

SCOTTISH WATER BOARD MEETING MINUTES

Date	26th June 2018
Start Time	10.00am
Finish Time	1.15pm
Place	Lauriston Room, Castle House, Dunfermline

Present:	Dame Susan Rice Mr Douglas Millican Mr Peter Farrer Mr Alan P Scott Mr Matt Smith Mr James Coyle 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 Board Member Board Member
In attendance:	Professor Simon Parsons Mr Mark Dickson Mrs Emma Campbell Mrs Claire Marshall Mrs Shirley Campbell Mrs Julia Stevenson Mr Bill Nicholls	Strategic Customer Service Planning Director Director of Capital Investment Corporate Secretary and Group Legal Counsel Shadow Board Member Director for People (Item 12 only) Strategy and Employee Experience Lead (Item 12 only) General Manager, Health & Safety and Operational Services (Item 12 only)

PART I

1. APOLOGIES

There were no apologies received. The Chair advised that Mrs Barber was delayed and would join the meeting shortly and that Mr Coyle required to leave the meeting for a conference call at 11.00am.

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 30th May 2018
The draft Minutes of the Board meeting held on 30th May 2018 were approved.

Paper 68/18 approved.

- (ii) Draft Minutes of the Audit Committee Meeting held on 23rd May 2018
The draft Minutes of the Audit Committee meeting held on 23rd May 2018 were noted.

Paper 69/18 noted.

- (iii) Draft Minutes of the Remuneration Committee Meeting held on 24th May 2018
The draft Minutes of the Remuneration Committee meeting held on 24th May 2018 were noted.

Paper 70/18 noted.

4. SAFETY, HEALTH & WELLBEING REPORT

Mr Farrer presented the paper, reporting that, whilst the Lost Time Frequency Rate (LTFR) and Notifiable Incident Rate (RIDDOR) are on an improving trend, High Potential for Injury (HPI) incidents are on a worsening trend. Mr Farrer explained the background to and the issues arising from the H&S incidents set out in the report. The Board noted the root cause analysis and Mr Farrer updated the Board on the lessons learned following completion of executive reviews in relation to the incidents. In response to a query from the Board, it was agreed that the HPI measure would be included in the summary KPI performance table within future Safety, Health & Wellbeing reports.

Action 1 – Mr P Farrer

Overall Scottish Water sickness absence rate is on an improving trend at 2.59%, as is the Wellbeing Training Occupancy Rate at 84.5%. The percentage of new incidences of absence attributable to mental health issues is lower than in the previous twelve months.

Paper 71/18 noted.

5. CEO REPORT - PAAG

Mr Millican highlighted the key issues arising out of the report, advising the Board of progress in relation to Scottish Water's 'Shaping the Future' consultation. Scottish Water is engaging with customers at a series of public events, including the Ideal Home Show, Pride Edinburgh and the Royal Highland Show, with further events planned for July and August, including rural and island events. Over 10,000 consultation responses have now been received. Output from the consultation will be reviewed by the Board at its meeting in September 2018. On 5th June 2018, the Environment, Climate Change and Land Reform Committee considered further a petition on drinking water supplies in Scotland. Scottish Water has now submitted a response to the Committee's request for further information on its approach to selecting the most appropriate water treatment, including chloramination. Roseanna Cunningham MSP, Cabinet Secretary for the Environment, Climate Change and Land Reform, visited the Gorbals Pumping Station, Glasgow on 7th June 2018 and gave the opening address at the Institute of Water (IoW) annual conference in June, organised by Scottish Water. Mr Millican advised that Mrs Shirley Campbell, Director for People, won the Water Industry Skills Champion award, sponsored by Energy & Utility Skills, at the IoW conference. The Board congratulated Mrs Campbell on her achievement. Scottish Water's 'Your Water Your Life, top up from the tap' campaign was launched on 20th June 2018 at an open event in George Square, Glasgow.

[Mrs Barber joined the meeting]

Mr Millican provided an overview of performance, highlighting that leakage in May was lower than in April, but higher than target due to the consequences of the severe winter weather in early March. Scottish Water is committing further resources over the summer period to address this. Professor Parsons distributed a copy of the latest water resource report, explaining that this is reviewed on a weekly basis by senior management, with mitigating actions identified and implemented.

Paper 72/18 noted.

6. FINANCE REPORT

Mr Scott reported that, to 31st May 2018, regulated profit before tax (PBT) at £20.4m was £0.5m above budget. Sales were £0.3m higher than budget, with total expenditure £0.1m above budget and interest £0.3m below budget. The full year forecast will be presented at the next Board meeting in August 2018. Gross capital investment to May was £110.9m, £6.2m lower than budget but within the budgeted range for investment. The amount billed to household customers was £1.3m lower than budget at £883.8m, an improvement from April, and cash collected from household customers was £1.7m higher than budget at £151.2m.

Mr Scott presented a proposed change to the Scottish Water Group Counterparty List for the deposit of surplus funds, enabling Scottish Water to have the facility to deposit surplus funds with National Australia Bank in order to minimise counterparty risk and maximise return. He explained that this facility is currently available but not used by Business Stream so there will be no change to the group risk profile. The Board considered and approved the updated Counterparty List.

Paper 73/18 approved.

7. CUSTOMER SERVICE DELIVERY REPORT

Mr Farrer advised that the in-month household CEM (hCEM) score for May 2018 was 87.50, an increase from the previous month's score of 87.30, due largely to a reduction in formal complaints, which decreased to their lowest volume since December 2016. Service issue contacts increased from the level recorded in April, primarily in relation to water supply customer contacts. The in-month non-household CEM (nhCEM) score increased from 76.64 in April to 77.34 in May, due mainly to a reduction in the number of formal complaints. Whilst this brings performance in line with the previous year, a series of actions has been identified in relation to Escalations, Complaints and Developer Experience to reduce the level of lost points in order to achieve the Business Plan target. Following a review of the escalations reported in April, it was identified that 'rejected' escalations had been erroneously included in the total. When rejected escalations were removed, the total escalations reduced from 51 to 43, with an associated increase in the reported nhCEM score for April. Mr Farrer confirmed that rejected escalations have been excluded from reports from May onwards to ensure accuracy.

Mr Farrer updated the Board on the current position in relation to the upheld SPSO complaint regarding noise and vibration at Tayport Waste Water Pumping Station. There has been no further progress in relation to internal noise and vibration monitoring. As previously reported, the customer has not granted permission for RMP (Edinburgh Napier University) to conduct internal noise and vibration monitoring, but has indicated that he has another company commissioned to carry out this work. No details or outputs have yet been provided. A building survey of the customer's property has now been completed, following concerns expressed by the customer. The surveyor has identified certain relatively minor issues,

noting that these could be attributable to a number of causes. Recorded levels of vibration, prior to replacement of the original rising main, are below the level at which structural damage would occur. At the customer's request, Scottish Water has offered a choice of two structural surveyors and awaits acceptance to proceed. The position will be reviewed upon receipt of the structural survey report.

The Board noted Scottish Water's preparations in support of the forthcoming European Championships in Glasgow.

Paper 74/18 noted.

[Mr Coyle left the meeting]