

<b>Title of Paper</b>	Minutes of the Board Meeting - 17 <sup>th</sup> December 2014
<b>To be presented by</b>	Chair
<b>Purpose of paper (approval/information)</b>	For the Board to agree the minutes of its meeting for subsequent internet publication.
<b>Significant Issues</b>	None

<b>Present:</b>	Sean Hogan	Chairman
	Kevin Steele	Non Executive Director
	Jim Stewart	Non Executive Director
	John Rae	Non Executive Director
	Deep Sagar	Non Executive Director
	Sara Venning	Chief Executive
	Ronan Larkin	Finance & Regulation Director
	George Butler	Asset Management Director
<b>In attendance:</b>	Mark Ellesmere	General Counsel & Company Secretary
	Alec McQuillan	Interim Customer Service Delivery Director (Observer)
	Pauline Sterling	EA/CEO

There were no conflicts of interest declared at the beginning of the meeting with the exception of George Butler who declared a conflict in relation to Agenda Item 8. The Chairman advised the Board members that the Minister was about to announce the appointment of his replacement - Dr Len O'Hagan - and arrangements would be made for his induction and to meet the rest of the Board members in the New Year.

**[ACTION: Chairman/General Counsel and Company Secretary]**

**1. Draft Board Minutes - 26<sup>th</sup> November 2014**

The draft minutes of meetings on 26<sup>th</sup> November 2014 were approved.

**Board Actions - 26<sup>th</sup> November 2014**

All actions were complete or on track for completion within agreed timeframes.

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

## **2. Health and Safety Update**

There were no KPI or contractor RIDDOR incidents in period. Separate meetings had taken place between Directors and 3 contractors reminding them of their health and safety obligations and reviewing the steps they were taking to avoid incidents and near misses. Mandatory Health and Safety training should be complete by the end of December and the zero tolerance approach remained in place until all such training was complete. There was a high attendance at the recent Health and Safety Forum and Jim Stewart's attendance at this event was much appreciated by Management. It was agreed that an extra column be added to the Table 4.3 on page 6 tracking the year to date figures from the previous year.

**[ACTION: Asset Management Director]**

The Customer Service Delivery Director clarified details in relation to incident reference NIW 1646 to the satisfaction of the Board.

## **3. Main Board Report**

The Chief Executive confirmed that the majority of KPIs were on target. PC15 and the 15/16 Budget were separate agenda items later in the meeting. A detailed response was being provided to DRD in relation to the impact of the further cut made to the Companies capital budget. There were positive meetings with both the Minister and the new Permanent Secretary since the last meeting and the Chairman met separately with the new Permanent Secretary on a range of issues. The Board noted actions falling out of the recent WSSG meeting and that certain stakeholders would independently support NIW's position on the proposed 15/16 budget.

*(The Chief Executive left the meeting at this point)*

The Interim Customer Service Delivery Director confirmed that work was on-going in relation to the recovery of the supply interruptions target by the year end. In discussing the potential failure of the DG9 target it was noted that further engagement was on-going with external service providers in relation to this matter.

*(The Chief Executive re-joined the meeting at this point)*

The Chief Executive provided a verbal update in relation to the 2014 Pay Remit. It was noted that Industrial Action would be discussed under Agenda Item 8.

The Finance and Regulation Director confirmed that financial targets were on track for delivery. The position in relation to compliance on water quality and waste water compliance was noted. A discussion then ensued in relation to compliance and targets going forward in the context of the 15/16 budget discussions. The Interim Customer Service Delivery Director explained the approach taken to address current indicative budget constraints and the impacts this would have. In total proposals would save some £4m (per annum) but compliance would drop from its current level of 98% to 27%.

The Board received detailed updates in relation to corporate risks 3, 5 and 8 and noted that the residual risk in relation to corporate risk 8 had moved up and for corporate risk 4 and opportunity 1 had moved down in the period. The Board also asked that the potential for Direct Rule be considered in terms of future risks and opportunities. The Board was also reminded of the information currently being shared with DRD in relation to corporate risks and opportunities.

*(John Rae joined the meeting at this point and The Director of Engineering Procurement joined the meeting for Items 4 and 5 and Head of Public Private Partnerships joined the meeting for Item 4)*

**4. PPP - Exceptions Report**

The Board noted the update report and in particular the position in relation to the current High Court proceedings and engagement with Glen Water on the out of specification sludge dispute.

**5. CWP - No Surprises Report**

The Board noted the No Surprises Report on the capital works programme.

