

Principal risks

The implementation of our strategic priorities is measured using a number of strategic performance indicators and managed using an opportunity/threat management model.

Strategic Priorities	Strategic performance indicators (SPIs)	Principal threat / Principal opportunity Read more page 87
Customer – delivering an exceptional customer experience. Read more page 30	<ul style="list-style-type: none"> Reduction in customers reporting service failures First point of contact resolution More customers singing our praises (Net Promoter Score) 	
Water – delivering great tasting, clean and safe water to meet customer need. Read more page 36	<ul style="list-style-type: none"> Water quality compliance Reduction in leakage Reduction in supply interruptions 	
Economy – efficiently delivering infrastructure to underpin sustainable growth. Read more page 46	<ul style="list-style-type: none"> Increase/(decrease) in customer tariffs Number of economic constraint areas removed Number of serious development restrictions removed Bathing water quality 	
Nature – protecting and enhancing the natural environment. Read more page 54	<ul style="list-style-type: none"> Reduction in our pollution incidents Wastewater compliance Reduction in number of properties at risk of out of sewer flooding Reduction in our carbon footprint 	
People – providing a great place to work. Read more page 76	<ul style="list-style-type: none"> Employee engagement Employee attendance Reduction in health and safety incidents 	



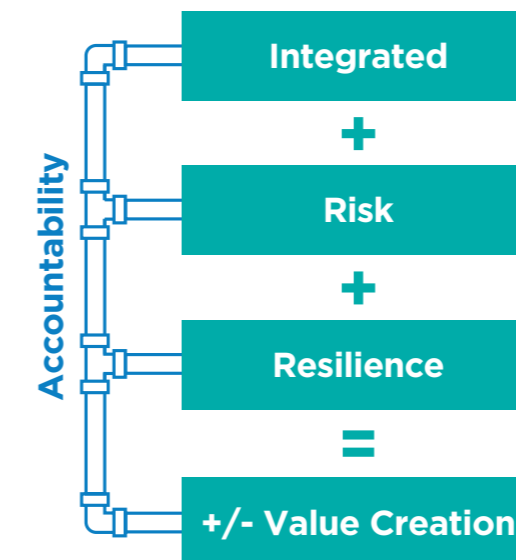
Principal risks

Risk and resilience

NI Water manages risks (both threats and opportunities) in line with our Integrated Risk and Resilience framework which demonstrates the interconnectivity between risk and resilience, and the need for accountability to protect value creation.

We recognise the need to build a culture of resilience where all employees are united in purpose and are clear on the need to be prepared for when that incident does occur rather than simply thinking that it might occur. This is demonstrated by putting plans in place in advance and then being adaptive when an incident does occur so that disruption is minimised, and NI Water can return to 'business as usual' in the most effective and efficient way possible. All the corporate risk maps have a section which records the existing controls and the actions to be put in place to continually improve on our resilience.

NI Water's integrated risk and resilience framework



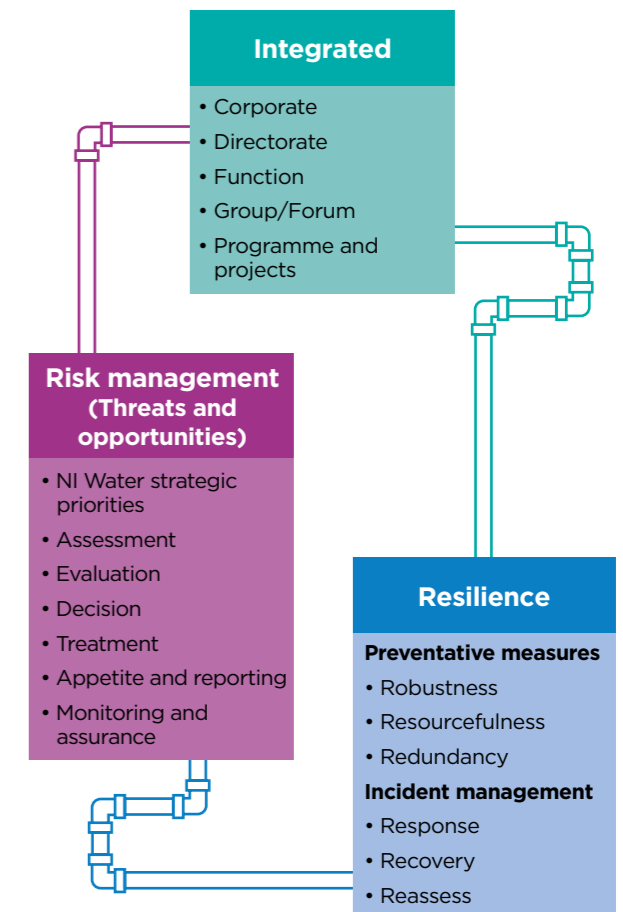
Integrated

Risks are managed on a cross-directorate basis with input from external strategic partners where required (e.g., supply chain, local councils, and service users). This encourages effectively risk management across the whole business.

