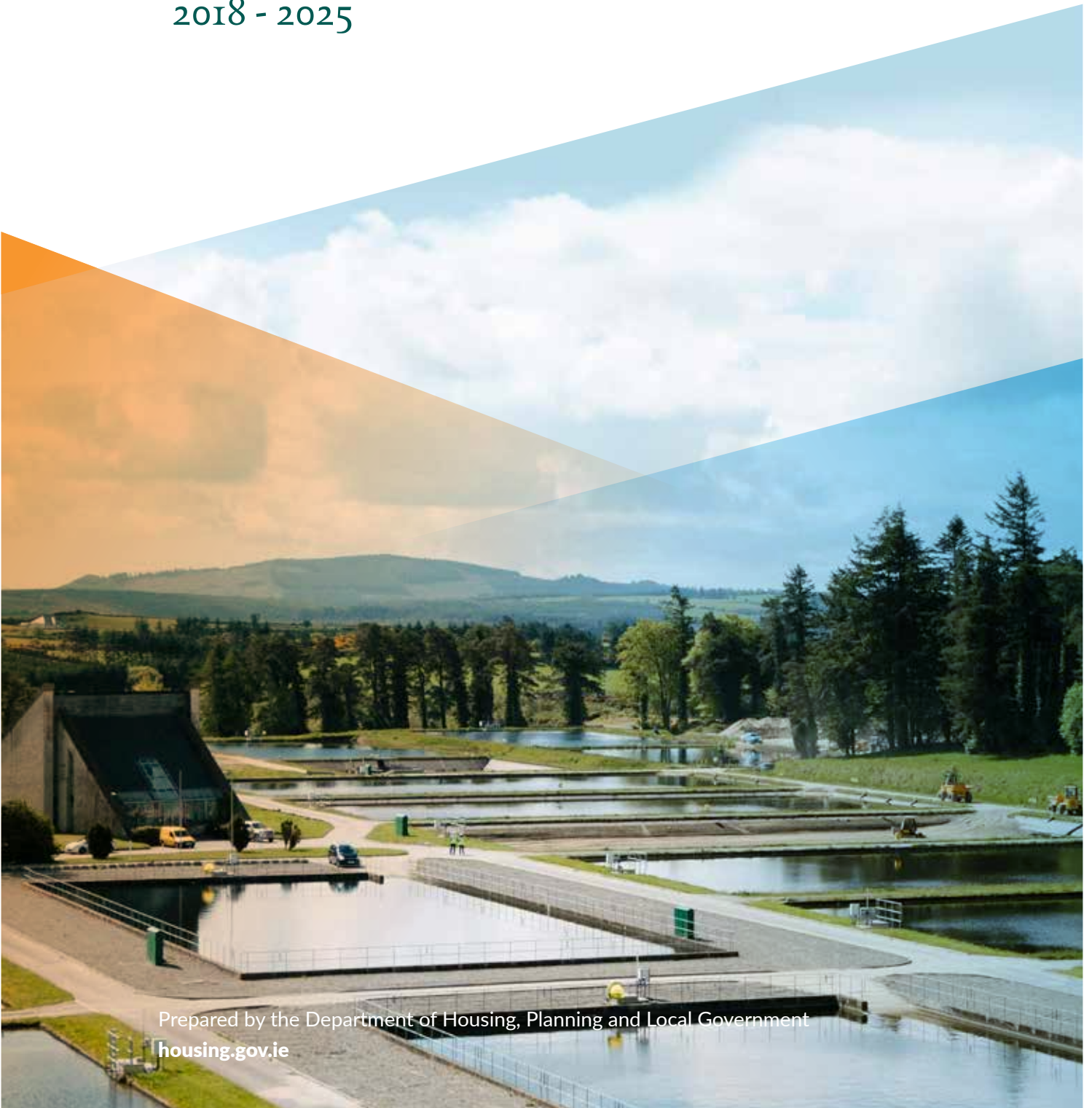




Rialtas na hÉireann
Government of Ireland

Water Services Policy Statement

2018 - 2025



Prepared by the Department of Housing, Planning and Local Government
housing.gov.ie

Access to safe, reliable and high quality drinking water is perhaps often taken for granted but it is essential to our daily lives, is one of the foundation stones on which our society and our economy is built, and is a key determinant of our current wellbeing and our future prospects.



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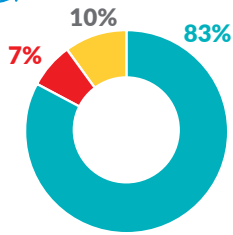
Images from Irish Water on pages 1, 6, 9, 14, 19, 28 and 35.

Images from the National Federation of Group Water Schemes on pages 2, 3 and 23.

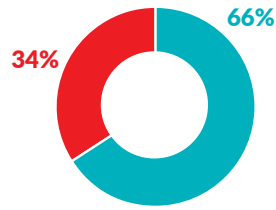
Image from Mayo County Council on page 34.



Service Delivery



- Population using public drinking water supplies
- Population in group water schemes
- Population supplied by private wells



- Households connected to public wastewater services
- Households using septic tanks or other wastewater treatment services

Key Challenges



72 public drinking water supplies serving **632,452 customers** are on EPA Remedial Action List

106 group water schemes (28%) are on Remedial Action List for Group Water Schemes

Raising Drinking Water Quality in private supplies to match quality of public supplies

148 urban areas require improvements in wastewater treatment arrangements



Addressing network loss rate of **45%**

An estimated **7% of domestic water customers** use more than **1.7 times** average household demand (=125 m³ per dwelling per year)

Many water and wastewater treatment plants are operating at maximum capacity



Project Ireland 2040 anticipates Irish population will grow by an additional **1 million people** (and workforce by 660,000) by 2040

Climate change is predicted to cause **greater frequency of extreme weather events**

Improving the resilience of rural and private water supplies as part of the **Review of Rural Water Services**



Water Services Investment

€8.5 billion for Public Water Services under NDP 2018-2027

€95 million under Rural Water Programme 2018-2021

€41 million fund for legacy issues (e.g. lead pipes, developer provided infrastructure) 2018-2021



Public Water Services 2017

608 million m³

Estimated total water demand (Distribution Input)

205 million m³

Domestic demand

124 million m³

Non-domestic demand

273 million m³

Network losses (real and apparent) per year

6 million m³

Operational demand (mains flushing and networks maintenance)



Domestic Demand

125,000 litres

Average demand per dwelling (125 m³ per year)

47,000 litres

Average demand per individual (47 m³ per year)

25,000 litres

Average incremental increase in demand in a household with more than 4 occupants (25 m³ per person per year)

Minister's Foreword



Access to safe, reliable and high quality drinking water is perhaps often taken for granted but it is essential to our daily lives, is one of the foundation stones on which our society and our economy is built, and is a key determinant of our current wellbeing and our future

prospects. We forget too that it is a precious resource that is expensive to produce to a high standard.

High quality wastewater services are equally fundamental to our current and future lives.

The Government's vision for water services – whether publicly supplied by Irish Water and their local authority partners or otherwise delivered under the Rural Water Programme - is that they are delivered and developed in line with the needs and expectations of citizens and users; in compliance with legal obligations; in a fair and cost-effective manner, and in keeping with the principles of social, economic and environmental sustainability.

This Water Services Policy Statement sets out the range of policy objectives across the key thematic areas of quality, conservation and future-proofing that we believe must and will be pursued between now and 2025 in order to achieve this vision.

It is the first Water Services Policy Statement prepared as required under the Water Services Act 2017 which was enacted six months ago and which, among other things, ushers in a new era of governance, oversight and accountability in relation to the delivery of water services.

As required by that legislation, full account has been taken of existing policy and regulatory documents with which water services policy must interlink and cohere, including the recently published River Basin Management Plan for Ireland 2018-2021, the National Planning Framework and the National Development Plan 2018-2027 under Project Ireland 2040, the Water Sector Reform Implementation Plan and the most up-to-date reports from the Environmental Protection Agency on drinking water quality and wastewater treatment.

We will not be found wanting when it comes to implementation. The recently launched National Development Plan already provides for an unprecedented investment of €8.5 billion in public water and wastewater infrastructure over the next ten years, underlining the strength of the Government's commitment to investment in this key area.

Significant additional funding has also been earmarked for rural water services. The Environmental Protection Agency and the Commission for Regulation of Utilities as independent regulators report each year on the overall status of the water sector in terms of quality, efficiency and economic efficacy.

A key feature of the legislative arrangements now in place under the Water Services Acts is the extent to which they enable and empower proactive participation by stakeholders. Water sector stakeholders, not least through the new statutory roles of An Fóram Uisce (the National Water Forum) and the Water Advisory Body, are now placed at the heart of the policy formulation process. This is as it should be, and adds greatly to my own sense of optimism about the future of our water services in Ireland.

The preparation of this policy statement has sought to honour the spirit and intent of this new emphasis on partnership and collaboration. I would like to thank all individuals and stakeholders who so generously contributed their views and observations as we developed this Policy Statement, whether through the formal public consultation process, through participation at other forums or through bilateral engagements with my Department. The feedback received was invaluable and greatly helped shape and inform this Policy Statement.

During the preparation of this Policy Statement, the country was hit by Storm Emma which brought profound challenges for our water services in its wake, leaving many thousands of people without the level of service they expect and deserve. Such extreme weather events remind us how precious and essential our water services are and how vulnerable to disruption they can be. Building the resilience to withstand such events is a priority objective which cannot be ignored.

I look forward to continuing to work with all stakeholders to deliver on the objectives set out in this Policy Statement.

Eoghan Murphy, T.D.,
Minister for Housing, Planning and Local Government.
May, 2018



Executive Summary

1 Background and policy context

This Water Services Policy Statement identifies high level objectives and priorities for the delivery of water and wastewater services over the period to 2025. It has been prepared in line with the Water Services Acts to give clear direction to strategic planning and decision making on water and wastewater services in Ireland.

The preparation of the Policy Statement follows on from a number of reforms put in place in relation to water services arising from the process of political deliberation that took place in 2016 and 2017. This included the ending of domestic water charges and confirmation of Irish Water as a publicly-owned national water services authority.

In the first instance, the principles, themes and specific policy objectives identified in the Policy Statement are to be reflected in the Irish Water 'Strategic Funding Plan' which must be prepared and submitted to the Minister for Housing, Planning and Local Government within three months of the preparation of this Statement.

This Policy Statement is in four Parts, as follows:

- Part 1 sets the context and describes the current policy environment;
- Part 2 defines a number of key principles to inform water policy activities;
- Part 3 sets out high level objectives across the thematic areas of quality, conservation and future proofing to guide service delivery and development; and,
- Part 4 describes the governance and oversight arrangements in place to ensure the high level policy objectives are being fulfilled in practice.

An Information Paper for Public Consultation on preparing the Water Services Policy Statement was published online and issued to statutory and non-statutory bodies within the water sector and to all Government Departments. Written submissions from 15 respondents (listed at Appendix 3) have informed the Policy Statement.

2 High-level principles to inform water services policy activities

The following set of principles will inform the development of water services:

- One single publicly owned national water services authority;
- Fair and efficient delivery with a customer focus;
- Priority health and environmental quality outcomes across the sector; and,
- Ways of working to support partnership and excellent stakeholder engagement.

These key principles reflect the importance of structuring water and wastewater services around Ireland's needs, the centrality of customers, the prioritisation of public health and environmental protection, and the inter-linked relationships and responsibilities necessary to ensure service delivery and accountability.

3 Key themes and policy objectives to guide the development and delivery of water services

Building on these principles, a series of water services policy objectives are set across the three thematic areas of Quality, Conservation and Future Proofing.

Quality

Safe drinking water is essential to the day-to-day activities of households, communities, social services and the economy. Unsafe water supplies risk public health, inconvenience daily life and inhibit economic activity.

Significant capital investment, together with operational and management improvements, are required to optimise the performance of our water and wastewater systems.

Priority objectives include –

- Substantial State investment, through Irish Water and the Rural Water Programme, to improve compliance with public health and environmental standards, with particular reference to the River Basin Management Plan for Ireland 2018-2021.
- Bringing and maintaining public water and wastewater services to acceptable international benchmarks, verified by independent monitoring and reporting.

- Achieving improved outcomes in quality in respect of drinking water and in wastewater in relation to rural and private water services.
- Adopting forward planning and risk management approaches to minimise the impact of non-compliances with all relevant EU Directives and to safeguard against future compliance risks.

The Policy Statement outlines specific objectives in relation to: Drinking water quality, Rural and private water services, the National Lead Strategy and Marine waters.

Conservation

Responsible environmental, social and economic policy means that conservation must be firmly embedded at the heart of water services policy. The abstraction and treatment of water is costly and impacts on the natural environment.

Priority objectives include –

- Embedding conservation at the heart of water policy involves prioritising resource management, abstraction control, source protection, tackling leakage and encouraging behavioural change.

- › The promotion of water conservation and water resource management is to be reflected in strategic investment planning by Irish Water, to include work programmes around leak detection and repair, network improvements, cost effective metering, public awareness campaigns and funding to fix customer side leaks.
- › Water conservation will inform the Working Group on the review of rural water services, and investment decisions in this area.

