

<b>Title of Paper</b>	Minutes of the Board Meeting - 24 July 2013
<b>To be presented by</b>	Chair
<b>Purpose of paper</b> (approval/information)	For the Board to agree the minutes of its meeting for subsequent internet publication.
<b>Significant Issues</b>	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

The Chairman acknowledged that it was the last Board meeting for the current Chief Executive. On behalf of the Board he complimented the Chief Executive on an excellent tenure, expressed the Board's thanks for his significant contribution in stabilising and moving forward the organisation and wished him a long and happy retirement.

There were no conflicts of interest declared in advance of the meeting.

**1. Draft Board Minutes - 26<sup>th</sup> June 2013**

The draft minutes of the meeting on 26<sup>th</sup> June 2013 were approved subject to minor amendment.

**Board Action Points - 26<sup>th</sup> June 2013**

All Board actions were either complete or covered in the Agenda.

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

## **2. Health and Safety Update**

There were no reportable incidents in the relevant period. It was noted that anti-theft manhole covers were under consideration given the continued precedence of metal theft. Jim Stewart agreed to share some work he had done independently in relation to shift working.

**[ACTION: Jim Stewart]**

## **3. Main Board Report**

The Chief Executive updated the Board in relation to recent flooding issues, PC15 preparations and IFO19. Engagement was on-going with relevant customers in relation to the recent combi-meters issue. There had been 107 incidents recently in the Belfast area of water hydrant abuse with the potential for significant loss of water. The company had briefed media outlets in this regard and would continue to do so in order to highlight the impact of such action.

In relation to customer service delivery the Board noted that KPIs were on track. A quarterly update was reported in relation to the overall performance assessment score and customer contact, drinking water quality and sewerage treatment works consent compliance were discussed in detail. The leakage figure was now reported under the new "Net Base" system which had been approved by the Reporter and the Utility Regulator. The Board noted its continued concern in relation to the approval of the business case for the CBC Contract and agreed that this matter should be raised at the Quarterly Shareholder Meeting that afternoon.

**[ACTION: Chairman]**

A further stress test had been carried out in relation to the Flood Incident Line. In relation to colleagues the recent employee engagement survey had closed and the results were being collated for presentation to the Executive Committee and then to Board. In relation to Finance and Regulation matters the Board noted an update on loan note accruals and matters that might impact the full year forecast including additional pension costs driven by actuarial assumptions of discount rate and inflation. The Finance and Regulation Director agreed to circulate a more detailed note in this regard.

**[ACTION: Finance and Regulation Director]**

The Board also agreed that an exit strategy should be prepared in relation to a large bad debtor. In relation to environmental matters targets remained on track for delivery and Board noted a significant improvement in the bathing water quality at Newcastle beach which had recorded excellent water quality in year as a result of recent works to the sewage network and the upgrading of the waste water treatment works. The Board noted that the current position in relation to outstanding Internal Audit actions was excellent and that in terms of BI PC13 was currently green and PC15 was amber due to resourcing issues. The Board would receive an update on the FOM project in October. In terms of capital spend it was agreed that the Board should receive an update in August in advance of the submission for the October Monitoring Round. It is agreed that a teleconference should be set up for that purpose.

**[ACTION: General Counsel and Company Secretary]**

**4. PPP Exceptions Report**

The Board received a verbal update in relation to disputed matters on the Omega contract. The Board also approved contract changes outlined within the report in relation to both project Alpha and Omega. The Board also approved the appointment of Bill Gowdy as the PPP Nominated Person on an interim basis upon the departure of the current Chief Executive.

**5. Procurement Activity Report**

The Board noted the update report and discussed the COPE Reaccreditation Project. It was confirmed that the position was not irrecoverable and management was asked to apply sufficient resources in order to get this project back on track.

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

*(Liam Mulholland and Larry McAteer joined the meeting for Item 6)*

**6. Customer Website Demonstration**

The Board received a presentation on the new self-serve customer website. The Chairman thanked Liam Mulholland and Larry McAteer for their very impressive presentation. The Board noted that the website would be subject to a soft launch in August with the intention to have it fully live before Christmas.

*Items 10-13 were dealt with next on the Agenda*

*(Bill Gowdy joined the meeting for Items 10, 11 and 12)*

**10. Sydenham Pumping Station**

The additional spend on this project was approved on the basis that the long-term solution to this particular area was unlikely to be in place for a further 10 year period.