Resilient

NI Water defines resilience as 'the strategic and organisational capacity of NI Water to resist, respond to, and recover from disruptive threats both foreseen and unforeseen and to reassess such as to learn from and improve on how we deliver our services'.

NI Water's integrated risk and resilience model



Principal threats

1. Funding

Strategic priorities: **Customer, Water, Economy, Nature, People**



Background to the threat

Funding has moved from a threat to an issue. Northern Ireland remains the only region of the UK where the regulated water company lacks funding and visibility of funding across the Price Control period as determined by the independent Utility Regulator and also lacks financial resilience.

NI Water increased customer bills in 2024/25 according to a formula agreed with the Northern Ireland Utility Regulator and as in 2023/24, public expenditure budget cuts are preventing NI Water from spending the income received from customers on delivery of the PC21 outputs and outcomes. Even with full funding and bill increases, historic underinvestment will take the next 18 years plus to remedy.

Managing the threat

NI Water continues to work with the DfI and the Utility Regulator to make the case for ringfenced funding over PC21 supported by a financial risk mechanism, including the approval of strategic capital projects to reduce the threat of adverse impacts on customers. In the meantime, NI Water ensures that the implications on the delivery of our services because of funding constraints are fully analysed, mitigated where possible, and communicated to our customers in a clear and responsive manner.

Emerging risks

Pressures in relation to energy and inflation are expected to continue into future budget periods.


NI Water faces a lack of visibility of funding and the potential of a significant cut to its funding for the remaining three years (2024/25 to 2026/27) of the six-year PC21 regulatory settlement. This uncertainty in relation to funding affects the supply chain's commitment and NI Water's ability to deliver capital efficiencies. Additional funding pressures have been identified as part of the ongoing PC21 Mid-Term Review process.

NI Water faces a significant mismatch between the PC21 output targets set for customers and the environment by the Utility Regulator and the Capital DEL funding indicated by the DfI. NI Water is therefore exposed to enforcement proceedings from the Utility Regulator which could result in the removal of the NI Water's Licence to operate, and the possibility of legal action by other stakeholders for failure to meet its statutory obligations. In such circumstances, material uncertainties exist which cast doubt on the ability of the organisation to continue as a going concern in the future.

Further details on the availability of public expenditure funding, the PC21 Mid-Term Review and going concern are contained at page 165 to the financial statements.

Owners

Director of Finance, Regulation and Commercial, and Director of Engineering and Sustainability.

 Find out more about funding world class economic infrastructure at page 48, going concern at page 165 and long-term viability at page 136.

Principal threats

2. Wastewater

Strategic priorities: **Customer, Water, Economy, Nature**



Background to the threat

NI Water endeavours to develop a more resilient wastewater network and to protect and enhance the natural environment. The removal, treatment and return of wastewater is a cornerstone for public health in any modern economy. This overall threat to the environment and economic growth arises from historical underfunding limiting NI Water's ability to invest in the aged wastewater asset base. This impacts social and domestic housing, businesses and the environment across Northern Ireland. Climate change contributes to this threat as NI Water adapts to storm intensity and longer drier periods which leads to issues of treatability of wastewater.

Managing the threat


A collaborative Wastewater (Regulatory) Reform Group has been established with NIEA to oversee delivery of the new compliance assessment reform agenda. This will look across a range of regulatory areas that need to be addressed over the coming years to modernise the approach to wastewater compliance.

Emerging risks

Whilst NI Water will strive to deliver the services required in the PC21 Final Determination within budgetary allocations, any material mismatch in funding below the Utility Regulator's PC21 Final Determination will likely result in deferral of essential wastewater upgrades, impacting our customers, the local economy and resulting in legal implications. NI Water is currently halfway through the PC21 period, which is a pivotal point to build capacity in the supply chain to deliver significantly larger capital investment programmes to begin to address long-term under investment and its manifestation as widespread development constraints, which adversely impacts on economic growth.

