

## SCOTTISH WATER BOARD MEETING MINUTES

<b>Date</b>	<b>27<sup>th</sup> January 2021</b>
<b>Start Time</b>	<b>10:00am</b>
<b>Finish Time</b>	<b>3:30pm</b>
<b>Place</b>	<b>Video Conference Call</b>

<b>Present:</b>	Dame Susan Rice	Chair
	Mr Douglas Millican	Chief Executive
	Mr Alan P Scott	Finance Director
	Mr Peter Farrer	Chief Operating Officer
	Mr Matt Smith	Board Member
	Mr James Coyle	Board Member
	Mr Paul Smith	Board Member
	Mrs Samantha Barber	Board Member
	Mr Iain Lanaghan	Board Member
	Mrs Deirdre Michie	Board Member (excluding Items 9(ii)-11)
	Mr Ken Marnoch	Board Member
<b>In attendance:</b>	Professor Simon Parsons	Director of Strategic Customer Service Planning
	Mr Mark Dickson	Director of Capital Investment
	Mr Rob Mustard	Director of Digital and Transformation
	Mr Brian Lironi	Director of Corporate Affairs
	Mrs Shirley Campbell	Director for People
	Mrs Emma Campbell	Corporate Secretary and Group Legal Counsel
	Mr Tom Harvie-Clark	General Manager - Strategy & Economic Regulation (Item 8(i) only)
	Mr Mark McEwen	General Manager - DV2 (Item 8(iii) only)
	Mr Nisarg Hirani	General Manager – Transformation (Item 8(iii) only)
	Mr Alan Fairweather	Head of Commercial (Items 8(iv) and 8(v) only)
	Mr Paul Sexton	General Manager – Alliance Management (Items 8(iv) and 8(v) only)
	Mrs Belinda Oldfield	General Manager – Revenue and Risk (Item 8(vi) only)
	Mrs Sheelagh Duffield	Savendie Limited (Item 8(vii) only)
	Mr Andrew Dunbar	General Manager – Water Services Strategy (Item 9(ii) only)
	Mr Kes Juskowiak	General Manager – Water Ops (Item 9(ii) only)

### PART I

#### 1. APOLOGIES

There were no apologies received.

#### 2. DECLARATION AND REGISTRATION OF INTERESTS/MATTERS ARISING

There were no interests which required declaration or registration. There were no matters arising.

### 3. BOARD MINUTES (Part I)

- (i) Draft Minutes of the Board Meeting held on 2<sup>nd</sup> December 2020  
The draft Minutes of the Board meeting held on 2<sup>nd</sup> December 2020 were approved.

**Paper 03/21 approved.**

- (ii) Draft Minutes of the Audit Committee Meeting held on 1<sup>st</sup> December 2020  
The draft Minutes of the Audit Committee Meeting held on 1<sup>st</sup> December 2020 were noted.

**Paper 04/21 noted.**

- (iii) Draft Minutes of the Remuneration Committee Meeting held on 25<sup>th</sup> November 2020  
The draft Minutes of the Remuneration Committee Meeting held on 25<sup>th</sup> November 2020 were noted.

**Paper 05/21 noted.**

### 4. SAFETY, HEALTH & WELLBEING REPORT

Mr Farrer presented the paper, reporting that the RIDDOR Injury Frequency Rate, Lost Time Frequency Rate (LTFR), Total Recordable Injury Rate (TRIR) and High Potential Incidents (HPI) are on an improving trend. Reportable Dangerous Occurrences and Member of the Public (MOP) incidents are stable. Mr Farrer explained the background to and the issues arising from four incidents during November and December 2020 which had been assessed as significant or offered an opportunity for wider business learning. In response to a query from the Board regarding an incident involving an employee of one of Scottish Water's Alliance Partners, Mr Dickson confirmed that the requirement for additional personal protective equipment is being assessed, but noted a number of root causes of the incident. He advised the Board of the focus upon ensuring compliance with safe working procedures across the capital programme and creating a just culture, with investigations encompassing both the individual(s) involved and the organisation. The Board discussed the importance of supervision and engagement. Mr Dickson confirmed that safety supervision has continued throughout lockdown, with an increased level of inspections and supervision under the COVID-19 safe working procedures, and outlined the ongoing focus on the quality of supervision. Further to a query from the Board in relation to the Health & Safety leadership training programme, Mr Farrer agreed to advise the Board of the proposed commencement date for this training.

