

# ANNUAL REPORT AND ACCOUNTS

# 2020



  
Waterways Ireland  
Uiscebhealaí Éireann Watterweys Airlann

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# FOREWORD

- CHIEF EXECUTIVE REVIEW



It is impossible to write about 2020 without referencing the COVID pandemic. It is a pandemic which has respected no borders and impacted all – societies, economies, organisations and individuals. I offer my, and Waterways Ireland, condolences to all of the victims and their families.

Waterways Ireland has taken a considered and thoughtful approach throughout the pandemic. As a cross border body receiving advice and guidance within two jurisdictions we have operated on the pragmatic principle of the highest bar ie. we have adopted the guidance which is most cautious. Fortunately, there have been very few instances where cross-jurisdictional guidance differed to an extent which caused a conflict. The COVID case positivity rate within Waterways Ireland is 4% which reflects the actions taken throughout 2020 and continuing into 2021. Senior leaders on our COVID project team continue to meet on a weekly basis to monitor performance and consider ongoing and future scenarios. Protecting our staff and our customers and restricting the spread of the virus have been our ultimate health and safety goal during 2020. Waterways Ireland's COVID Response Plan incorporating updated roadmaps is a living document reflecting strategic and operational needs for our staff and our customers.

Navigation on our waterways was inevitably disrupted throughout 2020, particularly during lockdowns, as we implemented public health guidance across our estate. Conversely, outside of lockdowns, on-water activity was at unprecedented demand levels particularly along the Shannon navigation where cruise hire supply was fully utilised in the summer. Off-water activities and especially walking increased dramatically on our trails and towpaths as people sought outdoor activity to fortify the mind and the body through exercise and fresh air. Mental well-being for our customers and our staff has become a key consideration.

The availability of vaccines and the implementation of vaccination programmes offer chinks of light and renewed optimism for our society. Our thinking has shifted to planning a workplace strategy which will offer a more flexible, hybrid working model for staff. 2020 has shown that technology, resources and smarter ways of working have disrupted the traditional office-only working model. A hybrid working model offers the possibility of reduced commuting time whilst ensuring the collaborative, creative thinking that is fuelled within groups also prevails.

Despite the difficulties presented throughout the last twelve months Waterways Ireland has progressed many plans and initiatives and the fruits of these are evident in early 2021. We continued to remain focused on our three Strategic Challenges.

1. **Increase leadership and organisational capacity** - leadership capacity has been strengthened with three senior leadership appointments. Incremental budget from our Sponsor Departments has enabled us to build badly-needed capacity across the organisation, and the budget for 2021 has enabled that capacity-building to be maintained.
2. **Improve governance, risk and control gaps** - Waterways Ireland has continued to make steady progress in addressing the key risks and internal control gaps highlighted in the 2018 and 2019 Annual Reports. I have expanded on this point in the Statement on Internal Control within this Annual Report. In summary, I am more assured that the foundations of a governance framework with appropriate structures and resources are approaching fit for purpose. In this regard, I would like to commend our Sponsor Departments for their support in supporting our approach to governance improvements throughout 2020 and into 2021.
3. **Develop a strategic 10-year long term plan** – Overall strategic planning within the organisation has improved. Corporate and Business Plans from previous years were approved at the Sectoral Meeting of the North South Ministerial Council in November 2020. Our 2021 Business Plan was also approved. A 10-year Long Term Plan is in its final stages and will be available for engagement with the Leadership teams in Waterways Ireland and Sponsor Departments in Q1 2022.

The 10-year long term plan will set out our scale of ambition across a number of strategic priorities. It will, through horizon planning, recognise the need to execute the strategy on a phased basis acknowledging that not everything can be achieved overnight. It will reposition us on a growth path with transformative development opportunities across our estate. This external manifestation of ambition will

need to be delivered internally also through cultural and mind-set change as we look to the future.

Notwithstanding the unique challenges COVID brought during 2020 I am pleased we have progressed with many of our plans and initiatives which have positioned us for further momentum in 2021. I offer a short list of accomplishments below:

- Waterways Ireland was awarded the prestigious Public Sector Green Award in 2020 reflecting our commitment to climate action, biodiversity, water and waste management as well as comprehensive in-house and stakeholder awareness raising campaigns;
- Current expenditure budget discipline was strong with no significant areas of concern.
- Capital expenditure was on target despite the challenges presented complying with public health guidance and lockdowns. In particular, I would commend the work at Meelick, Co. Galway where operational and unplanned contractual difficulties were overcome by our teams in Technical Services and Western Region;
- A strategy and plan to improve compliance rates along our canals was executed in the latter parts of 2020. Compliance rates now exceed 80% along our navigations and many abandoned, sunken vessels were removed. There is a strong foundation to build upon for 2021 and I congratulate the Inspectorate team for their commitment in what can be a difficult environment;
- The challenge of unregulated houseboats or live-aboards is one that has been growing over the years and estimates now suggest there may be in excess of one hundred and fifty houseboats on our navigations. Houseboat demand is significantly greater than the supply infrastructure within our estate. A series of engagements with houseboat owners in Q3 2020 presented Waterways Ireland with opportunities to listen to concerns. An assurance was given that no unilateral action would be taken by Waterways Ireland. Ultimately, as the navigation authority we need to explore potential solutions and this challenge forms a key priority for 2021 and beyond. Any solution will not be a quick-fix as it involves revising Bye-Laws; identifying infrastructural locations; determining an operating model; and having funding. An umbrella strategic framework for Dublin, incorporating 'Living Communities', will be advanced during 2021;
- Strong momentum, despite COVID planning uncertainty, enabled Waterways Ireland and our strategic partner Fáilte Ireland to ready the Shannon

Tourism Masterplan for launch in early 2021. This is a ten-year plan for the Shannon / Shannon Erne region with committed funding of €76m and early-identifiable, shovel-ready projects within our estate;

- Similarly, our teams in Eastern Operations, Property & Legal, and Marketing & Communications have advanced planning for the Q1 2021 launch of Ireland's longest greenway – the Royal Canal Greenway stretching 130 kilometres from Maynooth in Co. Kildare to Clondara in Co. Longford;
- In 2020, €6 million of funding was secured from the Shared Island Fund, with a Category 1 application made to the Department of Rural and Community Development in February 2021 for the balance (€6 million) to deliver the restoration of Phase two of the Ulster Canal;
- Work progressed throughout 2020 to repair Meelick Weir. Works were delayed in 2020 due to COVID-19, weather conditions and the contractor encountering financial difficulties. Waterways Ireland has since developed a model to enable the outstanding work to be completed without the contractor in 2021. The completed works will repair the weir structure; improve safety for our operational staff by providing 27 no. mechanically operated tilting weirs; improve the main sluice operating system, improve fish passage and provide new eel passes. With the benefit of innovative thinking and design a new 295m publicly accessible walkway has been constructed on top of the tilting weirs. This innovative approach links Meelick in Co. Galway and Lusmagh in Co. Offaly - Linking Counties, Linking Communities. Upon completion, Waterways Ireland with support from the Department of Housing Local Government & Heritage, will have invested circa €3.5m into the project;
- Waterways Ireland's Learning Zone featured on the RTÉ Home School Hub. The RTÉ home school hub was designed to help parents home-school during lockdown by showcasing various resources which have curriculum links. Waterways Ireland's education resources include a range of fun and interactive activities and resources which highlight the biodiversity and history of the Waterways of Ireland;
- Waterways Ireland hosted RTÉ Nationwide on filming along the Three Sister Rivers - The Barrow, the Nore and the Suir. The focus on the River Barrow was a beautiful barge trip from the town of Athy where Nationwide got out and active on the Barrow Way Walk. The Barrow Way Walk event was the brainchild of Waterways Ireland and Get Ireland Walking who conceptualised the idea on the back of the Waterways for Health initiative. Waterways Ireland also

supported 'The Chronicles of Erne', a four-part BBC TV programme covering life on Lough Erne over a 12 month period. The programme covered the seasons in turn and aired on BBC 1 in early 2020. The programme highlighted a whole range of life and activities on our Erne navigation. Later in 2020, Waterways Ireland supported the UK's Channel 5 production of Ireland's most scenic river – the Shannon over 12 days of filming;

- €140,000 was awarded for preliminary design and environmental evaluation for a 41 km Greenway section from Limerick to Scarriff. The proposed construction of the 41 km national greenway route follows along the old Shannon Navigation with connectivity to existing and future greenway routes and trails;
- A comprehensive baseline body of Brand research was delivered to understand user and public awareness, perceptions and interest across the island of Ireland to enable more informed organisational decisions and brand strategy possibilities. This research is a key foundational input into the development of a brand strategy in 2021 so that the Waterways Ireland brand can, over time, become a strategic asset that supports the achievement of our Long-Term Plan and objectives; and
- 2020 saw the delivery of a number of digital and IT advances for the benefit of enhancing user experience, improving operational efficiencies and creating new opportunities. A series of IT projects were delivered aligned to the IT Strategy including the replacement of our Firewall; the upgrade of our Core Human Resources system; the launch of our Royal Canal Greenway ([www.royalcanalgreenway.org](http://www.royalcanalgreenway.org)) and Dublin Canals ([www.dublincanals.org](http://www.dublincanals.org)) websites; the build and rollout of our new risks management system; to the remote working and mobilisation of our workforce. Also in year was the completion of a digital marketing review to establish a baseline for the subsequent development of a Digital Marketing Strategy, Roadmap and transformational programme for Waterways Ireland in 2021.

Finally, I would like to recognise and acknowledge my colleagues within Waterways Ireland. It has been a difficult year for all of my colleagues and their families. For some, home-based working has been isolating. Having a job whilst home schooling is not easy. For

others, lockdowns have restricted our ability to see loved ones. In any single year a degree of insecurity, sorrow or tragedy touches all of us. COVID in 2020 accentuated those moments at a time when there were less people to turn to for a kind word. My colleagues have been resilient and hard-working displaying a powerful sense of duty. I commend all of you for your dedication during this difficult time. We are in a better place because of you.

Thank you,



John McDonagh  
Chief Executive  
6 December 2021



# WATERWAYS IRELAND

# 1

- ABOUT WATERWAYS IRELAND
- ORGANISATIONAL STRUCTURE
- SENIOR MANAGEMENT TEAM
- CORPORATE GOVERNANCE



## WHO WE ARE

Waterways Ireland is a cross-border Body, the largest of six North/South Implementation Bodies established under the British Irish Agreement of 10 April 1998. This Agreement was given domestic effect by means of the North/South Co-Operation (Implementation Bodies) (Northern Ireland) Order, 1999 and the British-Irish Agreement Act, 1999 respectively.

The Body employs approximately 300 staff located in a number of offices and depots close to our inland waterways who are assisted by a team of seasonally recruited staff reflecting the seasonality of the organisations remit. In addition, we are supported by communities and volunteers across the 1,000 km of navigations who help look after the waterways amenity areas in towns and villages. The organisation's headquarters is in Enniskillen, Co Fermanagh with regional offices in Dublin, Carrick-on-Shannon and Scarriff.

## WHAT WE DO

We are the navigation authority for over 1,000 km of navigable inland waterways, comprising the Lower Bann Navigation; Erne System; Shannon-Erne Waterway; Shannon Navigation; Royal Canal; Grand Canal; and Barrow Navigation.

Our statutory function is to manage, maintain, develop and restore specified inland navigable waterways, principally for recreational purposes. In July 2007, our remit was extended by the North/South Ministerial Council (NSMC) to include responsibility for the reconstruction of the Ulster Canal from Upper Lough Erne to Clones, and following restoration, for its management, maintenance and development, principally for recreational purposes. The NSMC at its 10 June 2015 meeting welcomed the Irish Government's approval on 24 February 2015, to progress the first phase of the Ulster Canal restoration from Upper Lough Erne to the International Scout Centre at Castle Saunderson, near Belturbet in Co Cavan. The NSMC also agreed at the June 2015 meeting that Waterways Ireland lead on progressing development of a Greenway along the corridor of the Ulster Canal in association with relevant councils and stakeholders.

At an operational level, we have responsibility for navigation channels, embankments, towpaths, adjoining lands, harbours, jetties, fishing stands, bridges, culverts, aqueducts, overflows, locks, sluices and lock houses along with buildings and archives. The current valuation of the rebuild costs of infrastructure is estimated at

€1 billion. Our work programmes are critical to providing a safe and high-quality recreational environment for our customers, whilst also preserving the industrial and environmental heritage of the waterways for future generations. These challenges must be balanced with our objective of increasing recreational activity across all our waterways.

## HOW WE OPERATE

As a cross-border Body, we operate under the policy direction of the North/South Ministerial Council and the two Governments and are accountable to the NI Assembly and the Houses of the Oireachtas. At an administrative level, we report to our Sponsor Departments, the Department for Infrastructure (DfI) and the Department of Housing, Local Government and Heritage (DHLGH).

Funding is provided by grants from money voted by the NI Assembly and the Houses of the Oireachtas. 15% of recurrent or maintenance funding is provided by the NI Assembly, and 85% by the Irish Government, this reflecting the current distribution of waterways in each jurisdiction. Capital infrastructure repair programmes are funded separately by the jurisdiction where the works are carried out. Development work has been sustained through attracting third party investment from a wide range of sources.

Our operational performance targets are agreed with both Sponsoring Departments, and we report against these targets in our monitoring meetings. Waterways Ireland's Annual Report and Accounts are audited externally by the Comptrollers and Auditor Generals who are heads of the NI Audit Office and the Office of the Comptroller and Auditor General in Ireland. These external audits provide independent assurance on the regularity and propriety of Waterways Ireland's accounts and our processes in relation to expenditure, revenue and assets. Waterways Ireland also has an Audit Committee, consisting of independent non-executive members, whose remit is to advise the Chief Executive as Accounting Officer, on whether an appropriate system of internal control is in operation.

Waterways Ireland submits an annual report of its activities and a statement of accounts to the NSMC and the Comptrollers and Auditors General for each jurisdiction. Following the Comptrollers and Auditor Generals' certification, the Annual Report and Accounts are laid before the NI Assembly and the Houses of the Oireachtas.



# IRELAND'S WATERWAYS

LOWER BANN NAVIGATION 1

ERNE SYSTEM 2

SHANNON-ERNE WATERWAY 3

SHANNON NAVIGATION 4

ROYAL CANAL 5

GRAND CANAL 6

BARROW NAVIGATION 7

ULSTER CANAL 8



**LEGEND**

- Waterways Ireland network
- Other navigations
- Tidal navigations
- Disused navigations
- Restoration in progress
- Border

© WATERWAYS IRELAND

## **WATERWAYS VALUE**

Our waterways add exponential economic value at a local and national level on an annual basis, in comparison with the level of investment. The benefits derived from the provision and development of such infrastructure cannot just be measured in economic terms but must also be viewed in terms of value to society and to peoples' quality of life. The inland waterways are an important component of the rural and urban landscapes within the island of Ireland and are areas rich in biodiversity and cultural heritage. Waterways Ireland manages assets valued at €1 billion. This valuation represents the cost of rebuilding the infrastructure which passes through high value habitats and contributes in many ways to their physical surroundings, water management, local communities and the national economy. The actual value of the inland waterways can only truly be assessed by the benefit which they add on an annual basis to the local and national economies, to the health agenda, to social cohesion, to the environment, to culture and heritage and to the community and future generational use. The benefits derived from the existence and maintenance of the inland waterways are wide ranging, contributing €560 million in 2019 annually to the economy.

## **RECREATION**

The inland waterways make a significant contribution to the visitor economy and to the recreation sector. They are important destinations in their own right and they provide access to the water through a range of enabling public infrastructure such as marinas, jetties, moorings, piers, docks, harbours, slipways, canoe steps, navigation markers, locks etc. They also provide a range of waters' edge infrastructure such as towpaths, bridges, car parks, trails, service blocks, pump out facilities, walking and cycling trails, fishing stands and bird hides. There are currently 16,127 private boat owners that utilise waterways under the remit of Waterways Ireland. This infrastructure is key to enabling visitors and people locally to access the resource for a wide range of water and land-based activities as well as providing links to other visitor attractions and services. The estimated annual value of Private Boating and Access to recreation opportunities at lakes and rivers amounts to an estimated €200.8 million to the national economy.

## **TOURISM**

The inland waterways act as a magnet for tourism activity which encourages entrepreneurs to provide restaurants, convenience stores, recreational services and indeed holiday accommodation throughout rural and urban Ireland. Investment in the waterways also results in increased employment opportunities in the recreation / tourist / heritage industry, particularly through the provision of new destinations in rural areas and the development of existing popular areas. The

estimated annual value of Cruise Hire and Angling on the inland waterways amounts to an estimated €285 million to the national economy.

## **HEALTH AND WELL-BEING**

The inland waterways form part of the "natural health service" – encouraging and supporting physical and healthy outdoor activity that encourages healthy communities. This is particularly the case in rural areas where people who live in isolated areas have a tendency to be less active to their urban counterparts. Local accessibility to well-maintained outdoor recreational facilities is vital in improving the health of inhabitants. Benefits in relation to health are due to the increased activity of the local population in proximity to Waterways Ireland's walks/cycle routes. It is estimated that the proximity of cycle and walking trails to the inland waterways improves the economic mortality rate by approximately €35.9 million per annum.

## **COMMUNITY**

The inland waterways provide a "living lab" for research and environmental monitoring and an important resource for education and up-skilling of our young people. Inland waterways provide opportunities for education and training in history, activities and nature. There is also evidence that outdoor education contributes to children's creative development and ability to cope in real-life situations. Outdoor education improves exposure to a range of cultures, talents and interests as well as improving social skills through participation and interaction.

The inland waterways act as a catalyst for physical and social regeneration – especially in rural areas. They often provide a focal point for activity in the community and improve the social cohesion and pride of many rural areas. Benefits to the community relate to community regeneration stimulated by Waterways Ireland events. The estimated annual value of community events on the inland waterways amounts to an estimated €9.7 million to the national economy.

## **ECOSYSTEM HEALTH**

The inland waterways support ecological biodiversity. 80% of its landholdings are within a European designated site and the green infrastructure of the waterways provide vital ecosystem services. The estimated annual value of willingness to pay for achieving a 'good status' of water quality across Waterways Ireland navigations was €27.9 million in 2019.

TOTAL NUMBER OF VISITORS 2020 >

3.5M



1. SHANNON: 1,509,000
2. GRAND CANAL: 1,069,000
3. ROYAL CANAL: 951,000
4. LOUGH ERNE: 717,000
5. LOWER BANN: 605,000
6. SHANNON-ERNE: 472,000
7. BARROW: 436,000

7 INLAND WATERWAYS  
1,000+ KM OF WATERWAYS

VALUE OF INLAND WATERWAYS 2019 >

€560M



€105M

PRIVATE BOATING



€96M

RECREATION



€52M

CRUISE HIRE



€233M

ANGLING



€36M

HEALTH & WELL-BEING



€10M

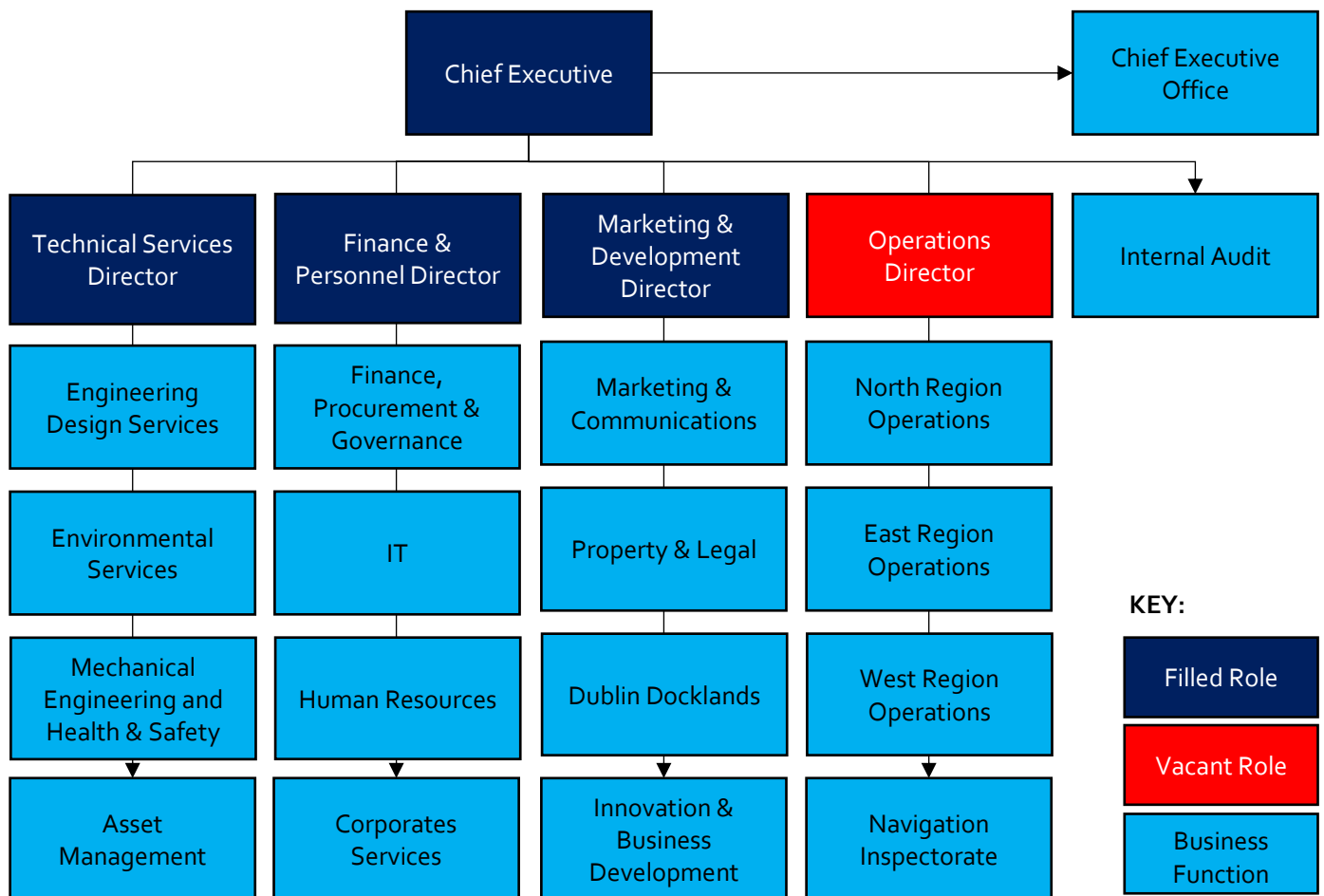
EVENTS



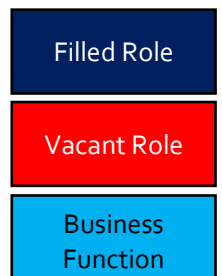
€28M

WATER QUALITY

# OUR ORGANISATIONAL STRUCTURE



**KEY:**



Staff Numbers*	Finance & Personnel Directorate	Marketing & Business Development Directorate	Technical Services Directorate	Operations Directorate	Chief Executive Office	TOTAL
Professional, Technical and Administration Staff	42	25.6	27.8	37.9	5.8	139.1
Operations Staff			3.0	190.6		193.6
<b>Total</b>	<b>42</b>	<b>25.6</b>	<b>30.8</b>	<b>228.5</b>	<b>5.8</b>	<b>332.7</b>

\* Staff numbers as of the 31 December 2020

# OUR SENIOR MANAGEMENT TEAM

## SENIOR MANAGEMENT TEAM

John McDonagh is the Chief Executive. John was acting Chief Executive during 2020 and has since been formally appointed to that role with effect from 1 March 2021. The Chief Executive is supported by four Directors; three Regional Managers; and professional, technical, operational and administration staff located throughout the waterways navigational network.