The Policy Statement outlines specific objectives in relation to: Resource management and source protection, Tackling leakage, Reducing water usage and Encouraging behavioural change through awareness, education and information.

An Fóram Uisce (the National Water Forum) has a specific role in examining and making recommendations on further strategic policy responses to improve water conservation.

Future Proofing

Ireland's future economic and social progress is critically dependent on upscaling our capacity to deliver reliable, high quality water and wastewater services.

Long term pressures on service delivery include increasing demand due to anticipated population and economic growth (we are planning for an additional 1 million people and 660,000 additional jobs in the economy by 2040); the impacts of climate change; and changing precipitation patterns.

Priority objectives include –

- › Ensuring that public and private water services investment decisions are aligned with the broad strategic aims of *Project Ireland 2040: National Planning Framework*.
- › Adapting water services to withstand the impact of climate change and of such weather-related events, consistent with the *National Adaption Framework - Planning for a Climate Resilient Ireland*, published in January 2018.
- › Improving the resilience of rural and private water supplies as part of the review of rural water services currently underway.

The Policy Statement outlines specific objectives in relation to: Supporting population and economic growth, Housing (alignment with the Rebuilding Ireland action plan), Competitiveness, Security of Supply, Climate Change and Energy Efficiency.

4 Oversight and Accountability

Good governance of water services is built on three mutually reinforcing and complementary dimensions, which the Organisation for Economic Cooperation and Development (OECD) identifies as: Effectiveness, Efficiency and Trust and Engagement.

Legislative and regulatory controls are in place under the Water Services Acts to ensure governance, oversight and accountability in relation to water services. In particular, the Environmental Protection Agency and the Commission for Regulation of Utilities, as regulators, together with An Fóram Uisce and the Water Advisory Body, as independent Stakeholder bodies, will play important statutory roles.

The Department of Housing, Planning and Local Government will draw upon these and other monitoring and reporting mechanisms to verify that the objectives of the Policy Statement are being fulfilled in a balanced manner across the three thematic areas.

This Policy Statement will take effect in May 2018 and will remain in place until 2025. It will be reviewed in 2022.



1 Background and policy context

1.1 Purpose of the Water Services Policy Statement

This Water Services Policy Statement is a high-level statement of Government policy. It identifies key policy objectives and priorities for the delivery of water and wastewater services in Ireland over the period to 2025. It will provide the context within which necessary funding and investment plans by Irish Water will be framed and agreed. The Policy Statement will also inform the on-going development of rural water services, in tandem with the review of this sector which commenced in April 2018.

This Policy Statement is in four Parts. Part 1 describes the current policy environment and background to the preparation of the Policy Statement. It explains the preparatory process and the policy elements that inform its content. Part 2 sets out the high-level policy principles which will inform water services activities for the period of the Statement. Part 3 builds on these high level principles by setting out key themes to guide the development and delivery of water services, together with associated policy objectives. Taken together, the principles, themes and policy objectives outlined at Parts 2 and 3 give clear direction to strategic planning and decision making

on water and wastewater services in Ireland. Finally, Part 4 identifies and describes the governance structures and responsibilities that assist in ensuring oversight of, and accountability for, the delivery of water and wastewater services.

Preparation of the Water Services Policy Statement is a statutory requirement arising from the Water Services Act 2017 which came into effect on 17 November 2017. This is the first Policy Statement arising from this provision and has been prepared within six months of that date, as required by the Act of 2017.

The Policy Statement clarifies, for Irish Water and for others, the Government's expectations on key aspects of water and wastewater services delivery, and sets out the priorities and objectives which must be pursued when planning capital investment and framing current spending plans. The Statement will inform the regulation of Irish Water by the Commission for Regulation of Utilities (CRU) and the regulatory requirements arising in respect of public and private water supplies that lie within the scope of the Environmental Protection Agency (EPA) and local authorities.

Elements of current water services policy are articulated in a range of other relevant documents including in the Water Services Acts 2007-2017, the River Basin Management Plan for Ireland 2018-2021, Project Ireland 2040: National Planning Framework and National Development Plan 2018-2027, and the Water Sector Reform Implementation Plan. The Policy Statement further reflects priority areas for action identified by the EPA in its most recent reports on drinking water quality and wastewater treatment. This is the first time that all these components have been drawn together to ensure a coherent overview of policy objectives.

1.2 Statutory requirements of the Policy Statement

Section 18 of the Water Services Act 2017 (see Appendix 1) requires that a policy statement be prepared that will set out, “the policy objectives and priorities of the Government regarding the provision of water services in the State”¹.

In preparing the Policy Statement, the Minister for Housing, Planning and Local Government is required to have regard to:

- The European Communities (Water Policy) Regulations 2003 and the latest River Basin Management Plans;
- The most recent reports on the monitoring of drinking water and urban wastewater prepared by the EPA under Sections 58 and 61 of the Environmental Protection Act, 1992;
- Regulations on wastewater treatment made under Section 59 of the Environmental Protection Act, 1992;
- The need to prevent or abate risks to human health or the environment;
- Any policy of the Government relating to spatial planning objectives;
- Any policy of the Government relating to the promotion of economic development; and,
- The need for efficiency and cost-effectiveness in the provision of water services.

The preparation of this Policy Statement has fully complied with the requirements of the Act.

Given that the Policy Statement consolidates various components of water policy set out elsewhere the need for a Strategic Environmental Assessment (SEA) did not arise. The SEAs already undertaken in relation to the River Basin Management Plan for Ireland 2018-2021 (published April 2018), Project Ireland 2040: National Planning Framework (published February 2018) and Irish Water’s 25-year Water Services Strategic Plan (published October 2015), remain relevant to the subject matter of this Policy Statement.

1.3 Strategic role of the Policy Statement in planning and investment

The development of the first Water Services Policy Statement coincides with a period of transformation within the water sector in Ireland. Public water services have undergone significant reform since 2013, including the establishment of Irish Water and the introduction of economic regulation by the CRU. This Policy Statement builds on work that has already been undertaken, and will give direction to future strategic planning.

With the setting up of Irish Water in 2014, forward planning for the provision of public water and wastewater services at national level has become more structured and focused. In October 2015 a Water Services Strategic Plan (WSSP) prepared by Irish Water was approved by the Minister. This sets out a high level strategy over 25 years to ensure the provision of clean safe drinking water, effective management of wastewater, environmental protection and support for economic and social development.

The WSSP feeds into short to medium term planning which is set out in the Irish Water Business Plan, which covers the 7 year period from 2015 to 2021. Whilst the Irish Water Business Plan sets out the planned level of operational and capital expenditure over this period, the actual allowed operational expenditure and capital investment is decided on by the economic regulator, the CRU. To this end, Irish Water submits a Water Charges Plan and a proposed capital investment plan, based on the WSSP and the Business Plan, for given regulatory periods to the CRU.

1 Section 18 of Water Services Act 2017, which inserted a new Section 32A of the Water Services (No. 2) Act 2013.

In this context, the Policy Statement will now define the strategic objectives and priorities that must be pursued in developing and delivering water and wastewater services.

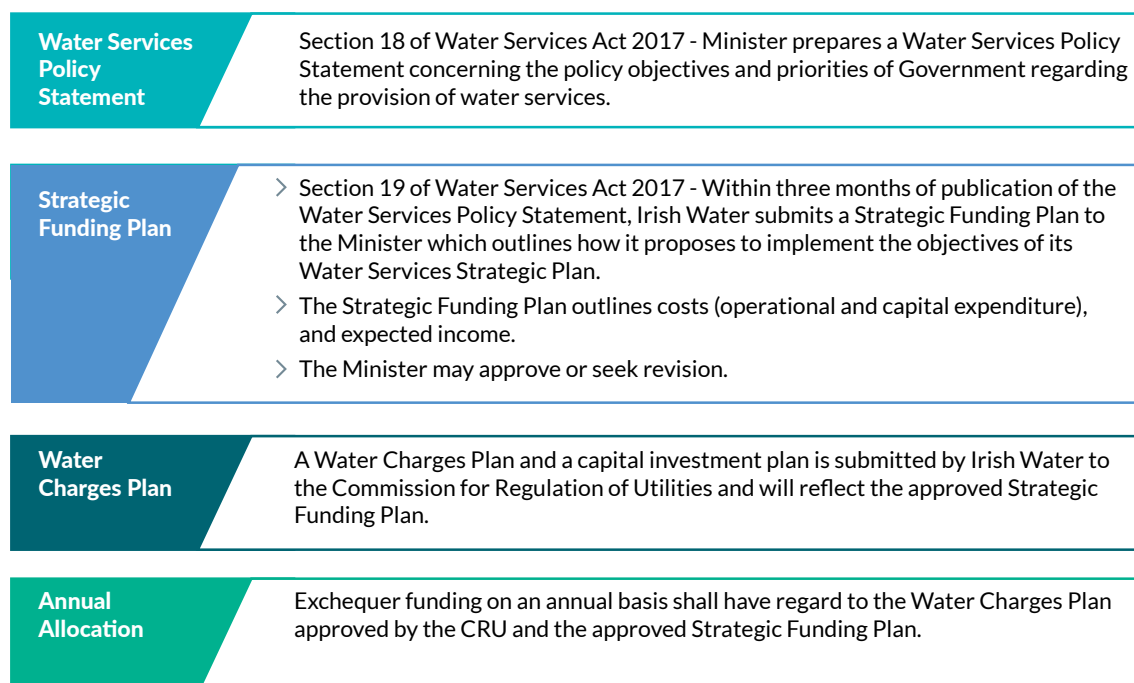
The sequence of actions flowing from the Water Services Policy Statement for Irish Water's planning and funding arrangements is set out in Figure 1, below.

Within 3 months of the publication of the Policy Statement, Irish Water is required to submit a Strategic Funding Plan to the Minister. This provision is contained within Section 19 of the Water Services Act 2017 (see Appendix 1). Following from this, a Water Charges Plan and a proposed capital investment plan is prepared and after being approved by the CRU, informs annual Exchequer funding commitments. More detailed information on this process and on the future funding of Irish Water and the economic regulatory process is set out at section 1.6.

In respect of funding for rural and private water services, a multi-annual rural water framework was introduced in 2016. The current programme runs to the end of 2018. In 2017 the report of the Joint Oireachtas Committee on the Future Funding of Domestic Water Services recommended that there be equity of treatment and equivalent financial support between households using public water services and those availing of private water services.

Consequently, complementary to the Water Services Policy Statement, and in fulfilment of the commitment to address the recommendation by the Joint Oireachtas Committee, the Minister established a review of wider investment needs relating to rural water services. Further details of this review are included at section 1.7.

Figure 1 How the Water Services Policy Statement will guide strategic decisions on investment by Irish Water



1.4 Water and wastewater services in Ireland

The Policy Statement has been prepared within the context of the current water services delivery arrangements. Analysis by the EPA has found that 83% of people have their drinking water supplied by the public supply provided by Irish Water². Prior to 2014 public water services in Ireland were delivered by 34 individual local authorities³ acting as water authorities. The setting up of Irish Water has established a single national water services authority to deliver these services. This has facilitated a more integrated approach to service delivery – ensuring a more consistent and targeted approach to investment prioritisation, driving efficiency in the delivery of infrastructure, and ensuring the development of best operational practice across public water and wastewater assets.

A further 7% of people have their drinking water supplied by either public or private group schemes. Public group water schemes are group schemes that are supplied with treated drinking water in bulk by Irish Water, whereas private group water schemes abstract, treat and distribute drinking water to their members. The private group water schemes are generally co-operative groups delivering drinking water services to local communities in rural locations, where the high cost of providing infrastructure has made the provision of a public supply unviable. The remaining 10% of people get their drinking water from private wells.

In relation to wastewater, Census data finds that 66% of households are connected to public wastewater services provided by Irish Water. The remaining 34% of households have individual, group or other wastewater treatment systems – a figure very much in line with the scale of rural population in Ireland⁴.

In line with its statutory mandate, the CRU is required to carry out regular reviews of demand for water services. In its latest report published in December 2017⁵, based on consumption throughout 2016, it is estimated that:

- The average rate of demand per dwelling is 125,000 litres, or 125m³ per year;
- The average annual rate of demand by an individual is 47,000 litres, or 47m³ per person; and,
- The average incremental increase in demand in a household with more than 4 occupants is 25,000 litres, or 25m³ per person per year.

The first occupant in a household usually uses more water than subsequent persons. This data was based on meter readings provided by Irish Water from some 500,000 households.

Irish Water also has around 164,000 non-domestic customer accounts, 51% of which are for water only with the remaining 49% availing of water and wastewater services.

The total demand for water from the public system, combining domestic and non-domestic use, network losses and water for operational use is estimated at 608 million m³ per year. Table 1 summarises estimated water demand for the public water supply provided by Irish Water for the end of 2017. It accounts for domestic and non-domestic public demand and estimated network losses.

