



Cork  
County Council  
comhairle contae chorcaí



# **The Impact of Irish Water on Local Authorities**

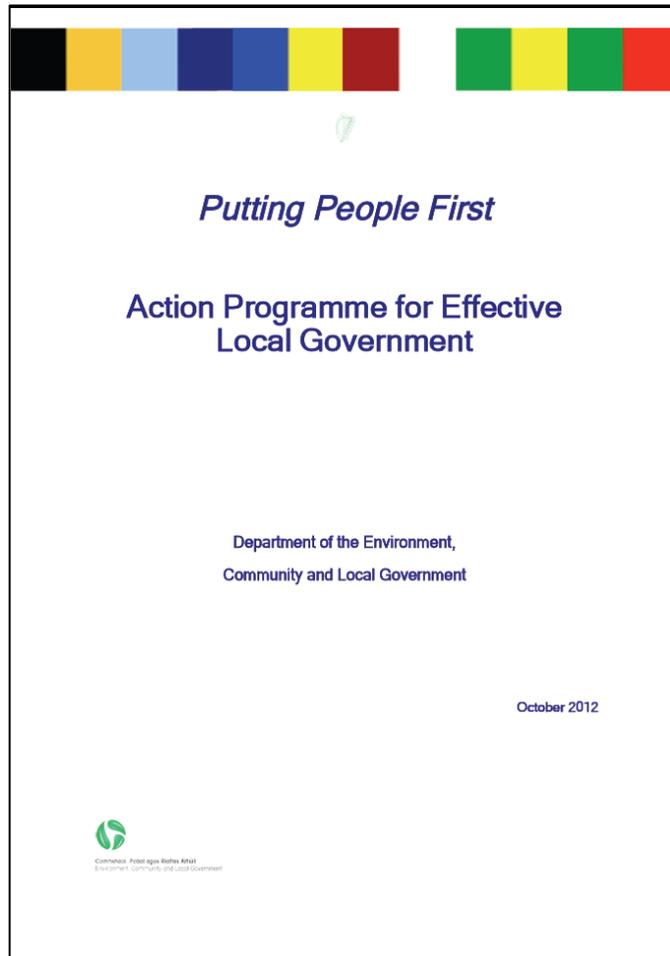
## **Engineering Water Services Reform**

### **Engineers Ireland – Cork Region Annual Seminar**

20<sup>th</sup> March 2013

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Cork County Council

# Vision for Local Government in Ireland



*Local Government will be the main vehicle of **governance** and **public service** at local level – **leading** economic, social and community development, **delivering** efficient and good value services, and **representing** citizens and local communities effectively and accountably.*

# Evolving Role of Local Government

- The role of Local Government has evolved over a number of years.
- Some functions requiring greater scale, resources, specialist expertise, strategic focus or more uniform national approach, have moved from Local Government to national agencies.
  - For example, certain environmental and roads functions transferred to the Environmental Protection Agency and the National Roads Authority respectively, and the advent of Irish Water is a further stage in this process.
- On the other hand, the status of Local Government as a primary vehicle of democratic representation and public service oversight at local level is reflected in the emergence of arrangements extending its influence in certain areas.
  - Local Authorities have become involved in a wider range of activities in areas such as sport, arts and culture, community development and economic development.

# Rationale for the Establishment of Irish Water

- Delivering the volume and quality of water required for citizens and enterprises, as well as the environmental standards required by the Water Framework Directive, poses a significant challenge for the water sector in Ireland.
- Substantial investment is required at a time when the Exchequer and Local Authority finances are severely constrained. Key funding and organisational issues must, therefore, be addressed in order to meet these challenges.
- An important dimension of the reform of the sector is the proposed establishment of Irish Water, as a public water utility responsible for all aspects of water services investment and operation.
- In the initial phase, Irish Water will work largely through service level agreements with Local Authorities. This will ensure a smooth transition to a new, fit-for-purpose model and guard against loss of local expertise.

