

Uisce Éireann

Revenue Control 4

(2025-2029)

Non-Network Capital Expenditure
Lookback

2020-2024

Non-Network Capital Expenditure

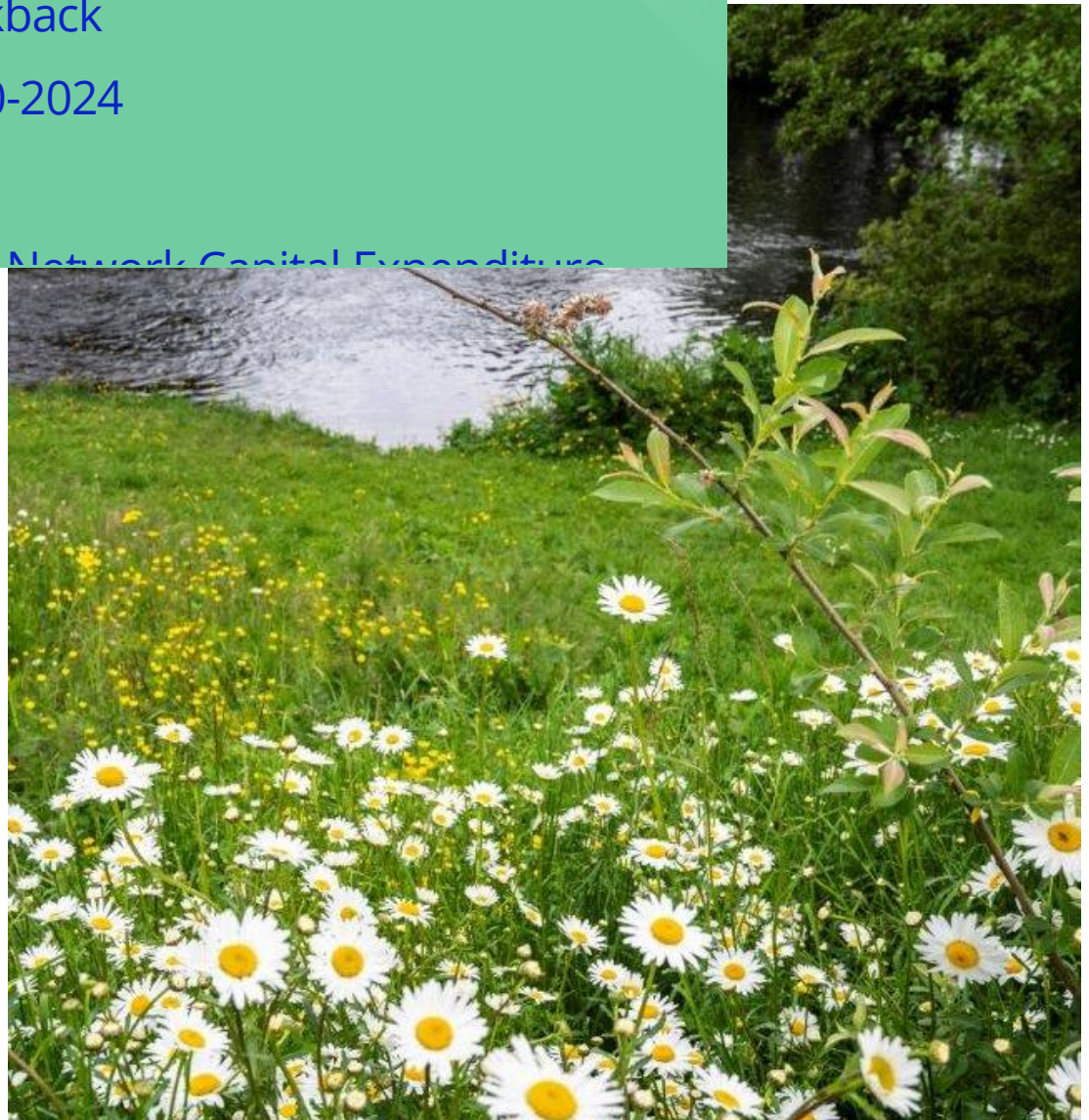


Table of Contents

1	Executive Summary	3
2	Look Back Review 2020 – 2024	7
2.1.	IT Investment 2020 – 2024	8
2.2.	Fleet and Facilities 2020 – 2024	17
2.3.	Business Change 2020 – 2024	22
2.4.	UÉT 2020 – 2024	27
3	Conclusion of RC3 period 2020 – 2024	29



1 Executive Summary

Uisce Éireann (UÉ) is a commercial semi-state company delivering water and wastewater services for Ireland. Our primary function is to provide clean drinking water to customers and to treat and return wastewater safely to the environment, thereby playing a central role in enabling social and economic growth, protecting the environment and the health and safety of our customers and the public.

This paper provides a 'Lookback' review of Non-network Capital investment (non-network capex) for the Revenue Control (RC) 3 2020 to 2024 period. Non-network capex relates to the investment in UÉ's critical business assets in the areas of Information Technology (IT), Fleet, Facilities, Business Change, and the continued transformation of the water services sector into a Single Public Utility (SPU). This investment supports both UÉ's day-to-day operational activities and its significant capital investment programme.

[UÉ is successfully delivering one of the most significant transformation programmes in the public sector](#)

A key part of UÉ's non-network capex investment is related to the transformation of the water services sector in Ireland. The *Framework for Future Delivery of Water Services in Ireland ('the Framework')* was published by Government in 2022 to enable the delivery of sectoral transformation. UÉ has established the 'UÉT programme' to implement the Framework.

The UÉT programme is one of the most significant transformational programmes ever undertaken in the Irish public sector. It will implement the new and transformed service delivery model for water and wastewater services in Ireland, with employees from UÉ and Local Authorities (LAs) working together in a single, publicly owned organisation. A key element of the programme will be the transformation of ways of working to enable both service improvements and the realisation of efficiencies.

Although the current timeline for sectoral transformation is later than originally envisaged when the RC3 Decision was published, UÉ has made significant progress and is confident that the future operating model will deliver on the ambition of ensuring consistent standards of high-quality water services across all parts of Ireland while driving efficiencies in overall cost. Given the delivery time is later than originally forecast, total non-network investment in RC3 on the UÉT programme is behind forecast.

