



OFWAT BOARD

Meeting held on Tuesday 6 February 2007

Attendees

Chairman:
Philip Fletcher

Chief Executive:
Regina Finn

Non-Executive Directors:
Jane May
Peter Bucks
Penny Boys
Gill Owen

Executive Directors:
Keith Mason
Melinda Acutt

In attendance:

Roger Dunshea (Director of Operations)
Fiona Pethick (Head of Corporate Affairs and Secretary to the Board)
Sue Cox (Acting Head of Consumer Affairs)
Huw Brooker (Head of Legal Services)
Sarah Johnson (Minute Secretary)
Pauline Amor (Acting Head of Disputes and Complaints) item 4
Kieran Duffy (Head of Transfer Pricing) item 5
Christopher Pepper (Transfer Pricing Analyst) item 5
Dylan Spedding (Parliamentary and Public Affairs Analyst) item 6
Phillip Dixon (Head of Competition Policy) item 9
Elaine Baker (Senior Competition Analyst) item 9
Mike Jarema (Senior Tariffs Analyst) item 9
Stephen Topping (Europe Economics Consultant) item 9

1. Welcome and apologies for absence.

Apologies for absence from Mike Brooker.

2. Declarations of interest.

No declarations of interest were made.

3. Minutes and actions arising

The Board approved the minutes of the meeting on 11 December, subject to a few minor changes. The minutes will be published on the Ofwat website.

4. Complaints performance six monthly report

In July 2006 the Board approved revised performance standards for responding to complaints. This report to Board was an update on performance for the first six months of these new standards. The Board noted that there has been an increase in the number of complaints and general enquiries received in the office but that the performance standards had been met, and in some cases bettered. The complaints that had not been answered within the deadline were due to the complex nature of the subject, for example sewer flooding and private land issues which require information from third parties. Some additional information on general enquiries was also requested.

The Board welcomed this information on complaints performance.

5. Financial penalties – exercising judgement on quantifying financial penalties.

The Board discussed and approved Ofwat's approach to the assessment of financial penalties. They reviewed the procedures set out in the paper and agreed that it was a useful guide which allowed for flexibility and discretion to be used when setting the level of fines, working within the statement of principles already published in March 2005.

6. Approach to Europe

The Board reviewed Ofwat's current approach to European Union Issues. The Board agreed that we should have more direct contact with the institutions of the community and with those UK institutions which had direct links on water issues. We should not rely wholly on other organisations, e.g CCWater and Defra to keep Ofwat in touch with developments, although we should make full use of the networking information available to us. The Board agreed that the first steps should be:

- Regina Finn, supported by Fiona Pethick and Dylan Spedding to make initial contacts in Brussels.
- To review our monitoring service to identify issues coming out of Europe that would affect Ofwat's work and have implications for water consumer costs and services.

7. Budget for 2006-07 and 2007-08

The Board was informed of the budget position for the period from April 2006 to December 2006. They approved the licence fee to be set for 2007-08 and provisionally approved the budget subject to some further work on budget issues. These will be discussed at the Board meeting in March.

The Board noted the Executive's proposals to review Ofwat's budget setting process for future years.

8. Chief Executive's report

Regina Finn presented the headline issues of her Chief Executive report. The issues discussed included:

- The second hearing of the Competition Commission on the merger of Mid Kent Water and South East Water, which took place on Monday 5 February. The Board was told about the further work to do on this project.
- Thames Tideway – Board were made aware of the latest developments on the Tideway. A paper would be submitted in due course to the Board on the possible financing options. Meanwhile, Ofwat awaited Thames Water's promised paper on financing issues.
- The Board was made aware that South East Water would be lifting their hosepipe shortly.

9. Review of competition policy.

Phillip Dixon gave a presentation to the Board on the review of competition project. They agreed that this should include a phase of public consultation in the summer, including a workshop with stakeholders. The Board wished the review to take an open approach to the issues and options, and should not be constrained by current statutory limitations. A further paper will be presented to the Board in March.

10. Follow up actions from the Board away day and future papers

The Board were issued with the actions from their away day and asked to review them and provide comments at the next Board meeting. The next meeting of the Board will take place on 6 March. This meeting will include exchanges with the Consumer Council for Water Board

11. Any other business

The Board thanked Sue Cox for her work as Acting Head of Consumer Affairs over the past fourteen months.

Sarah Johnson