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REFORM OF WATER SERVICE STEERING GROUP

MINUTES OF THE FIRST MEETING HELD ON 13 DECEMBER 2002 FORD ROOM, CLARENCE COURT

PRESENT:

Stephen Quinn	-	Permanent Secretary, DRD
Robert Martin	-	Chief Executive, Water Service
John Kelly	-	Director of Operations, Water Service
Robin Mussen	-	Director of Corporate Services, Water Service
David Carson	-	Director of Finance, Water Service
David Thompson	-	Central Finance Group, DFP
Wendy Johnston	-	Central Personnel Group, DFP
Brian McClure	-	Rating Review Team, DFP
Eugene Rooney	-	Economic Policy Unit, OFM/DFM
David Sterling	-	Central Finance Group, DFP
Jackie Kerr	-	Director of Infrastructure Funding, DRD
David Gallagher	-	Director of Personnel, DRD
Jack McGibbon	-	Director of Finance, DRD
Anne McGivern	-	Press Office, DRD
Barry Jordan	-	Infrastructure Funding Division, DRD

Introductions

1. The Chairman welcomed everyone to the first meeting of the Steering Group which had been established to oversee the programme of work to drive forward Water Service self-financing and structural reform. Members were advised that the terms of reference for the group (copy enclosed) had been agreed by the Ministers.

Role and Membership of Panel of Experts

2. Following discussion about the role of a panel of experts to advise the Steering Group the following was agreed:
 - A panel would be established comprising of experts in the areas of water service delivery, organisational restructuring and financing.
 - The panel would act as a resource for the steering group with advice and guidance being sought from individual members as and when needed. It was not envisaged that the panel would act collectively as an advisory group.
3. It was agreed that Infrastructure Funding Division (IFD) would prepare a short paper for the next meeting of the Steering Group addressing:

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- Membership of the Panel of Experts
- How the panel would operate in support of the Steering Group
- Remuneration for Panel Members.

This paper will ultimately be submitted by the Steering Group to the Minister for approval.

4. It was agreed that, in preparing the paper for the Steering Group, IFD would liaise with others who had experience of using panels of experts in an advisory capacity eg:

- The Railways Task Force
- The Regional Transportation Strategy Team
- The Review of Public Administration Team
- The Review of Rating Team.

Action: IFD

Project Structures

5. The Group agreed that the programme of work to support the reform programme for Water Service should be managed within a formal project structure. It was proposed that IFD take the project management role, and that Jackie Kerr be appointed as Project Manager. IFD was tasked to prepare a paper with suggestions and recommendations on project structures for the next meeting of the Steering Group, and also to prepare an outline project plan and timetable for this meeting.

Action: IFD

Consultation Document

6. It was agreed that the preparation of a draft public consultation document on the proposals for self-financing, structural reform and collection arrangements of water and sewerage delivery for the consideration of Ministers would be a major priority for the Group. IFD was asked to prepare an outline draft of a consultation document, setting out the key chapters within the document and the issues to be addressed, for the next meeting of the Steering Group.

Action: IFD

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Efficiency Review

7. The group discussed this agenda item at some length. There was agreement that the production of an Efficiency Action Plan will be central to the success of the reform programme and should be used to support any HR approach. Water Service representatives stated that the Moving Forward process had identified the potential for efficiency in Water Service, and that data collated and analysis undertaken in this process would provide the basis of an Efficiency Action Plan. It was agreed that Water Service would produce a draft paper on an efficiency plan for the next meeting of the Steering Group addressing the following:
- The operational and capital efficiency savings necessary for a self financing organisation with a domestic water charge in the region of £250 - £300 – this would itemise and quantify, however indicatively at this stage, how cost savings would be made.
 - The staffing profile by grade in such a scenario.
 - The skills and experiences to be retained by grade in such a scenario.

Action: Water Service

Equality Impact Assessment

8. The Steering Group considered the scope and timing of an EQIA and equality consultation on the policy decision to pursue self-financing arrangements and structural reform of water and sewerage delivery arrangements in Northern Ireland, and the proposals for the implementation of these policy decisions. The Group noted the approach adopted by DFP in relation to the Reform of Rating Policy, and agreed that IFD should continue to liaise closely with the Rating Review Team. IFD was tasked, in conjunction with CMB, to prepare an EQIA plan and timetable for the next meeting of the Steering Group, liaising with OFMDFM.

Action: IFD

Resource Requirement

10. It was agreed that both Water Service and Infrastructure Funding Division would consider the resource requirements in terms of staffing in taking forward the programme of work in support of water service reform. It was agreed that this should be a standing agenda item for future meetings of the Steering Group.

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HR Policy

11. It was agreed that a sub-group chaired by Barry Jordan, with representation from Water Service, DRD Personnel and DFP's Central Personnel Group should be established to examine the HR issues involved in restructuring. This work, amongst other things, will look at consultation mechanisms for the involvement of the trade unions and the wider issue of staff communications. The group will provide an initial report for the next meeting of the Steering Group.

Action: HR Policy Sub-Group

12. The Chairman advised that further discussion was required within DRD and with DFP on the new Chief Executive position. This would be taken forward as a matter of priority.

Action: Chairman, DFP

13. It was agreed that Robert Martin would write to the trade unions within Water Service and advise that work on the issues involved in Water Service financing and organisational reform had begun, and that the new structures and process would subsume and build on the Moving Forward process. It was also agreed that a mechanism for regular communication with trade unions on the Water Service reform process be established.

Action: Robert Martin

Report on outcome of Ministerial visits to Scotland and Wales

14. Jackie Kerr provided a brief update on the outcome of both visits. She highlighted the following key issues:
- Regulation, efficiency, and risk transfer, particularly within a public ownership context
 - Stakeholder involvement and the timeframe for asset management planning
 - HR management during a reform programme.
 - Role of the Private Sector in the delivery of capital programmes – joint ventures.

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15. It was agreed that officials involved in the Ministerial visits to Scotland and Wales would produce a summary report of the key issues and findings. Jackie Kerr will co-ordinate this.

Action: Jackie Kerr

Communications

16. It was noted that the Minister has agreed to meet with officials to discuss a communications strategy to underpin the reform programme. This will be arranged for early January 2003, other priority tasks permitting. Jackie Kerr was tasked, in liaison with the Press Office to update the proposals on communications provided in draft format in an earlier submission to the Minister and to update the Ministerial lines to take on self-financing and structural reform.

Action: Jackie Kerr/Press Office

Any Other Business

17. The Steering Group noted the outcome of the budget announcement on 11 December, specifically the allocation of [~~£2.4 million — Mr McGibbon please advise~~] to DRD's work on PPP and service reform £1.6 million and £1.0 million in 2004/05 and 2005/06 to DRD's work on PPP and service reform. Allocations in respect of 2003/04 and 2004/05 would now be secured through the December Monitoring Round and the End Year Flexibility process.
18. Jackie Kerr was asked to provide a cryptic written progress report, through the Permanent Secretary, to the Minister on the first meeting of the Steering Group and overall progress on the Water Service Reform programme. This paper should provide a realistic assessment of an achievable timeframe for the consideration of a consultation document on proposals for self-financing and structural reform.

Action: Jackie Kerr

Next Meeting

19. The next meeting will take place at 9.00am on 8 January 2003 in Clarence Court.

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