

SCOTTISH WATER BOARD MEETING MINUTES

Date	29th May 2024
Start Time	10:50am
Finish Time	3:30pm
Place	The Conference Room, Fairmilehead Office, Fairmilehead, Edinburgh

Present:	Mr Iain Lanaghan	Acting Chair
	Mr Alex Plant	Chief Executive
	Mr Peter Farrer	Chief Operating Officer
	Mrs Catriona Schmolke	Board Member
	Mr Graham Dalton	Board Member
	Mr Steven Dickson	Board Member
	Mr Ken Marnoch	Board Member
In attendance:	Mrs Emma Campbell	Group Legal Counsel & Director of Governance and Corporate Secretary
	Mr Brian Strathie	Director of Finance
	Mrs Karen-Jane Stewart	Head of Corporate Risk Management (Item 5 only)
	Mrs Mairi Julier	Principal Corporate Risk Specialist (Item 5 only)
	Mr Kes Juskowiak	Director of Transformation (Item 6(i) only)
	Mr Mike Will	General Manager – Solutions Hub, Transformation Solutions Hub (Item 6(i) only)
	Mr Rob Mustard	Director of Capital Investment (Item 7(i) only)
	Mr Paul Sexton	General Manager – Alliance Management (Item 7(i) only)
	Mr Tom Harvie-Clark	Financial Control – General Manager (Item 8(i) only)

PART I

1. APOLOGIES

Apologies were received from Mrs Deirdre Michie and Mr Ian McAulay. It was noted that Mr Lanaghan would chair the meeting in Mrs Michie's absence.

2. REGISTRATION AND DECLARATION OF INTERESTS/MATTERS ARISING/AOB

Mr Dalton advised that he had been appointed by Curzon Consulting as an adviser on infrastructure and public sector commissions. It was noted that this had been reflected in the Register of Interests.

There were no matters arising.

3. BOARD MINUTES (Part I)

- (i) Draft Minutes of the Board Meeting held on 27th March 2024
The draft Minutes of the Board meeting held on 27th March 2024 were approved.

Paper 33/24 approved.

- (ii) Draft Minutes of the Board Meeting held on 1st May 2024
The draft Minutes of the Board meeting held on 1st May 2024 were approved.

Paper 34/24 approved.

- (iii) Draft Minutes of the Remuneration Committee Meeting held on 20th March 2024
The draft Minutes of the Remuneration Committee Meeting on 20th March 2024 were noted.

Paper 35/24 noted.

- (iv) Draft Minutes of the Remuneration Committee Meeting held on 23rd May 2024
Mr Marnoch, Chair of the Remuneration Committee, provided a verbal report of the meeting held on 23rd May 2024.
- (v) Draft Minutes of the Audit & Risk Committee Meeting held on 26th March 2024
The draft Minutes of the Audit & Risk Committee meeting held on 26th March 2024 were noted.

Paper 36/27 noted.

- (vi) Draft Minutes of the Audit & Risk Committee Meeting held on 28th May 2024
Mr Lanaghan, Chair of the Audit & Risk Committee, provided a verbal report of the meeting held on 28th May 2024.

4. MONTHLY/QUARTERLY PERFORMANCE

- (i) Safety, Health & Wellbeing Report

Mr Farrer presented the paper, reporting sustained improvement in the Lost Time Frequency Rate (LTFR) and the RIDDOR Injury Frequency Rate over the past six months. In response to a query from the Board, Mr Farrer explained the focus on hazard reporting over the past 18 to 24 months, highlighting the significant impact of the Sphera system, which had increased the visibility of recording and closure of hazards. The Board noted that an increase in hazard reporting could be a positive indication and discussed the importance of reporting positive safety performance. The Board considered the background to and the issues arising from one incident during April 2024 which had been assessed as significant. Further to a question from the Board, Mr Farrer clarified that the incident had occurred due to a failure to follow the established safety procedures. The Board noted that this incident underlined the importance of hazard identification and the need for dynamic risk assessment. Mr Farrer confirmed that point of work dynamic risk assessments would be implemented for all contractors as part of the Construction and Contracting Health & Safety Improvement Plan. The Board suggested that this incident should be used as a case study. Mr Farrer confirmed that an incident replay had been distributed across Scottish Water and its supply chain. The Board noted the importance of incident replays identifying both the root cause of incidents and the behavioural aspects.

