

SCOTTISH WATER BOARD MEETING DRAFT MINUTES

Date	25th October 2017
Start Time	11.00am
Finish Time	1.20pm
Place	Lauriston Room, Castle House, Dunfermline

Present:	Lady Susan Rice	Chair
	Mr Douglas Millican	Chief Executive
	Mr Peter Farrer	Chief Operating Officer
	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
	Mr Ramsay Milne	Senior Commercial Lawyer
	Mrs Shirley Campbell	Director for People (Item 9(ii) only)
	Mr Paul Kerr	Head of Horizons (Item 9(ii) only)

PART I

1. APOLOGIES

Apologies were received from Mr Scott, Finance Director, who was absent due to illness and from Mrs Campbell, Corporate Secretary and Group Legal Counsel.

2. DECLARATION AND REGISTRATION OF INTERESTS/MATTERS ARISING

Mr P Smith requested a correction to his previous declaration regarding Cyberhawk Limited, who he advises through his company, PRS Energy Solutions Limited. Cyberhawk Limited are not currently drone service providers to Scottish Water but may be in the future.

There were no matters arising.

3. BOARD MINUTES (Part I)

- (i) Draft Minutes of the Board Meeting held on 30th August 2017
The draft Minutes of the Board Meeting held on 30th August 2017 were approved.

Paper 91/17 approved.

- (ii) Draft Minutes of the Audit Committee Meeting held on 29th August 2017
The draft Minutes of the Audit Committee Meeting held on 29th August 2017 were noted.

Paper 92/17 noted.

(iii) Draft Minutes of the Board Workshop held on 27th September 2017

The draft Minutes of the Board Workshop held on 27th September 2017 were approved.

Paper 93/17 approved.

4. SAFETY, HEALTH & WELLBEING REPORT

Mr Farrer presented the paper, reporting that safety performance is stable and overall Scottish Water sickness absence has reduced to 2.83%. The percentage of new instances of absence attributable to mental health issues has increased, compared to the last 12 months, and is being addressed through measures such as the Mentally Healthy Workplace training programme. Mr Farrer noted that the introduction of nurse-led absence management in December 2017 is likely to result in an increase in the number of sickness absences, due to improved recording. Mr Farrer explained the background to and the issues arising from the H&S incidents set out in the report. The Board noted the continuing focus on behavioural safety.

Paper 94/17 noted.

5. CEO REPORT - PAAG

Mr Millican highlighted the key issues arising out of the report, noting that overall feedback from employees in relation to the ongoing "Vision in Focus" events has been very positive. He updated the Board on the Digital Technology Partners Procurement, advising that the preferred bidder(s) recommendation will be presented to the Board at its meeting in January 2018. Roseanna Cunningham MSP, Cabinet Secretary for Environment, Climate Change and Land Reform, will meet with Board members following the Board meeting in December 2017. The Board noted that Scottish Water received the 2017 Diversity in the Public Sector Award at the Herald Gen Analytics Diversity Awards and commended those involved.

Paper 95/17 noted.

6. FINANCE REPORT

In Mr Scott's absence, Mr Millican presented the paper, reporting that, to 30th September 2017, regulated profit before tax (PBT) at £69.6m was £11.4m above budget. Sales were £5.4m higher than budget, with total expenditure £6m below budget and interest on budget. Gross capital investment to September was £328m, £0.8m higher than budget. The amount billed to household customers was £2.1m higher than budget at £866.3m and cash collected from household customers was £1.2m lower than budget at £463.1m. Government loans at the end of September were in line with budget at £3,339.4m.

Mr Millican set out proposed changes to the Delegated Levels of Authority (DLAs) for director-level roles within Scottish Water, resulting from the introduction of new financial and billing systems, which require DLAs to be standardised to job grades, rather than to individuals. He explained that there was no change to his overall DLA and expenditure or risk above £10m will continue to be reserved to the Board. It was agreed that Mr Scott would provide further clarification as to the new DLAs to the Audit Committee.

Action 1 – Mr A P Scott

Paper 96/17 noted.

7. CUSTOMER SERVICE DELIVERY REPORT

Mr Farrer advised that the in-month Household CEM (hCEM) score for September 2017 was 86.71, an increase from the previous month's score of 84.48. This increase was largely due to a reduction in service issue contacts and formal complaints. The year to date (YTD) score of 86.33 remains above the previous year's position. Mr Farrer noted that the reduction in the Experience and Perception Survey results reflects the move from quarterly to monthly data in April 2017, which creates the risk of greater variability in scores, reflecting specific events in the month. In response to a query from the Board regarding the number of calls abandoned, Mr Farrer advised that the numbers are low and the impact on the hCEM score is negligible, but is being monitored. The in-month Non-Household CEM (nhCEM) score for September increased by 4.96 points to 80.87, which led to an increase in the YTD score to 77.02, due mainly to an improvement in all quantitative measures, namely the number of service issue contacts, complaints and escalations. Mr Farrer updated the Board on the continued focus within Scottish Water to improve services to the development community, with additional staff being recruited to ensure that Scottish Water has sufficient resource to service the increased levels of demand.

Paper 97/17 noted.