

Brian Sheehan – Head of Asset Delivery

Delivering Capital Investment to meet Priority Objectives



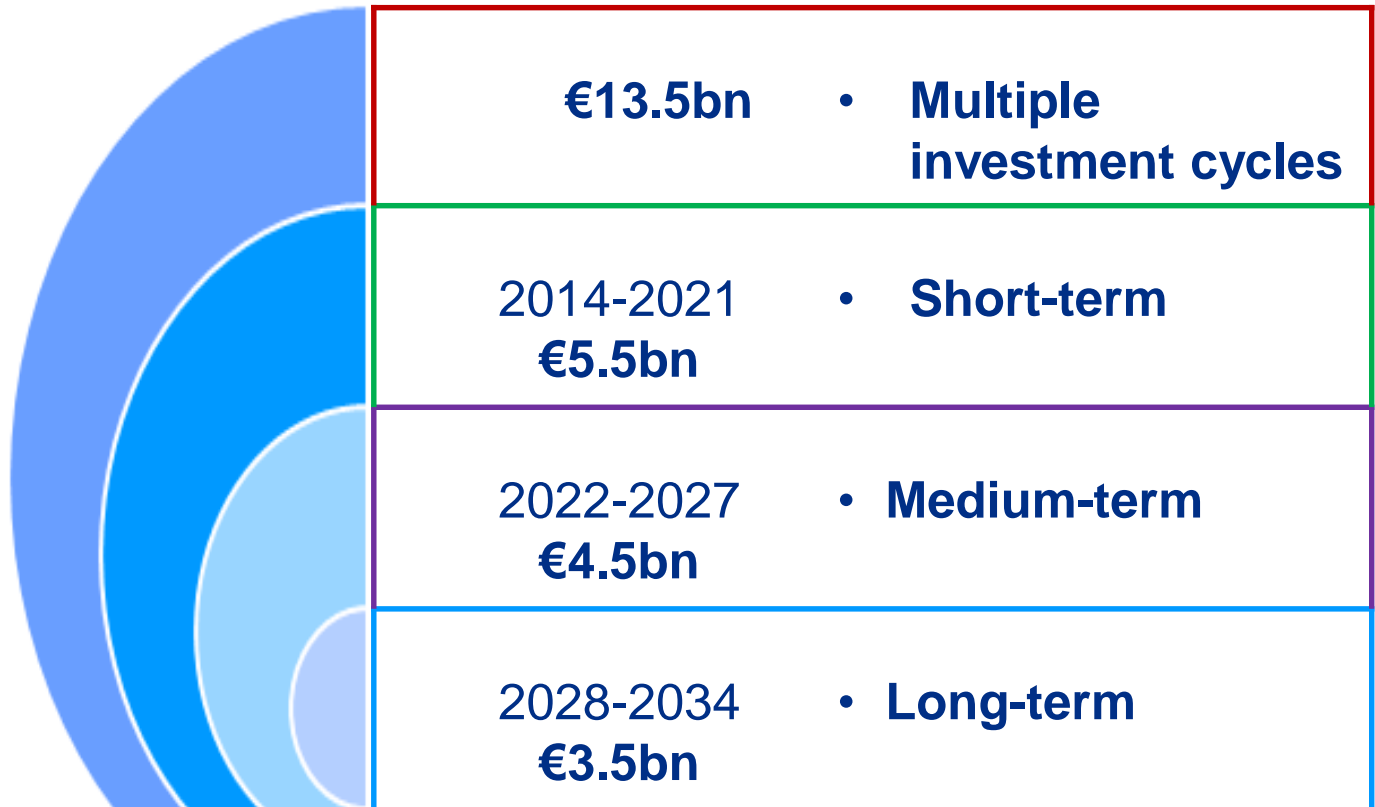
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An Roinn Tithíochta, Pleanála agus Rialtais Áitiúil
Department of Housing, Planning and Local Government

Irish Water's Investment Plan

Fixing Ireland's Water & Wastewater issues will require sustained high levels of investment, together with effective operation & maintenance of the assets



Asset Delivery Capability Areas

Portfolio and Governance

Portfolio Planning

Portfolio Risk

Governance and Controls

Portfolio Reporting

Portfolio Delivery (x3)