2 Focus on Private Water Supplies 2016, EPA 2017
<http://www.epa.ie/pubs/reports/water/drinking/focusonprivatewatersupplies2016report.html>

3 Following amalgamations that came into effect in 2014, there are now 31 county and city councils.

4 CSO Census 2016 (% of total population) 63% of the population is categorised Urban and 37% Rural.

5 CRU Report to the Minister: Review of Demand for Water Services, 15 December 2017; <https://www.cru.ie/wp-content/uploads/2017/12/CRU17339-CRU-Report-to-the-Minister-Review-of-Demand-for-Water-Services.pdf>

Table 1 | Estimated water use for public water services⁶

Estimated water use for public water services for the end of 2017	Estimated annual water use (million m ³)
Domestic demand	205
Non-domestic demand ⁷	124
Network losses (real and apparent) ⁸	273
Operational demand (mains flushing and networks maintenance)	6
Estimated total water demand (Distribution Input)	608

Real and apparent losses in the public water supply are estimated from the difference between treated water entering distribution, and that used by customers of the public supply, and by Irish Water for operational purposes. Based on estimated total volumes of treated water entering distribution of 608 million m³ per annum, losses (real and apparent) at the end of 2017 were estimated at 273 million m³ per annum. This gives an indicative loss value of 45% of all water entering supply.

1.5 Policy context for preparation of the Policy Statement

Following a general election in February 2016, as part of the process of Government formation a “confidence and supply arrangement” was made which facilitated the formation of the current Government. This agreement provided for a deliberative process on the future funding of public domestic water and wastewater services and the associated suspension of water charges. The process consisted of three stages, namely;

- An expert commission on domestic public water services was established to report on the funding of domestic public water services in Ireland and provide recommendations on a sustainable long-term funding model for domestic water and wastewater services. This expert commission reported in November 2016.⁹
- A special Oireachtas committee (the Joint Oireachtas Committee on the Future Funding of Domestic Water Services) then examined these recommendations, mainly in public session, and gave its recommendations in April 2017¹⁰.
- The Oireachtas voted in support of the recommendations made by the Committee, also in April 2017.

The report of the Joint Oireachtas Committee covered a range of areas, including; funding and cost recovery; public engagement; the role of regulators and compliance with EU law; conservation measures; equity and fairness; metering; and future review of the proposed strategy.

The provisions of the Joint Oireachtas Committee report have now been largely legislated for, as required, in the Water Services Act 2017¹¹.

6 River Basin Management Plan for Ireland 2018-2021 (p.108), April 2018.

7 This is a total demand figure used for losses estimation. It is based on metering data, but also includes domestic demands on group water supplies and other private networks.

8 This is a total demand figure used for losses estimation. It is different to the figures which arise from metering/billing. It is based on data provided by local authorities and includes water demand from bulk meters. It also includes estimated demand and losses on networks operated by public group water schemes and private estates.

9 Report on the funding of domestic public water services in Ireland (November 2016) <http://www.oireachtas.ie/parliament/media/committees/futurefundingofdomesticwaterservices/Report-of-Expert-Commission-on-Domestic-Public-Water-Services.pdf>

10 Oireachtas Committee report on the future funding of domestic public water services in Ireland (April 2017) <http://www.oireachtas.ie/parliament/mediazone/pressreleases/2017/name-41671-en.html>

11 Water Services Act 2017, Number 29 of 2017, enacted on 17 November 2017 <http://www.irishstatutebook.ie/eli/2017/act/29/enacted/en/html>

The Government agreed on a new funding arrangement for Irish Water in September 2017, based on the report of the Working Group on the Future Funding Model for Irish Water. Under the new funding model, Irish Water is being funded in respect of domestic water services by the Exchequer for both capital and current purposes (€1.1 billion in 2018, of which €500 million is capital) with investment in relation to the non-domestic sector being funded through charges and borrowings. These arrangements are described in further detail in section 1.6.

The current delivery model for public water services, put in place in 2013, is based on Irish Water working with local authorities through Service Level Agreement (SLA) arrangements. This collaborative approach was enabled by the Water Services (No.2) Act 2013, which also sets out the statutory protections for the terms and conditions and pensions of workers, should these agreements come to an end.

Working with local authorities through these SLAs, Irish Water has made significant progress in establishing its capability, which has included investing over €2 billion in the public water system to date.

During the course of 2017, Ervia examined the options to meet its regulatory and business plan targets and concluded that the public water system would benefit from accelerated integration of frontline operations into the single authority. Thus, the Department was informed that the Ervia Board had decided in principle not to renew the SLAs post 2025 and to work with local authorities and unions to move to the integrated model within the life of the current business plan up to 2021. The Government noted this position.

Subsequently, the Minister met with the key stakeholders in the delivery of water and wastewater services, namely the County and City Management Association, the Irish Congress of Trade Unions and relevant trade unions, and Ervia and Irish Water. The Minister has since written to the parties, and asked them to engage with each other, and to enter into consideration of the proposals in an open, constructive and solution-focussed manner. He has asked the parties to examine the issues in developing an appropriate national delivery framework for the Irish Water Transformation Programme. This is on the understanding that the current SLAs will remain in place until an alternative is agreed.



This engagement process is currently getting underway. The programme of transformation is based on the need to evolve the service over time and to avail of opportunities for increased efficiency and effectiveness. The purpose is to ensure that we have modern and effective systems for the delivery of water and wastewater services in Ireland.

A summary description of the roles played by the range of statutory and public stakeholder bodies relevant to the water services sector is included at Appendix 2.

1.6 Future funding of Irish Water and the economic regulatory process

Under the new funding model for Irish Water, the Government is providing funding to Irish Water in respect of domestic water services from general taxation. Consequently all State funding to Irish Water in respect of domestic water services, as determined through the regulatory process, is being channelled in future through the Vote of the Department of Housing, Planning and Local Government (DHPLG).

Funding is being provided in the form of a payment for domestic water services, based on the purchase of water covering the entirety of domestic water consumption, other than excessive use, and a contribution to replace the financing of the domestic component of capital investment previously funded by debt and a capital contribution from Central Funds. Irish Water also receives funding from charges to non-domestic customers and will raise debt, within limits set from a Government debt management perspective, only for non-domestic sector capital expenditure.

In line with this new funding model, the CRU will continue to oversee Irish Water to ensure it delivers its service in an economic and efficient manner and in the interests of customers. As part of this process, the CRU is responsible for setting the revenue which Irish Water can recover in order to cover its efficiently incurred costs, i.e. the allowed revenue. The CRU does this by reviewing detailed submissions from Irish Water on its operating costs and capital costs as part of a detailed revenue control. During the revenue control, the CRU undertakes a detailed analysis of costs and expected outputs. The CRU also audits a sample of Irish Water's capital projects and programmes and benchmarks Irish Water's costs and performance against best practice water utilities elsewhere.

The CRU regulatory process involves setting efficiency challenges for Irish Water to deliver its services in a cost efficient manner while, at the same time, improving standards of service for its customers. In setting the allowed revenue, the CRU distinguishes between revenue to be recovered from the non-domestic and domestic sectors. The element relating to the domestic sector will fall to be funded by the DHPLG, save for any revenue arising from the excessive usage charges introduced under the Water Services Act 2017 which will come into operation in 2019.

Funding of Irish Water in respect of domestic water services is then determined as part of the normal budgetary and estimates process taking account of the allowed revenue set by the CRU. Exchequer funding received by Irish Water is treated as revenue in respect of domestic water services (in the same manner as if the customers has been directly billed by Irish Water). As the allowed revenue is the cash equivalent of the amount required to finance both operations and capital investment, there is a component of the revenue which is treated as current spending (operational) and capital spending (depreciation and return on capital).

The principles governing this Exchequer funding (provided through the DHPLG Vote) are outlined in a Memorandum of Funding Agreement signed between the Department and Irish Water providing for the requirement to:

- Ensure compliance with the Water Framework Directive (WFD) - see section 3.2 for further information;
- Support the economic regulatory process;
- Improve the transparency and accountability of funding arrangements and ensure compliance with appropriate public financial procedures;
- Avoid cross-subsidisation between domestic and non-domestic sectors (a requirement of the WFD);
- Drive operational and capital efficiencies in line with the regulatory regime; and
- Provide the necessary clarity to facilitate the appropriate capital investment by Irish Water.

Given that the domestic element of allowed revenue is now funded by the Exchequer, an important reliance is placed on monitoring by the independent economic regulator, in providing assurance on the efficient use of voted monies. Irish Water is committed to co-operating fully with the monitoring requirements of the CRU.

The CRU's third Revenue Control period (RC3) is expected to cover the standard five year regulatory period for utilities, to run for the period 2020-2024¹². In addition, Irish Water is required to submit a Strategic Funding Plan to the Minister (within 3 months of the publication of the Water Services Policy Statement) specifying the arrangements that Irish Water proposes to make and measures that it proposes to take to implement the objectives of its 25-year Water Services Strategic Plan, published in 2015.

Irish Water's Strategic Funding Plan will set out the costs of providing domestic and non-domestic water services and the recovery of those costs. It will distinguish between operational and capital expenditure, and provide projections of income over the multi-annual period 2020-2024 inclusive. Following approval of the Strategic Funding Plan by the Minister, Irish Water prepares a Water Charges Plan which outlines costs and sets the charges and tariffs to apply to services it provides. This is submitted to the CRU for consideration and approval. The period of the next Water Charges Plan is to start from January 2020, in line with the third Revenue control period 2020-2024.

Taken together, the Water Services Policy Statement, the Strategic Funding Plan and the Water Charges Plan will ensure a coordinated and cohesive approach to the management and funding of water services. This will provide funding certainty and long-term stability for Irish Water so that it can plan and deliver the requisite level of operational and infrastructure projects. It will also allow the expected costs and State funding to be factored into the Government's budgetary forecasts, including multi-annual capital plans.

1.7 Review of rural water services

This Policy Statement reflects the significant role of rural and privately provided water services in meeting the needs of Irish citizens. There is a separate and complementary process underway which focuses on this particular sector.

In April 2018 the Minister established a Working Group to conduct a review of the wider investment needs relating to rural water services. The review will focus on the actions required to improve and sustain rural water services and will consider issues such as governance, supervision and monitoring of the sector, in addition to capital investment

priorities and requirements across all elements of rural water services, including domestic wastewater treatment systems.

The establishment of the Working Group is being undertaken in response to the recommendations of the Joint Committee on the Future Funding of Domestic Water Services.

In its April 2017 report the Committee recommended that, *"the principles of equity of treatment and equivalent financial support should be applied equally between households on public water supplies and those availing of private water services"*, and that the Department (DHPLG) should conduct a review in consultation with relevant stakeholders, *"to quantify what additional investment will be required to equalise treatment between those availing of domestic water services and those availing of private services."*

As a first step, following discussions with the National Federation of Group Water Schemes, the subsidy regime was revised in light of the changes in Irish Water's domestic water charging arrangements.

The review will now consider how best to position and resource water services in rural areas so that they can contribute further to the development and long-term sustainability of a comprehensive and cohesive Rural Water Sector that will have the capacity to produce quality outcomes comparable to those available to customers of public water services. The quality of private water supplies lags behind that on the public system and while progress is being made, it is recognised that additional actions are needed to address this disparity.

The terms of reference of the review provide that there will be a two-strand approach to the considerations of the Working Group. Strand 1 will consider the composition and distribution of funding for the Multi-Annual Rural Water Programme from 2019 up to 2021, while Strand 2 will consider the more complex longer-focus issues surrounding the long-term future resourcing of the Rural Water Sector. It is intended that by the end of July the Working Group will produce a summary report on Strand 1 of its deliberations which will outline the rationale for funding priorities for the next cycle of the Multi-Annual Rural Water Programme up to 2021.

At that time the Working Group will also set out time frames for its consideration of, and reporting, on the more complex longer-focus Strand 2 matters. Some more immediately required changes to the

¹² The CRU decided to extend the current 2017-2018 revenue control by one year to include 2019. This means that the next revenue control period will start from January 2020. It is envisaged that this will cover a five-year period and will comply with the process set out in the Water Services Act 2017.

Multi-Annual Rural Water Programme are already in train for which the Working Group will define the detailed implementation arrangements for 2018. These are:

- The expanded Domestic Wastewater Treatment Systems (septic tanks) scheme being introduced to support the attainment of water quality objectives in high status water areas and prioritised areas for action as identified in the River Basin Management Plan for Ireland 2018-2021;
- The increased grant support for Individual Domestic Water Supplies (private wells) to encourage the refurbishment of wells to improve the quality of drinking water in private supplies; and,
- Appropriate mechanisms for informing users, on an on-going basis, of potential health risks associated with the use of private wells, and also about available rehabilitation funding.

The organisations that are participating on the Working Group reflect the importance and wide ranging impact of the Rural Water Sector. In addition to the Department of Housing, Planning and Local Government, the Working Group comprises: the Department of Rural and Community Development, the Environmental Protection Agency, the Health Service Executive, the National Federation of Group Water Schemes and the County and City Management Association. It is expected that the Working Group will consult with other relevant stakeholders in respect of specific topics under consideration.