However, while it is challenging given the constraints of the Framework, it is anticipated that UÉ will deliver this ambitious programme within the original allowance as approved by the Commission for Regulation of Utilities (CRU) over an extended period of time.

Details of the progress that UÉ has made in the UÉT programme to date are provided separately in the RC3 Operating Expenditure Look Back paper.

In addition to responsibility for transforming water services in Ireland, UÉ was also separated from Ervia during the RC3 period as directed by the Oireachtas under the Water Services (Amendment) Act 2022. This included the establishment of stand-alone IT systems, processes and capability.

[UÉ expects total RC3 Non-Network Capex investment to be in line with that allowed by the CRU](#)

At an aggregate level, UÉ expects non-network capex to be in line with (c. 0.2% above) the CRU allowance, with IT and Business Change investment above that originally forecast, and fleet and facilities and UÉT programme investment below that originally forecast as per the table below.

Non-Network Capex Cost Category (2017 monies)	Allowed 2020-2024 (A) €'m	Outturn / Forecast 2020 – 2024 (B) €'m	Variance 5 years (A) – (B) €'m
IT	147.5	210.6	(63.1)
Fleet and Facilities	134.1	81.2	52.9
Business Change	11.3	13.5	(2.2)
UÉT	83.6	71.9	11.7
Total	376.5	377.2	(0.7)

Table 1.1 Summary of non-network capex incurred relative to allowed non-network capex 2020 – 2024

The key drivers for outturn variances versus RC3 allowances are set out below:

- IT investment is above CRU allowance for several key reasons. These include the need to invest to address new mandatory compliance requirements; the need to invest in new core IT such as cloud infrastructure, the National telemetry system and the 'I2O' project, which provides better asset investment planning; the impact of COVID-19 on IT requirements; the need to invest in cybersecurity defences and mitigations; UÉ is prioritising the upgrade of additional IT legacy infrastructure and applications to ensure that the IT estate remained current and able to be supported; costs arising from the separation of UÉ from Ervia and the impact of increasing costs due to higher inflation than originally forecast given the unprecedented global events that occurred over this period.
- Investment in Fleet and Facilities is below CRU allowance, the primary reasons for this difference relate to the UÉT delay and the impact of COVID-19 on delivery of some projects. In particular, the two areas where projected outturn is significantly below allowance are (1) the establishment of additional Capital Project Offices and (2) the establishment of enduring property requirements for offices, depots and stores.
- The UÉT programme costs are below allowance for reasons as discussed above.

Each of these non-network investment categories and variances versus CRU allowances is described further in Section 2.

Non-network investment has delivered key benefits in support of the delivery of water services

Non-network capex has delivered substantial benefits in support of the delivery of water services. Below are some of the key highlights:

IT:

- Separation of UÉ from Ervia including the splitting of data relating to, and an upgrade to, Oracle e-Business Suite and shared applications, and the migration of Ervia users to the UÉ domain.
- Strengthening of the cyber security protections within UÉ and protection against ransomware threats, which have become

increasingly prevalent. This investment is informed by the findings of the National Cyber Security Centre and UÉ's obligation to be compliant with the EU's Network and Information Security Directive (NIS-D).

- Deployment of collaborative tools such as Microsoft Office 365 (O365) to all staff and some contractors, as well as upgrades to infrastructure such as video conferencing tools in meeting rooms and on desktops.
- Upgrading enterprise applications, providing greater operational stability and improved operational resilience for UÉ's applications as newer versions of the applications are more stable and provide enhanced functionality.

Fleet and Facilities:

- Replacement of over 650 vehicles considered to be beyond economical repair, with new vehicles equipped with required health and safety features and telematics to comply with the Clean Vehicle Directive (CVD¹).
- The Sampling and Testing Strategy (STS) programme for UÉ will centralise testing in two national laboratories, owned and operated by UÉ which will undertake testing for the whole country. The first phase of this programme is the development of a new Laboratory and support services in Limerick, which will be delivered during RC3. The second laboratory, which is planned for the eastern region, will be included as part of the RC4 submission.

Business Change:

- Support Services for new and emerging business enabled change requirements. These included the UÉ Data Programme, HRIS MyWork recruitment module, UÉ Name Change Project, the Official Language Act project, Digital Employee & Cloud Foundation (O365).
- Customer Capability Enhancements including Regulatory and Operational projects such as the non-domestic tariff framework, Customer Handbook, Customer First Programme, Customer

¹ Directive (EU) 2019/1161 on the promotion of clean and energy-efficient road transport vehicles (see [here](#))

Applications upgrade project, Contact Centre Transformation and associated projects.

- Continuation of business change projects from Interim Revenue Control 2 (IRC2, covering 2017 to 2019). UÉ forecasted to continue to deliver against a substantial number of inflight projects and programmes carried forward from the IRC2 period. These projects included the Mobile/Handheld Improvement Programme, the Environmental Information Management System (EIMS), the Road Opening Licensing / Road Management Programme, Telemetry and the Leakage Management System.

UÉT Programme:

- Over the course of RC3, key highlights of this programme include:
 - Publication of the Framework for the Future Delivery of Water Services in June 2022 which sets out the steps in the transformation of the water sector in Ireland.
 - The transfer of service responsibility for direct management of public water services from all Local Authorities (LA) to UÉ.
 - Commencement of the voluntary transfer of LA water services staff to UÉ.
- A more detailed progress update is provided separately in the RC3 Operating Expenditure Look Back paper.

2 Look Back Review 2020 – 2024

Non-network capex relates to the investment required for UÉ's critical business assets in the areas of IT, Fleet and Facilities, Business Change, and WIOF/UÉT:

- **IT:** As a national utility, the use of technology is critical to support mobility and monitor asset performance. Investment in technology is essential to the delivery of UÉ's digital strategy. The investment UÉ has made in previous RC periods provides a strong foundation to move

towards a remote working model in line with Irish Government guidelines and enabling more efficient ways of working.

