

## SCOTTISH WATER BOARD MEETING MINUTES

|                    |                                   |
|--------------------|-----------------------------------|
| <b>Date</b>        | <b>30<sup>th</sup> March 2022</b> |
| <b>Start Time</b>  | <b>9.00am</b>                     |
| <b>Finish Time</b> | <b>12.00pm</b>                    |
| <b>Place</b>       | <b>Zoom Video Call</b>            |

|                       |                         |   |
|-----------------------|-------------------------|---|
| <b>Present:</b>       | Dame Susan Rice         | Chair   |
|                       | Mr Douglas Millican     | Chief Executive                                 |
|                       | Mr Alan P Scott         | Strategy & Commercial Director                  |
|                       | Mr Peter Farrer         | Chief Operating Officer                         |
|                       | Mr Steven Dickson       | Board Member                                    |
|                       | Mrs Catriona Schmolke   | Board Member                                    |
|                       | Mrs Samantha Barber     | Board Member                                    |
|                       | Mr Iain Lanaghan        | Board Member                                    |
|                       | Mrs Deirdre Michie      | Board Member                                    |
|                       | Mr Ken Marnoch          | Board Member                                    |
| <b>In attendance:</b> | Mr Brian Strathie       | Director of Finance                             |
|                       | 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     |
|                       | Mr Gordon Reid          | General Manager – Zero Emissions (Item 5 only)  |
|                       | Mr Mark McEwen          | General Manager – DV2 (Item 6(iii) only)        |

### PART I

#### 1. APOLOGIES

Apologies were received from Mr Jim Coyle.

#### 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 1<sup>st</sup> March 2022  
The draft Minutes of the Board meeting held on 1<sup>st</sup> March 2022 were approved.

**Paper 28/22 approved.**

- (ii) Draft Minutes of the Remuneration Committee Meeting held on 21<sup>st</sup> March 2022  
Mrs Barber, Chair of the Remuneration Committee, provided a verbal update of the meeting held on 21<sup>st</sup> March 2022.

(ii) Draft Audit Committee Meeting held on 29<sup>th</sup> March 2022

Mr Lanaghan, Chair of the Audit Committee, provided a verbal update of the meeting held on 29<sup>th</sup> March 2022.

#### 4. OPERATIONAL & REGULATORY

(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) were behind the previous year's results. He highlighted the contractor RIDDOR rate, with ten incidents in the year to date, five of which were classed as low severity. He advised that the next Safety, Health & Wellbeing Report would include comparative data in respect of RIDDOR incidents, together with a thematic analysis and assessment of any proposed changes to Scottish Water's Safety, Health & Wellbeing Strategy. Mr Farrer noted that he would engage with a number of the Non-Executive Directors in the refresh of the Safety, Health & Wellbeing Strategy.

Mr Farrer explained the background to and the issues arising from one incident in February 2022 which was assessed as significant or offered an opportunity for wider business learning. Further to a question from the Board, he highlighted the role of human factors and noted that further secondary controls would be introduced. Following a query from the Board, Mr Farrer outlined the introduction of Scottish Water's H&S Fatigue Risk Assessment mobile app, noting that this enabled real time data capture, promoting personal risk assessment, with independent risk assessment by the Intelligent Control Centre.

Mr Farrer reported that the in-month absence figure for February 2022 was 3.05%. The Board noted the increase in COVID-related absences, with 77 recorded as at 21<sup>st</sup> March 2022. Mr Farrer advised that this reflected the position across the Scottish population and confirmed that there had been no operational impact. He noted that absence levels were monitored through weekly COVID-19 calls to identify and address any areas of concern.

The Board considered the results of the SW Cares weekly sentiment analysis, noting lower sentiment reported by field-based employees and those in fixed roles, in comparison to those with the flexibility to work from home or in a hybrid way. In response to a query from the Board, Mr Farrer confirmed that no link had been identified between lower sentiment amongst operational employees and increased accident rates. He noted a 40% reduction in serious incidents involving Scottish Water employees over the last two years. Following a question from the Board, Mrs S Campbell outlined Scottish Water's listening strategy, noting the multiple ways in which Scottish Water would gather employee sentiment and perspectives. She advised that the SW Today Tracker survey would close on 31<sup>st</sup> March 2022 and would be run twice a year. The weekly SW Cares survey would continue, but the question set would be refreshed as part of the listening strategy to reflect the easing of COVID-19 restrictions and the return to offices.

