Company No: NI054463

NI Water Ltd
("the Company")

Minutes of a Meeting of the Board of Directors (the "Board")
on Tuesday 23 June 2026 @ 11am
IOC Conference Room, Westland House

Present:	Jo Aston	Chair
	Maurice Bullick	Non-Executive Director
	Danny McSorley	Non-Executive Director *(via MS Teams)*
	Paddy Larkin	Non-Executive Director
	Marie-Thérèse McGivern	Non-Executive Director
	Belinda Oldfield	Non-Executive Director
	Sara Venning	Chief Executive
	Ronan Larkin	Director of Finance, Regulation and Commercial
	Stephanie McCullagh	Director of Customer and Operations
In attendance:	Aisling McHugh	Senior Commercial Lawyer (*for Gillian Shaw)*
	Tzvetelina Bogoina	Director of Infrastructure Delivery
	Gary Curran	Director of Engineering & Sustainability
	Rose Kelly	Director of People & Learning
	Damien O'Mullan	Director of Transformation
	Trevor Hutchinson	Head of Health and Safety (*Item 4)*
	Brian Rocks	Head of Financial Systems (*Item 8.3)*
	Caroline McGale	Financial Controller (*Item 9)*
	[redacted]	Manager, FR Regulation & Business Performance *(Item 9.4)*
	[redacted]	Reporter *(Item 9.4) (via MS Teams)*
	Frank Kirkland	DfI Observer

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1. Apologies & Declaration of Conflict of Interest

- Gillian Shaw sent apologies
- No Conflicts of interest were declared.

The Chair opened the meeting with an update on recent positive engagement with the Minister and DfI, including discussions on PC28, funding, SORPI/No Detriment and the Partnership Agreement, with a shared recognition of the need for collaborative working.
She also noted her introductory meeting with the new Permanent Secretary, Emer Morelli, and that this, together with time spent at the Shareholder meeting, improved understanding of PC28.

2. Minutes and Actions from Previous Meeting

- Draft minutes of the meeting held on 26 May 2026 were approved with minor amendment to attendance list and point 3.1.
- The updated Actions from the previous meeting were noted.

3. Committee Updates

3.1 Joint Audit & Risk Meeting 14 May 2026

The draft minutes of the Joint Audit and Risk committee were noted.

3.2 Audit Committee Update

Provided at Item 9.1.

4. Health and Safety Report

The contents of the report were noted, and the following points were highlighted:

- 1 NI Water RIDDOR was reported in the period in relation to a slip exiting a van. Review of access and egress to/from vehicles has commenced to reduce risk.
- All programmes of work are on track, the DSEAR, PUWER and Training reports provided more detail as previously requested by the Board.
- AECOM has completed a review of confined space rescue arrangements. A draft report has been received and is currently under review and discussion.

5. Main Board Report

- The CEO noted good performance on SPIs with exception of leakage and a likely wastewater compliance failure due to the performance of Kinnegar WwTW.
- Recent civil unrest required staff to work from home for 1.5 days, resulting in the cancellation of the Permanent Secretary event and the Leadership Meeting, the latter now rescheduled for 23 July; however, business continuity measures, including relocation to Gelvin Grange, ensured minimal disruption to operations.

The following matters were highlighted from the report:

- Shareholder Meeting: The rescheduled Q1 Shareholder Meeting took place on the 16 June. The meeting facilitated a detailed presentation and discussion on the Outline Capital Submission, which evidenced and provided an understanding of the need for £3.6b for PC28 Capital Expenditure. The format of the Assurance Statement was then discussed with the PS expressing her expectation that the report would present a background looking assurance. This led to a detailed discussion on the format and purpose of the report. Emphasis was placed on the need to present assurance around internal controls. It was agreed that NI Water and DfI would continue to review the format for reporting which both evidenced internal controls and corporate risk profiles.
- Good stakeholder engagement including discussions on the Outline Capital Submission and PC28, has been ongoing across key stakeholders, including DfI and the Utility Regulator.
- Non-frontline Pay: Pay dispute remains ongoing, with continued oversight and engagement, and preparation continuing in respect of related legal claims. DfI have been updated and have highlighted the importance of each party understanding their respective roles and responsibilities.
- PC21 Shareholder Investment (26/27): It was noted that Q1 RDEL planning envelope has been formally advised, the figure represents 25% of the 25/26 opening budget which considering

financial pressure is of concern. Full-year allocations remaining subject to further consideration and engagement with DfI.

- Wastewater Reform: Ongoing engagement with DfI and NIEA regarding wastewater reform, including the potential removal of SORPI and the zero-detriment approach and the associated implications for connections and compliance, particularly considering the Kinnegar performance position.
- OEP: will present its first statutory report on environmental improvement progress, at two events scheduled in June.
- Irish News Business Excellence Awards: NI Water was awarded the Excellence in Skills and Workforce Capability Award, and this achievement was commended.
- High Demand Incident: The recent high demand incident arising from warm weather conditions was managed without impact to customers following the implementation of mitigating actions.
- Hydrogen and Oxygen Demonstrator Project: The project experienced a significant failure during final factory acceptance testing, contractual options currently under assessment.

