarks, if we were to get £792 million in the coming year and Northern Ireland Water needed £590 million, you can see how that would impact all the other priorities that we have as a Department. It is a challenging environment, and therefore the conversations have to be about asking, "What can we do to absolutely comply with our safety and environmental standards?", and then, "What programmes can we slow down and programme into later dates?" Those are the kind of conversations that we are having.

The Living with Water programme, which you mentioned, is a subset of that, because the estimation of the costs has now gone up, indicatively, by around 50%. Obviously, that is going to have a huge impact, so we are looking at whether we can slow it down and phase the programme in such a way that the priorities are done first and then other things will follow. That is largely the space we are in. It is simply a challenge.

To pick up on Jonathan's point, our Minister encourages us to look at other sources of funding. We will continue to do that, but it will be a challenge for us, and we will work closely with Northern Ireland Water to see how we do that.

Mr McReynolds: What do you mean by other sources of funding?

Mr McGeown: It depends. You could look east-west, North/South and see are there sources like the Union connectivity budget, the levelling-up fund or Southern funding being added in. All of those are options that, I guess, have to be on the table. Those are the kinds of discussions that we have to have to make sure that we are able to deliver on our priorities.

Mr McReynolds: I never thought of the levelling-up fund. Have you written to the UK Government asking if they could —?

Mr McGeown: We have not written directly asking for that, but there is —. Sorry, Susan.

Ms Anderson: We did bid to the levelling-up fund in relation to the first two tranches that were advertised, but we were not successful in either of those. The third tranche is not being released. We tried but were not successful.

The Chairperson (Mrs Erskine): It would be useful if we could get sight of that report of what you asked from Sara Venning and what that would look like. It would be interesting to see that in the context, too, of the financial aspect. It would be good if we could get sight of that, Declan.

Mr McGeown: We will ask her if she is happy that we release it or if she could provide a version. Either way, we will make sure that you get sight of that. Absolutely.

The Chairperson (Mrs Erskine): Just on the back of that, Simon, I do not want to leave you out.

Mr Boylan: Thank God, Chair. *[Laughter.]* I am glad you said that, Chair. That would look really bad. I was going to ask something at the very end myself.

The Chairperson (Mrs Erskine): I could not have you going out thinking that you had not had a question. It is relation to the Living with Water in Belfast scheme. We heard today that the prices have gone up by about 50%. What impact will not delivering that scheme have, and what impact will it have on Londonderry as well and the scheme that is going to happen there? I think that they are quite interlinked.

Mr Simon Richardson (Department for Infrastructure): Thanks, Chair, for that question.

Mr Boylan: That is Derry/Londonderry, Chair.

Mr Richardson: In relation to Belfast, the Living with Water programme was established by request of a previous Executive to carry out a strategic drainage plan for Belfast, to look at all the problems associated with watercourses, drainage networks and waste water treatment works. All those aspects are linked. No one organisation can solve all the problems. The key objectives of the programme were to protect against flooding, enhance the environment, particularly the water quality environment, and then grow the economy — we talked about development not being able to go forward.

That is around Belfast, and those are the three key objectives. The coordination of that work is really important. The Living with Water programme is based on the catchments that feed into the six waste water treatment works that discharge into inner Belfast lough. If you look at the problem of just the waste water treatment works, at this minute in time all the sewage that is coming down through the networks is not getting to the treatment works because, as you have heard before, a lot of it discharges through combined sewer overflows. Diluted, untreated sewage is discharging into our watercourses, which, ultimately, ends up in Belfast lough. If we go ahead and invest in our waste water treatment works, which we still need to do, it does not solve the whole problem, because a lot of the pollution issues are bypassing the waste water treatment works and ending up in the lough as well.

We have to upgrade our networks — the pipework — but if you upgrade the pipework and the sewerage networks and bring all the sewage to the treatment works, if the treatment works are not upgraded, then they are over capacity and there is flooding and environmental pollution at that point. We have to plan and coordinate the works. In simplistic terms, the waste water treatment works need to be upgraded before we get the networks upgraded to get the sewage to the waste water treatment works to make sure that there is no pollution at that stage.

The other way we want to look at this is that, instead of just upgrading the size of the pipework in the streets — do we dig up every street in Belfast to make the pipes bigger? — can we work with our Rivers colleagues? A lot of overflows are caused by heavy rain and clean water getting into the combined sewer network, so when that overflows, it is that clean water getting into the combined sewers that causes those discharges into the watercourses. Can we work to stop the clean water from getting into the combined sewers at an early stage and instead take it off into the watercourses? Jonathan will say to me, "That's OK, Simon, but, if we do that, it may cause a flooding issue in the watercourses". Can we therefore work in the upper catchment, up in the hills around Belfast — perhaps Divis Mountain and the Castlereagh hills — to try to slow the flow of water into those watercourses?

That means looking at all the connectivity among the waste water treatment works, the sewer networks and the watercourses to come to a holistic solution. How do we use green spaces? For instance, instead of the water getting into the sewers, can we put it into local parks? Not all the time but on certain occasions, can we flood a local park? It is much better to flood a park than to flood people's houses. The Living with Water programme looks at what the best solution is. Yes, we have to invest in our waste water treatment works and our sewer networks, but how do we come to blue-green solutions that allow us to get to the best solution? We may be able to combine some of our water features with greenways and active travel.

You asked about Derry. The plan for Belfast was published in November 2021, and we are working on the development of a similar strategic plan for Derry. Last year, we published a vision for that plan in which we stated what we would do and how we would do it. That draft plan is almost complete. We will present it to the Minister and would like to go out to consultation on it in order to get feedback from key stakeholders. We have already done a lot of work with all our key stakeholders in the north-west, particularly Derry City and Strabane District Council, to develop the plan. The plan is therefore being developed. We will work on it in a similar way, trying to get holistic solutions through the use of blue-green approaches, sewer networks and the waste water treatment works.

It is a huge programme. The Belfast waste water treatment works need a lot of investment, and that requires a lot of planning and coordination. The commitment to that extends over a number of years. It is not just about doing one project in the year. Rather, the programme spans many years. From a planning and budgetary perspective, it is hard to plan for such a huge infrastructure project.

The Chairperson (Mrs Erskine): I am concerned about the amount of overspill into our waterways. We should be looking at any project that we can to stave that off. There are farmers in my constituency. If slurry overspill goes into a waterway, they are fined. There are massive issues with our waterways. When NI Water appeared before the Committee two weeks ago, we asked about the Northern Ireland Environment Agency (NIEA). This is a major issue for Northern Ireland that will affect many different aspects. We look forward to seeing some of the reports and the things that come out of it.

Finally, I do not know whether you can advise on this, Alison. The Committee is quite keen to undertake pre-legislative scrutiny of the Bill. We may get in touch with you about the Bill, if it would be possible to do that.

Ms Clydesdale: Yes, certainly. It is being drafted at the moment, so we do not have a final version for you yet. As soon as we have that, we will get it to the Committee.

The Chairperson (Mrs Erskine): Perfect. Thank you very much for coming to the Committee today. We look forward to seeing you again for a more in-depth look at finance. Thank you very much for coming. We really appreciate it.