# Form of Organisation

- The decision to establish Irish Water follows from a specific commitment in the Programme for Government.
- The form of organisation chosen is based on an independent assessment conducted as a result of the requirement of the Programme of Financial Support for Ireland with the EU/IMF/ECB.
- Irish Water will be regulated by the Environmental Protection Agency from an environmental perspective and by the Commission for Energy Regulation from an economic perspective.

# Irish Water in Partnership with Local Authorities

- As a public water utility, in a regulated environment, Irish Water can build on the strengths of the existing system to develop a sustainable financial model, leverage additional funding for investment and achieve efficiencies through economies of scale. Irish Water will work in partnership with Local Authorities to achieve these aims.
- While statutory responsibility for water services will pass to Irish Water at an early stage, Local Authorities will remain closely involved in the sector for a considerable period, acting as agents of Irish Water in relation to operation and maintenance of services. The independent assessment envisaged the phased transfer of such operations not commencing until 2015, and ending in 2017 at the earliest.
- This will ensure continuity of service in the transition, by retaining locally based services, but bringing to bear the benefits of regional and national approaches to deliver economies of scale for example in procurement, nationwide deployment of “best in class” technology and consistency of service through standard operating procedures.

# Interdependencies between Irish Water and Local Authorities

- Irish Water and local authorities will have important inter-dependencies in relation to their functions. Operationally, this will include emergency management, where Local Authorities will retain a key role.
- The role of Local Authorities and regional authorities in relation to strategic planning will also have an important bearing on investment planning by Irish Water.

# Implementation Strategy for Transition to Irish Water



- Department's ***Water Sector Reform Implementation Strategy*** (October 2012).
- To be implemented between Q2 2012 and Q1 2014.

# Implementation Strategy for Transition to Irish Water

- 77 High Level Milestones across 13 Work-streams

## A. Policy and Legal Context

- 1. **1-3** Programme Management
- 2. **4-6** Policy Framework and Sector Governance
- 3. **7-12** Legal and Legislation
- 4. **13-18** Group Water Schemes and Private Water Services
- 5. **19-25** Environmental Regulation

## B. Organisational Model

- 6. **26-28** Corporate Development of Irish Water
- 7. **29-34** Operations
- 8. **35-39** Capital Programme
- 9. **40-46** People, Skills and Change Management

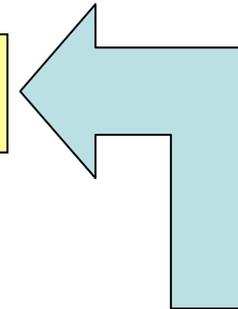
## C. Sustainable Funding Model

- 10. **47-52** Economic Regulation
- 11. **53-65** Finance and Funding
- 12. **66-71** Customer Service and Billing
- 13. **72-77** Metering Programme

# Transition Period from **Service Providers** to **Agents**

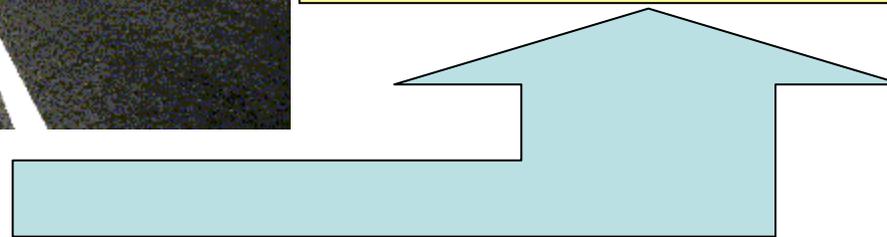


By end **2017** - Water Services provided by Irish Water



**2014 through 2017** - Water Services provided by Local Authorities under Service Level Agreements (SLA's) to Irish Water

