

# **Key Point Briefing – NI Water Industrial Action Review**

## **Introduction**

In early January 2015, there was significant disruption to water supply in parts of Northern Ireland. This occurred during a period of industrial action by employees of Northern Ireland Water (NI Water) which began on the 22 December 2014. The industrial action was suspended on 21 January 2015 and normal levels of service to consumers were restored shortly afterwards.

The Department for Regional Development (DRD) subsequently asked the Utility Regulator to review NI Water's performance focusing on the actions taken by NI Water, in respect of the impact on consumers, in planning for and reacting to the event. The terms of reference for the review are included at Annex A. The Utility Regulator Board will also consider the review from a regulatory perspective.

We commenced our review in February 2015. As part of our review we: interviewed staff from NI Water, considered a range of documentary evidence including an internal incident report produced by the company, conducted site visits, and worked with CCNI to engage with consumers whose water supply failed during the incident. We have now concluded our review and present our report.

## **Findings and Recommendations**

Our report is presented in five sections. These relate to: impact and cause, contingency planning, communication, leadership and management, and the financial impact of the incident. Our findings suggest that NI Water has made significant progress arising from our review of the 2010-11 Freeze/Thaw incident. However, we have identified areas where further improvements should be made.

The actions identified by NI Water following its internal review of the incident are reproduced in Annex B for ease of reference. We welcome and acknowledge these actions and have further enhanced a number of them as a consequence of this review. Our summary findings and a number of actions which we require the company to address in respect of each of these areas are outlined below.

## **Impact and Cause of the Incident**

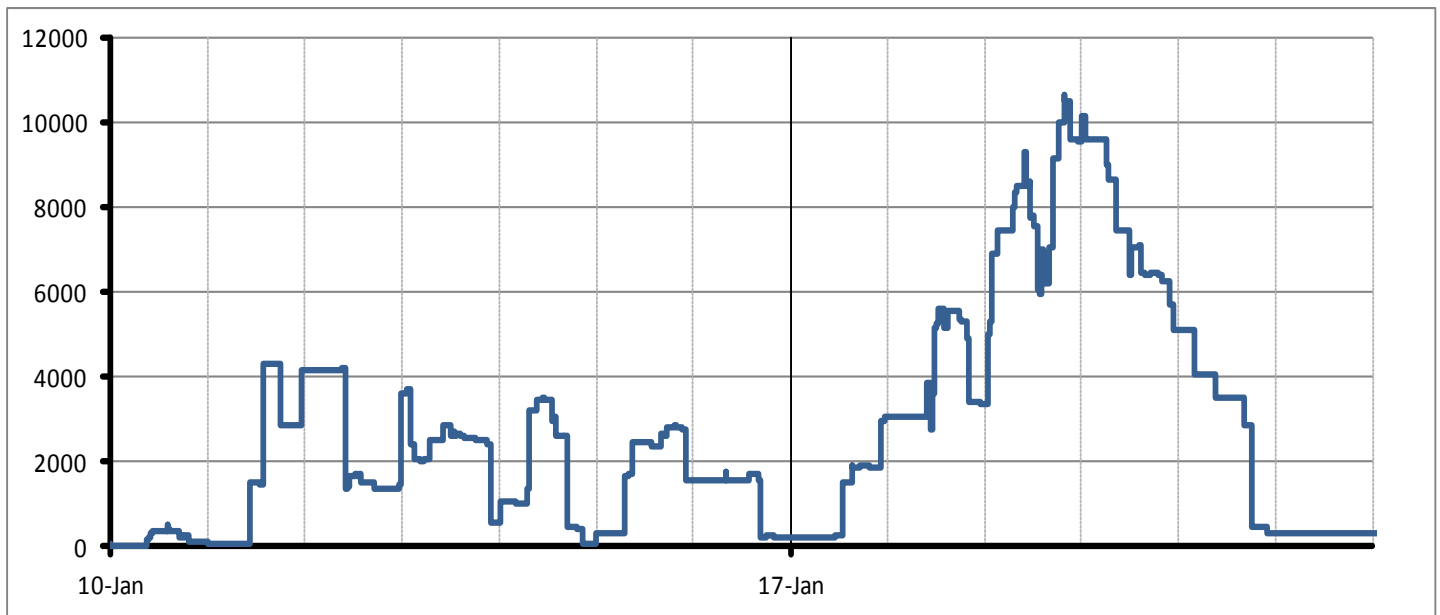
Loss of water supply occurred for some consumers in an area from Derrygonnelly to Dungiven and from Killeter to Cookstown at intervals from 10 January 2015 to 23 January 2015.

Industrial action by NI Water staff was the root cause of the incident. The withdrawal of out of hours working meant that faults, which would be repaired quickly in normal circumstances, resulted in failure or shutdown of some plant. Shutdowns at water treatment works in these circumstances resulted in consumers losing their water supply.

At first, the impact of the industrial action was mitigated by a protocol between NI Water and trade unions aimed at protecting public health and vulnerable consumers. On 5 January 2015 the trade unions withdrew their support for the protocol and the situation deteriorated quickly.