Mr Farrer updated the Board on the continued development of the Construction and Contracting Health & Safety Improvement Plan. He advised that this would be presented to the Board later in the year following conclusion of the benchmarking process. The Board discussed the maturity assessments completed by Scottish Water's delivery partners, noting the importance of a cultural shift towards openness and transparency.

Mr Farrer highlighted the focus on Health & Safety at Scottish Water's recent Supply Chain Conference. The Board commended Scottish Water and the Capital Investment Programme for achieving a RoSPA Gold Award for health and safety for the fourth successive year. Mr Farrer noted that Scottish Water remained focused on maintaining the highest safety standards across all operations.

The Board considered the paper in relation to mental health absence prepared by Mrs Highway, People Director, at the request of the Board. The Board noted that workload had been highlighted as a potential reason for the increase in mental health absence and observed that workload management would be a key consideration in the transition to a 35-hour week. The Board welcomed the insights provided in relation to the Employee Assistance Programme (EAP) and it was agreed that this data would be provided to the Board on a six-monthly basis.

Action 1 – Mr P Farrer

Further to a query from the Board, Mr Plant advised that training was being provided to line managers to enable them to conduct effective 'Return to Work' conversations, with an ongoing focus on improving compliance.

Paper 38/24 noted.

(ii) Safety, Health & Wellbeing Annual Review 2023/24

Mr Farrer presented the paper, providing an overview of safety, health and wellbeing performance during 2023/24 and planned improvements for 2024/25. The Board noted that, while safety performance had remained broadly flat and benchmarking indicated that the number of reported incidents was amongst the lowest in the water industry, Scottish Water should ensure that its ambition to achieve net zero harm was clearly communicated.

In response to a query from the Board, Mr Farrer confirmed that Scottish Water had conducted a safety maturity assessment, which would be presented to the Board as part of its consideration of the Construction and Contracting Health & Safety Improvement Plan. Following discussion, it was agreed that the maturity assessment should be incorporated within future Safety, Health & Wellbeing Annual Reviews.

Action 2 – Mr P Farrer

In response to a question from the Board, Mr Farrer confirmed that drug and alcohol testing was undertaken on a with-cause basis. Further to previous Board discussions, it had been agreed that consideration of random testing would take place, should this become a significant issue. He confirmed that the incident review process considered whether drugs and/or alcohol were involved. The Board noted that, while the number of Covid-19 absences was reducing, there had been an increase in cases of coughs, colds and flu. The Board noted the need to continue to monitor long-term respiratory illnesses.

Mr Farrer reported that there had been seven cases of death in service. The Board extended its condolences. In response to a query from the Board, Mr Strathie and Mrs Campbell confirmed that none of these deaths had resulted from work-related incidents.

Paper 39/24 noted.

(ii) Chief Executive Report

Mr Plant reported very positive feedback from the All-Employee Events undertaken to date, highlighting in particular that the feedback reflected both enjoyment of the events and their success in building stronger connections between employees' work and Scottish Water's purpose and ambitions.

Mr Plant updated the Board on Scottish Water's property review, outlining the communication and engagement with employees, Scottish Water's trade unions and the Scottish Government. Following a question from the Board, Mr Plant explained that the initial focus was on three of Scottish Water's larger offices in Edinburgh, Aberdeen and Dundee. He confirmed that Scottish Water would retain a presence in these locations. He noted the need to address underutilisation of offices and release funds to invest in the operational estate. In response to a query from the Board, Mr Plant confirmed that operational needs in these locations would also be considered as part of the review.

Mr Plant provided an update on performance, reporting that the Stakeholder Customer Experience Measure (sCEM) had increased by 2 percentage points and work was ongoing to assess the reasons for this. Actions were in place to address declining water quality performance and he highlighted the continued focus on leakage reduction. Further to a query from the Board in relation to the Water Environmental Pollution Incident (EPI) data within the paper, Mr Plant explained that the bar charts reflected the fact that there had been no Water EPIs over the past two years. The Board considered the summary of significant operational incidents during April 2024. In response to a question from the Board in relation to the Interruption to Supply (ITS) at Lochgilphead, Mr Farrer confirmed that the Intelligent Control Centre (ICC) had been alerted to the ITS through meters in the network. Following a query from the Board in relation to the incident involving a burst water main in Cumbernauld, Mr Farrer advised that this had been reported by a customer and noted the focus upon increasing the level of technology in pumping stations.

Paper 40/24 noted.