History & Background to Water Reform

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A presentation to the Cork Region - Engineers Ireland
20th March 2013
Focus of presentation

Looking back:

Context for change, economic drivers/efficiency drivers.

Looking ahead:

Local government transition programme, driven through Water Services Transition Office Dublin & Waterford – TOR, Resources, Communication
Funding imbalance:
• Water services cost €1.2 billion, revenue of €200 million from commercial water rates. €1 billion balance is state funded. How do we pay for upgrading our water infrastructure given funding imbalance?
• Ireland is the only OECD country where households do not pay for water use = commitment in Programme of Financial Support.

PWC’s Independent assessment on transfer of functions to IW:
• a lack of standardisation;
• difficulties in realising economies of scale;
• history of underinvestment in assets;
• challenges due to variations in boundaries vs. river basin districts.

But! What does Local Government offer?
... an experienced, knowledgeable workforce
... accountability
... ability to mobilise at local level very quickly
... central co-ordination of major capital projects
... service continuity
However…

There was room for improvement!

Evidence shows....

Operating expenditure per connection 50 – 100% more expensive in Ireland compared with UK and NI

Km of watermain per 1,000 water connections slightly lower than UK average.

Collection rates for charges lower than UK average

More staff in water services (25% higher) than UK median

(Source: DECLG Position Paper, January 2012)
From many to one…

Internationally, we see a trend toward amalgamation of municipal water services.

Evidence shows that single function utility has delivered cost reductions and quality of service improvements over time.

(Source:DECLG Position Paper, January 2012)
In summary, Ireland needed...

- Improved Funding Model
- Improve the GGB
- Introduce Water Charges
- Conservation of water usage
What has been decided?

- The Irish Government made a decision to establish a water utility for the delivery of water services.
- Irish Water to be established as subsidiary of An Bord Gais, as a semi-state company.
- Legislation has been enacted to establish Irish Water as an entity.
- All Assets /liabilities and Risks to transfer from LAs to IW
- Legislation will permit SLAs between LG Sector and IW
## Proposed Responsibilities and Timescales

<table>
<thead>
<tr>
<th>Phase</th>
<th>Local Authorities</th>
<th>Irish Water</th>
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<tbody>
<tr>
<td><strong>Current Phase</strong></td>
<td>Water Services Authorities</td>
<td>Planning new utility.</td>
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<tr>
<td><strong>Interim Phase (interim legislation in 2013)</strong></td>
<td>Water Service Authorities</td>
<td>Some functions (domestic metering)</td>
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<tr>
<td><strong>Transition phase (2014-2017)</strong></td>
<td>Agents of Irish Water for delivery of services</td>
<td>Water Service Authority Service level agreements with local authorities</td>
</tr>
<tr>
<td><strong>Steady State (post 2017)</strong></td>
<td>May remain as agents of Irish Water Ongoing relationship re strategic planning, wider water management, emergency planning</td>
<td>Water Services Authority, responsible for capital investment &amp; operations</td>
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Transition to Irish Water....

WSTO - Dublin established Nov 2012
WSTO - Waterford established Feb 2013

**Sponsor:** CCMA and Water Services Committee

**Vision:** Support the delivery of the Water Sector Reform Programme on behalf of the Local Authority Sector

**Role:** To look after the interests of the LA sector during the transition period, and provide support for the CCMA in negotiating the Service Level Agreement on behalf of all LAs.

**Resources:** From within the sector, headed by a Senior Responsible Officer.
## Transition to Irish Water....

### What LA Resources will be required for Irish Water programme?

<table>
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<tr>
<th>Project</th>
<th>Breakdown of LA Staff Required</th>
<th>Total Staff Required</th>
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<tr>
<td>Irish Water Programme</td>
<td>75 for Irish Water secondments</td>
<td></td>
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<tr>
<td>Transition Office</td>
<td>20 for Water Services Transition Office (Dublin &amp; Waterford)</td>
<td><strong>TOTAL 214 staff</strong></td>
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<td></td>
<td>2 - 5 per LA (34 x 3.5 = 119 total) 6 months data collection</td>
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Terms of Reference for the TO

The Transition Office is a support office established by the LA sector, for the LA sector. It will:

• Facilitate LA inputs into the Government’s water reform programme.

• Provide timely and relevant information through the collection, assimilation, and interpretation of data, and assist and support the delivery of the Implementation strategy. 
  *This data is required by the local authority sector in the first instance for our own use, and to assist in the negotiating process.*

• Engage and negotiate with the other PMO’s and CER on behalf of the LAs (i.e. Service Level Agreements) and feed into the Water Services Committee.

• Review and assist with the response to proposed legislation on water services and Water Framework Directive

• Ensure customers continue to be provided with a similar and uninterrupted service

• Assist with the development of the new role of water services in local government post-transition

• Highlight “Governance” issues and any impacts on LAs
Communications Strategy

• Monthly eZine, **Water:Source**, circulated to Managers, LA Liaison Officers, staff as requested

• Appointment of Communications Officer

• Appointment of LA Liaison officers: two per LA.

• Workshop to brief LA Liaisons on the questionnaires (Tullamore)

• WSTO will be the single point of contact for the local authority sector for all matters relating to information and data gathering during the transition period.

• Email: [wsto@lgma.ie](mailto:wsto@lgma.ie)
Transition Timeline

Jan 2012 - Dec 2012
Current Phase
(1) Operation of Water Services

Jan 2013 - Dec 2013
Interim Phase
(1) Operation of Water Services
(2) Service Level Agreements
(3) Legislation re: Transfer of Functions

Jan 2014 - Dec 2017
Transition Phase
(1) Operation of Water Services
(2) Transfer of Functions, Assets, Liabilities
(3) Commence charging domestic customers

01/01/2012 - 31/12/2017
Timeline for Transition to Irish Water
Progress to Date

- Transition Office contributes to the following Workstreams:
  - WS2 Policy Framework & Sector Governance
  - WS4 Group Water Sector & Private Water Services
  - WS5 Environmental Regulation
  - WS7 Operations
  - WS8 Capital Programme
  - WS9 People, Skills, & Change Management
  - WS11 Finance & Funding

- Fourteen BGE/IWP Target Operating Model (TOM) Workshops took place over a six day period in late January and February. These Workshops were attended by LA nominees on behalf of the Transition Office.
Next Steps

• Preparation of position papers to articulate the sector view on the Transition phase

• Development of Service Level Agreements

• Document and articulate issues which will impact the Future Model of Local Authority post January 1st 2014
In conclusion................

A “Changing and Challenging Time”

Any questions?

Thank You!