



## OFWAT BOARD

Meeting held on Tuesday 17 December 2013

### Members in attendance

#### Chairman:

Jonson Cox

#### Chief Executive:

Cathryn Ross

#### Non-executive directors:

Penny Boys  
Wendy Barnes  
Chris Burchell  
Robin Paynter Bryant  
Martin Lawrence  
Catherine Waddams

#### Executive directors:

Sonia Brown  
Keith Mason

#### In attendance:

Claire Forbes	(Director of Corporate Communications) – all items
Bev Messinger	(Senior Director, Operations) – all items
Noel Beale	(Director of Legal Services) – all items
Dan Mason	(Assistant Board Secretary) - minutes
Graham Taylor	(City Advisor) – item 3
David Lancefield	(PwC) – item 3
Stuart Cook	(PwC) – item 3
Anthony Cook	(PwC) – item 3
Claire Simpson	(Strategic Assistant to the Chief Regulation Officer) – item 3
Dame Yve Buckland	(Consumer Council for Water) – item 4
Tony Smith	(Consumer Council for Water) - item 4
Andrew Beaver	(Director of Strategy) – item 5
Ruth Gibson	(Head of Market Framework) – item 5
Ingrid Olsen	(Head of Regulatory Compliance) – item 6
Rob Powell	(Delivery Director) – item 7
Richard Khaldi	(Observer)
Christine Farnish	(Observer)

## **1. Declarations of interest**

- 1.1 Chris Burchell informed the Board that he has recently been made a Fellow of the Institution of Railway Operators.

## **2. Minutes and actions arising**

- 2.1 With one minor amendment, Board approved the minutes of the meetings held on 6 and 21 November 2013. The minutes would be published on the Ofwat website.

## **3. PR14 Delivery**

- 3.1 The Executive updated Board on emerging issues that have arisen following an initial review of water companies' business plan submissions and meetings with the companies. In particular, the Executive highlighted a number of areas where Ofwat's initial testing of companies' plans has highlighted the need for further information, or has highlighted areas where companies' views are not consistent with market evidence for the water sector.
- 3.2 The Executive presented a proposed approach to Board in order to address this issue that would involve a change to the published process. The proposed approach would involve Ofwat extending its query process in order to gather the information it requires, and would introduce a pre-qualification process.
- 3.3 Ofwat would provide the companies with a further opportunity to secure the best possible outcome for customers by issuing further guidance in the New Year on risk and reward. The Board also agreed that the determination of default tariffs would be removed from the risk-based review.
- 3.4 The Board agreed that Ofwat publishes an Information Bulletin informing stakeholders of the relevant changes.

## **4. Discussion with CCWater**

- 4.1 The Board held an informal discussion with attendees from the Consumer Council for Water (CCWater) which in particular focused on CCWater's perspective on customer engagement in the PR14 process, the future of Customer Challenge Groups and Redress.

## **5. Choice and Trading Arrangements**

- 5.1 The Executive presented to the Board proposals to establish a new entity 'Open Water Markets Company Limited by Guarantee' to take forward the funding and governance of the Open Water programme, as well as the procurement of the central systems needed to establish a retail market for non-household customers by April 2017. These recommendations had previously been endorsed by the High Level Group and through correspondence with market participants.
- 5.2 Board agreed to the each of the relevant recommendations from the Executive.

## **6. Board Leadership, Transparency and Governance**

- 6.1 The Executive updated Board on the progress made on the Board leadership, transparency and governance project.
- 6.2 Board noted the update.

## **7. Budget planning and forecasting process – lessons learned**

- 7.1 The Executive presented the outcome of the exercise aimed at identifying lessons which can be learned from the organisation's failure to accurately estimate the costs of the implementation phase of the PR14 process.
- 7.2 Board agreed that Board members should comment on the report, with any amendments to be approved by the Chair of the Audit Committee. Board also agreed that a summary of the report and action plan should then be published.

## **8. Indicative budget and licence fee for financial year 2014-15**

- 8.1 The Executive presented to Board an outline budget and licence fee for 2014-15.
- 8.2 Board provided comments on the indicative budget.

## **9. Budget – monthly update**

- 9.1 The Executive provided Board with its monthly update around budgetary issues.
- 9.2 The Board noted the update.

**10. Information and telephony security and access to information for Board**

- 10.1 The Executive provided Board with a recommended approach for Board members to securely access and share information.
- 10.2 With one minor amendment, the Board agreed to the recommended approach.

**11. Chief Executive's report**

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

- The Water Bill; and
- Social and Environmental Guidance to Ofwat from the Welsh Government.

**12. Any other business**

- 12.1 There was no other business.

**Dan Mason**

**18 December 2013**