

Title of Paper	Minutes of the Board Meeting - 25 September 2013
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	NIW Chairman
Kevin Steele	Non Executive Director
Jim Stewart	Non Executive Director
Deep Sagar	Non Executive Director
John Rae	Non Executive Director
Sara Venning	Interim Chief Executive
Ronan Larkin	Finance & Regulation Director
George Butler	Asset Management Director

Apology:

Don Price	Non Executive Director
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In attendance:

Mark Ellesmere	General Counsel & Company Secretary
Alec McQuillan	Observer and Interim Customer Service Delivery Director
Pauline Sterling	EA/CEO

There were no conflicts of interest declared in advance of the meeting. Jim Stewart advised that he had been appointed Chairman of the Precision Group which had no current relationship with the Company. The Register of Directors Interests would be updated accordingly.

[ACTION: General Counsel and Company Secretary]

The Chairman provided a brief verbal update on the recruitment of a new Chief Executive.

1. Draft Board Minutes - 24th July 2013

The draft minutes of the meeting on 24th July 2013 were approved.

Board Action Points - 24th July 2013

All Board actions were either complete or on the Agenda.

2. Health and Safety Update

The Director of Asset Management presented the Health and Safety update. A Contractor KPI accident was noted. The Board was also advised that 2 anonymous complaints had been made to the Health and Safety Executive in relation to the Company's Health and Safety. These matters were taken seriously and management was engaged with HSE in reviewing the reporting/substance of the complaints.

It was agreed that a more pro-active approach would be taken with Contractors going forward in terms of their obligations to sub-contractor's health and safety. This action will be picked up at the forthcoming Health and Safety session with main contractors.

[ACTION: Asset Management Director]

John Rae agreed to share some work recently undertaken within Scottish Water in relation to the protection of the public at reservoirs.

[ACTION: John Rae]

3. Main Board Report

The Interim Chief Executive updated the Board in relation to the recent employee survey, the IFO19 legal challenge and a nomination received in relation to the annual report and accounts under the Building Public Trust Awards sponsored by the National Audit Office. Guidance in relation to the 2013/14 pay remit had just been received from DRD. A discussion then ensued in relation to the potential for additional capital being available in 14/15 and the feasibility of large drainage schemes. It was agreed that a communication plan should be developed for key stakeholders to explain the lengthy processes in terms of both design and procurement before any such schemes could actually commence.

[ACTION: Interim CEO/Asset Management Director]

The Interim Customer Service Delivery Director provided an update on Customer Service KPIs. It was noted that further investigations were on-going in relation to zero meter reads. In terms of Finance a steady performance continued notwithstanding a risk of underspend in terms of Capital. The other substantial financial risk related to the accounting treatment in relation to the PPP claims. In the last monitoring round £900K had been surrendered in terms of VER/VS and a revised business case was being submitted in relation to the requirement to backfill key posts during the FOM project. Compliance KPIs were noted and the Board's attention was drawn to a new KPI concerning water quality events. This had been shared with the Drinking Water Inspectorate as being a more appropriate KPI in relation to water quality. The Board asked that Management consider reporting more information on leakage.

[ACTION: Interim CSD Director]

It was agreed that Governance and Audit issues would be dealt with under Agenda Item 18.

(Ciaran Crozier joined the meeting for Item 4)

4. PPP Exceptions Report

The Board noted that the approval requested in the paper in relation to Moygashel was no longer required. The Board approved surrender of the lease at Kinnegar in order to improve the odour situation. The Board noted the further updates within the report.

5. Procurement Activity Report

It was noted that the CoPE reaccreditation project had moved from red to amber however a significant amount of work was still required to bring this project to a successful conclusion. A strategic planning workshop was being held between the project teams for the CWC and MWM tenders. The Board noted its continued concern in relation to the number of strategic contracts currently being tendered.

(The Asset Management Director left the meeting at this point.)

Restricted

(John Livesey from Mercers, Peter Johnston and Paddy Murray joined the meeting for Item 6)

6. Pension Update

The Board received an updated presentation from John Livesey in relation to pensions.

(Paddy Murray and Laura Moore joined the meeting for Item 7)

7. HR Strategy Update

The Board received a presentation on the development of the HR Strategy as well as Manpower Planning. The Board noted further progress in relation to the HR Strategy and requested attention be focused on the PMS Scheme. It was agreed that accounting for People Management and the Performance Management System be included in EC targets going forward.

[ACTION: Interim CEO]

8. Contract Update

The Board noted a detailed paper in relation to the legal position on this case as well as a detailed chronology. The Board noted its concern at the tender process in relation to this matter and asked Management to take all appropriate steps to ensure, so far as possible, that lessons were learned from this matter. The Board also asked the Executive Committee to consider what additional measures could be put in place in order to monitor and address such issues at an earlier stage.

[ACTION: Interim CEO]

9. PC15

A presentation on key developments in the PC15 project and key work streams was noted by the Board.

10. MIP Payments

Approved based upon the information provided.

11. Sewer Baiting

Approved based upon the information provided.

12. Influencing Strategy

Approved based upon the information provided. The Board agreed that consideration should be given to holding Board Meetings in other locations and this would provide an opportunity to engage further with other staff as well as local stakeholders.

[ACTION: Chairman/General Counsel and Company Secretary]

It was also requested that consideration be given to building a body of evidence in relation to metering of new properties over the next 3-6 months.

[ACTION: Interim CEO/Interim Customer Service Delivery Director]

13. Schedules of Matters Reserved for the Board

The Board approved a revised schedule of matters reserved taking into account the MSFM.

14. Refinancing Working Capital Facility Variation; and

15. Refinancing Subsidy Memorandum of Understanding Variation

Approved on the basis that these matters formalised NIW's funding position previously agreed by the Board.

16. Modification to NI Water's Instrument of Appointment (Licence)

Approved on the basis that there were no contentious modifications.

17. Procurement Committee Update - 12th September 2013

The Chair of the Procurement Committee provided an update on the meeting of the Committee held on 12th September 2013 including good compliance with procurement procedures. The Electricity Procurement Strategy was proving

effective so far and would be kept under review and the CoPE Reaccreditation Project was back on track for delivery.

18. Audit Committee Update - 19th September 2013 and Approval of Mid-Year Assurance Statement

The Chair of the Audit Committee provided a verbal update in relation to matters dealt with at the Audit Committee meeting on 19th September 2013. These included the Internal Audit Progress Report, a positive position in relation to Management Letter points and a suggestion that a presentation on Contract Management be given at the next QSM. The Chair also requested that Board approve the Mid-Year Assurance Statement based upon the recommendation of the Committee. The Board approved the Mid-Year Assurance Statement and its submission to DRD.

[ACTION: Finance and Regulation Director]

19. CSR Committee Update - 13th September 2013

The Chair of the CSR Committee provided an update on the meeting of the Committee held on 13th September 2013. The Committee received a presentation from the Mourne Heritage Trust and undertook to assist the Trust in its future funding negotiations with NIEA. The Chair also agreed to speak to the Executive Sponsor of the Committee in relation to feedback on the Cares Challenge events.

20. No Surprises Report - Newry Road SPS, Warrenpoint

The Board noted an early warning in relation to the Newry Road SRS, Warrenpoint. The Board also considered and approved the format of future "No Surprises Reports".

21. Quarterly Information Governance Update

Quarterly Information Governance update was noted.

22. Weather Watch

Weather watch was noted.

23. Forward Look

Forward Look was noted.