

<b>Title of Paper</b>	Minutes of the Board Meeting - 22 January 2014
<b>To be presented by</b>	Chair
<b>Purpose of paper (approval/information)</b>	For the Board to agree the minutes of its meeting for subsequent internet publication.
<b>Significant Issues</b>	None

<b>Present:</b>	Sean Hogan	NIW Chairman
	Kevin Steele	Non-Executive Director
	Jim Stewart	Non-Executive Director
	Deep Sagar	Non-Executive Director
	John Rae	Non-Executive Director
	Don Price	Non-Executive Director
	Sara Venning	Interim Chief Executive
	Ronan Larkin	Finance & Regulation Director
	George Butler	Asset Management Director

<b>Apologies</b>	Mark Ellesmere	General Counsel & Company Secretary
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<b>In attendance:</b>	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.

1.(i) **Draft Minutes of Board Meeting - 18 December 2013**

Subject to a minor addition under AOB, the draft minutes of the meeting on 18 December were approved.

(ii) **Draft Action Points**

In relation to Action No 3, the Interim CEO confirmed arrangements were in place to reschedule a meeting with NIAUR, following recent cancellation.

- (iii) In relation to Action No 8, the Director of Asset Management provided a high level summary in order to clarify NIW's responsibilities as a consequence of flooding.

The Board noted the outcome of a recent meeting with the Department in relation to NIW position regarding the provision of sandbags. It was agreed that consideration be given to external briefing sessions for those living in areas at risk of flooding.

**[Action: Asset Management Director]**

All other actions were either complete or dealt with on the current agenda.

2. **Health and Safety Update**

*(The Head of Health & Safety, Quality and Compliance joined the meeting for item 2)*

There were two KPI reportable incidents during the December period. The Company remained on target to achieve the H&S KPI for 2013/14. Board discussed year-to-date attendance which was sitting below the KPI target for 2013/14. The Board agreed that appropriate action should continue through the Head of HR in order to address this issue. Discussion followed regarding the Company's recent health and safety performance relating to a number of basic issues concerning contractors and agreed that action be taken to

address these issues with contractors. The Board noted that a Health & Safety trend monitoring report had been initiated for such incidents and this would facilitate identification and action taken by NIW. This report would be incorporated within the main H&S Report going forward.

The Board discussed an incident where a staff member had fallen through an access hatch sustaining a strain injury. The Head of Health & Safety confirmed that notices had been circulated to all members of staff involved in using these hatches and site inspection checks were ongoing throughout NIW.

### 3. **Main Board Report**

The Interim Chief Executive updated the Board in relation to performance for the year to date and highlighted some changes to the Headline Reports provided at the beginning of the main report. The Board noted the establishment of Major Incident Teams across the business during the severe weather period following a warning issued by the Met office on 24 December and expressed their gratitude to all staff involved.

The Board noted the current position in relation to Capital Works Delivery Framework IF019 and discussed PC13 nominated outputs. The Interim CEO stated that NIW was looking at options available to ensure delivery of the PC13 targets. The Board also received an update regarding PPP adjudication and on-going discussions with the Department in relation to the January Monitoring Round. This matter was due to be discussed at the Quarterly Shareholder meeting later that day.

The Interim Customer Service Delivery Director provided an update on Customer Service KPI's. The Board discussed supply interruptions and noted that discussions were ongoing with the Reporter regarding the introduction of a revised methodology in evaluating the number of customers affected by loss of

supply. It was anticipated that a decision on the use of this methodology would be confirmed during February. Discussion followed regarding properties due to be removed from the DG5 register and it was noted that numbers were below target due to some issues outside of NIW's control, however these issues were being pursued with those responsible in order to encourage completion within the PC13 period.

In relation to the CBC contract, the Board noted that the current contract was due to expire in March 2015 and, at present, 3 strong bidders remained in the procurement process. The Interim Customer Service Delivery Director confirmed that outcome of the process was expected by late February/early March.

The Board noted a total of 91 formal applications for VER/VS schemes which were currently under consideration. To date 9 applications had been approved realising a headcount reduction of 7.68 FTE.

The Board discussed progress in relation to the HR Strategy and the Interim Chief Executive confirmed that Executive Committee continued to work closely with the HR team and a proposal paper would be presented to Board in February.

The Finance & Regulation Director provided an update on financial performance which continued in line with forecast, with the exception of capital spend. The Capital Works Programme however, would meet its targeted year end spend.

The Asset Management Director confirmed Water, Waste Water and Pollution Incident compliance matters remained on track in terms of targets, with results being particularly positive for Waste Water for the reporting period. A table relating to PC13 nominated outputs was provided within the Compliance

update and the Board noted that the Executive Committee continued to review and monitor outputs.

**4. PPP**

*(The Director of Engineering Procurement joined the meeting for items 4, 11, 12 & AOB item)*

The Board discussed the current position on the Omega contract and received a performance update in relation to standards at Duncrue Street Sludge facility during the latter part of 2013.

