

OFWAT
OFWAT BOARD
Meeting held on Tuesday 6 March 2007

Members in attendance

Chairman:
Philip Fletcher

Chief Executive:
Regina Finn

Non-Executive Directors:
Jane May
Peter Bucks
Penny Boys

Executive Directors:
Keith Mason
Melinda Acutt

In attendance:

Roger Dunshea (Director of Operations)
Andrew Dunn (Director of Consumer Protection)
Fiona Pethick (Head of Corporate Affairs and Secretary to the Board)
Huw Brooker (Head of Legal Services)
Jonathan Hodgkin (Interim Director of Network Regulation)
Louise Craig (Minute Secretary)
Paul Hope (Head of Tariffs Team) item 4
Phillip Dixon (Head of Competition Policy) item 7
Elaine Baker (Senior Competition Analyst) item 7
Mike Jarema (Senior Tariffs Analyst) item 7
Stephen Topping (Europe Economics Consultant) item 7
Audrey Mason (Head of Parliamentary and Public Affairs) item 8
Gordon Allan (Senior Analyst Capital Maintenance) item 10
Irene Millward (Reporters Co-ordinator) item 10

1. Welcome and apologies for absence.

Apologies for absence from Mike Brooker and Gill Owen. The Board formally welcomed Andrew Dunn, Director of Consumer Protection and Jonathan Hodgkin who will be acting Director of Network Regulation while Melinda Acutt is on maternity leave to their first meeting. Jonathan will not be a member of the Board.

2. Declarations of interest.

No declarations of interest were made.

3. Minutes and actions arising

The Board approved the minutes of the meetings on 19 January and 6 February. The minutes will be published on the Ofwat website.

4. Tariffs strategic policy issues

The Board considered a set of objectives for future tariffs policy. The proposals built on current tariffs policy and looked to evolve from it. The Board asked for the research done so far to be taken forward for the published paper.

5. Forward Programme.

The outcome of the forward programme consultation and a draft of the final programme was presented to the Board. The Board approved the key messages, conclusions and strategy in the presentation and delegated approval of the final document to Philip Fletcher and Regina Finn.

6. Meeting with CCWater Board

The Board adjourned for a meeting with the Board of CCWater.

7. Review of Market Competition

The Board considered the preliminary findings of the internal review into market competition. The options under the current framework were limited and while we should pursue these, the Board would want to go on and examine more radical options. The Board welcomed the report and agreed with the preliminary findings subject to some changes and approved the next phase of work. The Board will comment on the draft final report by correspondence. The Board delegated approval of the final report to Philip Fletcher, Regina Finn, Keith Mason and Penny Boys. It will be published at the end of March/early April.

8. Annual Report

The Board agreed the proposed structure for the annual report for 2006-07. The Board agreed to consider a full draft of the annual report at its meeting on 30 April 2007.

9. Budget for 2006-07 and 2007-08

The Board accepted the finance report for 2006-07, and approved the budget for 2007-08.

10. Quality Assurance

The Board received a paper on processes to assure the quality of June return data received by the companies. An update was given on progress with the workstreams agreed at the Board meeting in September 2006. The Board endorsed the recommendations in the paper and noted that each company was responsible for providing reliable, accurate and complete data to Ofwat.

11. Chief Executive's report

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

- progress on the investigation of transfer pricing issues at United Utilities;
- key messages for the 2006-07 tariffs report;
- the implications of a Planning appeal decision in respect of unsatisfactory intermittent discharges in United Utilities' area;
- an update on the Competition Commission investigation into the merger between Mid Kent Water and South East Water; and
- recent contacts with key stakeholders.

Louise Craig