#### **Action 1 – Mr P Farrer**

Mr Farrer reported that overall sickness absence reduced during November and December 2020, resulting in a decrease in the rolling 12-month sickness absence level to 2.20%. Whilst the percentage of new instances of absence attributable to mental health issues has increased in comparison to the equivalent period in 2019, this is in the context of a trend of declining total sickness absence. Mr Farrer highlighted the highest-ever percentage of absence attributable to mental health for females, at 44% in November 2020, compared to 21% for males. The Board discussed the reasons for this increase and noted the support being provided by Scottish Water. The Board considered the results of the SW Cares weekly sentiment analysis. Mr Farrer outlined the measures being taken to increase satisfaction levels amongst site and field-based employees, with proactive communication to provide assurance on the effectiveness of COVID-19 safe working procedures.

**Paper 06/21 noted.**

## 5. CEO REPORT – PAAG

Mr Millican reported that Scottish Water continues to operate under COVID-19 transition mode using well-established business continuity arrangements. He advised that the overall situation is generally stable, but noted the pressure on employees arising from lockdown restrictions and school closures. The Board considered the exchange of correspondence between the Chair and Roseanna Cunningham MSP, Cabinet Secretary for Environment, Climate Change and Land Reform, documenting the Board's decision to accept the Final Determination of the Water Industry Commission for Scotland (WICS). The Board discussed the results of the MSP Advocacy Survey and, further to a query from the Board, Mr Lironi outlined Scottish Water's approach to engagement with MSPs.

Mr Millican reported continued positive performance to 31<sup>st</sup> December 2020, noting the highest-ever levels of customer service and water quality performance. Capital investment has been in line with or slightly ahead of budget over the past four months, with a monthly run rate of c.£60m, and Scottish Water is focussed on sustaining this through the final quarter to enable delivery of the required level of investment in the first year of the new regulatory period.

**Paper 07/21 noted.**

## 6. FINANCE REPORT

Mr Scott presented the paper, reporting that the out-turn forecast profit and loss account has been updated. Regulated out-turn profit before tax (PBT) has increased by £18.6m to £91.8m, £25.1m lower than budget. Mr Scott highlighted the challenges of forecasting given uncertainties in relation to weather and COVID-19 impacts, but advised that the range has narrowed to £57m to £106m. The Board noted the key sensitivities. The cash balance at 31<sup>st</sup> March 2021 is forecast at c.£408m, within a range of £390m to £430m, reflecting the further extension of WICS' wholesale charges deferral scheme and the revised forecast household cash collection reduction of 3%. In response to a query from the Board, Mr Scott confirmed that this represents an improvement from the previous forecast of a 5% reduction and actual collection levels are better than forecast at 2.5%. It is anticipated that the position may improve further as the furlough scheme has been extended to April 2021 and local authorities have recommenced debt recovery processes, with a delay of four months to the normal timetable.

**Paper 08/21 noted.**

## 7. CUSTOMER SERVICE DELIVERY REPORT

Mr Farrer reported that the in-month household CEM (hCEM) score for December 2020 was 89.27, an increase from the previous month's score of 88.43. The year to date (YTD) score increased to 89.07, which continues to be above the Business Target of 88.42. The in-month non-household CEM (nhCEM) score for December 2020 was 89.27, an increase from the previous month's score of 87.31. The YTD score has increased to 88.32 and remains above the Business Target of 86.50.

Mr Farrer advised that Scottish Water has been awarded the ServiceMark Accreditation by the Institute of Customer Service (ICS), recognising the integration of customer strategies across the business. The Board noted positive feedback from the ICS Assessor and Mr Farrer explained that the Assessor's recommendations will largely be delivered as part of business as usual improvements but will also be considered as part of the work on customer centricity being undertaken in Sprint 2 of the Transformation Programme.

**Paper 09/21 noted.**