

SCOTTISH WATER BOARD MEETING MINUTES

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| Date | 12th December 2023 |
| Start Time | 9:00am |
| Finish Time | 12:40pm |
| Place | The Garden Suite, Norton House Hotel, Edinburgh |

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| Present: | Dame Susan Rice | Chair |
| | Mr Alex Plant | Chief Executive |
| | Mr Peter Farrer | Chief Operating Officer |
| | Mr Iain Lanaghan | Board Member |
| | Mrs Catriona Schmolke | Board Member |
| | Mr Graham Dalton | Board Member |
| | Mr Steve Dickson | Board Member |
| | Mr Ken Marnoch | Board Member |
| | Mrs Deirdre Michie | Board Member |
| In attendance: | Mrs Emma Campbell | Group Legal Counsel & Director of Governance and Corporate Secretary |
| | Mr Ian McAulay | Non-Executive Director Designate (Observer) |
| | Mr Rob Mustard | Director of Capital Investment (Items 5(i) - (iv) only) |
| | Mr Brian Strathie | Director of Finance (Items 5(i) - (iii) and 6(iii) only) |
| | Professor Simon Parsons | Director of Environment, Planning & Assurance (Items 5(i) - (iii) only) |
| | Mr Joe Rowan | General Manager Procurement (Item 5(iv) only) |
| | Mr Andrew Walker | Head of Corporate Affairs (Item 6(iii) only) |

PART I

1. APOLOGIES

Apologies were received from Mr Alan P Scott.

The Chair welcomed Mr Ian McAulay as an observer, noting that his term as a Non-Executive Director would commence on 1st January 2024.

2. DECLARATION AND REGISTRATION OF INTERESTS/MATTERS ARISING

Mrs Schmolke advised the Board that she had been appointed a Non-Executive Director of NES Fircroft Limited with effect from 6th December 2023 and would be appointed as Non-Executive Chair of ARTUS Limited from 1st January 2024.

There were no matters arising.

3. BOARD MINUTES (Part I)

(i) Draft Minutes of the Board Meeting held on 1st November 2023

The draft Minutes of the Board meeting held on 1st November 2023 were approved.

It was noted that Mrs Michie had been omitted from the list of those present and it was agreed that Mrs Campbell would amend the draft Minutes accordingly.

Paper 102/23 approved.

(ii) Draft Minutes of the Remuneration Committee Workshop held on 31st October 2023

The draft Minutes of the Remuneration Committee Workshop held on 31st October 2023 were noted.

Mrs Michie, Chair of the Remuneration Committee, advised that revised Terms of Reference had been reviewed by the Remuneration Committee at its meeting on 29th November 2023 and were recommended to the Board for approval. Following consideration, the Board approved the revised Terms of Reference.

Paper 103/23 noted.

(iii) Draft Minutes of the Remuneration Committee Meeting held on 29th November 2023

Mrs Michie, Chair of the Remuneration Committee, provided a verbal report of the meeting held on 29th November 2023.

(iv) Draft Minutes of the Audit & Risk Committee Meeting held on 1st December 2023

Mr Lanaghan, Chair of the Audit & Risk Committee, provided a verbal report of the meeting held on 1st December 2023.

4. MONTHLY/QUARTERLY PERFORMANCE

(i) Safety, Health & Wellbeing Report

Mr Farrer presented the paper, reporting that the RIDDOR Injury Frequency Rate, Lost Time Frequency Rate (LTFR) and Total Recordable Injury Rate (TRIR) remained on a declining trend in respect of contractor incidents. A strategic review was being led by Mr Farrer and Mr Mustard and a detailed update would be provided to the Board at its meeting on 31st January 2024. Mr Farrer advised that Ms Kirsty McLaughlan, previously Waste Water Operations Manager - North, had been appointed as Scottish Water's Head of Health and Safety and would attend this update. The Board discussed the importance of culture change in driving improved health and safety across the contracting organisations. Following a question from the Board, Mr Farrer explained how Scottish Water was engaging with contractors on the development of strengthened controls.

The Board considered the background to and the issues arising from three incidents in October 2023 which had been assessed as significant or which offered an opportunity for wider business learning. In response to a query from the Board, Mr Farrer confirmed that there had been no significant incidents in November 2023.

Paper 105/23 noted.

(ii) Chief Executive Report

Mr Plant provided an update on performance. He highlighted a slight improvement in the Outcome Performance Assessment (OPA) measure and strong performance across Capital Investment. The Board noted that leakage in October 2023 had increased by 5ML/d from the reported performance in September. Mr Farrer explained that the year-end leakage performance was forecast to improve on the previous year's position and noted continued improvement year on year, despite significant weather impacts as a result of the changing climate. Following a request from the Board, it was agreed that future Chief Executive Reports would include percentages and demonstrate the trajectory of performance measures over time.

Action 1 – Mr A Plant

The Board commended Scottish Water on the quality of its contingency planning in relation to Storm Babet and noted that there had been no adverse customer or environmental impacts from the industrial action in November.

Mr Plant reported positive meetings with the CEOs of Edinburgh and Glasgow City Councils, noting the focus on aligning future investment plans to support housing growth and considering ways to address flood risk.

The Board noted that over 650 leaders had attended the latest round of Leading Together events across Scotland and Mr Plant reported very positive feedback. In response to a query from the Board, Mr Plant explained that the SW Cares weekly sentiment survey would no longer be issued and a review of Scottish Water's employee listening strategy was being undertaken by the People Directorate to ensure effective engagement.

Paper 106/23 noted.