- **Fleet and Facilities:** Investment in vehicles and buildings is required to support technology upgrades, safety measures, transformation initiatives, environmental protection, and necessary refurbishment.
- **Business Change:** The team provides specialist resources in the capability areas of end-to-end Project Management, Change Management, Business Analysis, Process Analysis and Design, and implementation of all business enabled change projects in UÉ.
- **WIOF/UÉT Programme:** This non-network capex investment category was originally called the Water Industry Operating Framework (WIOF) programme and has since transformed into the UÉT programme. A progress update is provided separately in the RC3 Operating Expenditure Look Back paper.

RC3 was a period during which UÉ faced significant demands for investment in non-network capex. With Ireland's increasing population and economic growth, the demand for high quality water and wastewater services also intensified, bringing additional pressures in relation to monitoring, management and protection of the network.

From the outset of RC3, COVID-19 posed a major operational challenge for UÉ, with a requirement to quickly pivot to the widespread availability of remote working capability. UÉ also faced difficulties in hiring subject matter experts due to insufficient resources available within certain sectors. This gave rise to resourcing constraints for certain projects, particularly those in high demand areas such as Cybersecurity.

Below, an overview is provided of each category of non-network capex and the respective drivers of investment over the course of RC3.

2.1. IT Investment 2020 – 2024

Effective IT systems are crucial to enabling efficient work practices, delivering business benefits, and providing service delivery to customers and other stakeholders. During RC3, c. 90 programmes were progressed across the following five categories of IT:

- Environmental/Regulatory/Customer;
- Run Mandatory;
- Business Growth and Development Projects;
- Water and Wastewater Service Transformation Projects; and
- Group and Centrally Delivered IT.

The following section discusses some of the main programmes within each of these IT sub-categories during RC3.

- **Environmental/Regulatory/Customer (€23.4m)**

This category of IT investment supports the various requirements driven by UÉ's stakeholders and Irish/EU legislation, such as the Water Framework Directive.

A regulatory driven IT investment (€15.6m) relates to the implementation of the non-domestic tariff framework as approved by the CRU and preparation for the integration of harmonised trade effluent charging arrangements into an updated framework.

This new framework introduced harmonised charges for non-domestic customers across the country. Complex transitional arrangements also had to be implemented to gradually move non-domestic customers from the wide range of tariff arrangements previously in place to the CRU approved national tariff framework. The new framework also established an Annual Quantity (AQ) process for non-domestic customers. The AQ process calculates the volume of water supplied and/or wastewater collected over a prior 12-month period which is used to assign each metered connection to a tariff class for the following tariff year and determines the corresponding tariffs which that connection will be charged. It also generates letters that issue to customers advising of, and details on how they can challenge, their AQ and tariff band. As a result, systems changes were required to effectively introduce the new billing arrangements.

IT expenditure in this area also includes wastewater source control investment related to data management costs incurred in supporting the establishment of a trade effluent sampling programme which will be required to support harmonised trade effluent charging arrangements.

A separate Customer driven IT investment (€6.1m) relates to investment in IT initiatives to support UÉ's Customer First Programme. As part of the

Customer First Programme, UÉ has identified and is delivering a portfolio of projects with the aim of providing strategic support and enhanced service delivery to our customers.

The remaining spend (€1.7m) relates to IT investment supporting other UÉ initiatives and requirements including the contact centre, the EIMs Project and Connection Developer Services.

- **Run Mandatory (€88.1m)**

Projects under the 'Run Mandatory' category support the operational integrity of the IT applications and infrastructure that were developed during UÉ's establishment and over IRC1 and IRC2. Run Mandatory investment provides IT systems with platform stability, platform security, and platform maintenance. It is also essential to supporting and optimising the execution of UÉ business processes. An overview of some of the key run mandatory projects and programmes which occurred during the RC3 period are discussed below.

The Digital Employee project (€14.2m) enabled greater flexibility and improved collaboration for employees whether working in the office, at home or while travelling. This was achieved through investment in key tools such as Office 365. Meeting rooms have also been upgraded to allow for seamless collaboration between staff and contractors regardless of their location.

Investment in Cyber Security (€13.8m) introduced more robust safeguards and defences for greater protection against cyber-attacks. Investment also increased visibility and security maturity across treatment plants which resulted in a reduction in overall cybersecurity risk. UÉ has realised significant benefits from this investment category over RC3.

A further investment (€12.2m) relates to the significant scaling up of existing UÉ IT projects, plans and capabilities to reflect the requirements of the Framework for Future Delivery of Water Services and the scope of the UÉT programme. For example, UÉ network connectivity has been secured in LA locations and water/wastewater treatment plants including the deployment of UÉ IT Enterprise and Business Applications, Network equipment and desk setup.

Investment (€5.6m) in the Data Management Programme (DMP) is better informing UÉ's decision making in relation to financial investment and commercial management and has enabled a reduction in both regulatory and reputational risk. The DMP also supported the Leakage Management Programme by identifying and measuring critical data quality issues. The programme assisted in remediating these issues to improve the accuracy of leakage reporting.

UÉ's investment in the Customer Applications upgrade project (€4.1m) project relates to the essential upgrade to UÉ's Oracle Customer Care and Billing (CC&B) and Meter Data Management (MDM) systems. CC&B and MDM are being rationalised into one new application, Customer to Meter or C2M, and the underlying infrastructure is being replaced by Oracle Cloud Infrastructure. The upgrade will allow for support on a modern platform which will enable business growth and development.

In relation to investment in the Work and Asset Management (WAM) suite (€2.2m), UÉ completed the upgrades of Workforce Mobile, Geographical Information System (GIS) and Maximo during the period, all of which are critical applications for the organisation. A further investment (€2.9m) relates to Stimulus (STIM) funding received by UÉ and used to purchase additional IT infrastructure necessary to support IT system stability.

Other investments during RC3

Total investment in applications (€12.6m) and infrastructure (€9.5m) contributed to the upgrades described in this section. This includes:

- Customer Application Stack: CC&B, Customer Self Service and MDM;
- WAM Application Stack: Maximo, GIS, Click, Syclo for Workflow, Asset Operations and Asset Management;
- Support Services Application Stack: Oracle eBusiness Suite, Human Resources (HR), P6 (a precursor to supporting the I2O project), Pulse Code Modulation;
- Document and Content Management Application stack: Alfresco Enterprise Content Management, Scanning, Sharepoint, File Transfer tools;
- Health, Safety, Quality and Environment (HSQE) Applications: Maximo Health Service Executive Module, HSQE Database; and

- Infrastructure: Tooling, Software, Hardware & Storage End of Life and growth upgrades, essential patching, UÉ Security initiatives, Mobile Management, Network expansion and resilience, Cloud expansion.

