

SCOTTISH WATER

Minutes of the Board Meeting
9:00am, 21st September 2005

Glenmoriston Hotel, Inverness

Present:	Professor Alan Alexander	Chair
	Dr Jon Hargreaves	CEO
	Mr Bill Cameron	Board Member
	Mr David Gray	Board Member
	Mr Graeme Crombie	Board Member
	Professor Paul Jowitt	Board Member
	Mr Pat Kelly	Board Member
	Mr Ian McMillan	Board Member
	Mr Geoff Aitkenhead	Asset Management Director
	Mr Douglas Millican	Finance Director
	Mr Chris Banks	Commercial Director
	Mrs Cheryl Black	Customer Service Director (<i>from 9.20am</i>)
	In attendance:	Mr Mark Adderley
	Mr Tom Axford	Head of Legal and Corporate Secretary

PART I

1. APOLOGIES

Apologies were received from Mrs Rita Theil.

2. DECLARATION AND REGISTRATION OF INTERESTS/MATTERS ARISING

There were no interests which required registration or declaration.

3. MINUTES (Part I)

The draft Minutes of the meeting held on 24th August 2005 were approved.

The draft Minutes of the Audit Committee meeting held on 31st August 2005 were noted.

4. CEO REPORT

Dr Hargreaves requested that the report be taken as read. The Board considered the following items arising out of the report:-

- (i) Customer Service
The Board noted the Call Centre had continued to experience a high level of demand due to operational issues in August. The Board questioned the level of turnover of staff and were advised that while there was a higher level of turnover of staff than in other areas of Scottish Water the turnover was lower than

average for Call Centres. Mrs Black reported that the reason demand was greater than forecast was being analysed. In addition further staff were being recruited on a temporary basis. The Board requested that the report be prepared on how this issue was being addressed.

Action 1 – C Black

- (ii) Water Quality
The Board noted that at the current time it seemed unlikely that the bacteriological target would be met.

Paper 83/05 noted

5. FINANCE REPORT

Mr Millican reported that there was no significant change in the performance from the previous month. Scottish Water was receiving benefit from a reduction in Council Tax discounts for second homes. The Board noted plant and vehicle hire costs were £1.3m higher than budget as a result of increase in business demand and unbudgeted capital project hires. In addition fuel costs were £0.5m higher than budget again due to increased business demand. In relation to the balance sheet the Board noted the domestic debt profile was better than budget. It was reported that the billing and collection order was likely to be renewed on its existing terms for the four year period 2006-10. The Board noted proposals in relation to the management structure of SWS. It was also noted that there were currently 100 unfilled vacancies, due to cost reduction efforts and these were being filled on an as required basis.

Paper 84/05 noted.

6. HEALTH AND SAFETY REPORT

Mr Adderley reported accident numbers continued to decrease and it appeared the behavioural safety training had had a large impact. The Board discussed the progress made in SW Contracting particularly in relation to reducing the number of utility strikes and the actions taken elsewhere. The Board noted the successful use of OHAS in assisting in managing employees back to work following accidents, and a flexible environment had been introduced whereby where employees who could not perform their previous role were provided with alternative tasks. The Board noted that although the lost time accidents figure were broadly comparable the trend was actually downward the figures being biased by a small number of long term absences carried over from last year.

Paper 85/05 approved.

7. NEXT MEETING

2nd November 2005 at Dunfermline

Schedule of Actions

Item	Action	Member	When
4(i)	1	C Black	Next Meeting