



OFWAT BOARD
Meeting held on Monday 14 November 2005

Members

Director General:

Philip Fletcher

Non-Executive Advisory Directors:

Roger Munson

John Baker

Jane May

Executive Directors:

Tony Smith

Keith Mason

Roger Dunshea

In attendance:

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

Huw Brooker (Head of Legal Services)

Louise Craig (Minute Secretary)

Apologies:

Martin Cave

1. Agree minutes of last meeting

The Board agreed the minutes of the previous meeting held on 10 October 2005 with some minor amendments. 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, and the Southern Water investigation

The board noted the following points:

- The sale of Thames Water was discussed. Ofwat will be monitoring the company's progress with the capital investment programme during the sale process.
- Kellen Investments take over of Sutton and East Surrey Water is proceeding.
- The financibility study was discussed and the proposed timescale was noted.
- The independent review of PR04 was discussed and it was agreed that a letter would be sent to stakeholders before Christmas 2005.
- The drought situation including Folkestone & Dover's application for water scarcity status and Southern Water's drought permit applications to abstract water.

- The executive summary of the Jacobs Babtie report on the Thames Tideway Strategic study will be circulated to the board.
- JM and RM would be attending the sustainable development workshop on 24 November.
- It is anticipated that the three water supply licensing applications received so far for stakeholders would be granted by 1 December 2005. A press briefing is being held on 1 December.
- It was agreed that we need to liaise more closely with developers and the DWI on inset appointments.
- The transition from the director general to the WSRA was discussed. Louise Craig will be project manager and the chairman is expected to be appointed by Defra around Christmas.

3. Common Framework for PR09

The review of the capital maintenance common framework was presented to inform the board of the outcome of reviews of our approach to capital maintenance and to seek a steer on forward work planning. Our approach to capital maintenance has been looked at by various parties including consultants engaged by Ofwat and an UKWIR review. The board agreed that the paper represented a balanced approach. It agreed the work plan proposed in the paper. It was agreed to produce an initial consultation paper on the way ahead before April 2006.

4. Common themes and issues arising from complaints

Our approach to complaint handling was discussed. The paper compared our performance and targets with other regulators and consumer bodies. The board asked for more information on why the current targets had been set as they were and our performance against them before considering setting new standards.

5. Work Programme 2006-07

The Board agreed the letter setting out in outline our Forward Programme for 2006/07 to be issued before Christmas. It is expected that the WSRA will consult on its draft before finalising its work programme by end June 2006 in line with the Water Act 2003.

6. Risk Assessments

The revised risk management framework was discussed. This paper was an overview of risks facing Ofwat. It is supported by detailed project and item specific risk registers. The Board noted the importance of identifying and addressing risk registers and encouraged Ofwat to include the risks facing the industry,

7. Budget report to September 2005

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

8. Agenda Items for future Ofwat board meetings

The board reviewed items to be discussed at the next meeting. It was agreed to invite the new chairman to attend the Board meeting on 9 January 2006

9. AOB

It was noted that this was Tony Smith's last meeting before he starts his new post as Chief Executive of CCWater. The board thanked him for his contributions and wishes him well in his new role.

Louise Craig