UÉ also made significant major upgrades to the following applications and IT infrastructure:

- Customer – Oracle CC&B - relates to spend on applications and IT infrastructure to support the C2M project;
- Financials - Oracle eBusinessSuite;
- Data storage infrastructure; and
- Laptops and desktops.

All remaining expenditure items under this IT category are detailed in UÉ’s Business Plan Questionnaire.

- **Business Growth and Development Projects (€33.7m)**

Projects under this category relate to new technologies and enhancements which are required to support business growth and development. This category of investment includes system requirements arising from new reporting and analytics demands, new processes for finance and road licensing, inventory, supply chain, mobile and infrastructure improvements and IT related changes for UÉ facilities. An overview of some of the key business development and growth projects and programmes which occurred during the RC3 period are discussed below.

Investment (€14.1m) was made by UÉ in a series of Mobile Improvement Programmes delivering new applications specifically for UÉ processes and field staff. This includes new software integrated to asset management systems and GIS, new hardware devices, the introduction of a mobile device management solution for users, apps and security management. These new applications are hosted on cloud infrastructure for scalability with a “black box” support model on patching and maintenance.

This category includes investment (€12m) in the development of a suite of integrated IT systems, tools and approach to data to facilitate an end to end Invest to Outcome (I2O) process. This investment links to a key performance metric agreed with the CRU as part of UÉ’s Scottish Water International Recommendations Implementation report and is significantly increasing capability and streamlining UÉ’s asset management processes.

The investment (€4.4m) in Project Visibility has provided a key business benefit as UÉ now has a single source of truth in terms of certain data items which allows UÉ employees to make informed decisions in real time. The project established 12 source data connections and key business reports ranging from drinking water and wastewater performance, demand analysis and general asset data as well as an Executive dashboard.

Investment (€1.6m) in the Road Management Programme allows a user to create the road license records and manage them through to closure, as well as management dashboards to provide visibility of road opening licences (ROLs) at various stages. These benefits enable better control over the issuance and management of ROLs which is a crucial requirement for UÉ.

The remaining spend (c.€1.7m) relates to investment in systems and processes to ensure compliance with new Connection Developer Services (CDS) and Drinking Water Directive regulatory and legislative requirements.

- **Water and Wastewater Service Transformation (€47.7m)**

These IT projects focus on improving operational capabilities, efficiencies, and organisational effectiveness. The key project (€34.7m investment during RC3) within this category is the National Telemetry System (NTS) implementation project.

The NTS is critical to UÉ's ability to provide water and wastewater services. The centralisation of this system allows UÉ to monitor and manage water and wastewater assets across Ireland centrally, collecting and analysing over 6,300 water and wastewater assets and over 4,400 direct memory accesses. Currently the data configuration for almost 2,000 sites has been completed in preparation for the migration of sites from the LAs to a central hub. This allows UÉ to identify any potential issues across the network.

The remaining spend relates to investment in other transformation projects such as the Enterprise Data Historian (€5.3m) and IT operational technology expenditure (€5.8m) which includes a further investment (€2m) of STIM funding received by UÉ and used to purchase operating technology infrastructure for the National Telemetry programme.

- **Group and Centrally Delivered IT (€17.7m)**

Capital expenditure in this area related to UÉ's allocation in respect of Ervia Group initiatives.

The HRIS implementation project was introduced to replace the legacy Core HR and Core Payroll systems with a new cloud hosted Oracle Human Capital Management platform and Core Access XD Payroll. The project was executed jointly with Ervia/Gas Networks Ireland (GNI), however the associated costs (€6.8m) relate to UÉ's implementation only (as UÉ received its own HR information systems platform due to separation).

Investment (€4.7m) in the UÉ End User Computing Migration programme is supporting the migration of LA Water Services staff from legacy Irish Water Citrix to new UÉ Citrix DaaS technology and the delivery of laptops, phones, peripherals as required to UÉ standards.

Investment (€3.6m) was also made in upgrades to business-as-usual IT systems and facilities linked to the separation of UÉ from Ervia. As part of this, UÉ strengthened core impacted areas, including Infrastructure and Networks, Structured and unstructured data relating to Oracle eBusiness Suite data, Tier 2 applications (improving the organisation's tier 2 applications such as Citrix), Cyber Security architecture (addressed under the Cyber Security Remediation Programme), and Oracle eBusiness Suite (both the separation and upgrade of this application).

All remaining expenditure items under this IT category are detailed in UÉ's Business Plan Questionnaire.

- **Commentary on IT RC3 performance against allowance**

The below table outlines performance against the allowance provided by the CRU, broken into each major category of IT investment:

IT Cost Sub Category	Allowed 2020-2024 (a) €'m	Outturn / Forecast 2020-2024 (b) €'m	Variance 5 years (A) - (B) €'m
Environmental/Regulatory/Customer	21.6	23.4	(1.8)
Run Mandatory	53.5	88.1	(34.6)
Business Growth and Development Projects	7.6	33.7	(26.1)

Water & Wastewater Service Transformation Projects	38.7	47.7	(9.0)
Group and Centrally Delivered IT	26.1	17.7	8.4
Total	147.5	210.6	(63.1)

Table 2.1 Total allowable and forecasted IT expenditure over the 2020-2024 period

The expected RC3 outturn variance of €63.1m (above CRU allowance) is primarily driven by key challenges faced by UÉ during the RC3 period, including the following:

- Business demands for new and/or accelerated IT solutions in order to meet critical needs;
- COVID-19, which brought additional Health and Safety concerns and an urgent requirement for remote working capabilities;
- Cybersecurity and threats to public infrastructure;
- Mandatory compliance with new legislative and/or regulatory requirements;
- Government mandated split of UÉ from Ervia and GNI; and
- Market Inflation in raw materials and supplier service costs and a tight labour market which acted as a constraint on the hiring of subject matter experts.

