

Title of Paper	Minutes of the Board Meeting - 30 July 2014 @ 8.30am Westland House
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
	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
In attendance:	Mark Ellesmere	General Counsel & Company Secretary
	Alec McQuillan	Interim Customer Service Delivery Director (Observer)
	Pauline Sterling	EA/CEO

Apologies: None

A potential conflict of interest was declared by Jim Stewart in relation to agenda item 10 and it was agreed that he would leave the meeting when this item was under discussion.

1. Draft Board Minutes - 25 June 2014

The draft minutes of the meeting on 25 June 2014 were approved subject to a minor amendment.

Draft Minutes of Special Board Meeting - 28 April 2014

Approved.

Draft Board Actions - 25 June 2014

Outstanding actions were either closed, covered on the current agenda or on track for completion at agreed future date.

2. Health and Safety Update

The Company had just been advised that it was being awarded a Rospa Gold for Health & Safety for the 5th successive year and would also be given a Gold Medal for occupational health and safety. The Board welcomed this positive news and encouraged the promotion of the award to staff and to stakeholders. There was one KPI accident in June. This would be reviewed by the Executive Committee in accordance with agreed procedures. The individual had since returned to work. The Board noted actions taken by management in order to improve attendance and a discussion ensued in relation to strategies to address stress and musculoskeletal injuries. It was agreed that John Rae be provided with further details in relation to the contractor incident NIW1565.

[Action: Director of Asset Management]

3. Main Board Report

The Chief Executive confirmed a continued positive start to the new financial year. PC15 and FOM would be discussed later on the agenda. There was no significant movement in PPP claims. The EPIC in relation to the Westland Laboratories was now closed and the Board acknowledged the speed with which this matter was addressed. The CBC contract was now signed and mobilisation was taking place. The Director of Asset Management left the meeting at this point. A detailed discussion then ensued in relation to the pensions project and the recent staff briefing attended by 700 employees. The Board noted the support mechanisms put in place in order to assist individual staff members to understand their position in relation to the proposed scheme changes. The approach of the trade unions and trustees was also discussed. The Board acknowledged that pay was now a big issue for the organisation as a whole and it was noted that the CEO was taking forward an action to consider options under current government arrangements.

John Rae agreed to share some information from Scottish Water in relation to this issue. It was agreed that the Board's position on this matter should be raised at the next QSM with DRD.

The Interim Customer Service Delivery Director provided an update on customer issues. All KPIs were on track with the exception of sewer flooding, where discussions were ongoing with the Utility Regulator in relation to the change protocol. A final report in relation to the EPIC account configuration issues would be made to the EC in August. The Board noted that whilst the company had approval to use the current VER/VS scheme, this was not funded at present. Discussions were ongoing with DRD in this regard.

In relation to finance, all KPIs were currently on track. The key issue outstanding related to the June Monitoring Round where a decision was still awaited by the NI Executive. A number of potential scenarios were being discussed with DRD in this regard. A teleconference would be held in August in order to agree the company's approach to the October Monitoring Round.

Compliance KPIs continued on target. Work to replace the cassettes at Ballyclare WWTW was being progressed. The Director of Asset Management met with the Minister and SPAD in relation to the recent prosecution at Tandragee. A copy of the Annual Drinking Water Quality Report for 2013 was tabled to members.

The Board noted good progress across Governance, Internal Audit and Business Improvement.

4. PPP Exceptions Report

The PPP Exceptions Report was noted.

(The Director of EP joined the meeting for items 5, 10(iii) and 10(iv))

5. (i) No Surprises Report

The Board noted 2 new high risk contracts at Holywood and Magheramason and one new addition at table 2 of the report.

(ii) Good News Report

The Board welcomed the positive report detailing Capital Delivery by NIW since 2007. The Director of EP agreed to consider what element of the £1.5bn spend to date could be subject to the 10% efficiency gain referred to in paragraph 5 of the report.

[Action: Director of Engineering Procurement]

It was also agreed that management should consider how best to promote this report both within and out-with the organisation. The Board asked that its appreciation be communicated to all those involved in delivery of the capital schemes detailed within the report.

[Action: Director of Engineering Procurement]

Items 10 (iii) and (iv) were taken next on the agenda.

10 (iii) Water Mains Rehabilitation - Professional Services Update

The Board noted an update on the potential cost of consultants for the Water Mains Rehabilitation Project.

10 (iv) Sale of Knockbracken Service Reservoir

The Board approved the sale of Knockbracken Service Reservoir based upon the information provided.

(The Head of Communications joined the meeting for item 6)

6. Don't Wait Insulate Campaign - Update

The Board received a presentation on the most recent 'Don't Wait Insulate Campaign' and a proposal for a further campaign this year. The Board noted the benefits from the 2013/14 campaign and approved the proposal to conduct a similar campaign in 14/15.