Owners

Director of Customer and Operations, and Director of Engineering and Sustainability.

 Find out more about wastewater compliance at page 57.

Principal threats

3. Supply chain

Strategic priorities: **Customer, Water, Economy**



Background to the threat

We rely on a complex supply chain for goods, services and construction works. Any disruption to this supply chain could impact on the delivery of our services. While energy prices have stabilised over 2023/24, NI Water is experiencing significant cost increases across many of the materials used to construct and operate our assets. We also face longer lead times and difficulty in sourcing some goods, services, and construction materials.

Managing the threat

NI Water has established a commercial team which brings together procurement teams and contract managers. We have established a Supply Chain Resilience Working Group to review supply chain risks and agree mitigating actions to ensure resilience in this area, such as reprofiling of regulatory deliverables. As part of our procurement strategy, we have established four integrated partnerships, which will ultimately expand our available supply chain.


Emerging risks

Rising geopolitical tensions, continued economic uncertainty and climate change will increasingly pressure logistics and procurement operations.

NI Water is currently halfway through the PC21 period, which is a pivotal point to build capacity in the supply chain to deliver significantly larger capital investment programme in wastewater.

Owners

Director of Finance, Regulation and Commercial, Director of Infrastructure Delivery, and Director of Customer and Operations.

 Find out more about the pressures caused by supply chain inflation in Note 1(c) to the financial statements.

Principal threats

4. Health and safety

Strategic priorities: **People**



Background to the threat

The nature of our business means that our employees, contractors, and customers can face a range of health and safety risks. These include risks associated with operating in confined spaces, road traffic, construction activities, operational sites, and water bodies.

Managing the threat

NI Water's vision for health and safety for employees, contractors and customers is the 'pursuit of zero harm by raising standards and performance through the identification and adoption of industry best practice and the development of an empowered, valued, engaged, accountable and competent workforce'. We are committed to ensuring that all work activities are conducted in compliance with the Health and Safety at Work (NI) Order.

NI Water has a dedicated Health and Safety team, which is key to ensuring that NI Water complies with relevant legislation and best practice. The Health and Safety Focus Group, made up of representatives from across NI Water, meets monthly to examine NI Water and contractor incidents, review health and safety training needs, and general promotion of health and safety, providing assurance to the Executive Committee, the Risk Committee and the Board on health and safety related matters.


NI Water's Health, Safety and Facilities Transformation Programme 2021-2025 sets out several priorities for health and safety. Work continued to be undertaken during 2023/24 to progress this plan, with progress being tracked by the Executive Committee, the Risk Committee and the Board. Completion of the transformation programme will help us to realise sustainable, measurable improvements and compliance in health and safety for the benefit of our people.

Emerging risks

Delivery of the Health, Safety and Facilities Transformation Programme is dependent on funding for PC21.

Owner

Director of People and Learning, and Director of Infrastructure Delivery.

 Find out more about health and safety at page 80.



Principal threats

5. Cyber risks

Strategic priorities: **Customer, Water, Economy, Nature, People**



Background to the threat

The robustness and accuracy of data, increasing regulation, changes in technology and the impact of cybercrime may have a significant disruption to levels of service. The General Data Protection Regulation (GDPR) brings increased regulatory requirements in respect of privacy and the processing, storage, and retention of personal information. The Network and Information Security (NIS) Regulations, mandatory for Operators of Essential Services, establishes a set of principles to improve the security and resilience of network and information systems across the UK.

Cybercrimes are increasing in both frequency and disruptive potential. These crimes can cause interruption to computer control systems and impact on data integrity. This could have a significant adverse impact on business performance over the recovery period.

Managing the threat

NI Water is continually making improvements in its information governance to manage the quality of information to support service delivery. There is a constant cycle of work to improve cyber resilience through updating of systems controls, compliance with system supplier updates, training, and awareness. In 2023/24, we continued our simulated phishing campaigns to test our awareness of phishing email attacks and to help educate users in how attackers attempt to gain access to their systems. We also introduced additional monitoring tools and back up facilities.

At the request of the Competent Authority (Department of Finance), we completed a self-assessment against the Network and Information Systems Cyber Assessment Framework (NIS CAF) principles. NI Water was provided with 'reasonable assurance' that we are protecting the delivery of our essential service using appropriate and proportionate technical and organisational controls.