People

- The Board was updated on the latest discussions with the Frontline Trade Unions. Progress is being made and agreement is being sought to inform the business case for DfI and DoF.
- HMRC mileage allowance has increased from 44p to 55p per mile, this is the first uplift in 10 years and discussions are ongoing with DfI in relation to how this is being treated across NICS.
- Non-Frontline Pay: It was highlighted that the Trade Union Detriment Legal cases had now been re-listed for November with a preliminary hearing scheduled for June. The Board expressed concern on the delayed implementation of pay uplifts and the impact this was having on staff and asked that engagement continued to secure a resolution

Operational Review, Water:

- Good performance overall.
- Leakage is still a concern but improving.
- CBC3 system implementation has made good progress, but the August ‘go live’ date will still be challenging.

Operational Review, Wastewater:

- Pollution Incidents to date lower than target
- Wastewater Compliance: three out of four metrics have failed, Kinnegar WwTW has failed for a second year.
- Prosecution at Ramada WwPS: the NIEA introduced new evidence on the day of the court hearing, and matter has been adjourned for two weeks. It was noted that this may be indicative of a new intent/approach by the NIEA enforcement team.

Governance

The section was taken as read.

Financial Performance:

- The Board noted that £37.3m RDEL has been confirmed for Q1, representing part of the £149.2m full-year position, with CDEL funding yet to be confirmed.
- Billed income is performing ahead of budget at this stage of the year.
- Net profit is marginally below budget, though not considered a concern given the early stage in the financial year.
- Investing activity remains below budget year to date.
- Cash variances reflect higher CapEx and OpEx payments, primarily relating to Road Drainage, offset by a higher opening balance.
- Borrowing levels are above budget, with a capital loan note issued at an interest rate of 6.33%.
- Operating costs are slightly above budget, reflecting early-year phasing.
- The impact of hedging in mitigating increased power costs was discussed.
- Capital investment is £3.0m below budget, comprising a £2.3m underspend in the Capital Works Programme and £0.7m in non-CWP areas. It was noted that the current underspend is expected to be recovered over the course of the year.
- Customer debt performance is slightly ahead of target.

6. **Quarterly Update: Infrastructure Delivery/Engineering & Sustainability**

Update on Storm Overflows & EDM's NI Wide and for Lough Neagh, the following points were highlighted from the report:

- The commencement of the EDM near real-time reporting pilot at Ballyholme and Newcastle (April/May 2026), with hourly updates and initial access for NI Water and DAERA, supporting improved visibility of overflow events and operational insight.
- It is acknowledged early pilot performance is positive, with 15-minute interval data improving transparency and confirming infrastructure is operating broadly as expected, with comparable approaches already established in England and Wales.
- Enhanced data and analytics (including from 465 installed EDMs now published online) are strengthening operational planning, targeted responses, and regulatory reporting.
- It was recognised that the increased EDM coverage in the Lough Neagh catchment, provides more granular insight across a significant proportion of the region and supports more proactive management of the issues.

Capital Delivery: Year 5 Delivery Plan Results, Year 6 Delivery Plan Overview, Year 7 & PC28 Funding, the following points were highlighted:

- A strong Year 5 delivery performance was noted, with the capital works programme delivered on budget, the majority of milestones achieved, output targets exceeded, and efficiencies realised.

- The Year 6 delivery plan is progressing on programme, with an over-profile position maintained to provide flexibility as funding is confirmed and additional projects are incorporated.
- Multiple funding scenarios remain under consideration, with further alignment required to agree a prioritised delivery plan and incorporate PC28 enabling works.
- An update on the current position of the High Priority Capital Project was provided.
- Recognised that Year 7 planning is ongoing, with two delivery plan scenarios in development and funding gaps currently identified against both.
- The key risks to delivery were highlighted, including funding uncertainty, supply chain capacity, and workforce constraints, alongside the challenge of maintaining delivery momentum into PC28.

7. Approvals

7.1 Board Procurement Assurance - Options for Delivery

Approved based on the information provided within the paper.

- It was suggested that it would be beneficial to include a Non-executive Director to act as Sponsor for the assignment. It was agreed two Directors, and the Chair would be kept informed of progress and scope as appropriate. The importance of having a definitive scope together with supply chain input was noted. The Board would like to use interviews as opposed to surveys for market input and careful consideration given to how samples are selected

7.2 C1099 Mechanical Installation, Repair and Maintenance – Contract Value Uplift

Approved based on the information provided within the paper.

7.3 C1193 Interactive Voice Response (Cirrus)

Approved based on the information provided within the paper.

7.4 IF109 Framework

Approved based on the information provided within the paper.

8. Specific Items

8.1 Funding & Governance

The report was noted and the following points highlighted:

- RDEL position: A temporary Q1 allocation of £37.3m (25% of the prior-year baseline of c.£149.2m) has been issued pending budget confirmation; while manageable in the short term, this level is not sustainable over the full year.
- Increasing cost pressures (including contractual rates, cloud programmes and power/fuel) are widening the funding gap; although Q1 can be managed within the allocation, maintaining this position will be challenging without an uplift.

