

Title of Paper	Minutes of the Board Meeting - 27 June 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:

Sean Hogan	Chairman
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

1. Draft Board Minutes - 23 May 2012

The minutes of the meeting on 23 May were approved.

Board Action Points

The Board noted update paper on supply interruptions, provided by Director of Customer Service Delivery under action 8. An update in relation to the 'Bag it and Bin it' campaign was also circulated for information. All other actions were included in the current agenda.

(Dymphna Gallagher joined the meeting for Item 2)

2. Health and Safety Update

The Board discussed details relating to a RIDDOR event during May 2012 and the wider implications and responsibility for senior managers. It was noted that Board would be kept apprised on the contractor report and follow up. The Director of Asset Management responded to a query which had been discussed during the last Board meeting relating to CSR certification through the Construction Employers Federation and confirmed that NIW's 'SHE' card was equivalent. The Director of Asset Management also updated Board on recent ICE Health & Safety Seminar and its success, and thanked Deep Sagar for attending.

3. Main Board Report

The Board discussed a recent PC13 Meeting with the Utility Regulator which had been held on 15 June and it was noted that the Director of Finance would be circulating notes taken during that meeting, for information.

[Action: Director of Finance]

The CEO stated that he intended to hold a meeting with NIAUR's CEO in the near future. It was also agreed that PC13 would be placed on the agenda for further discussion at the July Board meeting.

[Action: General Counsel & Company Secretary]

The Chief Executive provided the Board with an update on key issues during the last month, including Exercise Centurion which had been carried out on 14 June and simulated a loss of water supply from two treatment works in the east and west of the province.

Board noted that PC13 Capital Budget had been smoothed over both years and work was due to commence shortly on PC15.

Under the Operation Review section, the CEO updated Board on VER/VS issues, Headcount, Pay Remits, Equal pay and recent media coverage. He also

highlighted issues relating to the Employee Forum and on-going discussions with Trade Unions. Board noted that the proposed Employee Forum was designed to accommodate both Union and Non-Union members.

The Director of Customer Service Delivery updated the Board on CSD issues and Board noted the downward trend on number of complaints received and outcome of recent Customer Satisfaction Survey. The Board also noted details in relation to a Category 2 Incident involving the Rapid system which had been well managed with minimal customer impact.

The Board discussed the current situation with the Ulster Bank and the CEO confirmed that information had been placed on source to assist staff banking with the Ulster Bank. It was also agreed that staff would be allocated time to visit their personal branches during working hours.

The Board noted that the income remained an area of focus given reduced metered water usage levels. The Director of Finance informed Board of reduced consumption in relation to a large commercial customer, due to new cooling system processes. The Board discussed this trend and its implications in going forward with PC13 and PC15.

From 9.45-10.20am Minister Kennedy, Barry Jordan and Maire Cairns, DRD, joined the meeting to discuss the Governance Model paper listed under item 12 on the agenda

12. Governance Model

Detailed discussions followed and opinions were shared in relation to proposals for NIW Governance arrangements going forward. The Minister thanked the NIW Board for its input on the future governance of the organisation.

Item 3 (contd)

The Board discussed PC13 efficiency and noted that a cross directorate team was in place to develop a delivery plan.

The Board noted that Capital Expenditure was being closely monitored in order to maintain a smooth profile throughout this and next year.

The Board noted positive water and wastewater quality compliance results.

Deep Sagar discussed reporting structure for Bathing Water/Pollution results and possible move to CSD reporting table. Management agreed to consider this issue.

[Action: Director of Asset Management/ Director of CSD]

4. PPP/PFI Exceptions Report

Paper taken as read - for information on current position.

Ciaran Crozier joined the meeting for item 4(ii)

PPP Contracts Report

The Board was provided with a high level presentation on Projects Alpha and Omega, detailing locations of plants and payment mechanisms relating to both. The Board thanked Ciaran Crozier for the informative presentation.

5. Procurement Activity Report

Paper taken as read.

6. Procurement Committee Update

The Board considered and approved revised Procurement Committee and Electricity Procurement Project Board Terms of Reference.

It was agreed that Executive Directors would be invited to attend all future Procurement Committee meetings.

[Action: General Counsel & Company Secretary]

7. Procurement Approvals - Newry WWTW

The Board approved an increase in costs on this contract due mostly to land related issues based upon the information provided.

Items 10 and 11 were taken next on agenda

10. Approval of Annual Report and Accounts

Arthur O'Brien (KPMG) and Chris Turner (Reporter - Halcrow), Peter Johnston, Garth Stewart and Keith Scott joined the meeting for items 10 and 11

Arthur O'Brien summarised the audit process followed by NIW and KPMG and informed the Board that he was content for Board to sign Annual Report and Accounts. He gave a high level summary of comments on AIR 12 and Regulatory Audit.

He was also content to sign the Regulatory Accounts subject to Board's approval. The Board noted that the Audit Committee was content with the Annual Report and Accounts and the Regulatory Accounts and that the former were unqualified.

The Board noted that Guidance on PC15 in relation to asset value was not based on MEAB as this was not currently a NIAUR requirement as dispensation had been given in this respect.

The Board approved submission of AIR12 subject to there being no subsequent material issues arising from the Regulator's work. On that basis the Board approved the Annual Report and Accounts 2011/12 and the Regulatory Accounts 2011/12.

11. Approval of AIR - 2012

Chris Turner informed Board that work was mid process, however a lot of ground work had been done. There had been good feedback so far. Areas still to cover were Carbon, OPA and CPMR with no material concerns expected.

The Board Approved AIR 2012 on that basis.

The Finance & Regulation Director agreed to consider how NIW would publicise the AIR.

[Action: Finance & Regulation Director]

8. Internal Audit Update

Nicola Brennan, Head of Internal Audit joined the meeting for item 8

Nicola Brennan provided the Board with a presentation which covered the Internal Audit Annual Assurance Statement 2011/12, Internal Audit Strategy and future areas for consideration.

The Board noted the satisfactory assurance statement and thanked the Head of Internal Audit for her presentation.

9. Update on Pension Issues

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

13. Nomination & Remuneration Committee Update

The Board discussed an item which had been proposed by the Nomination & Remuneration Committee at its meeting on 13 June in relation to Mileage Rates for Non-Executive Board members. It was agreed to defer this matter.

14. Draft Minutes of Audit Committee Meeting

Noted and taken as read.

15. Weather Watch

Information item noted.

16. Forward Look

Information item noted.

17. AOB

Recruitment of Apprentices/Graduates

The Board noted positive media coverage following recruitment advertisement for NIW apprentices and graduates.

Update on Belfast Tunnel

A verbal update was provided in relation to the mediation.

ICE Event - Invitation to Scottish Water

John Rae informed the Board of Scottish Water participation in a local ICE Event, following an invitation issued by Jo Aston, incoming Chair.