



OFWAT BOARD
Meeting held on Monday 9 January 2006

Members

Director General:

Philip Fletcher

Non-Executive Advisory Directors:

Roger Munson

Martin Cave

Jane May

Executive Directors:

Keith Mason

Melinda Acutt

Roger Dunshea

In attendance:

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

Sue Cox (Acting Head of Consumer Affairs)

Huw Brooker (Head of Legal Services)

Louise Craig (Minute Secretary)

Item 4 - George Day , Capital Maintenance Team leader, Nicola Simpson, Capital Maintenance Team

Item 5 - David McGrath, Supply Demand Team

Apologies:

John Baker

The Board congratulated Philip Fletcher on being awarded his CBE in the New Years honours. Melinda Acutt was welcomed to her first board meeting as Director of Network Regulation

1. Agree minutes of last meeting

The Board agreed slight changes to be made to the minutes of the previous meeting held on 12 December 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, and the Southern Water investigation.

The board noted that:

- That we are still awaiting the announcement of the Chairman of the WSRA.
- Our joint work with Ofgem, on financeability is on track to be published in early February. We will hold a city briefing at the same time.

- The companies had welcomed the feedback we provided on their June Returns.
- Whilst more rain had fallen in December, significantly more rain would be needed in the next couple of months to recharge the reservoirs in Southern England
- The Water Saving Group is bringing together water efficiency issues.
- We are continuing to contribute to the Water Framework Directive in the UK Collaborative research Programme on economic analysis which is lead by Defra.
- We will issue a MD letter in response to publication of the UKWIR review of the capital maintenance common framework.

3. Joint discussion of Ofwat Board and representatives of CCWater

The Board met with representatives of CCWater to share views on topics of mutual interest.

4. Water industry Forward Look 2005 - 2030

The Board was presented with a paper that looked at the effect on water bills of four different scenarios up to the year 2030. The board discussed the parameters used in the scenarios in particular sensitivity tests on the way they are financed. It was agreed to do more sensitivity testing and that the Board would review the final report in March 2006.

5. Sustainable Development Consultation Paper

A draft consultation paper on Ofwat's contribution to sustainable development was discussed. From April 2005 Ofwat has had a duty to contribute to achieving sustainable development. It was emphasised that the paper should not pre-empt any views of the WSRA but should gather information to allow the new Authority to decide on its policy.

Comments from the board will be reflected in the consultation paper to be published in February 2006.

6. Budget report to November 2005

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

7. Agenda Items for future Ofwat board meetings

The Board reviewed items to be discussed at the next meeting on 13 February 2006.

8. AOB

None

Louise Craig