



OFWAT BOARD
Meeting held on Monday 12 September 2005

Members

Director General:

Philip Fletcher

Non-Executive Advisory Directors:

Roger Munson

Martin Cave

Executive Directors:

Tony Smith

Keith Mason

Roger Dunshea

Bill Emery

In attendance:

Fiona Pethick (Head of Corporate Affairs and Secretary to the Board)

Huw Brooker (Head of Legal Services)

Anna Whittington (Minute Secretary)

Apologies:

John Baker

Jane May

1. Agree minutes of last meeting

The Board agreed the minutes of the previous meeting held on 11 July 2005. The minutes will be published on the Ofwat website.

2. Industry update

The Executive provided an update on the latest developments in the water industry and at Ofwat. The Board discussed progress on the Severn Trent Whistleblower investigation.

The Board noted the following points:

- Kellen Investments (Terra Firma) is seeking permission from the Takeover Panel to withdraw from the acquisition of East Surrey Holdings.
- Cambridge Water is planning to make a voluntary abatement following the sale of its old HQ building. This will avoid the need for Ofwat to trigger an interim determination. Ofwat is not aware of any other potential interim determination applications.
- Some companies in the South of England will need a wet winter if their water resource position is to recover for next summer.
- Thames Water has appealed against the Mayor of London's rejection of its planned desalination plant.

- Folkestone and Dover Water has submitted its application for water scarce area status to the Secretary of State. Ofwat will be asked to comment on the application.
- Ofwat will hold a stakeholder workshop on sustainable development on 24 November 2005.
- WaterVoice is moving out of its current location in Centre City Tower and will operate from its new premises from 19 September, becoming CCWater on 1 October 2005.
- Ofwat and CCWater are working towards establishing a memorandum of understanding between the two organisations. Ofwat and CCWater need to review areas of work where both organisations have an interest in order to agree how to split the work going forwards and so avoid duplication of effort.
- Competition: companies published their indicative access prices at the end of August and will publish their access codes this month. Ofwat has received two water supply licence applications and are aware of other potential applicants.
- Ofwat has responded to DTI/HM Treasury's draft report on Concurrent Competition Powers in Sectoral Regulation.

3. Strategy for working with EU

The Board discussed Ofwat's approach and involvement in European issues. WaterVoice has traditionally taken an active role in European issues on behalf of water customers in England and Wales and kept Ofwat informed.

The Board discussed whether Ofwat should devote additional resources to this area. The general view was that Ofwat should not duplicate the work carried out by other organisations. However, Ofwat should have a central point of contact and will need to maintain effective communication channels with other organisations including CCWater in order to ensure it is kept informed of issues.

Ofwat also has a role in providing briefing and background information in order to enable Government to take sound decisions on proposed European directives.

4. Budget report to 31 July 2005

The Board received an update on Ofwat's financial performance against the budget up to the end of July 2005. The budget is on track.

5. Ofwat response to the Review of the Review

The Board reviewed the recommendations set out in the Review of PR04 Steering Group's report and considered Ofwat's next steps. Ofwat will need to take forward some of the recommendations in conjunction with other organisations including Defra and the other regulators. Ofwat will avoid pre-empting decisions that should be taken by the WSRA.

6. Agenda items for future Ofwat Board meetings

The Board reviewed the items to be discussed at future Board meetings.

7. Any other business

The Board thanked Bill Emery for his contribution to the work of Ofwat. Ofwat is in the process of recruiting Bill's successor.

Anna Whittington