

Title of Paper	Minutes of the Board Meeting - 26 March 2014
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	Chairman
	Kevin Steele	Non Executive Director
	Don Price	Non Executive Director
	John Rae	Non Executive Director
	Deep Sagar	Non Executive Director
	Sara Venning	Interim Chief Executive
	Ronan Larkin	Finance & Regulation Director
	George Butler	Asset Management Director
In attendance:	Mark Ellesmere	General Counsel & Company Secretary
	Alec McQuillan	Observer and Interim Customer Service Delivery Director
	Pauline Sterling	EA/CEO
Apologies	Jim Stewart	Non Executive Director

There were no conflicts of interest declared at the beginning of the meeting. The Chairman provided a brief verbal update on progress with the appointment of a new Chief Executive.

1. Draft Board Minutes - 26th February 2014 and 11th March 2014

The draft minutes of the meeting on 26th February 2014 were approved as well as the meeting to approve the PC15 Business Plan on the 11th March 2014.

Board Actions - 26th February 2014

Actions 1, 3, 4, 8, 11 and 12 were complete. The remaining actions were on-going or dealt with as separate agenda items for this meeting.

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

2. Health and Safety Update

There was one reportable Health and Safety incident during February involving the injury of a site operator whilst lifting machinery. Training issues would be addressed as a result of this incident. The attendance rate was 0.3% below the target. A general discussion then ensued in relation to the long term sick leave trend analysis. It was noted that the absence management policy would be reinforced within the organisation and the opportunity to facilitate a phased return to work would be further explored for individuals as appropriate.

3. Main Board Report

The Interim Chief Executive confirmed an overall positive position in relation to KPIs and that the supply interruptions KPI was now back on track. The capital expenditure target would also be met. The Board noted recent positive sessions with Senior Managers in relation to the Future Operating Model as well as the successful submission of the Draft Business Plan for PC15. A recent presentation on the business plan had been well received by DRD. The Interim Customer Service Delivery Director updated on relevant targets including positive outturns in relation to supply interruptions, leakage and customer telephone contacts. A meeting was due to take place with the Utility Regulator in relation to 14/15 targets for removal of properties from the DG5 Register. The zero meter reads issue was now being treated as business as usual. The Interim Chief Executive provided an update in relation to colleagues. It was agreed that the General Counsel and Company Secretary would check the approvals position in relation to the issue raised by TU Representatives on behalf of front line operatives.

[ACTION: General Counsel and Company Secretary]

A brief discussion ensued in relation to VER and VS strategy and how this should link in future into the manpower plan and HR strategy. The General Counsel and Company Secretary advised of an update to the communications table within the report. The Finance and Regulation Director confirmed a positive position in relation to financial targets. It was noted that DRD had requested the Company to consider further opex efficiencies in 14/15. After some discussion it was agreed that the response to DRD be shared with Board members for information. It was suggested that DRD should be encouraged to work closely with DARD in relation to

helping to reduce the Company's debtors. The Asset Management Director updated the Board on compliance matters including changes to the Shellfish Waters Directive and the Bathing Water Directive.

10 of the 15 Corporate Risks had been managed down as at the year end. The Board asked that the description of Corporate Risk 15 be reconsidered.

[ACTION: Director of Finance and Regulation/Director of Engineering Procurement and Interim Customer Service Delivery Director]

(PPP Contracts Manager joined the meeting for Item 4)

4. PPP Exceptions Report

The Board received a verbal update in relation to the Prudent Operator Claim and recent legal advice obtained in this regard. The Board was also updated on the current position in relation to the accounting treatment of any potential liabilities arising as a result of this matter. The Board approved the further adjustment to the payment mechanism for Richhill WWTW based upon the information provided within the report.

5. CWP - No Surprises Report

The Board noted the update report in relation to this matter.

6. i. Capital Approvals

The Board approved that this matter go to tender. Management was requested to further consider the resource profile outlined within the proposal.

[ACTION: Director of Engineering Procurement]

ii. Ballydougan to Newry Phase 1

The Board approved the increase based upon the information provided within the report.

iii. Breda North Phase 1

The Board approved the increase based upon the information provided within the report.

(Head of OCMC and Senior Category Manager joined the meeting for Item 7)

7. C665 - Water and Wastewater Networks Services Contract

The Board approved the award of Contract C665 over 6 years and congratulated management on the outcome of this tender process.

(Financial Controller and Head of Management Accounts joined the meeting for Item 8)

8. Finance

i. Review of the Use of Professional Services Guidance

Approval based upon the information provided within the report.

ii. Changes to the Policy on Economic Appraisals and Post Project Evaluations

Approval based upon the information provided within the report.

iii. Rates SME

Having considered the matter in detail the Board agreed that this work should proceed subject to reducing the potential cost of external support in this matter.

9. Clarification of FR041 - Electricity Procurement Policy

Approval based on the information provided within the report.

10. Procurement Activity Report

The update report was noted.

(It was agreed to take Item 12 next - George Butler left the meeting for Item 12)

12. Pension Update

An update report was tabled to members. The Board noted the current position and asked for an update on further engagement with DRD on this matter.

[ACTION: Finance and Regulator Director]

(Chief Information Officer and Head of Corporate Information joined the meeting for Item 11)

11. Information Governance Quarterly Report

The Board noted the quarterly update in relation to information governance including the forthcoming changes to protective markings on documents.

13. Audit Committee Update

The Chair of the Audit Committee provided an update on matters considered at the Committee's last meeting on the 12th March 2014. Brian Carlin the Chair of the DRD Audit Committee attended the meeting as an Observer. The Company remained on course for a satisfactory annual internal audit opinion based upon the work done to date by Internal Audit. The Committee also considered and approved the Internal Audit strategy 14-17 and the plan for 14/15. It was suggested that consideration be given to including certain matters from the QSM report within the scope of the Audit Committee as necessary. A general discussion then ensued in relation to QSM meetings and it was agreed that the structure and purpose of such meetings be raised at the April meeting.

[ACTION: General Counsel and Company Secretary]

14. Weather Watch

The Board noted the short term weather forecast.

15. Forward Look

The forward look was noted.

16. Any Other Business

The Board noted that the DRD Minister was likely to make a positive announcement in relation to NIW tariffs for 14/15.

Non Executive Directors were invited to attend the IOW Annual Conference on the 10th and 11th April in Limavady.

The Interim Chief Executive provided Board with a verbal update in relation to the current position on the CBC Contract and the actions to be taken in order to present a final business case to all relevant Stakeholders (including the Board) for approval in advance of the next Board meeting.