The need to ensure UÉ can satisfy customers and operate effectively drove new IT demands and increased scope of certain projects e.g., implementation of the NTS. Other projects were accelerated in order to meet key business demands. For example, the I2O solution was fast-tracked in order to provide better asset investment planning. The DMP needed to be delivered quickly to provide appropriate structures for data governance and data risk mitigation. Similarly, the upgrading of legacy infrastructure and applications was prioritised during the RC3 period to ensure that the IT estate remained current and able to be supported.

New IT demand also arose from unexpected projects that were not provided for in the original RC3 submission. Examples here include the strengthening of IT systems and facilities and the introduction of the Digital Employee Programme due to COVID-19.

Over the course of RC3, UÉ also needed to respond appropriately to increasing security threats and operational risks in order to protect UÉ's assets and data. Measures included the introduction of the Cyber Security Remediation programme due to the increase in cyber-attacks on public entities and the need to comply with the NIS-D.

UÉ's investment in new core IT such as cloud infrastructure reflects an IT market which is moving from legacy on-premise infrastructure and applications towards cloud based services where the required service is provided on demand. This allows for greater flexibility to ramp up or down demand as required. During the RC3 period the International Financial Reporting Interpretations Committee issued an agenda decision on the accounting treatment of cloud costs which meant that some costs to deliver capital projects could not be capitalised under accounting rules. These costs have been treated as Operating Expenditure under International Financial Reporting Standards rules. UÉ is treating the cloud costs to deliver projects as non-network capex for regulatory purposes but operational expenditure for accounting purposes. Once the projects go live the associated ongoing costs are operational expenditure costs.

At a general level, UÉ faced increased costs due to inflation (above HICP) in the marketplace and difficulty in securing resources for projects such as the WAM major upgrade and the Mobile Improvement Programme.

- **Direction of UÉ IT into RC4**

UÉ has delivered significant IT functionality over the RC3 period. While UÉ has been able to introduce vital initiatives and accommodate major unplanned projects, resource constraints and other factors have resulted in some planned projects being delayed. These include:

- Trade Effluent IT solution;
- Online Self-Service;
- Inventory Management and Stock Control system;
- Integrated Outage Management;
- Integrated Sludge Management, and;
- Completion of the major upgrade of the CC&B system.

UÉ recognises that these projects must be delivered in RC4 in order to meet both customer and regulatory needs. UÉ will also invest in new solutions to improve key areas of customer and asset operations, and align the

organisation with developing industry trends. UÉ also intends to continue to invest in areas of current focus, such as strengthening the visibility of data, data quality and data analytics, customer satisfaction and experience, and asset management.

2.2. Fleet and Facilities 2020 – 2024

The following section discusses some of the main projects undertaken by the Fleet and Facilities team during RC3.

- **Fleet Strategy (€29.6m)**

The National Fleet Strategy is one of UÉ's key transformation initiatives and continued to be rolled out despite the delays in establishing the SPU.

Ongoing investment in the water services fleet is supporting compliance with the CVD and UÉ's commitment to energy efficiency and sustainability. By the end of IRC2, UÉ had replaced 680 vehicles. The fleet replacement initiative continued in RC3 with UÉ replacing an additional 650 vehicles, bringing the total UÉ replaced fleet to approximately 1,330 vehicles by 2024. Each UÉ vehicle provides an estimated annual operational saving of €3,250 per vehicle compared to previous vehicles. This fleet rationalisation programme will result in a reduction of approximately 500 to 600 vehicles by 2029.

This strategy is key to providing adequate support to the SPU and to reducing fleet costs in the long-term. It will also reduce carbon emissions and improve service delivery to customers, especially during extreme weather events.

- **Scientific Technical Services Strategy (€33.5m)**

The National Laboratory Project (now the STS Strategy) was introduced to address the current structure whereby water and wastewater testing is undertaken at c. 37 locations through a combination of LA and outsourced third party providers. This current delivery model is fragmented in operation, slow and costly for the level of testing delivered. Additionally, 31 of the laboratories currently in use do not meet the required standards to achieve International Organization for Standardisation (ISO) accreditation.

Under the long-term strategy it was proposed that testing services will be consolidated into two national laboratories (Limerick and Eastern Region), owned and operated by UÉ undertaking testing for the whole country.

During RC3, the Limerick Laboratory was under development as a laboratory

capable of undertaking up to 1.2 million accredited tests in-house annually, as well as introducing a national sampling fleet and a Laboratory Information Management System database to manage testing data.

The overall service will be accredited to ISO 17025 standards, taking reliable and representative samples while ensuring cold chain transport of samples to the lab and daily reporting of data to engineering and compliance experts within the business.

A summary of the scope the project includes:

- The construction of a 3,736m² National Laboratory – a single storey structure with a first-floor mechanical plant room along the spine of the building to accommodate future expansion;
- Organic and inorganic chemistry laboratories, microbiology and parasitology laboratories with all the required supporting services including offices, canteen and car parking;
- Laboratory equipment for the operation of the lab including microbiology, parasitology, inorganic wastewater, inorganic drinking water and organic chemistry equipment;
- Fleet including 52 vans initially for sampling and transport;
- Laboratory IT includes a single national database for all testing data; and
- Business Change support.

It is anticipated the Limerick Laboratory will be fully operational by 2025.

- **Dublin Offices (€5.7m)**

During the RC3 period, UÉ continued to develop the existing Dublin Offices albeit it at a much lower investment that initially planned for RC3. The onset of the COVID-19 Pandemic and subsequent Government directed public safety measures, resulted in the majority of our offices being closed while staff worked exclusively from home from March 2020 to June 2022.

Following the relaxation of the COVID-19 public safety restrictions, UÉ implemented a hybrid working policy that provided an opportunity to consolidate our portfolio of offices in Dublin City Centre in line with the commercial terms of the office lease agreements. This resulted in a consolidation from four offices to two offices.

To support our staff working in a hybrid environment, our two remaining offices were modified to provide additional collaboration spaces, multi-purposes spaces and small meeting rooms for online virtual meetings.

