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**Commission for  
Regulation of Utilities**

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# Irish Water Revenue Control 3 (RC3) Update – Implementation of Scottish Water International recommendations

## Information Note

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## **Update to the implementation of the Scottish Water International (SWI) recommendations**

In August 2020, the CRU published its decision on Irish Water's Revenue Control 3 (RC3) which detailed the Commission for Regulation of Utilities (CRU) approved capital expenditure (capex) allowances for Irish Water for the period 2020 – 2024. In its decision ([CRU20085](#)) the CRU directed Irish Water to implement all recommendations arising from the review undertaken by SWI of its internal investment planning processes ([CRU20085b](#)). The objectives of this review were outlined in the CRU's December 2019 RC3 Decision paper ([CRU19148](#)) and arose from issues identified with Irish Waters RC3 investment plan submissions for RC3. The CRU required that an independent review should be undertaken to identify process deficiencies and potential resolutions to prevent a recurrence when submitting future investment plans. The terms of reference for this review were agreed in Q1 2020 and SWI was appointed to lead the investigation. SWI is a subsidiary of Scottish Water that offers specialist advisory services to international clients. SWI's approach to the review was two-fold involving an initial high-level analysis of Irish Waters processes and systems, followed by a deeper-dive of key theme areas. Following a comprehensive review, SWI provided a copy of its findings ([CRU20085b](#)) to the CRU in April 2020.

Irish Water was tasked by the CRU with developing an Implementation plan to enact all recommendations arising from the SWI investigation and to provide a copy of this plan to the CRU by December 2020. Following further engagement with Irish Water, the CRU is publishing this Implementation plan alongside the first two quarterly progress reports (Q2 2021 and Q3 2021). The plan details how Irish Water will address each of the SWI recommendations by enacting key deliverables against a defined timeline. The deadline for full implementation of all recommendations has been set to end of Q4 2022 and Irish Water is mandated to provide quarterly progress updates to the CRU up to this deadline. It was agreed with Irish Water that the progress reports are to include details concerning their performance against agreed metrics as well as any identified project risks and corresponding mitigations.

The progress reports for Q2 2021 and Q3 2021 show that Irish Water is currently on target to fulfil most of its obligations before the Q4 2022 deadline with a number of deliverables already achieved. The utility has identified the same implementation risks in both progress reports, specifically headcount availability and resource availability and Irish Water reports that it is actively mitigating both risks (further details can be found in the accompanying progress reports). The CRU will continue to monitor progress against the Implementation Plan and publish Irish Water's quarterly progress reports. The CRU will audit the implementation of the full suite of SWI recommendations in 2023.