**Director of Finance & Personnel** .....Linda Megahey  
**Director of Marketing & Development** .....Andrew Nixon-King  
**Director of Operations**.....Vacant  
**Director of Technical Services** .....Joe McMahon  
**Eastern Regional Manager**.....John McKeown  
**Northern Regional Manager** .....Joe Gillespie  
**Western Regional Manager**.....Éanna Rowe

## CONTACT DETAILS

<b>Headquarters</b>	2 Sligo Road Enniskillen Co Fermanagh BT74 7JY Tel: +44 (0) 28 6632 3004	<b>Northern Region Regional Office</b>	Waterways Ireland Somerview House Old Dublin Road Carrick-on-Shannon Co Leitrim N41 K5X7 Tel: +353 (0) 71 965 0787
<b>Press Office</b>	Waterways Ireland Somerview House Old Dublin Road Carrick-on-Shannon Co Leitrim N41 K5X7 Tel: +353 (0) 71 965 0787	<b>Eastern Region Regional Office</b>	Waterways Ireland Floor 2, Block C Ashtowngate Navan Road Dublin 15 D15 Y3EK Tel: +353 (0) 1 868 0148
<b>Visitor Centre</b>	Waterways Ireland Grand Canal Quay Dublin 2 D02 ET38 Tel: +353 (0) 1 677 7510	<b>Western Region Regional Office</b>	Waterways Ireland Scarriff Harbour Dock Road Drewsborough Scarriff Co Clare V94 H7N1 Tel: +353 (0) 61 922 033

**Email:** [info@waterwaysireland.org](mailto:info@waterwaysireland.org)  
**Website:** [www.waterwaysireland.org](http://www.waterwaysireland.org)

## CORPORATE GOVERNANCE

Waterways Ireland is committed in all of its work to achieving the highest standards of corporate governance. The organisation is accountable to two Government Sponsor Departments - the Department for Infrastructure in Northern Ireland and the Department of Housing, Local Government and Heritage (DHLGH) in Ireland. Waterways Ireland is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key organisational issues.

The regular day to day management, control and direction of Waterways Ireland is the responsibility of the Chief Executive and the Senior Management Team. The Chief Executive and the Senior Management Team must follow the broad strategic directions agreed with the Sponsor Departments and must ensure they have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The Chief Executive acts as a direct liaison between the Sponsor Departments and management of Waterways Ireland.

## SENIOR MANAGEMENT TEAM

The Senior Management Team is made up of the Chief Executive; the Finance and Personnel Director; the Marketing and Development Director; the Technical Services Director; and three Regional Managers from Northern, Western and Eastern regions of operations. The Senior Management Team meet on a monthly basis to review strategic and operational matters, including health and safety; financial; human resources; and all other corporate governance monitoring and reporting items.

## SPONSOR DEPARTMENTS

Throughout the year Monitoring Committee Meetings are hosted between the Chief Executive and Directors of Waterways Ireland and representatives from our Government Sponsor Departments (Department for Infrastructure and Department of Housing, Local Government and Heritage) to consult on strategic and operational matters including those agenda items that may give rise to public or parliamentary concern, including the nature, scale and likelihood of potential issues and risks. There were three Monitoring Meetings throughout 2020.

## AUDIT COMMITTEE

The Audit Committee met four times in 2020. The Committee receives, considers, and notes the reports from both Internal Audit and the External Auditors and reviews the financial statements and the risk management processes in place at Waterways Ireland. All Internal Audit reports were considered by the

Committee. The Committee also considered the Body's Annual Report and Accounts which are audited by the Comptroller and Auditor General for Northern Ireland and the Irish Comptroller and Auditor General.



*Royal Canal Greenway*

## EQUALITY AND DISABILITY

Waterways Ireland agreed in 2018 the continued implementation of the Equality and Disability Action Plans 2016 and 2017 until the end of 2020 to enable Waterways Ireland to develop future plans in direct alignment with a new Corporate Plan.

Commitment to promoting equality of opportunity is central to all our work processes and development programmes. For example, the annual Events Programme promotes equality of access to the waterways under our remit and the Affirmative Action Plan seeks to improve the profile of Waterways Ireland within the Protestant community and aims to address an identified imbalance in the applicant pool for job opportunities. Our education / learning programme provides work experience opportunities for placement students. The Island Explorers, Waterways Wildlife Wonders and "Rowing from the Past Biodiversity for the Future" workshops brings children from local schools out on the water to learn about biodiversity and heritage through shared education, whilst having fun and learning new skills. Education events are provided at minimal or no cost to the school, affording the opportunity for access to fun and educational programmes for all children and lessens the risk of cost / disability being a barrier to access or participation. Whilst we are cognisant of the impact of Covid-19 restrictions on delivery of some elements of the 2020 Equality and Disability Action Plans, priority focused on the mental health and wellbeing of our staff, with employees completing online courses on:

- Managing Stress in the Workplace;
- Mental Health and Wellbeing in the Workplace;
- Protecting Yourself when Home Working; and
- Diversity and Inclusion.

# OUR STRATEGY

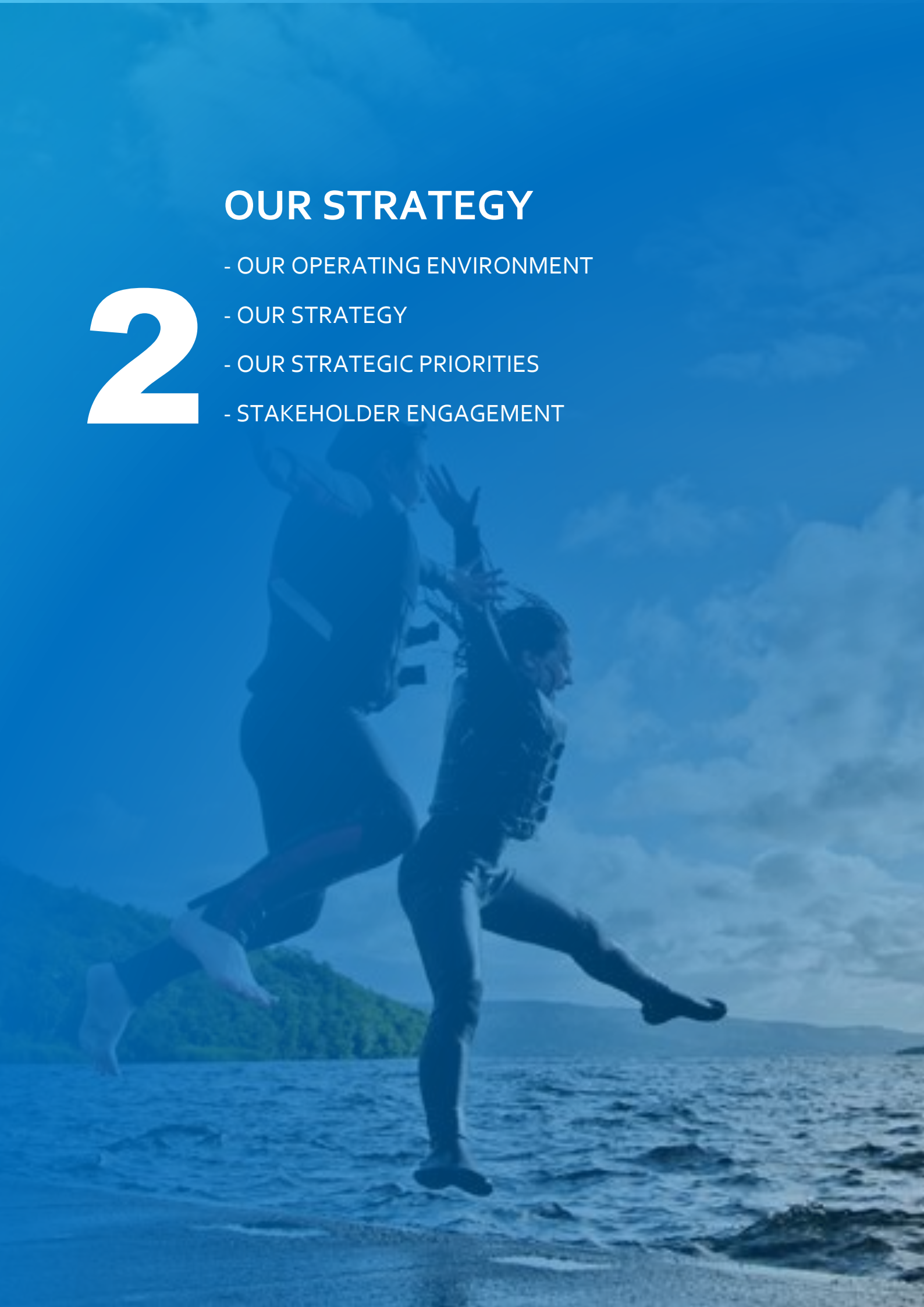
- OUR OPERATING ENVIRONMENT

- OUR STRATEGY

- OUR STRATEGIC PRIORITIES

- STAKEHOLDER ENGAGEMENT

# 2



## INTRODUCTION

The operating environment for Waterways Ireland is regulated, political, dynamic, subject to change and under constant public scrutiny. It is important therefore to review the macro-environment within which Waterways Ireland operates in order to assess the impact upon our ability to deliver our strategic objectives. A high level Political, Environmental, Social, Technological, Economic and Legal (PESTEL) analysis was undertaken in 2020 to understand the current landscape in which Waterways Ireland operates. This analysis was used to inform the 2020-2022 Corporate Plan and 2020 Business Plan. The observations and key findings are outlined below.

## POLITICAL

**UK WITHDRAWAL FROM THE EU:** The UK withdrawal from the EU has created much uncertainty for organisations with cross-border operations and threatens political and legislative divergence between the European Union (EU) and United Kingdom (UK). Divergence in policy areas between Ireland and NI has the potential to impact Waterways Ireland operationally, or otherwise. Uncertainty continues around the NI protocol with the potential impact on Waterways Ireland to be seen.

**SHARED ISLAND UNIT:** The Department of the Taoiseach has established a 'Shared Island Unit' to drive all-island initiatives. This unit aims to: drive cross-collaboration; tackle all-island strategic challenges; strengthen cooperation in key areas such as education and tourism; and further develop the North-West and Border Region. Furthermore, the Irish Government, in its 2021 budget, has allocated €500 million for cross border projects including investment in the A5 transport corridor and the development of the Ulster Canal. In December 2020 the Irish Government approved €6 million in funding from the Shared Island Fund to enable the continued restoration of the Ulster Canal and further development of the Ulster Canal Greenway.

## ECONOMIC

**COVID-19:** We were confronted with a situation that was unimaginable throughout 2020 and will most likely continue to be confronted with COVID-19 as it impacts on every aspect of our society and economy. The goal continues to be to reduce the spread of the virus, whilst keeping our waterways re-opened. In doing so, we still need to make sure that we adhere to the rules of the new way of working, so that we maintain the gains we have made, and continue to suppress the spread of the virus.

**GOVERNMENT FUNDING:** The Irish government's expenditure for the 2020 fiscal year has increased rapidly and is expected to remain elevated into 2021. A budget deficit of just over €25 billion is forecast for 2020 and this is expected to fall to approximately €15 billion in 2021 as tax receipts improve and government supports are scaled down. In NI, the dependence of its economy on transfers from Great Britain means NI is vulnerable to political and economic shocks which impact the UK.

**UK WITHDRAWAL FROM THE EU:** Due to the close economic ties between NI and Ireland, Brexit is a particularly sensitive issue for both jurisdictions. Should uncertainty continue with the protocol, the following impacts may arise: a potential 30% decline in Irish exports to Britain; a rise in unemployment; deepening regional inequality; and implications for the cross-border movement of people and goods.

**PROJECT IRELAND 2040:** The National Planning Framework (NPF) is a policy priority in Ireland that will guide at a high-level strategic planning and development for the country over the next 20 years, so that as the population grows, that growth is sustainable (in economic, social and environmental terms). Waterways Ireland is familiar with the objectives of this planning framework to ensure continued alignment.



*Whitworth Aqueduct, Royal Canal*

## SOCIAL

**WORKING FROM HOME:** Working from home is a growing trend which has been accelerated due to the onset of COVID-19. This shift in working arrangements and reduced commutes has given people more time to dedicate to sport and recreation on and along our waterways.



**STAYCATIONS:** With the rise of the global COVID-19 pandemic, the introduction of lockdowns and reduced international travel, many tourists have turned to domestic travel. This growing trend of staycations remains a potential opportunity for Waterways Ireland.

**RECREATIONAL DEMAND:** As a result of the COVID-19 and the introduction of lockdowns, many indoor recreational facilities, such as gyms, have been forced to close and, at a minimum, reduce their capacity. Consequently, people have rapidly adapted to find new ways to maintain their physical and mental wellbeing.

**HEALTHY IRELAND FRAMEWORK:** The Healthy Ireland Framework 2019-2025 is a national framework to improve the health and wellbeing of the population over the coming generation. It serves as a roadmap for improved health and wellbeing in Ireland. As such there are synergies between our work and the goals of the Healthy Ireland Framework. Opportunity exists for greater alignment to the framework and waterways as a resource for physical and mental wellbeing.



*Acres Lake Floating Boardwalk, Leitrim*

## **TECHNOLOGICAL**

**INFORMATION SECURITY:** The mass shift to remote working due to COVID-19 has presented cyber-criminals with new gateway opportunities to exploit organisations for the purposes of disabling computers, data theft or using a breached computer as a launch point for other attacks. Waterways Ireland has robust procedures and systems in place to manage information security from a standby failover firewall with built in redundancy to ensure 24/7 protection to email traffic monitoring and staff awareness training.

**SUSTAINABLE ENERGY:** Over the past two decades the generation of renewable energy has significantly increased globally. As Waterways Ireland has an abundance of waterways and land assets, it is important for us to be aware of trends in the renewable energy space and how the organisation could position itself to

assist in achieving renewable energy targets whilst benefiting from potential revenue generation.

**AUGMENTED AND VIRTUAL REALITY:** User Experience, Augmented Reality and Virtual Reality can alter the way customers perceive their surroundings and, as such, add economic, experiential, social, cultural, historical and educational value for both internal and external stakeholders.

**AUTOMATION:** The automation of organisational activities can improve performance, by reducing errors and improving quality and speed, and in some cases achieving outcomes that go beyond human capabilities. There is potential within Waterways Ireland to expand and further introduce automated activities to aspects of its activities, such as operation of swing locks or Autonomous Underwater Vehicles (AUVs).

**DIGITAL MARKETING:** Digital marketing relates to advertising delivered through digital platforms such as search engines, websites, social media, email, and mobile applications. In leveraging such online media channels, digital marketing is the method by which organisations endorse goods, services and brands. Increased usage of digital marketing aligns with increasing data analytics capabilities and utilising KPIs to infer performance. In aggregating user information, Waterways Ireland will be better positioned to understand its customer needs and thus tailor marketing accordingly.

## **ENVIRONMENTAL**

**CLIMATE CHANGE:** By mid-century (2041-2060): Temperatures are projected to increase by 1 to 1.6 degrees compared with a baseline period of 1981-2000, with the largest increases in the east; and the precipitation climate is expected to become more variable, with substantial projected increases in the occurrence of both dry periods and heavy precipitation events. The changing climatic conditions impact on how we deliver work. Aside from extreme flood conditions, prolonged periods of very heavy rainfall require increased water management to protect vulnerable structures such as canal embankments. High water levels also impede delivery of capital works. Invasive species continue to threaten boating activity on the waterways. Both the Government/Executive and public bodies such as Waterways Ireland have a leadership role in taking early and ongoing actions to support delivery of the country's decarbonisation goals and in demonstrating our actions.

**CLIMATE ACTION FUND:** The Climate Action Fund announced as part of the Programme for Government in Ireland, is a strategic driver to aid the transition of the state to a low-carbon economy. Approximately €500 million will be made available as part of the Fund,

which supports climate action efforts over the next seven years. There may be potential to leverage this fund to increase the organisation's 'green footprint' and introduce greater environmental sustainability in our assets and operations.

**NI CLIMATE ACTION BILL:** Draft legislation with cross-party support has been put forward as a private members bill to the NI Assembly. The draft legislation declares a state of climate emergency and prescribes milestones for climate action.

**BIODIVERSITY:** In September 2020, Ireland and the UK were among the countries who signed up to a UN global initiative to halt the loss of biodiversity. In doing this, these countries have pledged their commitment to 'matching our collective ambition for nature, climate and people with the scale of the crisis at hand'.



*The Royal Grand Canal, Longford*

## LEGAL

**LEGISLATIVE DIVERGENCE:** As a result of the UK withdrawal from the EU there is a real possibility that the UK will diverge from EU regulatory standards in areas such as employment, environment and consumer law, among others. Moreover, legislative divergence on the UK's side poses a risk to the retention of single market access, which in itself would have implications for customs and tariffs on goods or services coming from EU member states.

**ENVIRONMENTAL LEGISLATION:** For organisations globally, climate change is becoming an increasingly important issue due to the increasing polarity of weather conditions and the associated repercussions. In response to environmental challenges governments, locally, nationally and internationally, are implementing increasingly stringent environmental policies to combat the effects of climate change. Waterways Ireland continues to engage with the Department of Housing, Local Government and Heritage on the Water

Abstraction Bill. For the protection and fulfilment of the statutory undertaking for which Waterways Ireland was established under the British Irish Agreement Act, 1999, it is essential that the proposed Water Extraction Bill gives special recognition to Waterway Irelands position.

**BYE-LAWS:** Bye laws dictate how the waterways should be used and directly impact Waterways Ireland's operations as an all-island navigational authority. At present six of the navigations have bye-laws while the Lower Bann has a voluntary code. Key bye-law areas pertaining to Waterways Ireland include, but are not limited to: charging structures, boat registration and permits, mooring rules and health and safety.

For Waterway Ireland's inspectorate it is integral to be aware of, and keep up to date, with navigational bye-laws. At present many bye-laws pertaining to Waterways Ireland's operations are outdated and require amendments to improve user experience, promote better compliance; and ensure equitability of charging structures.

## OUR STRATEGY

This 2020-2022 Corporate Plan is aligned to previous Corporate Plans, business plans and the current strategic challenges and priorities for Waterways Ireland as we finalise the development of our long-term plan in 2021. The absence of a strategic long-term plan, beyond a 3-year corporate plan, has meant our organisation has been working towards key themes without a strategic approach, longer term vision or meaningful ambition for growth. As such, we have lost some of our relevance and purpose. Through our long-term plan we intend to be more ambitious and identify a growth platform in order to add more socio-economic value to Ireland and NI.

Our Corporate Plan goal continues to be to increase the use of inland waterways to provide high quality recreational amenities, well used by all the people who live near them, whilst also attracting increasing numbers of visitors, bringing jobs, creating new and sustaining existing businesses, and delivering prosperity. At the core of the Corporate Plan is delivery of maintenance and active management of the waterways. Many of the navigation features are now over 200 years old and are in need of significant investment. We will continue to focus on ensuring public safety, water control, and investment in critical infrastructure in areas of greatest use. Key programmes include the development of the canal network towpaths, reimagining the waterside sites throughout the navigations for new activities to researching the potential of a pilgrim way exploring Christian heritage and facilitating a deeper understanding of the country's historic past.