Sources of advice and guidance in NI Water include our regular contact with National Cyber Security Centre water sector cyber consultants, the All-Island Information

Exchange hosted by the National Protective Security Authority. We also work in collaboration with UK water companies as a member of the networks water security group and of the strategic security board both under the umbrella of Water UK.

Emerging risks

The UK's National Cyber Security Centre has advised NI Water that the cyber threat level against Critical National Infrastructure from Russia has increased, with Russia expending more effort on sabotage. There has been a significant increase in disruptive and destructive attack attempts and this increase is expected to continue both in terms of volume and sophistication. We continue to monitor the situation.

Owners

Chief Information Officer, and General Counsel and Company Secretary.

Principal threats

6. Water quality and supply

Strategic priorities: **People**



Background to the threat

Predicting the future security of water resources inevitably includes uncertainty. Our main challenges arise from climate change impacts which may affect both customer demand and the availability of water resources, from policy requirements to seek to achieve carbon net zero and climate resilience, from any environmental regulation pressure on abstraction licenses, from customer expectations about levels of service, resilience to drought and environmental stewardship and the overarching need to provide such services cost effectively.

Managing the threat

NI Water has a Resource and Supply Resilience Plan, a 50-year plan for Water Supply across Northern Ireland. The Plan includes a focus on continued high levels of leakage detection, sustained investment in water mains and water efficiency initiatives.

We have developed a Potable Water Level of Service to inform PC21, which will be revised for PC27. It seeks to ensure the transmission network and service reservoir storage is sufficient for water movement and storage and to ensure a balanced, sustainable, resilient service to all customers in Northern Ireland.

NI Water has also developed an 'Interruption To Supply Strategy', which is based around five key areas: developing our performance and processes, improving our network, developing our smart network and maintaining supplies to customers. The strategy sets out what NI Water needs to focus upon to improve our supply interruption performance and achieve better service for our customers by reducing our lost minutes per property by 70% over PC21 and targeting zero interruptions by 2050.

We continue to use innovative pilot plants for water quality compliance and to pilot new technologies.

A cross-directorate working group in place to monitor algal blooms and plan for any potential risks associated with supply.

Emerging risks

There is an increased focus on sustainability including carbon net zero, biodiversity net gain and enhancing our natural capital.

Owner

Director of Customer and Operations, and Director of Engineering and Sustainability.



Find out more about providing world class water on tap at page 42.

Principal threats

7. People and wellbeing

Strategic priorities: **People**



Background to the threat

The current socio-economic pressures, such as skills shortfalls, labour shortages and competitive reward market have the potential to make it more difficult for NI Water to attract and retain the right talent for the organisation. NI Water also has an ageing workforce with limited diversity and low turnover.

Managing the threat

NI Water is committed to providing a great place to work. Attracting, developing, retaining, and partnering with the best talent is fundamental to the success of our business and therefore, we want to be recognised as a local employer of choice that champions diversity and puts people first.

Our People Strategy is focused on driving performance for our customers through building capability, ensuring we have the right people with the right skills performing their roles to the best of their ability. We rolled out our new succession planning framework in 2023/24.

We continue our double award-winning entry level academy to support succession planning through training of top entry level talent across a range of apprenticeships, higher level apprenticeships and graduate programmes in various disciplines.

We regularly invite our colleagues to participate in ongoing employee surveys so that we can listen to their concerns and suggestions on how we can make NI Water a great place to work.

Our award-winning Health and Wellbeing Strategy helps staff 'live well' through a range of initiatives to support mental, physical, financial, and social health such as our Live Well Roadshow, Winter Wellness Programme and Spring Forward programme.


Emerging risks

Public sector pay and costs of living pressures are being exacerbated by widespread labour shortages.

Affordability for NI Water of Public sector pay in future years and risk of strike action arising from costs of living pressures exacerbated by labour shortages across all skill levels.

Owner

Director of People and Learning.

 Find out more about providing a great place to work at page 78.



Principal threats

8. Business resilience

Strategic priorities: **Customer, Water, Economy, Nature, People**



Background to the threat

NI Water could suffer a major failure in its assets or be unable to respond effectively to a major incident caused by severe weather. This could cause a significant impact to our customers due to deterioration in the quality of drinking water, interruptions to supply and management of wastewater services, including an adverse impact to the environment. NI Water could also suffer failure from a major cyber-attack.

