

SCOTTISH WATER BOARD MEETING MINUTES

Date	31st October 2018
Start Time	10.00am
Finish Time	1.10pm
Place	Lauriston Room, Castle House

Present:	Dame Susan Rice	Chair
	Mr Douglas Millican	Chief Executive
	Mr Peter Farrer	Chief Operating Officer
	Mr Alan P Scott	Finance Director
	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
	Mr Ken Marnoch	Board Member
In attendance:	Professor Simon Parsons	Strategic Customer Service Planning Director
	Mr Mark Dickson	Director of Capital Investment
	Mrs Emma Campbell	Corporate Secretary and Group Legal Counsel
	Mr Bob Irvine	Deputy Director, Scottish Government (Item 8(i) only)
	Mrs Shirley Campbell	Director for People (Item 9(ii) only)
Observers:	Miss Susan Hill	Senior Legal Counsel
	Mrs Nicola Galbraith	Legal Counsel

PART I

1. APOLOGIES

Apologies were received from Mrs Claire Marshall.

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 29th August 2018
The draft Minutes of the Board meeting held on 29th August 2018 were approved.

Paper 97/18 approved.

- (ii) Draft Minutes of the Audit Committee Meeting held on 28th August 2018
The draft Minutes of the Audit Committee meeting held on 28th August 2018 were noted.

Paper 98/18 noted.

(iii) Draft Minutes of the Board Workshop held on 26th September 2018

The draft Minutes of the Board Workshop held on 26th September 2018 were approved.

Paper 99/18 approved.

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 Incidents (HPIs) are on a worsening trend. He explained the background to and the issues arising from the H&S incidents set out in the report. The Board noted that root cause analysis has been undertaken and Mr Farrer updated the Board on the lessons learned following completion of executive reviews in relation to the incidents.

The overall Scottish Water sickness absence rate is on an improving trend at 2.75%. Scottish Water's Safety, Health & Wellbeing conference took place in September 2018 and was attended by over 550 leaders from across Scottish Water and the supply chain, considering the theme of risk perception. The Board discussed the results of the Safety, Health & Wellbeing Climate survey and noted the corporate actions agreed in relation to the survey.

Paper 100/18 noted.

5. CEO REPORT - PAAG

Mr Millican highlighted the key issues arising out of the report, noting that, on 30th October 2018, Scottish Water's first Top up Tap was unveiled at the Scottish Parliament. He provided an overview of performance and the Board noted the ongoing focus on leakage. He advised that reported leakage in June and July 2018 will be updated as external verification has confirmed that this was over-stated as a result of the increased volumes of water supplied during the hot and dry weather.

Paper 101/18 noted.

6. FINANCE REPORT

Mr Scott presented the paper, reporting that, to 30th September 2018, regulated profit before tax (PBT), excluding exceptional items, was £2.2m higher than budget at £57m. After exceptional items, PBT was £1.8m lower than budget. Gross capital investment to September was £317.4m, £35.4m lower than budget. The amount billed to household customers was £0.8m lower than budget at £886.1m and cash collected from household customers was £4.5m lower than budget at £473.5m. Sales were £7.2m higher than budget, with total expenditure £5.6m higher than budget and interest £0.6m below budget.

Paper 102/18 noted.

7. CUSTOMER SERVICE DELIVERY REPORT

Mr Farrer advised that the in-month household CEM (hCEM) score for September 2018 was 87.94, a significant increase from the previous month's score of 84.57. The year to date (YTD) score also increased to 86.41. Mr Farrer explained that, due to the impact of challenging weather conditions experienced in June and July, the forecast year-end position

is 87.03, compared to the target of 87.17, within a forecast range of 86.60 to 87.20. The in-month non-household CEM (nhCEM) score increased significantly from 77.89 in August to 83.05 in September, with the rolling 12-month score steadily increasing from 78.04 in July to 78.42 in September.

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, advising that Scottish Water has made a final compensation offer and awaits a response from the customer.

The Board noted the research being conducted on an annual basis to understand the service experience delivered to Licensed Providers and considered the results of the 2018 Annual Licensed Provider survey, noting that overall satisfaction metrics remain relatively consistent and an action plan is being created to collate all improvement actions.

Paper 103/18 noted.