A key challenge for us remains preserving the industrial and environmental heritage of the waterways for future generations, whilst also providing a safe and high-quality recreational environment for users. Our funding profile has declined to levels as low as 40/50% during the recession – the result is an investment deficit. In this regard it is important to acknowledge the ongoing support from our Sponsor Departments. It is important to state, that despite the funding deficit on the back of an economic recession our sponsor departments have allocated almost €400 million over the last ten years to Waterways Ireland. Waterways Ireland continues to seek ways to improve efficiency and effectiveness in its capital and current spending whilst continuing to identify income opportunities from property, utilities, boats and moorings and third-party funding.

## OUR VISION

Our vision sets out our desires to achieve in the future. Our Vision is to bring our waterways to life – full of recreational and commercial activities, havens rich in wildlife and biodiversity, and positively transformational both in terms of enriching people's lives and regenerating the many rural and urban communities and regions through which the waterways pass.

Our Vision statement is *“Creating inspirational inland navigations through conservation and sustainable development for the benefit of all.”*

## OUR MISSION

Our mission outlines why Waterways Ireland exists and what is our remit. Our statutory function is to manage, maintain, develop and restore specified inland navigable waterways, principally for recreational purposes.

Our mission is *“As custodians of the waterways to collaboratively reimagine, maintain, develop and promote our inland navigations to sustain our environment, communities and heritage.”*

## OUR VALUES

Achieving delivery of our Strategy is centred on our Values which reflect the essence of our identity, shape our culture and provide the principles upon which we carry out our organisational activities. Our values are;

### 1. PASSIONATE

We are passionate, enthusiastic and dedicated to the work and services we delivery. We listen to our stakeholder needs and strive to exceed expectation.

### 2. COLLABORATIVE

We work collaboratively internally and externally to achieve objectives, whilst helping and supporting each other for our collective goal.

### 3. ACCOUNTABLE

We strive to deliver the best and hold ourselves accountable for the results. We are responsible, act with respect and compassion and operate in a sustainable and safe manner.

### 4. INNOVATIVE

We strive to continuously improve in the delivery of quality services and infrastructure. We aim to promote a culture of quality, creativity, diversity and excellence.

## STRATEGIC THEMES

To realise our Vision, we have identified five strategic priorities whilst work continues on the development of our Long-Term Plan. These strategic themes have been established following extensive waterway user and stakeholder engagement.

### 1. MAINTENANCE & MANAGEMENT

The inland waterways are the largest public outdoor recreational amenity on the island, with over a billion Euro worth of assets in the ownership and operational responsibility of Waterways Ireland. Maintenance and active management of the waterways is at the core of Waterways Ireland's existence, and pivotal to having safe, functioning, and sustainable waterways that hold the key to unlocking future development opportunities and rural and urban regeneration.

### 2. ENVIRONMENT & HERITAGE

Proactive management of the unique waterway environment encompasses both natural and built heritage. Waterways Ireland's environmental experts must continue to ensure appropriate assessments manage the impact of planned capital and maintenance work programmes, always ensuring measured decisions are taken that protect the environment and precious built heritage structures. We must continue to work as a collector and guardian of heritage, as well as create public awareness and access to these assets through various outreach programmes and events.

### 3. AFFINITY & PARTICIPATION

Waterways Ireland aims to continue to increase the overall numbers of people using the waterways by encouraging and supporting a much broader range of use of the waterways. Our customer base has evolved and grown from being primarily boating users to walkers, cyclists, and increasing use by small craft such as kayakers and canoeists.

### 4. DEVELOPMENT & INCOME

Waterways Ireland has worked, and must continue to work, proactively with all our stakeholders to collaborate on the development of future waterway projects that enable realisation of shared aspirations and benefits for rural and urban populations throughout the navigational network. Our diverse property portfolio offers potential to grow our income base further. We support new and existing businesses on the waterways by granting operating licences, and for use of our towpath network to carry telecommunication services. These licenses generate a modest revenue to support organisational work programmes.

### 5. ORGANISATION & PEOPLE

Waterways Ireland recognises the need to review, develop and execute a suite of leadership and organisational programmes that will address the current and future capacity and demand requirements across the organisation. There is a need to nurture an environment that supports increased collaboration and leadership, so Waterways Ireland is a great place to work and volunteer.



*The Royal Canal Greenway*

## STRATEGIC PRIORITIES

Our 2020-2022 Corporate Plan sets out the following five Strategic Priorities:

### 1. MANAGEMENT & MAINTENANCE

To manage and maintain our waterway assets and deliver a safe, reliable and efficient service for all.

### 2. ENVIRONMENT & HERITAGE

To conserve, enhance and promote our environment and heritage assets - natural and built.

### 3. AFFINITY & PARTICIPATION

To increase Waterways Ireland awareness, affinity and participation both on and along our waterways.

### 4. DEVELOPMENT & INCOME

To deliver greater value outcomes and wider development opportunities for public benefit.

### 5. ORGANISATION & PEOPLE

To strengthen our organisation's capacity and capability, with engaged people and a shared vision.

## STAKEHOLDER ENGAGEMENT

Waterways Ireland could only deliver our strategic priorities set out in this Annual Report and Accounts through a shared ownership and commitment from both our internal and external stakeholders. This contribution from our stakeholders is vital to the enhancement of our priorities and we wish to thank all our 'partners' who have helped us in this regard.

Our Sponsor Departments, tourism bodies, funding bodies, and Local Authorities made a huge contribution to our outcomes for 2020. Our interaction with private sector organisations continued to develop in 2020, whether activity providers, cruise hire businesses, or those wishing to organise events on or along our waterways. The support of the local communities is vital in delivering vibrant and living waterways and they along with the many voluntary organisations are very important players in realising the full potential of the inland waterways.

Throughout 2020 we adopted a collaborative approach to the development of our 10-year Long-Term Plan and 2020-2022 Corporate Plan. Early engagement and on-going consultation with key stakeholders were crucial elements in the development of both Plans. Over 500 internal and external stakeholders were involved in 1:1 interviews, focus groups and online surveys between June and September. These stakeholder engagement interactions should help create a sense of ownership and responsibility for these Plans and implementation.

At Waterways Ireland we take the nature and quality of our relationships with all our stakeholders very seriously. We work closely to understand their views and interests, to deliver our projects in partnership, and respond to their interests as we progress our plans.



*Devenish Island, Lower Lough Erne*

## OUR MISSION

As custodians of the waterways to collaboratively reimagine, maintain, develop and promote our inland navigations to sustain our environment, communities and heritage.

## OUR VISION

Creating inspirational inland navigations through conservation and sustainable development for the benefit of all.

## OUR VALUES

### PASSIONATE



We are passionate, enthusiastic and dedicated to the work and services we deliver. We listen to our stakeholder needs and strive to exceed expectation.

### ACCOUNTABLE



We strive to deliver the best and hold ourselves accountable for the results. We are responsible, act with respect and compassion and operate in a sustainable and safe manner.

### COLLABORATIVE



We work collaboratively internally and externally to achieve objectives, whilst helping and supporting each other for our collective goal.

### INNOVATIVE



We strive to continuously improve in the delivery of quality services and infrastructure. We aim to promote a culture of quality, creativity, diversity and excellence.

## STRATEGIC GOALS

### MANAGEMENT & MAINTENANCE

1

To manage, maintain and care for our waterway assets and deliver a safe, reliable and efficient service for all.

### ENVIRONMENT & HERITAGE

2

To conserve, enhance and promote our environment and heritage assets - natural and built.

### AFFINITY & PARTICIPATION

3

To increase Waterways Ireland awareness, affinity and participation both on and along our waterways.

### DEVELOPMENT & INCOME

4

To deliver greater value outcomes and wider development opportunities for public benefit.

### ORGANISATION & PEOPLE

5

To strengthen our organisations capacity and capability, with engaged people and a shared vision.

# PERFORMANCE REVIEW

- COVID-19 PANDEMIC
- MANAGEMENT AND MAINTENANCE
- ENVIRONMENT AND HERITAGE
- AFFINITY AND PARTICIPATION
- DEVELOPMENT AND INCOME
- ORGANISATION AND PEOPLE

# 3



## COVID-19 PANDEMIC

COVID-19 impacted on every part of the economy and limited Waterways Ireland in service delivery and achievement of our 2020 Business Plan. Throughout 2020, the health and safety of our waterways users, employees and other stakeholders has been paramount. Waterways Ireland mobilised an organisational response team and plan throughout the COVID-19 pandemic. Strict procedures and protocols were implemented to minimise the spread of the COVID-19 virus and the resulting impact and disruption.



From the initial outbreak of the virus (29<sup>th</sup> February 2020) and lockdown phases we considered all process and operational implications including maintaining essential and critical operational functions, prioritising activities and identifying critical and essential employees / teams. These included maintaining critical waterways assets and infrastructure, monitoring water levels, progressing ongoing preparations for key capital projects, maintaining our waterway navigations to protect people and property. All Waterways Ireland buildings, (offices, stores, service blocks, etc.) were closed, with access only available to key employees for critical operational functions. This was in line with the Government / Executive and Public Health Authorities decision.

Waterways Ireland identified essential staff duties for operational staff in light of Government / Executive 'lockdown' guidance. Management of water levels and response to emergency issues which may arise on the waterways, were critical functions in protecting people and property. These staff continued to undertake essential management of water levels, and any emergency works that arose, under strict social distancing protocols.

All navigations were closed throughout the various COVID-19 waves in 2020 to comply with Government / Executive guidelines. All locks and service blocks were closed for navigational and recreational purposes, taking into account the advice from the Public Health Authorities. The Winter Mooring period on the Shannon Navigation and Shannon Erne Waterway was extended in wave one, with no additional cost for boaters for this extension. Towpaths remained open but we encouraged people to use them in accordance with Government / Executive guidelines (e.g., distance from home requirements), always observing social distancing protocols.

We continued to examine the extent to which others would be dependent on Waterways Ireland including reviewing existing arrangements with contractual partners, and the potential of those who were not in a position to fulfil their contractual obligations. For instance, we identified that many of our commercial operators were experiencing difficult trading conditions due to the spread of the virus, and the regulations which were being implemented to lessen its impact. We communicated with these operators to defer payments and did not charge operating license fees to businesses on and along our waterways.

Since wave one we developed a roadmap to manage the phased reopening of our waterways and return to work by employees aligned with Government / Executive guidance in their individual roadmaps, the National Framework for living with COVID-19 and the UK COVID-19 alert level system. The goal continues to be to reduce the spread of the virus, whilst keeping our waterways open. The following pages provide an overview of the phased reopening of our waterway navigations from pre-COVID to the onset of the pandemic and lockdown to the phased reopening of our waterways network.



## PERFORMANCE REVIEW

Waterways Ireland's endeavours and focus throughout 2020 remained on achievement of our Strategic Priorities whilst in the midst of the COVID-19 pandemic:

### 1. MANAGEMENT & MAINTENANCE

To manage and maintain our waterway assets and deliver a safe, reliable and efficient service for all.

### 2. ENVIRONMENT & HERITAGE

To conserve, enhance and promote our environment and heritage assets - natural and built.

### 3. AFFINITY & PARTICIPATION

To increase Waterways Ireland awareness, affinity and participation both on and along our waterways.

### 4. DEVELOPMENT & INCOME

To deliver greater value outcomes and wider development opportunities for public benefit.

### 5. ORGANISATION & PEOPLE

To strengthen our organisations capacity and capability, with engaged people and a shared vision.

## 1. MANAGEMENT AND MAINTENANCE

The navigable inland waterways had restricted opening and availability throughout 2020, due to the COVID-19 pandemic. A programme of channel maintenance continued throughout 2020 across the waterways from weed and grass cutting to tree, bush and hedge trimming; targeted dredging programmes; and repairs across locks, jetties and other infrastructure assets. Asset inspections were completed throughout the year, with 88 earthworks; 77 bridges; 47 locks; 33 weirs; 26 effluent treatment systems and other structures inspected.

While much of our capital programme is dependent on securing timely planning approval, decisions on planning matters are outside the control of Waterways Ireland. The development of future collaborative projects does however often depend on the prioritisation Local Authorities attach to project proposals and how such proposals fit within their overall development plans. Waterways Ireland continued to work proactively with Local Authorities to influence and support their development plans and in doing so, contribute to the development of future waterway projects that enable the realisation of shared aspirations and benefits for regions.

Planning permission was granted in October 2020 to progress vital repairs to Carnroe Weir and to construct a new all-species fish pass. A contract valued at £200,000 for the 'enabling works' was awarded and work commenced in January 2021. The anticipated start date for the works in the river is spring 2022 with completion

due autumn 2023. Preliminary works including underwater surveys, structural inspections and ground investigation, fish pass design, ecology surveys, and sluice gate design were also progressed at Tarmonbarry Weir, Co. Roscommon in advance of repairs.



*Carnroe Weir, Lower Bann*

Work progressed throughout 2020 to repair Meelick Weir, Co. Galway. Works were delayed in 2020 due to COVID-19, weather conditions and the contractor encountering financial difficulties. Waterways Ireland has since developed a model to enable the outstanding work to be completed without the contractor in 2021. The completed works will repair the weir structure; improve safety for our operational staff by providing 27 mechanically operated tilting weirs, improve the main sluice operating system, improve fish passage and provide new eel passes.



*Meelick Weir, Shannon*

With the benefit of innovative thinking and design a new 295m publicly accessible walkway has been constructed on top of the tilting weirs. This innovative approach links Meelick in Co. Galway and Lismagh in Co. Offaly - Linking Counties, Linking Communities. Upon completion, Waterways Ireland with support from the Department of Housing Local Government & Heritage, we will have invested circa €3.5 m into the project.

Following flooding in April 2020 there were a number of breaches on the Barrow Navigation at Bestfield and Ardreich. Various emergency repair options were considered, and temporary repair works completed. Planning permission is now required to carry out permanent repair works at both locations. Waterways Ireland has continued to take an active and supportive role in the Shannon Flood Risk State Agencies Co-ordination Group by undertaking a series of targeted measures on behalf of, and in partnership with the Office of Public Works. This has been facilitated by a strategic maintenance funding allocation over the next 10 years amounting to €7 million.

Marine Safety Notices continued to be issued to all vessel owners and boating organisations who wished to receive them and were published across all Waterways Ireland and partner digital platforms. Waterways Ireland allocated a budget of €150,000 to remove abandoned and non-compliant non-live aboard boats. Approx 20 vessels from Sallins, Lowtown, Hazelhatch and the Barrow were removed with plans progressing to improve Bye-Law compliance across our navigations. The objectives of the programme were to improve compliance rates from March average of 56% to mid-80%; increase capacity along mooring areas and improve the user experience in navigating along the canals; improve the water quality; and take back control and build a reputation of fair and equitable enforcement for all users. Significant progress has been achieved from this compliance recovery project.

## 2. ENVIRONMENT & HERITAGE

Proactive management of the unique waterway environment encompasses both natural and built heritage. In-house environmental experts ensure appropriate assessments assess the impact of planned capital and maintenance work programmes, always ensuring measured decisions are taken that protect the environment and precious built heritage structures.

2020 was another successful year for environment and heritage through the implementation of Waterways Ireland Heritage Plan (2016-2020). Key highlights were: The Heritage Grant Scheme that allocated €20,000 to support local community groups in the delivery of heritage projects throughout our waterways. A successful application made to the Historic Structures Fund resulted in €35,250 being leveraged to undertake necessary repairs to the Napoleonic Fort Eliza on the Shannon Navigation near Banagher. An innovative and cutting edge Canal Heritage Virtual Reality project was developed and launched through VR headsets (with relevant disinfection protocols) as well as being accessible through 360 degree YouTube and Google Cardboard which turns any smartphone into a VR headset. A Conservation Assessment with associated

Visitor Management Strategy was undertaken to investigate possible actions to increase visitor access to the Meelick Martello Tower at Victoria Lock. We continued our successful collaboration with Third Level Institutes undertaking research with NUI Galway, Technical University Dublin and the National College of Art and Design on heritage related projects. We also continued our successful biodiversity management at several sites throughout the waterways in support of the All Ireland Pollinator Plan.

Our successful Heritage Stories from the Waterways digital media series continued showcasing the benefits of water-based activities for children with special needs, the Royal Canal Citizen Science Project, our Water Framework Directive programme, lock gate replacement on the Barrow and advocacy work of the Royal Canal Amenity Group to name but a few. Waterways Ireland was delighted to partner with broadcaster Derek Mooney for a dedicated feature on our inland waterways, specifically on biodiversity and heritage projects.

Waterways Ireland was awarded the prestigious Public Sector Green Award in 2020 reflecting our commitment to climate action, biodiversity, water and waste management as well as comprehensive in-house and stakeholder awareness raising campaigns.



*Love this Place, Leave no Trace Campaign*

Waterways Ireland was central to a multi-agency collaboration with Leave no Trace Ireland, in the rollout of a national media campaign to promote sustainable outdoor recreation during the COVID-19 travel restrictions, titled 'Love this Place, Leave no Trace'.

We continued to work throughout 2020 in partnership with the Environmental Protection Agency and the NI Environment Agency to facilitate water quality monitoring. Water quality data from Waterways Ireland's Water Framework Directive monitoring programme indicates that the vast majority of canal artificial water bodies achieved Good Ecological Potential in 2020 and continue to improve. We continued to be proactively

involved in the Water Framework Directive working groups through the National Technical Implementation Group. We actively participated on the Environmental Protection Agency Hydromorphological subgroup, the Hydrometric Network Group, and the Department for Housing, Local Government and Heritage steering group on fish passage at Parteen Weir Co. Clare. Multiple programmes were implemented to effectively manage water levels on the canals with Irish Water and the local authorities. A material consideration for the Body in 2021 is the drafted Water Abstraction Bill.

In early 2020 Waterways Ireland’s partnership with educational establishments delivered value added education programmes directly linked with educational syllabuses through Engineers Week and NI Science Festival. As part of Engineering Week, engineering teams led the activities on the Barrow Line of the Grand Canal, the Erne, the North Shannon, the Lower Bann and the Barrow. Waterways Ireland Learning Zone featured on the RTÉ Home School Hub. The RTÉ home school hub was designed to help parents home school during lockdown by showcasing various resources which have curriculum links. Waterways Ireland’s education resources include a range of fun and interactive activities and resources which highlight the biodiversity and history of the waterways of Ireland.



*Engineers Week 2020*

### 3. AFFINITY AND PARTICIPATION

Amidst public anguish surrounding Covid-19 and the life challenges of dealing with the resulting government restrictions, and now living with an ongoing risk of the virus seeping into all communities, access to green and blue space on the island of Ireland has continued to become the desired daily escape for many, and newly discovered staycation option.

Analysis of visitor counters along towpaths/trails combined with anecdotal evidence from Waterways Ireland and local authority staff throughout the island, evidenced extraordinary increased use of waterway environments since COVID-19. An investigation of

counter metrics at 11 locations on the Shannon Navigation and Shannon-Erne Waterway from March to August 2020 versus the same period in 2019, reveals increases of between 91% and 126% in five locations. Overall use of the 11 walking/cycling routes increased by 19%.

Following the phased reopening of the waterways in the aftermath of the Covid-19 national lockdowns, demand for hire boats surpassed fleet availability with every Hire Boat company in Ireland generally 100% booked to the end of August 2020, with 80-90% bookings for September (Irish Boat Rental Association, 2020). Demand was solely generated by the domestic market, mostly people who previously would have holidayed abroad. The sector’s greatest challenge was not having enough hire boats to meet the unprecedented domestic demand. This represents a fundamental shift in market demand from previous years where bookings were only 22% Domestic tourists. Correspondingly, online vessel owner registrations continued to grow. In 2020 there were 16,127 private boat owners in both jurisdictions.



*Lough Derg Blueway*

Waterways Ireland hosted RTÉ Nationwide on filming along the Three Sister Rivers, The Barrow, the Nore and the Suir. The focus on the River Barrow was a beautiful barge trip from the town of Athy where Nationwide got out and active on the Barrow Way Walk. The Barrow Way Walk event was the brainchild of Waterways Ireland and Get Ireland Walking who conceptualised the idea on the back of the Waterways for Health initiative. Waterways Ireland also supported ‘The Chronicles of Erne’, a four-part BBC TV programme covering life on Lough Erne over a 12-month period. The programme covered the seasons in turn and aired on BBC 1 in early 2020. The programme highlighted a whole range of life and activities on our Erne navigation. Later in 2020, Waterways Ireland also supported the UK’s Channel 5 production of Ireland’s most scenic river – the Shannon over 12 days of filming.

Waterways Ireland continued its Strategic Partnership Agreements with Triathlon Ireland, Athletics Ireland, Rowing Ireland, Canoeing Ireland and Get Ireland Walking in order to collaboratively design and run

programmes to increase recreational participation, and promote improved levels of fitness, health and wellness across all ages in a fun and sociable environment. Programmes under these partnerships included 'The Paddles Up Programme' 'Wellness on the Water Programme', 'Come and Try', outdoor swim training programmes, 'The Daily Mile', and walking programmes. RTÉ Nationwide in September featured Waterways Ireland and the Grand Canal as part of our strategic partnership with Get Ireland Walking and National Walking Day. Having off-road walking trails within easy access is a huge asset for communities in the midst of the COVID-19 pandemic and walking trails along water always get a special mention for how they benefit people with both mental and physical health and well-being.

