

NI Water Ltd  
("the Company")

Minutes of a Meeting of the Board of Directors (the "Board")  
on Tuesday 24<sup>th</sup> March 2026 @ 10.30am  
IOC Conference Room, Westland House

<b>Present:</b>	Jo Aston	Chair
	Maurice Bullick	Non-Executive Director
	Danny McSorley	Non-Executive Director
	Paddy Larkin	Non-Executive Director
	Marie-Therese 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
<b>In attendance:</b>	Tzvetelina Bogoina	Director of Infrastructure Delivery
	Rose Kelly	Director of People & Learning
	Aisling McHugh	Interim Company Secretary
	Damien O'Mullan	Director of Transformation & Innovation
	Trevor Hutchinson	Head of Health and Safety <b>(Item 3)</b>
	Helen Devlin	Head of HR Operations <b>(Item 6)</b>
	Keith Scott	Chief Risk and Reporting Officer <b>(Item 7.2)</b>
	Orla Crothers	Head of Climate Change & Wastewater Regulation Reform Program <b>(Item 7.3)</b>
	Tom Kelly	Communications Advisor <b>(Item 7.3)</b>
	Paul Dillon	Head of Future Workplace <b>(Item 9)</b>
	Frank Kirkland	Dfl Observer
<b>Apologies:</b>	Gary Curran	Director of Engineering & Sustainability

The Chair welcomed everyone to the meeting and referenced a positive engagement with the UR Board at Silent Valley and commended the Strategy/PC 28 Workshop held on Monday 23 March 2026.

Chair raised concerns about the Partnership Agreement redraft by Dfl potentially overriding some of the organisation's statutory and regulatory duties. A briefing session is to be held for the Board to consider the detail.

## 1. Conflicts of Interest

- No Conflicts of interest were declared.

## **2. Minutes and Actions from Previous Meeting**

- Draft minutes of the meeting held on 23<sup>rd</sup> February 2026 were approved.

## **3. Health and Safety Report**

- Incident Report: No RIDDOR during the period, there were 6 minor reportable incidents, 5 of which were contractor.
- It was highlighted that the employee with a high level of Lost Days involved in Inc-952 is now back at work
- PUWER and DSEAR assessments progressing well, more data is being collected which will be used to plan interventions for a higher level of compliance going forward.
- The Work Programme is ongoing with continued progress on targets and compliance.
- Overall ops mandatory training completion was 86% at end of January, with training scheduled to May.
- A discussion was had in relation to incidents involving manhole covers. It was noted that the team reinforced basic manual handling and the use of suitable work tools.

## **4. Main Board Report**

The CEO highlighted the following matters:

- Four red and three amber strategic performance indicators were noted. It was discussed that the team were disappointed with this performance as the failure did not fairly reflect the team's effort and input.
- NI Water invited to provide oral evidence to a joint AERA / Infrastructure Committee meeting in April, with focus on environmental compliance (including Lough Neagh), budgets and wastewater connections, with reference to PC21 impacts and PC28 planning. It will be a good opportunity to refer to SORPI.
- Infrastructure Committee – The Utility Regulator gave evidence to the Infrastructure Committee on 4 March, reiterating the requirement for full funding of Price Control Determinations, with responsibility resting with NI Water and its Shareholder.
- PC21 Financial Position – Operating costs were being managed within the £151.5m RDEL allocation for 2025/26; c.£0.5m of additional weather-related power and PPP costs incurred.
- Energy prices remain volatile due to geopolitical factors; electricity hedging covers up to 75% of load, with increased exposure anticipated in 2026/27.
- PC28 Planning and Wastewater Regulation – Stakeholder engagement ongoing ahead of the Outline Capital Submission (9 April); uncertainty remains regarding tariff affordability, wastewater compliance requirements and the implications of recent Ministerial announcements.
- Procurement Governance Review – The Expert Panel Report on the Review of Public Procurement Governance Arrangements in Northern Ireland, chaired by Professor Christopher McCrudden, was published on 15 January 2026, setting out a comprehensive blueprint for reform commissioned by DoF. An update to be brought to Board in due course.
- Customer Satisfaction – NI Water appeared in the January 2026 UK Customer Satisfaction Index, ranking 4th among UK water utilities.
- Supply Chain Engagement – NI Water's Commercial Team will exhibit and present at Meet the Buyer events in March: at Belfast City Council and ProcureX Ireland (Dublin)

#### People:

- Frontline & NIWA pay negotiations for 2026/27 - 2028/29 continuing constructively.
- Industrial Relations: a further mediation meeting with NI Water and NIPSA was held on 3 March with no agreed outcome. NI Water are reviewing options to get employees paid. Confirmed that Mediation was now concluded, and it was recognised we need to communicate an update to staff.
- Senior and Executive Recruitment: interviews for General Counsel & Company Secretary had concluded and interviews scheduled for 26 March for Head of Integrated Capital Delivery.