**2013** - Water Services provided by Local Authorities



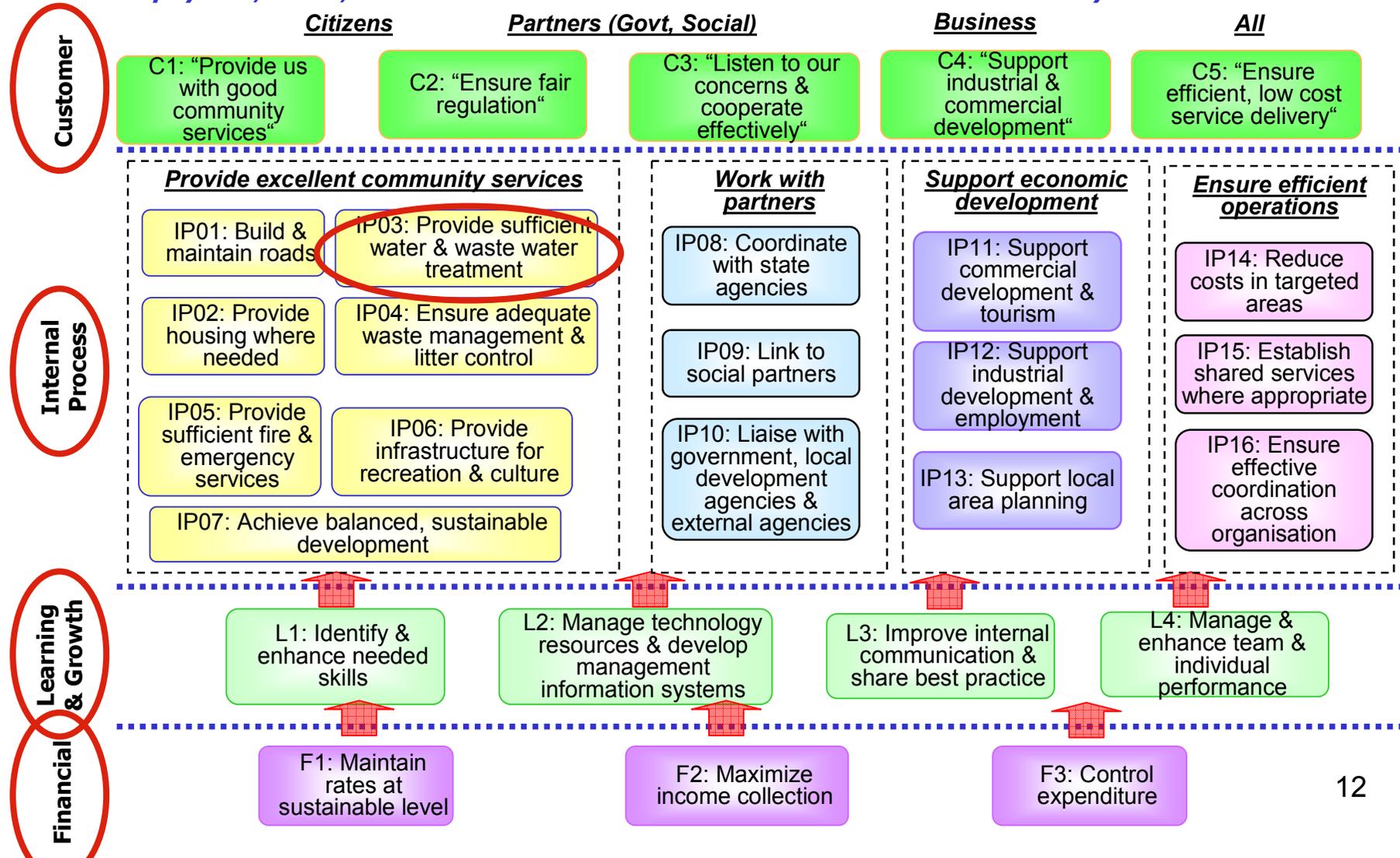
Local Authorities have been providing Water Services since the late 1800's

