

NI Water Ltd
("the Company")

Minutes of a Meeting of the Board of Directors (the "Board")
on Tuesday 23rd November 2021 @ 11.00 am
Radio Workshop, Westland House

- Present:**
- | | |
|------------------------|-------------------------------------|
| Len O'Hagan | Chairman |
| Peter McNaney | Non-Executive Director |
| Belinda Oldfield | Non-Executive Director |
| Paddy Larkin | Non-Executive Director |
| Maurice Bullick | Non-Executive Director |
| Marie-Therese McGivern | Non-Executive Director |
| Sara Venning | Chief Executive |
| Ronan Larkin | Finance & Regulation Director |
| Paul Harper | Director of Asset Delivery |
| Des Nevin | Director of Customer and Operations |
- In attendance:**
- | | |
|---------------------|--|
| Mark Ellesmere | General Counsel & Company Secretary |
| Rose Kelly | Director of People & Learning |
| Alistair Jinks | Director of Business Services |
| Cathy Uprichard | Head of Safety, Health & Environment (Item 2) |
| Stephanie McCullagh | Head of Customer Experience (Item 4) |
| Tom Kelly | Communications Advisor (Item 9.1) |
| Anthony Lynn | Head of Communications (Item 9.1) |
- Apologies:** There were no apologies.

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

1. Minutes and Actions from Previous Meetings

- The minutes of the meeting on 28th October 2021 were approved.
- All actions were complete.

2. Health and Safety Report

- The update report was noted with one Company KPI incident in period involving manual handling.
- Progress against the Health and Safety Strategy Action Plan was noted.

3. Main Board Report

Significant matters in month.

The CEO provided an update on the following matters:

- Budget 21/22 - would be dealt with under a separate agenda item later in the meeting.
- Brexit - work continues to assess the potential impact of Article 16 of the NI protocol being invoked particularly in relation to chemicals and spare parts.
- Power of Water - a follow-up event with key stakeholders took place the previous week with a focus on trying to maintain momentum on the back of the event itself.
- The Board congratulated the Company on the recent Queens Award for Sustainable Development as well as 3 Green Apple global awards in relation to environmental best practice.

People

- Updates were noted in relation to the 21/22 pay review, extension of the RPDM for 21/22 and the special payment scheme.

Customer

- Progress against in year targets was noted with this month's Board Theme on customer measures to follow later in the agenda.

Quality and Compliance

- Drinking water quality and waste water compliance are on target in period, there are 2 outstanding prosecutions in relation to pollution incidents to be heard in December.
- Positive work continues to address economic development constraints where possible.

Finance

- The Group financial position in period was noted subject to discussion on the 21/22 budget later in the agenda.

4. Theme - PC21 Customer Measures

- The video and presentation shared in advance of the meeting were welcomed by Members. It was noted that discussions continued with the UR (with input from CCNI) in relation to the reasonable adjustment of certain measures in the circumstances.

5. Approvals

5.1 Subsidy Assurance Statement 21/22

- Approved based upon the information provided within the paper.

5.2 LIBOR Reform and Resulting Amendments to NI Water Group Company Borrowing Agreements

- Approved based upon the information provided within the paper.

5.3 WASP Sludge Logging System Upgrade - Direct Award

- Approved based upon the information provided within the paper.

5.4 C909-36 - Supply and Delivery of Hydrated Lime

- Approved based upon the information provided within the paper.

6. NI Water Strategic Outcomes Update 2021/22

- Members received a draft report on progress on delivering strategic priorities in year 1 of PC21.
- Executive Directors provided updates on the 5 strategic priorities namely: customer, water, economy, nature and people.
- Members welcomed a proposed update on the overall corporate strategy during Q1 22-23.

7. Risk Committee Update

- The Chair of the Committee provided a verbal update on the Committee meeting earlier that morning which covered the Health and Safety Strategy Action Plan, the Cyber Security Programme as well as a number of other standing agenda items including Brexit, Winter Preparedness and Covid-19.

8. Forward Look

- Forward look was noted.

9. Any Other Business

9.1 NI Water Budget 21-22 and PC21 Funding

- The Chair and Chief Executive outlined the current position in relation to the 21/22 budget - the outcome of the October Monitoring Round and more recent engagement with DfI resulted in a remaining shortfall in RDEL of approximately £14m.
- Members were referred to recent correspondence between the Company and DfI including the most up to date “Consequences paper”. The Chief Executive and Director of Finance and Regulation presented a number of slides detailing the Company’s current financial position in relation to operating expenditure.
- The General Counsel and Company Secretary provided a high level summary of advice from Senior Counsel in relation to the Board’s duties in the current circumstances and the matters Directors ought properly to take into consideration when reaching a decision as to how to proceed. It was acknowledged that the current RDEL situation represented a clear conflict between the Company’s legal status as a regulated water utility and independent Company’s Act Company as well as being an NDPB subject to public expenditure limits.
- Members discussed the financial details presented in detail and a number of options were mooted. It was agreed that, once the current immediate situation was resolved, steps should be taken to ensure that the same situation does not re-occur in future years. This would include consideration of allowing the Company to build up reserves designed to absorb cost shocks similar to the current increase in energy costs.
- As a result of discussions further advice was sought in relation to accruals.
- Close liaison with DfI continues and requests have been made for a meeting of the Water Senior Stakeholders Group as a matter of urgency.

- There was some media coverage of the DfI Minister highlighting the current budget shortfall earlier that morning.
- Tom Kelly and Anthony Lynn joined the meeting at this point.
- Members discussed the current political environment and how best to ensure that the Company is properly funded to maintain core services in the short to medium term.

Approved