

NI Water Ltd
("the Company")

Minutes of a Meeting of the Board of Directors (the "Board")
on Tuesday 24th September 2024 @ 12pm
FRC Ground Floor Conference Room, Westland House

Present:

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| Jo Aston | Chair |
| Maurice Bullick | Non Executive Director |
| 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 |

In attendance:

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|--------------------|--|
| Mark Ellesmere | General Counsel & Company Secretary |
| Gary Curran | Director of Engineering and Sustainability |
| Rose Kelly | Director of People & Learning |
| Tzvetelina Bogoina | Director of Infrastructure Delivery |
| Trevor Hutchinson | Head of Health and Safety (Item 2) |
| Paula Graham | Head of Learning and Engagement (Item 7) |
| Alison Sweeney | OD Partner - Talent & Engagement (Item 7) |
| Paul Dillon | Head of Future Workplace (Item 8) |

1. Minutes and Actions from Previous Meeting

- Draft minutes of the previous meeting on 23rd July 2024 were approved.
- 4 Actions complete, 2 Actions ongoing within agreed timeframes.

2. Health and Safety Report

- The update report was noted with one Company reportable incident and one Contractor reportable incident in period, the details of which were noted.
- In relation to the serious incident involving a Contractor on 3rd July, the injured party continues to recover and the HSENI investigation remains ongoing.
- Members welcomed a category award in the All-Ireland NISO/NISG Annual Occupational Safety Awards 2024 for the Company.

3. Funding & Governance / Shareholder Meeting

3.1 Funding & Governance

- The Update Report was noted including recent engagement with DfI in relation to 24/25 Budget Allocations. The primary focus remains a continuing £23m gap in relation to RDEL. An additional allocation in that amount is required in order for the Company to continue to provide core services and meet Health and Safety obligations in line with the DfI Minister's direction. The Director of Finance, Regulation and Commercial

confirmed, at the current rate of spend, the Company's current indicative RDEL allocation would be exhausted towards the end of the following month. It was agreed that engagement should continue with DfI in this regard as well as at the forthcoming Shareholder Meeting on 9th October, to be attended by the Minister.

- The current position in relation to the draft Reasoned Submission was noted and, in particular, the UR's confirmation that it has no response to make to the Reasoned Submission and that it would not be appropriate for it to engage in this process given its statutory role as a regulator. The remaining ORG Members have provided feedback on the draft Reasoned Submission and are seeking further information however there is a risk that those members adopt a similar stance to that of the UR.
- Concern was noted at the pace of progress in relation to the longer-term funding options being led by DfI.

Draft Programme for Government 24-27

- It was noted that 4 of the 9 priorities within the Draft Programme for Government were directly aligned with the Company's Corporate Strategy and that the Company would make a detailed response under the consultation process.

3.2 Shareholder Meeting

- Members discussed the proposed strategic agenda items for the shareholder meeting in detail. It was agreed that the current RDEL shortfall should be raised at the meeting with The Minister as well as what has been delivered to date in 24/25. It was agreed that the 23/24 Pay Remit may also need to be mentioned depending upon the circumstances prevailing at that time. In the meantime, it was agreed that the CEO would escalate this matter with DfI Officials. The Chair would do likewise if necessary. It was agreed more focused lines to take would be provided to Members in advance of the Shareholder Meeting.

4. Main Board Report

The CEO provided a verbal update on the following matters:

- **Taste and Odour Customer Complaints** – A Category 2 Major Incident in relation to taste and odour complaints from customers supplied from Lough Neagh was being managed. The Minister's and DfI Officials' recent site visit to Moyola Water Treatment Works had assisted in the response to these complaints. It was noted that the water being supplied remains wholesome and in line with DWI/PHA requirements.
- **Stakeholder Engagement** – The Chair and CEO are due to meet with their counterparts at DEARA and CCNI
- **Water UK Visit** - Members were invited to an engagement with Water UK on 15th and 16th October
- **Pay Remit 23/24** – GMB and UNITE gave notice to the Company and to the DfI Minister of their intention to run a consultative ballot in relation to the potential for industrial action as a result of the outstanding 23/24 pay award. The 23/24 pay proposal was approved by the Board in May and the Company has been engaging with DfI Officials since then in order to secure the approval of DfI and DoF.
- **Institute of Water** – Northern Ireland's IOW Branch has been awarded the President's Cup as Best Branch Network across the UK and NI – Members welcomed this prestigious award.

