

# Water Services Training Group

21<sup>st</sup>. Annual Conference

## Post Transition Legacy Issues – Progress Update

Lyrath Estate Hotel, Kilkenny



# Post Transition Legacy Issues – Progress Update

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# Where We Are Now



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\* “Now this is not the **End**. It is not even the **Beginning** of the **End**. But it is, perhaps, the **End of the Beginning**.”

Winston Churchill, after the Battle of *El Alamein* in 1942

# 12 Year Service Level Agreement

Start  
of SLA

Transition

Today

Transformation

End of  
SLA

# Transition & Transformation



- Period of continuous change in Irish Water Industry
- \* “I’m not a fan of the new pound coin, but then again I hate all change”
- \* Change also involves leaving things behind, i.e. “Legacy Issues”



- \* 1972 Chinese Premier Zhou Enlai was asked about impact of French revolution of 1789  
*“Too early to say”*
- \* It’s probably *“Too early to say”* about the impact of the establishment of Irish Water
- \* Nevertheless, we are all charged with dealing with the outstanding issues that are emerging and leave a sound legacy

# Current Context

- \* Approaching Year 5 of SLA
- \* Transformation Plan incorporating WIOF
- \* Joint Oireachtas Committee Report on funding of Water Services, approved by Dail, Legislation putting Report's recommendations in place imminent.
- \* Opportunity for LA Sector, Irish Water, Dept. Of Housing Planning & Local Government to examine and address “Legacy Issues” and incorporate funding issues into legislation.

# Progress Update

- \* 20 Legacy Issues Identified.
- \* Financial, Operational, Policy and Strategic.
- \* Working groups for each Legacy Issue established.
- \* Engagement between Dept. Local Authorities and Irish Water over 6 months on Issues.
- \* Some legacy Issues current, some will become live at the end of SLA.
- \* Inform the Legislation process on the funding issues relating to each issue.



# CCMA

- \* The CCMA has been involved and updated through the Water Services Committee.
- \* Each Legacy issue assigned to a member of the Water Services Committee.
- \* Business Cases, where required, developed by Local Authority heads of Finance.
- \* CCMA approved positions on each of the 20 Legacy Issues at it's May meeting.

# The Legacy Issues

## Financial

- \* **1. Non HFA Loans that remain with Local Authorities**  
Seek a commitment to meet the costs for the duration of their lifecycle and to ring-fence this funding annually.
- \* **2. Lead Pipes in Local Authority Housing Stock**  
That the DHPLG extend the current Lead Mitigation Scheme to include local authority leased houses, addressing 80% of the costs of remediation. The balance to be funded by housing authorities
- \* **3. Obsolete Asset Transfer**  
That if Irish Water do not take ownership of all obsolete assets, especially network assets, an MoU is needed with the DHPLG agreeing that remediation will be funded.
- \* **4. Central Management Charge (Excluding Pensions)**  
That CMC be refunded directly to the sector by the DHPLG as a ring-fenced fund. Legacy CMC issues should be addressed by seeking compensation at 2013 levels.

## Operational

### \* 5. Taking in Charge of Estates

Local authorities to ensure implementation of MoU and Protocol through existing SLA.

### \* 6. Small Public Supplies (10a) & Group Water Schemes (10b)

The suggestion that responsibility for operating and maintaining these schemes be given to local authorities will result in the emergence of two public water authorities and this principle is not recommended by the CCMA.

### \* 7. Developer Provided Infrastructure (incl. Small Package Plants)

As above, not recommended by the CCMA

# The Legacy Issues (cont'd)

## \* **8. Laboratories**

That a jointly implementation plan dealing with SLA and non-SLA work is essential. That this joint approach delivers the best result for the public purse.

## \* **9. Inventory/ Stores (9a) & Machinery Yard (9b)**

(9a) That local authorities seek to recoup the full value of Water Services stock on hand in Council Stores and are fully compensated for loss of mark-up income on Water Services stock when Irish Water cease using Water Services stock from Council Stores.

(9b) An individual phased plan will need to be agreed, by both parties, with each local authority if/when Irish Water stop using Machinery Yards.

## \* **10. Diminished Capacity for Emergency Response**

Implementation of the MoU for the duration of the SLA.

## Policy

- \* **11. Backyard Services/Common Services**  
All parties agree that Irish Water will have responsibility.
- \* **12. Irish Water Wastewater Source Control & Licensing (WWSCCL) Project**  
That Irish Water would adopt a pragmatic approach to WWSCCL.
- \* **13 Road Openings**  
Principle that all utilities pay Road Opening Licences.
- \* **14. Water Assets not subject to Rates**  
Principle that all utilities pay Rates.
- \* **15. Water to Fire Authority**  
Recommend that MoU be developed from within local authorities to ensure that the entire use of water for fire services be exempt from water charges.

## Strategic

- \* **16. Costs of reabsorbing Staff (non-domestic billing)**

If Industrial relations agreement reached on the reabsorbtion of staff the cost of this would be addressed to protect the local authority.

- \* **17. Pensions**

Annual costs €40m to €80m per annum. Funding commitment sought from DHPLG to meet ongoing liability.

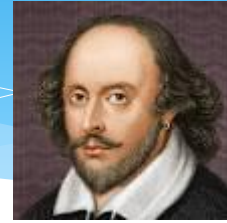
- \* **18. Forward Planning / Economic Development**

That the regulations be clarified/reviewed. That a fund be established under legislation to allow CER to require Irish Water to make provision for forward planning/economic development and that the application of the fund be governed by a forum with a forward planning/ economic development remit.

# The Legacy Issues (cont'd)

- \* **19. Legal Liability arising from Section 15.5 Water Services (No.2) Act 2013**  
Recommend that legislative change be brought to bear and/or that a MoU be agreed with the DHPLG with a view to DHPLG covering any costs arising from actions relating to the above.
- \* **20. Legacy issues arising should Irish Water and the Local Authorities no longer have a Common Insurer (IPB)**  
In the event that Irish Water change insurer there is a high probability of greater adversarial engagement between Irish Water and local authorities on insurance related issues.

# What's Next



- \* “No legacy is as rich as honesty”  
*William Shakespeare*
- \* We have relied on a culture of open and honest collaboration, enshrined in SLA, throughout Transition Phase.
- \* Also a factor in engagement on Legacy Issues.
- \* Reasonable Expectation that upcoming legislation will address concerns relating to Legacy Issues.