**Culmore WWTW - Phase 2/Waste Water Pumping Stations - Update/B1Capital Investment - Aeration Optimisation**

In relation to these 3 approval items the Board noted that the proposals did not raise concerns in terms of legal issues however the issue of regularity of spend remained to be clarified. The Board agreed to approve these matters in principle subject to their being no issue in terms of regularity of spend. The Finance and Regulation Director and General Counsel and Company Secretary agreed to clarify the regularity position as soon as possible.

**[ACTION: Finance and Regulation Director/General Counsel and Company Secretary]**

**11. Sale of the Enniskillen Depot**

The sale of the Enniskillen Depot was approved.

**12. Proposal for Oil Exploration at Woodburn Catchment in Carrickfergus**

The Board considered the proposal in detail. The Board was assured that contamination risk had been dealt with in the pre-conditions for NIW land being accessed for this project. It was agreed that DRD should also be notified of this proposal.

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

**13. Proposal of a Dividend for the Year Ended 31 March 2013**

The Board considered in detail its fiduciary duties and the solvency of the business, before recommending the declaration and payment of a dividend. The final accounts for year ended 31 March 2013 were signed on the 26 June 2013 and the reserves available for distribution as at 31 March 2013 had been

calculated. In terms of fiduciary duties the Board considered whether or not the company is a going concern and would remain solvent after the payment of any dividend. The Board considered the report and the availability of distributable reserves outlined within the report. On the basis of the information provided the Board recommended the declaration and payment of a dividend to DRD in the sum of £29,046,252. The General Counsel and Company Secretary tabled a written resolution from DRD confirming the payment of the Dividend upon the recommendation of the Board. The Finance and Regulation Director and General Counsel and Company Secretary were instructed to make arrangements for the payment to be made.

**[ACTION: Director of Finance and Regulation and General Counsel and Company Secretary]**

*(Bill Gowdy and Brian Bailie joined the meeting for Item 9)*

**9. 2013 Procurement Plan**

The Board noted that the Procurement Plan had been subject to some minor inputs from the Reporter namely financial tables showing the procurement spend across the PC13 period. The plan was approved for submission to Utility Regulator subject to some further comments from the Board.

*(Head of Human Resources joined the meeting for Item 7)*

**7. PC13 Manpower Forecast**

The Board received a presentation on PC13 Manpower Forecast. The Board provided feedback on the presentation and wider HR strategic issues. It was agreed that a copy of the presentation should be circulated to Don Price.

**[ACTION: General Counsel and Company Secretary]**

**8. MSFM Post Implementation Review**

The Board noted an update in relation to this matter.

**14. Terms of Reference for Board Committees**

The Board approved the updated Terms of Reference for all Committees on the recommendation of each individual Committee.

**15. Procurement Committee Update - June 2013**

The Chair of the Committee provided an update on the last meeting on 26 June 2013. The Board noted that the Committee had dealt with a number of items including the collaborative procurement strategy, progress in relation to IFO19 and CPD proposed terms and conditions. The Committee was also concerned about the status of the COPE reaccreditation project - this had been discussed previously by the Board.

**16. Risk Committee Update**

The Chair of the Committee updated the Board on the most recent meeting on the 17<sup>th</sup> July 2013. The Committee had considered a risk management status report and noted that 2 risks remain high namely the risk in relation to a credible programme to deliver strategic business objectives (CR13) and a risk in relation to NIW's contracts (CR15). The Committee had also noted a risk in relation to the replacement of the Company's Chief Executive and the replacement of a number of other senior stake-holder personnel (at the Utility Regulator, CCNI and DRD). The new NIW Chief Executive would need to engage early on with these key stakeholder appointments and seek to maintain good working relations.

**17. Weather Watch and Water In-store Update**

The Board noted that in terms of short-term forecast preparations were in place for adverse weather conditions and that water in store was currently at around 87% capacity.

**18. Forward Look**

The forward look was noted.

**19. Any Other Business**

- The General Counsel and Company Secretary confirmed that an update on the recent Board Effectiveness Review would be communicated to Board Members in August.
- The Chief Executive confirmed that approval for the outline business case on the CBC Contract had come through during the course of the meeting.

- A business case for an STA in relation to Dromore Wastewater Treatment Works was tabled and approved by the Board. The Chairman did not take part in discussions on this matter because of a potential conflict of interest.
- The Chief Executive advised of an EPIC report in relation to a whistleblowing allegation regarding the use of tools and equipment.
- The Board noted a certificate of achievement from the Carbon Trust which was welcome.

The Chief Executive thanked the Board for their support during his tenure and for the opportunity to lead the organisation. He paid particular thanks to the Senior Management Team and to Pauline Sterling and to Anne McDowell in his office.