Waterways Ireland and Fáilte Ireland continued our Strategic Partnership Programme in 2020 focusing on the delivery of a programme of works to improve the quality of the visitor and user experience along Waterway Ireland's waterways in Ireland for recreational purposes. All projects identified will complement the key brand experience propositions: Ireland's Ancient East, Wild Atlantic Way, Ireland's Hidden Heartlands and Dublin. The partnership includes a series of projects and initiatives aimed at cross-promotion and marketing. An example of this is the Shannon Masterplan, being led by Waterways Ireland, which will develop a sustainable international tourism destination in the Shannon Corridor which respects the nature and diversity of the environment and its people. Fáilte Ireland and Waterways Ireland also worked on a research programme to gain greater insights into Domestic Tourism in the Cruise Hire Industry during 2020. Throughout 2020 Waterways Ireland engaged in strategic partnerships with Tourism NI and local Authorities to enhance the tourism potential of the Lower Bann and Erne, including the potential development of a Blueway on the Lower Bann.

#### 4. DEVELOPMENT AND INCOME

Funding applications under the Greenways Strategy were submitted to develop towpaths. €140,000 was awarded for preliminary design and environmental evaluation for a 41 km section of Greenway from Limerick to Scarriff. The proposed construction of the national greenway route follows along the old Shannon Navigation with connectivity to existing and future greenway routes and trails.

Planning permission for the Barrow Blueway was granted by An Bord Pleanála for 46 km of the route between Loughton and Athy (Kildare 33.2 km and Laois 13 km). Waterways Ireland in partnership with Kildare and Laois County Councils secured €5.07 million of funding for the 46 km route under the Rural Regeneration Development Fund, representing the full capital grant requested with a

further 25% match funding by the Sponsor Department. Detailed project planning; pre-works ecology surveys; and site works commenced in 2020. Site works are estimated to complete late 2021 / early 2022.



*The Barrow Blueway*

Final works of the Royal Canal Greenway, Ireland's longest Greenway at 120 km are almost complete using the €1 million of funding from the Department of Transport (formerly the Department of Transport, Tourism and Sport), to upgrade the towpath in Longford and Westmeath and to provide signage and ancillary equipment for the entire route from Maynooth to Richmond Harbour. A marketing strategy has been agreed to be taken forward on a collaborative basis with Meath, Kildare, Westmeath and Longford County Councils to promote the Greenway.

Phase two Ulster Canal Greenway, Smithborough to Middletown (22 km), is currently at Planning Stage. Following a thorough route selection process, the preferred route for the Greenway was made public in July 2020. An Integrated Consultant Team continued to progress through the planning and design process - to refine the route and develop cost estimates. A formal request for €7 million of additional funds was submitted to the Special EU Programmes Body (SEUPB) in 2020 to develop the Greenway.

Phase two of the Ulster Canal Restoration from Clones to Clonfad, including a canal basin marina and amenity area in Clones secured €325,000 of Category 2 funding in 2019 under the Rural Regeneration and Development Fund for engineering studies =. Design, build, and land costs for this phase of the restoration is estimated at €12.2 million. In 2020 €6 million of funding was secured from the Shared Island Fund, with a Category two application made to the Department of Rural and Community Development for the balance (€6 million) to deliver the restoration of Phase two of the Ulster Canal.

We continued to seek ways to strengthen and grow our sustainable income base from the use and development of our assets to care and support our inland waterways.

Income streams were impacted across licence and moorings, investment and property and third-party funding throughout 2020 due to the COVID-19 pandemic.

The Body licenses a wide range of businesses to operate on our property assets to attract people to come and enjoy the waterway environment. Businesses include small vessel hire, such as day boat to canoe hire activity providers to large passenger vessel hire and licences to providers at food markets. Waterways Ireland also manages the licensing and use of a large portfolio of rural property connected to the navigations.

Waterways Ireland's largest asset is City Block 19 in Dublin Docklands, a large 1.2 hectare development site. City Block 19 on Grand Canal Dock is one of the few undeveloped sites in Dublin's Docklands. In its present derelict state, it detracts considerably from the regeneration in the area and limits the potential of Dublin Docklands and Grand Canal Dock. Waterways Ireland is keen to see the appropriate and much needed development of Strategic Development Zone designated City Block 19 in a way which celebrates and reflects the significant social, historical and cultural value of the site for the local community and for Dublin.

Waterways Ireland is currently considering a range of options in relation to the most effective way to deliver this ambition for City Block 19. One option being explored is sale on the open market. This option would enable the achievement of the vision for Grand Canal Dock within a shorter timeframe and would remove any additional burden on the public exchequer. Designations within the Strategic Development Zone protect the preservation of the Docks into the future, as part of any development proposals. The approval of any option is a substantive and considered process which will take a number of months. All development options will further allow for the proceeds to be invested back into the delivery of a shared vision for the Docklands.

Waterways Ireland has commenced work on a plan to provide a strategic framework and timeline for appropriate land/canal use identifying a suite of sustainable, integrated and coordinated development initiatives. Consultation and collaboration with external stakeholders will form an integral part of this process.



*Angling at Kilcare, Shannon-Erne Waterway*

## **5. PEOPLE AND ORGANISATION**

Waterways Ireland recognises the need to review, develop and execute a suite of people and organisational governance programmes that will address the current and future capacity and demand requirements across the organisation. Furthermore, there is a continual need to nurture an environment that supports increased collaboration and leadership so Waterways Ireland is a great place to work and volunteer.

Leadership capacity was disrupted in 2020 when the Business Development Director and later Finance and Personnel Director decided to leave the organisation. This has created a vacuum at leadership level in the organisation and with it an over-extended span of control for the Chief Executive. Recruitment campaigns commenced in 2020 to backfill these leadership roles with a campaign ongoing to recruit an Operation Director. Other successful recruitment campaigns throughout 2020 included the appointment of a Head of Mechanical and Electrical; Head of Civil Engineering; Head of Asset Management; Head of IT and several senior engineering appointments across our navigations with other campaigns ongoing. Based on Sponsor Department funding granted for 2021 there is headroom to return the organisation to a steady state and to improve overall organisational capacity. This challenge continues to be the highest priority.

Progress continued throughout 2020 to improve governance, risk and controls with the appointment of a new Chair of the Audit Committee, delivery of the 2020 Internal Audit Plan and associated reports, finalisation of allowance issues and the ongoing rollout of an improved Risk Framework. From another perspective - legacy gaps in Property & Legal specifically in relation to First Registration and Encroachments; legacy gaps in Health & Safety specifically in relation to Emergency Response Plan, Lone Working, Welfare facilities and Management Systems; and outdated Bye-Laws – are all being addressed and these feature as key areas to address in the future. Outstanding is progress on recommendations

from the 2020 Financial Governance Review. Focus will be accelerated by Waterways Ireland in conjunction with our Sponsor Departments following the establishment of a project committee in December to action the delivery of this Review.

From the outset of the COVID-19 pandemic flexible and remote working arrangements were put in place for the organisation, with the COVID Project Team agreeing that Waterways Ireland should implement a blended working model and our Sponsor Departments have supported this. The model will offer employees the opportunity to work from both home and offices. In doing so we will enhance the employee proposition and provide a flexible working arrangement which does not lock us into a fixed position. Flexible remote working arrangements and ICT infrastructure will remain in place to facilitate employees working from home.

2020 seen the delivery of a number of digital and IT advances for the benefit of enhancing user experience, improving operational efficiencies and creating new opportunities. A series of IT projects were delivered aligned to the IT Strategy including the replacement of our Firewall; the upgrade of our Core Human Resources system; the launch of our Royal Canal Greenway ([www.royalcanalgreenway.org](http://www.royalcanalgreenway.org)) and Dublin Canals ([www.dublincanals.org](http://www.dublincanals.org)) websites; the build and rollout of our new risks management system; to the remote working and mobilisation of our workforce. Also in year was the completion of a digital marketing review to establish a baseline for the subsequent development of a Digital Marketing Strategy, Roadmap and transformational programme for Waterways Ireland in 2021.

A comprehensive baseline body of research was delivered to understand user and public awareness, perceptions and interest across the island of Ireland to gain more informed organisational decisions and brand strategy possibilities. This research is a key foundational input into the development a brand strategy in 2021 so that the Waterways Ireland brand can, over time, become a strategic asset that supports the achievement of our Long-Term Plan and objectives.

# 4

## FINANCIAL REVIEW

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## BACKGROUND INFORMATION

Waterways Ireland was established on the 2nd December 1999 under the British Irish Agreement Act 1999 and the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999. Its functions are the management, maintenance, development and restoration of the island's inland navigable waterway system, principally for recreational purposes. The accounts contained in this document refer to the year ended 31 December 2020.

These accounts have been prepared in accordance with:

- The financial arrangements as set out in Part 7 of Annex 2 to the Schedule of the British-Irish Agreement Act, 1999 and as set out in Part 7 of Annex 2 to the Schedule of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 establishing Implementation Bodies;
- A direction by the Department of Housing, Local Government and Heritage (DHLGH) and the Department for Infrastructure (DfI), as provided for in the Body's Financial Memorandum in 2018;
- The Annual Report and Accounts Guidance provided by the Department of Public Expenditure and Reform (DPER) and the Department of Finance (DoF) (2017).

## BUSINESS REVIEW

A full review of Waterways Ireland's activities is given in the Annual Report.

## RESULTS FOR THE PERIOD

The results of Waterways Ireland are set out in detail on page

49. The deficit for the period was €4,121,000 (STG3,662,000). The deficit for 2019 was €1,329,000 (STG€1,163,000).

## REPORTING CURRENCY

The normal operating currency of Waterways Ireland is euro. Sterling values are the euro values translated at the Bank of England average exchange rate for the year of €1.125 (2019 €1.1405) to £1 for the Statement of Income while the Statement of Financial Position is translated at the Bank of England closing rate at year end of €1.1118 (2019 €1.1765) to £1.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment are set out in Note 7 to the accounts.

Waterways Ireland took over from DHLGH and DARD (The Department of Agriculture and Rural Development) the asset portfolio comprising mainly infrastructure assets such as waterways, canals, towpaths, lock-houses and associated navigational features (locks, weirs, etc). The Shannon-Erne Waterway was transferred in 1999 and the Erne System, Grand Canal (including the Barrow Navigation), the Lower Bann Navigation, the Royal Canal and the Shannon Navigation were transferred in 2000 and valued in the accounts of Waterways Ireland in 2003.

Under guidance provided by the Department of Public Expenditure and Reform and the Department of Finance definable major assets or components within an infrastructure system or network with determinable finite lives are treated separately and depreciated over their useful economic lives.

Operational assets including land, navigational structures and work in progress have been valued in the accounts. Where title and value have been verified, land and buildings of a non-operational nature have been valued in the accounts. A net valuation increase in Tangible Assets of €124,000 primarily due to the revaluation of assets held for sale. A net valuation increase in year in Operational asset €26,266,000, includes CPI movement €4,705,000, Land indexation reduction of €39,000, revaluation based on condition of lock, lock gates, weirs and bridges €21,600,000. These changes are detailed in Notes 1.7, 7.1, 7.2 and 7.3.

## FUTURE DEVELOPMENTS

Capital development in 2021 will concentrate on investment in critical navigation infrastructure led by asset management insights and to projects which will make a difference. A detailed capital programme for 2021 has been agreed including the replacement of critical navigation infrastructure, fleet, plant and equipment and investment in ICT. COVID-19 is not expected to impact the capital program in 2021.

## BOARD MEMBERS

Under the British Irish Agreement Act 1999 and the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 the functions of Waterways Ireland are exercised by the Chief Executive. There are no board members.

## EQUALITY POLICY

Waterways Ireland implements an Equality Scheme in compliance with the requirements of Section 75 of the



Northern Ireland Act 1998 and is fully committed to meeting the equality requirements of both jurisdictions.

## **POLICY IN RELATION TO PEOPLE WITH DISABILITIES**

Waterways Ireland is an equal opportunities employer and welcomes people with disabilities as employees. We proactively seek to engage with people with disabilities and representative groups, providing opportunities for work placements.

## **EMPLOYEE INVOLVEMENT**

The Industrial Relations Forum meet quarterly with representatives of management and unions to discuss items of common interest. In addition, management meet and work regularly with recognised Trade unions in addressing employee issues.

Management engages with staff at briefing and information meetings throughout the year, in addition to the regular, Regional, Departmental and Team meetings driven by both management and employees.

## **CHARITABLE DONATIONS**

Waterways Ireland made no charitable donations during the period.

## **PRACTICE ON LATE PAYMENTS**

Waterways Ireland is committed to the prompt payment of bills for goods and services received in accordance with the UK Late Payment of Commercial Debts (Interest) Act 1998, as amended by the Late Payment of Commercial Debts Regulations 2013 – Statutory Instrument 2013 No. 395 and the Irish Prompt Payment of Accounts Act, 1997, as amended by the European Communities (Late Payment in Commercial Transactions) Regulations (S. I. No. 580 of 2012). Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

During 2020, 99% (2019, 99%) of invoices were paid within 30 days and interest charges of €1,001 (2019 €221) and late penalty charges of €5,119 (2019, €3,179) were incurred which are included in currency gains/losses and interest payable.

## **HEALTH AND SAFETY**

Waterways Ireland is committed to ensuring a safe working environment for its staff. The Health and Safety Statement was signed and updated in 2020, including Covid 19 measures and response plan. The Waterways Ireland Health and Safety committee is in place and the Health and Safety Working Group, each Regional Safety Group and Head Office Safety Group are scheduled to meet on a quarterly basis each year to review Health and Safety issues in each area and overall, across Waterways Ireland. To ensure Waterways Irelands Health and Safety systems are in use and compliant with legislation

multiple internal safety audits are undertaken each year. The impact of Covid 19 caused a refocus on health and safety implementation measures.

## **EXTERNAL AUDIT**

Waterways Ireland accounts are audited by the Comptroller and Auditor General for Northern Ireland and the Irish Comptroller and Auditor General (C&AGs) in accordance with the provisions of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999. The C&AGs and the staff of their offices are wholly independent of Waterways Ireland. They report their findings to the Northern Ireland Assembly and the Houses of the Oireachtas. The charge for the audit services for the financial year, which is included as a cost in the Statement of Income, is €52,866 (STG£47,550). The auditors do not carry out non audit work in relation to Waterways Ireland.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

There are principal risks and uncertainties faced by Waterways Ireland. Waterways Ireland activities are funded by the Northern Ireland Assembly and Dáil Éireann. The level of funding is under constant review and the Corporate Plan 2020-2022 indicates funding levels will rise in this period. The key risk, in real terms is there will be a continued pressure on funding as increased pensions and potential exchange rate costs impact directly on the money available to fund the navigations. This will continue to increase the required draw on public funds from the two Governments.

Waterways Ireland faces significant exchange rate risk due to fluctuating exchange rates during the period of the Corporate Plan. In 2020 a €49,000 exchange loss was incurred mainly from conversion of sterling bank balances at month end in line with accounting practice resulting in an unfavourable exchange loss.

Waterways Ireland pays the pension costs for all retired staff from its operating budget. In 2001 over 200 staff transferred and designated to Waterways Ireland from the previous inland waterway management bodies. Waterways Ireland is liable for their full pension costs including the period of employment prior to 2001. Each year pension costs are significant and were €2,600,000 in 2020 (€2,300,000 in 2019). By 2021, it is estimated that there will be 165 pensioners who are retired or eligible to retire against a permanent workforce complement in 2020 of 284 staff. DfI fund all of the pension costs in addition to operating funding, whilst DHLGH contribute up to the budget available with any additional requirement coming from operating funds.

## **BREXIT**

As a cross border body, the impact of Brexit may include the loss of access to European funding for Northern Irish

projects which is a significant source of development funding. From 31 January Northern Ireland is outside the Single Market and Customs Union. Tariffs may apply in relation to the procurement of services and products, increasing operating costs of Waterways Ireland. Diverging legislative provisions may impact on the business of Waterways Ireland. Arrangements will be made to limit these impacts as much as possible.

## PENSIONS

In 2020 the fall in the discount rate of AA rated UK corporate bonds and fall in Eurozone corporate bonds at 31 December 2020 along with the net change in inflation rates, change in mortality assumptions and salary increase assumptions have resulted in an actuarial loss on the scheme and an increase in scheme liabilities in the year of €25,000,000.

Two employment tribunal cases in the cases of *McCloud* and *Sargeant* were brought against the UK Government in relation to possible discrimination in the implementation of transitional protection following changes made to public service pension scheme legislation in the UK in 2015.

In December 2018, the Court of Appeal ruled that the transitional protections gave rise to unlawful discrimination on the basis of age. The UK Government requested leave to appeal this decision to the Supreme Court, however the request was denied on 27 June 2019.

The Department of Finance (Northern Ireland) continues to liaise with HM Treasury for proposals to address age discrimination in the wider public service schemes, as a consequence of the *McCloud* ruling. The Department's public service pensions consultation to remove the discrimination identified by the courts in the 2015 pension reforms closed in November 2020 and the outcome of the consultation was published on 25 February 2021. Details of the consultation response are available at:

<https://www.finance-ni.gov.uk/publications/response-consultation-proposed-changes-transitional-arrangements-2015-schemes>

The rectification process is expected to be long and time-consuming and will need to address fairly the issue of pension accruals since 2015 and where individuals may have been better off in new schemes. In this regard certain staff of Waterways Ireland who are scheme members of the Scheme, may need to be compensated for any discrimination suffered as a result of the transitional protections.

Quantifying the impact of the judgement at this stage is difficult as it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members

withdraw from active service. The terms of any possible settlement will require further consideration which will need approval by both the Department of Finance (Northern Ireland) and the Department of Public Expenditure and Reform (Ireland).

On this basis, no provision has been made in the accounts for the *McCloud/Sargeant* judgment. The N/SPS Administrator estimates that any compensation payable by Waterways Ireland will be up to £2,000,000, (2019: €1,700,000).

A contingent liability has been recorded in note 18. Employee contributions of €654,000 (2019: €632,000) were received and remitted to DHLGH and DfI on an 85:15 basis.

## APPROVAL OF 2020 BUSINESS PLAN AND CORPORATE PLAN 2020-2022

Waterways Ireland's 2020 Business Plan was retrospectively approved by the Sponsor Departments, Finance Departments and the North/South Ministerial Council in December 2020. Corporate Plan 2020-2022 has been passed to Sponsor Departments and was approved at North South Ministerial Council on 21 May 2021.

DfI implemented contingency arrangements, put in place by DoF to enable the payment of funding to Waterways Ireland. These involve the approval of a draft Business Planning document which sets out the short-term proposed activities, together with the related benefits and costs. As a result, all 2020 funding requested to date has been paid by both Sponsor Departments.

DHLGH and DfI continued to fund Waterways Ireland's activities in the absence of an approved Business Plan with €31,462,000 of funds applied during 2020. Additional bids from Waterways Ireland have secured funding from DHLGH of €1,200,000 toward capital and €150,000 from the July Stimulus Plan, €108,000 of match funding in relation to the Rural Regeneration Development Fund (RRDF) (Category 2) for the Ulster Canal Restoration Phase 2 and €42,000 match funding for the RRDF (Category 1) Barrow Blueway project.

## EVENTS AFTER THE END OF THE REPORTING PERIOD

Nothing to report.

## COVID-19

From the initial outbreak of the COVID-19 virus and lockdown phase all process and operational implications including maintaining all critical operational functions, prioritising activities and identifying essential employees / teams were considered. Maintaining critical waterways

assets and infrastructure, monitoring water levels, progressing ongoing preparations for key capital

projects, maintaining waterway navigations in order to protect people and property are the priority.

Since wave one we developed a roadmap to manage the phased reopening of our waterways and return to work by employees aligned with Government/Executive guidance in their individual roadmaps, the National Framework for living with COVID-19 and the UK COVID-19 alert level system. The goal continues to be to reduce the spread of the virus, whilst keeping our waterways open. The Annual Report provides an overview of the phased reopening of our waterway navigations from pre-COVID to the onset of the pandemic and lockdown to the phased reopening of our waterways network

# STATEMENT OF RESPONSIBILITIES

## **WATERWAYS IRELAND RESPONSIBILITIES**

The Finance Departments have directed Waterways Ireland to prepare a statement of accounts for each year ended 31 December in the form and on the basis set out in the account's direction on page 73 of this report section. The accounts are prepared on an accruals basis and must give a true and fair view, of the Body's state of affairs at the year end and of its income and expenditure, changes in equity, and cash flows for the calendar year.

In preparing the accounts Waterways Ireland is required to:

- Observe the accounts direction issued by the Sponsor Departments, including the relevant accounting and disclosure requirements, and apply accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that Waterways Ireland will continue in operation.

## **CHIEF EXECUTIVE'S RESPONSIBILITIES**

The Chief Executive's responsibilities, as the Accountable Person for Waterways Ireland, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Financial Memorandum of Waterways Ireland.

## SCOPE OF RESPONSIBILITY

The Financial Memorandum between Waterways Ireland and its Sponsor Departments sets out in detail the responsibilities of the Accounting Officer within a business and financial framework.