(The Interim Head of Regulation and Regulatory Finance Manager joined the meeting for item 7)

7. PC15 Draft Determination Update

The Board received an initial overview on the PC15 Draft Determination. The continued lack of headroom was a fundamental risk to the organisation in considering the Draft Determination. The Board discussed the initial overview in detail, including the risk to the Department in accepting a determination where the company lacked the resources and tools to deliver it. The same framework involving a Memorandum of Understanding and Consequent Written Agreement is being proposed for PC15. There was no allowance for the Company's NDPB status in the Draft Determination. A detailed discussion then ensued in relation to the Company's approach to the Draft Determination with the Utility Regulator and with DRD.

(The Head of Customer Services FOM Workstream joined the meeting for item 8)

8. PC15 Delivery Programme FOM Update

The Board received a summary presentation in relation to the Revised Strategic Outline Business Case to support the FOM Project. It was agreed that evidence should continue to be provided in relation to the learning from the initial FOM Project. The Board acknowledged that continuation of this project was all the more important given the extent of the Draft Determination. In addition the Board noted that even with full implementation of the proposals within the Business Case, the levels of performance and efficiency within the Draft Determination would not be met. The Board approved the Strategic Outline Business Case and that the Company should proceed to market for 'Wave Zero' as outlined within the Business Case. This was subject to DRD and DFP approval.

(The Chief Information Officer joined the meeting for item 9)

9. Information Governance Quarterly Update

The Board acknowledged the quarterly report on Information Governance including the continued strong performance in relation to Freedom of Information and the Environmental Information Regulations. The General Counsel and Company Secretary would write to Non-Executive Directors in relation to an on-line course on protecting information.

[Action: General Counsel and Company Secretary]

(The Head of Procurement and Telemetry & Scada Manager joined the meeting for item 10(i))

10. (i) C711 Telemetry Outstation Supply & Installation

The Full Business Case was approved for submission to DRD/DFP based on the information provided.

The Award of C711 was approved based upon the information provided.

Jim Stewart left the meeting for the next item.

(The Senior Category Manager and Head of OCMC joined the meeting for item 10(ii))

(ii) C622 Hire of Vehicles and Plant

The Board approved the award of C622 and the direct award of Lots 15, 20 and 22 as outlined within the paper.

(v) Proposal of Dividend for year ended 31 March 2014

The Board considered in detail its fiduciary duties and the solvency of the business before recommending the declaration of payment of the dividend. The Final accounts for year ended 31 March 2014 were signed on 25 June 2014 and the reserves available for distribution as at 31 March 2014 had been calculated. In

terms of fiduciary duties the Board considered whether or not the Company was a going concern and would remain solvent after any payment of dividend. On the basis of the information provided the Board recommended the declaration and payment of a dividend to DRD in the sum of £23,543,178. The General Counsel and Company Secretary tabled a Written Resolution from DRD confirming the payment of the dividend upon the recommendation of the Board. The Finance & Regulation Director and General Counsel and Company Secretary were instructed to make arrangements for the payments to be made.

[Action: Director of Finance & Regulation/ General Counsel & Company Secretary]

11. October Monitoring Round

A Board teleconference was scheduled for 26 August in order to consider the submission for the October Monitoring Round.

12. Procurement Activity Report

The Board noted a formal legal challenge in relation to C685 involving the same contractors to a previous legal challenge on C474. The Board noted and agreed with proposed management actions to address this issue. It was agreed that further information be provided to the Board at its next meeting in relation to retrospective PORs to understand the why there had been an increase.

[Action: Finance & Regulation Director]

13. Risk Committee Update

The Chair of the Risk Committee referred to the draft minutes of the Committee meeting on 25 July 2014, including updates in relation to Risk Assurance, Key Corporate Risks and Opportunities for Q1 14/15 and Risk Horizon Scanning. The Committee also considered and recommended for approval a Revised Risk Management Policy. The main change to the policy was the introduction of an Opportunities Register to include an Opportunities Impact Assessment framework. The Board approved the revised Risk Management Policy based upon the recommendation of the Committee.

14. Proposals for amendments to the Water and Sewerage Services (NI) Order 2006

The Board noted the ongoing consultation in relation to the 2006 Order and agreed to delegate authority to the Executive Committee to approve the Company's formal submission to the consultation at the end of August.

15. Weather Forecast

The short-term weather forecast was noted. There were no water supply issues at present.

16. Forward Look

The Forward Look was noted.

17. Any Other Business

Approval of Transfer of £0.5m M&G Capital to Ops Capital

The Board approved the transfer £0.5m M&G Capital to Ops Capital based upon the information provided within the report.

It was noted that the outputs from the Board Effectiveness Review would be presented at the September meeting.