

Title of Paper	Minutes of the Board Meeting - 28 th November 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	NIW Chairman
Kevin Steele	Non Executive Director
Don Price	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:

Deep Sagar	Non Executive Director
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In relation to potential conflicts of interested it was noted that Jim Stewart would withdraw during agenda item 8 ii. and George Butler would withdraw during agenda item 8 iv.

1. Draft Board Minutes - 24th October 2012 and 7th November 2012

The draft minutes of the meeting on the 24th October 2012 and the 7th November 2012 were approved.

Board Action Points - 24th October 2012

All actions were complete or in progress to agreed timeframes. The Customer Services Delivery Director provided a brief verbal update in relation to a metering contract matter discussed at the last meeting. It was agreed that a formal report would be brought back to Board on this matter in due course.

[ACTION: Customer Services Delivery Director]

(The Head of Safety, Quality & Compliance joined the meeting for Item 2 and Item 8 xii)

2. Health and Safety Update

The Board noted that there was one RIDDOR reportable incident in period which was still under investigation. A “Man Down” mock exercise had also been completed with positive feedback from the independent umpire. There then followed a discussion in relation to accidents caused as a result of negligence or failure to follow specific training. The Board asked for confirmation of the number of claims brought as a result of workplace accidents during the last year.

[ACTION: General Counsel and Company Secretary]

The Board noted that further engagement was on-going with Contractors in relation to the number of health and safety issues arising on a regular basis.

8. xii. Short Shelf Life Parameters

The Board noted that this proposal was being driven by regulatory requirements and that the potential value would be properly monitored. On the basis of the information provided the Board approved the 3 STAs set out in the paper. It was noted that this would be subject to DRD approval also.

3. Main Board Report

The Chief Executive updated the Board on the following key issues in month:- PC13 (a separate item later in the Agenda), PC15 preparations and a recent Cost and Performance Report issued by NIAUR.

The Chief Executive also updated the Board on the current position in relation to the IWWF. A detailed discussion then ensued in relation to the options currently available to NIW in order to assist in the delivery of the Capital Works Programme particularly going forward in 13/14. The Board agreed that the risk of non-delivery of the Capital Programme should be escalated as appropriate and the Chief Executive was asked to circulate an appropriate communication with DRD with the Board before sending.

[ACTION: CEO]

The Board then discussed recent engagement at CCGNI and an update from the Met Office on the long range forecast at Christmas. The Customer Service Delivery Director provided an update on NIW's Winter Contingency Plan including the MESAA payments which were currently awaiting DFP approval. Customer Service Delivery Directorate targets were on track with the exception of loss of supply interruptions for over 24 hours and of sewer flooding (other causes). The Finance and Regulation Director reported continued good financial performance in period. As previously discussed the provision in relation to PPP claims had been moved to an accrual for accounting purposes. In relation to compliance issues the Chief Executive noted that microbiological exceedances were currently being monitored closely. Corporate Risks 1 and 4 were presented to the Board and Corporate Risk 8 was currently under review in light of recent developments in relation to PC13. The Board noted that in relation to the report on 2 recently completed items of Internal Audit work the first was now satisfactory as a result of Management action and in relation to the second it was anticipated that Management's actions to address Internal Audit concerns should be complete by February 2013. The Board requested more regular updates on data quality issues and asked for further focus on outstanding legacy internal audit actions.

[ACTION: Executive Committee]

The Board noted that the business case in relation to SME support for the future operating model had now been approved by DRD.

4. PPP/PFI Exceptions Report

The Board considered and approved a Business Case for the extension of the professional advisors on the PPP Contracts on the basis that management confirmed that the professional advisors were being managed appropriately and NIW was achieving value for money under the contracts.

5. Procurement Activity Report

The Board noted the update report and a satisfactory recent internal audit in relation to goods and services procurement. The Board also noted that there

remained one contract outstanding in relation to the Off-Contract Regularisation Project and commended Management for delivery of this project.

6. PC13

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

(Paddy Brow and Hans Jensen (UKWIR) joined the meeting for Item 7)

7. NIW Research, Development & Innovation Strategy

The Board received presentations from Paddy Brow in relation to NIW's research and development strategy and from Hans Jensen in relation to the role of UKWIR.

8. Approvals

The following Items were considered and approved by Board upon the recommendation of the Executive Committee:-

- i. Settlement of the Belfast Tunnel Dispute**
- iii. Inflationary Cost Increase and Price Checked for WMRP**
- vii. STA to formalise the contractual relationship with Canon UK**
- viii. Rural Waste Water Investment Programme**
- ix. Sale of Armagh Depot**
- x. C555 Screens Framework contract**
- xi. C579 Supply and Delivery Chemicals**
- xiii. WRC Business Case**

The Board agreed that benefits delivery must be tracked under this Contract.

- v. Telecoms Contract Renewal**
- vi. Telemetry Outstations**

Approved on the basis that these proposals align with NIW's IT Strategy.

George Butler left the meeting for the next item.

(Seamus Doyle joins meeting for Item iv.)

iv. Pensions Dispute - Northgate

The Board considered the proposal in detail and approved the recommendation on the basis that no payment should be made by NIW to the NIW Pension Scheme and that appropriate checks be made to ensure that the appropriate sum for relevant Northgate staff was included in the bulk transfer from the NIPCS to NIW.

[ACTION: Chief Information Officer/Director of Finance and Regulation]

Jim Stewart left the meeting at this point.

(Angela Halpenny and John Burke joined the meeting for Item ii.)

The following section is Commercial in Confidence

ii. Trade Effluent - Hospitals Charging

The Board agreed that this matter could be dealt with by circulation in the event that the advice was obtained prior to the next Board Meeting.

9. Weather Watch

Weather outlook had already been discussed under Item 3.

10. Forward Look

Forward look was noted.

11. 2011 Wastewater Annual Report.

Noted.

12. NIW Flooding Liability

Noted.

13. Any Other Business

i. Board Strategy Review

The General Counsel and Company Secretary confirmed that Executive Committee would like to review Board Strategy and outstanding matters in January to include PC13. The General Counsel and Company Secretary was asked to make appropriate arrangements for this to take place.

[ACTION: General Counsel and Company Secretary]

ii. Escalation Procedure to Inform the CEO (EPIC)

The Chief Executive advised the Board of escalation of an issue concerning a number of meters where there was potential under billing. These meters were known as “x 10” meters. There were 108 in number (1% of the metered stock) 6 had been confirmed as not read correctly, and 43 were still being assessed. The assessment exercise should be complete at the end of the week. The Board asked to be kept updated in this regard and that shareholders be advised as appropriate under the EPIC procedure.

[ACTION: CEO]

iii. Pensions

The Board requested that the Pensions issues raised by DRD be brought back to the Agenda on a regular basis.

[ACTION: CEO]

iv. Engineering Procurement Director

The Board noted an update in relation to the Engineering Procurement Director role.