

SCOTTISH WATER BOARD MEETING MINUTES

Date **27th March 2019**
Start Time **9.00am**
Finish Time **12.40pm**
Place **The Verandah Room, Norton House Hotel, Edinburgh**

Present:	Dame Susan Rice Mr Douglas Millican Mr Peter Farrer Mr Alan P Scott Mr Matt Smith Mr Paul Smith Mrs Samantha Barber Mr Iain Lanaghan Mrs Deirdre Michie Mr Ken Marnoch	Chair Chief Executive Chief Operating Officer Finance Director Board Member Board Member Board Member Board Member Board Member Board Member
In attendance:	Professor Simon Parsons Mr Mark Dickson Mr Rob Mustard Miss Susan Hill Mrs Claire Marshall	Director of Strategic Customer Service Planning Director of Capital Investment Director of Digital Corporate Secretary and Senior Legal Counsel Shadow Board Member

PART I

1. APOLOGIES

Apologies were received from Mr James Coyle, Board Member.

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 26th February 2019
The draft Minutes of the Board meeting held on 26th February 2019 were approved.

Paper 26/19 approved.

- (ii) Draft Minutes of the Remuneration Committee Meeting held on 19th March 2019
Mrs Barber, Chair of the Remuneration Committee, provided a verbal report of the meeting held on 19th March 2019.
- (iii) Draft Minutes of the Audit Committee Meeting held on 26th March 2019
In Mr Coyle's absence, Miss Hill provided a verbal report of the meeting held on 26th March 2019.

4. SAFETY, HEALTH & WELLBEING REPORT

Mr Farrer presented the paper, reporting that the Lost Time Frequency Rate (LTFR) and Notifiable Incident Rate (RIDDOR) both showed an improvement from 2017/18 performance. The overall Scottish Water sickness absence rate was noted as being better than last year. It was noted that there was a slight decrease in the percentage of physio referrals to assessment within three days but that the wellbeing training occupancy rate had increased.

Mr Farrer explained the background to and the issues arising from the H & S incidents set out in the report. He noted that there have been a number of safety incidents involving members of the public in the last few months but that greater Board awareness may be due to a change in reporting as some may have previously gone through as public liability claims only and not been investigated from a safety perspective. In particular, Mr Farrer discussed an incident where a member of the public tripped over a raised monoblock following a flooding event. It was noted that the customer had been made aware of the hazard but it had not been made safe and the customer tripped before it was rectified. He also discussed a safety incident concerning Clancy Docwra where, due to workflow issues, street works were left unattended. Mr Farrer explained that he had a lengthy discussion with the safety team, and they are looking to start a new campaign, co-creating a safety charter to ensure the right procedures are in place, and placing greater focus on customer safety. He also advised that public liability safety related claims will be subject to Director review and reported to the Board, and they are looking to include safety questions in the Customer Satisfaction Survey. In response to queries from the Board, Mr Farrer highlighted the proactive nature of Scottish Water following an accident and the submission of claims. He also confirmed that, in relation to an incident regarding the lifting of a manhole cover, the agency worker had used the wrong procedure, using one lifting iron instead of two, when it was available. He added that the agency worker is no longer used by Scottish Water. Mr Farrer confirmed that Scottish Water is looking to lead the industry in relation to safety and that Clancy Docwra has developed a street works tutorial in a depot, whereby people manoeuvre/are manoeuvred around works in a wheelchair or down ramps etc to demonstrate best practice. The Board discussed being proactive and it was noted that putting communities at the heart of what Scottish Water does involves service but also safety. Contractors need to include Scottish Water's view on safety in their induction training as they have a high turnover of staff. Mr Farrer added that he will be carrying out further investigations as regards safety and that this will be reported to the Board in a subsequent report.

Paper 27/19 noted.

5. CEO REPORT - PAAG

Mr Millican highlighted the key issues arising out of the report, providing an overview of performance. He provided an update in relation to revenue risk and SR21 planning.

Mr Farrer provided the Board with an update in relation to Brexit contingency planning noting the activities of the Platinum Command Team. He noted that Scottish Water has been notifying a few non-Brexit related delays in the supply chain which do not currently cause concern but may have an impact if they were to affect others. He also noted that there has been daily reporting to Defra and that Scottish Water has not been asked to report into the Scottish Government Resilience Room (SGoRR).

Mr Millican advised that dates of the upcoming SW One events will be circulated to Board Members.

Paper 28/19 noted.

6. FINANCE REPORT

Mr Scott reported that, to 28th February 2019, profit before tax (PBT) at £109m was £14.3m above budget. He advised that the increase in Opex costs and the decrease in PFI costs should balance out and that the sale of a property in Bishopbriggs had been completed. IT transition costs (£5.6m), advanced chemical purchases (£0.2m) and receipt of the commercial claim (£13.8m) were included as exceptional items (net £8m). Gross capital investment to February was £598.6m but £60m investment is expected in March to meet the forecast. The amount billed to household customers was £1.9m higher than budget at £881.2m and cash collected from household customers was £4.2m higher than budget at £837.7m. As regards government borrowing, Mr Scott advised that government loans at the end of February were £210m higher than budget and that a full year's allowance had been borrowed at competitive rates and for a 50 year period. It was noted that consolidated profit is likely to be similar to that of last year. In response to a query from the Board regarding cash collected from household customers, Mr Scott advised that Water Direct allows for direct deductions from benefits. This used to be a maximum of 40% but under Universal Credit that has been reduced to a maximum of 30%. In addition, water charges used to feature fifth in the rankings however now they are situated at eleventh.

Paper 29/19 noted.

7. CUSTOMER SERVICE DELIVERY REPORT

Mr Farrer reported that the in-month household CEM (hCEM) score was 88.2, an increase from the 87.80 reported in January. The year to date (YTD) figure has increased to 87.45 which is above the stretch target. This was due to a fall in service issue contacts and a slight rise in complaints which were anticipated following the Bearsden incident. The Customer Experience Score in February decreased slightly to 92.91% but the year to date score has increased to 92.15%. Mr Farrer also advised that whilst the in-month non-household CEM (nhCEM) score decreased in February to 85.07, the year to date score is 81.37 and above the stretch target of 79.19. Mr Farrer explained that the LP satisfaction levels showed an increase from 87.60% to 93.33% with the year to date increasing from 90.11% to 90.42%. Satisfaction within the Business End User Survey showed an increase to over 90% and the satisfaction in the Developer Operations Survey is now consistently above 70%. Mr Farrer also highlighted that the topic of the month is Engage 21 which is research as part of SR21. In response to a query from the Board regarding the nhCEM scores, Mr Farrer confirmed that he will do some analysis to explore any trends.

Paper 30/19 noted.