

Title of Paper	Minutes of the Board Meeting - 23 rd May 2012
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:

Kevin Steele	Non Executive Director (Chair for this meeting)
Don Price	Non Executive Director
Deep Sagar	Non Executive Director
John Rae	Non Executive Director
Jim Stewart	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

Apologies:

Sean Hogan	Chairman
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In the absence of the Chairman Kevin Steele agreed to Chair the meeting.

The Board received a presentation on its role and responsibilities in relation to the Bribery Act 2010 from the General Counsel and Company Secretary, Head of Corporate Governance and Senior Litigation Lawyer.

There were no conflicts of interests declared at the beginning of the meeting.

1. Draft Board Minutes - 25th April 2012

The minutes of the meeting on the 25th April 2012 were approved.

Board Action Points

The Board noted that the PC13 Business Plan had been submitted to NIAUR within the agreed timeframe. There then followed a discussion in relation to the Board to Board Meeting on the 15th June. It was agreed that NIW should seek to rearrange this meeting in order to ensure that the Chairman could attend.

[ACTION: Chief Executive]

The Chief Executive provided an update in relation to his recent meeting with the DRD Minister.

(Dymphna Gallagher joined the meeting for Item 2)

2. Health and Safety Update

The Board noted that there was one RIDDOR accident in April. The Health and Safety Standing Committee had agreed that “personal responsibility” should be the Health and Safety theme for 12/13. The Board was invited to a forthcoming Health and Safety Client seminar on 30th May. The Director of Asset Management agreed to compare the CSR certification scheme through the Construction and Employers Federation with NIW’s approach to Health and Safety training and address on any relevant issues not currently covered by NIW.

[ACTION: Director of Asset Management]

The Board requested a more detailed report at the next meeting in relation to an incident involving a contractor.

[ACTION: Director of Asset Management]

The Board also agreed that it should hold a Board Meeting at the Antrim Training Centre in 12/13.

[ACTION: General Counsel and Company Secretary]

3. Main Board Report

The Chief Executive provided the Board with an update on key issues in-month including mock incidents planned during 12/13, a recent presentation to the Regional Development Committee on unadopted roads and sewers in new

developments. On this point the Board acknowledged that it had no legal responsibility where there was no bond in place in relation to the development and where the developer was insolvent. In such circumstances NIW would have to be separately funded in order to complete any such adoption work and no provision had been made for such work within the PC13 Business Plan.

The Board also noted that the Capital Budget had been smoothed during the PC13 period - NIAUR was aware of this and it would be reflected in further engagement with NIAUR in relation to PC13. The Customer Service Delivery Director updated the Board in relation to customer service KPIs and explained in detail the current position in relation to leakage. The Board asked for a further explanation in relation to the supply interruptions KPI. A discussion then ensued in relation to customer complaints and the Chief Executive agreed to review NIW's position in light of Board comments with the Customer Service Delivery Director.

[ACTION: Chief Executive]

The Board noted positive news that the Company intended to recruit 10 apprentices and 6 graduates in-year. The Board also asked that work continue on a response to the request from DRD in relation to the Pension Scheme in advance of the next Quarterly Shareholder Meeting. The Finance and Regulation Director provided an update in relation to key financial performance indicators. The Board noted a decline in income based upon a number of factors. Capital spend in-month was ahead of forecast and the Board agreed that this needed to be carefully managed. The Board received a verbal update on the external audit.

The Board noted that the mediation in relation to the Belfast Sewers Tunnel would take place at the end of June. Strong performance continued in terms of water quality and waste water compliance and that the livery on NIW vans was changing to reflect the 'bag it and bin it' campaign. The Chief Executive agreed to update the Board on this at the next meeting.

[ACTION: Chief Executive]

In relation to outstanding internal audit actions the Board asked Management to consider whether more time should be anticipated for completion of actions particularly in relation to IT systems changes. The PC13 delivery plan would require significant internal resource together with the fact that the final year of PC10 remained very challenging in terms of delivery. It was noted that the revised corporate risks for 12/13 were now aligned with the new strategic objectives of the organisation.

The Chairman agreed to take items 5, 6 and 7 next.

(Jane Mellor joined the meeting for Items 5 and 6)

5. Procurement Activity Report

The Board noted an update report in relation to procurement activity and discussed in detail the position on regularity of spend. The Chairman agreed that this matter would be discussed in more detail under any other business.

6. Change in Electricity Procurement Strategy

The Board noted the updated position in relation to the electricity procurement strategy and that a recommendation would be made by the Electricity Procurement Project Board as to whether to extend the current arrangement or re-tender the contract within the next few weeks. The Board was content with this position.

(Paddy Cullen joined the meeting for Item 7)

7. Further Phase of 'Don't Wait - Insulate' Campaign

The Board noted that media spend over £10K now required Ministerial approval. The Board considered the proposal for a further phase of 'Don't Wait - Insulate' Campaign during the 12/13 winter period and approved the proposal to proceed to submission to the DRD Minister.

4. PPP/PFI Exceptions Report

The Board noted an update from the Chief Executive in relation to the Glen Water Prudent Operator Claim and the various options going forward. It was agreed that a previous advice paper to the Board would be recirculated. The Board also

considered and approved an authority change in co-operating additional wayleaves in relation to project Alpha.

[ACTION: Chief Executive]

8. Q4 Subsidy Assurance Statement

The Board noted and approved the Q4 Subsidy Assurance Statement for submission to DRD.

9. Year End Assurance Statement on Internal Controls

The Board noted that this statement had been considered by the Risk and Audit Committees and that it would be submitted to DRD subject to conclusion of KPMG's external audit. On that basis the Board was content to approve submission of the statement to DRD.

10. NIWEC Revision of Treasury Policy

The Board noted and approved proposed amendments to NIW Treasury Policy in light of the Management Statement and Financial Memorandum.

11. Financial Delegations

The Board noted and approved further revisions to the Financial and Procurement Delegations Policy reflecting recent guidance from DFP on consultancy as well as the impact of the Management Statement and Financial Memorandum.

12. Corporate Compliance Framework

The Board noted and discussed the updated report with particular reference to the items identified as Category C under the framework. The Board noted that the framework was designed to track and highlight changing or new legislation and that, where appropriate, material issues would be highlighted through existing channels such as the EPIC report or through the Corporate Risk Register. The Board asked that the report be shared with DRD for information.

[ACTION: General Counsel and Company Secretary]

13. Minutes of the Joint Audit and Risk Committee Meeting - 2nd May 2012

Minutes were noted.

14. Reservoir Levels Update

The Board noted a positive position in relation to reservoir levels.

15. Weather Watch

The short-term weather forecast was noted.

16. Forward Look

The forward look was noted.

17. Any Other Business

- i. The Chairman asked the Chief Executive to explain the background to the current position on regularity of spend. The Board noted that KPMG were currently forming an opinion in relation to regularity. The Board discussed the reasons behind this in detail and noted the action proposed to be taken by the Chief Executive in relation to this matter. The Board also sought assurances that this particular issue could not happen again and asked Management to confirm that appropriate control mechanisms were in place to provide such assurance. The Chief Executive noted that he would be bringing forward the internal audit work planned in relation to CPMR to Q1 12/13. The Board asked that DRD and KPMG be kept apprised of the position in relation to this matter.

[ACTION: Chief Executive]

- ii. The Board noted and commended Natasha McMonagle for the National Recognition she received at the Institute of Water Conference in relation to chartered professional development.

[ACTION: Chairman to write to Natasha]