

NI Water Ltd
("the Company")

Minutes of a Meeting of the Board of Directors (the "Board")
on Tuesday 28th March 2023 at 11.00 am
IOC Conference Room, Westland House

Present: Len O'Hagan Chair
Peter McNaney Non Executive Director
Paddy Larkin Non Executive Director
Marie-Therese McGivern Non Executive Director
Belinda Oldfield Non Executive Director
Maurice Bullick Non Executive Director
Sara Venning Chief Executive
Ronan Larkin Finance, Regulation and Commercial Director
Paul Harper Director of Asset Delivery
Des Nevin Director of Customer and Operations

In attendance: Mark Ellesmere General Counsel & Company Secretary
Rose Kelly Director of People & Learning
Alistair Jinks Director of Business Services
Trevor Hutchinson Head of Health and Safety (**Item 2**)
Paula Graham Head of Learning and Engagement (**Item 8**)
Kerrie Townsend HR Operations Manager (**Item 8**)
Paul Dillon Pension Scheme Chairman (**Item 10**)

Apologies: None

There were no Conflicts of Interest declared at the beginning of the meeting.

1. Minutes and Actions from Previous Meeting

- The minutes of the meeting on 28th February 2023 were approved subject to minor amendment.
- One outstanding action remains ongoing.

2. Health and Safety Report

- The update report was noted including one NI Water RIDDOR reportable incident in period, the details of which were set out within the paper.
- Progress continues in relation to implementation of the Health and Safety Strategy Action Plan.

3.1 Main Board Report

Significant matters in month.

The CEO provided an update on the following matters:

- Continued strong performance across all KPIs in period – some concern in relation to achieving leakage target in year – the Board will be briefed separately on leakage in due course.
- The DfI Permanent Secretary is aware of the Board's approval of the 23/24 budget in line with year 3 of the PC21 Final Determination and there has been no further correspondence in relation to 23/24 budget since the last meeting. It was noted that the Water Senior Stakeholders' Group had met and that key stakeholders continued to voice support for the proper funding of the Company in line with the PC21 Final Determination.
- Colleagues – DoF approval for the Alpha pay remit 22/23 had been received recently and engagement continues with NIPSA in relation to the 22/23 pay offer.
- Development of the Entry Level Strategy for the organisation was welcomed.
- Customer – all customer targets currently on track for delivery except leakage – every effort is being made to achieve this year's target.
- Compliance – a good start to the year in terms of drinking water quality and wastewater compliance.
- In response to a question from the Chair the CEO provided a summary of the current media coverage of the GB Water Companies in England and Wales including the ongoing environmental campaign launched recently in the Times newspaper.
- A detailed discussion ensued in relation to the Company's approach to these matters including engagement with key stakeholders including the Utility Regulator, NIEA and DWI. Price Controls 21, 27 and 32 will start to address the significant underinvestment to date in Northern Ireland's water and wastewater treatment works and networks and will help to address environmental concerns as well as enable economic development.

3.2 23/24 Budget

- The Director of Finance and Regulation presented a number of slides detailing the current position in relation to proposed operating costs for 23/24 including the potential for some funds to be paid back to DfI as a result of the BEIS Energy Scheme, the details which had only recently been made available to the Company. The slides were discussed in detail together with the updated Consequences Paper circulated in advance of the meeting. It was noted that both the Consequences Paper and the slides had been shared with DfI and that DfI continued to deal with energy costs as a matter separate to the current budget and the 23/24 budget.
- Members discussed in detail the breakdown of the Company's proposed operating costs for 23/24 and, in particular, the breakdown of costs under the heading "other" more particularly detailed at slide 6 of the presentation. It was indicated that the Permanent Secretaries of DfI and DoF may attend the next Board or Shareholder meeting in response to the letter issued on behalf of the Board dated 7th March 2023. Costs in relation to subject matter expertise were examined in detail in the context of the implementation of 2 significant IT projects

– the Customer Billing and Contact contract and the Oracle contract and the support required in that regard. Having discussed the matter in detail and, taking account of the fact that no other GB water utility has been asked to or was considering cutting services to customers, the Board confirmed the proposed spend outlined by the CEO and Director of Finance, Regulation and Commercial for 23/24. This was on the basis that it aligned with Year 3 of the PC21 Final Determination being the amount required to be spent by the Company set by the UR as independent economic regulator for water and wastewater services in NI.

3.3 Table of Senior Counsel’s Advice

- The updated table of actions recommended by Senior Counsel was considered by Members in the context of the discussions at item 3.2 above.

4. Information Gathering – Related to SoS Statement – 24th November 2022

- The information gathering paper was noted and Members understood the nature, extent and complexities of the matter set out within the paper.

5. PPP Exceptions Report

- The update report was noted.

6. Engagement Strategy Update

- The update presentation and video were noted.

7. ACE2 Update

- The update presentation and video were noted and the proposal in relation to Wave 2 PC21 Transformation Partner was approved on the basis that this was in support of the delivery of the PC21 Final Determination and was based on the principles of investing to save and delivering further efficiencies.

8. Diversity Half Yearly Update

- Members welcomed the half yearly briefing and noted developments in Equality, Diversity and Inclusion within the Company since the last update.

9. Approvals

9.i Climate Change Strategy Approval

- The revised Climate Change Strategy was approved and Members acknowledged the very significant work involved in producing this strategy. It was agreed that Management continue to engage with DfI in relation to the Company’s strategy and wider Government/Departmental strategy in this area.

9.ii KF425 Dungannon WWTW

- Approved based upon the information provided within the paper.

9.iii IF021 Framework for the Supply, Delivery, Maintenance and Association Spare Parts for MBR Panels

- Approved based upon the information provided within the paper.

9.iv. Continuation of Infoworks Software Licences 2023 to 2028

- Approved based upon the information provided within the paper.

9.v. Netbase Leakage Management Software Licence, Maintenance and Data as a Service (DaaS)

- Approved based upon the information provided within the paper.

9.vi. Review of FR009 Financial & Procurement Delegations

- The Board noted and approved the proposed changes to the Financial & Procurement Delegations (published in full in the Board Reading Room). Among other matters the changes would result in an increase in the number of direct award contracts in relation to software licences because of a change in public procurement policy in this regard.

9.vii. Telecoms Managed Service Retender OBC

- Approved based upon the information provided within the paper.

10. Update on NIW Limited Pension Scheme

- The update was noted including a change in the scheme administrator, work underway in relation to the triannual valuation and planned further engagement by the Company with the WGTUs in relation to transitional protections.

11. Audit Committee Update

- The Chair provided a verbal update on the meeting of the Audit Committee on the 14th March 2023 including a presentation by Matt Cuchra, Partner, Water Utilities KPMG, two “limited” internal audit assurance reports in relation to the Water Fittings Regulations and Wastewater Reform and KPMG’s update on the 22/23 External Audit.

12. Forward Look

- The forward look was noted.

13. Any Other Business

- There were no items under any other business.

14. Non-Executive Directors’ held their own separate meeting.