

<b>Title of Paper</b>	Minutes of the Board Meeting - 24 September 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	Chairman
	Kevin Steele	Non Executive Director
	John Rae	Non Executive Director
	Jim Stewart	Non Executive Director
	Deep Sagar	Non Executive Director
	Sara Venning	Chief Executive
	Ronan Larkin	Finance & Regulations Director
	George Butler	Asset Management Director
<b>In attendance:</b>	Mark Ellesmere	General Counsel & Company Secretary
	Alec McQuillan	Interim Customer Service Delivery Director (Observer)
	Pauline Sterling	EA/CEO

There were no conflicts of interest declared at the beginning of the meeting with the exception of George Butler who declared a conflict in relation to Item 11.

**1. Draft Board Minutes - 30<sup>th</sup> July 2014 and 26<sup>th</sup> August 2014**

The draft minutes of meetings on 30<sup>th</sup> July 2014 and 26<sup>th</sup> August 2014 were approved subject to minor amendment.

**Board Actions - 26<sup>th</sup> July 2014**

Outstanding actions were either closed, covered in the current agenda or on track for completion at an agreed future date. In relation to action point 1 it was noted that a briefing paper would be brought forward to Board in November in relation to pay, reward and the motivation and retention of staff.

**[ACTION: Chief Executive]**

A separate meeting to discuss this issue would be convened as necessary

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

*(Acting Head of Regulation, Financial and Econometric Modelling Manager,  
Doug Hunt (Atkins) and Rob Francies (Frontier Economics) joined the meeting for Item 2)*

## **2. PC15 Draft Determination Update**

The Board received a verbal update in relation to recent engagement with the Utility Regulator in relation to PC15. Doug Hunt then presented his overall opinion on the draft determination and the company's proposed response to it, highlighting key areas around Opex and Efficiency, Capex Efficiency and Financing. Rob Francis then provided a detailed presentation on the proposed response to the draft determination in relation to Opex and Efficiency.

Paul Harper (Jacobs) joined the meeting at this point and provided the Board with an update on the Company's proposed response to the draft determination in terms of Capex Efficiency. Having discussed these matters in detail the Board welcomed the input from the 3 external presenters and confirmed it was content with management's proposals in responding to the draft determination on or before the 15<sup>th</sup> October 2014. It was noted that a date would be fixed for a Board briefing in advance of the forthcoming Board to Board meeting with the Utility Regulator on 22<sup>nd</sup> October 2014.

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

*(Cheryl Robinson, Business Consultancy Services joined the meeting for Item 3)*

## **3. Board Effectiveness Review**

Cheryl Robinson presented a high level summary of her report on the Board Effectiveness Review. The Board noted the overall positive results of the review from both an internal and an external stakeholder perspective. The proposed draft action plan for the Board was discussed in detail and it was agreed, subject to amending the proposed third action to include a review of all current Board Sub Committees. It was agreed that the presentation should be shared with DRD.

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

#### 4. Health and Safety Update

There were no KPI reportable incidents in August. Significant effort was being put into managing attendance. It was agreed that consideration be given to removing attendance from the Health and Safety Report and including it as well as an HR Strategy section within the Main Board Report.

**[ACTION: Chief Executive/  
General Counsel and Company Secretary]**

Further information was requested in relation to incident reference NIW 1599 which had received some media attention.

**[ACTION: Director of Asset Management]**

#### 5. Main Board Report

The Chief Executive confirmed the majority of KPIs were on target. The CSDD role would be advertised this week in anticipation of an appointment in December. The panel would consist of the Chairman, the Senior Independent Director and the Chief Executive. The FOM Business Case had received DFP approval and procurement was now being progressed. The Board welcomed delivery of both the CBC and MC2 contracts. These were now proceeding to implementation phase. The Board noted the current position in relation to the PPP Prudent Operator Claim. The Board also discussed a forthcoming meeting with the Trade Unions that afternoon in relation to the pension proposals. The Company hosted the Committee for Regional Development at the Belfast Wastewater Treatment Works and there was strong attendance and interest from Committee members in relation to capital infrastructure projects going forward.