Expenditure was also required in RC3 for capital works upgrades in the two Dublin offices. This was needed as the equipment originally installed was at, or near, the end of its operational life. These works are required to meet national and EU regulations, including the National Energy Efficiency Action Plan, Re-cast Energy Performance of Buildings Directive 2010/31/EU, Emergency Lighting Standard I.S. 3217, and Fire Detection and Alarm Systems I.S. 3218.

The replacement of the Air Conditioning system and lighting system in the Foley Street Office was successfully completed in 2021 resulting in significantly reduced energy use. The Foley Street Building now has a B3 BER rating.

- **NOMC (€1.8m)**

Development of a secondary National Operations Management Centre (NOMC) in the Leixlip Water Treatment Plant is nearing completion. It is expected to be operational in Q1 2025 and will serve as a back up to the primary NOMC in Colvill House. This is a critical project to support business continuity for the National Telemetry Programme. To enhance business continuity, the main purpose of the NOMC Disaster Recovery site will be to allow full visibility and alarm management capabilities, should access to Colvill House not be possible.

- **Capital Offices and Regional Offices (€6.1m)**

The establishment of the new Capital Offices did not progress as planned during RC3. The reasons include the onset of the COVID-19 pandemic, our transition to hybrid working and the slower than expected establishment of the UÉT programme.

In 2023, UÉ developed a National Property Strategy as part of the UÉT programme. It identified the need for an additional 16 regional offices. These additional offices along with the existing UÉ offices would provide the accommodation for the enduring UÉ staff nationally. The majority of this programme will be delivered as part of RC4. However, in 2024 the property

selection and preliminary design has been completed on the first six larger offices. These offices will progress into construction delivery stage in 2025.

UÉ also invested in essential building fabric and life safety system improvement works to various buildings at key water treatment plants. The works included the upgrade of staff welfare facilities, provision of fire safety works and the installation of life safety systems (Fire Alarm and Emergency Lighting). These works were essential to ensure that UÉ is providing a safe place of work for its employees.

Other investment undertaken during the RC3 period included a large programme of works at the Leixlip Water Treatment Plant to upgrade roofs, facades and electrical systems on a number of buildings. These works were completed on the Administration, Staff Welfare and Process buildings for the original water treatment plant. The works were essential to replace end of life assets that had failed in service and to protect the process plant along with providing a safe place of work for the staff based on this critical site.

- **Depots and Inventory Management (€4.5m)**

Similar to the Capital Offices and Regional Offices, the Depots and Inventory Management did not progress as planned during RC3 due to the slower than expected establishment of the UÉT programme.

In 2023, UÉ developed the National Property Strategy as part of the UÉT programme. The Depots are now referred to as Operations Centres and will provide a base for the operations team front line crews, staff welfare facilities, office space for hybrid working, workshops, inventory storage and fleet / machinery parking. This opportunity for co-location will ensure team collaboration and delivery efficiencies in the delivery and operation of this essential infrastructure as we establish an integrated Uisce Éireann.

The property strategy identified the need for 18 Regional Operations Centres and 18 Local Operations Centres. The majority of this programme will be delivered as part of RC4. In 2024, the first UÉ Operations Centre will be opened in Newbridge that will provide a base for approximately 25 outdoor staff in Kildare and surrounding areas. Construction will have commenced in three of the other Regional Operations Centres; Ballycoolin, Tallaght and Sandyford. Along with the construction works noted for the four Operations Centres above, property selection and preliminary design will be in progress for a further four of the larger Operations Centres.

- **Commentary on Fleet and Facilities performance against allowance**

The below table outlines the performance of each area of Fleet and Facilities investment against the allowance received from the CRU:

Fleet and Facilities Cost Sub Category	Allowed 2020-2024 (A) €'m	Outturn/Forecast 2020 – 2024 (B) €'m	Variance 5 years (A) – (B) €'m
Fleet – Operational Vehicles	26.5	29.6	(3.1)
Scientific Technical Services Strategy	33.5	33.5	0.0
Dublin Offices	8.4	5.7	2.7
Capital Project Offices & Regional Offices	13.3	6.1	7.2
NOMC	4.4	1.8	2.6
Depots and Inventory Management	41.7	4.5	37.2
Training Centre	5.3	0.0	5.3
Facilities Branding	1.0	0.0	1.0
Total	134.1	81.2	52.9

Table 2.2 Total allowable and forecasted Fleet and Facilities expenditure over the 2020-2024 period

Overall, the Fleet and Facilities outturn costs are significantly lower than the allowances (circa 44%). This shortfall in spending arose due to the challenges faced by UÉ during across the following areas:

- a) COVID-19 pandemic restrictions and delays in construction; and
- b) Establishment of the UÉT Programme;

The two initiatives where UÉ projected outturn is significantly below allowance relate to the establishment of the additional Capital Project Offices and Regional/Local Offices which did not progress as planned due to the UÉT delay and the COVID-19 restrictions from 2020 to 2022 where construction and development was required to halt.

Following the publication of the Framework for Future Delivery of Water Services in June 2022, responsibility for water services subsequently transitioned to UÉ, with all 31 LAs successfully transitioned in early 2024. For the period of 2023 to 2026, the Support Service Agreement between the LAs and UÉ provides access to the shared offices (more than 100 locations) and depots (more than 90 locations) that are owned by the LAs and which support the delivery of water services. To prepare for the full transformation of all water services, UÉ will start establishing the enduring property requirements for offices, depots and stores in 2024 and will continue this investment in RC4.

UÉ's initiative to establish in-house training facilities also did not progress as intended during RC3 given the delays in establishing the UÉT. During the period, UÉ continued to avail of the training facilities available in the regional training centres where the LAs were responsible for training water services staff working under the Service Level Agreement. Training Centres will be delivered as part of the UÉ Property Strategy in RC4 on a regional basis and will co-locate with the Operations Centres and Asset Operation sites.

2.3. Business Change 2020 – 2024

The Business Change team supports the organisation to deliver complex change and transformation projects. It covers the key disciplines of portfolio and project management, change management, business analysis, process delivery, training and post go-live support. The RC3 investment relates to the assignment of these specialist resources across the prioritised portfolio of change projects, focused on delivering business readiness solutions, and ensuring change is adopted internally by UÉ staff and into the LA sector.