**Paper 29/22 noted.**

(ii) Chief Executive Report

Mr Millican reported that Scottish Water continued to operate under COVID-19 transition mode using well-established business continuity arrangements. Whilst there had been a significant increase in COVID cases across the Scottish population, the overall situation remained stable, with an ongoing focus upon ensuring that all work and welfare interactions could be carried out safely.

The Board noted that, on 31<sup>st</sup> March 2022, Mr Millican and Mr Farrer would host a ministerial visit to the Intelligent Control Centre at Stepps with the Cabinet Secretary for Net Zero, Energy & Transport, Michael Matheson MSP and the Minister for Environment and Land Reform, Mairi McAllan MSP.

The Board discussed the ongoing conflict in Ukraine, noting the supply chain impacts and increased cyber threats. Further to a question from the Board, Mr Farrer confirmed that the availability of diesel remained stable, but noted that this would be raised in the ongoing discussions with Water UK. Following a query from the Board, Mr Millican advised that Scottish Water had made bottled water supplies available to humanitarian operations in Ukraine.

Mr Millican provided an update on performance, noting that performance across the customer experience measures had improved in February. He outlined the challenges in achieving the Outcome Performance Assessment (OPA) year-end targets, given the impact of weather conditions.

The Board noted that, on 17<sup>th</sup> March 2022, the Chair and Mr Millican met with Mrs Kersti Berge, Director for Energy and Climate Change and Mr Jon Rathjen, Deputy Director for Water at the Scottish Government to discuss the options for resolving the current financing uncertainties. Whilst Mrs Berge and Mr Rathjen acknowledged Scottish Water's concerns, they emphasised the need to respond to the cost of living crisis. It was agreed that a follow-up meeting would take place with Mr Roy Brannen, Acting Director General, Net Zero, to explain the issues facing Scottish Water. Mr Millican noted that Mr Rathjen subsequently acknowledged the need for WICS, the Scottish Government and Scottish Water to explore credible options, liaising with Scottish Water's quality regulators.

Mr Lironi provided an update on Scottish Water's Nature Calls campaign, highlighting positive media coverage following the launch on 23<sup>rd</sup> February 2022. He noted that a number of supermarkets had announced that they would remove wipes containing plastic from sale. Scottish Water's call for a ban on wipes containing plastic had received support from the Cabinet Secretary for Net Zero, Energy & Transport, Michael Matheson MSP, the Minister for Environment and Land Reform, Mairi McAllan MSP and the Minister for Green Skills, Circular Economy and Biodiversity, Lorna Slater MSP. Mr Lironi noted that discussions were ongoing with the UK Government in relation to a UK-wide ban.

Further to a question from the Board, Mrs S Campbell advised that an announcement was issued to employees on 21<sup>st</sup> March 2022 to confirm Scottish Water's intention, subject to consultation with the trades unions, to permanently close the Castle House head office in Dunfermline. She noted that this office had not been fully opened since the start of the COVID-19 pandemic, primarily due to issues with the ventilation and heating systems. She advised that 178 employees would be impacted and their new contractual base would be the nearest alternative Scottish Water office to their home address. Engagement with the trades unions was ongoing and a detailed communications plan had been developed, including individual discussions with those directly impacted to discuss the implications and to confirm arrangements going forward.

**Paper 30/22 noted.**

(iii) 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 noted the information request issued by the Water Industry Commission for Scotland (WICS), seeking to better understand how Scottish Water would manage costs and revenues to deliver the required investment during the remainder of the 2021-27 regulatory control period. Scottish Water had evaluated the request and Professor Parsons would meet with two of WICS' directors to discuss the request on 1<sup>st</sup> April 2022. Professor Parsons advised that the Drinking Water Quality Regulator (DWQR) submitted its annual report on the Network and Information Systems Regulations to Scottish Ministers on 1<sup>st</sup> March 2022. The Board noted that the actions within the NIS Enforcement Notice in respect of Afton Water Treatment Works had now been completed.

**Paper 31/22 noted.**