The outcomes and reports of the Working Group will inform future policy and investment decisions on rural water services. While the Water Services Policy Statement sets the overarching framework for the Working Group's deliberations, it will not constrain the Group from bringing forward its own sector-specific observations and recommendations, including in relation to investment needs.

1.8 Preparation of the Water Services Policy Statement

The preparation of the Policy Statement has afforded an opportunity to develop policy on water services in line with the common good, in partnership with a range of State bodies and based on wider stakeholder engagement.

Through public consultation and engagement, an objective in the preparation of the Statement was to ensure that the development and delivery of

water services is informed by the views of water sector stakeholders, industry representative groups, local authorities, local and national political representatives and individual citizens so that it is based on the broadest possible understanding of public needs and expectations currently and during the period to 2025.

Many of the issues relevant to the Water Services Policy Statement have already been the subject of consultation in the preparation of the River Basin Management Plan for Ireland 2018-2021, Project Ireland 2040: National Planning Framework, and plans submitted by Irish Water to the CRU. A further and separate consultation process was undertaken in preparing the Policy Statement.

An Information Paper for Public Consultation on preparing the Water Services Policy Statement was published on the Department's website on 4 April 2018 and was sent to statutory and non-statutory bodies within the water sector and to all Government Departments.

The Minister sent a copy to the Joint Oireachtas Committee on Housing, Planning and Local Government bringing their attention to the process and inviting input. The development of this consultation paper was itself informed by a stakeholder workshop held in September 2017 and a number of bilateral engagements and discussions with stakeholders. A presentation on the preparation of the Statement was given to An Fóram Uisce on 9 March 2018.

The consultation paper included a detailed overview of the legislative, policy and administrative arrangements relevant to the delivery of water services at the present time. Emerging high-level themes and principles were identified and views were sought on these. Three thematic areas of interest were identified as:

QUALITY

CONSERVATION

FUTURE PROOFING

Four emerging high-level Principles were set out, as follows:

- One single publicly owned water services authority;
- Fair and efficient delivery with a customer focus;
- Priority health and environmental quality outcomes across sector; and,
- Ways of working to support partnership and excellent stakeholder engagement.

Feedback on these themes and principles, together with views on the specific delivery priorities to be reflected in the Policy Statement, were invited by 25 April 2018.

The following seven questions were set out in the information paper in order to assist in the provision of feedback:

1. Do you agree with the three central themes identified for the policy statement?
2. Do you have views on any specific policy aspects or elements relevant to the individual themes?
3. Are there any areas which should be covered in the policy statement not covered by these thematic areas?
4. Do you agree with the four principles underpinning the proposed policy statement?
5. Do you have views on any specific policy aspects or elements relevant to the individual principles?
6. Are there any gaps not addressed by these principles?
7. What should be the three key delivery priorities in relation to water services to 2025?

Written responses were received from 15 different bodies and individuals. These are listed at Appendix 3. The observations and recommendations in these responses were fully considered and greatly assisted with the finalisation of the Policy Statement.

1.9 Period of application of the Policy Statement and review arrangements

The period of application of the Water Services Policy Statement is from 2018 to 2025, with a review to be undertaken after four years, in 2022. This timeline is subject to any other future decisions by Government and the Oireachtas. The duration of the policy reflects the role of the Statement in guiding strategic decisions on water services investment planning. The provision for a review in 2022 is consistent with the recommendation of the Joint Oireachtas Committee on the Future Funding of Domestic Water Services in this regard. The timing of this review further reflects the timeline for the next cycle of River Basin Management Plans, due in 2022. This will allow for the consideration of issues arising from the newly established An Fóram Uisce and the Water Advisory Body which have particular oversight, consultative and advisory roles (see Part 4, *Oversight and Accountability*).



2

High-level principles to inform water services policy activities

To inform the development of water services over the period to 2025, four high level policy principles have been identified. These represent key considerations that will contribute to meeting the needs and expectations of citizens and users of water services, in compliance with legal obligations, and in a fair, cost-effective and sustainable way.

The four principles that have been identified reflect the importance of structuring water and wastewater services in a manner appropriate to Ireland's needs; the centrality of customers when making policy decisions; the prioritisation of public health considerations; the protection and enhancement of our environment and the inter-linked relationships and responsibilities necessary to ensure the provision of water services; and accountability in their delivery.

The four high-level principles that have been identified are:



2.1 One single publicly owned national water services authority

As a principle, and consistent with recommendations made by the Joint Oireachtas Committee on the Future Funding of Domestic Water Services, the public water system is to remain in public ownership. Public water services are to be delivered by an efficient single regulated public national water services authority, accountable to the Oireachtas. This responsibility is being performed by Irish Water.

Irish Water is a regulated commercial public State-owned body. This places demands in terms of accountability, governance and delivering value for money. The Water Services Act 2017 provided for enhanced oversight arrangements, which includes the establishment of a statutory Water Advisory Body which will advise on measures to improve the transparency and accountability of Irish Water for the purpose of increasing the confidence of members of the public in Irish Water, and report to an Oireachtas Committee on the performance by Irish Water in the implementation of its business plan. This legislation established An Fóram Uisce, which provides a platform for public engagement and debate on all matters relating to water as an environmental, social and economic resource. In noting the new and enhanced arrangements that are in place, there is recognition that there should be openness to considering other governance, accountability and structural changes which improve the delivery of public water services by Irish Water. This includes a potential role for the Comptroller and Auditor General in relation to Irish Water, which is currently being examined.

There is to be a focus on ensuring that Irish Water is appropriately structured to deliver on key policy objectives in terms of ensuring water supply, enhancing water quality and achieving business efficiencies, now and into the future. The detailed plan for the next stage of transformation of the authority is currently subject to a process of dialogue involving relevant stakeholders. This is on the understanding that the current Service Level Agreements between Irish Water and local authorities remain in place until an alternative is agreed.

Government is firmly committed to public water services remaining in public ownership and this is reflected in the Water Services Acts. There is widespread support for this view, as recognised in the Oireachtas approval of the report of the Joint Oireachtas Committee which supports the concept of a referendum on the issue of water services continuing in public ownership. The question of the holding of a referendum is currently (May 2018) before the Dáil Committee on Housing, Planning and Local Government. The Minister has indicated his willingness to facilitate the holding of a referendum if a robust wording can be agreed, and where this does not have unintended consequences for group and private water services.

2.2 Fair and efficient delivery with a customer focus

Economic regulation is to underpin efficient and fair delivery and support certainty and stability for customers and the water services authority. Central to ensuring that there is an appropriate and coherent framework for monitoring the performance of Irish Water will be NewERA, the Commission for Regulation of Utilities and the Environmental Protection Agency.

The continued regulation of Irish Water's operational budgets by the CRU, through a revenue control process, is a critical element underpinning this principle.

The values underpinning the operation of the regulatory framework applied by the CRU include regulating in a fair and transparent manner. Here, fairness means that the CRU regulates Irish Water in a way that is even-handed and balanced.

The principle of having a customer-focused approach, with fair and efficient delivery, applies to domestic and non-domestic commercial customers of public water services, and to those on group water schemes and with private arrangements. Users of water services should be a paramount consideration in policy and investment decisions, and in the on-going provision of services.

Efficiency, as a principle, reflects the position that the citizens of Ireland, through their taxes, are the main contributor in meeting the costs of water services. There is an expectation that value-for-money will be achieved from this investment of public money. Assets must be managed in an economic and efficient manner ensuring that the least cost arises for those paying for water services. There is an expectation that there will be provision of high quality, reliable water services, delivered through resilient systems that are operated economically and efficiently. This expectation applies in relation to individual households and to non-domestic users from the business, industry and agriculture sectors. Efficiency further supports the conservation of water, reflecting as it does the resources that contribute to the provision of water services.

Evidence-based decision-making supports objective, quality decisions. It also facilitates targeted, proportionate and effective decisions and actions. It leads to better investment decisions and more efficient use of available funding. This is reliant on appropriate use of best available data and information.

Funding to support the provision of rural water services should continue to be based on the delivery of quality, efficiency and excellent customer service, including through the use of quality assurance schemes and customer charters.

Fair and efficient delivery with a customer focus recognises that water services are important to Ireland's national interest. The provision of competitive and efficient world class water services is vital to support long term economic growth, to maintain and grow a broad enterprise base, to continue to attract high levels of foreign direct investment and to retain and create jobs. The regulatory role of the CRU is important in this respect in protecting the interests of current and future customers, by monitoring the performance of Irish Water in delivering services, and providing investment in water and wastewater infrastructure in a cost efficient manner.

Water services play an essential role in supporting equally, each of the three core pillars of sustainable development, which are identified as Social, Environmental and Economic.

2.3 Priority health and environmental quality outcomes across sector

Consistent with the principle that there should be priority public health and environment quality outcomes across the sector, environmental regulation will support the achievement of these outcomes in both the public and private spheres. The outcomes will be consistent with areas of action identified in the River Basin Management Plan for Ireland (RBMP) 2018-2021 and reports by the Environmental Protection Agency on drinking water and wastewater, and in respect of the regulation of wastewater.¹³

This principle acknowledges the need to maintain and improve the quality of drinking water, recognising that some supplies do not meet Drinking Water Quality Regulations, due to microbiological contamination or exceedances of other water quality parameters. Safe and reliable water supplies are essential to public health, and quality is not consistent across the country.

The principle that there should be priority health and environmental quality outcomes across the sector is to be reflected from source to the tap. This incorporates measures to support source protection right through to quality outcomes in the treatment and delivery of drinking water and the disposal of wastewater. It is recognised that source protection involves the active co-operation of multiple partners and stakeholders.

Implicit in this principle is that, at a minimum, wastewater discharges should comply with standards set by the EU Urban Wastewater Treatment Directive. Wastewater should be collected and treated to an acceptable standard before it is discharged back into the environment. Over the period of the preparation of the RBMP 2018-2021, extensive efforts have been made to improve the scientific evidence base, through the characterisation work undertaken by the EPA, and to identify measures which will have appropriate environmental benefits flowing from this evidence, including collaboration across a range of stakeholders to deliver meaningful water quality improvements in keeping with the targets identified in the RBMP 2018-2021. It is important that this work now flows through into updated Waste Water Discharge Authorisations, as necessary.

Over the period of this policy statement, wastewater discharges should meet the requirements of the Urban Wastewater Treatment Directive, support the water quality improvements identified in the RBMP 2018-2021 and show progressive improvement towards meeting the ultimate objectives of the Water

13 A separate important public health measure arises in respect of the fluoridation of water supplies, which is addressed in regulations made by the Minister for Health: <http://www.irishstatutebook.ie/eli/2007/si/42/made/en/print>

Framework Directive, through on-going river basin management planning. Residual waste arising from water and wastewater treatment processes should be managed in a sustainable manner that fully respects compliance with environmental requirements. This includes the management of wastewater sludge.

In terms of quality and regulation, private water supplies lag behind public water supplies in respect of outcomes. While progress is being made, further action is required in order to address this disparity. The prioritisation of public health and environmental considerations is informing the review of rural water services, which is currently ongoing. It is an aim of this process that private water services would produce quality outcomes comparable to those available to customers on the public water system.

The principle that there should be priority health and environmental quality outcomes recognises the need for adaptability to meet current and future standards, as well as being ready to meet any future challenges that emerge.

2.4 Ways of working to support partnership and excellent stakeholder engagement

Whilst respecting their statutory roles, the statutory bodies in the sector will seek to work in partnership to deliver key policy outcomes and ensure good stakeholder engagement. The successful implementation of the Water Services Policy Statement will involve working with relevant bodies and Irish Water in seeking to improve both stakeholder engagement and communications on water issues. Co-ordination with the implementation of Project Ireland 2040, as the Government's overarching planning and development strategy will be important in delivering on the Statement's objectives.

Innovation and new approaches will be needed in order to deliver the best possible outcomes in relation to water services policy.

The reforms provided for in the Water Services Acts in recent years have placed the public interest firmly at the heart of water services provision and have greatly strengthened the arrangements in place to enable real and meaningful public engagement and participation in the delivery of water services and the management of water supplies. Irish Water, local authorities, the CRU and the EPA, as public bodies who deliver or regulate water services, are subject to requirements under law to consult closely with stakeholders and the general public in fulfilling their statutory functions.

In tandem with this, bodies including the Water Advisory Body and An Fóram Uisce which were established on a statutory basis under the Water Services Act 2017, as well as the Local Authority Waters and Communities Office, are key contributors in improving transparency, accountability, stakeholder engagement and public communication in the effective delivery of water services.

In addition to these bodies, there is a range of representative groups and non-governmental organisations whose views and actions are essential in developing and implementing policy. It is critical that the user's voice continues to be at the heart of discussion and decision making on the delivery of water services. Public representatives at national and at local level are key stakeholders in relation to water services. This reflects their position as democratically elected community leaders, as well as being holders of political office.

There is an expectation that in the governance of water services, statutory and non-governmental organisations, as well as representatives, should be involved on an on-going and systematic basis.