#### Operational Review:

- Supply Interruption KPIs are all on target.
- The team continues with a sustained effort to reduce leakage; it is still red but moving in the right direction.
- Drinking Water Quality and Wastewater Compliance reports were noted.

#### Financial Performance:

The following points were highlighted:

- The confirmed 2025/26 allocations of £151.5m RDEL and £369.7m CDEL, and that management continues to pursue opportunities to operate within the available DEL limits before year-end.
- The latest assessment indicated a £1.5m RDEL pressure (latest requirement £153.0m), with further mitigations under active review and ongoing engagement with DfI through the end-of-year monitoring process.
- Adverse and sustained wet weather had resulted in higher than forecast power and PPP costs, reflecting increased wastewater volumes and the non-occurrence of “best case weather” assumptions.
- Billed income performance remained strong, although some income has been operationally delayed, and February delivered a particularly strong month for debt collection.
- Staff costs were above forecast, primarily due to increased overtime associated with storm response activity and the fire at the North Coast WwTW.
- Capital investment was marginally behind profile, mainly due to fleet delivery delays, and the remaining CDEL planned to be invested before year-end.
- The financing position, including borrowings of just over £2.0bn, cash balances of c.£70m, and the increasing cost of borrowing in the current interest rate environment.
- DfI support to extend the 2027 Capital Loan Note redemption date to 31 March 2028, reducing near-term refinancing and going-concern risk.
- Future Corporate Systems discussions with Fujitsu remain constructive, with NI Water holding the supplier to the quoted cost and price, and a further meeting scheduled for 27 March.
- The UR is shortly to publish cost and performance report for 2022/23 and 2023/24, which will reflect a strong performance by NI Water being the early years of PC21. Later year reports will reflect the scale of reduced outputs resulting from underfunding of PC21.
- Rising interest rates remain a concern for future budgets and affordability, particularly in the context of sustained funding constraints.

Governance:

The following points were highlighted:

- The Board noted the Risk Management highlights including no changes to corporate risk and issues gradings.
- The invitation to a risk-management briefing was extended to all members.
- Year-end Assurance Statement work is in progress, with Board consideration in April and Governance Statement approval scheduled for June. The CEO has also been invited to brief the DfI Board in April on the identified red risks.

## **5. Infrastructure Delivery / Engineering and Sustainability Quarterly Update**

The following points were highlighted from the report:

Storm Overflows / EDMs

- Approximately half of storm overflows are now classified, with 38% rated unsatisfactory, and this figure is expected to increase as hydraulic modelling is completed.
- EDM rollout continues, with installations initially prioritised at bathing waters and shellfish waters.
- Coverage at Lough Neagh is being prioritised next, with improved information expected as further data becomes available.
- Analytics and follow-up actions are ongoing, delivered using existing resources, creating capacity risks in other operational areas.
- The higher number of storm overflows and frequent overflow events reflect historic under-investment in the infrastructure.

Capital Delivery Plan

- Year 5 forecast (£288m) remains aligned with available funding and delivery is on track, with robust reporting and assurance
- Strong financial control is in place, supported by digital systems.
- The majority of outstanding expenditure relates to Base Maintenance and Maintenance & Growth programmes.
- The indicative Year 6 programme value is £412m, with planning assumptions based on £361m likely finding scenario.

Performance and Recognition

- Strong programme performance, including 459 live projects, 56 new business cases, and 221 new contracts approved year-to-date.
- Highlights for the period were welcomed and good performance across teams recognised.

## **6. Diversity half yearly update**

The board received an update on the following:

- Equality, Diversity & Inclusion & The Good Jobs Employment Rights Bill: The forthcoming Northern Ireland Good Jobs Employment Rights Bill, including its focus on transparency, fairness and enhanced employment rights.
- Data & Progress: EDI data and progress, including 750 entry-level applications with over 100 from young women, approximately 47% female representation within the

graduate intake; however, continued under-representation within frontline roles, and progress towards Diversity Mark Gold status and CIPD accreditation.