Managing the threat

NI Water continues to work with the DfI and the Utility Regulator on short, medium and long-term funding arrangements to ensure that assets are maintained and replaced appropriately. Significant work was undertaken as part of the PC21 submission to determine the capital maintenance required for assets and any impact on customers if this maintenance is not undertaken. This assessment indicated that additional capital (base) maintenance is required during PC21 to be able to maintain service levels.

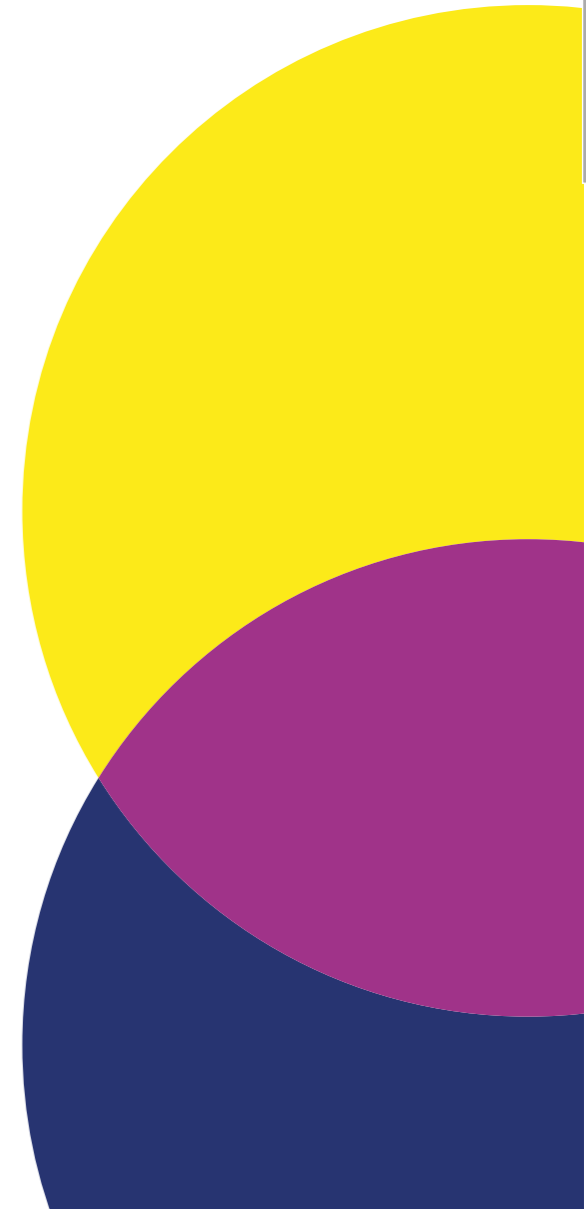
NI Water's business continuity management framework, major incident plan and IT Disaster Recovery plan are continually being updated to reflect best practice and key learning points from annual exercises and previous major incidents to reduce the impact of adverse events and to manage recovery to 'business as usual'.

Emerging risks

NI Water is gaining a better understanding of its asset base through ongoing modelling work to support the PC27 Business Plan. This work may identify the need for additional funding for business resilience.

Owners

Director of Infrastructure Delivery, Director of Customer and Operations, Director of Finance, Regulation and Commercial, and Director of Business Services.



Principal threats

9. Climate change

Strategic priorities: **Customer, Water, Economy, Nature, People**



Background to the threat

Transitioning to a zero carbon, climate resilient economy is a long-term aspiration, but we need to act with urgency and prioritise delivery now. We are in a climate emergency, a global energy cost crisis, and facing economic uncertainty. The need to act becomes more pressing with each day that passes.

Addressing climate change is critical to the water sector given the impact on the quality and quantity of water sources, the carbon intensity of our sector's supply chain, and the exposure of our assets to extreme weather events. We will mitigate emissions from our activities, reduce emissions where we can from our construction and the wider supply chain, and adapt our assets to extreme weather events.

Managing the threat

At NI Water, we're committed to delivering a net zero, climate resilient future for all our customers. We have challenged ourselves to go further and faster than the net zero 2050 targets set in law. NI Water is committing to achieve net zero for the energy we use by 2030 and net zero for all our emissions by 2040, as measured against our 2020/21 adjusted baseline. As an operator of critical national infrastructure, we must be ready for climate change. We are moving our business to a higher state of readiness by planning for two degrees of temperature rise by 2050 and preparing for four degrees by 2090. We are determined to harness the huge and largely unseen potential for NI Water to address climate change. Several of the approaches we are taking will benefit our society and economy more broadly as it seeks to decarbonise and exploit the benefits of green growth through a just transition.