## REVIEW OF EFFECTIVENESS

Reflecting on 2020 it is natural that the risks associated with COVID 19 are referenced and the mitigating measures deployed to address these risks. In summary the following mitigating factors were implemented:

- (i) A senior leadership group was formed at the outset of the pandemic to act on behalf of the Body to prevent the spread of the infection and to protect staff. This group met initially twice weekly and as required during 2020;
- (ii) A set of Minutes was produced and actions delegated at each meeting;
- (iii) Regular communications to staff and customers were initiated and continued throughout 2020;
- (iv) Public health guidance and other circulars from both jurisdictions were considered and the highest bar principle was practised to eliminate uncertainty; confusion or conflict arising from the advices;
- (v) Migration from offices to home-working was seamless as technology and telephony platforms operated to plan;
- (vi) A formal, documented Response Plan was published and shared with staff and Sponsor Departments. The Response Plan is a living document and is updated to reflect new guidance and substantive changes;
- (vii) In particular, guidance on return-to-work protocols were explicitly documented and compliance checking initiated.

In 2020 the case positivity rate within Waterways Ireland was 4% representing a thoughtful and considered approach to the pandemic.

Whilst COVID19 was the predominant risk, Waterways Ireland continued to operate within public health guidelines.

Key risks associated with an under-resourced organisation are being mitigated as capacity-building continues. Three senior leadership appointments were made in 2021 stabilising the leadership cadre whilst reducing the span of control of the CEO. Within the

broader organisation, appointments in critical areas associated with high risk have also begun to filter through e.g., Eastern Regional engineering and Mechanical & Electrical were up-weighted, capital has been allocated to address an ageing fleet profile.

Incremental resources continue to be deployed within the Finance Function to strengthen capacity and improve capabilities. Importantly, a Head of Corporate Services was appointed in Q2 2021 to support corporate responsibilities including risk management; co-ordination of internal audit reviews; GDPR; and FOI requests. A review of Finance processes focusing on Procurement and Payroll took place in first half 2021 led by Business Consultancy Services, an independent team within Department of Finance. The output of this analysis will be considered by Waterways Ireland during Q3/Q4 2021 to determine next steps in 2022.

Other important progressive steps during 2020 included:

- (i) The issue relating to Country Money has been resolved.
- (ii) A Governance sub-committee with representatives of Waterways Ireland and our Sponsor Departments is actively addressing recommendations within the Financial Governance Review initiated by the Department for Infrastructure and conducted by Business Consultancy Services from the Department of Finance.
- (iii) The Risk Management Framework is monitored on a monthly basis to ensure visibility and tracking of outcomes. There is further work required to inculcate the new processes within the organisation.
- (iv) A 10-year Long Term Plan is in its final stages and will be available for engagement with the Leadership teams in WI and Sponsor Depts. In Q1 2022.
- (v) The North South Ministerial Council (NSMC) Sectoral Meeting occurred in November 2020 and historic Corporate and Business Plans were approved. The 2021 Business Plan was also approved.

Within this context I am of the opinion Waterways Ireland has continued to make good progress in addressing the key risks and internal control gaps highlighted in this statement in the 2019 Annual Report. In summary, I am more assured that the foundations of a governance framework with appropriate structures and resources are approaching fit for purpose. These foundations will be built upon so that an acceptable risk and control environment is achieved at the end of 2021.

## **PUBLIC FINANCIAL PROCEDURES**

As Waterways Ireland's Chief Executive, I am directly responsible to the respective Ministers North and South and to their Departments for the Body's performance and operations. The Ministers determine the policy framework under which Waterways Ireland operates and the scope of its activities. The Ministers also determine the resources to be made available to the Body and approve the Corporate and Business Plans. The 3-year Corporate Plan expired in December 2019. A new 3-year Corporate Plan 2020-2022 has been developed during 2020 in conjunction with a 10-year Long Term Plan. The 3-Year Corporate Plan 2020-2022 was approved at NSMC in May 2021.

Through Monitoring Meetings, I consult with Departments on the handling of operational matters that could give rise to significant public or parliamentary concern, including the nature, scale and likelihood of risks. Despite COVID I can verify that Monitoring Meetings were held on three occasions during 2020 – all meetings were virtual. The meeting planned for March 22<sup>nd</sup> was cancelled at short notice as moving to home-based working occurred on the following day. In addition, throughout 2020 there was ongoing dialogue with the Departments.

## **CAPACITY TO HANDLE RISK**

A set of procedures was in situ during 2020 to identify the Body's objectives and risks and based on these procedures a control strategy for each of the significant, identified risks was determined. Risk ownership was allocated to the appropriate staff. The attitude to risk and the processes within Waterways Ireland operated in a continual cycle.

A new Risk Management Framework was developed within our IT platform in late 2020. There is further work required to inculcate the new processes within the organisation.

## **THE RISK AND CONTROL FRAMEWORK**

A Corporate Risk Register identified the key risks directly related to the Body's corporate and business plan goals. The Senior Management Team within Waterways Ireland convened on a monthly basis to review and revise the

Corporate Risk Register. The monthly forum considered new risks and changes in the operating environment and any necessary mitigation actions. The Corporate Risk Register was reviewed at each Monitoring Meeting and at each Audit Committee meeting. There were three Monitoring Meetings and four Audit Committee meetings in 2020 – all virtual.

A Governance sub-committee with representatives of Waterways Ireland and our Sponsor Departments is actively addressing recommendations within the Financial Governance Review initiated by the Department for Infrastructure and conducted by Business Consultancy Services from the Department of Finance.

## **MAJOR INFORMATION SYSTEMS**

Waterways Ireland uses Integra systems to produce financial accounting information and Core payroll systems to produce wages and salaries information. There are process and system controls within and around both of these systems to ensure the quality and integrity of management information provided to the Chief Executive and Senior Managers. As a result of the initial scoping of Finance processes led by BCS (focusing on Procurement and Payroll) there is a building consensus of the need to consider more appropriate processes and systems as an integral part of delivery of the 10-year Long Term Plan.

Consequently, opportunities for enhanced customer, staff and stakeholder improvement through digital transformation undoubtedly exist subject to a plan; availability of funding; and stakeholder engagement and acceptance. An IT Steering Committee has been formed to monitor project delivery and to scope a vision for our future systems.

## **FINANCIAL MANAGEMENT**

The Body has in place the following processes:

- The Senior Management Group met virtually during 2020 on a monthly basis to monitor progress on business plans and any other issues. Outside of the monthly meetings specific agenda-led meetings also occurred throughout 2020.
- Following a review of the rules on the payment of 'Country Money' and settling of outstanding taxes to Revenue, Waterways Ireland have updated the internal rules and following discussions with industrial relations fora during 2020 this matter has been resolved.
- Waterways Ireland monitor the ever-increasing pensions costs for the Body, related to transferred in service for Southern Employees. This has first call on

current funds and as it continues to increase it will put additional pressure on available current expenditure.

- Property registrations and review of lease legacies continue. The land values in Operational Assets recognised in the accounts are based on estimated rather than precise boundaries and property registrations contribute to more precise valuations in the accounts. The Body continues to collate the actual property registration layers and then register the deeds. This exercise is currently on-going along the Royal and Grand canals. Any resultant increase in land values is expected to be modest given that any additional small parcels of land are largely at agricultural values.
- Assurance statements are provided to Sponsor Department bi-annually as part of the Business Assurance cycle.
- Late payment interest and penalties continue to be closely reviewed by Senior Management.
- Two instances of non-compliance, totalling €42,000, in relation to procurement rules have been noted where the requisite paperwork and documented approval was not completed in advance of contract award. All procurement channels are being reviewed within the scope of a revised Procurement Plan for implementation during 2022.

## INTERNAL AUDIT

- Waterways Ireland has an internal audit function in place whose programme of work is informed by analysis of the risk to which the Body is exposed, and annual internal audit plans are based on this analysis. These risk-based internal audit plans are agreed with the Accounting Officer and the Audit Committee. The internal audit plan and internal audit reports are reviewed during the year by the Audit Committee. During 2020, Internal Audit finalised four internal audit reports. Two of the internal audits concluded with an overall satisfactory opinion and two internal audits concluding with an overall limited opinion. The two audits which had limited opinions were (i) GDPR/Data Protection Compliance and (ii) Purchase and Management of Small Plant Items. Management have accepted all the recommendations and have put in place action plans to address the issues raised.
- The Internal Audit assurance statement for the year ended 31 December 2020 concluded that 'based on the scope of the audits which were completed during 2020 and assuming management effectively implement, in a timely manner, the internal audit

recommendations made in each audit report, internal audit can provide limited assurance that there was an overall adequate system of control in place for the areas reviewed. This opinion reflects the fact that 50% of the internal audit reviews finalised during 2020 had a limited assurance opinion and identified some control weaknesses that present risk to Waterways Ireland. Whilst it is acknowledged that Waterways Ireland is a complex and ambitious organisation with many priorities, there are some further improvements required to strengthen the control environment in certain areas of the organisation. It should also be noted that a positive trajectory to improvement is starting to emerge following improvement initiatives and increased collaboration across the organisation. Waterways Ireland has made steady progress in addressing key risks and internal control matters and management have also taken steps since 2019, which continued during 2020, to implement a process of longer term strategic organisational planning and capacity building and have a programme of work in place to fill vacancies in the senior management structure. Such actions serve to assist with addressing control issues identified in internal audit reports, specifically in relation to organisation capacity building and addressing outstanding internal audit recommendations.

## AUDIT COMMITTEE

- The Audit Committee consists of three independent non-executive members. The Audit Committee met in March, July, September and December 2020. All meetings were held remotely by Skype in conformity with public health guidance in Northern Ireland and Republic of Ireland.
- The Audit Committee commenced all meetings with a private session of approximately 30 minutes at which only the committee members were present. Following this session, the committee meetings were normally attended by the Chief Executive, the Director of Finance and Personnel, the Head of Finance, and both the Internal and External Auditor. Based on the work undertaken by the Waterways Ireland Audit Committee during 2020 including reviews of internal audit reports, procedures and papers, discussions at meetings with internal and external auditors, members of management and staff at Waterways Ireland the Audit Committee provided assurance in its Report to the Accounting Officer that it has discharged its responsibilities in accordance with its Charter and Terms of Reference.

- The Audit Committee is authorised by and reports to the Accounting Officer. The remit of the Audit Committee extends to all the operations of Waterways Ireland and it has access to necessary resources and information and may seek independent advice.
- The Internal Auditor has unrestricted access to the Chair and members of the Audit Committee.
- The duties of the Audit Committee are to:
  - I. Review and note the Annual Report and Financial Statements of Waterways Ireland, including reviewing the underlying accounting policies and practices.
  - II. Monitor the relationships with the Northern Ireland Audit Office and the Comptroller and Auditor General, to ensure that there are no restrictions on the scope of their external audit.
  - III. Consider the management letter received from the Northern Ireland Audit Office and the Comptroller and Auditor General and managements responses to the auditors' findings and recommendations.
  - IV. Review and note the strategic processes for risk, control and governance and the Statement of Internal Control.
  - V. Review and note the risk management arrangements at Waterways Ireland.
  - VI. Review and note the manner in which management ensures there is an adequate and effective system of internal control.
  - VII. Review and note the work of Internal Audit.
  - VIII. Review and note if audit recommendations are implemented by management in a timely manner.
- The Audit Committee is responsible for advising the Accounting Officer on whether an appropriate system of internal control is in operation but not for its implementation. Overall responsibility for corporate governance, including internal control, fraud prevention and detection and for risk management rests with the Accounting Officer.

*John McDonagh*

John McDonagh  
Chief Executive  
6 December 2021



## REPORT ON THE REMUNERATION OF SENIOR MANAGEMENT

The Senior Management of Waterways Ireland consist of the CEO, Directors and Regional Managers. The Chief Executive is the Accounting Officer as approved by NSMC and according to the financial memorandum is responsible for the efficient and effective administration of Waterways Ireland.

## POLICY ON THE REMUNERATION OF SENIOR MANAGERS

The pay scales of the Senior Management Team who are based in the NI jurisdiction mirror those of the NICS pay scales. The pay scales for each NICS grade contain a number of pay points from minima to maxima, allowing progression towards the maxima.

The pay scales of the Senior Management team who are based in the ROI jurisdiction are legacy pay scales and are instructed by the Sponsor Departments. Any annual increments are issued to Waterways Ireland through the relevant Sponsoring Department in each jurisdiction.

Each year, senior managers are set objectives based on the 3 year Corporate and Annual Business Plans. Individual goals and objectives of the Senior Management Team are reviewed and assessed by the CEO throughout the year using Waterways Ireland's Performance Management structure. These performance assessments are documented and records maintained. The Chief Executive is assessed through Monitoring Committee.

## SERVICE CONTRACTS

Senior Management appointments are made in accordance with the Waterways Ireland Recruitment and Selection Policy which requires appointment to be on merit on the basis of competence and suitability. Senior Management will receive an employment contract on appointment which details all terms and conditions. Termination payments are in accordance with contractual terms. During the year 2020 there were no compensation or severance payments to senior Management.

## SALARY AND PENSION ENTITLEMENTS

The following sections provide details of the remuneration and pension interests of the Senior Management of Waterways Ireland.

## FAIR PAY DISCLOSURE

Waterways Ireland is required to disclose the relationship between remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The remuneration of the highest paid director in 2020 was €105,241 (2019: €100,614). This was 2.49 (2019: 2.52) times the median salary of the workforce which in 2020 was €42,252 (2019: €41,716). The ratio is calculated using the mid-point of the banded remuneration of the highest paid director in post at the reporting date 31 December, in accordance with the North/South Implementation Bodies Annual Report and Accounts Guidance.

The range of staff remuneration in 2020 is from €8510 to €105,241. In 2020 and 2019 no employee received remuneration in excess of the highest paid director.

Total remuneration includes salary only, Waterways Ireland does not pay non-consolidated performance-related pay. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

## SALARY

'Salary' includes gross salary and any other allowance to the extent that it is subject to UK/Irish taxation.

## BENEFITS IN KIND

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs/ Ireland's Revenue Commissioners as a taxable emolument. There were no benefits in kind provided to Senior Management in 2020 or 2019.

## BONUSES

It is not the policy of the Waterways Ireland to make any bonus payments to members of the Senior Management team or staff. No bonus payments have been made in 2020 or 2019.

## REMUNERATION (INCLUDING SALARY) AND PENSION ENTITLEMENTS OF SENIOR MANAGEMENT TEAM

	2020			2019		
	Salary	Pension Benefits <sup>1</sup>	Total	Salary	Pension Benefits <sup>1</sup>	Total
Total Senior Management Remuneration	€ 590,413	€ 273,048	€ 863,461	€ 593,458	€ 352,223	€ 945,681
Total Senior Management Remuneration – Full Time Equivalent	€ 621,868	€ 273,048	€894,916	€ 612,253	€ 352,223	€964,476

### NOTES:

<sup>1</sup> The Senior Management Team includes the Chief Executive, Director of Finance and Personnel, Director of Business Development, Director of Technical Services, and the Eastern, Western and Northern Regional Managers. During 2020 the Chief Executive was employed through an Agency and not a direct employee of Waterways Ireland. The Director of Business Development resigned on 24 April 2020, this position was not filled during the year. The Director of Finance and Personnel resigned on 31 December 2020. The Acting Director of Finance and Personnel was appointed as a contracted in service on 1 October 2020. As key management these costs are included above. The Full Time Equivalent reflects payments made to the Senior Management Team during the year and for the vacant post of Director of Business Development the annual salary is used.

<sup>2</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

Exchange rate fluctuations – euro pay fluctuates due to exchange rate movements at 2020 €1.125 (2019 €1.1405) to £1.

Since disclosure of individual remuneration may represent a breach of the General Data Protection Regulations, a summary of senior management remuneration is presented.

## FAIR PAY DISCLOSURE

	2020	2020	2019	2019
	€	£	€	£
Midpoint of the band of the highest paid Director	105,000	93,333	105,000	92,065
Median remuneration of staff	42,252	37,548	41,716	36,577
Ratio	2.49		2.52	
Range of staff remuneration	€8,510 to €105,241	£7,564 to £93,547	€0 to €100,614	£0 to £88,219

## PENSION BENEFITS

Name	Accrued Pension at Pension Age at 31/12/20 and related Lump Sum	Real Increase in Pension and related Lump Sum at Pension Age	CETV at 31/12/20	CETV at 31/12/19	Real Increase in CETV
Regional Manager 1	Pension €50,000 Lump Sum €151,000	Pension €2,000 Lump Sum €7,000	€1,138,000	€1,115,000	€23,000
Regional Manager 2	Pension €50,000 Lump Sum €151,000	Pension €2,000 Lump Sum €7,000	€1,163,000	€1,139,000	€24,000
Regional Manager 3	Pension €37,000 Lump Sum €111,000	Pension €3,000 Lump Sum €9,000	€711,000	€641,000	€70,000
Director 1	Pension €7,500 Lump Sum €0	Pension €500 Lump Sum €0	€85,000	€82,000	€3,000
Director 2	Pension €5,500 Lump Sum €0	Pension €1,500 Lump Sum €0	€57,000	€42,000	€15,000
Director 3	Pension €28,000 Lump Sum €61,000	Pension €4,000 Lump Sum €6,000	€524,000	€454,000	€70,000

### NOTES:

<sup>1</sup> The Chief Executive and the Acting Director of Finance and Personnel are not members of the Pension Scheme.

## **PENSION ARRANGEMENTS - GENERAL**

### **DESCRIPTION OF THE SCHEME**

The pension scheme consists of a number of sections with different benefit structures. The main sections are:

#### **The Core Final Salary Section**

This is a final salary pension arrangement with benefits modelled on the Classic section of the Principal Civil Service Pension Scheme in Northern Ireland. The scheme provides a pension (eightieths per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. Normal Retirement Age is a member's 60th birthday. Pensions in payment (and deferment) increase in line with general price inflation.

#### **The Core Alpha Section**

This is a career averaged revalued earnings pension arrangement or CARE scheme with benefits modelled on the alpha section of the Principal Civil Service Pension Scheme in Northern Ireland. The scheme provides a pension based on a percentage (2.32%) of pensionable pay for each year of active membership (the pension is increased/decreased at the start of each scheme year in line with general price inflation) and spouse's and children's pensions. Normal Retirement Age is a member's State Pension Age in the relevant jurisdiction, which is currently 66 rising to 68 in the UK between 2037 and 2039 and 66 in Ireland. The State pension age in Ireland was due to rise to 67 from 1 January 2021 and then 68 from 1 January 2028 however, the government has deferred this change and a Pensions Commission has been established to consider the change to the State pension age, among other issues such as sustainability and intergenerational fairness. Pensions in payment (and deferment) increase in line with general price inflation.

#### **Reserved Rights Sections**

These are a number of sections of the scheme that are modelled on the Irish public service pension schemes that employees of the North/South Bodies were members of at the point they were designated and transferred at the formation of the Bodies.

These schemes are final salary pension arrangements with benefits the same as the relevant Irish public sector scheme e.g., Superannuation Scheme for Established Civil Servants. These schemes provide a pension (for non-integrated members eightieths per year of service but for integrated members two-hundredths per year of service on salary up to 3.333 times the Old Age Contributory State Pension and eightieths per year of service on salary above 3.333 times the Old Age Contributory State Pension), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. Normal Retirement Age is a member's 60th birthday (or 65th in the Non-Contributory Pension Scheme for Non-Established State Employees).

Pensions in payment (and deferment) generally increase in line with general public sector salary inflation. The applicable Reserved Rights Scheme for Waterways Ireland in the South is both the, Non-Contributory Pension Scheme for Non-Established State Employees and the Superannuation Scheme for Established Civil Servants. In Northern Ireland, the relevant scheme is the Principal Civil Service Pension Scheme NI. Most Core section members have benefits in both the Final Salary and Alpha sections and new entrants who join the Scheme after 1st April 2015 will, in most cases, become members of the Core Alpha section.

The valuation used for FRS 102 disclosures at 31 December 2020 has been carried out by a qualified independent actuary (Deloitte). The results this year have been prepared by carrying out a full valuation of the Scheme's liabilities using membership data at various dates as described in Note 17.1.

### **CASH EQUIVALENT TRANSFER VALUES**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to Waterways Ireland's pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **REAL INCREASE IN CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## COMPENSATION FOR LOSS OF OFFICE

During 2020, compensation payments to the value of €20,756 were made as shown in the table below:

Cost Band	Compulsory Redundancies	Other Departures	Total Packages	2020 Total Cost €	Compulsory Redundancies	Other Departures	Total Packages	2019 Total Cost €
€0 to €20,000	3	0	3	20,756	0	0	0	0
€20,001 to €40,000	0	0	0	0	0	0	0	0
€40,001 to €60,000	0	0	0	0	0	0	0	0
€60,001 to €80,000	0	0	0	0	0	0	0	0
€80,001 to €100,000	0	0	0	0	0	0	0	0
€100,001 to €150,000	0	0	0	0	0	0	0	0
€150,001 to €200,000	0	0	0	0	0	0	0	0
TOTALS	3	0	3	20,756	0	0	0	0

## SALARY BANDS FOR ALL EMPLOYEES

Number of employees whose emoluments for the twelve months ending 31 December 2020 fell within the following bands:

Salary Bands €	2020 (no. of employees)	2019 (no. of employees)
Less than 40,000	200	191
40,000-49,999	105	108
50,000-59,999	34	38
60,000-69,999	29	17
70,000-79,999	8	10
80,000-89,999	2	1
90,000-99,999	1	1
100,000-109,999	3	2
TOTALS	382	368

Payments of arrears of pay to staff that left the Body are included above.

## Waterways Ireland

### THE CERTIFICATE OF THE COMPTROLLERS AND AUDITORS GENERAL TO THE NORTHERN IRELAND ASSEMBLY AND HOUSES OF THE OIREACHTAS

#### Opinion on the accounts

We certify that we have audited the accounts of Waterways Ireland (the Body) for the year ended 31 December 2020 pursuant to the provisions of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British/Irish Agreement Act 1999 which require us to audit and certify, in co-operation, the accounts presented to us by the Body. The accounts comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of cash flows; and,
- the statement of changes in equity; and
- the related notes including significant accounting policies.

