

Title of Paper	Minutes of the Board Meeting - 22 May 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:

Sean Hogan	NIW Chairman
Kevin Steele	Non Executive Director
Jim Stewart	Non Executive Director
Deep Sagar	Non Executive Director
John Rae	Non Executive Director
Trevor Haslett	Chief Executive
Ronan Larkin	Finance & Regulation Director
George Butler	Director of Asset Management
Sara Venning	Customer Service Delivery Director

In attendance:

Mark Ellesmere	General Counsel & Company Secretary
Pauline Sterling	EA/CEO

Apologies:

Don Price	Non Executive Director
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There were no conflicts of interest declared in advance of the meeting.

1. Draft Board Minutes - 24th April 2013

The draft minutes of the meeting on 24th April 2013 were approved.

Board Action Points - 24th March 2013

The Board noted a brief written update in relation to an action against illegal discharges to NIW sewers.

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

2. Health and Safety Update

There were no reportable incidents from a Health & Safety perspective in period. The Board noted that the Executive Committee had recently approved the purchase of a number of defibrillators to be placed at major hubs, depots and sites. First aiders would be trained in the use of this equipment. The Board also received a briefing paper on the Safety, Health & Environment Strategy for 2013/14 and noted that key areas of focus were promoting health and well-being within NIW staff and further contractor engagement in relation to Health and Safety matters. An update was also noted in relation to a recent air-valve failure. The Board discussed this information and in particular the proposals regarding health and well-being. It was agreed that driving forward behaviours in terms of Health and Safety should be brought out within the Strategic Plan.

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

3. Main Board Report

The Chief Executive provided an update on various issues including a meeting with residents from Sydenham arising from a recent flooding incident and actions being taken to prevent a re-occurrence of out-of-sewer flooding at this site. An update was also provided in relation to PC15 progress and the extension of the current subsidy arrangement until 2016 under the Water & Sewerage (Amendment) Bill 2013. The NIAO report on Invoice Slicing would be before the Public Accounts Committee in September and arrangements were being made to engage with DRD in supporting this process.

The Customer Service Delivery Director confirmed that there were no CSDD KPIs to flag at the beginning of the year. It was noted that engagement was on-going with two larger customers in relation to the Times Ten Meter issue. There then followed a discussion in relation to contract renewals and, in particular the Customer Billing Contact Contract and the Mobile Work Management Contract. The Board acknowledged the significant risk involved in running these tenders

concurrently and asked management to consider what mitigating measures could be put in place in order to reduce the potential risk involved.

There then followed a discussion on manpower planning in light of additional resource requirements. Board asked for a People Strategy to include a Manpower Plan, management development and aligning human resources with the Vision and Strategic Objectives of the organisation.

[Action: Chief Executive Officer]

A brief discussion ensued in relation to the work done through the Waterbus and a suggestion that the public should be granted access to certain NIW sites in order to understand exactly what NI Water provides in terms of water and wastewater services. It was agreed that this would be picked up at the CSR Committee and suggested that the new Newcastle WWTW could be used as a trial.

The Finance & Regulation Director confirmed that there were no issues to flag for April aside from the full year forecast on capital.

In terms of compliance, engagement continued with the DWI in relation to issues arising at Dorisland WTW and Loughbraden WTW. A detailed discussion then ensued in relation to steps being taken to address the OPITIM target. It was noted that resource had been tripled in order to seek to recover this target. In the longer term the Board noted that the solution to improving performance in this KPI was further water mains investment and this would be bid for in PC15. In terms of governance, the Board noted a satisfactory internal audit annual opinion for 2012/13. The Corporate Risk Register was discussed and in particular the hierarchy of risks between CR8 and CR4. It was noted that bids were currently being assessed in relation to the Future Operating Model consultant support.

4. PPP Exceptions Report

The Board noted the update report and the Chief Executive confirmed that engagement was on-going with DRD in relation to the Prudent Operator Claim.

