

<b>Title of Paper</b>	Minutes of the Board Meeting - 26 November 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
	John Rae	Non Executive Director
	Jim Stewart	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 7.

- Draft Board Minutes - 23<sup>rd</sup> October 2014 and Teleconference of 17<sup>th</sup> November 2014**  
The draft minutes of meetings on 23<sup>rd</sup> October 2014 and teleconference of 17<sup>th</sup> November 2014 were approved.

#### **Board Actions - 23<sup>rd</sup> October 2014**

Outstanding actions were either closed, covered in the current agenda or on track for completion at an agreed future date. An update report was provided in the Board packs in relation to action point 3. An updated Board paper in relation to the payment of a dividend was provided in relation to action 8. This would be considered in the context of the PC 15/16 Budget later on the agenda.

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

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

The Board noted that there were 3 RIDDOR contractor incidents in the period. Jim Stewart and John Rae had met with the Director of Asset Management and the Head of Safety, Quality and Compliance in order to review these incidents in detail and provide suggestions and support as to how to address these matters going forward. The continued zero tolerance approach in terms of Health and Safety training was noted. It was agreed that next steps and actions should be brought back to the Board in due course in relation to the RIDDOR incidents. The Chair of the Risk Committee noted that whilst there were issues to be addressed the Company's overall Health and Safety record continued to be very strong.

All members were invited to the Health and Safety Forum on the 1<sup>st</sup> December 2014 at Antrim Training Centre.

## **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. EY had been appointed to support the Wave 0 phase of the FOM project. Exercise Rio had taken place last week and had gone well with some learning for the Company in addressing major emergencies. Stakeholders at the WSSG meeting on 17<sup>th</sup> November 2014 were supportive of NIW's approach to the 15/16 Budget.

The Interim Customer Service Delivery Director confirmed that work was on-going in relation to recovery of the supply interruptions target by the year end. The position on DG5 was explained and work was being progressed in relation to the leakage target. Industrial Relations issues were picked up later in the agenda. A revised communications section continued to be developed.

The Finance and Regulation Director confirmed that financial targets were on track for delivery and there had been recent positive engagement with HMRC in relation to corporation tax. A discussion then ensued in relation to the dividend and the weighted average cost of capital.

The Director of Asset Management confirmed that new MBR cassettes should be fitted in Ballyclare by the end of December and the second meeting of the Partners Against Pollution forum had taken place. The Director of Asset Management agreed to discuss the NI Water approach to anaerobic digestion in more detail with Deep Sagar outside the meeting. It was noted that the UR was not minded to change its position in relation to pollution targets for PC15 and this issue may have to be revisited once the Final Determination was issued in December.

The Board received detailed updates in relation to corporate risks 2 and 7. Six corporate risks now had a residual rating of high which the Board agreed was a fair reflection of current circumstances. It was noted that an update on long term metering strategy would be provided at the next BIPB.

The Board then discussed in detail two recent limited internal audit assurance reports. It was noted that appropriate action was being taken by Management in relation to both reports. The Chair of the Audit Committee agreed to consider the date of the next meeting separately with the Director of Finance and Regulation and the General Counsel and Company Secretary. The Director of Asset Management agreed to brief John Rae in relation to the outcome of the laboratories accreditation issue.

*(The Director of Engineering Procurement and Head of Public Private Partnerships joined the meeting for Item 4)*

#### **4. PPP**

The Board noted an update in relation to the prudent operator claim and sludge deductions. The Board approved consent to the transfer of Laing Investments holding in Coastal Clearwater to Lagan under the terms of the contract subject to clarification of any due diligence required on behalf of the Company.

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

*(Head of Public Private Partnerships left the meeting)*

**5. CWP - No Surprises Report**

The Board noted the update report.

*(The Director of Engineering Procurement left the meeting)*

**10. Procurement Activity Report**

The proposal to seek a derogation from DRD was approved. The Board then discussed the resourcing issue within the goods and services procurement team and steps being taken to address this.

*(Head of Customer Billing joined the meeting for Item 6)*

**6. Debt Update**

The Board received an update on the actions being taken to recover debt within the organisation. The Board agreed that appropriate debt recovery measures were taken by the organisation and thanked the Head of Customer Billing for the efforts of her team in this important area.

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

*(Head of HR joined the meeting for Item 7)*

**7. Pensions Update**

The Board received an update paper on the pension project outlining the likely final version of the changes to the scheme having taken comments and suggestions into account under the consultation process.

*(The Director of Asset Management re-joined the meeting and the Board received a presentation from the Head of HR in relation to Industrial Relations)*

The Board discussed recent correspondence from the TUs in relation to proposed industrial action and the steps being taken by management to mitigate the effect of such action. After a detailed discussion it was agreed that the Board should seek to control its own pay and reward structure as part of a longer term strategy linked to continued efficiency, PC15 and the FOM project. It was noted that this approach

would be in line with the Director's duty to promote success of the Company. A discussion then ensued in relation to pay progression within the NICS. It was agreed that appropriate steps should be taken in the short term to manage the current situation and that the longer term strategy on pay and reward should be brought back to the Board in January 2015. The Chief Executive agreed to consider a suggestion to write to all members of staff in relation to the current ballot.

**[ACTION: Chief Executive]**

The Board agreed that appropriate steps were being taken to mitigate the impact of potential industrial reaction and that "lines to take" should be prepared for stakeholders and the media in the event that strike action does take place as well as to cover the scenario where such action takes place during a major emergency event.

**[ACTION: Chief Executive/Head of Communications]**

#### **8. Winter Readiness**

The Interim Customer Service Delivery Director provided an update on the winter contingency plan and, in particular, steps being taken to confirm the number of volunteers in the event of a major emergency event over the Christmas period. Approval of leave for the period 22<sup>nd</sup> December to 4<sup>th</sup> January had been postponed until a weather review closer to the Christmas period. The MESSA payment is in place and a long range weather outlook indicating no signs of an extreme weather event over the Christmas period was noted. It was agreed that there remained a risk to the organisation in the event of industrial action at the same time as a major emergency or a major incident.

#### **9. 15/16 Budget**

The Chief Executive summarised recent correspondence between the Company and DRD in relation to the 15/16 Budget and shared a recent presentation made to the new Permanent Secretary. The Company would take the opportunity to respond to the consultation on both DRD's proposed budget and the wider DFP budget. A bi-lateral meeting between the Ministers of DRD and DFP had been arranged for the 1<sup>st</sup> December. A delegation from the Board was to meet the DRD Minister on the 27<sup>th</sup> November. The Board noted that current discussions related only to

15/16 Budget however this was indicative of the public expenditure budget going forward. It was agreed that a number of key points should be reinforced with the Minister.

**11. Capital Works Programme - Management and Reporting Policy**

The revised Policy was approved subject to an amendment at paragraph 2.1.

**12. Risk Committee Update**

The Board agreed to approve the revised risk assurance framework subject to it being tabled at the next Audit Committee. The Chair of the Audit Committee also requested that an additional member be appointed to the Committee.

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

**13. Weather Water**

The short-term weather forecast was noted.

**14. Forward Look**

It was agreed that an update should be provided to the Board on PC13 at its February meeting and that the Pay and Reward Workshop should be rescheduled for January 2015.

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