Co-operation further arises in the planning of the delivery of water services. This involves agencies and public bodies working together to ensure effective co-ordination of new development with the provision of all necessary infrastructure. In this regard Irish Water as the national water services authority is an important stakeholder of local authorities who have a pivotal role in economic planning and development and in emergency management.

Openness and transparency are key to building trust and confidence in regulators, water services bodies and government and other public bodies. Adherence to the principle of openness and transparency by these parties in carrying out their roles and responsibilities in relation to the water and wastewater services sector during the term of the Policy Statement also increases accountability. The application of this principle is evidenced in clearly set out roles, responsibilities and governance frameworks, meaningful consultation, reasoned decisions and effective well-supported communication. Good communication is important for public confidence in our water supplies and includes the provision of notifications and recommendations for action where there are issues of poor water quality and risks to public health.

Effective collaboration around specific policy objectives will be key to achieving the best possible outcomes in delivering water and wastewater services to 2025.



3

Key themes and policy objectives to guide the development and delivery of water services

3.1 Key thematic areas of policy interest

This section sets out the policy objectives and priorities of Government which will inform the delivery of water services in Ireland over the period to 2025. The key thematic areas of Quality, Conservation and Future Proofing are identified.

Drawing upon the guiding principles already outlined, the themes are developed into a series of policy objectives, which include investment priorities. These are intended to give clear direction in strategic planning and decision making on water and wastewater services in Ireland over the period to 2025. The themes and policy objectives are to be reflected in the Irish Water Strategic Funding Plan and subsequent Water Charges Plan, and in the decision making process on annual allocations of Exchequer funding to Irish Water. The themes and policy objectives are to inform investment decisions and policy for rural water services.



While three separate themes are identified, each involves inter-related elements. There are policy objectives that are cross-cutting, relating to all three themes. For example, Integrated Catchment Management arises as a central consideration under all three themes, through its association with improved water quality, as a means to emphasise conservation and by assisting in planning for future water services requirements. Good asset management can contribute to improvements in quality, support the conservation of water and can form part of the measures needed to meet our future needs. Improvements in water quality under the first theme are complementary to objectives associated with conservation under the second, which in turn can contribute to longer-term planning in future proofing our water services, which is the focus of the third theme.

3.2 Context for the identification of key themes and policy objectives

In formulating priority objectives across these three thematic areas, regard was given to a number of key legislative and policy measures.

The Water Framework Directive (2000/60/EC) provides the overarching set of arrangements governing the management of water quality across Europe. It requires Member States to manage their water resources on an integrated basis to achieve at least 'good' ecological status and to avoid deterioration in the status of any waters. Related directives, often referred to as 'daughter' directives, deal with matters such as drinking water quality, urban wastewater treatment, groundwater and bathing water quality. In April 2018 the River Basin Management Plan for Ireland 2018-2021 was published. The Plan was prepared as part of Ireland's commitment to achieving good ecological status in its waters, as mandated in the Water Framework Directive. The key outcomes identified in the Plan are relevant to all three key themes in the Policy Statement and are described in more detail below.

In addition to the Water Framework Directive, relevant European and international legislation and policy in the context of policy on water services include the Urban Waste Water Treatment Directive, the Drinking Water Directive, the Birds and Habitats Directives, obligations under the Aarhus Convention, the EU 7th Environmental Action Programme, the EU Action Plan for the Circular Economy, and Transforming our World: the 2030 Agenda for Sustainable Action (United Nations), with its related Sustainable Development Goals.

National legislative provisions include the Water Services Acts 2007-2017, Water Supplies Act 1942, the Planning and Development Act 2000, European Union (Drinking Water) Regulations 2014, Wastewater Discharge (Authorisation) Regulations 2007 and the Climate Action and Low Carbon Development Act 2015.

Reports by the Environmental Protection Agency on drinking water and wastewater are key indicators of the condition of Ireland's water services. There is a statutory requirement to reflect these reports, and regulations on wastewater, in preparing the Policy Statement. The most recent State of the Environment Report (2016), published by the EPA, highlights key environmental challenges currently facing Ireland. These sources provide key inputs in defining policy objectives. Water quality arises as an issue in the ongoing challenge posed by Antimicrobial Resistance as a major public health concern, which is being addressed through Ireland's National Action Plan on Antimicrobial Resistance 2017-2020 (iNAP).

The National Planning Framework (NPF) and the National Development Plan (NDP), collectively known as Project Ireland 2040, were published in February 2018. Anticipating that one million extra people will be living in the State 25 years from now, the NPF commits to achieving more balanced growth between the regions and to improving the State's infrastructure.

The NDP commits to investment of some €8.5bn over the next 10 years (from 2018-2027) in public water infrastructure. €95 million has been identified for investment in the Rural Water Programme over the period 2018 to 2021. A further €41m has been allocated during the period to 2021 on legacy issues related to lead pipe remediation and developer provided infrastructure, mainly in housing schemes.

The Government's Rebuilding Ireland Action Plan for Housing and Homelessness published in July 2016 is designed to accelerate housing supply and gives rise to an associated need for investment in water infrastructure and the provision of water services.

Policy on the provision of water services arises as a factor in planning new schools and other educational infrastructure, and in the planning and delivery of health services for future needs. Water services impact on Ireland's national competitiveness in developing our business and industrial base and in attracting foreign direct investment. Water services policy has interlinked impacts that affect delivery in other key national policy areas including for the *Action Plan on Jobs*, the *Food Harvest 2020* strategy on agri-food, forestry and fisheries and *Realising our Rural Potential - the Action Plan for Rural Development*.

The themes and policy objectives in the Water Services Policy Statement should be seen as complementary to, and not separate from, the strategic objectives that were set out in Irish Water's Water Services Strategic Plan in 2015, which were:

- Meet Customer Expectations;
- Ensure a Safe and Reliable Water Supply;
- Provide Effective Management of Wastewater;
- Protect and Enhance the Environment;
- Support Social and Economic Growth; and,
- Invest in our Future.

There is an inter-relationship between the Policy Statement and the review of rural water services which is currently underway. In its report agreed in 2017 the Joint Oireachtas Committee on the Future Funding of Domestic Water Services recommended that there be equity of treatment and equivalent financial support between households on public water supplies and those availing of private water services. To this end, a Working Group established by the Minister is conducting a review in this area (see section 1.7).

Considerations arising across legislative, regulatory and policy provisions fall to be taken into account when setting out strategic policy on water services and in making related investment decisions.

These considerations have therefore informed the preparation of the Water Services Policy Statement. There is recognition also that legislation and the wider policy environment is dynamic. Mindful of this, the themes and policy objectives are framed in a way that allows for a level of adaptation to take account of change during the period of the Policy Statement to 2025. Likewise, whilst planning and budgetary decisions should be framed within the context of this Statement, there is an acceptance that some flexibility is required over the period to account for emerging and unanticipated service issues.

River Basin Management Plan for Ireland 2018-2021

The policy objectives of the Water Services Policy Statement, in respect to the River Basin Management Plan for Ireland 2018-2021 (the RBMP 2018-2021), are to support its key outcomes. These outcomes are cross cutting in nature and apply under the themes of Quality, Conservation and Future Proofing. These outcomes include, to:

- Ensure compliance with the wastewater treatment standards set out in the Urban Waste Water Treatment Directive (91/271/EEC) for qualifying urban areas;

- Prioritise investment in urban wastewater treatment plants to support the protection of high-status waters and to achieve water quality improvements in other water bodies targeted for action in the RBMP 2018-2021, including prioritising the investment that is needed to support the achievement of objectives for designated shellfish-growing and bathing waters;
- Prioritise improvements to urban wastewater collection systems where needed to deal with Urban Waste Water Treatment Directive compliance issues and to ensure that collection-system performance supports continued environmental compliance, addresses growth and economic development needs and prioritises upgrades to collection systems needed to support water quality improvements identified in the RBMP 2018-2021;
- Implement the necessary programmes and interventions to promote the efficient and sustainable use of water in order to achieve, as a first step, the leakage reduction targets identified in the RBMP 2018-2021 with the ultimate aim of reducing leakage to sustainable economic levels;
- Through the development and implementation of a *National Water Resource Plan*, provide for the long-term planning and management of abstraction pressures arising from the provision of water services, in order to support the long-term sustainable management of Ireland's water resources; to plan for future climate change challenges and to contribute to the development of the National Adaptation Framework under the Climate Action and Low Carbon Development Act 2015; and,
- Working with other stakeholders, implement the necessary programmes and interventions to promote drinking water source protection for public drinking water supplies, and provide for the undertaking of some 350 *Source Risk Assessments* by the end of 2021 as set out in the RBMP 2018-2021, with the remainder to be carried out in the next Irish Water capital investment cycle.

3.3 Theme 1 - Quality



3.3.1 Context

Having a safe drinking water supply is essential to the day-to-day activities of households, communities, social services and the economy. Households require drinking water supplies for drinking, cooking and hygiene. Social service providers require water supplies for the activities they provide for those who use their services. Approximately 400,000 jobs in Ireland are sustained by water-intensive industries. Having unsafe water supplies is a risk to public health, inconveniences daily life and inhibits economic activity.

As described at section 3.2, the River Basin Management Plan for Ireland 2018-2021, published in April 2018, sets out Ireland's commitment to achieving good ecological status in our waters as mandated in the Water Framework Directive. The plan will result in increased levels of wastewater treatment in urban areas; a stronger focus on the efficient use of nutrients and on water quality in the agricultural sector; improved protection of public drinking water sources; additional water quality measures; and increased public and stakeholder engagement with water issues.

The Environmental Protection Agency (EPA) monitors the quality of drinking water supplied to the public, publishing an annual report on the matter and maintains a register known as the Remedial Action List (RAL) of water supplies which it deems to have certain treatment deficiencies and to be at risk. The EPA's *Drinking Water Report for Public Supplies 2016*¹⁴ identifies the main issues affecting water quality as the high levels of disinfection by-products, persistent pesticide failures in some supplies and the large number of lead pipe connections in properties.

The report notes that the overall quality of drinking water in public supplies remains high. It recommends that Drinking Water Safety Plans be put in place to protect supplies and a plan to tackle pesticides in water.

The RAL for the first quarter of 2018 published at end-April 2018¹⁵ listed 72 public drinking water supplies which serve a population of 632,452 persons. Cryptosporidium and Trihalomethanes (THM) levels were the most common reasons for inclusion on the RAL in terms of both the number of supplies and the population affected.

The EPA reports separately on the quality of Group Water Schemes and small supplies not served by Irish Water. The EPA's *Focus on Private Water Supplies 2016*¹⁶ finds the quality of drinking water in group schemes and smaller supplies to be below that of larger public supplies. This report recommends that all water sources are protected against contamination and that action is taken by local authorities to ensure that all water supplies are tested (31% of this category of water supplies were untested in 2016) to ensure that where they occur, contamination issues are identified and addressed.

In 2016/2017 the Department worked with local authorities and the National Federation of Group Water Schemes to develop a Remedial Action List for Group Water Schemes (known as the RAL-GWS). This will help to focus capital funding under the Multi-Annual Rural Water Programme on remedying issues in regulated private GWSs that have a history of water quality deficiencies, inadequate treatment and/or other related risks.

The 2017 RAL-GWS included 106 schemes across 18 local authorities, representing 28% of the 378 private regulated GWSs that were operating nationally in 2017.

Funding for remedial actions on 75 of the 106 identified schemes was sought and approved across all 18 relevant local authorities under the 2017 multi-annual programme. Works programmes, by local authorities working in partnership with scheme owners, are currently being finalised or are currently underway. Local authorities are also required to report on progress in relation to the remedial actions taken on the remaining 31 schemes in this category.

14 http://www.epa.ie/pubs/reports/water/drinking/EPA_DW_Report%202016.pdf

15 <http://www.epa.ie/water/dw/ral/>

16 <http://www.epa.ie/pubs/reports/water/drinking/Focus%20on%20Private%20Supplies%202016.pdf>

The EPA also monitors quality standards in Irish Water's public sewer networks. Its report on *Urban Wastewater Treatment in 2016*¹⁷ finds that wastewater treatment at 50 of Ireland's 185 large urban areas did not meet European Union (EU) standards (Ireland is currently facing legal action in the European Court of Justice in this regard). It further reports that raw sewage is released into the environment from 44 urban areas and that improvements are needed at 148 urban areas in order to comply with EU treatment standards, eliminate discharges of raw sewage, prevent pollution of rivers, lakes and bathing waters and protect shellfish and pearl mussel habitats.

In order to upgrade deficient wastewater treatment systems, improve water quality and avoid financial penalties, remedial action will require significant capital investment, together with improvements in the operation and management of wastewater systems to optimise performance.

We rely on water for many essential services such as transport, drainage, food production, climate regulation (oxygen production, CO₂ absorption and thermal regulation), absorption of pollutants and other beneficial services such as tourism, health and wellbeing, supporting wildlife and cultural enjoyment. The water services sector largely relies on marine water and the marine environment for its assimilative capacity of pollutants from rivers and direct discharges to the sea from wastewater treatment plants. Maintaining and improving water quality involves recognising these interdependencies.