- Benchmarking & Partnership Activities: Ongoing EDI benchmarking and partnership activity with external organisations, sector peers and leadership networks.
- Education & Awareness: Education and awareness activity, including the expansion of work-experience provision to 77 places compared with 13 in the previous year, participation from a broad range of schools, identification that only 6% of participants were from a free school meals background, and ongoing work to address this
- Senior Leadership Commitment: Senior leadership commitment to EDI, including executive-level engagement, mentoring initiatives and investment in bespoke EDI training was commended.

## **7. Specific Items**

### **7.1 Funding and Governance Update**

The report was noted and the following points highlighted:

- Board scrutiny has delivered a year-to-date reduction of c.£19m (from c.£172m to c.£153m), narrowing the remaining gap to approximately £1.5m. A further management challenge of c.£1.5m has been set and expected to be achieved to align expenditure with the approved allocation by year end, with the Board noting the need for continued close monitoring given weather-related cost volatility.
- The Board noted the scale of management action required to achieve this improvement and the significantly increased risk of catastrophic failure arising from sustained cost reduction measures. It was confirmed the measures used to achieve this will not be available year on year and the Board requested that the one-off factors which facilitated living within the DFI RDEL for this year be outlined.
- The 2025/26 CDEL allocation was noted as £366.5m, with a further £3.2m allocation in February, bringing total CDEL to £369.7m. While this represented approximately 90% of NI Water's £405m capital bid, it remained 35% lower than the level agreed by the Utility Regulator at the PC21 Mid-Term Review, with continued uncertainty regarding 2026/27 and 2027/28 allocations impacting forward planning and capital programming.
- The Board noted that NI Water had advised the Utility Regulator that the rescission of the MoU and Common Works Agreement removed any mechanism to address public expenditure shortfalls, creating unacceptable delivery and reputational risk, and had reiterated the Regulator's shared statutory duty with DfI to ensure NI Water can finance its regulated activities. The Utility Regulator's Article 261 Notice was brought to the Board's attention.
- The ongoing regulatory and governance challenges were highlighted, including active Utility Regulator enforcement processes, continued information requests relating to licence compliance and statutory duties, and the ongoing Office for Environmental Protection investigation, for which no further update was available at this time.
- Recent Ministerial announcements regarding the intended withdrawal of NIEA from the SoRPI arrangements were also noted. The Board reaffirmed NI Water's position that SoRPI could be removed only where suitable, credible and funded alternative measures were put in place as part of an agreed transition.

## **7.2 Risk Appetite**

- The report was noted and the Board approved the risk appetite for each risk theme.

## **7.3 Wastewater Compliance – Impact of Unannounced Sampling**

The report was noted and the following points highlighted:

- The introduction of wastewater regulatory reform from 2027, including unannounced sampling, priority substances and flow-based assessment, will fundamentally change how compliance performance is measured and reported.
- Pilot assessments indicate that reported compliance levels are expected to reduce under the new regime, reflecting a more complete and transparent picture of environmental impact rather than a deterioration in operational performance.
- The reform will further expose the cumulative impact of historic underinvestment in wastewater infrastructure, with consequences for environmental outcomes, comparative UK performance and the ability to support new connections.
- The Board noted that significant increases in reported non-compliance are anticipated even with sustained investment, with associated cost implications requiring consideration as part of PC28, and recognition that achieving full compliance will extend over several price control periods.
- A Communication Strategy has been developed, emphasising that meeting rising environmental standards will require a whole-system, sustained investment approach beyond regulatory sampling changes alone.

## **8. Approvals**

### **8.1 CBC3 FBC Addendum Approval**

- Approved based on the information provided within the paper.

### **8.2 Business Case Addendum Approval (FCS Implementation Period Extension)**

- Approved based on the information provided within the paper.

### **8.3 NI Water Group Tax Strategy Approval**

- Approved based on the information provided within the paper.

### **8.4 Killyhevlin SOC Approval**

- Approved based on the information provided within the paper.

## **9. Pension Update**

The paper was taken as read and it was noted that the Deed of Variation in relation to Transitional Protections were due to sign 25 March 2026.

## **10. Draft Risk Committee Minutes – 23<sup>rd</sup> February 2026**

The minutes were noted and taken as read.

## **11. Half Yearly Shareholder Meeting – Strategic Agenda Items**

The Strategic Agenda Items for discussion were approved with the addition of the Assurance Statement.

## **12. Forward Look**

The contents were noted with the invites for the PC28 Workshops to be circulated.

## **13. AOB**

Approved