Our Climate Change Strategy lays the foundations to help us reach our climate change commitments under future Price Controls. While our spending to 2027 has largely been set, we are finding ways to decarbonise our business now which will enable us to make deeper emissions reductions at the next Price Control - PC27 (2027-33). Implementation of the Climate


Change Strategy commenced in 2023/24, which will help us prepare our PC27 Business Plan.

Emerging risks

Public sector pay and costs of living pressures Climate change is a systemic problem for Northern Ireland and requires systemic solutions. And we need holistic solutions that also address the changes of the global energy crisis and growing pressures on public sector funding that we experience as a government owned company. We will continue to collaborate across government and with the Utility Regulator to find the most cost-effective way to invest in our services, which supports those who can least afford to pay, places fairness across generations at the heart of our approach while restoring our natural environment. If the Final Determination for PC27 does not meet our climate strategy ambitions, we will not be able to deliver on our Climate Change Strategy.

Owners

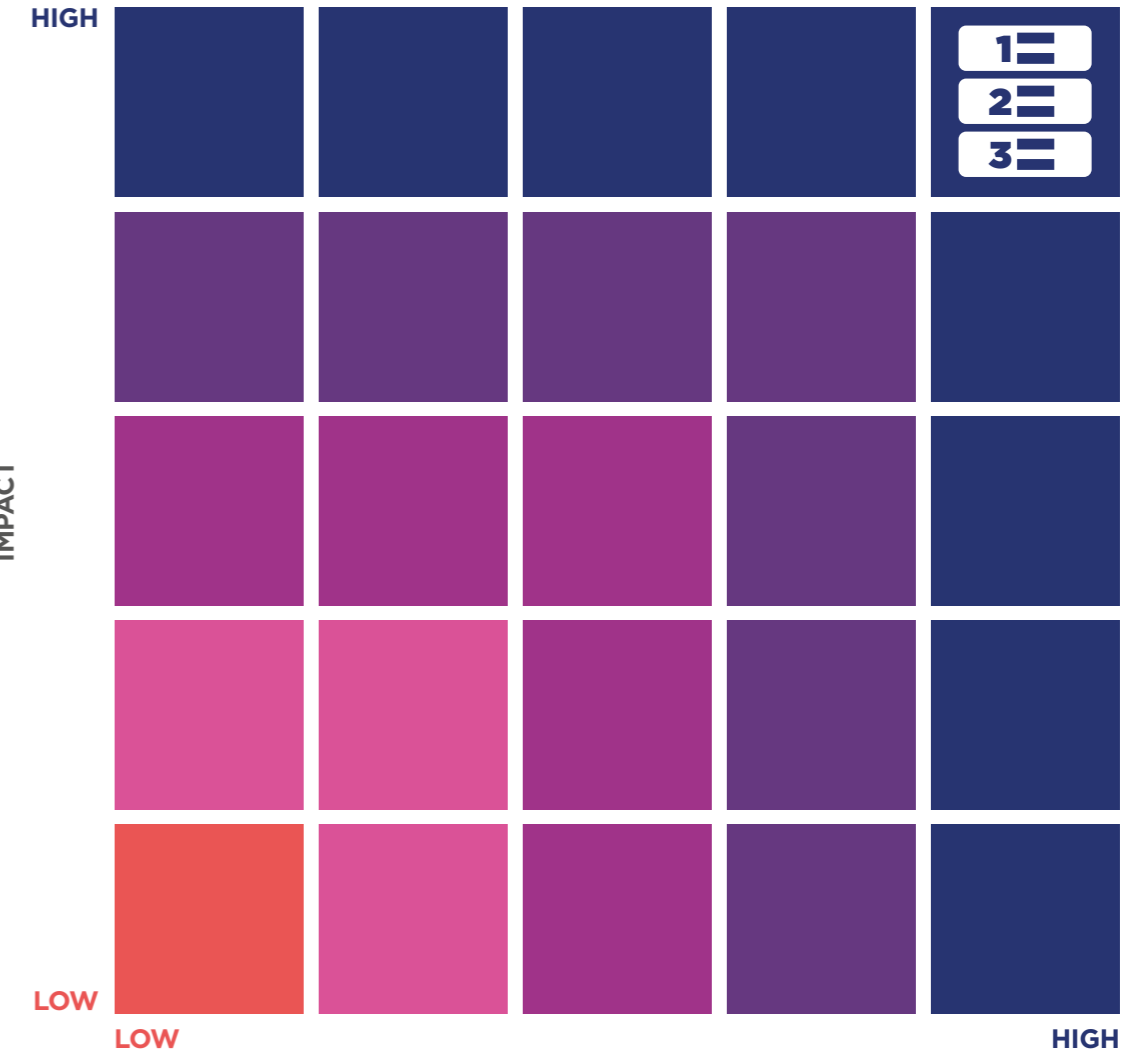
Director of Engineering and Sustainability, and Director of Business Services, and Director of Customer and Operations.




