

Title of Paper	Minutes of the Board Meeting - 26 June 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

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

1. Draft Board Minutes - 22nd May 2013

The draft minutes of the meeting on 22nd May 2013 were approved.

Board Action Points - 22nd May 2013

The Chief Executive provided a verbal update in relation to staff substitution connected to the FOM project. A discussion then ensued in relation to the manpower plan and HR Strategy. It was agreed that the HR Strategy should be aligned with the FOM project. The Board also discussed the skill sets required to deliver this within the organisation. The Board agreed that one of the priorities for

the new CEO would be to review the FOM and HR Strategy. This issue would continue to be monitored at Board level.

(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. The Board noted continued strong performance in relation to health and safety matters. The company had submitted its application for a ROSPA Health and Safety Gold Award for 12/13. The Board will be kept apprised of developments in this regard.

3. Main Board Report

The Chief Executive updated the Board in relation to recent flooding issues and PC15. The Board discussed IFO19 in detail and, in particular, delivery of the capital programme in the absence of the award of this framework. The Board asked for an update on lessons to be learned from this procurement process once it was complete. It was noted that it was currently planned to make appointments to this framework in September and this would be a key decision point in terms of capital spend. The Company met with DRD on a monthly basis in relation to capital and consideration was given as to the need to surrender capital in 12/13 and the most appropriate time for this to happen. It was agreed that the Board should receive an update on the capital spend situation before making a decision as to whether or not to release capital as part of the October monitoring round.

[ACTION: CEO]

The Chief Executive updated the Board on the G8 Conference which had been treated as a Category 1 incident with no significant issues arising. The Board also noted that along with the NIW Chief Executive a number of key stakeholder executives were also moving on including the Deputy Secretary in DRD and the Chief Executive of CCNI. The Board was informed that an EPIC report would be circulated as a result of a recent billing matter concerning Limavady Council.

[ACTION: CEO]

The Customer Service Delivery Director confirmed that KPIs were on track with the exception of sewer flooding (other causes). The Board was also updated on a

recent stress test involving the Flood Incident Line. Another test would take place shortly and the Board would be kept updated in this regard. The Customer Service Delivery Director agreed to take off line an enquiry from Deep Sagar in relation to further information on leakage.

[ACTION: Customer Service Delivery Director]

The Board noted a proposal to extend the MESSA payment to cover the whole year and not just the winter period and that a head count waterfall diagram would be provided for the July Board.

[ACTION: CEO]

The Finance and Regulation Director confirmed that Financial KPIs were on track for delivery, with capital spend slightly ahead of budget. It was confirmed that progress had been made by the company in relation to debtors and that work would continue in this area. The Director of Asset Management confirmed that Compliance KPIs were on target and OPITIM was moving in the right direction. He highlighted the high quality of the work done at the company's two laboratories having conducted a recent Analytical Review there. Board members were invited to visit the Laboratories at a future date. The updates on Governance and Business Improvement within the report were noted.

Annex A to the Main Board Report contained a summary of the PC15 outline capital submission. Whilst this was a "green plan" capital funding would continue to be constrained. It was agreed that there should be appropriate transparency with all stakeholders around the potential non delivery of key schemes during the PC15 period.

Liam Mulholland joined the meeting to present detailed information in relation to Customer Contacts and Complaints at Annex B of the report.

The Board agreed that this information should be brought back to the Board on a quarterly basis.

[ACTION: Customer Service Delivery Director]

4. PPP Exceptions Report

A verbal update was provided by the Chief Executive in relation to the prudent operator dispute. The Board noted that consideration should be given as to who should succeed the Chief Executive as the Nominated Person under the PPP Contracts. Two contract changes one to each of the Alpha and Omega contracts were considered and approved by the Board based upon the information provided.

5. Procurement Activity Report

The update report was noted by the Board.

(Head of Internal Audit joined the meeting for Item 6)

6. Internal Audit Annual Update

The Board received a presentation from the Head of Internal Audit to include the output from the annual internal audit opinion, key internal audit issues going forward and the internal audit strategy for 2013 to 2016. The Chairman praised the efforts of the Executive Team and all staff within the organisation in reaching a second satisfactory annual internal audit opinion. The Board also requested an update on telemetry issues once further internal audit work had been completed in this area.

[ACTION: Head of Internal Audit]

7. PC10 Cost and Performance Report

The Board noted a very positive outcome in relation to the PC10 Cost and Performance Report and that the Utility Regulator would report separately in this regard in due course.

(John Collins joined the meeting for item 8.)

8. Information Governance Quarterly Report

The Board received an update report in relation to Information Governance.

(Malcolm Kelly joined the meeting for item 9.)