Integrated catchment management with coordinated actions by different stakeholders, including commercial, industrial and agricultural interests, across the water sector is imperative in order to reduce pollution pressures on water bodies and will require effective collaboration and partnership approaches. In many cases source control is a far more efficient methodology of pollution control and elimination of impact on water quality than treatment.

The Government has committed under Project Ireland 2040 to long-term strategic investment in water services. Coupled with voted expenditure, reviewed annually, to meet current spending requirements, appropriate funding is in place to achieve sustainable improvements in water quality during the lifetime of this Water Services Policy Statement.

3.3.2 Policy Objectives

Priorities for strategic investment planning

- A substantial proportion of investment by the State through Irish Water and the Rural Water Programme over the next ten years will be focussed on programmes to improve compliance with relevant public health and environmental standards. This will involve implementation of the measures contained within the River Basin Management Plan for Ireland 2018-2021 and the achievement of the outcomes identified. The next River Basin Management Plan due in 2022 will consolidate and build on these outcomes.
- A priority objective is to bring and maintain public water and wastewater services to acceptable international benchmarks, verified by independent monitoring and reporting. A vital measure for improving raw water quality is increased wastewater treatment, where the focus will be on ensuring full compliance with the Urban Waste Water Treatment Directive and wastewater licencing requirements.
- The achievement of improvements in outcomes in quality in respect of drinking water and in wastewater in relation to rural and private water services is a priority. This consideration will inform the Working Group on the investment needs of rural water services, and consequent investment decisions.
- Forward planning and risk management approaches are needed in order to minimise the impact of existing non-compliances and to safeguard against risk of future non-compliance with all relevant EU Directives.

Drinking water quality

To ensure that access to appropriately treated, safe and reliable potable drinking water supplies are available there is a need to:

- Take the corrective action necessary to address and, where possible, eliminate any risk to a supply listed on the Remedial Action List produced by the EPA and the Remedial Action List for Group Water Schemes;

¹⁷ <http://www.epa.ie/pubs/reports/water/wastewater/Urban%20waste%20water%20report%20for%202016%20Final%20Version.pdf>

- In addition to Irish Water's National Water Resource Plan, have Drinking Water Safety Plans in place for all water supply zones. These plans should seek to ensure water supplies are assessed against short, medium- and long-term risks, and to ensure supplies comply with water quality standards. This will ensure that there are up-to-date and reliable plans in place to deal with known, commonly occurring risks to public health, including, but not limited to, cryptosporidium, trihalomethanes, disinfectants, pesticides, aluminium and turbidity;
- Identify and work towards new innovative approaches to enhancing drinking water quality, in partnership between Government and stakeholders. This includes examining the implementation of the recommendation made by the Joint Oireachtas Committee on the Future Funding of Domestic Water Services that the establishment of a Drinking Water Inspectorate be considered by the Government, with a view to having one body that makes the critical determinations regarding public health and compliance with national and EU drinking water standards. While existing EPA drinking water regulatory responsibilities materially address this recommendation, further discussion and examination is merited; and,
- Take all reasonable action necessary to ensure that local water sources are protected from contamination.

Rural and private water services

In implementing reforms to rural and private water services there is a need to:

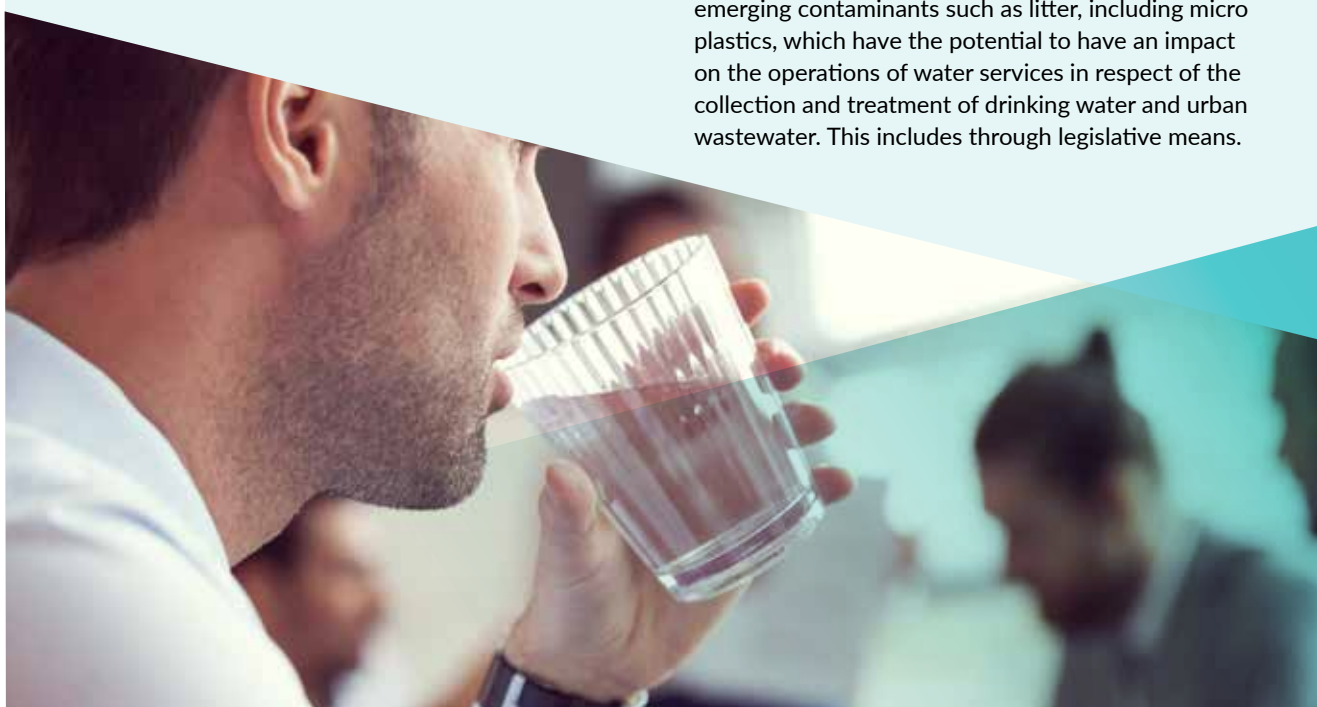
- Continue to support viable public and private group water schemes, and to make improvements to individual water supplies where no alternative supply is available;
- Support initiatives by the National Federation of Group Water Schemes to assist schemes in improving and assuring water quality;
- Advance the reform programme for rural water services to ensure registration of schemes, on-going annual investment, and enhanced monitoring and oversight arrangements; and,
- Resolve current and potential future legacy issues relating to Developer Provided Infrastructure, Group Water Schemes, small public supplies and small wastewater treatment systems.

National Lead Strategy

Ongoing implementation of the National Lead Strategy is necessary to mitigate the health effects of lead in drinking water and to ensure public health considerations are central to water services policy and decisions. This includes communicating to households and State property owners on the dangers arising from lead piping and exposure to lead in drinking water.

Marine waters

It will be necessary to monitor and ensure corrective action is taken to address the removal of new and emerging contaminants such as litter, including micro plastics, which have the potential to have an impact on the operations of water services in respect of the collection and treatment of drinking water and urban wastewater. This includes through legislative means.



3.4 Theme 2 – Conservation



3.4.1 Context

Responsible environmental, social and economic policy means that conservation must be firmly embedded at the heart of water services policy. The abstraction and treatment of water is costly and impacts on the natural environment. It is widely recognised that clean, useable water requires a considerable investment of resources, energy, capital and labour.

Many existing water supply and wastewater facilities are operating at peak capacity. Conserving supplies through reducing per capita demands, eliminating leakages and wastage as far as practicable, and effective management of supply and service capacity is, therefore, becoming increasingly important.

The estimated total volumes of treated water entering distribution into the public water system in 2017 were 608 million m³ (cubic meters) per annum. Losses were estimated at 273 million m³ per annum. This gives an indicative loss value of 45% of all water entering supply.

Reduction of leakage in the water supply is one of the most urgent tasks to be addressed. It is necessary in order to contribute to a more efficient public water system, and to optimise the impact of investment in rural and private water services.

In line with broader water conservation policy objectives, Irish Water developed proposals for a 'First Fix Free' leak repair scheme, which was approved in 2015. The scheme has resulted in repairs capable of delivering savings equivalent to a combined total of some 110 million litres of water a day¹⁸ (more than enough for the daily supply of the County and City of Galway). Under the scheme, Irish Water assists householders by notifying them when a suspected leakage is occurring within the boundary of their property and offering a free first fix.

Utilising meter read data to identify the most significant leaks has proven to be key in ensuring efficient operation of the scheme. This allows the more significant leaks to be prioritised.

In its report adopted by both Houses of the Oireachtas in 2017, the Joint Oireachtas Committee on the Future Funding of Domestic Water Services made a series of recommendations in relation to water conservation. These included the use of water metering of domestic dwellings as a conservation measure (as opposed to for revenue raising purposes). The Committee recommended that the water authority place a high priority on investment aimed at ensuring that district water metering, existing infrastructure and modern technology are used in the most effective way possible to support the reduction of leakages and to ensure compliance with the Water Framework Directive.

The Committee was of the opinion that the most important function of metering, whether district, domestic or other, is to promote conservation through leak reduction thereby alleviating pressure on existing facilities. The most effective combination of metering (including the existing stock of domestic meters) which can achieve that aim should be used. The Committee recommended that the Government consider how best to incentivise voluntary take-up of a free domestic water meter (supply and installation) for conservation purposes. The Committee further recommended that bulk metering be installed for multi-unit developments such as apartment blocks.

The Committee recommended that the legislature utilise the Building Regulations as a basis for legislation, in regard to the use of water meters in new dwellings and dwelling refurbishments that require full planning permission, so that the amount of household water consumption is clear to users and as a means of effective leak detection and conservation. The Committee's recommendation is reflected in the connection policy proposed by Irish Water.

In addition to investing in leak reduction, conservation can be improved through incentivising savings in water use and discouraging wastage by encouraging changes in behaviour. The promotion of education on water issues involves raising awareness of water's scarcity, the cost of drinking water and wastewater treatment, and the importance of conserving water through sustainable behaviour and reducing leakage.

18 Irish Water data, end Quarter 3, 2017.

Education involves information on both the importance of individual behaviour and the use of water-efficient technology. This includes the potential for rainwater harvesting and the use of 'grey water'.

These activities can be delivered by a range of organisations within the water sector and beyond. An Fóram Uisce now has a statutory mandate to advise the Minister for Housing, Planning and Local Government on water conservation and can be expected to make an increasingly important contribution in this regard in the coming years.

While Ireland is fortunate not to face particular pressure from over-abstraction of water (about 6% of abstractions are estimated to possibly have a particular pressure), the Water Framework Directive requires us to have a system in place for the registration and control of the abstraction of water.

3.4.2 Policy Objectives

Priorities for strategic investment planning

- The conservation of water resources is to be embedded as a principle of water policy in Ireland. This involves prioritising resource management, abstraction control, source protection, tackling leakage and encouraging behavioural change.
- The promotion of water conservation and water resource management is an important plank of water services policy and is to be reflected in strategic investment planning by Irish Water. For the period of the Policy Statement, this will involve the prioritisation of multifaceted programmes around leak detection and repair, network improvements, cost effective metering, public awareness campaigns and funding to fix customer side leaks.
- Water conservation is to be reflected in the considerations of the Working Group undertaking the review of rural water services, and through investment decisions on rural water services.

Resource management and source protection

- Completion of Irish Water's National Water Resource Plan is a key cross-cutting element in ensuring water source sustainability, providing a focus on where pressures exist on abstractions.
- Implementation of a system for the registration and regulation of water abstractions is to contribute to the conservation of water.

- Supporting the protection of sources for public drinking water supplies is identified as an important outcome from the River Basin Management Plan for Ireland 2018-2021.

Tackling leakage

- Leakage is to be addressed through a national leakage management system and by targeting resources at areas of highest leakage and lowest headroom across water networks, including through capital investment. Irish Water should continue to deliver the 'First Fix Free' repair scheme for domestic customers.
- Leakage management and reduction is to be reflected through investment decisions on rural water services.

Reducing water usage

- Reflecting the provisions contained within the Water Services Act 2017, and in line with the Report of the Joint Oireachtas Committee on the Future Funding of Domestic Water Services, which states that wilful wastage of water should be curbed, administrative arrangements for the implementation of charging for excessive water usage will be put in place by 2019. These will contain an exemption provision for those with medical needs and provide for a higher usage allowance for households with more than four occupants.
- The charging provisions are being put in place solely to encourage water conservation and not for the purpose of raising revenue. The Commission for Regulation of Utilities will set the level of the charges to be applied.
- Consistent with the purpose of the charges, it is intended that revenue received from the small minority of users that may come within the scope of the charging provisions, which is estimated at some 7% of those on the public supply, would be invested in water conservation measures.
- The Department of Housing, Planning and Local Government will work with Irish Water and the CRU on the implementation of recommendations made by the Joint Oireachtas Committee on the Future Funding of Domestic Water Services, in respect of water metering in support of water resource management conservation and leakage reduction programmes. The objective is that these recommendations would be reflected in investment plans and connection policies in a cost effective manner.

