



Ofwat Board
Meeting held on Thursday 19 July 2012 in Birmingham

Members in attendance

Chairman:

Philip Fletcher

Non-Executive Directors:

Penny Boys

Gill Owen

Wendy Barnes

Robin Paynter Bryant

Chief Executive:

Regina Finn

Executive Directors:

Sonia Brown

Keith Mason

Apologies

None

In attendance:

Huw Brooker

(Director of Legal Services and Board Secretary) – all items

Marian Spain

(Senior Director of Policy and Communications) - all items

Zoe Morrissey

(Assistant Board Secretary) – minutes

Dan Mason

(Observer) – all items

Andrew Beaver

(Director of Strategy) – item 3

Chris Esslin-Peard

(Director of Future Prices) – item 4

Robin Pratt

(Chief Economist) – item 4

Roger Dunshea

(Director of Finance & Business) – item 7

1. Declarations of interest

1.1 None.

2. Minutes and actions arising

2.1 The Board approved the minutes of the meeting of 21 June 2012. The minutes would be published on the Ofwat website.

3. Ofwat consultation on its proposed performance framework

3.1 Andrew Beaver provided Board with a general overview of the proposed consultation on Ofwat's performance framework and the work that had been done since this was last considered by Board in March 2012.

3.2 The Board considered that the performance framework was important. Ofwat needed to ensure that its measurements of success against its strategy, goals and outcomes took into account the expectations of stakeholders. The Board provided a number of drafting suggestions to ensure that the consultation focussed on the key issues.

3.3 The Board delegated the final sign off of the consultation to the Chairman and Chief Executive.

4. Wholesale incentives

4.1 The Executive presented to the Board a general overview of the work to date on wholesale incentives. Board was asked for its comments on what should be included in the consultation on wholesale incentives.

4.2 Board considered that worked examples of the various options and outcome incentives being considered were necessary to appropriately explain Ofwat's thinking on the issues. Key messages that needed to be made clear in the consultation included the timeframes within which Ofwat is considering the options, reasons why any particular options were not being pursued, and a statement that companies must comply with their statutory obligations irrespective of the final methodology chosen for price limits.

4.3 Board noted that the Executive intended to have one to one meetings and group discussions with stakeholders to introduce them to the work Ofwat is doing in this area and supported this approach.

- 4.4 The Board was broadly content with the direction of travel, subject to the comments provided. The Board delegated the final sign off of the consultation to the Chairman and the Chief Executive.

5. Changes to Board Committee members

- 5.1 The Board agreed the following membership of the Remuneration Committee and Audit Committee in light of Gill Owen's departure:

Remuneration Committee: Wendy Barnes (Chair), Robin Paynter Bryant (member), Board Chair (member).

Audit Committee: Penny Boys (Chair), Wendy Barnes (member), Richard Kennett (independent member).

- 5.2 The above appointments apply until 31 March 2013 (with the exception of Richard Kennett's appointment which is until 31 March 2014).

6. Thames Tideway update

- 6.1 Keith Mason provided the Board with an update on the Thames Tideway project and highlighted in particular the developments over the last six months.
- 6.2 The Board welcomed the update. In particular, the Board noted the issues around the investment required for the tunnel and the impact of this on customers' bills.

7. Q1 Performance Summary and Risk Report

- 7.1 Roger Dunshea presented to the Board the quarter one performance summary and risk report. The Board welcomed the regular reporting.

8. Chief Executive's report

- 8.1 The Board received an update on key issues. These included:
- Ofwat Board appointments;
 - Enabling licence modifications;
 - Industry performance – key indicators;

- Draft Water Bill update; and
- Sustainable water event.

9. Any other business

- 9.1 The Board welcomed the proposed appointment of Jonson Cox as Chairman.
- 9.2 As this was her last Board meeting, the Board thanked Gill Owen for her time as a member of the Board. The Board also thanked Zoe Morrissey for her time as Assistant Board Secretary, and welcomed Dan Mason as the new Assistant Board Secretary.

Zoe Morrissey
20 July 2012