



Meeting held on Thursday 10 April 2008

Members in attendance

Chairman:

Philip Fletcher

Chief Executive:

Regina Finn

Non-Executive Directors:

Jane May
Peter Bucks
Penny Boys
Gill Owen

Executive Directors:

Keith Mason

In attendance:

Huw Brooker (Director of Legal Services)
Fiona Pethick (Director of Corporate Affairs and Secretary to the Board)
Sarah Johnson (Minute Secretary)
Thomas Livingstone (Graduate Trainee attending as an observer)
Ingrid Olsen (Head of Enforcement Policy) item 3
James Gilchrist (Senior Analyst Enforcement Policy team) item 3
Robert Wright (Legal Assistant) item 3
Phillip Dixon (Head of Competition Policy Team) item 4
Simon Less (Programme Manager Competition Review) item 4
Clair Daniel (Competition Case Manager) item 4

Apologies:

Mike Brooker

1. Declarations of Interest

Jane May declared her interest in Thames Water and did not attend for the Thames Water proposal to fine item.

2. Minutes and actions arising

The Board approved the minutes of the meeting on 13 March 2008. The minutes would be published on the Ofwat website.

3. Thames Water proposal to fine

The Board discussed the potential penalties to be imposed on Thames Water for its contravention of licence conditions J and M and for failing to meet the standards prescribed by the Guaranteed Standards Scheme. The Board agreed that fines were appropriate for both contraventions and agreed the proposed levels of the penalties. The Board also delegated authority to Regina Finn and Keith Mason to finalise the notices.

4. Competition review - proposed conclusions of the spring publication

In December 2007 Ofwat published "Market competition in the water and sewerage industries in England and Wales – part one" as part of an ongoing review of competition in the sectors. It included a commitment to publish a further paper which would set out wider approaches to promoting competition beyond the Water Supply Licensing model. The Board had been given two initial presentations at previous Board meetings on the proposed issues to be included in this paper.

At this meeting the Board was presented with and signed off the conclusions and key principles to be included in the paper which would be published in the spring.

Final review of the document by all Board members would be arranged by correspondence before publication.

5. Board effectiveness

The Board discussed and agreed the Chairman's proposal for a framework to assess its effectiveness.

6. Chief Executive's report

The Board received an update on key issues. These included:

- our announcement on 8 April of a proposed fine of £35.8 million for Severn Trent Water for its contravention of licence conditions J and M and failing to meet standards prescribed by the Guaranteed Standards Scheme;
- Severn Trent Water pleading guilty to two of three charges laid by the Serious Fraud Office in relation to the misreporting of leakage data, the third charge will not be pursued; and
- feedback from recent stakeholder events attended which included the annual Waterwise Water efficiency conference, the launch of the All Party Parliamentary Water Group report on the water industry and the Institute of Water Officers annual conference.

7. Any other business

The Board was given an update on Remuneration and Audit Committee meetings that took place in March by the respective Chairmen of those committees.

Sarah Johnson
14 April 2008