 Find out more about our Climate Change Strategy at page 64.



Director of Finance, Regulation and Commercial with members of the senior management team at the climate and sustainability update.

Principal opportunities



-  1 Living With Water Programme
-  2 Stakeholder engagement and education
-  3 Customer service and innovation

Principal opportunities

1. Living With Water Programme

Strategic priorities: **Customer, Economy, Nature**



Background to the opportunity

In July 2014 the Northern Ireland Executive agreed to develop a strategic drainage infrastructure plan for greater Belfast. The plan aims to protect against flooding, enhance the environment and support economic growth by improving capacity for new connections. The initiative is now known as the 'Living With Water Programme' and is led by the DfI. Other Programme Board members include NI Water, the Utility Regulator, DAERA, NIEA and Belfast City Council.

An Integrated Plan for Drainage and Wastewater Management in Greater Belfast was published in 2021/22 and included an estimated cost of £1.4bn over 12 years.

Realising the opportunity

NI Water's participation in the programme provides an opportunity to develop the catchment based multi-agency sustainable solutions and upgrade the sewerage networks and six wastewater treatment works that discharge into Inner Belfast Lough, improving water quality in Belfast Lough and creating capacity for economic growth. The upgrades need to be undertaken in a way that Government and NI Water can afford, and which minimises disruption during construction.

The approach is being extended to develop catchment based and integrated solutions in other towns and cities across Northern Ireland.

Emerging risks

Inflation has had a significant impact on construction projects across the public and private sectors with materials and labour costs climbing sharply over the last two years. The current estimate of programme costs has increased to £2.1bn. Funding of the programme is being reviewed by DfI.

Owner

Director of Infrastructure Delivery.



Find out more about the Living With Water Programme at page 59.



Principal opportunities

2. Stakeholder engagement and education

Strategic priorities: **Customer, Water, Economy, Nature, People**



Background to the opportunity

NI Water is seeking to create a legacy for our communities and to work in such a way which puts more back into society than we take out. This includes engaging with stakeholders and the community to educate and benefit local communities.

Realising the opportunity

NI Water is engaged in numerous and wide-ranging sustainable development projects to safeguard public health, underpin economic growth, and restore nature. Our work positions us as custodians of the natural environment.

Our fantastic Cares Challenge was active throughout 2023/24 and as part of this we supported various charities.

We are proud of our unique education programme, which includes the Waterbus mobile classroom initiative. We have educated over 200,000 'water-whizz' school kids about the value of water for health, the economy and nature.

