

**Minutes of the Meeting of the Water Advisory Body with the
Commission for Regulation of Utilities
Friday 22 January 2021 10:30am**

Venue: Remote Meeting via WebEx Video Conferencing

Attended by:

Chairperson	Paul McGowan	
Members	Miriam McDonald	Michelle Minihan
	Martin Sisk	Donal Purcell
Secretariat	John McCarthy	Colin Flood
	Darren Browne	
CRU:	Bríd O'Donovan	
Apologies	Neill Dalton	

1. Introductions:

The Chairperson welcomed Bríd O'Donovan to the first meeting of the WAB for 2021.

2. Presentation by the CRU:

Bríd O'Donovan provided a presentation covering the CRU's Revenue Control 3 Decision, the recommendations from the Scottish Water International Report and upcoming CRU publications.

CRU Revenue Controls Decisions:

Brid provided an overview of the background and aim of the CRU's Revenue Control Decision 3 in ensuring Irish Water has sufficient funding to deliver necessary services. The CRU Decisions approved Irish Waters expenditure/revenue allowance for five year period (2020-2024).

The allowed expenditures were as follows:

- Operating Expenditure - Irish Water requested €3.7 billion with the CRU allowing €3.5 billion expenditure.

- Network Capital Expenditure – Irish Water requested €4.8 billion with the CRU allowing €4.5 billion.
- Non-network Capital Expenditure – Irish Water requested €425 million with the CRU allowing €378 million.

In total, Irish Water sought funding of €8.9 billion with the CRU allowing €8.4 billion.

These allowances are based on the 5 year commitments from Irish Water to deliver outputs and outcomes under the themes of:

- Quality;
- Conservation and;
- Future Proofing.

The CRU use ‘reputational’ and ‘financial’ incentives with Irish Water to improve their processes and procedures with the aim of ultimately improving Irish Water’s performance.

Scottish Water International Report Recommendations:

Brid outlined the ‘Terms of Reference’ for the Scottish Water International review of Irish Waters processes and procedures. This included:

- Identifying any key improvement areas;
- Methodology for estimating project/programme costs;
- The application of this methodology;
- The schedules and outcomes/outputs of projects.

Five targeted theme recommendation areas were identified for improvement. These were as follows:

1) Scope definition:

Irish Water requires increased asset knowledge at project inception including greater understanding of site specific issues.

2) Estimation, risk and uncertainty:

It was recommended to fast track the implementation of a fully resourced costing team to centralise cost estimating. Projects should include a range of delivery costs including financial assessment of risks.

3) *Programme Portfolio & Project Risk:*

The report found Irish Water uses various approaches to calculate risk and contingency provisions. It recommended that there should be centralised risk provisions and that unrequired risk allowances be returned.

4) *Governance and Change Management:*

The report recommended establishing clear accountability for rectifying issues or moving projects forward. The report recommended that they should review the time taken as part of the approval process to avoid delays.

5) *Business Plan & Change Management Process:*

The report recommended Irish Water work closer with key stakeholders to monitor progress of investment plan. Draft change management process is now being established with a submission by Irish Water currently under CRU review. Irish Water have also submitted an implementation plan which is also currently under CRU review.

The CRU has requested that Irish Water implement all the Scottish Water International report recommendations by end 2022. Irish Water have also submitted an implementation plan in relation to the Scottish Water International recommendations.

Other Areas of CRU/Irish Water Work and upcoming publications

- 1) Annual updates to Irish Waters Capital Investment Plan (expected Q4)
- 2) Capex Projects reviews resulting from Public Spending Code.
- 3) Performance Assessment Framework.
- 4) Irish Water's Financial Incentives for leakage (publish decision Q3)
- 5) Capital Investment Plan Annual monitoring reports (publish Q3)
- 6) CRU Energy & Water Customer Reports (publish half yearly)
- 7) Compliance audit report (Q4)

3. Presentation Comment:

The Board discussed the presentation and expressed their appreciation to Bríd.

The meeting was brought to a close.