



OFWAT BOARD

Meeting held on Thursday 19 June 2008

Members in attendance

Chairman:

Philip Fletcher

Chief Executive:

Regina Finn

Non-Executive Directors:

Jane May

Peter Bucks

Penny Boys

Gill Owen

Mike Brooker

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)

Bethan Ilett (Senior Legal Assistant) item 3

Dessislava Abbott (Economist) item 3

Ingrid Olsen (Head of Enforcement Policy Team) item 4

James Gilchrist (Enforcement Policy Senior Analyst) item 4

Robert Wright (Legal Assistant) item 4

George Day (Director of Network Regulation) item 5

Mike Keil (Head of Climate Change Policy) item 5

Stephen St Pier (Head of Transfer Pricing) item 6

Andrew Dunn (Director of Consumer Protection) item 8

Lynne Currie (Head of Customer Charges Team) item 8

Michael Jarema (Senior Customer Charges Analyst) item 8

Ian Hulme (Head of Parliamentary and Public Affairs Team) item 9

Apologies: None

1. Declarations of interest

None

2. Minutes and actions arising

The Board approved the minutes of the meeting on 8 May 2008. The minutes would be published on the Ofwat website.

3. Water supply licence revocation - Aquavitae (UK) Ltd

On 13 June 2008 Ofwat was advised by administrators that Aquavitae (UK) Ltd, a water supply licensee, had gone into administration. As far as Ofwat was aware, Aquavitae was not supplying water directly to any customer in England and Wales and all of the company's activities were outside the regulated water supply licensing regime. The Board approved in principle the revocation of Aquavitae's licence and delegated this to the Executive.

4. Final proposal to fine Severn Trent Water

The Board discussed final penalties to be imposed on Severn Trent Water for its contravention of licence conditions J and/or M and for failing to meet the standards prescribed by the Guaranteed Standards Scheme. It had regard to the representations made by Severn Trent Water and the Consumer Council for Water as well as all other relevant papers. 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 and publish the notices.

5. Climate change policy statement summary and key messages

As part of Ofwat's strategy to safeguard the future through taking a long-term view of sustainability, Ofwat will publish a statement on its climate change policy in July 2008. The Board approved and provided comments on the main messages and conclusions for the paper and agreed to delegate final sign off of the report to Philip Fletcher, Regina Finn and George Day.

6. Interim determinations

In 2007 the Board agreed to delegate to the Executive decisions on interim determination applications within established policy parameters. The Board agreed to continue to delegate this decision. As with the existing delegation, new policy issues will be brought back to the Board. The Board also noted that this delegated authority does not extend to substantial effect interim determinations, where decision making will remain with the Board.

7. Price Review 2009 related decisions for Ofwat Board

The Board agreed a programme of meetings and discussion sessions as part of the decision-making process leading to the draft and final determinations of price limits in 2009.

8. Ofwat's future strategy for customer charges for water and sewerage services

The Board considered the responses to Ofwat's consultation paper "Ofwat's future strategy for customer charges for water and sewerage services: a consultation" and considered the proposed next steps. The Board agreed;

- that the Executive will publish guidance on future tariff trials to assist companies in submitting such trials in time for the next approval of charges;
- the key messages that will be included in Ofwat's response to the consultation, subject to these being tabled to the Board's July meeting for final agreement; and

- that some key policy issues arising from the consultation would be discussed further by the Board following additional work.

9. Floods and Water Bill

On 14 May the Government published its pre-legislative agenda which included its intention to publish a draft Floods and Water Bill for consultation during the next session of Parliament. The Department for Environment, Food and Rural Affairs has asked Ofwat to provide a list of issues it considers should be included in the new Bill. The Board was presented and agreed with the key top-level issues that Ofwat proposes to submit. The Board also noted the possible timetable for the Bill and the next steps in the process.

10. Chief Executive's report

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

- an update on the issues that have come out of the Price Review 2009 pre-draft business plan meetings with companies;
- company preliminary results; and
- feedback from key stakeholder meetings which included meetings with Jane Davidson AM, Welsh Assembly Government and the Secretary of State, Rt Honourable Hilary Benn MP and Minister for the Environment, Phil Woolas MP.

11. Any other business

None

Sarah Johnson
23 June 2008