1. Infrastructure
2. Networks
3. Capital Programmes

End to End Programme Delivery

Project Management

Capital Office Interface

Managing Delivery Partners

Contracts

End to End Contract Management

Commercial Contract Management

Contract Strategy

Contract Policy

Engineering Services

Engineering Design

Wayleaves

Statutory Applications

Project Records

2014 -16 - Benefits delivered from €1.7bn investment

Water

- Boil Water restriction lifted from approx. 140,000 people
- Over 850kms of new or replaced mains
- 6 New water treatment plants delivered, 22 upgraded
- 247 Pressure Reduction upgrades reducing leakage
- 33 water sites addressed under our Critical Asset Programme
- Over 884,000 Domestic meters installed

Wastewater

- 37 Wastewater plants upgraded and 29 new plants built
- 158 Flow monitoring and sampling sites now meeting EPA WW Discharge licence requirements.
- 436 Plant Optimisation audits & 2,000 Improvement recommendations
- 25 Priority source control projects to resolve wastewater overloading (150 potential)

Infrastructure Projects Delivered (examples)



Clonakilty



Roscommon



Cork Lower Harbour



Whitegate

National Programmes delivering benefits, Examples 2014-2016 below



Disinfection
312 sites in progress
80 Complete



Energy
Saving €1m/yr
5.6 Gw energy

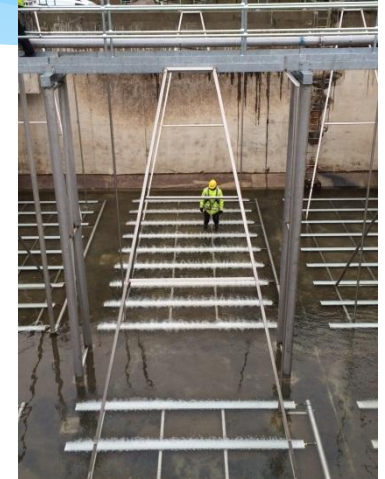
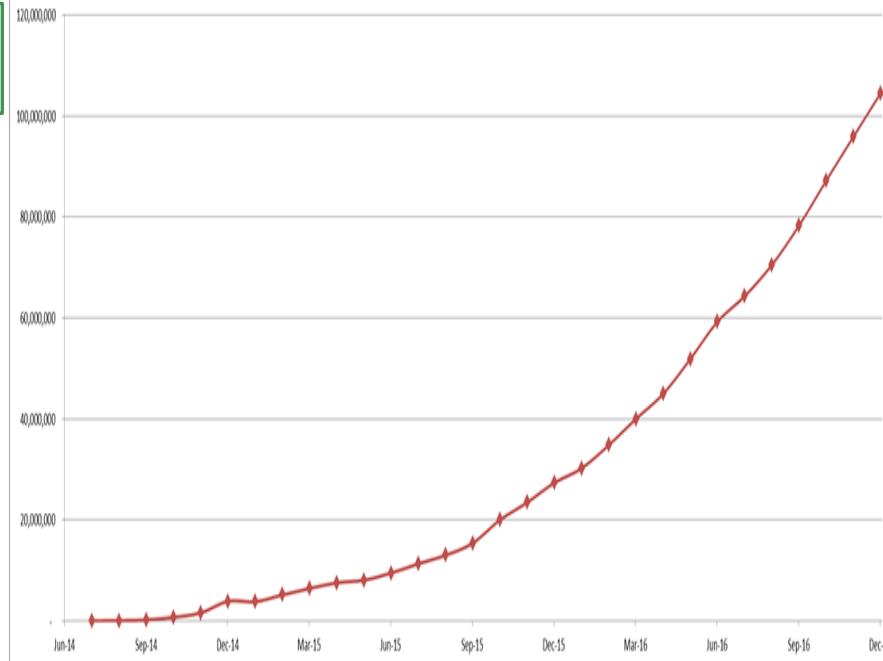
25,000 people off BWNs,
prevention of 8 BWNs



140kms +
mains
replaced

Pressure
valves
1,320
sites 9ML
target

Minor Programmes - Cumulative work done / month



HSQE Tracker being
addressed

WW Flow
monitoring
158 upgrades

89 WWTW upgrades

The challenges in delivering

Challenges

- Output of Capital Programme needs to increase from current output
- Move to a Portfolio and Programme Management approach
- Develop a contracting model and approach that delivers for all
- IW need to make to make the Capital Model more sustainable for Industry partners
- Industry needs to collaborate and develop together – build for the future
- Development of standardised approaches and practices
- Capital Efficiency targets to be delivered

