



**OFWAT BOARD**  
**Meeting held on 12 February 2015**

**Members in attendance**

**Chairman:**

Jonson Cox

**Non-Executive Directors:**

Chris Burchell  
Martin Lawrence  
Christine Farnish  
Catherine Waddams  
Robin Paynter Bryant

**Executive Directors:**

Cathryn Ross  
Keith Mason  
Sonia Brown  
Richard Khaldi

**General Counsel**

Elizabeth Hillman

**In attendance:**

Dannii Leivers	(Board Secretary)
Claire Forbes	(Senior Director of Corporate Communications)
Giles Stevens	(Director)
Stuart Cook	(PwC)
Nicci Russell	(Director)
Andrew Walker	(Director)
Ynon Gablinger	(Principal Economist)

**Apologies:**

Wendy Barnes

**1. Declarations of interest**

1.1 None

## **2. Opening items including minutes**

- 2.1 The Board agreed the minutes of the meeting held on 29 January. The minutes will be published on the website.
- 2.2 The Board agreed that Chris Burchell and Robin Paynter Bryant would join the Thames Tideway Committee as members.
- 2.3 All members of the Board were invited to attend an upcoming Thames Tideway training session to be held in March.

## **3. Chief Executive's Introduction**

- 3.1 The Executive presented updates on water company responses to the Final Determinations. The Executive confirmed that only Bristol Water is seeking a referral to the Competition Market Authority (CMA).
- 3.2 The Executive updated the Board on Open Water programme. Open Water Markets Limited (OWML) will be in place until the end of May 2015 on the agreement that Ofwat will provide assurance on funding, transition arrangements and governance framework. The Executive confirmed that a letter will be sent to OWML to confirm the arrangements. Ofwat will establish a gateway review process and undertake an initial review of the market arrangements.
- 3.3 The Executive updated the Board regarding the Ofwat budget. The Chief Secretary to the Treasury had agreed to Ofwat's 2015-6 budget being raised by £1.5 million to cover work associated with implementing the Water Act reforms. He had also agreed to an increase in Ofwat's 2015-6 budget for dealing with Thames Tideway issues by £0.5 million.
- 3.4 The Executive updated the Board on the progress of the Thames Tideway procurement process.
- 3.5 The Executive updated the Board on the headlines from the staff survey. The results will be discussed in more detail at the Remuneration Committee meeting on 12 March.
- 3.6 The Board noted the updates.

#### **4. Strategic conversation: Resilience**

- 4.1 Nicci Russell led a strategic discussion on resilience. The Board discussed the definition of resilience, strategic risks and opportunities, and the role of Ofwat and the sector on resilience.
- 4.2 The Board agreed that a short public document setting out Ofwat's view of and role in resilience would be developed.
- 4.3 The Board agreed to revisit this topic at a later date.

#### **5. Project Auden – orientation**

- 5.1 The Executive presented an update on Project Auden, setting out how and when the exercise will run.
- 5.2 The Board noted the update.

#### **6. PwC knowledge and skills transfer**

- 6.1 PwC presented the Board with a summary of the work they have done with Ofwat throughout the PR14 process and how Ofwat will be strengthened as a result.
- 6.2 The Board noted the update.

#### **7. Delivery partner: final incentive payment**

- 7.1 The Executive presented their assessment of the Delivery Partner's performance following the risk-based review and proposed a pay reward.
- 7.2 The Board discussed the pay reward and agreed to award the Delivery Partner with the full incentive payment.

#### **5. Wholesale menu choices**

- 8.1 The Executive informed the Board of the final menu choices for wholesale totex made by companies following the publications of the Final Determinations. The majority of water companies have chosen the positions Ofwat put forward.

8.2 The Board noted the update.

## 6. CMA update: referrals and communications

- 9.1 The Executive presented an update on Ofwat's strategic approach and role in the CMA referrals process and asked Board to delegate decision making to the Executive in order to make timely decisions.
- 9.2 The Board agreed with proposal. The Executive will update Board on progress every month through the Chief Executive's report. If necessary they will be given interim updates.

## 7. AOB

- 10.1 The Executive presented the Terms of Reference of the Thames Tideway Tunnel Committee to the Board for agreement.
- 10.2 The Board discussed the updated Terms of Reference for the Committee which delegates responsibilities of the Committee to make Relevant Decisions in a timely manner.
- 10.3 The Board agreed the Terms of Reference recognising that members of the Committee will be immersing themselves in the detail of the Thames Tideway Tunnel Project and that the Terms of Reference, are established in accordance with the Board Rules of Procedure.
- 10.4 The General Counsel confirmed that the Rules of Procedure provide that delegations to the Committee do not prejudice the Committee's discretion to refer any such decision back to the Board and the Board retains the discretion to make a Relevant Decision even though it has delegated the discharge of that function to the Committee.
- 10.5 The Executive advised that quantitative results of the staff survey will be published on the Ofwat website. The Board noted this update.
- 10.6 The Board agreed to cancel the Ofwat Board in August 2015.
- 10.7 The Board agreed to discuss consumer engagement at a future Board meeting before June.

10.8 The Chairman extended an invitation to the Ofwat Board to a dinner in March with the Consumer Council for Water.

**Dannii Leivers**  
**12 February 2015**