Water supplies to just over 33,000 properties were disrupted for more than six hours. At the peak of the disruption on 19 January 10,600 properties were without water, as shown on the graph below. A total of 13,780 properties went without water for more than twenty-four hours.

### Number of properties off-supply



Consumers told us that the loss of water supply came as a shock. They described the significant impact it had on daily life and the inconvenience of having to collect water from alternative supplies in difficult conditions.

From our review, we have concluded that there is more that NI Water could do in respect of key resources and asset resilience to reduce the impact to consumers if a similar event were to reoccur. We have therefore set out required actions focusing on:

- **Review the resilience of key resources and reinforce where necessary.**
- **Review and address critical plant failures and near miss events which occurred during the incident.**
- **Accelerate the development of a plan for asset maintenance.**
- **Investment in water supply resilience.**

## Contingency Planning and Implementation

NI Water began making preparations for managing the consequences of possible industrial action from early October 2014. This work built on normal winter preparedness actions. The company also began reviewing its existing contingency plans and developing more detailed plans for industrial action. These preparations accelerated in early December, particularly after the results of the ballot on industrial action were communicated on the 12 December 2014.

When industrial action began the company established a Category 1 major incident response regime in view of the risk to service over the Christmas holiday period and managed its response within its established Major Incident Plan (MIP). NI Water's MIP was benchmarked against other water utility plans in a previous review, the Freeze/Thaw of 2010-11, and found to be broadly equivalent. The company has implemented recommendations from that review including procuring additional alternative water supply equipment. This did improve the response during this incident.

Our review also finds that NI Water proactively initiated multi-agency procedures. Stakeholder feedback indicates that the process for co-ordination with agencies was managed well and operated effectively. We did however note some stakeholder concerns that NI Water could have given more active consideration to establishing local multi-agency response teams earlier.

A key part of the company's response is to provide alternative water supplies when water supplies are disrupted. From our review and from our engagement with consumers we have concluded that the company could and should have provided alternative water supplies earlier when faced with a treatment works shutdown over a weekend with no certainty of when supplies would be restored. We also concluded that more could be done to share information to improve protection for vulnerable consumers.

Because of the ongoing industrial action, the company was operating without the resources normally available to it to manage a major incident and this constrained its response. Despite this, many elements of its contingency plans worked well. Lessons from the Freeze/Thaw were learned and implemented. However, we have concluded that further improvements should be made and we have set out requirements focusing on the need to:

- **Review the Major Incident Plan in light of lessons learnt.**
- **Review multi-agency response arrangements.**
- **Ensure the provision of alternative water supplies as soon as possible.**
- **Engage with stakeholders and communities on the location of alternative water supplies.**
- **Share information on vulnerable consumers.**

## Internal and External Communication

Communications failures by NI Water were one of the key findings identified in our review of the 2010-11 Freeze/Thaw. Since then, NI Water has improved its communications systems, including improvements in call centre provision, website capacity and functionality and media handling.

A range of metrics show that communication was, on the whole, effective during the incident. The company was able to provide information through a range of channels and none of these channels of communication were overwhelmed. The website was able to deal with the additional traffic during the event and the postcode lookup facility was well used. The average queue time for the call centre was only four seconds and NI Water responded to 87% of media requests.

However, every incident presents opportunities for improvement. Some stakeholders identified areas for improvement around a lack of detail in information provided and the estimated time of restoration of supply. NI Water has also identified specific actions regarding its communications systems. Therefore we recommend that NI Water:

- **Review and further improve communication systems.**

## Leadership and Management

The Board's role is to provide leadership of the company within a framework of prudent and effective controls which enables risk to be assessed and managed. The Executive Team are responsible for managing the company and delivering its strategy.

In the period leading up to the incident, the potential for industrial action was considered within the corporate risk register. This was also raised with the Board in October 2014 and was escalated as a key risk in December 2014. Prior to this NI Water staff surveys had pointed to morale issues and the trade union perspective regarding pension changes was discussed by the NI Water Board.

Scenario planning took place and consideration was given to the consequences, control and further actions that NI Water identified before industrial action commenced. However we consider that further work on 'worst case scenarios' and earlier consideration of these issues could have added value. During October 2014, a medium level risk was reflected in the Board assessment which tended to militate against more pro-active interventions being explored or being undertaken prior to December 2014. It seems that NI Water may have initially under-estimated the extent and potential impact of industrial action. We therefore require NI Water to:

- **Review the risk management and scenario planning processes to ensure risks are fully addressed.**

## Financial Impact of the Dispute on NI Water

Overall the total estimated costs of the incident are estimated at £1.7 million. This compares with the costs of £3.1 million in respect of the Freeze/Thaw incident of 2010-11 (which was much greater in scale and impact).

## Delivering a Plan of Action

As a result of our review, we require the company to prepare an action plan and a programme by the end of June 2015 for delivery of both our required actions and the actions included within its own review. We will then monitor the delivery of these actions which should be completed by the end of March 2016.