Key areas of progress

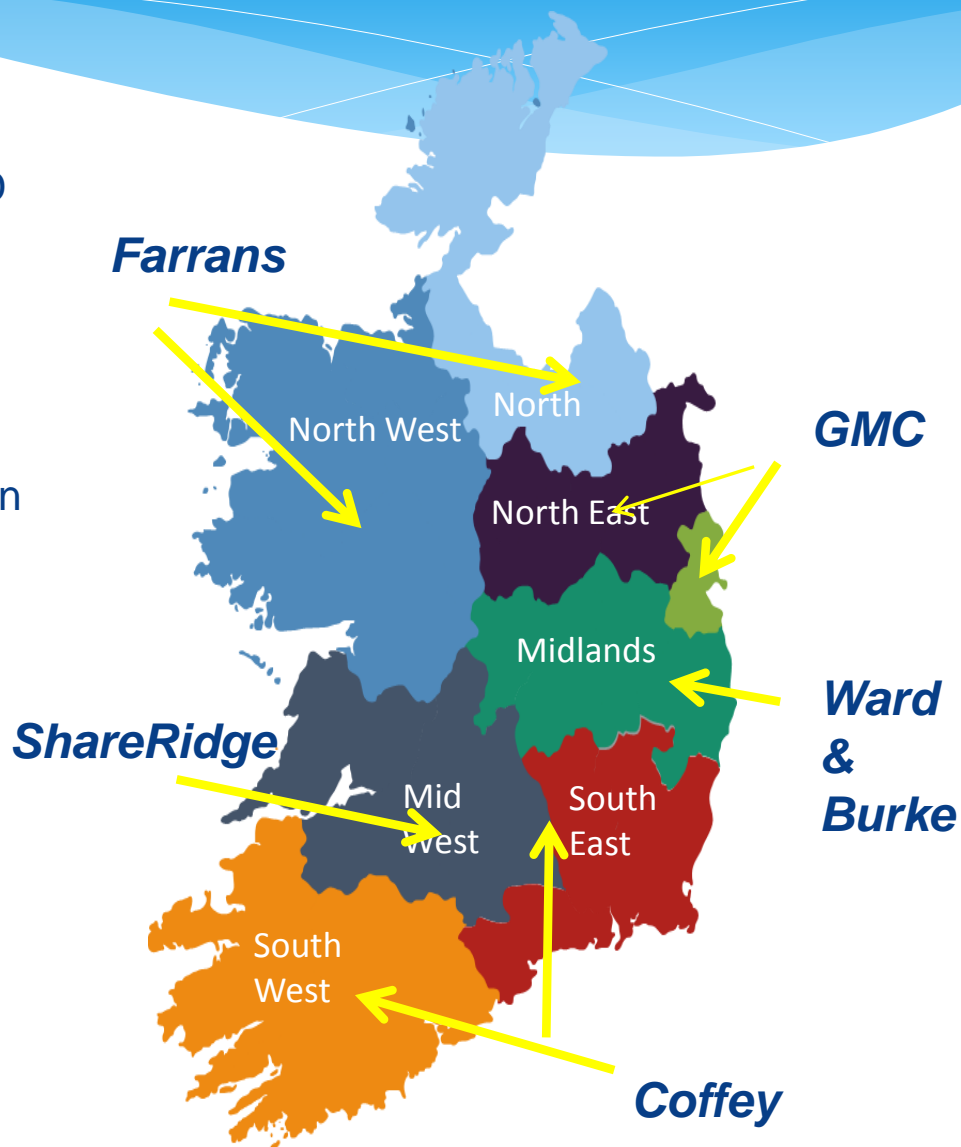
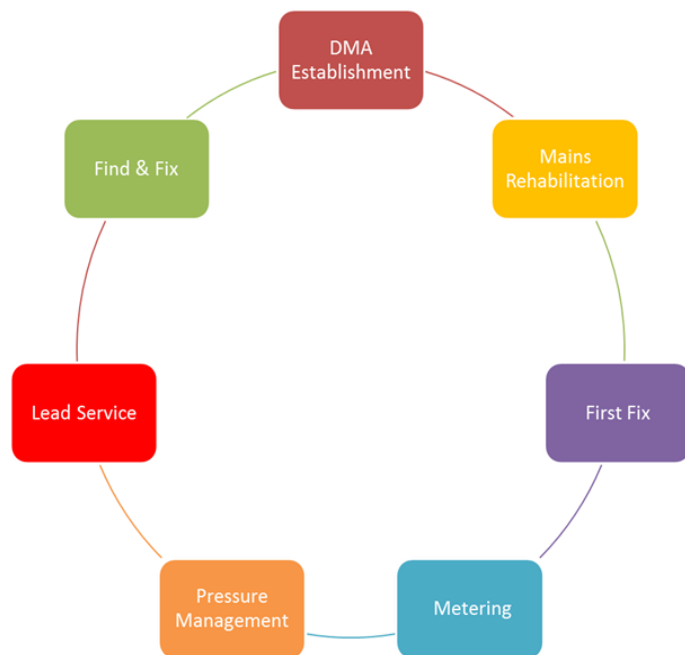
Progress

