

NI Water Ltd  
("the Company")

Minutes of a Meeting of the Board of Directors (the "Board")  
on Tuesday 25<sup>th</sup> June 2024 @ 10.30 am  
IOC Conference Room, Westland House

<b>Present:</b>	Jo Aston	Chair
	Maurice Bullick	Non Executive Director ( <b>Items 5-13</b> )
	Danny McSorley	Non Executive Director
	Paddy Larkin	Non Executive Director
	Marie-Therese McGivern	Non Executive Director
	Belinda Oldfield	Non Executive Director
	Sara Venning	Chief Executive
	Ronan Larkin	Director of Finance, Regulation and Commercial
	Stephanie McCullagh	Director of Customer and Operations

<b>In attendance:</b>	Mark Ellesmere	General Counsel & Company Secretary
	Gary Curran	Director of Engineering and Sustainability( <b>Items 1-4</b> )
	Rose Kelly	Director of People & Learning ( <b>Items 1-4</b> )
	Alistair Jinks	Director of Business Services ( <b>Items 1-4</b> )
	Tzvetelina Bogoina	Director of Infrastructure Delivery ( <b>Items 1-4</b> )
	Trevor Hutchinson	Head of Health and Safety ( <b>Item 2</b> )

Paddy Larkin declared a potential conflict of interest in relation to agenda item 4.6 – it was agreed that there was no actual conflict of interest and there was no requirement for him to leave the meeting for this item.

### 1. Minutes and Actions from Previous Meeting

- The draft minutes of the meeting on 28<sup>th</sup> May 2024 were approved.
- Actions from the last meeting were dealt with under agenda item 5.

### 2. Health and Safety Report

- The update report was noted with no Company reportable incidents in period and one contractor RIDDOR in period, the details of which were noted. A follow up meeting with the contractor was planned.
- Proposed Health and Safety targets for 24/25 were noted. A recent utility contractor safety day had been held with a focus on utility strikes and included attendance by HSENI.
- The Health and Safety programme continued broadly on track and, in response to a question, it was confirmed that the current CDEL allocation included an appropriate amount ring-fenced for Health and Safety baseline activities.

### 3. Main Board Report

The CEO provided a verbal update on the following matters:

- 24/25 SPIs/KPIs - some are on track for delivery, others to be confirmed subject to the overall funding position.
- Lough Neagh Working Group – a number of site visits were hosted at Moyola Water Treatment Works to include journalists and stakeholders with a focus on water quality and robustness of the treatment process. There was positive media coverage as a result of the visits. The DfI Minister may attend a site visit in early August.
- Board Induction – an induction update was held for new non-executive Directors as well as site visits to a Water and Wastewater Treatment Works. The site visits were also attended by the DFI Permanent Secretary.
- Schools’ competitions – an awards ceremony was held at Bretland Heritage Centre which was well received.
- Leadership meeting - the Chair met with the Senior Leadership Team earlier in the month, the annual Wateraid BBQ was held afterwards.
- Licence modifications – it was noted that the Company would respond positively to three licence changes proposed by the UR which were not significant.
  
- Colleagues
- Pay 23/24 – progress continues with the Water Group of Trade Unions and DfI
- Business awards – the Company was awarded Best Employee Development Programme at the recent Irish News Workplace and Employment Awards – Members congratulated the Company on this achievement.  
In response to a question from the Chair, the Director of People and Learning confirmed that the Company’s succession strategy included entry level recruitment to fill vacancies, leadership development programmes as well as assessment and analysis of critical roles within the organisation.
- Customer – Customer SPI’s currently on track for delivery.
  
- Wastewater Compliance and Water Quality
- SPIs remain on track for delivery at this point.
- Kinnegar WwTW is currently being handed back to the Company for operation at the end of the PPP agreement. A request was made to quantify the consequences/impact on the environment of the current funding allocations to include quantitative impact and recovery times if possible.
  
- Economy
- Tree planting and the large-scale battery projects were highlighted together with continued support from DfE. Members noted that considerable work has been undertaken to engage with Developers and Councils in relation to economic development constraints.

#### **4. Approvals**

##### **4.1 NI Water Sludge Strategy Strategic Outline Case**

- Approved based on the information provided within the paper.

##### **4.2 C1200 – Mechanical, Electrical, Instrumental Control and Automation First Response and Planned Maintenance**

- Approved based on the information provided within the paper.

#### **4.3 C1210 – Facilities Management and Ground Maintenance Services.**

- Approved based on the information provided within the paper.

#### **4.4 C1238 Supply of 4RF Radios including maintenance and support services.**

- Approved based on the information provided within the paper.

#### **4.5 JG 087 Castor Bay WTW to Ballydougan SR Upgrade**

- Approved based on the information provided within the paper.

#### **4.6 Electricity Price Hedging Challenge**

- Approved based on the information provided within the paper.

#### **4.7 PC 21 Mid Term Review**

- Approved based on the information provided within the paper.

Maurice Bullick joined the meeting at this point.