# Water Services Transition Office (WSTO)

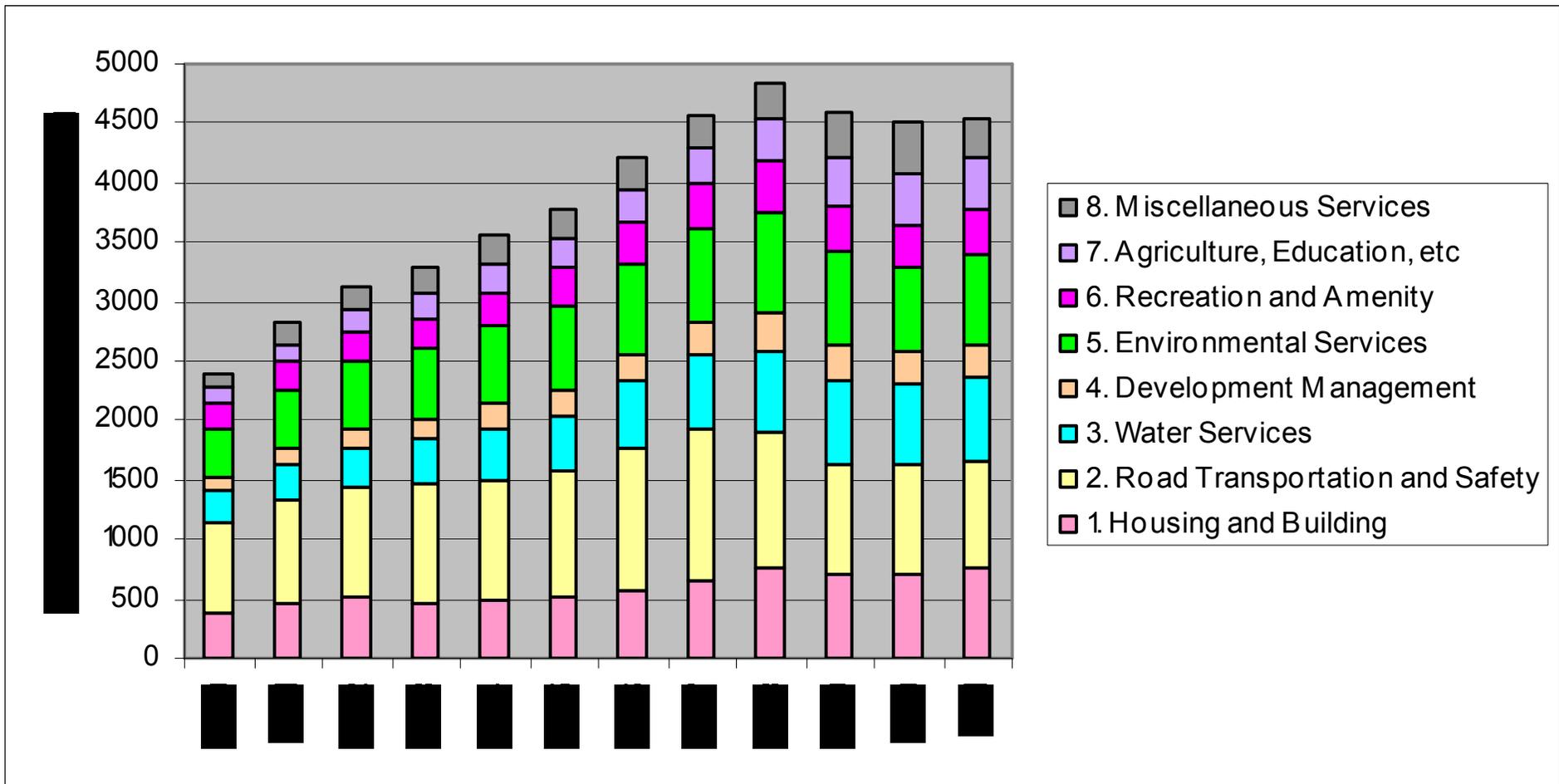
- Transition Office has been established (Dublin and Waterford) to work on behalf of the 34 Local Authorities and to be the point of contact with Irish Water.
- Data is required for a number of purposes, including the facilitation of the negotiation of Service Level Agreements with individual Local Authorities, to have knowledge of the impact of Irish Water on the sector and to ensure that we have a sustainable Local Government Sector post Irish Water.
- Questionnaires issued to nominated Team Leaders in Local Authorities in early March 2013 for a number of areas and include:
  - Human Resources,
  - Legal /Commercial Contracts,
  - Finance,
  - Customer Billing and Operating Model,
  - Facilities,
  - Health, Safety, Quality and Environment,
  - Information and Technology,
  - Technical Assets,
  - Governance Policy and Procedures.