5. Procurement Activity Report

The Board noted the update report and that Deloitte had recently been appointed as tax advisors to the company in conjunction with Chandler who had been appointed to deal specifically with capital allowances. It was noted that a decision had not yet been taken as to whether or not to proceed with ISO9001 standard.

(The Director of Engineering Procurement joined the meeting for Items 7, 8, 11 & 12)

7(i) NSR - Sydenham Pumping Station

A no surprises report was presented to the Board in relation to an increase in scope in the works required at the Sydenham Pumping Station. The additional spend in the sum of £650k should be completed by September 2013 and would address short-term measures at this site. The Board noted that a long-term solution would be dependent on funding and could cost in the order of £50m and would take a long time to complete.

(ii) NSR - Newcastle WWTW

The Board noted a potential increase in spend on the Newcastle Treatment Works project in the sum of £440k. Should this figure exceed £500k, the spend would be brought back to Board for approval in line with Financial Delegations.

8. IF019 - Capital Delivery Framework

The Board received an update report in relation to the IF019 Capital Delivery Framework. The Board was informed that alternative procurement routes were being utilised and it was still planned for IF019 to be in operation in November 2013. Should IF019 be delayed beyond that, there was a contingency in place to continue to use alternative procurement routes. In addition, the EP Director would now commence individual procurements in a number of areas in order to ensure that capital spend continued in the event that IF019 was further delayed.

11. Sale of Coleraine Depot

Based upon the information provided within the report, the Board approved the sale of this depot.

12. Valve Tower Refurbishment

Based upon the information provided and in accordance with the Financial Delegations Policy, the Board approved the increase in the overall contract costs compared with overall project estimate in the sum of £868k.

9. Proposed KPIs for PC13

The Board noted a proposed new set of KPIs to come into effect from Q2 2013/14. The Board expressed its support for fewer KPIs and acknowledged that this linked in with the audit report on corporate governance in terms of streamlining board reporting. The Board also suggested changes in relation to Annexes B & C within the report in terms of the specific KPIs. Based upon the discussion the Board agreed to proceed with the suggested reporting arrangements with effect from Q2 and specific KPIs could be reviewed at this point.

10. Alpha PPP Authority Change

Based upon the report, the PPP Authority Change was approved.

13. 2012/2013 Q4 Subsidy Assurance Statement

Based upon the report, the Q4 Subsidy Assurance Statement was approved.

14. Year-end Assurance Statement

Based upon the recommendation from the Audit and Risk Committees, the Board approved submission of the Year-end Assurance Statement to DRD.

15. Corporate Compliance Report

The Board noted the update report in relation to the Corporate Compliance Framework during 2012/13.

16. CSR Update

John Rae provided a verbal update on the CSR Committee meeting on 15 May. This included a presentation by Arco on Ethical Purchasing. The Committee asked the Head of Operational Procurement to consider any read-across for NIW as a responsible/ethical buyer of goods and services. The Committee also received a moving presentation from an NIW staff member in relation to the 'Time to Read' Programme. The Committee also recommended approval of its Terms of Reference to the Board for 2013/14 and these would be brought forward separately at the next meeting.

Draft minutes of the Audit & Risk Committee meeting on 17 May 2013 were circulated to members. In the absence of the Chair of the Audit Committee, the Chair of the Risk Committee confirmed that the internal audit Annual Statement for 2012/13 was satisfactory. The Annual Assurance Statement had been considered and recommended for approval by both committees to the Board. In terms of the external audit, there were no material issues to report at this stage, however the Loan Note issue remained outstanding and engagement was on-going between DRD and DFP in this regard.

17. Weather Watch

The short-term forecast was noted by Board.

18. Forward Look

The Forward Look was noted by Board.

19. Any Other Business

The Chief Executive provided a verbal update in relation to the Pensions Project and a detailed discussion then ensued in relation to the options being considered and the engagement of external advisors.

The Chief Executive noted that a business case in relation to Mobile Work Management may be circulated to Board members for approval before the next Board meeting.

Approved