

NI Water Ltd  
("the Company")

Minutes of a Meeting of the Board of Directors (the "Board")  
on Tuesday 27<sup>th</sup> March 2025 @ 11.00 am  
IOC Conference Room, Westland House

<b>Present:</b>	Jo Aston	Chair
	Danny McSorley	Non Executive Director
	Paddy Larkin	Non Executive Director
	Marie-Therese McGivern	Non Executive Director (Item 2 onwards)
	Belinda Oldfield	Non Executive Director
	Sara Venning	Chief Executive
	Ronan Larkin	Director of Finance, Regulation and Commercial
	Stephanie McCullagh	Director of Customer and Operations
<b>In attendance:</b>	Gary Curran	Director of Engineering and Sustainability
	Rose Kelly	Director of People & Learning
	Tzvetelina Bogoina	Director of Infrastructure Delivery
	Nicola Brennan	Acting Company Secretary
	Paula Graham	Head of Culture & Learning ( <b>Item 6</b> )
	Alison Sweeney	Learning & Development Manager ( <b>Item 6</b> )
	Geraldine Mooney	Energy Business Manager ( <b>Item 8.1</b> )
	Paul Dillon	Chair, NI Water Pension Trust Company ( <b>Item 9</b> )
<b>Apologies:</b>	Maurice Bullick	Non Executive Director
	Mark Ellesmere	General Counsel & Company Secretary

### Declaration of Conflict of Interest:

The CEO declared a potential conflict in relation to agenda item 7. It was agreed that the CEO would remain in the meeting for this item.

### 1. Minutes and Actions from Previous Meeting

- Draft minutes of the previous meeting on 25<sup>th</sup> February 2025 and the extraordinary meeting on 11<sup>th</sup> March 2025 were approved.
- Four actions noted as complete and three actions ongoing.

It was noted that the Board agenda items had been reordered with some papers being taken as read with questions only, allowing additional time for agenda item 7.

## **2. Diversity half yearly update (item 6)**

- An update was provided on key areas of focus of the Equality, Diversity and Inclusion strategy.
- Noted successful re-accreditation of Silver Diversity Mark for 2025 and work underway towards preparation for applying for the Gold Diversity Mark.
- The success of strategies for promoting social mobility via recent recruitment exercises was acknowledged and potential new areas of focus within the EDI strategy were discussed.

## **3. Electricity Price Hedging approval (Item 8.1)**

- A presentation was provided on hedging for risk management of electricity prices, which follows DfI approval being received in December 2024 to enter into a financial instrument agreement.
- It was noted that this will provide more price certainty but not necessarily the lowest price. In volatile energy market however price certainty considered important.
- Noted that potential counterparties are currently being risk assessed to form a panel of hedge providers which will assist to drive competition.
- Timeline for contract implementation was discussed and noted to be targeting for around June 2025.
- It was asked for modelling on the potential cost savings that could have been achieved if the hedge had been able to be implemented earlier in year.
- Board agreed that entering into electricity price hedge remains the preferred option for the risk management of electricity price and approved the following:
  - FR0048 'Hedging for Electricity Price Risk' policy
  - Extending the current metered electricity supply contract for the final two six month extension periods to the end of September 2026
  - Use of derivative financial instruments to hedge against electricity price risk
  - Delegation of day-to-day operation of electricity hedging contracts to the Electricity Procurement Project Board.

## **4. Pension Update (Item 9)**

- An update was provided on the pension scheme funding position and further progress with the de-risking of the investment strategy was noted.
- It was noted that the Trustee will consider the potential impact of the 'material uncertainty' qualification in NI Water annual accounts to the Employer Covenant assessment later in the year, which is currently assessed as 'strong'.
- An update on progress with the GMP Equalisation and Transitional Protections projects was provided.

## **5. Health and Safety Report (Item 2)**

- There were no NI Water RIDDOR incidents in period. Four Contractor RIDDOR incidents in the period were discussed and actions being taken with contractors to address root causes. The latest position with the H&S improvement work programme was also noted.

## **6. PPP Exceptions Report (Item 4)**

- Update paper provided was noted.

## **7. Infrastructure Delivery / Engineering & Sustainability Quarterly Update (Item 5)**

- The quarterly update received included an overview of PC21 Year 4 position on delivery against plan and updated Year 5 delivery plan to reflect new baseline CDEL planning envelope of £350m.
- The implications of reductions in base maintenance investment and link to efficiency impacts were discussed.