- Capital Spend on target to meet spend of €540m in 2017
- Significant progress on key infrastructure projects at both design and construction stage
- Output in Capital Programmes continuing at circa €8m per month
- Water Network Programme is now mobilised allowing streamlined delivery of water network activities
- Good progress on Capital Offices projects to deliver Regional Capital Project Management Offices
- Initiatives ongoing to progress further collaborative Contracting models and arrangements
- Cross Industry Graduate Programme developed and in place

Water Network Programme

PROGRAMME OBJECTIVES

- Reduce Leakage – Savings of 226 MLD per day
- Reduce Burst Frequency
- Reduce Supply Interruptions
- Improve Network Performance
- Increase System Capacity
- Improve water network asset information

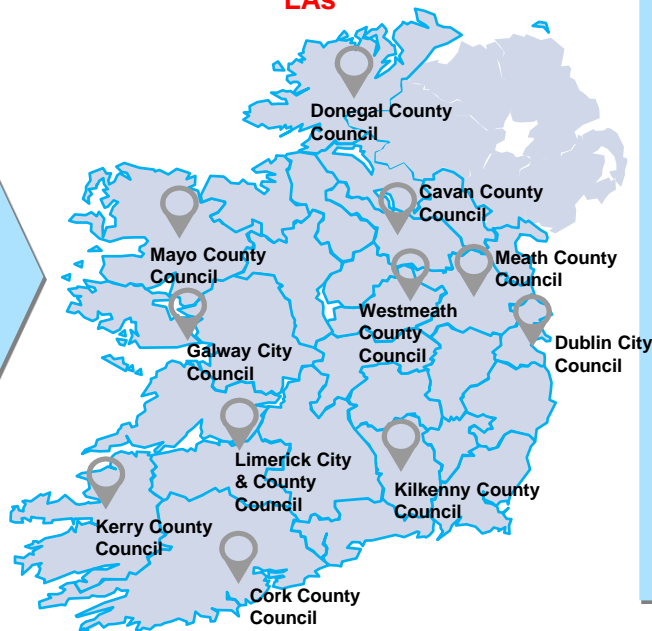


Capital Project Offices

Current delivery model

- 31 ways of delivering Capital Projects
- Challenge in delivering the Capital Investment Plan via the current delivery model
- Sub Optimal use of valuable teams and resources
- Sub-optimal co-ordination and communication across geographical boundaries

11 Regional Capital Offices – host LAs



Future delivery model

- A single industry model within which all IW capital investment is delivered.
- Economies of scale in the delivery of the capital programmes through bundling.
- Opportunity to operate across Local Authority boundaries.
- Opportunity to develop specialist skills and roles to support capital delivery.
- Regional Offices are focussed on Infrastructure, Networks and Capital Programmes
- Consistent industry wide approach to the application of reporting, design, contract administration etc.

Good progress made to date...



1. Scoping & Guiding Principles

Guiding Principles agreed in **April 2017** supported by key governance groups (PDT, TPT, JLT)



2. Protocol
Protocol for establishment and ongoing operation of Regional Capital Offices agreed by management in **July 2017**

Ongoing activities...



