

Title of Paper	Minutes of the Board Meeting - 24 April 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
Don Price	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

A potential conflict of interest was declared by the Director of Asset Management in relation to Agenda Item 7. It was agreed that should an actual conflict arise during the course of that Agenda Item then the Director of Asset Management would step out of the meeting.

1. Draft Board Minutes - 27th March 2013

The draft minutes of the meeting on the 27th March 2013 were approved.

Board Action Points - 27th March 2013

Actions were complete or dealt with in the Agenda. The Chief Executive confirmed an independent review had commenced in relation to Action Point 1. The General Counsel and Company Secretary advised that Action 9 should be complete by the end of May.

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

2. Health and Safety Update

The Board congratulated Management in relation to the staff attendance KPI which was one of the best in the NI public sector. It was agreed that the NIAO Report in relation to attendance within the public sector should be reviewed for any additional learning and that all staff should be made aware of the very high attendance levels within the organisation.

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

Having achieved the Health and Safety Targets for 12/13 the Board then discussed strategy and targets for 13/14. It was agreed that the Board would receive an update on these issues at its next meeting.

**[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 the recent severe weather, approval of the 13/14 budget and issues relating to the information requests from the Utility Regulator in relation to PC15 capital planning. It was noted that a revised set of KPIs for the PC13 period would be presented to the Board at its next meeting. The Board congratulated Management on delivery of the capital spend in line with the January Monitoring Round forecast. The Chief Executive had attended a recent visit by the members of the Regional Development Committee to Welsh Water. The Board discussed the outcome of that visit and noted that the Minister was invited to address the Committee in early May on the subject of NIW's Governance Model and Structure. It was agreed that this matter would be raised at the QSM that afternoon.

The Customer Service Delivery Director confirmed achievement of the majority of Customer KPIs in 12/13 with the exception of supply interruptions and sewer flooding (other causes). Progress was on-going in relation to the Times Ten Meter issues. An update was provided in relation to the tender process for the customer

billing and contact contract. The Chief Executive provided a verbal update on recent flooding incidents at Sydenham in Belfast and in Downpatrick. A report would be provided to DRD at the end of the week in relation to these matters.

The Finance and Regulation Director confirmed that, subject to audit, the financial outturn for 12/13 was aligned with the January Monitoring Round Forecast. The Board congratulated Management on the excellent financial performance in 12/13.

The Chair of the Risk Committee updated the Board on its most recent meeting on governance matters. The Committee had reviewed the reporting of corporate risks to the Board during 12/13. It had also requested that a process be put in place in order to close out corporate risk actions. The Committee had also accepted an internal audit report on risk management rated "satisfactory". The Board approved proposed corporate risks for 13/14 upon the recommendation of the Committee.

The Chair of the Audit Committee also confirmed a positive position at year end in terms of the annual audit opinion and the small number of outstanding audit actions. John Rae provided a verbal update on his briefing with DRD in relation to the FOM project. The Chief Executive noted his concern in relation to management stretch within the organisation in 13/14 and beyond given the large number of significant issues and projects that had to be delivered during this period such as the large number of tenders for strategic contracts, delivery of PC13 targets, engaging in the PC15 process and the FOM project. The Board discussed the FOM project and in particular the use of consultants and staff substitution. It was agreed that the Board would receive a project plan in this regard at its next meeting.

[ACTION: Chief Executive and Finance and Regulation Director]

The Board noted that Deloitte had been appointed as tax advisers to the Company after a competitive tender process.

4. i. PPP Exceptions Report

The Board noted the update report and approved the proposed contractor change in relation to project Omega outlined within the report.

ii. Glen Water Prudent Operator Claim

The Board was updated on the current position in relation to this matter.

5. Procurement Activity Report

The Board noted the update report and acknowledged the list of business critical contracts to be tendered during PC13. The Board asked Management to ensure that appropriate resourcing was in place to deliver these projects.

(The Director of Engineering Procurement joined the meeting for Items 6, 10 and 13)

6. Ballyhalbert Sea Outfall

The Board noted that analysis had confirmed that, in spite of additional costs, this project still represented value for money. The Board confirmed that the key lesson to be learned from this matter was that these issues should be brought to the Board's attention sooner. The Director of Engineering Procurement confirmed that a process had now been put in place to ensure that that was the case.

13. Alert of Higher Risk Projects - Valve Tower Refurbishment

The Director of Engineering Procurement advised that as part of the new process this project was being highlighted to Board as being potentially higher risk. It was agreed that the Board should receive a list of potentially higher risk projects within the PC13 period.

[ACTION: Director of Engineering Procurement]

10. Drumkee WWTW Willows Project

The Board noted that this was a trial project to treat effluent. On the basis of the information provided the Board approved this trial project to proceed.

(Jim Stewart left the meeting at this point.)

(Pete Semple and Brendan McMenammin joined the meeting for Item 8.)

8. MWM Toughbook Refresh

Having considered the matter and based upon the information provided within the report the Board approved this matter to proceed to tender.

(Alan Stewart joined the meeting for Item 9.)

9. Approval of Business Case for the Provision of Supported Finance, procurement, HR and Payroll Systems

The Board approved the business case based upon the information provided.

11. June Monitoring Forecast 2013/14

The Board discussed and approved submission of the June Monitoring Forecast 2013/14 to DRD.

12. PC13 Consequent Written Agreement/NIW & NIAUR Correspondence

This item was for information only.

14. Risk Committee Update - Minutes of 17th April 2013

The draft minutes of the Risk Committee on 17th April 2013 were tabled for Board members. Directors were reminded of the verbal update provided by the Chairman of the Risk Committee under Item 3.

15. Procurement Committee Update - Minutes of 27th March 2013

The Chairman of the Procurement Committee referred to the draft minutes of the Committee meeting on 27th March 2013 and highlighted 2 areas considered by the Committee - the contract management process within the organisation which the Committee considered to be rigorous and the goods and services procurement strategy which the Committee agreed aligned with the Company's overall procurement strategy.

16. Weather Watch

The short-term forecast was noted by Board and the Chief Executive confirmed contingency arrangements for Sydenham to prevent a reoccurrence of the previous flooding incidents.

17. Forward Look

The Forward Look was noted.

18. Any Other Business

Kevin Steele advised that he had been called for jury service and may not be able to attend the May Board Meeting.

Don Price would be an apology for the May Board Meeting.

7. Pension Update

The Board was updated on the current position in relation to this matter.

Approved