

Title of Paper	Minutes of the Board Meeting - 24 th October 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
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	NIW Chairman
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In the absence of the Chairman Kevin Steele agreed to Chair the meeting.

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

1. Draft Board Minutes - 26th September 2012

The minutes of the meeting on the 26th September 2012 were approved subject to minor amendment.

Board Action Points - 26th September 2012

All actions were either complete or in progress to agreed timeframes. The Finance and Regulation Director updated the Board in relation to the accounting treatment concerning the tunnel dispute. An update paper in relation to a recent

internal audit on telemetry issues would be circulated to Directors outside the meeting.

[ACTION: General Counsel and Company Secretary]

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

2. Health and Safety Update

The Board noted that there was one RIDDOR reportable incident in period. NIW had also taken part in a construction cross border Health and Safety Seminar. Jim Stewart agreed to share a Health and Safety DVD.

[ACTION: Jim Stewart]

It was agreed that further information would be provided in relation to Incident Ref NIW1092.

[ACTION: Head of Safety, Quality & Compliance]

3. Main Board Report

The Chief Executive updated the Board on the following key issues in-month. In relation to flooding the final PEDU report (once published) would be shared with the Board.

[ACTION: CEO]

NIW remained concerned in relation to the Flood Incident Line and this would be raised at the Quarterly Shareholder Meeting that afternoon. After some discussion in relation to recent flooding incidents and the public perception in relation to NIW's responsibilities it was confirmed that key stakeholders including elected representatives and resident groups were made more aware of NIW's position. PC13 was dealt with as a separate agenda item. Payment had been made and accrued in relation to the recent adjudication decision on the tunnel dispute. Certain data and income issues in relation to the C428 metering installation contract have been identified. An investigation is on-going in this regard and further information will be provided to the Board in due course.

The Board noted the following updates in relation to KPIs within the Customer Service Delivery Directorate - the target in relation to loss of supply interruptions for over 24 hours remained at risk with a similar position in relation to the sewer flooding (other causes) KPI. A detailed discussion then ensued in relation to NIW's response to sewer flooding. The Board also noted that the most recent customer satisfaction survey was lower than anticipated and the reasons for this were discussed.

The Finance and Regulation Director confirmed that concerns remained in relation to income. There was also a potential charging issue concerning trade effluent customers still under consideration. A discussion then ensued in relation to the reduction in billed income and suggestions to address this. It was acknowledged that in the current economic climate customers were seeking to use less water and indeed NIW was promoting water efficiency to all customers in line with the Water Industry as a whole. The Board noted some slippage in relation to the Capital Works Programme and that steps were being taken to address this particularly on the Water Mains Programme. It was agreed that the Board would convene by teleconference in mid-November in order to agree a revised forecast and submission to the next public expenditure monitoring round.

[ACTION: General Counsel and Company Secretary]

The Finance and Regulation Director also agreed to circulate a summary of the NIAUR's position in relation to the recent NIE price determination.

[ACTION: Director of Finance and Regulation]

A detailed discussion then ensued in relation to NIW's Energy and Renewables Strategy. George Butler agreed to share a strategy paper from PC10 in this regard.

[ACTION: Director of Asset Management]

In relation to compliance matters the Board noted that the OPI TIM was likely to fail in year because NIW. It was noted that there were no health issues in this regard and there would be further engagement with NIAUR in relation to NIW's Watermains Rehabilitation Programme. The Board noted that a recent meeting

between the Minister, the Chairman and the Chief Executive in relation to pollution incidents was successful in terms of messaging. In terms of risk and governance the Board noted an escalation to Corporate Risk 15 in relation to Capital Frameworks which would be considered in more detail later in the agenda. The Board challenged the current levels of risk in relation to both PC13 and Capital Expenditure. It was agreed that Management would review these risks. The Board noted that the information risks referred to in the Internal Audit summary related to security of data and information management rather than data quality.

5. Procurement Activity Report

The Board noted the update on procurement activity and acknowledged that the off contract expenditure project was on track for completion by December 2012.

(Brian McCalmont joined the meeting for Item 6)

6. Leakage Update

The Board received a presentation on leakage. The Board thanked the Head of Leakage for his informative presentation.

7. PC13 Delivery Planning Update

The Board was updated on the current position in relation to this matter.

4. i. PPP/PFI Exceptions Report

The Board noted an update report in relation to PPP/PFI matters and that a meeting was scheduled for the middle of November between the CEO and the new Managing Director of Veolia Water.

ii. Omega Adjudication - Volume of Wastewater

The Board noted the update in this matter and asked to be kept informed of the outcome of the adjudication.

9. Pension Update

The Board was updated on the current position in relation to this matter.

8. Items Recommended for Approval

i. AMT Contract Extension

The Board was content to approve the extension for a period of one year on condition that the issues in relation to implementation referred to within the report were addressed.

(Bill Gowdy and Dave Saville joined meeting for item 8 ii. and v.)

ii. Portavogie WWTW Increased Costs

After some discussion this matter was not approved. Bill Gowdy was asked to re-present the paper explaining clearly and concisely what approval was being sought and why. It was agreed the revised paper could be circulated by email.

[ACTION: Interim Director of Engineering Procurement]

v. Extraordinary Extensions of Frameworks

The Board discussed the paper in detail and the various limited options available in the circumstances. The Board agreed that all efforts should be made to continue the Capital Works Programme and on that basis agreed to approve the recommendations within the report. This would also require DRD approval.

iii. C544 Odour Control Chemicals

Approved on the basis of the recommendation of the Executive Committee.

iv. Extension of Reporter Contract

Approved on the basis of the recommendation of the Executive Committee.

vi. Q2 Subsidy Assurance Statement

Approved on the basis of the recommendation of the Executive Committee.

10. Update on Board Objectives

It was agreed to defer this item until the next meeting.

11. Weather Watch

Noted.

12. Forward Look

Noted.

Approved