## **8. NI Water Group Tax Strategy (Item 8.2)**

- Approved tax policies and strategy based on the information provided within the paper.

## **9. Main Board Report (Item 3)**

### **The CEO provided an update on the following matters:**

- Strategic performance indicators – DG3 supply interruptions performance has moved outside of target for >12 and >24 hr interruptions due to Storm Eowyn impact.
- DfI / DfC Housing solutions team engagement – update provided on recent attendance of NI Water officials at this forum with follow on session expected in mid April.
- Stakeholder engagement – updates on briefings provided to the Committee for Infrastructure was noted and that the Committee have indicated interest in site visit to Kinnegar WwTW.
- Developer Contributions consultation – noted that DfI has now launched public consultation and NI Water will provide a response.

### **People**

- Board members noted the position in relation to 23/24 pay award for non-frontline L4 Colleagues which remains ongoing.
- HR have been engaging with DfI on drafting Business Case in relation to potential two year pay deal for 24/25 and 25/26.

### **Customer**

- All strategic targets on track except leakage and supply interruptions which had been detrimentally impacted by recent weather events.
- Compliance – drinking water quality and wastewater compliance currently showing as on target for 2025 but remain an ongoing challenge with reduced capital investment and base maintenance due to available funding. It will be considered how the year to date performance data can be shown on a pro-rata basis against targets.

### **Nominated outputs**

- Based on revised baseline £350m capital programme for 2025/27 and 2026/27, only one regulatory output target is forecast to be met for PC21.

## **10. Funding & Governance Update (Item 7)**

- An update was provided on the UR Initial Enquiry into Compliance on Wastewater and it was agreed that response would be considered by the Board Sub Committee on 14 April 2025.
- Response to recent correspondence from the UR in relation to Licence Condition F6A2A was also noted.
- The CEO provided an update on the current position in relation to 24/25 funding including the most recent correspondence from and to DfI since the extraordinary Board meeting on 11 March. This included the correspondence from NI Water to DfI Minister and Permanent Secretary requesting additional budget cover or regularisation to avoid the need for a Direction to be issued from the Board to the CEO regarding overspend. The most recent correspondence from Minister Kimmins confirmed that additional RDEL would be provided to cover the forecast overspend and the commissioning of a review into NI Water's accounts and accounting practices. The Board agreed that NI Water would fully support the review and welcomed the offer from the Minister to meet to discuss.

The Director of Finance, Regulation and Commercial presented a set of slides showing the current position in relation to RDEL. This showed a further trending downwards in the forecast RDEL overspend to c.£2.3m as a result of dry weather conditions and power prices. The Board noted how this demonstrates the volatile nature of NI Water's cost base which is dependent on external factors. The Board recorded their appreciation of the significant efforts made by the Executive team to manage the gap down to this level which represents 1.5% of the total RDEL allocation. This was also in the context of maintaining core services in a safe manner in line with the Minister's direction to the Board.

A detailed discussion ensued in relation to the Ministerial review being commissioned. It was agreed that it was important to highlight NI Water's wider operating environment context as a regulated utility, company and NDPB in the Department setting the Terms of Reference for the review. The need for consideration of both RDEL and CDEL due to the linkage to efficiency and effectiveness as a regulated water company, which is independently assessed by the UR was also emphasised. It was agreed that focus also needs to be on how longer term funding requirements can be achieved, beyond PC21 and into the new price control period. The Board agreed that a Board strategy day to consider approach to both short and longer term funding challenges would be arranged.

Discussion turned to the 2025-26 RDEL allocation and the DfI Minister instruction that NI Water must work to an opening budget of no more than £149m. It was agreed that the Board will need to carefully consider at its next Board meeting how NI Water could possibly meet this allocation in comparison to the draft operating plan and budget need of £172m and UR determined requirement of £169m RDEL. Considered that if need to live within £149m it will impact delivery of core services with potential detrimental

impacts. The Board asked to be briefed on assumptions being made for operational expenditure areas (eg power) in 2025/26 for at the April Board meeting.

#### **11. Audit Committee and Risk Committee Updates (Items 10 and 11)**

- An update was provided from recent meetings of the Audit Committee on 14<sup>th</sup> January and 11<sup>th</sup> March 2025.
- Recent correspondence from DfI and response relating to recent fraud allegations investigation was noted.
- An update was provided on the recent Risk Committee meeting on 24 February 2025.

#### **12. Forward Look**

- The forward look was noted with actions to arrange additional meetings for Progress through Innovation and PC28 Board workshops and Board Strategy session.

#### **13. AOB**

- None