



Media Release

Funding water infrastructure in Northern Ireland

A lack of capacity in Northern Ireland's water infrastructure has meant that development applications in 100 areas, including 25 cities and towns, cannot be approved or are being subject to restrictions. That is among the findings of a new report published today (Thursday 28 March) by the Auditor General, Dorinnia Carville.

The report on "Funding water infrastructure in Northern Ireland", provides a landscape review of how investment has been managed since the establishment of Northern Ireland Water (NI Water) in 2007. It notes a 2007 independent review, commissioned by the then Department for Regional Development, which highlighted that NI Water inherited a network of assets that had suffered from lower levels of investment than other regions of the UK.

Since publication of that independent review, there have remained major challenges to securing the level of investment in water infrastructure required to deliver services. The report notes stakeholder concerns that NI Water's existing funding model contributes to uncertainty over whether the level of investment that is needed will be available. Furthermore, financing such investment has been made more difficult due to the impact of a number of major economic issues since 2007, such as the financial crash of the late 2000s, and recent inflationary cost pressures.

Today's report references the recent Price Control 21 (PC21), a 2021 water infrastructure plan agreed by the Department for Infrastructure, NI Water and the Utility Regulator. PC21 aimed to invest £2.1 billion over the period 2021-27, an 87 per cent increase in investment levels from 2015-21. The report observes that the Department was able to fully deliver the required funding during the first two years of the plan, in spite of drastic increases in costs.

However, total capital and resource funding available for 2023-24 was approximately £93 million lower than what NI Water had identified as being necessary, and it is expected that there will be another shortfall in 2024-25. This is likely to significantly affect the delivery of the assets planned for development in PC21.

Commenting on the findings, Dorinnia Carville noted:

"This report highlights the challenges that decision-makers have faced in securing the finance and investment needed to meet water infrastructure requirements in the coming decades. A very real consequence of this

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underinvestment is that there are many areas in Northern Ireland where new development, including the construction of homes and other buildings, is restricted due to insufficient capacity to connect to sewage and wastewater services.”

“The current funding model that applies to the Department and NI Water creates uncertainty and constraints around securing and using resources, and this has been further compounded by wider economic volatility. It is important, therefore, that the Department and NI Water complete a comprehensive review of alternative arrangements, led by suitably qualified experts.”

“The ability of departments to secure appropriate finance to invest in critical infrastructure is a wider issue than just the water system. This report notes increasing recognition of the importance of a coordinated and sustainable approach to infrastructure planning more generally. It is critical that relevant stakeholders work purposefully towards establishing appropriate arrangements to support such an approach.”

ENDS

Notes for Editors

1. The Comptroller and Auditor General (C&AG) is Head of the Northern Ireland Audit Office (the Audit Office). She and the NIAO are totally independent of Government. The C&AG certifies the accounts of Government Departments and a range of other public sector bodies. She has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and public bodies use their resources. Her reports are published as Assembly papers.
2. The report is available on the Audit Office website at www.niauditoffice.gov.uk. The report is embargoed until 00.01 hrs on Thursday 28 March 2024.