

SCOTTISH WATER BOARD MEETING MINUTES

Date 28th January 2026
Start Time 1:00pm
Finish Time 4:05pm
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
	Ms Belinda Howell	Board Member
	Mr Graham Dalton	Board Member
	Mr Steve Dickson	Board Member
	Mr Ken Marnoch	Board Member
	Mr Ian McAulay	Board Member
	Mr Allan Clow	Board Member
In attendance:	Mrs Emma Campbell	Group Legal Counsel & Director of Governance and Corporate Secretary
	Mrs Wendy Kimpton	Director of Strategy & Regulation (Item 5 only)
	Mr Rob Mustard	Director of Capital Investment (Items 6(i) only)
	Mr Joe Rowan	General Manager of Procurement (Item 6(i) only)
	Mr Mark McEwen	General Manager DV2 Investment Delivery (Item 6(i) only)

PART I

1. APOLOGIES

There were no apologies received.

2. DECLARATION AND REGISTRATION OF INTERESTS/MATTERS ARISING

Mr Clow advised that, as disclosed in the Register of Interests, he was a Non-Executive Director of Highlands & Islands Enterprise (HIE). Following Scottish Water's Board meeting in December 2025, he became aware that, prior to his appointment to the HIE Board, HIE had provided grant support to Ross-shire Engineering (RSE). He noted that he would disclose and address any potential conflict in relation to his role on the HIE Board and was disclosing this information to the Scottish Water Board for transparency.

Mrs Schmolke advised that she had been appointed Senior Independent Director (SID) of the Nuclear Decommissioning Authority (NDA) with effect from 1st January 2026 and had been appointed Chair of Nuada Limited, a UK-based carbon capture technology company, with effect from 1st February 2026. She confirmed that these appointments had been disclosed in the latest Register of Interests.

Following a query from the Board, Mr Plant confirmed that the procurement standstill period for the Delivery Vehicle 4 (DV4) framework had expired without challenge and the procurement was progressing as planned.

3. BOARD MINUTES (Part I)

- (i) Draft Minutes of the Board Meeting held on 3rd December 2025
The Draft Minutes of the Board meeting held on 3rd December 2025 were approved.

Paper 01/26 approved.

- (ii) Draft Minutes of the Board Workshop held on 2nd December 2025
The Draft Minutes of the Board Workshop held on 2nd December 2025 were approved.

Paper 02/26 approved.

- (iii) Draft Minutes of the Audit & Risk Committee Meeting held on 2nd December 2025
The Draft Minutes of the Audit & Risk Committee meeting held on 2nd December 2025 were noted.

Paper 03/26 noted.

- (iv) Special Audit & Risk Committee Meeting held on 13th January 2026
Mr Clow, Chair of the Audit & Risk Committee, provided a verbal report of the Special Audit & Risk Committee meeting held on 13th January 2026.

- (v) Draft Minutes of the Remuneration Committee Meeting held on 26th November 2025
The Draft Minutes of the Remuneration Committee meeting held on 26th November 2025 were noted.

Paper 04/26 noted.

- (vi) Special Remuneration Committee Meeting held on 9th January 2026
Mr Marnoch, Chair of the Remuneration Committee, provided a verbal report of the Special Remuneration Committee meeting held on 9th January 2026.

4. MONTHLY/QUARTERLY PERFORMANCE

(i) Safety, Health & Wellbeing Report

Mr Farrer presented the paper, reporting that the RIDDOR Injury Frequency Rate had remained stable since the last report and there had been an overall reduction in comparison to the previous year and the three-year rolling average. He noted further improvement in the Lost Time Accident (LTA) rate, which was at its lowest level since 2017. The Board considered progress against the strategic health and safety initiatives. Mr Farrer advised that, following a successful pilot of the IOSH Managing Safely training with Leaders in Customer Service Delivery (CSD), this would be embedded as core training for key leaders across Scottish Water. He highlighted engagement with partners and the supply chain at the recent Beyond Zero Harm annual event. It was noted that Titanium Talks would be engaged for the next round of all-employee events, and the Board emphasised the importance of ensuring that all employees understand their role in creating an environment that rewards and encourages safe behaviours.

Mr Farrer advised that the wellbeing focus for November and December was on mental health absence and related reduction initiatives. Following a query from the Board, it was agreed that Ms Lynne Highway, Director for People, would include a trend analysis of unsubstantiated harassment cases in the next update to the Board.

Action 1 – Ms L Highway / Mr P Farrer

Paper 05/26 noted.

(ii) Quarterly Financial Performance Update

Mr Dingwall presented the Quarterly Financial Performance Update, informing the Board of financial performance for the period ended 31st December 2025 and the revised forecast performance for the full year. He advised that Scottish Water's Interim Report & Accounts had been laid before the Scottish Parliament on 27th January 2026.

Profit Before Tax (PBT) at 31st December 2025 was £31m higher than budget at £113m and was forecast to increase to £163m by 31st March 2026, which was £55m higher than budget. The run rate of Tier 1A repairs had reduced against prior year, reflecting the actions taken, with a forecast range of £260m to £270m. Tier 2 Capital Investment was over budget and, in the context of SR21, this was a positive indication, reflecting the momentum of the programme across the various delivery vehicles. The cash balance of £97.7m was £16m higher than budget, reflecting additional debt drawdowns of £28m in response to increased investment demand. Mr Dingwall explained that the Q3 forecast indicated a closing cash balance at 31st March 2026 of £45m before possible Finance mitigations, which was £5m below risk appetite based on the most likely investment forecast. While this would represent a use of the "avoid" risk appetite, Mr Dingwall clarified that this applied at the company level, rather than

the consolidated group position and did not present a threat to liquidity or viability. He explained that this was a relatively rare event and reflected the strategic decision in SR21 to deploy cash in the investment programme and service improvements while retaining sufficient reserves for risk management. Following a query from the Board, Mr Dingwall outlined the lessons learned and, in particular, highlighted the need for greater discipline and accountability, together with the importance of improved forecasting.

Paper 06/26 noted.

(iii) Chief Executive Report

Mr Plant presented the paper, updating the Board on the recent announcements on annual charges for 2026/27. He outlined ongoing engagement with the Scottish Government in relation to policy reform proposals in Scotland, noting the work being undertaken by Defra in developing water reform in England and Wales. Following a question from the Board in relation to the need for a systems approach, Mr Plant explained that, in the water context, this would usually be considered at the catchment level, but emerging policy could also need to reflect governance and economic geographies, which may not be coterminous with catchment boundaries.

Further to the action arising from the previous Board meeting, Mr Plant confirmed that the performance dashboard presentation had been reviewed and further explanatory information was now included to ensure that this represented the underlying performance levels. Following a question from the Board, Mr Farrer explained that, following a cyber incident affecting Scottish Water's third-party survey provider, the system had immediately been taken offline, and Scottish Water was in the process of transitioning to the Qualtrics survey system for customer feedback.

In response to a query from the Board, Mr Farrer confirmed that Essential Training completion data was considered by the Executive Leadership Team (ELT) at its monthly performance review.

Paper 07/26 noted.