

## SCOTTISH WATER BOARD MEETING MINUTES

**Date** 29<sup>th</sup> January 2025  
**Start Time** 2:00pm  
**Finish Time** 4:30pm  
**Place** MS Teams Call

**Present:**

Mrs Deirdre Michie	Chair
Mr Alex Plant	Chief Executive
Mr Peter Farrer	Chief Operating Officer
Mr Alan Dingwall	Chief Financial Officer
Mrs Catriona Schmolke	Board Member
Mr Iain Lanaghan	Board Member
Mr Graham Dalton	Board Member
Mr Ken Marnoch	Board Member
Mr Ian McAulay	Board Member

**In attendance:**

Mrs Emma Campbell	Group Legal Counsel & Director of Governance and Corporate Secretary
Mr Chris Toop	Director of Digital (Item 5 only)
Mr Kevin Roy	General Manager - Customer Service (Item 5 only)

### PART I

#### 1. APOLOGIES

Apologies were received from Mr Dickson.

#### 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 4<sup>th</sup> December 2024  
The draft Minutes of the Board meeting held on 4<sup>th</sup> December 2024 were approved.

The Chair noted that a paper summarising the status of the actions from the previous meeting had been circulated in advance and the remaining actions were either complete or not yet due for completion.

**Paper 01/25 approved.**

- (ii) Draft Minutes of the Board Workshop held on 3<sup>rd</sup> December 2024  
The draft Minutes of the Board Workshop held on 3<sup>rd</sup> December 2024 were approved.

**Paper 02/25 approved.**

- (iii) Draft Minutes of the Remuneration Committee Meeting held on 27<sup>th</sup> November 2024  
The draft Minutes of the Remuneration Committee meeting held on 27<sup>th</sup> November 2024 were noted, subject to correction of a typographical error.

**Paper 03/25 noted.**

- (iv) Draft Minutes of the Audit & Risk Committee Meeting held on 3<sup>rd</sup> December 2024  
The draft Minutes of the Audit & Risk Committee meeting held on 3<sup>rd</sup> December 2024 were noted.

**Paper 04/24 noted.**

#### **4. MONTHLY / QUARTERLY PERFORMANCE**

- (i) Safety, Health & Wellbeing Report

Mr Farrer presented the paper, reporting continued improvement across the RIDDOR Injury Frequency Rate, Lost Time Frequency Rate (LTFR) and Total Recordable Injury Rate (TRIR). In particular, he highlighted the reducing trend in RIDDOR incidents since October 2023 and the continued reduction in the long-term accident trend since September 2023.

The Board considered the background to and the issues arising from one incident which had been assessed as significant during November and December 2024. Further to a query from the Board, Mr Farrer outlined additional findings from the Director Led Review (DLR). He explained that the contractor involved had sub-contracted the excavation, which was not permitted under the Framework Agreement with Scottish Water. The procurement issues were currently being addressed.

Further to a question from the Board in relation to the incident involving Customer Water Services, Mr Farrer outlined the process which applied following a positive drug and alcohol test. He detailed the actions which had been taken following previous Board discussion of the Drug & Alcohol policy and confirmed that Scottish Water's "with cause" policy was in alignment with other Water UK companies. He explained that the policy was invoked in the event of driving or health & safety issues, and this was being expanded to encompass other areas, such as quality anomalies. Following a query from the Board, Mr Farrer confirmed that the policy applied equally to the management population. Scottish Water continued to monitor and report on all testing invoked under the policy. Of the sixteen tests undertaken in 2024, five had been confirmed as positive, which was consistent with the position in the previous two years. Two tests had been undertaken to date this year, with one positive result. The Board discussed different approaches to testing and the position across the supply chain and in other sectors. Mr Farrer advised that a range of different approaches to drug and alcohol testing applied across Scottish Water's supply chain. The Board noted the importance of a collaborative approach and, following discussion, it was agreed that Mr Farrer would arrange for further discussions with the supply chain and would update the Board at its meeting on 28<sup>th</sup> May 2025.

#### **Action 1 – Mr P Farrer**

The Board discussed the need for additional vigilance in light of weather conditions, given the increased risk of slips, trips and falls. Mr Farrer outlined Scottish Water's winter campaign messaging, noting that this was supplemented with additional alerts in the event of specific weather events like Storm Éowyn.

**Paper 05/24 noted.**

(ii) Q3 Finance Update

Mr Dingwall presented the paper, updating the Board on financial performance for the period ending 31<sup>st</sup> December 2024 and the revised forecast performance for the year to 31<sup>st</sup> March 2025.

He reported that year-to-date Profit Before Tax (PBT) was now £50m, which was £24.5m higher than budget and £4m higher in the quarter. He outlined the drivers and, further to a query from the Board, highlighted increased costs and risks over the winter period. Confidence in the PBT forecast had improved and it was now anticipated in the range of £45m to £55m. Following a question from the Board, Mr Dingwall explained that commercial claims were capital items accounted for through the relevant project and were depreciated over the relevant asset life, meaning that the impact on the profit and loss position in any given year was less material. Mr Dingwall noted the risk and opportunity to the forecast in respect of repairs and potential incidents. A sub-group of the Executive Leadership Team (ELT) was carrying out a detailed analysis of the increase in repair costs, which would be considered by the ELT in Q1 2025/26.

Mr Dingwall advised that investment demand continued at the top of the range and options to generate additional cash were being prioritised, together with different planning scenarios to manage budgets. He reported that Tier 1 revenue had increased by £1.9m in the quarter, with year-to-date performance £4.2m better than budget. Costs before items subject to the Long-Term Normative Charge (LTNC) were £6m better in the quarter, with year-to-date performance £19m lower than budget. Forecast costs before LTNC items were now anticipated within a range of £790m to £800m.

**Paper 06/25 noted.**

(iii) Chief Executive Report

Mr Plant updated the Board on a constructive meeting with the First Minister, advising that a meeting had now been arranged with the Deputy First Minister. The Board noted that Scottish Water's annual charges for 2025/26 had now been announced, following approval by the Water Industry Commission for Scotland (WICS).

Mr Plant reported strong performance, acknowledging the impact of largely benign weather conditions. He noted that Overall Performance Assessment (OPA) was at its highest-ever level.

**Paper 07/25 noted.**