

NI Water Ltd
("the Company")

Minutes of a Meeting of the Board of Directors (the "Board")
Held in Conference Room, Westland House
on Tuesday 22nd January 2019 at 11.00 am

Present:	Len O'Hagan Peter McNaney John Rae Trish McAuley Jim McCall Kingsley Donaldson Sara Venning Ronan Larkin Sean McAleese Paul Harper	Chair Non Executive Director Non Executive Director Non Executive Director Non Executive Director Non Executive Director Chief Executive Finance & Regulation Director Customer Services Delivery Director Director of Asset Delivery
In attendance:	Rose Kelly Alistair Jinks Des Nevin Cathy Uprichard Ciaran Nicell David Browne Damian O'Mullan Stephen Blockwell Andrea McCarthy Keith Scott	Director of People & Learning Head of Business Improvement Interim Director of Customer Services Delivery Head of Safety, Health and Environment (Item 2) Head of Business Analytics (Item 6) Interim Head of Energy (Item 6) Energy consultant (Item 6) Head of Investment Management (Item 10) Finance Business Partner (Item 10) Business Reporting Manager (minutes)
Apologies:	Mark Ellesmere	General Counsel & Company Secretary

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

1.
 - i. **Draft Board Minutes - 19th December 2018**
The draft minutes of the meeting on 19th December 2018 were approved.
 - ii. **Board Actions**
All actions were complete or on-going within agreed time frames.
2. **Health, Safety and Attendance Report**
 - The Health and Safety Report was considered in detail. There were no new NI Water KPI incidents and one Contractor Incident in the period.
 - The Board was updated on the fatality and injury to a contractor as a result of Storm Ali.

- The HSENI visit to the NI Water Alpha site, the joint safety visit with the Unite Trade Union to the TMG Bretland site, the EMS external audit and the insurer visits were discussed. The Board was pleased to note the next Water UK Health and Safety meeting is to be hosted by NI Water.
- The Board received an update on attendance and discussed the management of long term absence. The Board welcomed the initiatives being taken to support employees' well-being.

3. Main Board Report

Significant matters in month.

The CEO provided an update on the following matters:

- **Headline performance indicators** - customer contacts and leakage are amber.
- **Budget Position 2018/19** - DfI Permanent Secretary has written to NI Water asking for details on how NI Water will deliver its services within budget. The Board requested that clarification be sought from DfI regarding the proposed treatment of additional income.
- **Omega** - the update on the Omega Facilitation Process was noted.
- **Brexit** - the Board discussed the Company's current preparations for a "no deal" Brexit including updates on work with DfI through Operation Yellowhammer as well as engagement with Water UK and Irish Water. The Board requested further consideration of specific actions to mitigate the risk exposure and secure adequate levels of resilience for NI Water in the event of a worst case scenario.
- **CCNI Forward Work Plan 19/20** - the publication of the plan was noted.
- **Pay Workshop** - the Board discussed the risk of industrial action in light of the ongoing pay negotiations. The Board noted its desire to work closely with DfI to avoid any reoccurrence of the industrial action in 2014/15.
- **NI Water / Utility Regulator Engagement** - the publication of the draft strategy was noted.
- **Water quality events** - the Board discussed the recent cryptosporidium events at Drumaroad and Dunore water treatments works. The Board noted the actions being taken to reduce the risk of a reoccurrence including the independent review of NI Water's response and the treatability studies, both of which will incorporate lessons learnt from the cryptosporidium incident at United Utilities' Franklaw water treatment works. The Board requested that a briefing note on the review and studies be circulated to Board members. A site visit to Drumaroad water treatment works is to be arranged for the Board following the independent review. The Board also requested that options be considered to inform customers during any future water quality incidents and any resources to be deployed to minimise the risk of a reoccurrence.

Colleagues

- An update was provided on the 2018/19 pay negotiations.

OPA

- The forecast Overall Performance Assessment (OPA) score is ahead of target.
- The risk of Dfl not securing any further Capital DEL funding in year was discussed.

Finance

- Pressures in relation to resource and capital DEL were discussed. Improvement in the operating profit forecast for Alpha was noted.

Risk and opportunities

- The increase in the projected risk rating relating to Health and Safety and an increase in the risk appetite for Brexit were noted.

4. PPP Exceptions Report

- The update report was noted.

5. ACE update

- The Programme remains on track to deliver the benefits, subject to validation by Internal Audit.
- Summary narrative to be prepared for Board on the outcomes from the PC15 ACE programme.
- The Board discussed the next wave of transformation in PC21 and the need to secure early Board, Dfl and DoF approval.

6. Energy

- The update on NI Water's Energy Strategy was noted.
- The Board requested that a programme of workshops with relevant stakeholders be developed to support future regulatory developments in the energy sector.

7. Approvals

- **7.1. PC21 Engagement Strategy** - the Board requested that the strategy be further developed to identify the links with stakeholder strategies / plans and requested that a presentation for Belfast City Council be developed.
- **7.2. 2019/20 Tariff Submission** - scenario 3 (cap charge increases at RPI) was approved.
- **7.3. Supply of 4RF Radios including Maintenance and Support Services** - the recommended direct award was approved.
- **7.4. Direct Award Without Competition for Water Industry Research** - the recommended option 2 was approved.
- **7.5. C937 - ICA Framework Contract** – the award of C937 to the Economic Operators set out in Table 2 of the paper was approved.

8. **Risk Committee** - the Chair of the Risk Committee provided a verbal update on the following areas:
 - **Brexit** - preparations are being made with Water UK, DfI/CCGNI and Irish Water. NI Water contingency arrangements are being reviewed in the event of a worst case scenario.
 - **2018 Demand Surge** - the need for a change in legislation will be raised at the DfI workshop in February 2019.
 - **HR** - the contingency plan for industrial action will be revisited in light of the ongoing pay negotiations.
 - **Health and Safety** - no new NI Water KPI incidents and one Contractor incident in the period.

9. **Audit Committee** - the Chair of the Audit Committee provided a verbal update on the following areas:
 - **Internal Audit** - the plan is progressing to schedule. One of the seven reports in the period had limited assurance (Corporate Network IT General Controls). The Head of Internal Audit has sufficient resources.
 - **External audit** - preparations are on track for the Annual Report and Accounts 2018/19. The letter of engagement with KPMG has been signed.
 - **Fraud and theft** - no ongoing cases.

10. **PC15 Capital Review**
 - The significant pressures on the PC15 capital programme were noted.
 - Additional capital requirements have been accommodated.
 - Additional projects will require a transactional approach.
 - On track to broadly deliver the nominated outputs, subject to phasing.

11. **Pension update**
 - The paper was deferred to the next Board meeting.

12. **Information Governance Quarterly Report**
 - The report was noted.
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13. **Forward Look**
 - The forward look was noted.

14. **Any Other Business**
 - There were no items under Any Other Business.