Emerging risks

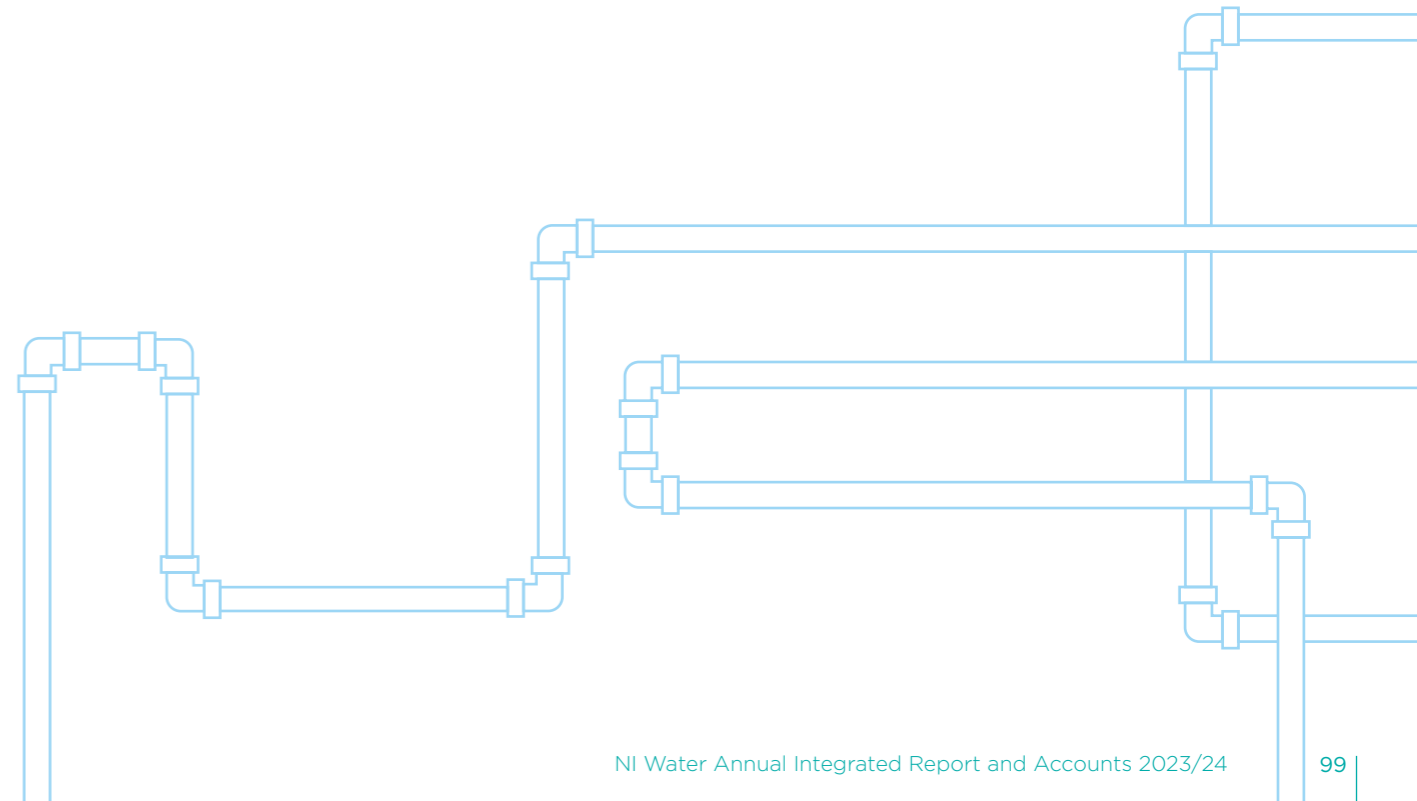
Balancing the rising public expectations for environmental stewardship with pressures on affordability.

Owners

Director of Engineering and Sustainability, and Director of Business Services.



Find out more about creating a legacy for our communities at page 82.



Principal opportunities

3. Customer service and innovation

Strategic priorities: **Customer**



Background to the opportunity

NI Water is seeking to deliver a world class customer experience. Changing customer expectations, the digital revolution and demographic and lifestyle changes are all leading NI Water to embrace new ways to meet customer needs, now and in the future.

Realising the opportunity

Future developments in artificial intelligence and machines will enable us to spend less time on low value-added tasks and instead focus on customer care and improving customer journeys. More customers are using self-service options such as web and mobile self-service, interactive voice response or chatbots as their preferred point of contact.

Through cooperation with other utilities, business partners, universities and in-house development, we continue to support and implement new technologies to improve customer experience and efficiency in service delivery. Our online self-service provides an enhanced customer experience with added functionality of simple to use and environmentally friendly processes. We continued to support our vulnerable customers through promotion of our Customer Care Register. The introduction of a pre-planning team has helped to improve our engagement with developers over 2023/24 and helped to partially mitigate the impact of infrastructure constraints.

Emerging risks

Customers want to be increasingly more in control of how they interact with us, driving the need to be at the right place, at the right time, on the right channel and serving customers to a standard provided by leading service providers.

Owner

Director of Customer and Operations.



Find out more about delivering a world class customer experience at page 34.



NI Water CEO and Director of Finance, Regulation and Commercial with Mourne Heritage Trust, photo competition winner and runner up, Chairperson Newry Mourne and Down Council Chairperson and RPS, celebrating 100 years of Silent Valley.

