

SCOTTISH WATER BOARD MEETING MINUTES

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| Date | 1st December 2021 |
| Start Time | 9.00am |
| Finish Time | 12.25pm |
| Place | The Usher Suite, Norton House Hotel, Edinburgh |

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| Present: | Dame Susan Rice | Chair |
| | Mr Douglas Millican | Chief Executive |
| | Mr Alan P Scott | Finance Director |
| | Mr Peter Farrer | Chief Operating Officer |
| | Mr Steven Dickson | Board Member |
| | Mrs Samantha Barber | Board Member |
| | Mr Iain Lanaghan | Board Member |
| | Mr Ken Marnoch | Board Member |
| | Mrs Deirdre Michie | Board Member |
| | Mrs Catriona Schmolke | Board Member |
| In attendance: | Professor Simon Parsons | Director of Strategic Customer Service Planning |
| | Mr Mark Dickson | Director of Capital Investment |
| | Mr Rob Mustard | Director of Digital & Transformation |
| | Mrs Shirley Campbell | Director for People |
| | Mr Brian Lironi | Director of Corporate Affairs |
| | Mrs Emma Campbell | Corporate Secretary and Group Legal Counsel |

PART I

1. APOLOGIES

Apologies were received from Mr Coyle. The Chair welcomed Mrs Schmolke to her first Board meeting.

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 27th October 2021
The draft Minutes of the Board meeting held on 27th October 2021 were approved, subject to addition of a post-meeting note.

Paper 116/21 approved.

- (ii) Draft Minutes of the Audit Committee Meeting held on 30th November 2021
Mr Lanaghan, Chair of the Audit Committee, provided a verbal report of the meeting held on 30th November 2021.

4. OPERATIONAL & REGULATORY

(i) Safety, Health & Wellbeing Report

Mr Farrer presented the paper. He reported that the RIDDOR Injury Frequency Rate was on an improving trend for Scottish Water employee incidents, but on a declining trend in respect of contractor incidents. He noted that the Board considered the analysis undertaken in respect of contractor RIDDOR incidents over the past 12 months at its meeting on 27th October 2021. The Lost Time Frequency Rate (LTFR) was slightly higher than target but Mr Farrer highlighted that this has been on an improving trend since June 2020. The Board noted the increase in hazard identification and Mr Farrer explained that hazards are reviewed on a weekly basis, using real-time information provided by the new Health & Safety Information Management system.

During October 2021, no incidents were assessed as significant or offering an opportunity for wider business learning. The Board noted that the Health & Safety Executive (HSE) visited Deerdykes Bioresource Plant on 17th November 2021, as part of the national programme of inspections following the fatalities at Wessex Water's Avonmouth Waste Water Treatment Works (WWTW) in December 2020.

Paper 117/21 noted.

(ii) Chief Executive Report

Mr Millican reported that Scottish Water continues to operate under COVID-19 transition mode using well-established business continuity arrangements. The overall situation is stable, with an ongoing focus upon ensuring that all work and welfare interactions can be carried out safely.

Mr Millican confirmed that Scottish Water supported COP26 and associated activities effectively, with full services provision and no adverse impact from Scottish Water activities. The Board noted that, on 2nd December 2021, Mr Millican and Mr Gordon Reid, General Manager for Net Zero, would meet with the Cabinet Secretary for Net Zero, Energy and Transport to discuss Scottish Water's renewable energy plans.

Mr Millican noted improved performance in October 2021, but highlighted the effect of Storm Arwen on affected customers and likely impact on reported performance. He reported positive feedback from the Transformation story launch events in November 2021.

Paper 118/21 noted.

(iii) Delivery Plan Progress

Professor Parsons presented the paper, providing an overview of the Delivery Plan commitments as at 30th September 2021 and the overall forecast of progress at the year-end. The Board noted that the year-end forecast RAG was green for all performance measures, with the exception of the Overall Performance Assessment (OPA) for Transforming Waste Water Services. All key initiatives and change programmes were green, with the exception of the delivery of SR15 and IR18 investment milestones, which is subject to regular senior management review, with action plans in place to drive recovery or acceleration of projects planned for future years.

Paper 119/21 noted.

(iv) Regulatory Update

Professor Parsons presented the paper, informing the Board of relevant economic regulatory, drinking water quality and environmental issues, SPSO complaints and Data Protection updates. He advised that, in an update to the position stated in the paper, SEPA's Chief Executive had now issued a letter to Mr Millican confirming that production of a route map for improving urban waters would be included as an action in the forthcoming River Basin Management Plan and setting out SEPA's expectations. The Board considered the draft response to be issued by Mr Millican, together with the updated draft route map.

Paper 120/21 noted.