Encouraging behavioural change through awareness, education and information

- A proactive approach is to be taken in promoting awareness of the importance of domestic water conservation in Ireland.
- Having regard to its statutory role in relation to water conservation, An Fóram Uisce will consider the recommendations in respect of water conservation made by the Joint Oireachtas Committee on the Future Funding of Domestic Water Services, with a view to identifying what practical steps should be taken towards implementation.
- Further work includes examining and making recommendations on areas including education and awareness; retrofitting; stronger building standards and regulations for all new residential builds. Future incentives for water conservation measures in residential, commercial and other non-domestic dwellings will be considered as part of this process.
- This process is to take into account salient information from relevant sources, including domestic and international research reports, good practice examples from the domestic, industrial and education sectors, planning guidance, building regulations, product standards and codes of practice. The recommendations from An Fóram Uisce will contribute to the development of further strategic policy responses to improve water conservation.
- Irish Water should continue to communicate the importance of water conservation to its customers. This work can be supported through the provision of metering data to domestic and non-domestic users, as well as information on ways to conserve water, reduce usage and eliminate leakage.
- Good data on water usage provides an important reference point and benchmark in assessing and measuring the effectiveness of conservation measures and performance in meeting the objective of water conservation. The Central Statistics Office's Domestic Metered Public Water Consumption Survey provides an analysis of annual water consumption in metered households based on data supplied by Irish Water as a resource tool available to Government, policy makers, industry, researchers, journalists and others. The CRU prepares a growing body of reports containing detailed assessments and factual data relating to Irish Water and its activities. The availability and the sharing of data by those involved in the provision, assessment and regulation of water and wastewater services is considered essential to this end.
- Government Departments and agencies and State bodies will be encouraged to play a leadership role in sustainable water use.



3.5 Theme 3 - Future Proofing



3.5.1 Context

Ireland's future economic and social progress is critically dependent on upscaling our capacity to deliver reliable, sustainable high quality water and wastewater services. Public water supplies face long term pressures from increasing demand due to anticipated population and economic growth, the impacts of climate change and changing precipitation patterns. Conserving water supplies through effective demand management must be pursued hand in hand with the development of additional water resources at regional and national level. National economic competitiveness depends on the provision of water services in a timely and efficient manner to meet Ireland's needs.

As the strategic planning policy arm of Project Ireland 2040, the National Planning Framework (NPF) is the key strategic plan for shaping the future growth and development of Ireland out to the year 2040.

The NPF anticipates a population increase of 1 million people and the creation of 660,000 net new jobs in the economy by 2040. Underpinning this level of growth with the sufficient and appropriate provision of water services is a key challenge of the Government's water policy. Investing in our national water and wastewater infrastructure is of critical importance in delivering the projected new homes and jobs needed for this significant population increase.

In addition to facilitating optimal development in urban areas, water services are also essential to the strategic development and full participation of rural communities in achieving the strategic outcomes set out in Project Ireland 2040. Good quality water services are a prerequisite to every aspect of social and economic development for every part of the country.

Therefore the NPF notes that we must ensure the efficient and sustainable use and development of water resources and water services infrastructure in order to manage and conserve water resources in a manner that supports a healthy society, economic development requirements and a cleaner environment.

The ten-year National Development Plan (NDP) sets out the investment priorities that will underpin the successful implementation of the new NPF and will guide planning and investment decisions at national, regional and local level. 'Sustainable Management of Water and Other Resources'¹⁹ is one of ten strategic outcomes outlined in the plan.

The NDP observes that future investment in water infrastructure will also involve increased delivery of new connections, co-ordinated with the planning process to support economic growth and meet the needs of priority housing developments and significant development and urban renewal areas, while at the same time supporting implementation of national strategies in relation to public health, safety and environmental compliance risks.

In terms of Climate Change, the National Adaption Framework, developed under the Climate Action and Low Carbon Development Act 2015, requires the Minister for Housing, Planning and Local Government to prepare a specific sectoral adaptation plan for approval by Government by 30 September 2019, in relation to water quality and water services infrastructure under the thematic area of water-resource and flood-risk management.

The delivery of appropriate infrastructure to meet the required demand, where and when it is needed, supports the social and economic growth of the country. Reliable, high quality water supplies are increasingly important to attract foreign direct investment into Ireland. There is a need to ensure continuous service to all existing customers and users, whilst providing additional capacity to meet future population growth and industrial development.

Meeting future needs will involve engagement with organisations conducting research and development in water services, including Irish third level colleges and institutes, and the use of proven

¹⁹ Project Ireland 2040 National Development Plan 2018-2027, pp.83-85.

innovation to maximise benefits for our water services customers and the environment. This will be particularly important in dealing with emerging EU and domestic policy during the lifetime of this Statement.

The European Commission Communication *Closing the Loop – An EU Action Plan for the Circular Economy* (COM/2015/0614), includes a number of water-related actions including proposals for legislation to set minimum requirements for the reuse of water for irrigation and groundwater recharge; and guidance on the integration of water reuse in water planning and management.

Irish Water is currently developing its first National Water Resources Plan (NWRP), the objective of which is to set out how Irish Water plans to maintain the supply demand balance for drinking water over the short, medium and long term, whilst minimising the impact on the environment. This will provide necessary information regarding the supply demand balance and will inform investment decisions.

Future proofing involves supporting the housing and economic growth strategy of the National Planning Framework and the subsequent Regional Spatial and Economic Strategies in order to ensure plan-led development decisions are underpinned by coordinated investment plans and programmes for new and additional capacity for water and wastewater services.

3.5.2 Policy Objectives

Priorities for strategic investment planning

- Implementation of the National Planning Framework (NPF) requires that plans for public and private water services are aligned with the broad strategic aims of the Framework, which means:
 - Ensuring the growth of our five cities of Dublin, Cork, Galway, Waterford and Limerick, together with the regional centres identified in the NPF, is supported by the provision of water services investment;
 - Devising detailed network and capacity assessments to support the provision of water services infrastructure that facilitates housing and economic development in the priority towns and urban areas identified in the Regional Spatial and Economic Strategies that are currently being prepared, in order to ensure plan-led development decisions are underpinned by coordinated investment plans and

programmes for new and additional water and wastewater service capacity; and,

- Supporting the growth of identified settlements where these are prioritised in development plan core strategies at a county/city level.
- Climate change in Ireland is predicted to cause greater frequency of extreme weather events. It is important that water services are adapted to the impact of climate change and of such events, consistent with the *National Adaption Framework - Planning for a Climate Resilient Ireland*, published in January 2018.
- Improving the resilience of rural and private water supplies as part of the review of rural water services currently underway.

Supporting population and economic growth

- Ensuring that water and wastewater services can support anticipated population growth and sustainable economic growth in addition to current demands, gives rise to a need on the part of Irish Water to:
 - Develop its asset management capability to ensure that the performance of assets is maintained and enhanced to the requisite standard and to achieve optimum balance of service risk and whole life cost;
 - Deliver the strategic capital investment programme set out under the NDP over the period 2018-2027 to improve resilience in areas most vulnerable to shortfall in water supply, such as the Greater Dublin Area, and wastewater services, and identify further long term investments that will improve the security of supply and reduce the cost of service provision;
 - Improve the quality and efficiency of services to customers in line with the performance standards for continuous improvement agreed with the CRU; and,
 - Work in partnership with other stakeholders, such as local authorities and central government departments and agencies, responsible for economic and social planning and infrastructure provision, to identify opportunities for innovative and sustainable improvements in service delivery.

- Water services are essential to the strategic development and full participation of rural communities in achieving the strategic outcomes set out in Project Ireland 2040 (the National Planning Framework and the National Development Plan). This is to be reflected in the work of the group currently reviewing investment needs in rural water services.

Housing

- The objectives of the Government's strategic approach to housing identified in the Rebuilding Ireland Action Plan for Housing and Homelessness and the National Planning Framework will need to be provided for in terms of both treatment and network capacity. Related initiatives such as the Local Infrastructure Housing Activation Fund (LIHAF) and the Major Urban Housing Delivery (MUHD) sites will also be supported in investment plans and programmes.

Competitiveness

- To support Ireland's national competitiveness, water services should be delivered in an efficient, sustainable and cost-reflective manner. This includes quality, installation, timeframes, customer engagement and applicable charges where relevant. The prompt and smooth delivery of necessary infrastructure should be a priority.

Security of Supply

- Build greater resilience in our water services infrastructure, to ensure that there is headroom across the network to deal with outages and planned maintenance.
- Explore and pursue the scope for the interconnection of water supply networks and larger and more secure water sources serving regional schemes.
- On-going review of risks and risk assessment based on best available information is an important aspect of building resilience.

Climate Change

- To strengthen the resilience of water and wastewater services to climate change, a Water Sector Adaptation Plan should be prepared identifying the key climate vulnerabilities of the water sector in Ireland and appropriate adaptation options in line with the National Adaption Framework - Planning for a Climate Resilient Ireland, published in January 2018.

Energy Efficiency

- Water services providers must play their part in contributing to Ireland's national energy efficiency targets by reducing greenhouse gas emissions, energy usage and carbon impacts in line with targets set by Government for public bodies in general.





4 Oversight and Accountability

The oversight and accountability arrangements for the Policy Statement are informed by the OECD Principles on Water Governance²⁰. Good governance of water services is built on three mutually reinforcing and complementary dimensions, which the OECD identifies as:

Effectiveness, which is related to the contribution of governance to define clear sustainable water policy goals and targets at all levels of government, to implement those policy goals, and to meet expected targets.

Efficiency, which concerns the contribution of governance to maximising the benefits of sustainable water management and welfare at the least cost to society.

Trust and Engagement, which deals with the contribution of governance in building public confidence and ensuring inclusiveness of stakeholders through democratic legitimacy and fairness for society at large.

20 <http://www.oecd.org/governance/oecd-principles-on-water-governance.htm>

The themes set out in this Water Services Policy Statement, and the objectives which flow from them, will be pursued by Irish Water and, where appropriate, local authorities.

In the first instance they will inform Irish Water's Strategic Funding Plan, which now falls to be prepared within three months of the publication of this policy statement, i.e. by late August 2018. The objectives will also inform the finalisation of Irish Water's new Water Charges Plan which, subject to consideration and approval by the CRU, is anticipated to be published later this year, in advance of coming into effect on 1 January 2019.

Progress towards fulfilment of the objectives will be critical to the consideration and review of annual allocations of Exchequer funding to Irish Water and to the Rural Water Programme.

At an operational level, the annual reviews, based on critical Key Performance Indicators, undertaken by the EPA and the CRU as regulators, will ensure consistent feedback each year on the overall status of the water sector in terms of quality, efficiency and economic efficacy relative to its own performance in recent years and international benchmarks. These reports will enable the Department of Housing, Planning and Local Government to verify that the objectives of this Water Services Policy Statement, across the three thematic areas, are being fulfilled in a balanced manner.

The Water Services Act 2017 has strengthened the arrangements in place for stakeholder engagement in the overall oversight of the water sector. In particular, the Water Advisory Body, has been established on a statutory footing and empowered to advise the Minister on the measures needed to improve the transparency and accountability of Irish Water for the purpose of increasing the confidence of members of the public in Irish Water and to report to an Oireachtas Committee on a quarterly basis on the performance by Irish Water in the implementation of its business plan. The Act also established An Fóram Uisce to provide a platform for public engagement on all matters relating to water as an environmental, social and economic resource and with a particular role in the drafting and implementation of the River Basin Management Plan for Ireland 2018 – 2021.

The publication of the first Water Services Policy Statement therefore coincides with a significant enhancement of accountability arrangements, which are designed to ensure that objectives are monitored, reported on and progressed in line with stakeholder expectations.

Ervia and Irish Water are designated as State bodies in respect of which the New Economy and Recovery Authority (NewERA) provides financial and commercial advisory services to Ministers. NewERA's core role is to provide financial and commercial advice to Ministers in relation to their functions with respect to shareholdings in such companies. NewERA is to continue to perform this role in advising the Minister for Housing, Planning and Local Government in relation to Ervia and Irish Water.

Irish Water is obliged to comply with the Code of Practice for the Governance of State Bodies and it is statutorily obliged to comply with reporting requirements set out in the Water Services Acts and in the Companies Acts. A Shareholders' Expectation letter and accompanying Annex (Oversight Agreement) provides details of the Ministers' expectations for the Board of Ervia so as to provide the oversight envisaged under the Code and it provides clarity of accountability between the Minister/Department and Ervia and its subsidiaries including Irish Water.

A potential role for the Comptroller and Auditor General in relation to Irish Water is currently being examined, a commitment articulated by the Minister for Housing, Planning and Local Government during the passage of the Water Services Act 2017 through the Oireachtas.

