

Title of Paper	Minutes of the Board Meeting - 25 th February 2015
To be presented by	Chair
Purpose of paper (approval/information)	For the Board to agree the minutes of its meeting for subsequent internet publication.
Significant Issues	None

Present:	Sean Hogan	Chairman
	Kevin Steele	Non Executive Director
	Jim Stewart	Non Executive Director
	John Rae	Non Executive Director
	Sara Venning	Chief Executive
	Ronan Larkin	Finance & Regulation Director
	George Butler	Asset Management Director
	Sean McAleese	Customer Services Delivery Director
In attendance:	Mark Ellesmere	General Counsel & Company Secretary
	Pauline Sterling	EA/CEO
Apologies:	Deep Sagar	Non Executive Director

There were no conflicts of interest declared at the beginning of the meeting.

The Chairman provided a verbal update on his appearance earlier that day before the Committee for Regional Development.

1. Draft Board Minutes - 28th January 2015

The draft minutes of 28th January 2015 were approved subject to minor amendments.

Board Actions - 28th January 2015

All actions were complete or on track for completion within agreed timeframes.

The Chair confirmed that he had spoken with the Chair of the Procurement Committee and it was agreed that the Procurement Committee disbanded in line with the recommendation paper considered at the last Board meeting. It was also

confirmed that the in-coming Chair was liaising directly with DRD in relation to the recruitment of Non-Executive Directors.

(The Head of Safety, Quality and Compliance joined the meeting for Item 2)

2. Health and Safety Update

It was noted that there was one RIDDOR incident in period as a result of injury caused by lifting. Management was still reviewing this incident. Board noted an update on recent engagement with contractors in relation to Health and Safety matters and continued good progress in relation to mandatory training.

3. Main Board Report

The Chief Executive confirmed the current position in relation to KPIs impacted by the recent Industrial Action. The Board also noted progress with submission of the pay remit business cases to DRD and as well as recent engagement with the WGTU in this regard. Further actions in relation to staff engagement and resilience planning were on-going. The terms of reference for the URs review of the impact of the industrial action in relation to customers had been agreed. The Board emphasised the on-going risk of further Industrial Action given that previous action had only been suspended at this point in time.

The Board then discussed PC15 and the lack of confirmation of 15/16 budget from DRD in detail. This included a potential Totex solution that had been previously suggested to DRD involving a focus on maintaining current assets and transferring them to opex. It was agreed that this solution should be raised again by the Chief Executive with the Permanent Secretary as soon as possible. The Board also considered its statutory duty to promote the success of the company. It was agreed that the UR, as an independent economic regulator, continued to have an extremely important role in ensuring that the Company was in a proper position to deliver its regulated activities.

[Action: CEO]

In relation to customer issues it was noted that supply interruptions KPI would not be achieved and leakage continued to be at risk of failure. The Board noted that

all financial KPIs were on track for delivery. In relation to compliance the outturn figures for 2014 were confirmed as positive. A potential high pollution incident was noted in relation to the Greencastle Works. Corporate Risk 7 and 9 relating to funding and staff had escalated in period. There were currently 7 high and 3 medium corporate risks. The Board noted detailed updates on corporate risks 10 and corporate opportunities 4 and 5. The annual internal audit opinion for 14/15 remained on track to be satisfactory.

(Director of Engineering Procurement joined the meeting for Items 4, 5, 10 (iv) and 10 (v))

4. PPP - Exceptions Report

The Board noted the update report on PPP matters.

5. CWP - No Surprises Report

The Board noted that update No Surprises Report.

(The Board dealt with items 10(iv) and (v) next)

10(iv) NAIUR Procurement Plan 2015

The Board approved submission of the Procurement Plan to the Utility Regulator based upon the information provided.

10(v) Disposal of Magherafelt Depot - Contaminated Land Issue

The Board approved the sale of Magherafelt Depot based upon the information provided with the report.

(The Head of Management Accounts joined the meeting for Item 6)

6. Operating Plan & Budget 15/16

The Board requested that a risk schedule to added to the Draft Operating Plan and Budget and on that basis approved that Management proceed as planned.

(The Interim Head of Regulation and Regulation Manager joined the meeting for Item 7)

7. PC13 Update - Forward Look

The Board received an update presentation on PC13. The Board noted continued positive strong performance by the Company in relation to the PC13 final

determination in spite of the significant challenges faced by the organisation during this period.

(Head of HR joined the meeting for Item 8)

8. Update on HR Strategy

The Board received an update presentation on HR Strategy. A detailed discussion then ensued in relation to pay and reward and terms and conditions. Changing the Company's culture including values and behaviours was also discussed. The Board noted that the EMCI project had delivered a quick positive result and that the Management Development Courses had been well received.

9. Preparatory Steps to Raising a Judicial Review

The Board discussed the update paper in detail and agreed that the Board's approach would be influenced by the outcome of the proposed meeting between the Chief Executive and the Permanent Secretary the following week as well as any indication of the 15/16 budget.

10(i) Insurance Programme 2015/16

10(ii) Water UK Corporate Subscription STA

10(iii) UKWIR Corporate Subscription STA

Approved based upon the information provided.

11. Procurement Activity Report

Procurement Activity Report was noted.

12. Risk Committee Update

The Chair provided an update on the last meeting of the Committee on the 13th February 2015. Agenda items included a presentation on the Industrial Action and the on-going review, a review of key corporate risks and risk horizon scanning.

13. Weather Watch

Weather watch was noted.

14. Forward Look

Forward look was noted.

Approved