These accounts have been prepared under the accounting policies set out within them.

In our opinion, the accounts:

- give a true and fair view of the state of the Body's affairs as at 31 December 2020 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and the accounts direction in the appendix to the accounts.

#### Opinion on regularity

In our opinion, the expenditure and income recorded in the accounts have in all material respects been applied to the purposes intended by the Northern Ireland Assembly and the Houses of the Oireachtas and the financial transactions reported in the accounts conform to the authorities which govern them.

#### Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the responsibilities of the auditors section of this certificate. We are independent of the Body in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019 and of the Code of Ethics issued by the International Organisation of Supreme Audit Institutions and have fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Information other than the accounts

The Body has presented certain other information together with the accounts. This comprises the annual report, the foreword to the accounts, the statement on the system of internal control/governance statement and the remuneration report. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Matters on which we report by exception**

We have nothing to report in respect of the following matters which we report if, in our opinion:

- we have not received all the information and explanations we required for our audit, or
- the accounting records were not sufficient to permit the accounts to be readily and properly audited, or
- the accounts are not in agreement with the accounting records, or
- the statement on the system of internal control/governance statement does not reflect compliance with applicable guidance on corporate governance.

### **Responsibilities of the Body and the Accounting Officer for the accounts**

As explained more fully in the Statement of Responsibilities, the Body is responsible for the preparation of the accounts on the basis of the accounts direction included in the appendix to the accounts and for being satisfied that they give a true and fair view. The Chief Executive, as Accounting Officer, is responsible for the propriety and regularity in relation to the use of public funds.

### **Responsibilities of the auditors**

Our responsibility is to audit the accounts in accordance with the provisions of the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 and the British-Irish Agreement Act 1999 and to report thereon to the Northern Ireland Assembly and the Houses of the Oireachtas.

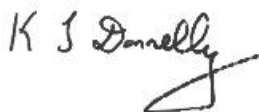
Our objective in carrying out the audit is to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

As part of an audit in accordance with the ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. In doing so

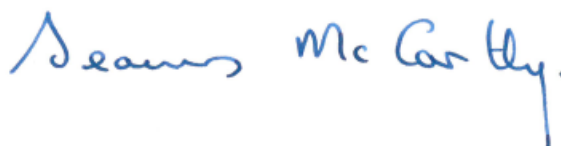
- We identify and assess the risks of material misstatement of the accounts whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- We conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Body's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Body to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the accounts, including the disclosures, and whether the accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In addition, we are required to obtain evidence sufficient to give reasonable assurance that expenditure and income recorded in the financial accounts have been applied to the purposes intended by the Northern Ireland Assembly and Houses of the Oireachtas and that the financial transactions recorded in the accounts conform to the authorities which govern them.



*Kieran Donnelly*  
*Comptroller and Auditor General for*  
*Northern Ireland*  
*Northern Ireland Audit Office*  
*1 Bradford Court*  
*Galwally*  
*Belfast*  
*BT8 6RB*



*Seamus McCarthy*  
*Comptroller and Auditor General, Ireland*  
*3A Mayor Street Upper*  
*Dublin 1*  
*Ireland*  
*DO1 PF72*

*14 December 2021*



# INCOME & COMPREHENSIVE INCOME STATEMENTS

## INCOME STATEMENT

for the year ended 31 December 2020

	Notes	€'000 2020	£'000 2020	€'000 2019	£'000 2019
<b>INCOME</b>					
Revenue Funding from Departments	2	26,898	23,909	25,445	22,311
Release from Capital Grant and Revaluation/Donation/Grant Reserves		11,941	10,614	10,965	9614
Other Operating Income	3	6,349	5,643	5,538	4,857
<b>TOTAL INCOME</b>		<b>45,188</b>	<b>40,166</b>	<b>41,948</b>	<b>36,782</b>
<b>EXPENDITURE</b>					
Staff Costs	4	23,603	20,980	21,531	18,879
Programme Costs	5	5,755	5,115	5,303	4,650
Other Operating Costs	6	7,952	7,067	5,530	4,847
Currency (gains)/losses and interest payable		59	52	(27)	(24)
Depreciation	7.1,7.2	11,369	10,106	10,954	9,605
<b>TOTAL EXPENDITURE</b>		<b>48,738</b>	<b>43,320</b>	<b>43,291</b>	<b>37,957</b>
<b>Operating (Deficit) for the Year</b>		<b>(3,550)</b>	<b>(3,154)</b>	<b>(1,343)</b>	<b>(1,175)</b>
(Loss)/Profit on Disposal of Property, plant and equipment		(571)	(508)	14	12
<b>(Deficit) for the Year</b>		<b>(4,121)</b>	<b>(3,662)</b>	<b>(1,329)</b>	<b>(1,163)</b>

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Notes	€'000 2020	£'000 2020	€'000 2019	£'000 2019
<b>(Deficit) for the Year</b>		<b>(4,121)</b>	<b>(3,662)</b>	<b>(1,329)</b>	<b>(1,163)</b>
Actuarial (loss)/gain on pension liabilities	17.2	(19,140)	(17,215)	(14,885)	(12,651)
Net transfer (in)/out of the scheme	17.2	(26)	(23)	36	32
Adjustment to Deferred pension funding		19,166	17,238	14,849	12,619
Unrealised surplus on revaluation of Land and Buildings	7.1, 7.2	26,390	23,736	11,696	9,941
<b>Total recognised gain for the Year</b>		<b>22,269</b>	<b>20,074</b>	<b>10,367</b>	<b>8,778</b>

The notes on pages 54 to 72 form part of these accounts.



John McDonagh  
Chief Executive  
6 December 2021

# STATEMENT OF FINANCIAL POSITION

## STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Notes	€'000 2020	£'000 2020	€'000 2019	£'000 2019
<b>PROPERTY, PLANT AND EQUIPMENT</b>					
Tangible Assets	7.1	33,459	30,095	33,388	28,380
Operational Assets and Work in Progress	7.2	769,697	692,298	747,949	635,741
<b>CURRENT ASSETS</b>					
Short Term Investment	8	-	-	2,000	1,700
Cash at bank and in hand	9	7,246	6,517	5,509	4,682
Stocks	10	597	537	674	574
Receivables/Prepayments - amounts due within one year	11	2,099	1,888	1,265	1,075
		9,942	8,942	9,448	8,031
<b>CURRENT LIABILITIES</b>					
Payables - amounts due within one year	12	(6,971)	(6,270)	(6,025)	(5,121)
<b>NET CURRENT ASSETS</b>					
Receivables/Prepayments - amounts due after one year	11	13	12	126	107
Payables - amounts due after one year	12	(92)	(83)	(96)	(82)
Deferred Pension Funding	17.4	156,833	141,062	131,895	112,108
Pension Liability	17.5	(156,833)	(141,062)	(131,895)	(112,108)
Provisions	14	(7,169)	(6,448)	(4,045)	(3,438)
<b>TOTAL ASSETS LESS LIABILITIES</b>		<b>798,879</b>	<b>718,546</b>	<b>780,745</b>	<b>663,618</b>
<b>FINANCE BY:</b>					
<b>CAPITAL AND RESERVES</b>					
Revenue Reserve		(6,549)	(5,891)	(2,547)	(2,165)
Capital Grant and Revaluation Reserve		785,613	706,615	765,499	650,659
Donation Reserve		18,297	16,457	16,186	13,758
Grant Reserve		1,518	1,365	1,607	1,366
		<b>798,879</b>	<b>718,546</b>	<b>780,745</b>	<b>663,618</b>

The notes on pages 54 to 72 form part of these accounts.



John McDonagh  
Chief Executive  
6 December 2021

# CASHFLOW STATEMENT

## CASH FLOW STATEMENT

for the year ended 31 December 2020

	Notes	€'000 2020	£'000 2020	€'000 2019	£'000 2019
Net Cash in/(out)flow from operating activities	15.1	(700)	(622)	1,566	1,373
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>					
Short term fixed deposit	8	2,000	1,700	1,000	991
Receipt from sale-plant, land, property rights		1,000	889	143	125
Payments to acquire tangible property, plant and equipment	7.1,7.2	(7,747)	(6,886)	(6,868)	(6,022)
Net Cash outflow before financing		(5,447)	(4,919)	(4,159)	(3,533)
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>					
Capital funding received		4,564	4,057	4,632	4,061
Donation/Grant received		2,620	2,329	1,758	1,541
Difference on currency translation		-	368	-	(327)
Net increase/(decrease) in cash and cash equivalents	15.2	1,737	1,835	2,231	1,742
Cash and cash equivalents at the start of the year		5,509	4,682	3,278	2,940
Cash and cash equivalents at the end of the year	15.2	7,246	6,517	5,509	4,682

The notes on pages 54 to 72 form part of these accounts.

The currency translation adjustment reflects the amount of the movement in the value of the current assets and liabilities which is attributable to the change in exchange rates over the year.



John McDonagh  
Chief Executive  
6 December 2021

# STATEMENT OF CHANGES IN EQUITY

## STATEMENT OF CHANGES IN EQUITY

as at 31 December 2020

REVENUE RESERVE	Notes	€'000 2020	£'000 2020	€'000 2019	£'000 2019
At 01 January		(2,547)	(2,165)	(1,357)	(1,217)
Surplus/(Deficit) in the year		(4,121)	(3,662)	(1,329)	(1,163)
Plus: Transfer from Capital Grant and Revaluation Reserve & Donation Reserve		119	106	139	122
Difference on currency translation		-	(169)	-	93
At 31 December		(6,549)	(5,890)	(2,547)	(2,165)

### NOTES:

Transfer from Capital Grant and Revaluation Reserve relates to disposal of land/property rights €119,000. As per note 2.1 certain revenue program costs are deemed capital in nature for funding purposes.

The currency translation adjustment reflects the amount of the movement in the value of the Revenue Reserve which is attributable to the change in the exchange rate over the year.

CAPITAL GRANT and REVALUATION RESERVE	Notes	€'000 2020	£'000 2020	€'000 2019	£'000 2019
At 01 January		765,499	650,659	759,845	681,538
Capital Grants Received	2	4,564	4,057	4,632	4,061
Revaluation and depreciation adjustment	7.1, 7.2	27,012	24,296	11,696	9,941
Less: Transfer to Revenue Reserve		(119)	(106)	(129)	(113)
Less: Amortisation of Capital Grants		(11,343)	(10,083)	(10,545)	(9,246)
Difference on currency translation	7.1, 7.2	-	37,792	-	(35,522)
At 31 December		785,613	706,615	765,499	650,659

### NOTES:

An opening balance adjustment to depreciation relates to accumulated depreciation of €622,000 charged in 2019 on revalued buildings for the period preceding the revaluation. Depreciation has been adjusted to reflect the charge over the remaining useful life.

DONATION RESERVE	Notes	€'000 2020	£'000 2020	€'000 2019	£'000 2019
At 01 January		16,186	13,758	14,754	13,233
Donations Received		2,620	2,329	1,758	1,541
Less: Amortisation of Donations		(509)	(452)	(316)	(277)
Less: Transfer to Revenue Reserve		-	-	(10)	(9)
Difference on currency translation	7.1, 7.2	-	822	-	(730)
At 31 December		18,297	16,457	16,186	13,758

### NOTES:

Donations from third parties of Assets and funding to complete works on the Waterways. In 2019, €10,000 transferred to Revenue Reserve for previous year's contribution received where the work was expensed.

The currency translation adjustment reflects the amount of the movement in the value of the Donation Reserve which is attributable to the change in the exchange rate over the year.

GRANT RESERVE	Notes	€'000 2020	£'000 2020	€'000 2019	£'000 2019
At 01 January		1,607	1,366	1,711	1,535
Less: Amortisation of Grants		(89)	(79)	(104)	(91)
Difference on currency translation	7.1, 7.2	-	78	-	(78)
At 31 December		<u>1,518</u>	<u>1,365</u>	<u>1,607</u>	<u>1,366</u>

**NOTES:**

Grants from third parties of funding to complete works on the Waterways.

The currency translation adjustment reflects the amount of the movement in the value of the Grant Reserve which is attributable to the change in the exchange rate over the year.



John McDonagh  
Chief Executive  
6 December 2021

## NOTES TO THE ACCOUNTS

for the year ended 31 December 2020

### 1. ACCOUNTING POLICIES

#### 1.1 ACCOUNTING CONVENTION

The accounts have been prepared in accordance with the historical cost convention modified to account for the revaluation of property, plant and equipment. The accounts comply with the accounting and disclosure requirements issued by DoF and DPER in 2017.

#### 1.2. STATEMENT OF COMPLIANCE WITH FRS 102

The financial statements of Waterways Ireland for the year ended 31 December 2020 have been prepared in accordance with North/South Implementation Bodies Annual Reports and Accounts Guidance (July 2017), produced by DoF and DPER, in conjunction with the Northern Ireland Audit Office and the Office of the Comptroller and Auditor General in Ireland.

#### 1.3 INCOME

Income includes cash grants received and receivable from the Department for Infrastructure and the Department of Housing, Local Government and Heritage (DHLGH) which funded activities in the current period. Other Operating Income is accounted for on an accruals basis, however, operating income includes income from navigation usage such as permits, and winter moorings which are accounted for on an accruals basis, with lock tolls and dry dock charges recognised on a receipts basis. Government grants are recognised on an accruals basis as per FRS102.

#### 1.4 EXPENDITURE

Expenditure relates to the operational activities of Waterways Ireland and is accounted for on an accruals basis.

#### 1.5 RECEIVABLES

Receivables are stated after providing for bad and doubtful debts.

#### 1.6 DEFERRED INCOME

Deferred Income includes an agreement with Waterways Ireland receiving €135,000 for exclusive access to a duct part of which is on Waterways Ireland land. The length of this duct on Waterways Ireland property is 25,600 metres. The duct is solely used to hold telecommunications cable and no other cables from any other parties can use this duct. The lease is for two terms of 35 years with no break clause. The €135,000 is being released to the Statement of Income over 35 years commencing in 2011. There remains 25 years with €3,857 released in 2020 to income. Funds received for the Ulster Canal at Clones of €147,000 and partnership funding for marketing of the Royal Canal Greenway of €140,000 remain to be spent in 2021. Permit income and winter moorings payments received for 2021 amount to €24,000.

#### 1.7 PROPERTY, PLANT AND EQUIPMENT

Waterways Ireland capitalise items with a useful economic life of over one year and with a value in excess of €1,000. Expenditure on IT and furniture and fittings are treated as a grouped asset and capitalised.

Project spend which replaces or enhances the service potential of property, plant and equipment is capitalised. Staff costs directly attributable to these projects are capitalised.

Where projects are not completed at year end but will create a new asset or a revaluation of an existing operational asset, the related project costs have been included in work in progress.

An impairment procedure is in place and is reflected in revaluations reserve.

## VALUATIONS:

Waterways Ireland aim to value all asset categories at least every five years using a combination of internal professional valuers, external valuers and agreed sales proceeds. Operational assets are specialised in nature, location and function. They are valued by in house professionally qualified engineers supported by an external review of the process used to value operational assets to confirm compliance with FRS102.

Since 2012 Waterways Ireland have applied available inspection data on asset conditions to asset life. Inspections are assessed by internal and external qualified engineering experts. For the 2020 accounts this resulted in a net increase of €21,600,000, reflecting;

- Improved information across Locks, Lockgates, Bridges and Weirs through the first condition assessment of assets initially set at mid-point life, and
- Movement in conditions since previous inspections.

Two types of inspections informed Lock, Lockgate, Bridge and Weir asset conditions in the 2020 accounts;

- General inspections which are carried out every 2-5 years; and
- Principal inspections which are carried out every 6-20 years;  
The timing of inspections is dependent on the asset, in line with Waterways Ireland draft Priority Asset Inspection Cycles.

A programme of accelerated asset inspections commenced in 2020 and the intention is that the programme will provide baseline data for all the above asset types by the end of 2022.

The valuation basis by Asset Category are outlined below:

### 1.7.1 SURPLUS ASSETS

Surplus assets represent those assets that Waterways Ireland deem are not strategic and are available for sale. Valuations are based on recoverable market value from internal and external market reports. The main components were as follows:

- Hatch Bar €45,000; held at agreed sales proceeds.
- Canal House Park Canal €20,000; internal valuation by Kieran Taggart Member of the Royal Institute of Chartered Surveyors in 2017.
- Mill Cottage €110,000; valued internally Kieran Taggart Member of the Royal Institute of Chartered Surveyors in 2018.
- Property disposals in progress at 2020 €1,815,000 internally valued.
- Bogland at Pullough €9,490, valued in 2018 based on agreed sales proceeds.

### 1.7.2 LAND AND BUILDINGS

Freehold land €19,500,000; valued at Market value by GVA Donal O Buachalla, Dublin in February 2019. The valuation technique used was the "market approach" which uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets. Other Freehold Land and Buildings were valued internally in 2019 by Rodney McVitty BSc (Hons) Surveying (Specialising in Estate Management) MRICS.

### 1.7.3 PLANT, VEHICLES AND MACHINERY

Cost incurred (Depreciated historical cost).

### 1.7.4 COMPUTER, FURNITURE AND FITTINGS

Cost incurred (Depreciated historical cost) internal valuation.

### 1.7.5 WORK IN PROGRESS

Cost incurred (Depreciated historical cost) internal valuation.

### 1.7.6 OPERATIONAL ASSETS VALUATION PERFORMED IN HOUSE BY CHARTERED ENGINEERS

#### 1. CANAL STRUCTURE; HARBOURS; JETTIES; QUAYS; DRY DOCKS; FLOATING JETTIES; AND TRACKLINE

Assets acquired prior to 2003 were internally valued in 2003 using replacement cost. Assets acquired since 2003 are initially measured at the cost incurred by Waterways Ireland in acquiring the asset.

The value of all assets (irrespective of year of acquisition) is indexed internally in line with construction inflation each year. In 2020, the Construction Price Inflation index applied was 1.297% resulting in a net surplus on revaluation of €4,705,000.

The valuations are also updated internally to take account of new information from surveys including exact dimensions.

Standard costs include integral elements of structures, fencing, bollards, sluices etc. With the exception of floating jetties, 25 years, life is estimated at 500 years based on regular repairs and maintenance and taking into consideration their existing age.

Towpaths, car parks, lighting, paved areas and small structures are capitalised in the accounts where they represent an improvement on assets included in the canal valuation. They are included in the gross project costs and depreciated over the project life. Further reviews will be carried out on a rolling basis with any amendments reflected in the Asset Register.

Structures on non-operational navigations are deemed to have no value since there is no economic benefit, only land footprint is valued.

## 2. LOCK CHAMBERS AND LOCK GATES

Lock Chambers and gates were externally valued in 2018 by Capita, Sharon Dickenson, Chartered Structural Engineer - BEng (Hons) CEng MIEI MStructE AMICE, and Rodney Hughes, Chartered Surveyor – BSc (Hons) MRICS, resulting in a net surplus on revaluation. Lock gates assets are updated separately from lock chambers reflecting an expected life of up to 60 years with lock chambers life span being 120 years. Valuations are based on depreciated replacement costs; useful life is 120 years. In 2020 revised condition on Lock chambers and gates are reflected in net increase for 2020 accounts of €16,441,000.

## 3. WEIRS

In 2018 all weirs are valued externally by Capita, Sharon Dickenson, Chartered Structural Engineer - BEng (Hons) CEng MIEI MStructE AMICE, and Rodney Hughes, Chartered Surveyor – BSc (Hons) MRICS resulting in a net deficit on revaluation primarily arising from standard costed structures restated to correct life and dimension. Valuations are based on depreciated replacement costs, useful life is 120 years. In 2020 Revised condition on Weirs reflected in net increase for 2020 accounts of €47,000.

## 4. BRIDGES AQUEDUCTS AND MAJOR CULVERTS

In 2018 Bridges Aqueducts and Major Culverts were valued by externally Capita, Sharon Dickenson, Chartered Structural Engineer - BEng (Hons) CEng MIEI MStructE AMICE, and Rodney Hughes, Chartered Surveyor – BSc (Hons) MRICS resulting in a net surplus on valuations are based on depreciated replacement cost, useful life is 120 years. In 2020 Bridge revised condition changes are reflected in a net increase on revaluation of €5,112,000.

## 5. LAND

Urban amenity land values and Bogland values were reviewed internally by Rodney McVitty MRICS. Rural land is valued internally using agricultural values as published in the Irish Farmer Journal. In 2020 accounts this resulted in a decrease in land values of €39,000.

## 6. DEPOTS AND LOCK-HOUSES

Valued at Higher of Existing Use or Recoverable Market Value by internal valuations completed by Sarah Carney BSc (Hons) Member of Royal Institute of Chartered Surveyors and Carey Palmer BLE (Hons) Member of the Royal Institute of Chartered Surveyors. A number of assets were valued in 2014, internally by Carey Palmer BLE (Hons) Member of the Royal Institute of Chartered Surveyors. In 2019 a sample of lock houses were reviewed internally by Rodney McVitty, BSc (Hons) Surveying (Specialising in Estate Management) MRICS.

## 7. SERVICE BLOCKS

Internally valued at replacement costs in 2011 accounts, service blocks were updated by CPI index movement in 2020.