The Interim Customer Service Delivery Director provided an update on customer issues. Supply interruptions for greater than 6 hours was at risk however work was on-going to get back on target before the year end. DG5 target had already failed and the Board had previously discussed this matter. The Board also noted the impact of HVCA on abandoned calls and engagement was on-going with the Utility Regulator in relation to this KPI. The EPIC in relation to account configuration was now closed. In relation to colleagues the 2013 pay remit was approved and the Board asked for a more effective mechanism to ensure that pay awards were

actioned as quickly as possible. It was noted that this would form part of the Board discussion at the November session on pay and reward etc.

**[ACTION: Chief Executive]**

The Finance and Regulation Director confirmed continued positive performance in terms of financial matters. It was noted that the impact of the October Monitoring Round request from DRD was highlighted in the mid-year assurance statement as a high risk. Compliance KPIs continued on target and members would receive an invite to the next "Partners Against Pollution Forum" on 12<sup>th</sup> November 2014. The 2014 Bathing Water report would not be as positive as last years.

*(Item 10 was dealt with next on the Agenda)*

**10. Finalised October Monitoring Round Forecast**

The Board noted the final October monitoring round submission to DRD on the basis that the primary goal was to maintain services however the Board noted significant concerns in relation to the increased risk to services in the circumstances and that would be highlighted in the mid-year Assurance Report.

*(The Director of Engineering Procurement and PPP Contracts Manager joined the meeting for Item 6, 7 and 8)*

**6. PPP - Exceptions Report**

The Board noted the update report on PPP matters including on-going efforts to resolve the out of specification sludge claim by Glen Water. The Board also considered and approved the non application of deductions on sludge performance on the basis that this was the correct technical action to take and there was no objection from NIEA to this course of action. The Board further approved the non application of performance deductions on the Kinnegar contract for the reasons outlined within the report.

**7. Sale of Magherafelt Depot**

The Board approved the disposal of Magherafelt Depot based upon the information provided within the report.

**8. New Procurement Route (Replacement for Lot 1)**

The Board approved the new procurement route for the replacement of Lot 1 IF019 based upon the information provided within the report.

*(Lewis Murray joined the meeting for Item 9)*

**9. Contract Award of C685 Electrical Inspection, Testing and Repair**

The Board noted the background to this matter and discussed the report in detail. It was agreed that the tender documents be checked for reference to a specific qualification.

**[ACTION: Lewis Murray]**

The Board noted Management's proposed course of action in relation to this matter. Members asked that these matters be progressed sooner rather than later. The Board approved the proposed course of action within the report. It was agreed that the presentation at QSM on Contract Management be revisited in order to provide assurance around robust contract management within the organisation.

**[ACTION: Chief Executive / Director of Finance and Regulation]**

*(George Butler left the meeting at this point)*

**11. Pensions Update**

The Board noted recent correspondence from the Trustees and on-going engagement with the Trade Unions as part of the consultation process. DRD were being kept informed of progress to date in relation to this matter. It was agreed that consideration be given to escalating the risk involved in this project. A response to the letter from the Chair of the Trustees should be drafted and issued.

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

**12. Procurement Activity Report**

The Procurement Activity Report was noted.

**14. Information Governance Quarterly Report**

The Information Governance Quarterly Report was noted.

**15. Procurement Committee Update**

The Committee Chair provided the Board with a summary of the business conducted at the Procurement Committee meeting on 19<sup>th</sup> September 2014 including updates on COPE Status, Collaboration, CPD matters and C685.

**16. Audit Committee Update**

The Committee Chair provided the Board with a summary of the business conducted at the Audit Committee on 18<sup>th</sup> September 2014 including Internal Audit progress report, management letter points and draft mid-year assurance statement. The Board also considered and approved the mid-year assurance statement, integrated governance framework and Audit Committee terms of reference upon the recommendation of the Committee.

*(George Butler re-joined the meeting)*

**13. Public Consultation on the Northern Ireland Executive's Proposed Long Term Water Strategy**

The Board noted the public consultation on the proposed Long Term Water Strategy and suggested some additional points to be made as part of the Company's response.

**17. Weather Forecast**

The weather update was noted there were no warnings in the short-term forecast and water levels were sufficient at this stage.

**18. Forward Look**

The forward look was noted. The pre-meeting to brief the Board in advance of the Board to Board meeting with the Utility Regulator to be added.

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

**19. Any Other Business**

The Director of Asset Management confirmed that the media coverage in relation to Incident NIW 1599 from the Health and Safety Report related to a public appeal to help police catch the culprit who attempted to steal the equipment.

Approved