3. IR Engagement
Ongoing Union engagement



4. Implementation Planning
Including Host and Non-Host LA Engagement on resourcing, locations etc, Business Readiness, Training

Next Steps



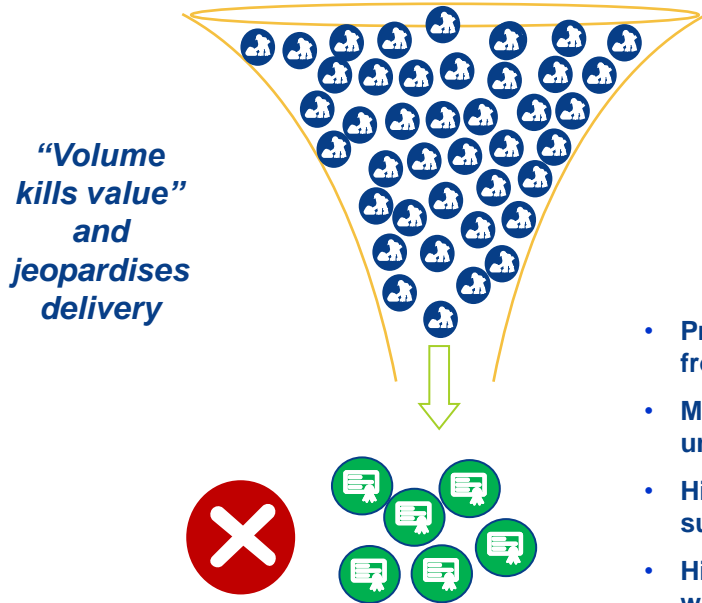
5. Commence roll-out
Phased approach to roll-out of Regional Capital Offices

Supply Chain Development

Single-project Tender Approach

- 1-2% of project cost incurred in bidding x 4 bidders for each project
- c. 250 external Man Days per tender .
- Significant IW Staff resource

c.400-600 single projects over 3 yrs



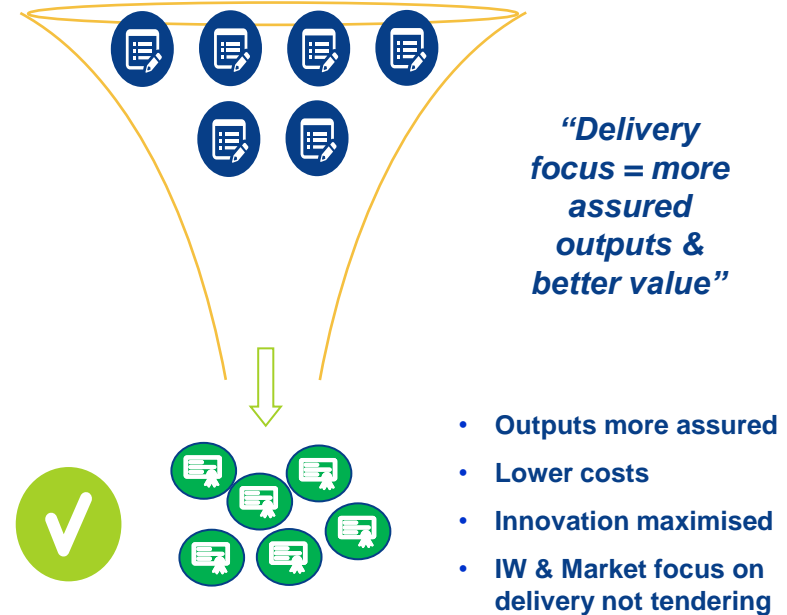
Tendering and Governance Process

- Project start dates at risk from delays
- Mobilisation slow and uncertain
- High bidding costs for suppliers
- Highly unproductive workload for IW staff

Portfolio Programmes

- Market bidding cost significantly reduced
- IW more attractive customer – increased competition
- Enable IW to optimise delivery staff focus – reduce “man-marking”

Multi-year Programmes each with 1 tender



Tender volume creates a significant bottleneck and compromises output delivery

In summary.....

- 2014-2016 Capital Investment has delivered many benefits
- Significant Capital Investment required into the future
- Delivery of this investment brings many challenges across the industry to deliver
- Delivery model needs to be effective and efficient
- Needs to be a model that is sustainable for all
- Industry needs to collaborate and work closely together to deliver

We all have the same objective

Thank You