# Typical Strategy Map of a L.A. (Multi-functional)

*Our Mission: To improve the quality of life of the people of Cork County by enhancing the physical, social, cultural & economic environment in a sustainable & socially inclusive manner*

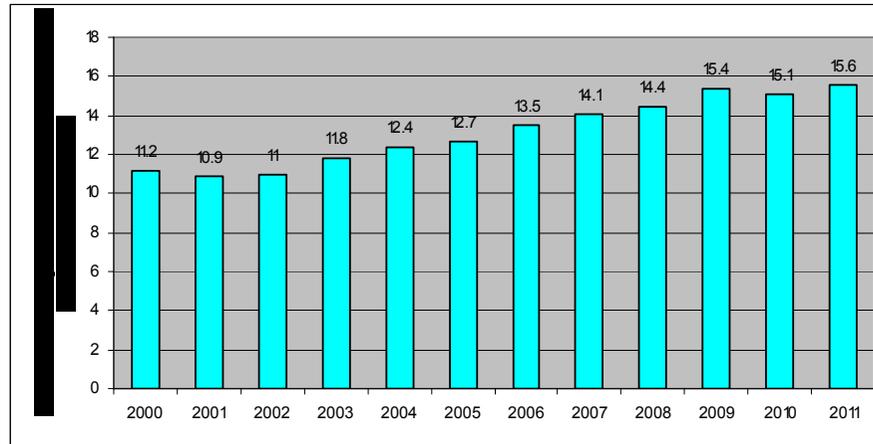


# Finance



Source: "Putting People First - Action Programme for Effective Local Government",  
Department of the Environment, Community and Local Government, October 2012