## DEPRECIATION

Depreciation is charged in full on assets in year of acquisition and no depreciation is charged in year of disposal. Depreciation rates:

Asset Category	Years
<b>Property, Plant and Equipment</b>	
Surplus Assets	Not Depreciated
Buildings	50
<b>Plant, Vehicles and Machinery</b>	
Boats	10 - 40
Excavators	10 - 20
Grasscare	20
General Plant	6 - 20
Vehicles	6 - 15
<b>Computers, Furniture and Fittings</b>	
Furniture	10
IT Equipment	5
<b>Operational Assets and Work in Progress</b>	
Land	Not Depreciated
Operational Assets	
Canal Structures, Locks, Fixed Mooring	60 - 500
Lock houses	50
Depots, Service Blocks	50
Floating Moorings	25
Bridges, Aqueducts, Culverts, Weirs	25 - 500

### 1.8 DEFERRED PENSION FUNDING

In accordance with accounting practice for non-commercial State bodies in the Republic of Ireland, Waterways Ireland recognises an asset representing resources to be made available by the UK and Irish Exchequers for the unfunded deferred liability for pensions on the basis of a number of past events. These events include the statutory backing for the superannuation schemes, and the policy and practice in relation to funding public service pensions in both jurisdictions including the annual estimates process. While there is no formal agreement and therefore no guarantee regarding these specific amounts with the funding bodies, Waterways Ireland has no evidence that this funding policy will not continue to progressively meet this amount in accordance with current practice. This treatment is inconsistent with accounting practice for UK Non-Departmental Bodies, where, due to the absence of a formal guarantee, a funding liability is not recognised until the commitment falls due.

### 1.9 PENSION COSTS

The North/South Pension Scheme was established by the North/South Implementation Bodies and Tourism Ireland Limited with effect from 29th April 2005. It is a defined benefit pension scheme with different benefit structures which is funded annually on a pay as you go basis from monies provided by the UK and Irish Exchequers. The scheme is administered by an external administrator. Funding from the Irish Exchequer is provided by the Department of Housing, Local Government and Heritage (DHLGH). The Northern Ireland share of the benefits paid during the year is provided by the Department for Infrastructure.

Pension costs reflect pension benefits earned by employees during the period. An amount corresponding to the pension charge is recognised as income to the extent, that in the future either by way of grant income or other funding to the administrator, it is recoverable, and offset by pension payments made in the year.

Actuarial gains and losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income and a corresponding adjustment is recognised in the amount recoverable from the UK and Irish Exchequers.

Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents a corresponding asset being resources to be made available in future periods from the UK and Irish Exchequers, in the manner described above.

The Statement of Financial Position recognises the cumulative liability for pensions earned by employees as at 31 December 2020 together with a corresponding asset.

### 1.10 LEASED ASSETS

Operating lease rentals are charged to the Income Statement on a straight-line basis over the lease term.

### 1.11 VALUE ADDED TAX

VAT is included as expenditure or, where appropriate, capitalised in the value of property, plant and equipment. Returns to the Revenue Commissioners in Ireland are in respect of certain goods and services from abroad and intra-community acquisitions. Revenue authorities in Northern Ireland have determined that there is no business activity in Northern Ireland and there is no liability to VAT.

### 1.12 STOCK

Stock figures in the accounts are valued at the lower of cost and net realisable value.

### 1.13 PROVISIONS AND CONTINGENT LIABILITY

A provision is made in the accounts which represents a reliable estimate of probable settlements for legal cases against Waterways Ireland. This estimate is based on the book of quantum by State Claims Agency. A percentage is applied to this amount and provided for in the accounts, based on the Waterways Ireland judgement.

SCA Assessment of the Liability Position	Provision made at this % of SCA Assessment
Liability not yet established	100
Liability not in dispute	100
Liability in dispute - contributory negligence	70
Liability in dispute - third party	60
Liability fully disputed	50

A contingent liability arises for either claims where there is a possible but not probable obligation to settle, or a reliable monetary estimate of the obligation cannot be made. Based on past experience the contingent liability is currently set at 60% of the best estimate for each case. Contingent liabilities are not recognised in the Statement of Financial Position but disclosed in a note 18 to the accounts. As a result of a ruling by the Court of Appeal in December 2018 in relation to two employment tribunal cases of McCloud and Sargeant against the UK Government in relation to discrimination in the implementation of transitional protection following changes made to public service pension scheme legislation in the UK in 2015. A contingent liability is shown in the accounts based on advice sought. An estimate made by the actuary to the North South pension scheme is that any compensation payable by Waterways Ireland will be up to €2,000,000. This is recorded without adjustment in note 18 to the accounts.

### 1.14 CURRENCY TRANSLATION

Waterways Ireland's transactions are effected in both euro and sterling. The functional currency of Waterways Ireland is euro and transactions are initially recorded in that currency. Transactions in other currencies are translated to euro at an average of the previous month exchange rate (this is used as an approximation). Monetary assets and liabilities denominated in other currencies are translated to euro at the rates of exchange prevailing at the Statement of Financial Position date (closing rate). Realised gains and losses are taken to the Statement of Comprehensive Income.

At year end the financial statements are translated into sterling. The Statement of Income is translated using the average exchange rate for the year while the Statement of Financial Position is translated using the closing exchange rate. Currency adjustments arising from this translation of the financial statements are reflected in Property, plant and equipment (Note 7.1, 7.2), Statement of changes in Equity including the Revenue Reserve, Capital Grant and Revaluation Reserve, Donation Reserve, Grant Reserve, Net Cash Flow from Operating Activities (Note 15.1), Analysis of Movement in Pension Liability (Note 17.2) and the Deferred Pension Funding (Note 17.4). The Bank of England rates are used.

### 1.15 CAPITAL GRANT AND REVALUATION RESERVE

The Capital Grant and Revaluation Reserve represents the value of grants from sponsor departments used to purchase property, plant and equipment and the value of infrastructure assets transferred to Waterways Ireland including any revaluations carried out. The Capital Grant and Revaluation Reserve is amortised in line with depreciation with the Income Statement credited to offset the impact of the amortisation.

### 1.16 DONATION RESERVE/GRANT RESERVE

The Donation Reserve and Grant Reserves arise from contributions of funding or assets to Waterways Ireland from third party bodies. Valuations, for non-cash donated assets, reflects confirmed project costs incurred by the third party to establish Waterways Ireland assets. The Donation Reserve and Grant Reserve is amortised in line with depreciation with the Income Statement credited to offset the impact of the amortisation.

## 2. FUNDING FROM DEPARTMENTS

### 2.1 FINANCIAL YEAR 01 JANUARY 2020 - 31 DECEMBER 2020

	DHLGH	DHLGH	Dfl	Dfl	TOTAL	TOTAL
	€'000	£'000	€'000	£'000	€'000	£'000
Funding taken to Income	22,848	20,309	4,050	3,600	26,898	23,909
Funding Capitalised	3,958	3,518	606	539	4,564	4,057
	<b>26,806</b>	<b>23,827</b>	<b>4,656</b>	<b>4,139</b>	<b>31,462</b>	<b>27,966</b>

### 2.2 FINANCIAL YEAR 01 JANUARY 2019 - 31 DECEMBER 2019

	DHLGH	DHLGH	Dfl	Dfl	TOTAL	TOTAL
	€'000	£'000	€'000	£'000	€'000	£'000
Funding taken to Income	21,496	18,848	3,949	3,463	25,445	22,311
Funding Capitalised	3,990	3,498	642	563	4,632	4,061
	<b>25,486</b>	<b>22,346</b>	<b>4,591</b>	<b>4,026</b>	<b>30,077</b>	<b>26,372</b>

This table indicates how the funds have been applied in the accounts. This is based on generally accepted accounting principles. Waterways Ireland was paid grants from money voted by the Northern Ireland Assembly and Dáil Éireann in 2020. As the Northern Ireland Assembly were not in session for part of the year alternative arrangements were made. NSMC, with the approval of the Finance Ministers, recommended that the grants should be split on an 85:15 basis for current work - DHLGH (85) and Dfl (15). Capital works are 100% funded in the jurisdiction in which they take place. The funding definition of current and capital differs from generally accepted accounting guidance.

Funding capitalised in 2020 from DHLGH includes €150,000 from the July Stimulus Plan announced by the Irish Government, designed to directly support business at all levels of the economy that are negatively impacted by Covid-19.

Waterways Ireland's 2020 Business Plan has been formally approved by the Sponsor Departments, Finance Departments and the North South Ministerial Council (NSMC). Dfl had implemented contingency arrangements, put in place by DoF to enable the payment of funding to the Body prior to NSMC approval. These involved the approval of a draft Business Planning document which set out the Body's short-term proposed activities, together with the related benefits and costs.

### 3. OTHER OPERATING INCOME

	Notes	€'000 2020	£'000 2020	€'000 2019	£'000 2019
Licences		69	61	181	159
Property Related Income		311	276	485	425
Operating Income		160	142	231	203
Interest Receivable		-	-	2	2
Net deferred funding for pensions	17.3	5,772	5,131	4,603	4,036
Other Income		37	33	36	32
<b>Total</b>		<b>6,349</b>	<b>5,643</b>	<b>5,538</b>	<b>4,857</b>

### 4. STAFF COSTS

#### 4.1 THE AVERAGE WEEKLY NUMBER OF PERMANENT EMPLOYEES (FULL TIME EQUIVALENT)

Category of Employment	2020	2019
Administration	113	109
Operations	171	175
<b>Total</b>	<b>284</b>	<b>284</b>

In addition, there were 32 temporary staff supporting works on the navigations, four agency staff and six student placements, were engaged to cover maternity leave and other staff absence.

#### 4.2 THE COSTS INCURRED IN RESPECT OF THESE EMPLOYEES WERE:

	Notes	€'000 2020	£'000 2020	€'000 2019	£'000 2019
Staff Costs		14,089	12,524	13,592	11,918
Agency Costs		296	263	219	192
Employers NIC/PRSI		1,409	1,251	1,351	1,185
Other pension costs: - Current Service and Interest costs	17.3	8,410	7,476	6,914	6,062
		24,204	21,514	22,076	19,357
Less Staff and Agency Costs Capitalised		(601)	(534)	(545)	(478)
<b>Total</b>		<b>23,603</b>	<b>20,980</b>	<b>21,531</b>	<b>18,879</b>

No employer pension contributions were made in the financial year.

Remuneration and pension interests of the Senior Management team along with the Salary bands for all employees earning in excess of €40,000 are disclosed in the Remuneration Report contained in the Annual Report 2020.

### 5. PROGRAMME COSTS

	Notes	€'000 2020	£'000 2020	€'000 2019	£'000 2019
Contracted in Services including construction costs		3,567	3,171	3,118	2,734
Vehicle Fuel		367	326	469	411
Plant Hire		389	346	208	182
Mechanical Spares and Equipment		797	708	766	672
Fuel and Light		111	99	93	82
Travel		194	172	209	183
Miscellaneous		330	293	440	386
<b>Total</b>		<b>5,755</b>	<b>5,115</b>	<b>5,303</b>	<b>4,650</b>

## 6. OTHER OPERATING COSTS

	Notes	€'000 2020	£'000 2020	€'000 2019	£'000 2019
Travel - Ireland		278	247	494	433
Recruitment costs		62	55	54	47
Training and Conferences		98	87	191	167
Contracted in Services		764	679	385	338
Compensation/ Provisions	14	3,799	3,377	1,508	1,322
Premises Running Costs including Utilities		670	596	693	608
Health and Safety		20	18	23	20
Communications		177	157	128	112
Other Operating Lease rental		14	12	15	13
Printing and Stationery		25	22	47	41
Computer Running Costs		908	807	759	665
Rent		275	244	283	248
Audit Fee - See Note		50	44	63	55
Marketing and Promotions		399	355	462	405
Insurance and Legal Fees		239	212	253	222
Pension Administrator costs		110	98	117	103
General Expenditure		64	57	55	48
<b>Total</b>		<b>7,952</b>	<b>7,067</b>	<b>5,530</b>	<b>4,847</b>

### NOTES:

Annual audit fee for 2020 is €52,866 (£47,550). An exchange gain of €2,500 from fluctuations on payments and accruals in year, reduce the charge to €50,000, and when converted at average exchange rate is £44,000 sterling.

### ADDITIONAL DISCLOSURE

<b>Travel &amp; Subsistence</b>	<b>€'000</b>
- Within the Island of Ireland	471
- Outside the Island of Ireland	1
<b>Hospitality and Staff Wellbeing</b>	<b>€'000</b>
- Staff Wellbeing Costs	13
<b>Consultancy Costs</b>	<b>€'000</b>
- Asset Management Consultancy	29
- HR, Pensions and Legal Advice	135
- Marketing Branding Consultancy	53
- Development of Long-Term Plan	120
- Tax & Financial Advice	73
- Environmental Consultancy	10
<b>Legal Costs</b>	<b>€'000</b>
- Legal Fees - Property	138
- Legal Fees - Compensation cases	424
- Compensation payments	168

## 7.1 PROPERTY, PLANT AND EQUIPMENT – TANGIBLE ASSETS

	Surplus Assets	Freehold Land and Buildings	Plant, Vehicles and Machinery	Computers, Furniture and Fittings	Total
Cost or Valuation	€'000	€'000	€'000	€'000	€'000
At 01 January 2020	2,876	23,713	25,960	6,046	58,595
Additions	-	-	1,293	424	1,717
Revaluation	124	-	-	-	124
Disposals	(999)	-	(219)	-	(1,218)
At 31 December 2020	2,001	23,713	27,034	6,470	59,218
<b>Depreciation</b>					
At 1st January 2020	-	783	18,947	5,477	25,207
Adjustment to opening balance	-	(622)	-	-	(622)
Provision for year	-	84	1,035	274	1,393
Disposals	-	-	(219)	-	(219)
At 31 December 2020	-	245	19,763	5,751	25,759
<b>Net Book Value €'000</b>					
At 31 December 2020	2,001	23,468	7,271	719	33,459
At 31 December 2019	2,876	22,930	7,013	569	33,388
<b>Net Book Value STG£'000</b>					
At 31 December 2020	1,800	21,108	6,540	647	30,095
Currency Translation Adjustment	(131)	(1133)	(350)	(30)	(1644)
At 31 December 2019	2,445	19,490	5,961	484	28,380

### NOTES:

A number of assets were revalued in year - see Note 7.3 below. An opening balance adjustment of €622,000 to depreciation relates to accumulated depreciation charged in 2019 on revalued buildings for the period preceding the revaluation. Depreciation has been adjusted to reflect the charge over the remaining useful life. The net movements are reflected in the Statement of Changes in Equity is an increase in net book value of €124,000. Computers, Furniture and Fittings include intangible assets such as software of €344,000. This is considered to be immaterial and not requiring separate disclosure in the notes. Currency translation adjustment is the difference between the net book value of property, plant and equipment calculated using year-end exchange rates and their net book value stated at historic rates of exchange.

## 7.2 PROPERTY, PLANT AND EQUIPMENT – OPERATIONAL ASSETS AND WORK IN PROGRESS

	Work In Progress	Operational Assets	Total
Cost or Valuation	€'000	€'000	€'000
At 01 January 2020	9,772	1,436,178	1,445,950
Additions	3,579	2,451	6,030
Capitalised from Work in Progress	(7,663)	7,663	-
Disposal	-	(2,408)	(2,408)
Revaluation	-	7,909	7,909
At 31 December 2020	5,688	1,451,793	1,457,481
<b>Depreciation</b>			
At 01 January 2020	-	698,001	698,001
Revaluation	-	(18,357)	(18,357)
Disposal	-	(1,836)	(1,836)
Provision for year	-	9,976	9,976
At 31 December 2020	-	687,784	687,784
<b>Net Book Value €'000</b>			
At 31 December 2020	5,688	764,009	769,697
At 31 December 2019	9,772	738,177	747,949
<b>Net Book Value STG€'000</b>			
At 31 December 2020	5,116	687,182	692,298
Currency Translation Adjustment	(521)	(36,427)	(36,948)
At 31 December 2019	8,306	627,435	635,741

### NOTES:

Operational assets include inherited assets and newly constructed assets. Included are assets of net book value €24,614,000 for which a part donation/grant from third parties has been received. A number of Operational assets were revalued in year - see Note 7.3 below. The net impact of these valuation movements on the Statement of Changes in Equity is an increase in net book value of €26,266,000. Currency translation adjustment is the difference between the net book value of property, plant and equipment calculated using year-end exchange rates and their net book value stated at historic rates of exchange.

## 7.3 REVALUATIONS

	Net Book Value at 01.01.2020	Revaluation	Additions Disposals Other Movements 2020	Net Book Value at 31.12.2020
	€'000	€'000	€'000	€'000
Surplus Assets	2,876	124	(999)	2,001
Land and Buildings	22,930	-	538	23,468
Operational Assets	738,177	26,266	(434)	764,009
	763,983	26,390	(895)	789,478

### NOTES:

Assets established from joint works with third parties on Waterways Ireland's land are capitalised in the accounts on the completion of works at the project costs incurred by third parties and Waterways Ireland. These assets are reflected in the donation reserve and grant reserve. As a result of the recent and ongoing COVID-19 pandemic events, and in line with current RICS guidance advice is that market evidence gathered as part of the recent valuation exercises has attached to it, due to the worldwide impact of the pandemic, an increased level of uncertainty in terms of informing opinions of value. Whilst at this stage there is no evidence of impairment as at year-end, the future impact of COVID-19 on land and building values cannot yet be accurately assessed therefore the need for further future valuations will remain under consideration, subject to resources.

## 8. SHORT TERM INVESTMENT

	€'000	£'000	€'000	£'000
	2020	2020	2019	2019
Euro Fixed Term Deposit	-	-	2,000	1,700
<b>Total</b>	-	-	2,000	1,700

## 9. CASH AT BANK AND IN HAND

	€'000	£'000	€'000	£'000
	2020	2020	2019	2019
Sterling Bank Account	330	297	1,106	940
Euro Bank Account	2,622	2,358	1,764	1,499
Euro Bank Reserve Account	4,293	3,861	2,637	2,241
Petty Cash	1	1	2	2
<b>Total</b>	7,246	6,517	5,509	4,682

## 10. STOCKS

	€'000	£'000	€'000	£'000
	2020	2020	2019	2019
Hardware	136	122	155	132
Timber	301	272	369	314
Fuel and Lubricants	29	26	22	19
Protective Clothing	77	69	57	48
Spare Parts and Filters	15	13	20	17
Smart Cards	9	8	12	10
Publications	18	16	23	20
Miscellaneous	12	11	16	14
<b>Total</b>	597	537	674	574

## 11. RECEIVABLES AND PREPAYMENTS

	€'000	£'000	€'000	£'000
	2020	2020	2019	2019
<b>Amounts falling due within one year:</b>				
Trade Receivables	439	395	104	88
Less: Provision for bad debt	(69)	(62)	(42)	(36)
Other Receivables	642	577	401	341
Prepayments	1,087	978	802	682
<b>Total</b>	2,099	1,888	1,265	1,075
<b>Amounts falling due after one year:</b>				
Prepayments	13	12	126	107
<b>Total</b>	2,112	1,900	1,391	1,182



## 12. PAYABLES AND ACCRUALS

	€'000	£'000	€'000	£'000
	2020	2020	2019	2019
<b>Amounts falling due within one year:</b>				
Trade Payables	1,318	1,185	369	314
Other Payables	2,582	2,322	3,115	2,648
VAT	77	70	119	100
Accruals and Deferred Income	2,994	2,693	2,422	2,059
<b>Total</b>	<b>6,971</b>	<b>6,270</b>	<b>6,025</b>	<b>5,121</b>
<b>Amounts falling due after one year:</b>				
Deferred Income	92	83	96	82
<b>Total</b>	<b>7,063</b>	<b>6,353</b>	<b>6,121</b>	<b>5,203</b>

## 13. OTHER OPERATING LEASES

At 31 December 2020- future lease payments under non-cancellable operating leases for each of the following periods:	€'000	€'000	€'000	€'000
	2020	2020	2019	2019
Leases which expire:	<b>Land and Buildings</b>	<b>Other</b>	<b>Land and Buildings</b>	<b>Other</b>
Within one year	264	-	282	3
Between two and five years	178	-	447	-
More than five years	1	-	3	-
	<b>443</b>	<b>-</b>	<b>732</b>	<b>3</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
Leases which expire:	<b>Land and Buildings</b>	<b>Other</b>	<b>Land and Buildings</b>	<b>Other</b>
Within one year	235	-	247	3
Between two and five years	158	-	392	-
More than five years	1	-	3	-
	<b>394</b>	<b>-</b>	<b>642</b>	<b>3</b>

## 14. PROVISIONS

	Notes	€'000	£'000	€'000	£'000
		2020	2020	2019	2019
At 1st January		4,045	3,438	3,797	3,406
Provision utilised in year		(675)	(600)	(1,260)	(1,105)
Provision in year	6	3,799	3,377	1,508	1,322
Difference on currency translation		-	233	-	(185)
At 31 December		<b>7,169</b>	<b>6,448</b>	<b>4,045</b>	<b>3,438</b>

### NOTES:

This provision represents a reliable estimate of probable settlements for legal cases against Waterways Ireland. A Revenue payment of Tax, Interest and Penalties was paid in 2019. The currency translation adjustment reflects the amount of the movement in the value of the provision for claims settlement which is attributable to the change in exchange rate over the year.

