

## SCOTTISH WATER BOARD MEETING MINUTES

**Date** 29<sup>th</sup> October 2025  
**Start Time** 2:00pm  
**Finish Time** 5:00pm  
**Place** MS Teams Video Call

<b>Present:</b>	Mrs Deirdre Michie Mr Alex Plant Mr Peter Farrer Mr Alan Dingwall Mrs Catriona Schmolke Mr Graham Dalton Mr Steve Dickson Mr Ken Marnoch Mr Ian McAulay Mr Allan Clow Mrs Belinda Howell	Chair Chief Executive Chief Operating Officer Chief Financial Officer Board Member Board Member Board Member Board Member Board Member Board Member Board Member Board Member
<b>In attendance:</b>	Mrs Emma Campbell Mrs Wendy Kimpton Professor Simon Parsons Mr Raymond Buchanan	Group Legal Counsel & Director of Governance and Corporate Secretary Director of Strategy & Regulation (Item 5 only) Director of Environment, Planning & Assurance (Item 5 only) Director of Corporate Affairs (Item 6 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 27<sup>th</sup> August 2025  
The draft minutes of the Board meeting held on 27<sup>th</sup> August 2025 were approved.

**Paper 72/25 approved.**

(ii) Draft Minutes of the Audit & Risk Committee Meeting held on 26<sup>th</sup> August 2025  
The draft minutes of the Audit & Risk Committee meeting held on 26<sup>th</sup> August 2025 were noted.

**Paper 73/25 noted.**

(iii) Draft Minutes of the Special Remuneration Committee Meeting held on 29<sup>th</sup> August 2025  
The draft minutes of the Special Remuneration Committee meeting held on 29<sup>th</sup> August 2025 were noted.

**Paper 74/25 noted.**

#### **4. MONTHLY/QUARTERLY PERFORMANCE**

(i) Safety, Health & Wellbeing Report

Mr Farrer presented the paper. The Board noted improvements to the RIDDOR Injury Frequency Rate, Lost Time Frequency Rate (LTFR) and Total Recordable Injury Rate (TRIR) in comparison to the previous year and the three-year rolling average. Scottish Water remained focused upon reducing High Potential Incidents (HPIs) and Mr Farrer highlighted the successful launch of the Beyond Zero Harm Ambition to Scottish Water's line leaders. He reported that the Access Control systems initiative was in the final stage of rollout and 21,000 digital permits had been issued.

The Board considered the background to and the issues arising from four incidents which had been assessed as significant during August and September 2025. In response to a query from the Board, Mr Farrer confirmed that Scottish Water monitored all utility strikes and high-voltage strikes were reported to the Board. He noted that Scottish Water had convened a Zero Strikes Group, with members drawn from across the supply chain. Following a question from the Board, Mr Farrer advised that Scottish Water was evaluating the feasibility of expanding the use of safer excavation techniques, including Vac Ex. The Board noted that Scottish Water had been requested to showcase Access Control at the next Water UK Occupational Health & Safety Forum. Further to a comment from the Board, it was acknowledged that this should be described as an industry-leading approach to site access, rather than contractor management as stated in the paper.

The Board considered the sickness absence data, noting higher absenteeism levels in those aged between 45 and 65. Mr Farrer confirmed that this was an area of focus for the Occupational Health and Health Surveillance teams, and was being considered as part of the current standby review. In response to a query from the Board, Mr Farrer advised that, while mental health absence had been stable at c.25-28% since COVID, it remained the highest absence category. He explained that mental health absence was managed proactively

by the People team, including through the Employee Assistance Programme (EAP). Further to a request from the Board, it was agreed that a detailed breakdown of mental health absence data would be provided to the Board.

**Action 1 – Mr P Farrer / Ms L Highway**

**Paper 75/25 noted.**

(ii) Half-Yearly Finance Update

Mr Dingwall presented the half-yearly finance update, advising the Board of Scottish Water's financial performance for the period ending 30<sup>th</sup> September 2025 and the revised forecast performance for the year to 31<sup>st</sup> March 2026. The Board commended the revised format and clarity of reporting.

Mr Dingwall reported that Group revenue to 30<sup>th</sup> September 2025 had increased by £138m and Profit Before Tax (PBT) had increased by £31m in comparison to the prior year, driven by regulated price increases. Group cash was £235m, an increase of £50m in comparison to the prior year. Following a query from the Board, Mr Dingwall explained that Scottish Water considered cash held within Scottish Water Horizons Holdings Limited as accessible and this formed part of the calibration of Scottish Water's risk appetite. Mr Dingwall highlighted the provisions of the Governance Code which govern the relationship between Scottish Water and Business Stream.

Mr Dingwall reported positive regulatory business trading to 30<sup>th</sup> September 2025, with revenue and PBT ahead of budget and Tier 1 costs £13.1m below budget. The impact of drought relief activity and industrial action had been absorbed and contingency was available for the winter risk period. He confirmed that FTE had been maintained below budget and noted a slight increase in overtime. Following a query from the Board as to the drivers, Mr Farrer explained that this reflected additional work undertaken following the industrial action, including reinstatement of sampling regimes, together with the impact of dry weather. While repairs remained higher than budget, actions were underway to reduce the run rate.

Mr Dingwall highlighted the early drawdown of loans, explaining that this reflected progress in the Capital Investment programme. The Board noted that delivery of certain projects was being deferred to the next regulatory period due to funding constraints. Mr Plant explained that this was being carefully managed to minimise the impact, with consideration of the overall profiling. Following a request from the Board, it was agreed that further detail of the deferred projects and the associated risks would be included within the Capital Investment report to the Board in December 2025.

**Action 2 – Mr R Mustard**

Further to a question from the Board as to the inclusion of Cloud costs within project reporting, Mr Dingwall explained that these would now be aligned to accounting standards and treated as operating expenditure. The Board discussed the implications of increasing energy costs, querying the extent to which this could be mitigated through increased self-generation and noting the role of Scottish Water Horizons in progressing renewables schemes. Mr Dingwall confirmed that this would mitigate the increase in non-commodity costs, explaining that Scottish Water was fully hedged on commodity costs. In response to a query from the Board, Mr Dingwall explained that Transformation benefits to date related primarily to the Capital Investment programme, with assurance provided through a business case process and the application of a benefit discounting methodology. There would now be greater focus on operational costs and productivity benefits.

**Paper 76/25 noted.**

(iii) Chief Executive Report

Mr Plant outlined the water scarcity position and actions, reporting that reservoir levels in the east of the country remained well below normal levels for this time of year. Further to a query from the Board, Mr Farrer explained that Clatto and Lintrathen were among the worst affected and detailed the supply side measures being considered.

Further to a question from the Board, Mr Plant confirmed that Scottish Water was reviewing the communications aspect of incidents following the Rawburn interruption to supply, together with the approach to key stakeholder interaction and messaging.

Mr Plant reported encouraging results from the annual Employee Experience survey and outlined the areas of focus, noting the upcoming Leading Together events. The Board considered initial feedback on Balanced Hybrid Working and discussed the importance of office occupancy being more evenly distributed across the week.

**Paper 77/25 noted.**