9. NIW Pension Scheme Update

The Board received an update on the NIW Pension Scheme from the Chairman and the Secretary of the scheme. The update included a briefing on the current valuation, investment strategy and various other matters. The Chairman of the Trustees thanked Malcolm Kelly for all of this work in this particular area given his impending retirement from the organisation.

(Chris Turner and Glen Hawken from Halcrow and Garth Stewart, Peter Johnston and Keith Scott joined the meeting for item 13.)

13. 2013 Annual Information Return

Chris Turner confirmed that his review of the 2013 Annual Information Return was between 90% and 95% complete with 3 areas outstanding none of which was likely to be material. He was content with capital allocation, serviceability and some good initiatives in relation to sewer flooding. Some information improvements were recommended in terms of external flooding as well as some issues in relation to data received from contractors. He also commented that there were common teething problems associated with HVCA systems. There were no material financial issues from his perspective and overall his findings to date were satisfactory. The Board also noted an update letter from KPMG dated 24th June 2013 which confirmed that, to date, they had not raised any material issues in terms of the Annual Information Return within the scope of their work in this regard. On that basis the Board approved submission of the Annual Information Return 2013 to the Utility Regulator.

(Chris Turner, Glen Hawken, Garth Stewart, Keith Scott and Peter Johnston left the meeting.)

21. Audit Committee Update

Don Price provided an update from the Audit Committee on the 20th June 2013 by reference to the draft minutes included in the Board Meeting packs. KMPG were very pleased with the quality of the draft accounts and the information provided through the Finance and Regulation Directorate. There was one issue in relation to PPP Contracts that caused an audit mis-statement however this was not

material and there was no qualification to the audit opinion. The Board considered and agreed with the proposed approach in relation to this issue. The Regulatory opinion was also unqualified. The Board's attention was also drawn to paper presented to the Committee on DAO 06-12 concerning business cases and PPEs which the Board noted. The Committee also recommended the appointment of external auditors after completion of a recent tender exercise.

(Peter Johnston joined the meeting for item 10.)

10. Annual Report and Accounts Sign-Off

Copies of the final version of the Annual Report and Accounts 12/13 were tabled to the meeting and approved by the Board based upon the recommendation of the Audit Committee. The appointment of external auditors was also approved upon the recommendation of the Audit Committee and the Company Secretary confirmed that a Written Resolution to the effect had been obtained from the Shareholder. This was tabled at the meeting. It was further agreed that the issue of metering new households should be raised with DRD at the next QSM.

[ACTION: Chairman]

11. No Surprises Report - Moyola Water Rehab

This report was noted by the Board.

12. Sydenham Pumping Station

The proposed increased costs for Sydenham Pumping Station were approved based upon the information provided in the report.

(Jane Mellor and Ian Bingham joined the meeting for items 14 and 15.)

14. C576 - Supply of Electricity

Having discussed the paper in detail the Board approved the proposal.

15. Electricity Procurement Delegations

The delegations paper was approved on the basis that a quorum for the Electricity Procurement Project Team should be either Jane Mellor or Ian Bingham and one other member.

[ACTION: Jane Mellor]

(Peter Johnston joined the meeting for Item 16.)

16. Amendments to Financial and Procurement Delegations

The Board approved the proposed amended financial delegations based upon the information provided within the report.

(Liam Mulholland and Ewen Bradley joined the meeting for Items 17 and 18.)

17. Outline Business Case for the Customer Billing and Contacts Contract

18. CBC Contract Retender - ICT Considerations

The Board noted that further feedback had been received from DRD in relation to the Business Case. Revised copies of the Business Case were tabled. There were no significant changes. The Board discussed and agreed the options recommended within the Business Case. The Board then discussed how best to engage further with DRD in order to ensure that the timetable for tendering this matter and the MWM contract could be achieved. It was agreed that a copy of a recent letter from the Chief Executive to the Director of the Shareholder Unit be copied to members.

[ACTION: General Counsel and Company Secretary]

The Board noted its concerns in relation to progressing these matters through DRD and DFP in order for them to proceed to open tender in good time and to ensure that appointments could be made under the tender process in advance of the expiry of the current contracts (MWM and CBC).

19. Proposal for Further Phase of 'Don't Wait Insulate' Campaign

The Board approved this matter based upon the information provided.

20. C471 - Instrumentation, Control and Automation Equipment

The Board approved this matter based upon the information provided.

22. Weather Watch

The Board noted the short term weather forecast.

23. Forward Look

The forward look was noted.

24. Any Other Business

The Board noted that the company had been recently appointed as a Diamond Level Member of Business in the Community Care and Volunteering Programme.

A contract issue requiring Board approval was to be raised at that afternoon's Procurement Committee. The Board asked the Committee to return to it with a recommendation after the Committee Meeting. This could be circulated to Board Members by email.

[ACTION: General Counsel and Company Secretary]

Approved