



Meeting held on Thursday 11 December 2008

Members in attendance

Chairman:

Philip Fletcher

Chief Executive:

Regina Finn

Non-Executive Directors:

Jane May
Peter Bucks
Gill Owen
Mike Brooker
Penny Boys

Executive Directors:

Keith Mason
Cathryn Ross

In attendance:

Huw Brooker (Director of Legal Services and Board Secretary)
Ian Stephens (Minutes)
George Day (Director of Network Regulation) items 3, 4, 5 & 6
Stephen St Pier (Head of Transfer Pricing Team) item 3
Andrew Day (Senior Analyst – Transfer Pricing Team) item 3
Andrew Dunn (Director of Consumer Protection) items 4, 8 & 9
Sue Cox (Head of Service and Performance Team) items 4, 8 & 9
Saeeda Ajaib (Senior Analyst – Service and Performance Team) item 4
Helen Twelves (Head of Comparative Efficiency Team) item 5
Simon Less (Competition Reform Programme Director) item 6
Roger Dunshea (Director of Operations) item 7
Lynne Currie (Head of Customer Charges Team) items 8 & 9
Michael Jarema (Senior Analyst – Customer Charges Team) items 8 & 9

Apologies: None

1. Declarations of interest

Peter Bucks declared a possible interest relating to item 8 of the agenda. The Chairman decided that this matter did not amount to a conflict of interest that should prevent Peter Bucks from participating in the discussion of the relevant item.

2. Minutes and actions arising

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

3. Sutton and East Surrey's Substantial Effect determination

The Board discussed Sutton and East Surrey Water's written and oral representations following Ofwat's draft determination. The Board approved

the final determination and delegated responsibility for finalising the decision document to Regina Finn.

4. Results from PR09 customer research

The Board was given a summary of, and discussed the results from, the embargoed PR09 research that sought bills payers' views on their own individual water and sewerage companies' draft business plans. The Board heard how the results had been seen by the eight stakeholder organisations involved and that company specific results had been seen by individual companies. The results from the PR09 research would be published at the end of February.

5. Capex incentive scheme (CIS) draft baseline

The Board discussed and approved, for publication, the draft baseline which had been set using the technical and detailed principles and processes it had previously decided on.

6. Key messages to go into Ofwat's response to the Cave review's interim report

The Board discussed and approved the key messages that would form Ofwat's response to the interim report of the Cave review of Competition and Innovation in Water Markets in England and Wales. The Board delegated the final response sign-off to Regina Finn.

7. Context for strategic plan and budget for 2009-10

The Board received and discussed a presentation on the process for setting the 2009-10 budget and license fees, including an initial forecast of the current financial year's outturn. The Board would be asked to approve the final budget proposal for 2009-10 at its February meeting.

8. Developing Ofwat's charging policy

The Board discussed and agreed Ofwat's charging policy. Ofwat's charging strategy document will be updated and published early in 2009 to reflect this.

9. The Walker review call for evidence

The Board discussed and approved Ofwat's response to the call for evidence from the Walker Review of Charging and Metering for Water and Sewerage Services. Ofwat's response will reflect Ofwat's broader charging policy as agreed under item 8. The Board delegated the final response sign-off to Regina Finn.

10. Chief Executive's report

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

- Tendring Hundred Water's acceptance of its financial penalty
- An update on the change in price limits for 2009-10 as agreed at PR04.

11. Any other business

The Board approved a draft Ofwat code of practice for public consultation.

Ian Stephens

12 December 2008