

SCOTTISH WATER BOARD MEETING MINUTES

Date	26th June 2019
Start Time	10.00am
Finish Time	12.45pm
Place	Lauriston Room, Castle House, Dunfermline

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	Director of Strategic Customer Service Planning
	Mr Mark Dickson	Director of Capital Investment
	Mrs Nicola Galbraith	Corporate Secretary and Legal Counsel

PART I

1. APOLOGIES

Apologies were received from Rob Mustard, Director of Digital.

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 May 2019
The draft Minutes of the Board meeting held on 29th May 2019 were approved.

Paper 68/19 approved.

- (ii) Draft Minutes of the Audit Committee Meeting held on 22nd May 2019
The draft Minutes of the Audit Committee meeting held on 22nd May 2019 were noted.

Paper 69/19 noted.

- (iii) Draft Minutes of the Remuneration Committee Meeting held on 23rd May 2019
The draft Minutes of the Remuneration Committee meeting held on 23rd May 2019 were noted.

Paper 70/19 noted.

4. SAFETY, HEALTH & WELLBEING REPORT

Mr Farrer presented the paper, reporting that May had been an unsatisfactory month with six notable incidents, including three RIDDOR incidents. The Notifiable Incident Rate (RIDDOR) twelve month rolling position is higher than the 2018/19 performance level. The overall Scottish Water sickness absence rate had increased very slightly at 2.88%. The percentage of physiotherapy referrals is behind target due to a backlog of data from the supplier who has undergone a recent system change but will be back on track by next month. The wellbeing training occupancy rate remains stable at 86%.

Mr Farrer explained the background to and the issues arising from the six notable incidents. In relation to each incident he explained the root cause analysis and the lessons learnt following executive reviews. The Board noted that in relation to some incidents disciplinary procedures are on-going. Where relevant, operatives have also been removed from safety related work. Communications have also been issued to the business where appropriate and a change of procedure and tighter risk assessments are also being considered following the RIDDOR/LTA incident at Hungry Snout. Those incidents with behaviour related root causes were noted and Mr Farrer advised that the health and safety team are considering how training roll-out can be accelerated. In response to a query from the Board, Mr Farrer advised where drugs and alcohol testing had been carried out and it was noted that the testing policy had recently been changed. Supervision on site and the extent that this is reviewed was also discussed following a query from the Board. The Board discussed the culture around health and safety incident reporting and it was agreed that Mr Farrer would consider how to encourage more reporting of non LTA's to inform better learning.

Action 1 – Mr P Farrer

Paper 71/19 noted.

5. CEO REPORT - PAAG

Mr Millican highlighted the key issues arising out of the report and the meeting with Roseanna Cunningham on the Strategic Review of Charges 2021-27. It was agreed that Mr Millican would ensure that MSP's had been invited to the Annual Consultative Meeting in August in Edinburgh.

Action 2 – Mr D Millican

The success of the International Water Association Leading Edge Conference and the high level of engagement was noted. Mr Millican circulated a Water Update Report monitoring reservoir stocks and drought trigger statuses explaining that this will continue to be monitored weekly. Mr Millican updated the Board on his recent six monthly meeting with Sue Petch, the Drinking Water Quality Regulator for Scotland (DWQR). It was noted that there has been an increase in reporting of short duration events and this has been taken as a positive development by the DWQR.

Mr Millican highlighted the importance of the capital investment programme and levels of investment in advance of SR21. Mr Dickson advised that the capital programme is currently forecast within a range of £650m to £720m with a target of £700m. In response to a query from the Board it was noted that the reason the capital investment RAG status is showing as green is because this is measuring compliance with the regulatory contract.

The Board noted the customer engagement which had recently taken place at the Royal Highland Show with 8,500 customers visiting the Scottish Water stand. The topic was water efficiency and early indications were that there are opportunities for Scottish Water to

influence this area. The Top-Up-Tap campaign was also discussed and the Board noted that following a recent high profile BBC documentary it was apparent that there is a lack of refillable taps at motorway service stations across the UK. It was agreed that Mr Millican would liaise with Brian Lironi on the possibility of addressing this with oil companies with assistance from Mrs Michie and Mr Marnoch.

Action 3 – Mr D Millican

In response to a query from the Board, Mr Farrer clarified the position on the stockpiling of chemicals and their reuse and replacement and confirmed that Scottish Water will be due to step back into incident mode along with the rest of the UK water industry approximately five weeks before 31st October 2019.

Paper 72/19 noted.

6. FINANCE REPORT

Mr Scott reported that, to 31st May 2019, regulated profit before tax (PBT) at £20.9m was £0.7m above budget. Sales were £0.2m higher than budget, with total expenditure £0.3m lower than budget and interest £0.2m below budget. The financial position remains on track at present. Mr Scott made copies of the Annual Report & Accounts available.

Paper 73/19 noted.

7. CUSTOMER SERVICE DELIVERY REPORT

Mr Farrer advised that the in-month household CEM (hCEM) score for May 2019 was 89.44, an increase from the previous month's score of 88.89. The in-month non-household CEM (nhCEM) score was 82.85, a decrease from 87.29 reported in April. The main reason for the decrease in the in-month score for nhCEM performance was due to an increase in escalations. Developer operations also dropped 13.53%. Mr Farrer explained that a new system is being installed in December for the Scottish Water Connections team and resourcing this is having an impact on day to day working. Temporary resourcing to cover the period to implementation of the system is currently being considered.

Paper 74/19 noted.