

PC21 Draft Determination
NI Water Response

Annex 5.4 Capitalised Salaries
and Oncosts

Draft Version 0.3
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1. Introduction

In the Draft Determination (DD) the UR has included an overall allowance of 60 additional staff to manage the increased PC21 capital programme. NI Water's PC21 Business Plan included 99 additional staff.

This paper provides additional information to that submitted with our PC21 Business plan resultant from detailed assessment of resourcing needs since submission in January 2020.

2. Review of DD Methodology

We understand the rationale used by the UR to determine the quantum of additional staff.

The UR has used the average rates for capitalised staff in PC15 to determine costs for additional staff in PC21. This equates to £51.34/FTE as reflected in the Table 1 below.

Table 1 – Utility Regulator Unit Rates for Capitalised Salaries and On-Costs

	Nr20.31	Cost £m	Unit Rate £k/FTE	Change
PC15	277	14.22	51.34	
PC21	376	20.31	53.99	5.2%
Diff	99			

3. Proposed Amendment to Capital Salaries Allowances

NI Water believe that the reductions in staff determined in the DD by the UR for the various categories are not sustainable. The table below summarises additional information to validate the staff numbers required.

Table 2 – Summary of Additional Resources Required

Category	Additional Staff			
	BPS	DD	DDR	Comments
ADD - ICD	32	25	25	32 staff are the optimum number to deliver the NIAMP 5 elements of the capital programme. However 25 as determined by the UR in conjunction with the 15 identified in the LWWP business case could accommodate delivery of the entire capital programme.
ADD - IEM	3	3	3	Accepted noting that IEM staff requested in this category are those required to implement environmental outcomes and strategy nationally with the exception of the LWWP area.
ADD - LWWP	7	7	24	Detailed additional information with regard to staff to deliver the LWWP has been included in Appendix A. The following additional staff will be redeployed into Asset Delivery departments <ul style="list-style-type: none"> 15 No. – Capital Delivery (Project/Technical Management) 3 No. – Asset Management (Modelling/IEM) 6 No. – Capital Programme Management Office (Cost and Planning optimisation)
ADD – CPMO	16	4	10	Detailed additional information with regard to the need for additional staff has been included in Appendix B. Noting 6 staff

Category	Additional Staff			
	BPS	DD	DDR	Comments
				are required for LWWP projects (included in the LWWP Business Case)
ADD Strategic Client (Investment Management)	11	8	10	<p>We note the UR comments with regard to the maintenance of costing systems. An additional two staff are requested on top of those determined in order to develop and enhance the unit costing system for integrated appraisals as outlined in Annex 5.22. This would include carbon calculation, Natural Capital, and potentially the 6Cs in the longer term. Additionally, system improvements associated with functionality and data structure will be required.</p>
ADD - Asset Lifecycle Planning	10	3	10	<p>Asset lifecycle planning is evolving in PC21 into a Water Strategy Team and a Sewerage Strategy Team in order to target the gaps identified in the ISO55001 asset management excellence evaluation undertaken for PC21.</p> <div> <div> <h3>Water Strategy</h3> <p>Asset Management Restructure for PC21</p> <pre> graph TD WS[Water Strategy] --> M[Modelling] WS --> P[Performance] WS --> Pl[Planning] WS --> R[Reservoirs] </pre> <ul style="list-style-type: none"> Modelling <ul style="list-style-type: none"> Network Modelling Capital Planning Rehab Planning Low Pressure Strategic Resilience Incident Planning Queries & Requests Performance <ul style="list-style-type: none"> Asset Risk Evaluation Asset Performance Base Planning Deterioration Analysis Asset/ICAT Optimisation Outcome Optimisation Reliability Centred Maintenance Planning <ul style="list-style-type: none"> Water Regulation Water Resources Water Quality Water Distributions Water Resilience Specs & Standards PC27 Planning and Prioritisation Reservoirs <ul style="list-style-type: none"> Inspections Management Risk & Safety Reporting Capital Planning Operational Planning Contingency Plans DFI Rivers Relationships </div> <div> <h3>Sewerage Strategy</h3> <p>Asset Management Restructure for PC21</p> <pre> graph TD SS[Sewerage Strategy] --> M[Modelling] SS --> P[Performance] SS --> Pl[Planning] SS --> E[Environment] </pre> <ul style="list-style-type: none"> Modelling <ul style="list-style-type: none"> Network Modelling Capital Planning Developer Enquires UID Register DG5 Register Incident Planning Queries & Requests Performance <ul style="list-style-type: none"> Asset Risk Evaluation Asset Performance Base Planning Deterioration Analysis Asset/ICAT Optimisation Outcome Optimisation Reliability Centred Maintenance Planning <ul style="list-style-type: none"> Environmental Regulation Sewerage Capacity Sludge/Incinerator Capacity Carbon Neutrality Mature Compliance Model Specs & Standards PC27 Planning and Prioritisation Environment <ul style="list-style-type: none"> Nature Strategy Carbon/Natural Capital Strategy IEM/IDM Strategy DWMPs </div> <p>The staff requested are data analysts and performance modellers to augment the Performance and Planning teams and help to develop a bottom-up Strategic Asset Performance/Risk Evaluation capability. A paper approved by EC risk committee demonstrating scope of the for the first two key asset risks, for this team “pollution” and “no water” is provided in Appendix C.</p> </div>
ADD - Drinking Water Regulation, Analytical Services and SCAMP	10	2	7	<p>Detailed additional information with regard to the need for staff is described below. In summary the following staff are required to support:</p> <ul style="list-style-type: none"> 1 No. – Drinking Water Regulation (Moubooy Landfill Project, Increased abstraction Investigations, Drinking Water Safety Plans, Treatment Investigations)

Category	Additional Staff			
	BPS	DD	DDR	Comments
				<ul style="list-style-type: none"> 4 No. - Wastewater Capital Project Analysts (flow, load, design, acceptance testing, performance testing for much larger capital programme including LWWP) 2No. – Scamp Sampling (Approved in DD) <p>3 No. Analytical Services transition staff were included in ASR project and have been removed from this request</p>
ADD – F&R	4	3	3	Accepted
ADD - CSDD	6	5	5	Accepted
Reservoir Safety Team	0	0	2	Additional staff associated with inspection, evaluation and interventions at reservoirs are required for new legislation not covered by the PC21 plan. An additional 8 staff associated with monitoring of reservoirs are included in the opex adjustments described in Annex 5.12
Total	99	60	99	Additional resources required over PC15 Levels

The amendments are generally resultant from the comprehensive resource planning exercise which NI Water have undertaken to ensure efficient delivery of our PC21 Capital Plan. They are also based on an efficient 'LEAN' delivery process, which has been undertaken by NI Water.

4. Conclusions

Our analysis of potential adjustments to the Capitalised Salaries allowances included in the Draft Determination are detailed above and further supporting information is included in Appendices A, B and C.

By coincidence the adjustments have balanced out to the original 99 additional resources planned within the PC21 plan.