



Ofwat Board

Meeting held on Thursday 12 May 2011 in Birmingham

Members in attendance

Chairman:

Philip Fletcher

Non-Executive Directors:

Penny Boys

Mike Brooker

Peter Bucks

Jane May

Chief Executive:

Regina Finn

Executive Directors:

Keith Mason

Cathryn Ross

Apologies:

Gill Owen

In attendance:

Huw Brooker	(Director of Legal Services and Board Secretary)
Amanda Borrmann	(Assistant Board Secretary – minutes)
Marian Spain	(Director of Policy and Communications) all items
Stuart Crawford	(Director of Corporate Services and Programme Management) items 6-9
Louise Bickley	(Head of Publications and Digital Media) item 3
Dylan Spedding	(Contents Editor) item 3
Roger Dunshea	(Director of Finance & Business Services) items 3 & 6
Christine Sampson	(Head of Finance) item 3
George Day	(Director of Future Water Charging) item 4
Georgia Klein	(Head of Affordability and Social Impacts) item 4
Paul Hope	(Head of Supply/Demand balance) item 4
Ian Hulme	(Head of Parliamentary & Public Affairs) item 5
Andrew Curry	(Director at the Future's Company) item 5

1. Declarations of interest

1.1 None.

2. Minutes and actions arising

2.1 The Board approved minutes of the meeting of 7 April 2011. The minutes would be published on the Ofwat website.

3. Annual report and resource accounts 2010-11

3.1 The Executive presented the draft annual report and resources accounts for 2010-11. The Board clarified their role in the approval process alongside the role of the Audit Committee. The Audit Committee will make a recommendation to the Board regarding signing off the accounts. The Board would be provided with relevant information including the Statement of Internal Control, the National Audit Office audit completion report and the internal audit report that also underpins the recommendation.

3.2 The Board discussed the provisional lay out of the annual report and the timings around the completion. The Board agreed the approval process, their contribution and delegated final sign off of the document to Regina Finn and Philip Fletcher.

3.3 The annual report and resource accounts 2010-11 will be submitted to Defra in June for Ministerial sign off before being laid before parliament.

4. Defra/WAG consultations on the Walker Review

4.1 The Executive presented an overview of the published Defra and WAG consultations on the Walker review. The Board discussed the high level implications of the consultations for Ofwat and Ofwat's role of assisting the Government by providing technical information. This included the use of the analysis presented in the forthcoming Ofwat publication on affordability.

4.2 The Board agreed the key messages for Ofwat's response to the Defra consultation. The Board delegated the final sign off of the Defra consultation response to Regina Finn and Philip Fletcher.

4.3 The Executive will bring proposals for the response to the WAG consultation to the June Board meeting.

5. Future Scenarios

5.1 The Executive updated the Board on the Future Scenarios project. The Futures Company presented the work to date and the process for developing the draft scenarios. This included a review of the drivers, the development of scenario themes and potential outcomes.

5.2 The objectives of the future scenarios project are:

to provide a platform for dialogue with our stakeholders on the direction of travel of the water and waste water sectors – helping to improve understanding and collaboration; and

to act as a robust tool against which we can test our future regulation proposals and policies, for example to provide alternatives for option appraisal and for our impact assessment process.

5.3 The Board noted the progress in developing the scenarios and discussed the range of issues covered. The Board agreed with the direction of travel. The scenarios will be initially shared with a wide range of stakeholders at the Sustainable Water event in May.

6. Financing strategy

6.1 The Executive presented the financing strategy to Board.

6.2 The Board noted the financial cost projections and discussed similarities between the Ofwat cost allocation guidelines and those of companies. The Board discussed ideas for how a sustainable long run basis for funding could be developed. The Board noted the strategy and approved further work on rationalising and modernising Ofwat's financing basis.

7. Quarter 4 performance summary and risk report

7.1 The Executive presented to Board its performance report on delivering Ofwat's strategy. It also set out the finance report for 2010-11. The Board discussed and noted progress against the strategy and the budget position.

7.2 The Board discussed and noted the Strategic Risk Register report for Q4 2010-11.

8. Chief Executive's report

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

- Stakeholder meetings;
- The Government's review of Ofwat and CCWater;
- The Ofwat response to the BIS consultation 'A competition regime for growth'; and
- The reporting of sewer flooding data by Thames Water.

9. Any other business

9.1 The Board received an update on the implementation of the reorganisation plans that it had approved at its February meeting. The Board noted progress and re-emphasised the importance of a timely payback period to justify the cost of the reorganisation.

Amanda Borrmann

12 May 2011