Key deliverables from the Business Change resources include the following project artefacts, among others:

- Project Initiation Document;
- Business Requirements;

- Detailed project implementation plans;
- Risks, Assumptions, Issues and Dependencies logs;
- Project Steering and Financial Governance materials;
- Status Reports including Resourcing Demands;
- Change Impact Assessments;
- Stakeholder Maps;
- Business Readiness Plans and supporting Documents;
- Process maps (AS-IS and TO-BE documenting our ways of working);
- Training collateral and Post Go Live Support (PGLS) documentation; and
- PGLS Model.

These are key deliverables/outputs which are necessary to ensure a consistent and successfully controlled delivery of key projects and programmes.

The work carried out by Business Change reflects the prioritised needs of the business during the RC3 period. The Business Change team undertakes an Annual Portfolio planning exercise right across the organisation which produces an agreed and signed off Annual Portfolio plan of change projects that are strategically aligned to the UÉ Business Plan, the annual budgeting process and the agreed RC3 requirements.

An overview of some of the key business enabled change projects and programmes which occurred during the RC3 period are discussed below.

- **Business Change Projects and Programmes Continuing from IRC2 (€7.6m)**

Within RC3, UÉ continued to deliver against a substantial number of inflight projects and programmes that carried forward from the IRC2 period. A snapshot of those projects and programmes which crossed between the two revenue periods are outlined below (with some closing out in full).

The below projects will be closed in the RC3 period:

- Mobile Improvement Programme (replacing existing Syclo Handheld Technologies);
 - The Business Change team supported the delivery of this project and roll out of a new mobile workforce solution (the IT solution is described in section 2.1) across UÉ, the LA field crews and contractors working on behalf of UÉ (c.1,500 - 1,750 users in total).

- Environmental Information Management System (EIMS);
 - This complex multi-year Business Change programme delivered significant benefits, allowing interactive data exchange, data capture, and the automatic generation of reports for use by UÉ, the LAs and UÉ’s environmental regulator, the EPA. EIMS has improved compliance reporting, environmental workflows and UÉ’s ability to provide environmental algorithms.
- Road Opening Licensing / Road Management Programme;
 - This Business Change programme will implement an end-to-end solution to fully manage road openings while aligning with and improving existing Infrastructure Delivery and CDS arrangements. This involves the optimisation and design of processes, systems and people structures. Successful delivery of the programme will provide long-term benefits to UÉ and our stakeholders.
- Non-domestic tariff framework project (phase 1);
 - This transformational project is part of IT Business Requirements and Projects portfolio. Across the LAs, there were large variations in non-domestic charging, with 44 distinct methodologies and over 500 different tariffs. The non-domestic tariff framework was established in 2019 and applied a national set of harmonised non-domestic water and wastewater tariffs to customers’ bills from 1st October 2021. This project successfully implemented complex transitional arrangements to allow customers to gradually move from their old tariff rates to the new enduring tariff rates.

A number of projects in this category will continue into RC4 including:

- Updates to the non-domestic tariff framework including the integration of harmonised trade effluent charging arrangements (phase 2);
- Scientific Technical Services Strategy Implementation (formerly the National Laboratory Implementation)
 - This multi-year programme is establishing a national, accredited in-house sampling, testing and reporting service with capability to support the delivery of water and wastewater services across Ireland.
- GIS Strategy Implementation.
 - The UÉ Strategy for Spatial Information offers the opportunity to take a significant step forward in the

utilisation of spatial data, spatial analyses techniques and GIS solutions. This is being achieved by the adoption of enterprise level, high performing GIS technologies, better data management practices and modern spatial data analysis. A key driver for this project is that the existing technology suite is out of support.

- **Customer Capability Enhancements (€2.7m)**

The purpose of this programme was to support new and emerging business requirement projects in UÉ's Customer Operations function. Some notable projects in this area that Business Change resourced include the following:

- Enhancements to the CC&B system;
- New CDS charges, including improvements in the end-to-end Meter Fit process (from installation to backend systems for analysis/billing purposes);
- Contact Centre Transformation and associated projects like the Contact Centre Re-Tender project; and
- Government, Regulatory and Operational mandated projects including the Connection Refunds project, Customer Handbook update project and Customer First Programme.

The Business Change team provided specialist resources to enable the business to successfully implement these projects.

It should be noted that a number of these projects are multi-year by nature and it is anticipated that further investment will be required into the RC4 period. This investment ensures regulatory, legislative and operational compliance and supports UÉ in continuing to provide quality water and wastewater services to our customers.

- **Support Services (€3.2m)**

These projects support new and emerging business enabled change requirements across UÉ. The Business Change team provided various levels of specialist resources as appropriate to lead, manage, and support these projects. A selection of projects that Business Change (BC) resources were required to support include:

- HRIS (MyWork) Recruitment Module - a new recruitment module to move from a manual to an automated systemised recruitment process was implemented. This system has successfully gone live and will support UÉ in scaling up to take on employees from the LAs as part of the UÉT programme while also reducing the risk of error in our manual processes.
- UÉ Name Change Project - project to update all artefacts to reflect the legal name change to UÉ.
- Official Language Act project - to ensure UÉ compliance with the Official Languages Act.
- Digital Employee & Cloud Foundation - provision and utilisation of modern technology to optimise processes and ways of working for employees, including an Office 365 (O365) platform for end user desktops. This will be fully delivered during the RC3 period.

The below table outlines the performance of each area against the allowance received from the CRU:

Business Change Cost Sub Category	Allowed 2020-2024 (a) €'m	Outturn/Forecast 2020 - 2024 (b) €'m	Variance 5 years (b) - (a) €'m
Business Change projects continuing from IRC2	10.5	7.6	2.9
<i>Business Change projects for RC3</i>			
Customer Capability Enhancements	0.4	2.7	(2.3)
Support Services	0.4	3.2	(2.8)
Total	11.3	13.5	(2.2)

Table 2.3 Total allowable and forecasted Business Change expenditure over the 2020-2024 period

The demand and mix of projects within the Customer Capability Enhancement and Support Services categories were higher than originally

planned. This was largely driven by regulatory and compliance projects in addition to new business demands. The increased investment enabled UÉ to meet regulatory, legislative and operational compliance requirements as a public utility while also meeting business readiness requirements. This additional expenditure was largely offset by some projects continuing from IRC2 not requiring Business Change support as originally planned.