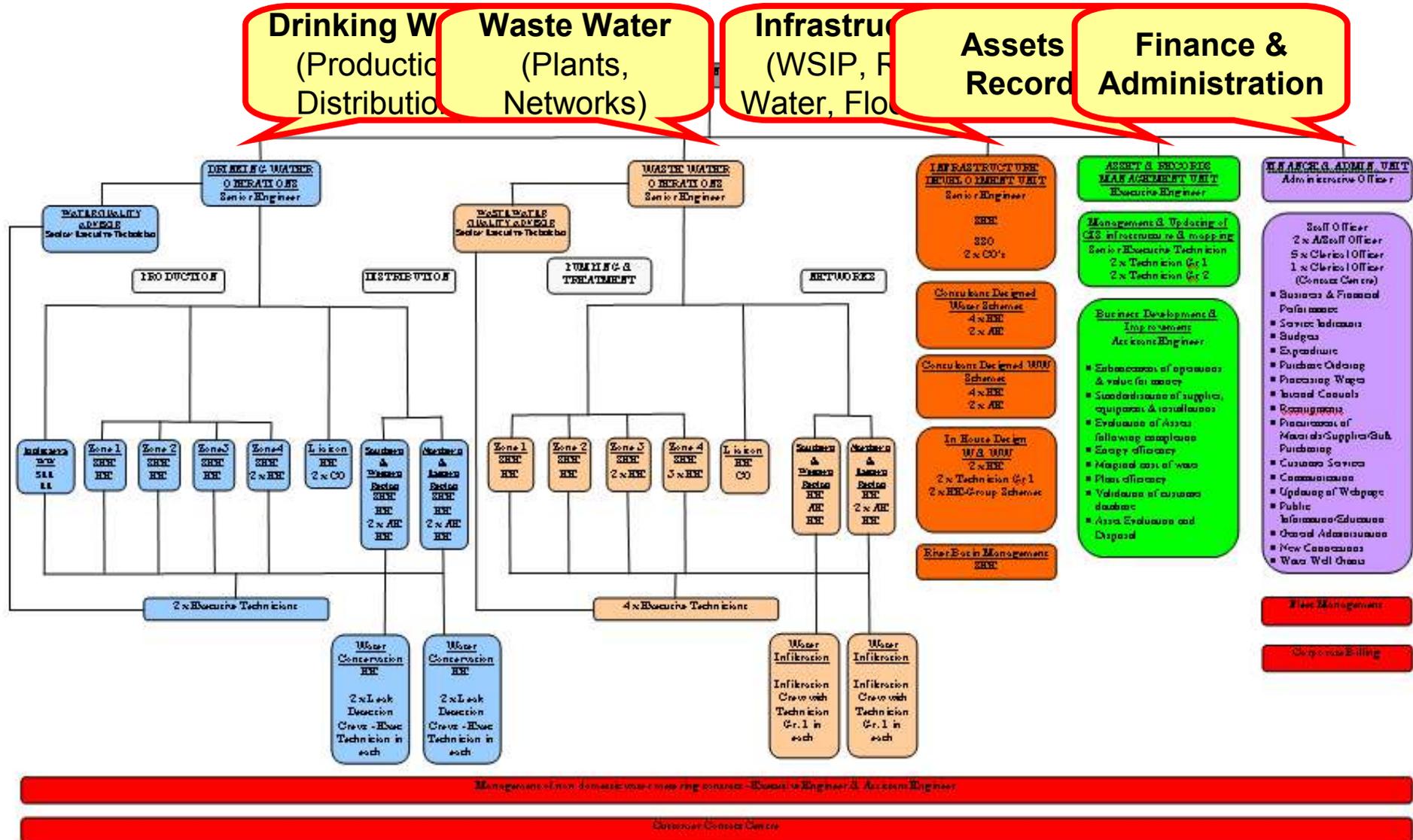
# Water Services Expenditure



- Current expenditure is of the order of 16% (2011) of total funding
- In addition, there has been significant investment through capital expenditure in water services over the years through the Water Services Investment Programme (WSIP)

# Water Services Structure

(In operation in Cork County Council)



# Performance Indicators

(Developed from use of National Service Indicators)

| Org. Objective | Success Factor | Measure(s) | Target | Risk |   |     | Initiative(s) | Responsible Person | Performance M/E/A/T |
|----------------|----------------|------------|--------|------|---|-----|---------------|--------------------|---------------------|
|                |                |            |        | I    | L | IxL |               |                    |                     |
| C:             |                |            |        |      |   |     |               |                    |                     |
| IP:            |                |            |        |      |   |     |               |                    |                     |
| L:             |                |            |        |      |   |     |               |                    |                     |
| F:             |                |            |        |      |   |     |               |                    |                     |