- CDEL position: No capital allocation confirmed; DfI previously indicated c.£321m, with NI Water currently planning at c.£361m, creating ongoing uncertainty.
- Clear and consistent communication with DfI is critical, particularly in advance of the October Budget, to articulate funding constraints and risks.
- Capital Loan Note refinancing will return to the Board in July with opportunity to engage with financial team in EY who have been supporting the work.
- Ongoing engagement with the Utility Regulator highlighted inconsistencies between current and earlier MOU/CWA correspondence requiring clarification. The CEO will respond to the UR referencing correspondence from UR that clearly indicated that the MOU and CWA were part of the PC21 contract. Given that the MOU and CWA are agreements between UR and DfI, it was agreed that correspondence on this matter should be copied to both organisations.
- SORPI: It is not clear that "zero determent" can be unilaterally rescinded by NIEA and NI Water should reflect this (legal advice supports this position, with "betterment" applied elsewhere).
- OEP: Investigation to determine whether DfI, NIEA and UR have failed to comply with environmental law in their respective duties is ongoing. NI Water officials will meet with OEP in July.

8.2 Engagement with the UK National Wealth Fund

- The Board were informed of comments from DfI in relation to the paper and reaffirmed commitment to ensure appropriate permissions from the Department.
- The Board noted the contents of the paper and the current exploratory, non-committal engagement.
- The strategic funding context and scale of infrastructure investment need.
- The requirement of a Confidentiality Agreement was noted, with further governance steps required before execution.
- The importance of maintaining a simple and structured approach was emphasised, as was the engagement with the Department to ensure appropriate liaison and communication, and to allow relevant parties to be kept informed and included in discussions as appropriate.
- The Board supported continuation of exploratory engagement, subject to governance, assurance and approval requirements. Board to be kept advised at appropriate times.

8.3 Future Corporate Systems (FCS) Programme – Position Paper

The Board noted the paper and the following point were highlighted:

- The programme remains strategically important, and progress is continuing across key workstreams, notwithstanding delays to Phase 2 delivery.
- No agreement has been reached on additional funding and a request for further payment has been rejected, while commercial discussions continue.

- It was considered that continued participation in the programme remains justified considering ongoing cost and delivery risks.
- The contractor remains contractually responsible for delivery, with any issues to be managed through the contract framework.
- External Legal and commercial advice has been obtained, and the recommended approach was discussed.
- The Board further noted ongoing engagement with the Cabinet Office and that contractual safeguards remain in place.
- The Board approved the continuation of commercial negotiations.

9. Annual Report and Accounts

9.1 Audit Committee Update

9.2 Audit Committee Recommendations

- The Chair of the Audit Committee presented an update from the previous Audit Committee Meeting held on 15 June 2026.
- The Annual Report and Accounts was discussed.
- The Chair of the Audit Committee mentioned three points:
  - The DfI observer at the meeting suggested an amendment to wording of the report that was helpful and adopted
  - In reference to the external Audit report, there was no control weaknesses to report. The report noted a control deficiency in relation to the breach of DAO (DOF) 08/16 but they concluded there was no need to modify the regularity audit opinion in this regard. Management will refer to the breach in the governance statement.
  - He has no hesitation in recommending the Financial Statement and Annual Report to Board for approval subject to final working grammar including DfI's input.

9.2.1 Recommendations to Approve Annual Report and Accounts

- The Director of Finance, Regulation and Commercial and NI Water's Financial Controller presented the paper.
- KPMG plan to sign the accounts on Tuesday 30 June.
- Board are content to approve the Annual Report and Accounts.

9.2.2 Letter of Representation to KPMG

- NIW have made all the disclosures required.
- Board are content to approve.

9.2.3 Letter of Assurance from DfI

The letter was noted. The letter emphasised that no unnecessary build-up of cash should be retained, and it was noted that this was not occurring within NI Water.

9.2.4 Overview of the Subsidiary Companies Accounts for 2025/2026

The overview of the Subsidiary Companies' Accounts for 25/26 were noted.

The Reporter joined the meeting at this point

9.2.5 2026 Annual Information Return

- The Board received a presentation from the Reporter on the 25/26 Annual Information Return highlighting audit areas and findings.
- There were no major concerns highlighted, and the Reporter confirmed that, based upon the information audited, the information within the Annual Information Return 26 is materially consistent with the Utility Regulator's reporting requirements. On that basis the Board approved submission of the Annual Information Return 26 to the Utility Regulator under the licence.

10. Forward Look

The contents were noted with updated start time for July Re Co meeting highlighted.

11. Any Other Business

- The Chair extended the Board's appreciation to Frank Kirland's attendance over the past six months.
- Frank made reference to his independence from DfI direction in his attendance at the Board meetings. His report is to be submitted to the DfI Board by 11 August and subsequently to the Minister. Frank emphasised the importance of ensuring communications present a balanced position, reflecting strong operational and governance performance while more clearly articulating NI Water's underlying risk profile, particularly in the context of funding constraints. Frank commended the positive engagement with NIW staff.