2.4. UÉT 2020 – 2024

The WIOF programme was the transformation project put in place to implement the SPU and to facilitate the achievement of critical targets, both financial and non-financial. Following the agreement reached on the Framework for the Future Delivery of Water Services during RC3, the WIOF programme became the UÉT programme. From January 2020 until September 2022, a small internal team was working on the development of the Framework for the Future Delivery of Water Services through an engagement process facilitated by the WRC, between UÉ, DHLGH, CCMA, LGMA and union representatives. The costs during this period mainly relate to internal staff costs and legal advice costs. In October 2022, the full stand up of UÉT programme and commencement of the transfer of responsibility for water services from LAs to UÉ began. The RC3 costs cover the following elements:

Implementation costs (€60.4m) comprising the core project costs needed to implement the Framework including:

- The costs of providing service support across the following key areas: HSQE (including the review and validation of existing processes and risk assessments), HR (including the management, co-ordination and administration of recruitment processes), IT (including project management, deskside support and service management) and data management (including the cleansing and managing the transfer of LA operational data) services;
- The standing up of key business readiness necessary processes to ensure a safe transfer of responsibility, for example Health & Safety, Integration and Management Team, Critical Processes, IT and Non-Water Services; and
- Resources such as senior programme managers, subject matter experts, project managers, business and process analysts and data experts.

Internal Staff Costs (€4.7m):

- UÉ staff members working directly on the SPU/UÉT Programme.

IT Costs (€2.7m):

- Upgrading and testing of MyWork and payroll systems.
- Increase in the number of Microsoft 365 and More4Apps licences.
- Operational technology technical support.
- Mobilisation of traffic management system.

Other Costs (€2.4m):

- Information Roadshows across 31 LAs.
- Recruitment advertising campaigns.
- Property and fleet strategy support.
- Data transfer secure solution.
- Incentivisation payments for employees transferring to UÉ in line with the Framework.

Training and Legal Costs (€1.6m):

- External quality assurance team reviewing progress and management of programme.
- Initial training costs for new Integration and Management Team.
- Legal advice on cooperation agreements with LAs.

WIOF/UÉT Cost Category	Allowed 2020-2024 (a) €'m	Outturn/Forecast 2020-2024 (b) €'m	Variance 5 years (b) - (a) €'m
WIOF/UÉT	83.6	71.9	11.7

Table 2.4 Total allowable and forecasted WIOF/UÉT expenditure over the 2020-2024 period

Given the delivery time is later than originally forecast, total non-network investment in RC3 on the UÉT programme is behind forecast. However, while it is challenging given the constraints of the Framework, it is anticipated that UÉ will deliver this ambitious programme within the original allowance as approved by the CRU over an extended period of time.

More detailed commentary on UÉT programme progress and impacts are provided separately in the Operating Expenditure Look Back paper.

3 Conclusion of RC3 period 2020 – 2024

This paper provides a ‘Lookback’ review of non-network Capital investment for the Revenue Control (RC) 3 2020 to 2024 period. Non-network capex relates to the investment in UÉ’s critical business assets in the areas of Information Technology, Fleet, Facilities, Business Change, and the continued transformation of the water services sector into a Single Public Utility. In addition, during this period UÉ separated from Ervia, a key milestone for the company.

UÉ has faced significant challenges during the RC3 period, and UÉ has sought to appropriately balance investment across the non-network portfolio, while taking into consideration the needs of the business and external factors.

UÉ is expecting to broadly be in line with the CRU allowance for RC3. Total non-network capex for the RC3 period is forecast at €377.2m versus an RC3 allowance of €376.5m, with IT investment above that originally forecast, and fleet and facilities investment and UÉT programme spend below that originally forecast.

Additional investment in IT was required during RC3, in particular in the areas of compliance, the National telemetry system, the I2O project, and Cybersecurity, and IT systems required as part of the separation from Ervia were also necessary. UÉ also experienced rising costs due to higher inflation than originally forecast given unprecedented global events.

Whereas investment in IT is above the RC3 allowance, investment in Fleet and Facilities is below the RC3 allowance. The primary reasons for this difference relate to the impact of COVID-19 and the delay to UÉT full implementation. In particular, the two areas where UÉ projected outturn is significantly below allowance are (1) the establishment of additional Capital Project Offices and (2) the establishment of enduring property requirements for offices, depots and stores. Total investment in the UÉT programme is also below original forecast.

Moving into RC4, UÉ has delivered significant non-network capability over the RC3 period which will be built on over the next revenue control period 2025 to 2029. This investment is essential to the delivery of modern water utility services in support of social and economic development and also necessary to protect the environment and the health and safety of our customers and the public.

Appendix 1 Glossary

Abbreviation	Description
Capex	Capital Expenditure
CC&B	Customer Care and Billing
CCMA	Customer Contact Management Association
CRU	The Commission for Regulation of Utilities
CVD	Clean Vehicle Directive
DHLGH	Department of Housing, Local Government & Housing
DMP	Data Management Programme
EIMS	Environmental Information Management System
EPA	Environmental Protection Agency
EU	European Union
GIS	Geographic Information System
GNI	Gas Networks Ireland
HR	Human Resources
HRIS	Human Resource Information System
HSQE	Health, Safety, Quality and Environment
IRC	Interim Revenue Control
ISO	International Organization for Standardisation
IT	Information Technology
LA	Local Authority
LGMA	Local Government Management Agency

NIS-D	Network and Information Security Directive
NOMC	National Operations Management Centre
NTS	National Telemetry System
Oracle eBusiness Suite	Oracle e-Business System
PGLS	Post Go Live Support
RC3	Revenue Control 3 (1 January 2020 – 31 December 2024)
RC4	Revenue Control 4 (1 January 2025 – 31 December 2029)
RC5	Revenue Control 5 (1 January 2030 – 31 December 2034)
ROL	Road Opening Licensing
SPU	Single Public Utility
WAM	Work and Asset Management
WIOF	Water Industry Operating Framework
UÉ	Uisce Éireann
UÉT	Uisce Éireann Transformation