Separate to the systems and structures of governance that are in place, the Minister is accountable to the Oireachtas in respect of water policy.

Appendices

Appendix 1

Extracts from the Water Services Act 2017

Water services policy statement

18. The No. 2 Act of 2013 is amended by the insertion of the following section after section 32 (amended by section 17):

“32A. (1) The Minister shall prepare a statement, in this Act referred to as a ‘water services policy statement’, which shall be prepared—

- (a) in respect of the first statement, not later than 6 months after the coming into operation of this section, and
 - (b) in respect of each subsequent statement, from time to time as determined by the Minister.
- (2) A water services policy statement shall contain information concerning the policy objectives and priorities of the Government regarding the provision of water services in the State for such period as may be specified in the statement.
- (3) In preparing the water services policy statement the Minister shall have regard to—
- (a) the European Communities (Water Policy) Regulations 2003 (S.I. No. 722 of 2003) and in particular any river basin management plans for the time being in force made under Regulation 13 of those Regulations,
 - (b) for the purpose of section 5(d) of the Act of 2007, the most recent report prepared by the Agency under section 58 of the Act of 1992,
 - (c) for the purpose of section 5(g) of the Act of 2007, any regulations made under section 59 of the Act of 1992,
 - (d) the most recent report prepared by the Agency under section 61 of the Act of 1992,
 - (e) the need to prevent or abate risks to human health or the environment in the provision of water services,
 - (f) any policy of the Government relating to spatial planning objectives,
 - (g) any policy of the Government relating to promotion of economic development, and
 - (h) the need for efficiency and cost-effectiveness in the provision of water services.
- (4) As soon as may be after the preparation of a water services policy statement the Minister shall cause a copy of the statement to be laid before each House of the Oireachtas.
- (5) The Minister shall publish, on a website maintained by the Minister, a water services policy statement as soon as may be after it has been laid under subsection (4).
- (6) In this section, ‘Act of 1992’ means the Environmental Protection Agency Act 1992 .”

Strategic funding plan

19. The No. 2 Act of 2013 is amended by the insertion of the following section after section 34:

“34A. (1) Irish Water shall prepare and submit to the Minister a plan, in this Act referred to as a ‘strategic funding plan’ which shall specify the arrangements that Irish Water proposes to make and measures that it proposes to take to implement the objectives of the water services strategic plan.

- (2) Irish Water shall submit a strategic funding plan to the Minister as soon as may be, and in any case, not more than 3 months after the Minister publishes a water services policy statement under section 32A(5) (inserted by section 18 of the Water Services Act 2017).
- (3) A strategic funding plan shall specify Irish Water’s opinion as to the following matters for the duration of the water charges plan:
 - (a) costs likely to be incurred in the provision of water services to dwellings and in the recovery of those costs;
 - (b) costs likely to be incurred in the provision of water services to premises other than dwellings and in the recovery of those costs;
 - (c) estimated income of Irish Water;
 - (d) estimated operating expenditure and capital expenditure of Irish Water.
- (4) The Minister shall, not later than one month after a strategic funding plan is submitted to him or her under this section—
 - (a) approve the plan (with or without modification), or
 - (b) refuse to approve the plan and require Irish Water to submit to him or her a revised strategic funding plan within such period as he or she directs.
- (5) The Minister shall, as soon as practicable after he or she has approved (with or without modification) a strategic funding plan—
 - (a) cause a copy of it to be laid before each House of the Oireachtas,
 - (b) furnish a copy of it to the Commission, and
 - (c) publish the plan on a website maintained by the Minister.
- (6) A reference in this section to the water charges plan means a reference to the water charges plan being prepared by Irish Water under section 22.”

Appendix 2

Summary Description of key Public and Statutory Bodies

The following provides summary information to describe some of the main public and statutory bodies that have governance responsibilities in the field of water services policy. More detailed information on each is available from their respective websites.

Irish Water

Irish Water is a commercial State body. It is fully publicly owned. It was established as the national water services authority to provide safe, clean, affordable and environmentally compliant water and wastewater services to households and businesses across the country. It took responsibility for the operation and maintenance of water and wastewater assets from local authorities on 1 January 2014.

Irish Water carries out these functions, as a public utility under EU procurement law, with the term “public utility” often used to reflect the manner of operations of other public water companies, for example, Northern Ireland Water, Scottish Water, or other Irish commercial State bodies such as Gas Networks Ireland and the ESB. For consistency, throughout this document, the legal form of Irish Water as the national water services authority is used.

Irish Water entered into 12-year Service Level Agreements (SLAs) with the 31 local authorities in accordance with the Water Services (No. 2) Act 2013.

Ervia

Ervia is the parent company of Irish Water. Ervia is a commercial State body, wholly owned by the State. It is responsible for the delivery of strategic national infrastructure in the areas of gas and water. The Ervia group is comprised of two regulated utilities, Irish Water and Gas Networks Ireland (GNI), which are supported by central support services.

The Minister for Housing, Planning and Local Government is the majority shareholding Minister for Ervia. The Minister, in the Shareholders’ Expectation letter for Ervia (and its subsidiaries), outlines his expectations and those of his colleagues for the Board of Ervia so as to provide the oversight envisaged under the *Code of Practice for the Governance of State Bodies*. This is an important document as it provides clarity of accountability between the Minister/Department and Ervia and its subsidiaries, Irish Water and GNI. For Ervia and its subsidiaries, the letter clarifies the strategic priorities, confirms the policy objectives, and outlines the financial targets and shareholder returns. The letter also outlines the governance and reporting arrangements and the principles to be reflected by Ervia in its governance structure/framework. Details of Ervia/GNI/Irish Water’s relationship with the Department, so as to comply with Section 8.4 of the Code (Oversight Agreements), is outlined in the Annex to the Shareholders’ Expectation letter. The Annex sets out arrangements for oversight, monitoring and reporting on conformity with the Shareholders’ Expectation letter and compliance with the Code.

Commission for Regulation of Utilities

Irish Water is regulated by the independent economic regulator, the Commission for Regulation of Utilities, which is charged with protecting the interests of water and wastewater customers by monitoring the performance of Irish Water in delivering its services sustainably and safely, while approving an appropriate funding requirement sufficient to enable Irish Water to deliver the required services to specified standards in a cost efficient manner.

Environmental Protection Agency

Irish Water is environmentally regulated by the Environmental Protection Agency. The EPA sets standards and enforces compliance with EU Directives and National Regulations for drinking water supply and wastewater discharge to water bodies. The EPA liaises with the Health Service Executive in matters of public health.

The EPA's environmental regulation involves systems of registration/authorisation of treatment plants operated by Irish Water, the monitoring of standards and enforcement of the authorisation conditions where necessary. The EPA maintains a register of public supplies and Irish Water must notify the EPA of drinking water non-compliances or risks to human health arising from these public water supplies. The EPA also carries out audits to ensure that the Drinking Water Regulations are complied with and where required the EPA can direct Irish Water to improve management or quality of a public water supply.

The EPA prepares an annual Public Supply Drinking Water Report and Private Supply Drinking Water Report, which provide an overview of the quality of drinking water in public and private supplies. The reports are based on the assessment of monitoring results reported to the EPA by Irish Water and the local authorities, and on EPA and local authority enforcement activities.

The EPA is responsible for the development of the National Inspection Plan for Domestic Waste Water Treatment Systems and co-ordination and reporting on the implementation of the plan by the local authorities.

Health Service Executive

The Health Service Executive (HSE), as the national provider of public health services, has a specific role under the European Union (Drinking Water) Regulations 2014, in relation to assessing risk, agreeing remedial actions and providing health advice in relation to drinking water.

The Drinking Water Regulations prescribe the quality standards, which are health-based and consumer focussed, applicable to drinking water supplies, as well as setting out supervisory and enforcement procedures, including requirements such as frequency of sampling and the provision of information to consumers. Under the regulations, the HSE must be consulted whenever drinking water quality poses a potential danger to human health. Irish Water or the local authority, as appropriate, must then prepare remedial actions in consultation with and subject to the agreement of the HSE.

The HSE National Drinking Water Group also develops guidance on drinking water quality and health for HSE staff and members of the public.

NewERA

NewERA provides financial and commercial advice to Ministers, including the Minister for Housing, Planning and Local Government, in relation to their functions with respect to shareholdings in State companies. It performs this function in respect of Ervia and its subsidiaries including Irish Water and Gas Networks Ireland. NewERA is managed by the National Treasury Management Agency.

Local Authorities

Local authorities are the supervisory authorities in relation to private water supplies and they administer the Rural Water Programme at county level. They are also responsible for performing inspections of domestic wastewater treatment systems under the EPA-led National Inspections Plan.

Under the European Union (Water Policy) Regulations 2014, local authorities are the competent authorities for the purposes of regional co-ordination, public consultation, and the implementation of river basin management plans and programmes of measures in their functional areas. This reflects provisions in the EU Water Framework Directive (2000/60/EC).

In relation to rural and private water services, local authorities' supervisory role includes the following actions:

- Monitoring private water supplies to check water quality;
- Investigating, and consulting with the HSE when water quality standards are breached;
- Enforcement action where private water suppliers are not taking measures to improve water quality in supplies that fail to meet the required standards; and
- Assisting private supply owners with advice and guidance on improving their water quality.

Acting as agents of Irish Water, local authorities perform key public water services functions through Service Level Agreements between Irish Water and local authorities.

Within their broader remit in relation to social and economic planning and development, local authorities play a pivotal role in relation to the alignment of infrastructure planning for the delivery of water services with current and future plans for housing, social infrastructure such as schools and hospitals, and industrial and commercial development.

Local Government Management Agency (LGMA)/Water Services Transition Office (WSTO)

The LGMA supports the delivery of the water sector reform programme on behalf of the local government sector primarily through the WSTO. Funded by the Department, the WSTO plays a key role in co-ordinating and leading the involvement of the 31 county and city councils on a range of matters, including financial analysis, HR matters, Service Level Agreements and transition planning, all of which are critical to the management and delivery of the transition from local water service authorities to Irish Water.

Local Authority Waters and Communities Office

The Local Authority Waters and Communities Office (LAWCO) was set up in February 2016 to promote better management of our streams, rivers, lakes, estuaries, coastal waters and groundwater for the benefit of present and future generations. LAWCO is managed jointly by Kilkenny and Tipperary County Councils and operates as a shared service on behalf of all 31 local authorities.

This national office is tasked with delivering two key objectives in connection with the implementation of the Water Framework Directive (WFD) in Ireland:

- (i) to coordinate the activities of all local authorities in areas connected with the WFD.
- (ii) to promote public participation in the WFD process by engaging the public and communities in the management of their own local water environment.

Water Advisory Body

The Water Services Act 2017 provided for the establishment of the Water Advisory Body. It is assigned functions under Section 44 of the Act to:

- Advise the Minister on the measures needed to improve the transparency and accountability of Irish Water for the purpose of increasing the confidence of members of the public in Irish Water, and
- Report to an Oireachtas Committee on a quarterly basis on the performance by Irish Water in the implementation of its business plan.

The Water Advisory Body is a five-member body appointed by the Minister, with one nominee each from the Commission for Regulation of Utilities, the Environmental Protection Agency and the An Fóram Uisce.

An Fóram Uisce (the National Water Forum)

The National Water Forum was established in 2017 with a view to providing a platform for public engagement in the drafting and implementation of the River Basin Management Plan for Ireland (2018 – 2021) and on matters relating to water as an environmental, social and economic resource, as an input into water policy.

The Forum is intended to provide a strong, independent voice on water policy issues and has discretion to determine its own work programme and means of communicating its views and analysis. It currently consists of 26 members representing organisations and sectors with an interest in water issues, including agriculture, forestry, environmental NGOs, the group water sector, angling, river trusts and water sports recreation. A range of organisations representing civic society are also involved.

The statutory functions of the Forum (as set out under Section 26 of the Water Services Act 2017) include -

- Advising the Minister for Housing, Planning and Local Government on water policy, including water conservation, rural water services, the interests of customers of Irish Water and other matters;
- Making recommendations to Irish Water in relation to the performance of its functions and, when requested to by Irish Water, any policy document prepared by Irish Water;
- Advising and providing observations to the CRU in relation to Irish Water's performance or any consultation document prepared by the Commission; and,
- Advising the Water Policy Advisory Committee in relation to river basin management plans, the Water Framework Directive's objectives or related matters concerning management of the inland aquatic environment and water resources.

Appendix 3

List of respondents to Public Consultation

- > An Fóram Uisce (the National Water Forum)
- > Association of Irish Local Government
- > Commission for Regulation of Utilities
- > County and City Management Association
- > Department of Business, Enterprise and Innovation / IDA Ireland / Enterprise Ireland (joint submission)
- > Department of Communications, Climate Action and Environment
- > Department of Education and Skills
- > Department of Public Expenditure and Reform
- > Environmental Protection Agency
- > Gabrielle McGee
- > Health Service Executive
- > Irish Congress of Trade Unions
- > Irish Water
- > National Federation of Group Water Schemes
- > Zero Waste Alliance Ireland

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