## 15. NOTES TO CASH FLOW STATEMENT

### 15.1 RECONCILIATION OF RESULT FOR THE YEAR TO NET CASH GENERATED FROM OPERATING ACTIVITIES

	€'000 2020	£'000 2020	€'000 2019	£'000 2019
Result for the year	(4,121)	(3,662)	(1,329)	(1,163)
Depreciation	11,369	10,106	10,954	9,605
Amortisation of Capital Grants	(11,941)	(10,614)	(10,965)	(9,614)
(Profit)/Loss on disposal of property, plant and equipment	571	508	(14)	(12)
Decrease/(Increase) in stock	77	70	97	82
Decrease/(Increase) in Receivables	(721)	(648)	(20)	(17)
(Decrease)/Increase in Payables	942	847	2,595	2,206
Provisions	3,124	2,810	248	211
Difference on currency translation	-	(39)	-	75
<b>Net cash (utilised)/generated from operating activities</b>	<b>(700)</b>	<b>(622)</b>	<b>1,566</b>	<b>1,373</b>

#### NOTES:

Currency translation adjustment reflects the amount of the movement in the value of current assets and liabilities which is attributable to the change in exchange rates.

### 15.2 RECONCILIATION OF NET CASH IN/ (OUT) FLOW TO MOVEMENT IN CASH AND CASH EQUIVALENTS

	€'000 2020	£'000 2020	€'000 2019	£'000 2019
Cash and cash equivalents at 1st January	5,509	4,682	3,278	2,940
Net cash inflow/(outflow)	1,737	1,562	2,231	1,896
Difference on currency translation	-	273	-	(154)
Cash and cash equivalents at 31 December	<u>7,246</u>	<u>6,517</u>	<u>5,509</u>	<u>4,682</u>
Net cash inflow/(outflow) from operating activities	(700)	(622)	1,566	1,373
Net cash inflow/(outflow) from non-operating activities	2,437	2,457	665	369
Net cash (outflow)/inflow	<u>1,737</u>	<u>1,835</u>	<u>2,231</u>	<u>1,742</u>

## 16. CAPITAL COMMITMENTS

Capital commitments at 31 December 2020:

	€'000 2020	£'000 2020	€'000 2019	£'000 2019
Contracted	<u>2,257</u>	<u>2,030</u>	<u>1,751</u>	<u>1,488</u>

#### NOTES:

Formal approval on 2020 capital programme has been received.

## 17. PENSIONS

### 17.1 ACCOUNTING TREATMENT

FRS 102 requires financial statements to reflect, at fair value, the assets and liabilities arising from an employer's obligations and any related funding and to recognise the cost of providing superannuation benefits in the accounting period in which they are earned by employees.

The effect of FRS 102 is to recognise as expenditure in the year the cost of pensions earned rather than the payments made to pensioners, and a corresponding funding amount. In addition, the Balance Sheet recognises the cumulative liability for pensions earned by employees as at 31 December 2020 together with a corresponding asset.

The valuation used for FRS102 disclosures at 31 December 2020 has been carried out by a qualified independent actuary (Deloitte Total Reward and Benefits Limited). The results this year have been prepared by carrying out a full valuation of the Scheme's liabilities using membership data at the dates stated below:

\* Active membership details as at 31 March 2020 renewal and further updates to salaries as provided by the Bodies in the data extract provided to Deloitte by the Bodies in the preparation of the senior management disclosures;

\* The deferred and pensioner membership data for each Body has been provided by the Administrators as at 31 December 2020. The underlying membership data has been adjusted for any significant membership movements over the period to 31 December 2020; and

\* Cashflow information to 31 December 2020 for the Scheme as provided by the Bodies in the data extract provided to Deloitte.

The principal actuarial assumptions used to calculate scheme liabilities under FRS 102 are:

At 31 December	2020	2019	2018	2017	2016
Discount rate Northern Ireland	1.35%	2.10%	2.75%	2.50%	2.70%
Discount rate Republic of Ireland	0.80%	1.30%	2.15%	2.10%	1.90%
Rate of increase in Consumer Price Index Northern Ireland	2.20%	2.00%	2.15%	2.10%	2.30%
Rate of increase in Consumer Price Index Republic of Ireland	1.05%	1.15%	1.40%	1.65%	1.50%
Rate of increase in salaries - Northern Ireland	2.20%	2.00%	2.15%	2.10%	2.30%
Rate of increase in salaries - Republic of Ireland	2.20%	2.00%	2.15%	2.10%	2.30%
Average rate of increase for pensions Northern Ireland in line with CPI	2.20%	2.00%	2.15%	3.00%	3.00%
Average rate of increase for pensions Republic of Ireland					
in line with salary increases	1.05%	1.15%	1.40%	1.65%	1.50%
in line with CPI	2.20%	2.00%	2.15%	3.00%	3.00%
Average expected future life at age 65 for					
Male currently aged 65	22.3	22	21.9	22.1	22.2
Female currently aged 65	24.6	23.9	23.8	23.9	24.2
Male currently aged 45	23.6	23.4	23.3	23.5	23.9
Female currently aged 45	26	25.4	25.4	25.4	26.1

## 17.2 MOVEMENT IN NET PENSION LIABILITY DURING THE FINANCIAL YEAR

	Notes	€'000 2020	£'000 2020	€'000 2019	£'000 2019
<b>(Deficit) in the plan at the beginning of the year</b>		(131,895)	(112,108)	(112,443)	(100,855)
Benefits paid during the year		2,638	2,345	2,311	2,026
Net transfer (in)/out of the scheme		(26)	(23)	36	32
Current service cost		(6,417)	(5,704)	(4,422)	(3,877)
Other finance (charge)		(1,993)	(1,772)	(2,492)	(2,185)
Actuarial gain/(loss)		(19,140)	(17,215)	(14,885)	(12,651)
Difference on currency translation		-	(6,585)	-	5,402
<b>(Deficit) in the plan at the end of the year</b>		<b>(156,833)</b>	<b>(141,062)</b>	<b>(131,895)</b>	<b>(112,108)</b>
		<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
Experience gain/(loss)	17.5	(1,408)	(1,266)	1,882	1,600
Gain/(Loss) due to changes in demographic assumptions		(890)	(800)	-	-
Gain/(loss) due to currency movements		2,163	1,945	(1,552)	(1,319)
Gain/(loss) on change of financial assumptions		(19,005)	(17,094)	(15,215)	(12,932)
<b>Actuarial gain/(loss)</b>		<b>(19,140)</b>	<b>(17,215)</b>	<b>(14,885)</b>	<b>(12,651)</b>

The main element of the actuarial loss of €19,140,000 relates to the increase in the value of the liabilities mainly as a result of the change in actuarial assumptions including a fall in the Northern and Southern discount rates (which results in an increase in the value of the liabilities). The impact of the change in the demographic assumptions including mortality assumption has increased the value of liabilities. The net impact of the change in actuarial assumption is an increase in the liabilities of c €19,895,000 and offset by a gain due to favourable currency movements of c €2,163,000. The liability is increased by the experience loss which arises due to membership movements c €1,408,000. During the year employee contributions were received of €654,000 (2019: €632,000) which were remitted to DHLGH and Dfl on an 85:15 basis.

The currency translation adjustment reflects the amount of the movement in the value of the Net Pension Liability which is attributable to the change in exchange rate over the year.

## 17.3 INCOME AND EXPENDITURE ACCOUNT ANALYSIS FOR THE FINANCIAL YEAR:

	Notes	€'000 2020	£'000 2020	€'000 2019	£'000 2019
Current service cost		6,417	5,704	4,422	3,877
Other finance income		1,993	1,772	2,492	2,185
Benefits paid during the year		(2,638)	(2,345)	(2,311)	(2,026)
<b>Net deferred funding for pensions</b>	3	<b>5,772</b>	<b>5,131</b>	<b>4,603</b>	<b>4,036</b>
Current service cost		6,417	5,704	4,422	3,877
Other finance income		1,993	1,772	2,492	2,185
<b>Current pension service costs</b>	4	<b>8,410</b>	<b>7,476</b>	<b>6,914</b>	<b>6,062</b>

## 17.4 DEFERRED PENSION FUNDING

	€'000	£'000	€'000	£'000
	2020	2020	2019	2019
At 01 January	131,895	112,108	112,443	100,855
(Decrease)/Increase in Deferred Funding of Pension Asset	24,938	22,167	19,452	17,056
Difference on currency translation	-	6,787	-	(5,803)
At 31 December	156,833	141,062	131,895	112,108

Waterways Ireland recognises an asset representing resources to be made available by the UK and Irish Exchequers for the unfunded deferred liability for pensions on the basis of a number of past events. These events include the statutory backing for the superannuation schemes, and the policy and practice in relation to funding public service pensions in both jurisdictions including the annual estimates process. While there is no formal agreement and therefore no guarantee regarding these specific amounts with the funding bodies, Waterways Ireland has no evidence that this funding policy will not continue to progressively meet this amount in accordance with current practice. The deferred funding asset for pensions as at 31 December 2020 amounted to €157m (2019 €132m).

The currency translation adjustment reflects the amount of the movement in the value of the Deferred Pension Funding which is attributable to the change in exchange rate over the year.

## 17.5 HISTORY OF DEFINED BENEFIT LIABILITIES

	Notes	€'000	€'000	€'000	€'000	€'000
		2020	2019	2018	2017	2016
Surplus/(Deficit) at 31 December		(156,833)	(131,895)	(112,443)	(111,703)	(117,043)
Experience gain/(loss)	17.2	(1,408)	1,882	(3,074)	8,108	(7,648)
Percentage of Scheme Liabilities		0.90%	1.40%	2.70%	7.3%	-6.5%

	Notes	£'000	£'000	£'000	£'000	£'000
		2020	2019	2018	2017	2016
Surplus/(Deficit) at 31 December		(141,062)	(112,108)	(100,855)	(99,115)	(100,457)
Experience gain/(loss)	17.2	(1,266)	1,600	(2,757)	7,194	(6,252)
Percentage of Scheme Liabilities		0.90%	1.40%	2.70%	7.3%	-6.2%

## 17.6 EMPLOYEES JOINING

In the event of staff joining Waterways Ireland with prior service in the Northern Ireland public sector, with funded/unfunded schemes a transfer value will be calculated by the Pension Administrator for Waterways Ireland and forwarded to the Department for Infrastructure. In relation to staff from Southern Ireland with prior public sector service and a funded scheme, the transfer value will be calculated by the Pension Administrator for Waterways Ireland and forwarded to the Department of Housing, Local Government and Heritage (DHLGH). In the case of Irish unfunded public service pension scheme, the liability for the prior Irish public service remains with the Irish exchequer until it is discharged.

Transfer values for non-public service funded schemes will be split and apportioned by the Pension Administrator and the transfer value will be passed via Waterways Ireland to both Departments. There were two transfers in to the scheme in the year totalling €36,000.

## 17.7 EMPLOYEES LEAVING

In the event of staff leaving Waterways Ireland the service in Waterways Ireland, is funded by DfI at 15% and DHLGH at 85% of the amount to be transferred. If there is prior public sector service as outlined above the transfer value will be funded by the relevant jurisdiction in its entirety (other than Irish unfunded public service pension scheme). There was one transfer out of the scheme in the year totalling €10,000.

## 17.8 PENSION ARRANGEMENTS - GENERAL DESCRIPTION OF THE SCHEME

The pension scheme consists of a number of sections with different benefit structures. The main sections are:

### The Core Final Salary Section

This is a final salary pension arrangement with benefits modelled on the Classic section of the Principal Civil Service Pension Scheme in Northern Ireland. The scheme provides a pension (eightieths per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. Normal Retirement Age is a member's 60th birthday. Pensions in payment (and deferment) increase in line with general price inflation.

### The Core Alpha Section

This is a career averaged revalued earnings pension arrangement or CARE scheme with benefits modelled on the alpha section of the Principal Civil Service Pension Scheme in Northern Ireland. The scheme provides a pension based on a percentage (2.32%) of pensionable pay for each year of active membership (the pension is increased/decreased at the start of each scheme year in line with general price inflation) and spouse's and children's pensions. Normal Retirement Age is a member's State Pension Age in the relevant jurisdiction, which is currently 66 rising to 68 in the UK between 2037 and 2039 and 66 in Ireland. The State pension age in Ireland was due to rise to 67 from 1 January 2021 and then 68 from 1 January 2028 however, the government has deferred this change and a Pensions Commission has been established to consider the change to the State pension age, among other issues such as sustainability and intergenerational fairness. Pensions in payment (and deferment) increase in line with general price inflation.

### Reserved Rights Sections

These are a number of sections of the scheme that are modelled on the Irish public service pension schemes that employees of the North/South Bodies were members of at the point they were designated and transferred at the formation of the Bodies. These schemes are final salary pension arrangements with benefits the same as the relevant Irish public sector scheme e.g., Superannuation Scheme for Established Civil Servants. These schemes provide a pension (for non-integrated members eightieths per year of service but for integrated members two-hundredths per year of service on salary up to 3.333 times the Old Age Contributory State Pension and eightieths per year of service on salary above 3.333 times the Old Age Contributory State Pension), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. In December 2018, DPER notified Bodies to apply the increase in the compulsory retirement age to 70 as set out in the Public Service Superannuation (Age of Retirement) Bill 2018 on an administrative basis. Pensions in payment (and deferment) generally increase in line with general public sector salary inflation. The applicable Reserved Rights Scheme for Waterways Ireland in the South is both the, Non-Contributory Pension Scheme for Non-Established State Employees and the Superannuation Scheme for Established Civil Servants. In Northern Ireland, the relevant scheme is the Principal Civil Service Pension Scheme NI. Most Core section members have benefits in both the Final Salary and Alpha sections and new entrants who join the Scheme after 1st April 2015 will, in most cases, become members of the Core Alpha section.

The valuation used for FRS 102 disclosures at 31 December 2020 has been carried out by a qualified independent actuary (Deloitte). The results this year have been prepared by carrying out a full valuation of the Scheme's liabilities using membership data at the dates outlined in note 17.1 at 31 December 2020.

## 18. CONTINGENT LIABILITIES

The contingent liability of Waterways Ireland at 31 December 2020 is €2,236,000, (2019 €1,936,000) The contingent liability cases are:

\* Land was compulsory purchased by Waterways Ireland, the amounts represent reasonable costs including legal fees and claims for compensation are not time bound.

\* As part of a compulsory purchase order an agricultural water-main was subsequently provided to supply drinking water to livestock for the benefit of various adjoining landowners in Leitrim. Various issues have arisen including who is responsible for the charges for the water supply to the various landowners and the liability regarding the repair and maintenance of the water-main which is leaking. Discussions are ongoing and the costs reflected in this case are to cover the cost of replacing the watermain. The value is Waterways Ireland best estimate and there is no possibility for reimbursement.

Based on past experience and calculated at 60% of the best estimate, the contingent liability on the above totals €236,000.

\* Two employment tribunal cases in the cases of McCloud and Sargeant were brought against the UK Government in relation to possible discrimination in the implementation of transitional protection following changes made to public service pension scheme legislation in the UK in 2015.

In December 2018, the Court of Appeal ruled that the transitional protections gave rise to unlawful discrimination on the basis of age. The UK Government requested leave to appeal this decision to the Supreme Court, however the request was denied on 27 June 2019.

The Department of Finance (Northern Ireland) continues to liaise with HM Treasury for proposals to address age discrimination in the wider public service schemes, as a consequence of the McCloud ruling. The Department's public service pensions consultation to remove the discrimination identified by the courts in the 2015 pension reforms closed in November 2020 and the outcome of the consultation was published on 25 February 2021. Details of the consultation response are available at:

<https://www.finance-ni.gov.uk/publications/response-consultation-proposed-changes-transitional-arrangements-2015-schemes>

The rectification process is expected to be long and time-consuming, and will need to address fairly the issue of pension accruals since 2015 and where individuals may have been better off in new schemes. In this regard certain staff of Waterways Ireland who are scheme members of the Scheme, may need to be compensated for any discrimination suffered as a result of the transitional protections.

Quantifying the impact of the judgement at this stage is difficult as it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. The terms of any possible settlement will require further consideration which will need approval by both the Department of Finance (Northern Ireland) and the Department of Public Expenditure and Reform (Ireland).

On this basis, no provision has been made in the accounts for the McCloud/Sargeant judgment. The N/SPS Administrator estimates that any compensation payable by Waterways Ireland will be up to £2,000,000.

## **19. PERFORMANCE AGAINST KEY FINANCIAL TARGETS**

Annual business plans are presented to North South Ministerial Council and approved. The financial targets set for Waterways Ireland by the Sponsor Departments and DPER and DoF is that spend is to be maintained within budget limits. This was achieved. Non-financial targets were also set and are reported in Part 3 of the Annual Report.

Waterways Ireland's 2020 Business Plan was retrospectively approved by the Sponsor Departments, Finance Departments and the North South Ministerial Council (NSMC) in December 2020.

DfI implemented contingency arrangements, put in place by DoF to enable the payment of funding to Waterways Ireland in 2020.

## **20. RELATED PARTY TRANSACTIONS**

Waterways Ireland is a cross border implementation Body sponsored by DHLGH and DfI. These departments are regarded as related parties and during the year, Waterways Ireland was principally funded by these departments and had various transactions with them. Waterways Ireland has procedures in place to manage conflicts of interest and these were compiled within the period under review.

None of the members of the key management staff of Waterways Ireland or their related parties has undertaken any material transactions with Waterways Ireland during the financial year 01 January 2020 – 31 December 2020.

## 21. LOSSES REGISTER

A Losses Register is maintained by Waterways Ireland. Losses recorded during the year amounted to €603,000 (2019 €922,000) and have been incorporated within these accounts where the cost relates to this financial year.

Losses Statement	2020	2019
	€	€
Compensation Payment - Public Liability Claims	208,356	141,766
Employee Liability Claims	328,141	654,612
Fruitless Payment - mainly Revenue Late Payment and Penalties	1,236	97,814
Constructive Loss	-	-
Late Payment of Debt	6,119	3,400
Stores and Plant Losses	37,003	21,481
Redundancy Payments	20,756	-
Abandoned Claims	1,650	3,274
<b>Total</b>	<b>603,261</b>	<b>922,347</b>

Employee liability claims in 2020 relate to three employees involved in workplace incidents and the payment of legal fees for an employee case settled in 2019. In 2019 payments to Revenue were for Country Money related interest and penalties of €92,220 and under payment of VAT on the receipt of reverse charge services of €5,594.

## 22. FINANCIAL INSTRUMENTS, LIQUIDITY, INTEREST RATE AND FOREIGN CURRENCY RISK

### 22.1 FINANCIAL INSTRUMENTS

Due to the non-trading nature of its activities and the way Waterways Ireland is financed, it is not exposed to the degree of financial risk faced by business entities. The Financial Memorandum permits Waterways Ireland to borrow subject to the prior approval of the Sponsor Departments and the Finance Departments, which has not been sought. The financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing Waterways Ireland in undertaking its activities. Financial instruments mainly consist of cash, receivables and payables.

### 22.2 LIQUIDITY, INTEREST RATE AND FOREIGN CURRENCY RISK

Waterways Ireland's net revenue resource requirements are financed by resources voted annually by the Northern Ireland Assembly and Dáil Éireann, as is its capital expenditure. It is not therefore exposed to significant liquidity risks.

Waterways Ireland does not access funds from commercial sources and so is not exposed to significant interest rate risk.

Waterways Ireland's transactions are effected in the currencies of each part of Ireland, with recorded gains and losses being taken to the Statement of Comprehensive Income and Income Statement, facing significant exchange rate uncertainty.

## 23. EVENTS AFTER THE REPORTING PERIOD

There are no events to report after the reporting date.

The Annual Report and Accounts for the year ended 31 December 2020 were authorised to be issued on 14 December 2021 by the Accounting Officer.



## Accounts Direction Waterways Ireland

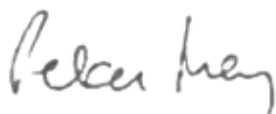
ACCOUNTS DIRECTION GIVEN BY THE NORTHERN IRELAND DEPARTMENT FOR INFRASTRUCTURE, THE IRISH DEPARTMENT OF CULTURE, HERITAGE, AND THE GAELTACHT WITH THE APPROVAL OF THE FINANCE DEPARTMENTS, IN ACCORDANCE WITH THE NORTH/SOUTH CO-OPERATION (IMPLEMENTATION BODIES) (NORTHERN IRELAND) ORDER 1999 AND THE BRITISH-IRISH AGREEMENT ACT 1999.

The annual accounts shall give a true and fair view of the Income and Expenditure and cash flows for the financial year, and the state of affairs as at the year end. Subject to this requirement, the body shall prepare accounts for the financial year ended 31 December 2017 and subsequent financial years in accordance with:

- a. The North/South Implementation Bodies Annual Reports and Accounts Guidance;
- b. Other guidance which Finance Departments may issue from time to time in respect of accounts which are required to give a true and fair view;
- c. Any other specific disclosures required by Sponsoring Departments;

except where agreed otherwise with Finance Departments, in which case the exception shall be described in the notes to the accounts.

**Signed by authority of the  
Department for Infrastructure**



**Name  
29 June 2018**

**Signed by authority of the Department of Housing, Local Government and  
Heritage**



**Name: Kathleen Licken (Secretary General)  
28 June 2018**




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**Head Office**

2 Sligo Road  
Enniskillen  
Co. Fermanagh  
BT74 7JY

**T:** 028 6632 3004

**E:** [info@waterwaysireland.org](mailto:info@waterwaysireland.org)

 [@waterwaysireland](https://twitter.com/waterwaysireland)

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