

Title of Paper	Minutes of the Board Meeting - 27 November 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:

Kevin Steele	Non Executive Director
Don Price	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

In attendance:

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

Apologies

Sean Hogan	NIW Chairman
Jim Stewart	Non Executive Director

In the absence of the Chairman it was agreed that Kevin Steele would Chair the meeting. There were no conflicts of interest declared at the beginning of the meeting.

1. Draft Minutes - Board Meeting on 23rd October 2013 and Board Teleconference on 6th November 2013

The draft minutes of the Board meeting on 23rd October 2013 and Board Teleconference meeting on 6th November 2013 were approved.

Board Action Points - 23rd October 2013

In relation to the first action point a report was circulated from the former CEO confirming NIW's position in relation to the Project Manager on the Belfast Sewer Project. It was agreed that any questions in relation to this report be referred to the General Counsel and Company Secretary otherwise the matter was closed. All other actions were either complete or on the current Agenda.

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

2. Health and Safety Update

There were no KPI Health and Safety incidents in October for NIW or for Contractors. The Board noted a number of forums met during the period including the NIW Health and Safety Standing Committee and the NIW Annual Health and Safety Forum. A verbal update was provided in relation to 2 RIDDOR incidents in November - investigations were on-going in relation to these matters and a more details would be brought forward to Board in due course. The Board noted that HSE NI had closed its investigation into NIW RIDDOR reporting. The Board requested that some benchmarking be carried out in relation to the Company's approach to dealing with staff absence due to stress. The Board can then decide whether further intervention is required in this area.

**[ACTION: Asset Management Director/
Head of Safety, Quality and Compliance]**

An update was also noted in relation to NIW's engagement and intervention with Contractors on health and safety matters from the beginning of the year.

3. Main Board Report

The Interim Chief Executive updated the Board in relation to the performance year to date - it was noted that the Customer Satisfaction and Supply Interruption KPIs were likely to fail and the Employee Engagement target had already been missed. The Board was updated on a recent meeting with DRD in relation to the PPP accrual. It was agreed that this item should come back to the December meeting in more detail given the Board's concerns in relation to this issue.

[ACTION: Interim Chief Executive]

The Interim Chief Executive had a positive first meeting with the new Chief Executive of the Utility Regulator, a presentation had been made to the Committee for Regional Development in relation to Winter Readiness and there has been no challenge to the Castor Bay to Belfast contract award. The Board asked that consideration be given to arranging a further meeting between the Chairman and the Chairman of the Utility Regulator.

**[ACTION: General Counsel and Company Secretary/
Director of Finance and Regulation]**

In terms of Customer Service KPIs it was noted that Scottish Water had been helpful in sharing its approach in relation to supply interruptions. A more detailed update on out of sewer flooding would be provided to the December meeting.

[ACTION: Interim Director of Customer Service Delivery]

Financial performance continued broadly in line with forecast. Capital spend had improved given the successful award of the Castor Bay to Belfast Contract.

In relation to environmental and compliance matters the Board noted a number of CPEO notices issued from DWI. These were not of significant concern and there was no risk to health however on-going action would be required to address these - in particular the notice relating to Dunore.

[ACTION: Director of Asset Management]

The new water quality target appeared to be working well and all targets were on track for achievement to date. The Director of Asset Management also circulated an invitation to Board Members to the Partners against Pollution Launch Meeting in Antrim on 29th November 2013. In terms of risk and audit matters a copy of the draft minutes of the last Audit Committee Meeting were circulated for information to members. The Chair of the Committee provided an update on the key items from that meeting including the latest Internal Audit progress report and the Committee's discussions around the nature and extent of the limited assurance reports to date. There had also been a presentation on Risk Mitigation in relation to the CBC and MWM Contracts. It was agreed that this presentation would be made to the Board in December.

[ACTION: General Counsel and Company Secretary]

The Director of Finance and Regulation agreed to meet separately with Deep Sagar in relation to the Internal Audit Report on Integrated Procurement.

(Director of Engineering Procurement and Head of PPP joined meeting for Item 4)

4. PPP - Exceptions Report

The Board discussed a separate issue in relation to the level of deductions made from Glen Water and NIW's contractual rights in the circumstances. It was agreed that Management should consider this matter further before agreeing an appropriate course of action.

[ACTION: Interim Chief Executive]

(Head of PPP left the meeting and it was agreed Item 12 of the Agenda was dealt with next)

12. i. CWP - No Surprises Report

The Board received a detailed explanation into the background to the Ballysillan Project. It was noted that accruals were currently being checked for any other similar issues and an additional process had been built into the CPMR system in order to make sure that a similar matter did not arise in future. The Board also asked that consideration be given to presenting information in relation to the vast majority of capital projects that do deliver on time and on budget.

[ACTION: Director of Engineering Procurement]

ii. Ballysillan Phase 1 - Water Rehab

The Board approved the increase in the sum outlined within the report on condition that a report be provided to Board when this matter was finally complete.

[ACTION: Director of Engineering Procurement]

5. Procurement Activity Report

The Board noted the updated Procurement Activity Report and asked that its congratulations be passed on to the team in anticipation of a successful COPE reaccreditation in early December.

(Head of Business Improvement joined the meeting for Item 6)

6. FOM Update

The Board received an update presentation on the FOM Project and discussed the challenging workload and timelines involved. It was agreed that Board members should be invited to attend a workshop in January facilitated by Ernest and Young. The Board asked for regular updates in relation to this project.

[ACTION: Interim Chief Executive]

(Action Head of Regulation joined the meeting for Item 7)

7. PC15 Update

The Board acknowledged the update presentation in relation to PC15 and requested that the purpose and objectives of the next Board to Board meeting with the Utility Regulator be clear in terms of what both parties are expecting from such meeting. The Board also discussed its long term strategy for the Company in the context of PC15 and beyond. It was agreed that capital should be a significant opportunity and that consideration should be given to how capital is procured going forward.

(Head of HR joined the meeting for Item 8)

8. Employee Survey

The Board noted an update presentation in relation to the recent employee survey and the actions being taken by Senior Management to address three key areas around leadership, career and motivation.

(Head of Customer Services and Head of Billing joined the meeting for Item 9)

9. Debt Update

The Board thanked the Head of Customer Services and Head of Billing for an informative presentation on debt management.

10. CBC Contract Accommodation and CBC Contract Extension

The Board approved the recommendations within the CBC Contract Accommodation and CBC Contract Extension papers based upon the information provided.

11. C695 - Provision of Supported Finance, Procurement, HR and Payroll Systems

The Board approved C695 based upon the information outlined within the report.

13. Subsidy Assurance Statement

The Board approved the Subsidy Assurance Statement paper.

14. Trustee Pension Update

The Trustee Pension update was noted.

15. Weather Watch

The short term forecast was noted. The Board requested an update on winter readiness for the December meeting. It was agreed that Management would consider an update on NIW's readiness in relation to flood event {tbc}.

[ACTION: Interim Chief Executive]

(Director of Asset Management left the meeting.)

17. Any Other Business

i. Pension Project

The Finance and Regulation Director provided a verbal update on the Pension Project.

There being no further business the closed at 12.15 pm.