**4(i) PPP Exceptions Report**

The Exceptions Report was noted.

**11.(i) CWP - No Surprises Report**

The CWP NSR Report was noted.

**(ii) CWP Update Statement**

The Board noted an overview of all Capital Works Projects, additional to those highlighted in NSR and KPI Reports. The Board requested a future update setting out benefits and outputs of projects delivered under the CWP.

**[Action: Director of Engineering Procurement]**

**12. Ballysillan Phase I**

The Board noted a project update on the final status for the Ballysillan Work Package as requested following the Board meeting in November 2013.

**AOB CWP - Base Maintenance Project Increase Approvals**

Based upon the information provided within the report, the Board approved increases in project budgets to award new Base Maintenance contracts under the IF019 framework.

**9. FOM Update**

*(The Head of Business Improvement joined the meeting for item 9)*

The Board received a presentation on the progress of the Future Operating Model. The Board noted two workshops which had been placed in the diary for 3<sup>rd</sup> April and 1<sup>st</sup> May 2014.

**6. PC15 Update**

*(The Acting Head of Regulation and Regulation & Business Performance Manager joined the meeting for items 6 and 10)*

A PC15 Update was presented to Board. The Director of Finance & Regulation provided an overview of the PC15 Programme and highlighted the risks. The Acting Head of Regulation provided an overview of Operating Costs & Efficiency including proposed approach to new cost areas and the cost projections still to be confirmed.

The Asset Management Director provided an overview of NIAMP4 - Capital Expenditure and highlighted how constrained capital funding meant that Capital Maintenance was taking a relatively larger proportion of the overall sum £1.2bn of Business Cases had to be reduced to £842m available with some changes from the Outline Capital Submission (June 2013); management of stakeholder expectations would be critical. The Director of Asset Management also highlighted the risk of market upturn with resultant increase in COPI which was not reflected in increased PE. The Finance and Regulation Director also provided an overview of Financials

highlighting that cash tax might become payable in the PC15 period and Resource DEL funding unlikely to be adequate to cover this.

**10. 2014/15 Tariff Submission to Utility Regulator**

The Regulation and Business Performance Manager provided Board with an overview of proposed tariffs and asked for approval to include in the 2014/15 tariff submission to the Utility Regulator on 31 January 2014.

Based on information provided, the Board approved the tariff submission.

**7. Update - Anonymous Letter to the Board**

*(The Head of HR joined the meeting for item 7)*

The Head of HR summarised actions taken by NIW's senior management in dealing with this correspondence. The Board noted all actions taken to date.

**9. C620 - Water Meters and Meter Reading Equipment**

*(The Head of Meter and Developer Services joined the meeting for item 9)*

The Board thanked the Head of Metering for clear and concise information provided and based on information provided within the report, the Board approved the award of this contract.

**14. Contract Value uplift for T017 - Spare parts for vans and derivatives Contract**

*(The Procurement Senior Category Manager joined the meeting for item 14)*

The Board discussed the total value of this contract and the significant increase in spend during its term. The Director of Finance and Regulation provided clarity in relation to the contract value and duration and the Senior Category Manager confirmed that the contract tender would be out to market within 10 days. Based on information provided, the uplift was approved.

**13. C604 - Instrumentation, control and automation Equipment Framework Contract**

Based upon information provided within the report, the Board approved the award of this contract.

**15. Approval of Approach to ISA700 UK Corporate Governance Code**

The Director of Finance & Regulation provided an update, following discussion at a recent Audit Committee meeting on 16 January 2014. The General Counsel and Company Secretary had written to DRD following discussion on 16 January and confirmation had since been received from the Department. Based on this information, the Board approved the proposed approach to ISA700.

**8. Pension Update**

*(The Director of Asset Management left the room for item 8)*

The Director of Finance and Regulation provided a verbal update on the current position in relation to the Pension Project.

**16. Procurement Activity Report**

The Procurement Activity Report was noted.

**17. Audit Committee Update**

The draft minutes of the Audit Committee on 16 January were noted.

The Chair of the Committee confirmed that subject to actions being closed out on time the company was on track for an overall satisfactory year end audit opinion.



## **18. Risk Committee Update**

The draft minutes of the Risk Committee on 15 January were noted. In addition to updates from the Head of IA and the external auditor, the Committee also approved letters of engagement for the statutory and regulatory audits and the proposed way forward on ISA700 (item 15 on the current agenda). The Chair of the Committee confirmed that the Committee had received updates on zero read meters and key corporate risks 4 and 15. The Committee also reviewed the Corporate Risk Register for Communications and Engineering Procurement.

## **19. Weather Report**

Contents of the Weather Report were noted.

## **20. Forward Look**

The Forward Look was noted.

**With no remaining Items under AOB, the meeting was closed at 2.10pm**