### **5. Funding Update to include Operating Plan and Budget**

- The Chair noted a focus on building relationships and trust with key stakeholders in order to get them more involved in the process to adjust outputs. A draft “Reasoned Submission” was being tabled for Board approval under this item.

#### **5.1 Funding Update**

- An update on developments since the last meeting on funding, including recent correspondence with Dfl as well as the workshop on funding with Dfl on 11<sup>th</sup> June and the actions agreed following the workshop, was provided by the CEO. It was agreed that Director’s duties remained a key risk for the Board and that this should be drawn out in the revised Operating Plan and Budget 24/25. A request was also made to better understand the reference to NI Water within the NI Budget Act through the working group that had been established after the workshop with Dfl.
- Reasoned Submission – The Chair and CEO provided a verbal update on their recent meeting with the UR, where the UR confirmed a commitment to complete the current mid-term review process and appeared to support the Company’s submission of a Reasoned Submission for consideration to start the process to adjust the PC21 FD outputs. It was suggested that the Chair and CEO meet with their counterparts at DEARA and NIEA as well as with CCNI. The Board approved submission of the Reasoned Submission to the UR and the other key stakeholders involved in consideration of the adjustment of PC21 FD outputs to match current funding allocations.

#### **5.2 Operating Plan and Budget**

- The Director of Finance, Regulation and Commercial presented a set of slides on the assessment of cuts required to meet an RDEL allocation of £137.7m. The slides summarised the details of the revised Operating Plan and Budget documents included in the meeting packs. Members considered in detail a number of proposals to reduce current RDEL requirement from £176m to £161.4m. A number of further detailed options were considered by Members in order to meet an RDEL allocation of

£137.7m. Having considered their legal and licence obligations Members did not recommend the consequential cuts in service in meeting an RDEL allocation of £137.7m and, in particular, the cessation of treatment of wastewater which would amount to a dereliction of duty and would have serious consequences for the Company and, potentially, individual Directors and Officers.

The Chair then presented a number of slides including an analysis of the exponential rise in uncontrollable costs relating to power, chemicals and materials since the PC21 base year (18/19) as well as a proposal to be put to Dfl to share the risk for such uncontrollable costs in 24/25. Having considered the matter in detail the Board approved the proposed risk sharing strategy and it was agreed that the revised Operating Plan and Budget 24/25 be amended and submitted to Dfl accordingly.

## **Annual Report and Accounts**

**Items 7-10 were dealt with next.**

### **7. External Auditors' Overview**

The Chair of the Audit Committee provided a verbal update on his most recent conversation with the External Audit Partner. The External Audit Partner's opinion on "going concern" remained the same as he had outlined at the last Audit Committee meeting.

### **8. Audit Committee Recommendation**

- The Chair of the Audit Committee confirmed that, at its last meeting on 11<sup>th</sup> June 2024, the Committee received the External Audit Report for the year 23/24. An unmodified Audit Opinion was being provided for the statutory accounts, regulatory accounts and the regularity audit. In relation to the Company's continuation as a going concern the External Audit Opinion will include a section called "material uncertainty related to going concern". This refers to the Company's current funding position and its ongoing obligations to meet licence obligations. Absent the level of funding being made available to deliver current PC21 FD outputs, the short-term mechanism to address the funding mismatch is to seek adjustment of the outputs as discussed under agenda item 5 above. A letter of Assurance from Dfl has now been received and the position in relation to going concern remains unchanged.

### **9. Annual Report and Accounts**

- The Chair noted that Dfl had provided feedback on the current text within the draft Annual Report and Accounts and it was recommended and accepted that the Management teams of the Company and Dfl continue to work together in order to resolve outstanding issues.
- On that basis the Audit Committee recommended to the Board the approval of the Annual Report and Accounts 23/24, the Regulatory Accounts 23/24 and the associated Letters of Representation.

- The Board considered and approved the Annual Report and Accounts 23/24, the Regulatory Accounts and the Associated Letters of Representation 23/24 on recommendation of the Audit Committee. Board Members expressed their thanks to the teams involved in the production of the Annual Report and Accounts and associated documents.
- 10. Overview of the Subsidiary Accounts 23/24**
- The overview of the subsidiary Companies' accounts for 23/24 were noted.
- 6. Annual Information Return**
- The Board received a presentation from the Reporter on the 23/24 Annual Information Return highlighting audit areas and findings. There were no major concerns highlighted and the Reporter confirmed that, based upon the information audited, the information within the AIR24 is materially consistent with the Utility Regulator's reporting requirements. On that basis the Board approved submission of the AIR24 to the Utility Regulator under the licence.
- 11. Joint Audit and Risk Committee 14<sup>th</sup> May 2024**
- The draft minutes of the Joint Audit and Risk Committee meeting on 14<sup>th</sup> May were noted.
- 12. Forward Look**
- The Forward Look was noted.
- 13. AOB**
- The Chair referred to the most recent correspondence received from the Dfl Minister in relation to the Annual Internal Audit Opinion and the Annual Report and Accounts – this would be circulated to Members outside of the meeting together with the response.