



Meeting held on Friday 10 February 2012 in Birmingham

Members in attendance

Chairman:

Philip Fletcher

Chief Executive:

Regina Finn

Non-Executive Directors:

Penny Boys

Gill Owen

Robin Paynter Bryant

Executive Directors:

Keith Mason

Apologies:

Wendy Barnes

In attendance:

Huw Brooker

(Director of Legal Services and Board Secretary)

Amanda Borrmann

(Assistant Board Secretary– minutes)

Marian Spain

items

(Senior Director of Policy and Communications) all

Stuart Crawford

Programme Management) all items

(Senior Director of Corporate Services and

Sonia Brown

(Observer) all items

Ingrid Olsen

(Head of Regulatory Compliance) item 4

Mark Snow

(Senior Analyst) item 4

Chris Esslin-Peard

(Director of Future Price Limits) item 6

1. Opening Items

- 1.1. Philip Fletcher welcomed three new members to the Board. The new members are Robin Paynter Bryant and Wendy Barnes who join as Non-Executive members of the Board and Sonia Brown who will be joining Ofwat in March as an Executive member of Board and as Ofwat's Senior Director of Markets and Economics.

2. Declarations of interest

- 2.1. Penny Boys declared that she has accepted a role as a Patron of Women in Racing. Penny Boys' appointment would be recorded on the Register of Board Members' disclosable interests which is available on the Ofwat website.

3. Minutes and actions arising

- 3.1. The Board noted that the minutes of the meeting of 13 December 2011 had been approved by correspondence. The minutes were published on the Ofwat website in January.

4. Budget and licence fee for the financial year 2012-13

- 4.1. The Board discussed the Ofwat budget and the licence fee for the financial year 2012-13 against the background of the budget for 2011-12. The Board approved the budget subject to continual review and the licence fee was agreed at the 2011-12 level in nominal prices.

5. Regulatory Compliance

- 5.1. The Executive presented responses to the consultation on the proposed approach to Regulatory Compliance.
- 5.2. The consultation set out proposals on the key changes to the system of regulatory reporting. This included ending the collection of the June Return and replacing this with a risk based approach that places a requirement on companies to publish the following:
 - a regulatory risk and compliance statement;
 - a set of performance indicators; and
 - regulatory accounts.

- 5.3. The Board discussed the consultation responses and agreed to implement the consultation proposals with amendments. The Board delegated the final sign off of the decision document to the Chief Executive.

6. Quarter 3 Performance Summary and Risk Report

- 6.1. The Executive presented to Board its performance report on delivering Ofwat's strategy. The Board discussed and noted progress against the strategy and the budget position.
- 6.2. The Board also discussed and noted the Strategic Risk Register report for Q3 2011-12.

7. Future use of an external Advisory Panel

- 7.1. The Executive presented a paper on the future use of an external advisory panel.
- 7.2. The existing advisory panel was set up in October 2009 to assist Ofwat as it embarked on its Future Regulation programme. The Board reviewed the contribution of the panel and acknowledged that it has added significant value to the Future Regulation work.
- 7.3. The Board considered the future purpose of an external advisory panel and its potential use as Ofwat moves into the design and delivery phase of the Future Regulation programme.
- 7.4. The Board agreed that an external advisory panel should continue to add value and the Executive agreed to implement a new approach to managing the panel.

8. Internal processes

- 8.1. The Board received an update from Penny Boys (as Chair of the Audit Committee) and the Executive on relevant internal processes.
- 8.2. The Board agreed to implement the relevant recommendations and action points.

9. Chief Executive's report

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

- the consultation on company licence modification;
- responses to Ofwat's Draft Forward Programme consultation; and
- stakeholder contacts.

10. Any other business

10.1. The Board thanked Amanda Borrman for her work as Assistant Board Secretary over the previous eighteen months.

Amanda Borrman

10 February 2012