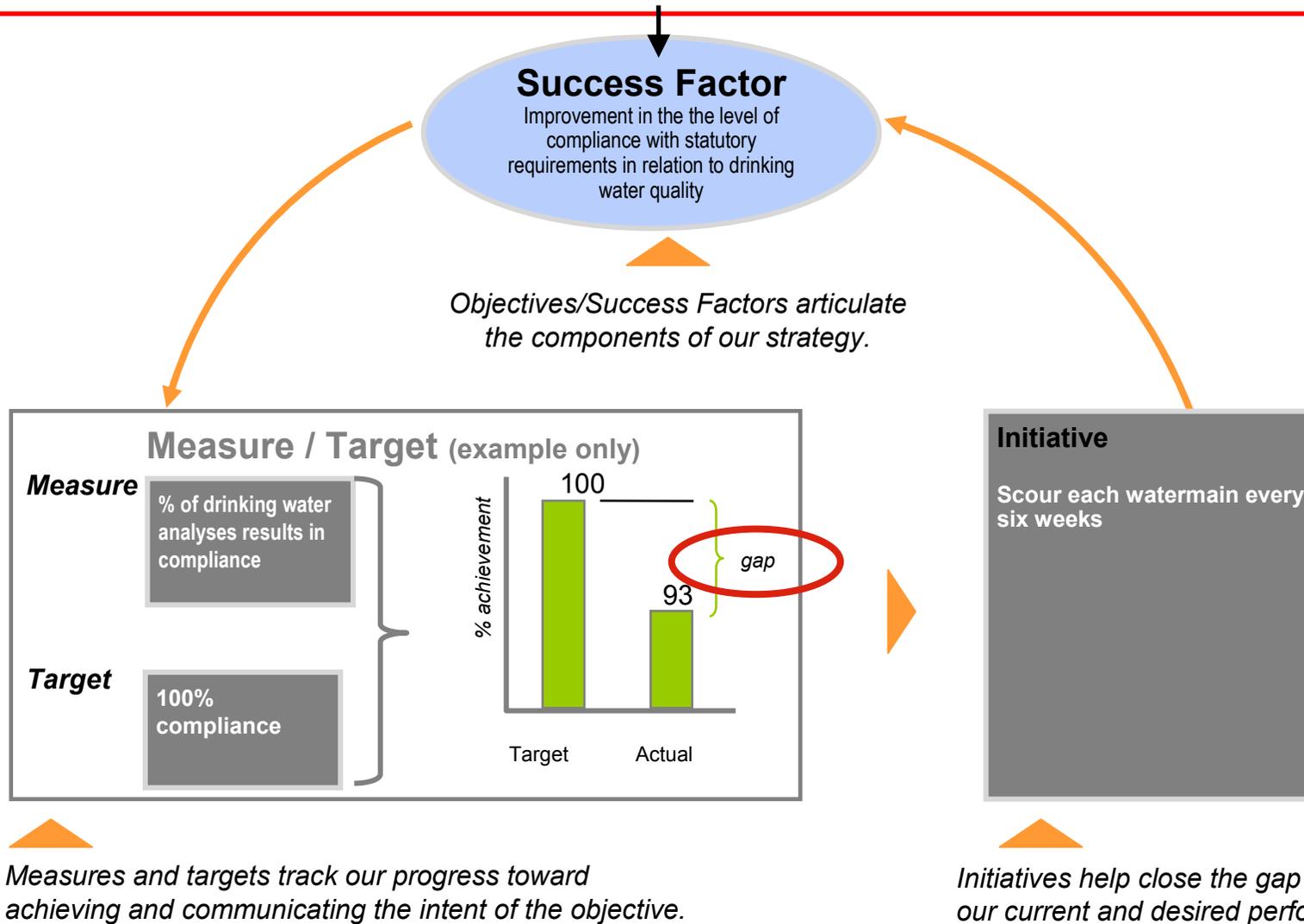
**Objective:** IP03: Provide sufficient water & waste water treatment.  
**Success Factor:** Unaccounted For Water.  
**Measure:** Unaccounted for water (UFW) as a percentage of total volume of water supplied under the water supply schemes that the Local Authority is responsible for (N).



