

NI Water Ltd  
("the Company")

Minutes of a Meeting of the Board of Directors (the "Board")  
Held in Conference Room, Westland House  
on Tuesday 27<sup>th</sup> August 2019 @ 11.00 am

<b>Present:</b>	Len O'Hagan	Chairman
	Peter McNaney	Non Executive Director
	John Rae	Non Executive Director
	Kingsley Donaldson	Non Executive Director
	Jim McCall	Non Executive Director
	Trisha McAuley	Non Executive Director
	Sara Venning	Chief Executive
	Ronan Larkin	Finance & Regulation Director
	Paul Harper	Director of Asset Delivery
<b>In attendance:</b>	Mark Ellesmere	General Counsel & Company Secretary
	Des Nevin	Interim Director of Customer Services Delivery
	Rose Kelly	Director of People & Learning
	Alistair Jinks	Head of Business Improvement
	Cathy Uprichard	Head of Safety, Health and Environment ( <b>Item 2</b> )
	Dermott McCurdy	Head of Integrated Capital Delivery ( <b>Item 6</b> )
	Dymphna Gallagher	Head of Safety and Drinking Water Regs ( <b>Item 7</b> )
	Maynard Cousley	Water Supply Senior Manager ( <b>Item 7</b> )
	Paul Dillon	Chairman of the Pension Scheme ( <b>Item 10</b> )
	Caroline McGale	Head of Regulation & Business Reporting ( <b>Item 11</b> )

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

1.
  - i. **Draft Board Minutes - 20<sup>th</sup> June 2019**  
The draft minutes of the meeting on 20<sup>th</sup> June 2019 were approved.
  - ii. **Board Actions**  
One outstanding action due to complete in early September.
2. **Health and Safety Report**
  - No NIW KPI incidents and no contractor RIDDOR incidents in period.
  - The Autumn Safety Programme was being developed and a new health and safety software package was being rolled out within the organisation

### 3. Main Board Report

#### Significant matters in month.

The CEO provided an update on the following matters:

- The Company Strategy would be launched at an event on 25<sup>th</sup> September together with the Annual Report and Accounts 18/19.
- On-going engagement with DfI on pay discussions was noted.
- Non binding heads of terms have been agreed in relation to the Omega Facilitation which the Board very much welcomed.
- Todbrook reservoir dam failure - an update would be provided at the next Risk Committee meeting in relation to the risks posed by dams owned and managed by the Company.
- The IOW National Conference was very successful and the Board congratulated Management on this event.
- Southern Water fine - the Board discussed this matter in detail including ongoing engagement with NIEA and DfI.

#### Colleagues

- Updates were noted in relation to pay negotiations, health and wellbeing and the forthcoming engagement survey.

#### Customer

- Good progress being made in relation to supply interruptions KPI.

#### Compliance

- KPIs on track in relation to drinking water quality and waste water compliance.
- Forthcoming prosecution for breach for enforcement notice by NIEA discussed in terms of the Company's position.

#### Finance

- It was noted that the potential impact of Brexit on income was being modelled in more detail.
- Update on 19/20 funding allocations and October monitoring round would be considered under agenda item 9.
- The Brexit Incident Management Group was now reinstated and engagement increasing with DfI and Water UK in preparation for 31 October 2019.

### 4. PPP Exceptions Report

- The Board noted the update report and congratulated Management on the successful outcome of the omega facilitation subject to a binding settlement agreement approved by the lenders.

### 5. ACE Update

- The Board received an update on the ACE programme with a focus on business analytics.

6. **Impact of Capital Funding Constraints on PC15 Outputs**
  - The presentation on the impact of the under funding of the PC15 capital programme was discussed in detail including the potential for non delivery of nominated outputs particularly as a result of the inability to advance funding from 20/21 to 19/20.
  - The Board agreed that the Finance and Regulation Director seek advice on various financing options for the Company.
7. **Cryptosporidium Mitigation Report**
  - The update on actions to address cryptosporidium risk at water treatment works was noted - some recommendations would involve significant spend beyond PC15 and into PC21.
  - Confirmation was sought as to progress against plan in terms of agreed timelines.
8. **Approvals**
  - 8.i. **FR026 - Oracle Upgrade BC**
    - Approved subject to confirmation of additional spend on this project compared to current spend.
  - 8.ii. **Dividend**
    - The Board considered its fiduciary duties and the solvency of the business before recommending the declaration of payment of a dividend to Dfl in the sum of £28.272m. The General Counsel and Company Secretary tabled a written resolution from Dfl confirming payment of the dividend upon the recommendation of the Board.
  - 8.iii. **Business Case - Buxton Lime**
    - Approved based on the information provided within the report.
  - 8.iv. **C920 - Software System Engineering Contract**
    - Approved based on the information provided within the report.
  - 8.v. **Extraordinary Extension for Vehicle Telematics**
    - Approved subject to lessons being learned as a result of the tender re-run.
9. **Update on 2019/20 Funding Allocations and October Monitoring**
  - It was agreed that Management should report the position to Dfl in line with the recommendation within the report. This should include details of the underfunding of the PC15 business plan across each financial year by way of background.
10. **Pension Update**
  - The update report was noted including the position on scheme funding, a strong employer covenant and the election of Member Nominated Trustees.

11. **PC21 Update**
  - The update presentation was noted in preparation for the forthcoming workshop on the 24<sup>th</sup> September.
12. **Forward Look**
  - The forward look was noted.
13. **Any Other Business**
  - There were no items under Any Other Business.

Approved