*(The Head of Management Accounts joined the meeting for Item 6 and The Interim Head of Regulation and Regulation & Business Performance Manager joined the meeting for Items 6 and 7)*

## **6. Operating Plan & Budget 2015/16**

The Board was presented with a high level operating plan and budget for 15/16 in draft for information. It was noted that the opex figure within the draft plan was higher than the opex allowed within the recent Final Determination. The Board then discussed and approved the draft submission to the DFP Consultation on 15/16 NI Budget on the basis that certain key messages would be highlighted in the covering letter. It was also agreed that Management would consider how this response might be publicised further.

**[ACTION: Chief Executive]**

*(Head of Management Accounts left the meeting at this point)*

## **7. PC15 Final Determination**

The Board received a high level presentation on the Final Determination published on the 10<sup>th</sup> December including a summary of the changes between the business plan, the Draft Determination and the Final Determination. It was agreed that further work should be undertaken in relation to a risk mechanism to deal with the likely event that public expenditure would not be available to fully fund the Final Determination. This would be required in order for the Board to make an informed decision in relation to the final determination.

**[ACTION: Chief Executive/Finance and Regulation Director]**

It was noted that the Final Determination was a regulatory contract for 6 years and not just for the 15/16 period. This made the risk mechanism all the more important from the Board's perspective. The Board noted the plan for detailed consideration of the Final Determination at a separate meeting on the 15<sup>th</sup> January. A discussion then ensued in terms of opportunities to outperform on condition that certain freedoms would be granted and certain restrictions removed from the company such as pay

remit. It was agreed that direct contact would be made with any member unavailable on the 15<sup>th</sup> in advance of that meeting.

**[ACTION: Finance & Regulation Director/Deep Sagar]**

The General Counsel and Company Secretary advised that he was currently checking the legal position in relation to the February deadline for acceptance of the Final Determination given the current budget situation.

*(The Director of Asset Management left the meeting for the next item)*

## **8. Pensions Update**

The Board received an update presentation on pensions and industrial action from the Chief Executive and the Finance and Regulation Director. It covered recent engagements with the Trade Unions and the Minister and the mitigating steps being proposed by the Company in order to avoid industrial action. The risks to the organisation from the proposed action were explained in detail particularly on the water supply side. The Board discussed the matter in detail including proposed mitigation measures that had been shared with the Minister. The Board agreed Management's approach to this issue as detailed in the presentation and asked to be kept updated on the situation as it progressed.

**[ACTION: Chief Executive/General Counsel and Company Secretary]**

The Board also noted that this may present another opportunity to secure control of the organisation's pay remit and to look to ensure contractual commitments from staff going forward in relation to 24/7 service delivery.

The following items were approved based upon the information provided with the reports:-

9. Communications Policies for Approval - CE002, CE003 and CE004
10. Taxation Affairs
11. STA for Maintenance of Existing Sludge Logging System
12. X065 - STA for Fuel Cards Contract

**13. Nomination and Remuneration Committee - Appointment of Director of CSD**

The Chair referred to a meeting of the Nomination and Remuneration Committee earlier that day. After an open recruitment process the Chair confirmed that the Committee recommended the appointment of Sean McAleese to the role of Director of Customer Service Delivery. The General Counsel and Company Secretary tabled the appropriate consent and written resolution on behalf of DRD to the appointment. The Board unanimously approved the recommendation. The appointment would be effective from the 12<sup>th</sup> January 2015.

*(The Chief Information Office and Head of Corporate Information joined the meeting for Item 14)*

**14. Information Governance Quarterly Report**

The Board thanked the CIO and the Head of Corporate Information for their comprehensive quarterly update on Information Governance.

**15. Procurement Activity Report**

The Procurement Activity Report was taken as read. The Board noted that resource issues relating to the goods and services procurement team were being addressed.

**16. CSR Committee Update**

The Chair of the Committee provided an update on the most recent meeting on 11<sup>th</sup> December 2014. Items considered included the health and well being of staff. Jim Stewart agreed to share information on work he had done in this area.

**[ACTION: Asset Management Director]**

**17. Procurement Committee Update**

The Chair provided an update on the papers considered by circulation in the absence of a meeting of the Committee.

**18. Weather Water**

The Board noted the latest short-term weather forecast.

## 19. Forward Look

The Forward Look was noted.

There were no items under AOB and the Chairman wished all members a Merry Christmas and a Happy New Year.

Approved