

NI Water Ltd  
("the Company")

Minutes of a Meeting of the Board of Directors (the "Board")  
on Thursday 29<sup>th</sup> June 2023 @ 11.00 am  
F&R Conference Room, Westland House

**Present:**

Len O'Hagan	Chair
Peter McNaney	Non Executive Director
Paddy Larkin	Non Executive Director
Marie-Therese McGivern	Non Executive Director
Belinda Oldfield	Non Executive Director
Maurice Bullick	Non Executive Director
Sara Venning	Chief Executive
Ronan Larkin	Finance, Regulation and Commercial 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
Trevor Hutchinson	Head of Health and Safety <b>(Item 2)</b>
Ciaran Crozier	Head of PPP <b>(Item 5)</b>
Michael Mulholland	Head of Regulation & Business Reporting <b>(Item 6.iv)</b>
Barry Nay	Head of Asset Management <b>(Item 6.iv)</b>
Dominic Mudge	KPMG <b>(Item 7.1)</b>
Caroline McGale	Financial Controller <b>(Items 7.iii &amp; iv)</b>
Garth Stewart	Regulation Manager <b>(Item 7.v)</b>
Kunle Akande	Reporter <b>(Item 7.v)</b>

**Apologies:** None

The Chair congratulated the Chief Executive on the award of an Honorary Degree from Queens University Belfast earlier in the month.

There were no Conflicts of Interest declared at the beginning of the meeting.

**1. Minutes and Actions from Previous Meeting**

- The minutes of the meeting on 23<sup>rd</sup> May 2023 were approved.
- All actions were closed.

**2. Health and Safety Report and Health and Safety Policy Statement**

- The update report was noted including a recent contractor RIDDOR incident, resulting in a safety improvement notice as well as further mitigation measures with the relevant contractor.
- The revised Health and Safety Policy Statement was approved.

### **3. 23/24 Indicative Budget Allocation from Dfl (RDEL and CDEL)**

#### **3.1 Summary Paper**

#### **3.2 RDEL**

- Members were updated on the current position in relation to RDEL 23/24 where the current requirement of the Company is £195m.
- The Chair provided a verbal update on recent engagement with Dfl, DoF and the Head of the Civil Service.
- Members noted recent correspondence from the Utility Regulator reminding the Company of its statutory duties and licence obligations. A recent EY assurance report was circulated in meeting packs in advance of the meeting – the report provided Members with independent assurance that there was little (if any) scope for further material RDEL efficiencies within the organisation on top of those already identified.
- Dfl had indicated a current RDEL “Planning Envelope” of £171.4m – the Company had indicated that taking further steps to reduce the current £195m RDEL requirement would require a change in policy that was not currently within the vires of Dfl.
- On that basis the Board welcomed progress in relation to 23/24 RDEL and confirmed that the Company should continue to work to an RDEL requirement of £195m whilst continuing to seek further efficiencies where possible.

#### **3.3 CDEL**

- Recent correspondence between Dfl and the Company on CDEL was noted and Members received a slide presentation on the Company’s current assessment of CDEL requirement for 23/24 taking into consideration the outputs and deliverables required under the PC21 FD and, in particular, the step up in capital spend in 24/25 and for the remainder of the PC21 period.
- It was noted that a similar presentation together with a consequences paper would be shared with Dfl at a forthcoming meeting on the 3<sup>rd</sup> July.
- It was agreed that the Company continue to seek appropriate cover to spend its capital requirement 23/24 of £370m.

### **4. Main Board Report**

- The main board report was taken as read – the Board commended all colleagues involved in managing the recent high demand event, welcomed the leakage employment accelerator programme and received a verbal update on the electrolyser project.

### **5. PPP Exceptions Report**

- The update report was noted including progress on the STaR delivery programme, an updated costs estimate in relation to the revised permit in relation to the Omega Incinerators and ongoing positive engagement with the Lenders and Dfl in relation to the Alpha restructuring proposal.

### **6. Approvals**

#### **6.i JG Castor Bay to Ballydougan Trunk Main Early Contractor Involvement**

- Approved based upon the information provided within the paper.

#### **6.ii Move to Cloud Business Case Addenda**

- Approved based upon the information provided within the paper.
- 6.iii C1159 – Employment Agency Contract**
- Approved based upon the information provided within the paper.
- 6.iv Mid Term Review – Capital Submission**
- Having considered the proposal, including the video presentation, the Board approved the draft capital submission to be made to the UR as part of the mid term review process. It was noted that the Company’s overall mid term review submission would be brought back to the Board in September accompanied by an independent assurance assessment from Chris Turner, Chandler KBS.

## **7. Annual Report and Accounts 22/23**

### **7.1 External Auditors Overview**

- The External Audit partner from KPMG provided Members with a verbal update on the external audit of the Company for 22/23. The external audit was now complete and consisted of a clean, unqualified audit opinion for the Group and regulatory accounts 22/23. There were no issues in relation to the Company continuing as a going concern from an external audit perspective based upon the recent letter of support from Dfl. A number of material movements were highlighted to Members in relation to the pension scheme (now an asset as a result of discount rates), deferred tax in relation to fixed assets; impairment of goodwill and life-cycle costs. Overall the audit process worked well with positive support and engagement from the Finance Regulation and Commercial Team and others within the Company.

### **7.2 Audit Committee Recommendation**

- The Chair of the Audit Committee confirmed that, at its last meeting on 13<sup>th</sup> June 2023, the Committee received the external audit report for the year ended 22/23. Members of the Committee met separately with the external auditors in advance of the meeting and there were no material issues arising at that meeting. An unqualified audit opinion is being provided for the statutory accounts, regulatory accounts and the regularity audit. Accounting judgements relating to estimates continue to represent a neutral view. In relation to the Company’s continuation as a going concern, KPMG confirmed that a recent letter of comfort from Dfl resolved the potential for material uncertainty and there was no need for any further modifications to or additional disclosures within the Annual Report and Accounts as a result. No control deficiencies were identified.
- On the basis of above the Audit Committee recommended to the Board the approval of the Annual Report and Accounts 22/23, the Regulatory Accounts 22/23 and the Associated Letters of Representation.

### **7.3 Recommendation to Approve Annual Report and Accounts, Regulatory Accounts and Associated Letters of Representation for 22/23**

- The Finance, Regulation and Commercial Director provided the Board with a summary of the approach to the preparation of the Annual Report and Accounts. Two items were added to the Letters of Representation – these were explained verbally. On the basis of the above and the recommendation of the Audit Committee, the Board considered and approved the Group Annual Report and Accounts, the Regulatory Accounts and the Associated Letters of Representation for 22/23.

- Board Members expressed their thanks to the teams involved in the production of the Annual Report and Accounts and associated documents.

#### **7.4 Overview of the Subsidiary Companies' Accounts for 22/23**

- The Overview of the Subsidiary Companies' Accounts for 22/23 were noted.

#### **7.5 2023 Annual Information Return**

- The Board received a presentation from the Reporter on the 22/23 Annual Information Return highlighting audit areas and findings.
- It was noted that there were substantial improvements in relation to 2 tables within the AIR compared to last year and there were no material issues outstanding to prevent submission of the AIR 23 to the UR by the Company.
- In light of the above the Board approved submission of the AIR 23 to the Utility Regulator under the licence.

#### **8. Joint Audit and Risk Committee Meeting – 17<sup>th</sup> May 2023**

- The draft minutes of the Joint Audit and Risk Committee meeting on 17<sup>th</sup> May 2023 were noted.

#### **9. Forward Look**

- The forward look was noted.

#### **10. Any Other Business**

- There were no items under any other business.