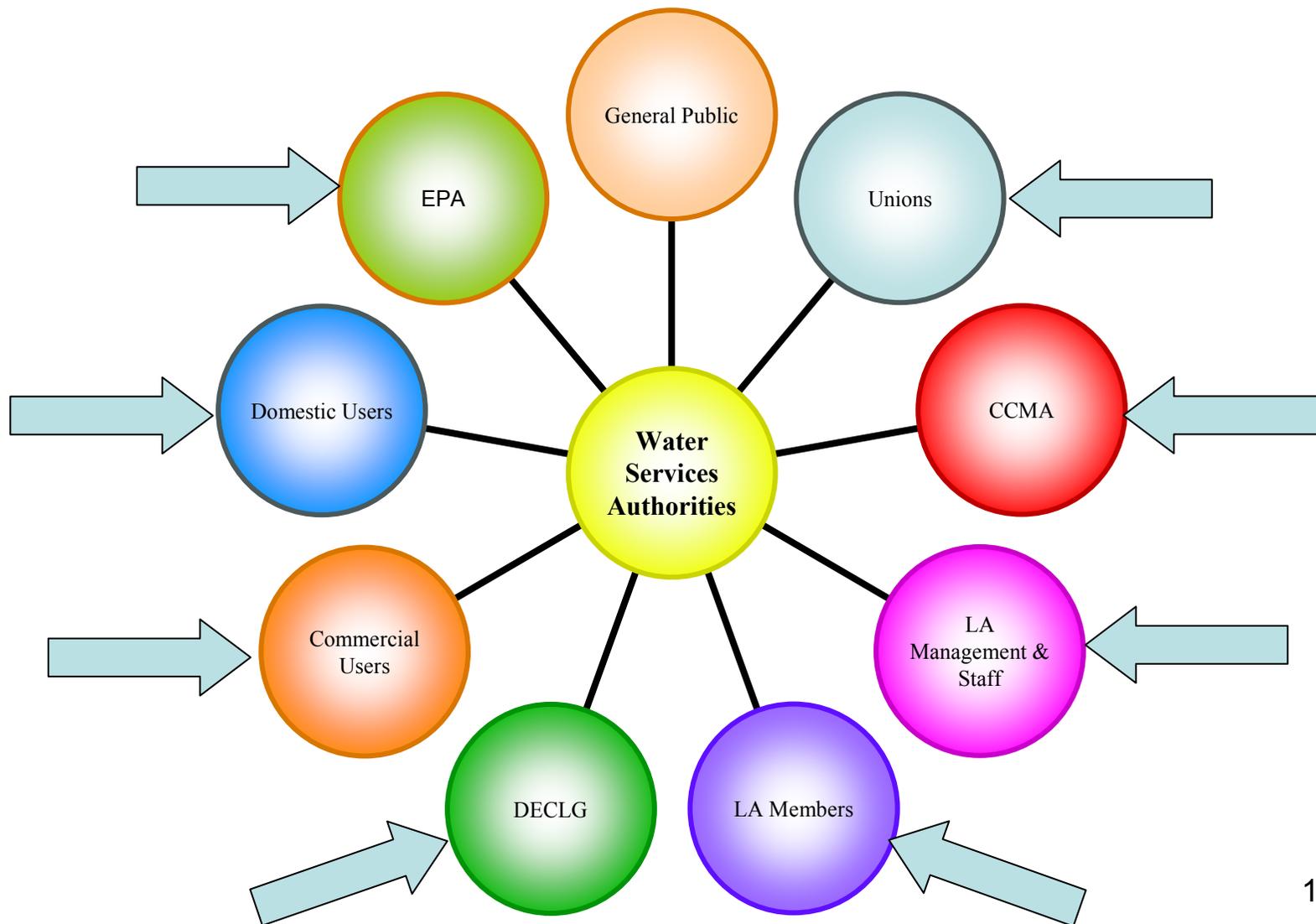
Note: Since 2004, the Local Government Management Agency (LGMA) has produced an annual report on Service Indicators in Local Authorities across a broad range of indicators on services provided by L.A.'s .

# Achieving Objectives and Targets

IP03: Provide and Maintain Sufficient Water and Waste Water Treatment



# Customers and Stakeholders of Water Services Authorities



# Conclusion

- Going from being direct providers of water services within multi-functional organisations to acting as an agent of Irish Water is a significant change in direction for Local Authorities.
- Working under Service Level Agreements (SLA's) and to Performance Indicators is not new to Local Authorities.
- Important that there is clear understanding of the SLA's to ensure a smooth transition to the new model and to guard against the loss of very significant expertise which currently resides with people working in water services in Local Authorities.
- At a significant juncture and the coming weeks and months will be important in the context of data gathering in order gain a fuller understanding of the impact of Irish Water on the sector.

# Thank You

Any views expressed in this presentation are the author's own and do not necessarily represent the views of the sector.