Colleagues:

- In addition to the discussion on 23/24 Pay Remit Members noted updates in relation to the entry level strategy and listening strategy

Executive Recruitment:

- Preparations are underway for the recruitment of the permanent position of Director of Engineering and Sustainability and the new position of Director of Innovation and Transformation (to replace the current Director of Business Services role).

Customers:

All targets on track for delivery currently.

Operations:

- All targets on track for delivery currently.

Water Quality and Wastewater Compliance:

- Work is ongoing to assess the impact of the return of Kinnegar WwTW from the PPP Contractor and the increase in Population Equivalent at Whitehouse WwTW on compliance performance in 2024. A further update will be provided once the impact assessment is complete.

Finance:

- An increase in PPP, power and chemical costs was noted as well as additional costs in relation to the ongoing category 2 taste and odour incident. It was agreed that the projected outturn in terms of RDEL in the Summary Profit and Loss Account be added going forward. The remaining updates within the report were noted.

5. PPP Exceptions Report

- There were 4 areas highlighted from the report – Omega STaR Assets – details provided of steps being taken to ensure delivery of these assets within agreed timescales; Omega Incinerator Change in Law – costs have been agreed and contract to be amended; Kinnegar – review into potential claims against the contractor has concluded and Alpha Restructuring Proposal – awaiting Dfl approval to proceed.

6. Infrastructure Delivery / Engineering Sustainability Quarterly Update

- Members welcomed the Quarterly Update including projects currently being delivered, awards and people profiles, collaborative bathing water investigation project and roadmap to recovery for Lough Neagh.

7. Diversity half yearly update

- Equality, Diversity and Inclusion Half Yearly Update – The Half Yearly presentation was welcomed by Members to include Alison Sweeney taking on responsibility for the Strategy going forward.

8. Pension Update

- The update report was noted including a positive position in relation to scheme funding, de-risking the Trustee investment strategy and matters ongoing in relation to GMP Equalisation, Transitional Protections and the Capita cyber-incident.

9. Approvals

9.1 C1219 - Supply, Removal, Disposal, Replacement of Virgin and Regenerated Granular Activated Carbon (GAC) and Provision of Anthracite

- Approved based on the information provided within the paper.

9.2 Contract Uplift – C909-38 Bulk Chemical

- Approved based on the information provided within the paper.

9.3 FR009 Financial Delegation change approval

- No material changes – Approved based on the information provided within the paper.

9.4 KV244 – Newry WwTW

- Approved based on the information provided within the paper. It was agreed that the UR would be made aware of Submission of the SOC and OPC (likely at the next appropriate ORG Meeting).
- The Board discussion highlighted the duplication of having to submit a Strategic outline business case, given the more detailed submissions for each project which were submitted and scrutinised by the UR and other stakeholders as part of the Price Control Regulatory process. It was noted that this resulted in delay and inefficiencies for NI Water, DfI and DoF. It was agreed that this should be discussed at a later stage.

10. Audit Meeting Update – 9th September 2024 – Draft Minutes and Approval of Terms of Reference

- The Chair of the Audit Committee provided an update on items considered at the Committee's last meeting on 9th September 2024 including 5 satisfactory Internal Audit Assurance Reports; The Annual Internal Audit Self-Assessment which was positive; Statutory and Regulatory Reporting and The Procurement of External Auditors. In line with its role and responsibilities the Committee agreed that a recent alleged fraud investigation continue to proceed, as quickly as possible in the circumstances, in line with the Company's policies and processes. It was noted that Deloitte had been engaged in relation to the investigation.
- The revised Terms of Reference for the Audit Committee were approved by the Board on the recommendation of the Committee.

11. Risk Committee Meeting 22nd July – Draft Minutes and Approval of Terms of Reference

- The Chair referred to the draft minutes of the last meeting of the Risk Committee on 22nd July. The Chair had updated Members on matters dealt with at that meeting at the previous Board Meeting on 23rd July.
- The Board approved revised Terms of Reference for The Risk Committee upon recommendation of the Committee.

12. Forward Look

- The forward look was noted.
- A placeholder is in place for Remuneration Committee Meeting on 22nd October

13. AOB

- There were no items under Any Other Business