

SCOTTISH WATER BOARD MEETING MINUTES

Date	28th June 2017
Start Time	10.00am
Finish Time	12.45pm
Place	The Verandah Room, Norton House Hotel

Present:	Lady Susan Rice	Chair
	Mr Douglas Millican	Chief Executive
	Mr Peter Farrer	Chief Operating Officer
	Mr Alan P Scott	Finance Director
	Mrs Lynne Peacock	Board Member
	Mr Alan Bryce	Board Member
	Mr Matt Smith	Board Member
	Mr Paul Smith	Board Member
	Mr James Coyle	Board Member
	Mrs Samantha Barber	Board Member
	Mr Iain Lanaghan	Board Member
In attendance:	Prof Simon Parsons	Strategic Customer Service Planning Director
	Mr Mark Dickson	Director of Capital Investment
	Mrs Emma Campbell	Corporate Secretary and Group Legal Counsel
	Mr Brian Lironi	Corporate Affairs Director (Item 8 only)

PART I

1. APOLOGIES

There were no apologies.

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 31st May 2017
The draft Minutes of the Board Meeting held on 31st May 2017 were approved.

Paper 68/17 approved.

- (ii) Draft Minutes of the Audit Committee Meeting held on 24th May 2017
The draft Minutes of the Audit Committee Meeting held on 24th May 2017 were noted.

Paper 69/17 noted.

- (iii) Draft Minutes of the Remuneration Committee Meeting held on 25th May 2017
The draft Minutes of the Remuneration Committee Meeting held on 25th May 2017 were noted.

Paper 70/17 noted.

4. SAFETY, HEALTH & WELLBEING REPORT

Mr Farrer reported that safety performance is on an improving trend but advised that a Scottish Water employee was seriously injured in an incident at Prestonpans Wastewater Pumping Station on 9th June 2017. He provided a summary of this incident, which was considered by the Board, confirming that full details will be provided at the August Board meeting. In relation to governance of the Safety, Health & Wellbeing Strategy, a Safety, Health & Wellbeing Planning group has been formed to ensure effective integration of safety, health and wellbeing initiatives across Scottish Water. Mr Farrer advised that long-term sickness absence levels increased slightly in May, noting the higher than average absence rate of employees over the age of 50. Following discussion in relation to the measures being taken to address this, including flexible retirement packages, it was agreed that the Executive Leadership Team carry out a systematic review of the current position in order to determine whether any further measures are required.

Action 1 - Mr D Millican

The Board queried the measures taken by Scottish Water to cross-check safety standards. Professor Parsons explained that Scottish Water has c.230 standards and specifications which are peer-checked across the industry and health and safety is a core part of this. There is a process of independent review with technical consultants and Scottish Water draws on UK-wide groups such as BSI. There is an ongoing focus on the robustness of the standards and specifications and how they are being applied.

Paper 71/17 noted.

5. CEO REPORT - PAAG

Mr Millican highlighted the key issues arising out of the report, advising that Scottish Water's Annual Report & Accounts 2016-17 were laid before Parliament on Tuesday 27th June 2017. The Scottish Parliament Petitions Committee has called for written evidence following its hearing in relation to the petition from a customer within the Aviemore water supply zone. Scottish Water will submit its response to the Committee by the end of June 2017. The Board congratulated Mr Millican on his election as the Vice President of the Institute of Water.

Paper 72/17 noted.

6. FINANCE REPORT

Mr Scott reported that, to 31st May 2017, regulated profit before tax (PBT) at £19.4m was £1.1m above budget. Sales were £0.2m higher than budget, with total expenditure £0.8m below budget and interest £0.1m lower than budget. The full year forecast will be presented at the next Board meeting in August. Gross capital investment to May was £116.1m, £9.7m higher than budget. The amount billed to household customers was £0.8m higher than budget at £862.9m and cash collected from household customers was £0.8m higher than budget at £146.8m. Government loans at the end of May were in line with budget at £3,346.4m.

Paper 73/17 noted.

7. CUSTOMER SERVICE DELIVERY REPORT

Mr Farrer advised that the in-month Household CEM (hCEM) score for May was 85.76, a significant reduction from the previous month's score of 88.25. This reduction was largely due to an increase in service issue contacts following the pipe burst in Cumbernauld and a reduction in the experience and perception survey results compared to the high levels of satisfaction reported in April. The year to date (YTD) score of 87.00 remains above the target of 86.50. Mr Farrer noted that the reduction in the experience and perception survey results reflects the move from quarterly to monthly data from April 2017, which creates the risk of greater variability in scores, reflecting specific events in the month. The in-month Non-Household CEM (nhCEM) score for May 2017 increased by 1.35 points to 79.10, which led to an increase in the YTD score to 78.45. This increase was mainly due to an improvement in the qualitative measures, namely the Business End Users Survey and Developer Connections Survey, which offset a slight reduction in the quantitative scores. Mr Farrer updated the Board on a proactive social media advertising pilot, involving the use of Facebook adverts to improve customer experience. He reported that adverts have reached c.117k customers to date and Scottish Water's followers have increased across all social channels by 28% since last year, with a rapid increase since the start of the campaign.

Paper 74/17 noted.