



Ofwat Board

Meeting held on Thursday 20 September 2012 in Birmingham

Members in attendance

Chairman:

Philip Fletcher

Chief Executive:

Regina Finn

Non-Executive Directors:

Penny Boys

Robin Paynter Bryant

Executive Directors:

Sonia Brown

Keith Mason

Apologies

Wendy Barnes

In attendance:

Huw Brooker

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

Marian Spain

(Senior Director of Policy and Communications) - all items

Stuart Crawford

(Senior Director of Corporate Services and Programme Management) – all items

Dan Mason

(Assistant Board Secretary) – minutes

Jonson Cox

(Observer) – all items

Andrew Beaver

(Director of Strategy) - item 4

1. Declarations of interest

- 1.1 Philip Fletcher informed Board that he had agreed to extend his appointment as Chairman until 31 October 2012. Board welcomed Jonson Cox who was expected to be appointed as the new Chairman in due course. Jonson Cox attended the meeting as an Observer, and it was noted that he had provided a list of issues where potential conflicts of interest might arise in the future.

- 1.3 Robin Paynter Bryant declared that he had become a Member of The Trinity Column Partners LLP. The Trinity Column Partners LLP is a subsidiary enterprise of The Trinity Column Ltd.

2. Minutes and actions arising

- 2.1 Board approved the minutes of the meeting of 19 July 2012. The minutes would be published on the Ofwat website.
- 2.2 Board noted the publication of the consultation on wholesale incentives following the discussion at the July Board meeting.
- 2.3 Board was informed that the consultation on Ofwat's proposed performance framework would now be published alongside Ofwat's draft forward plan.

3. Governance for decisions on new appointments and variations

- 3.1 The Executive recommended that the work of the New Company Appointments Committee ('Committee') should be transferred to the Executive, subject to the standard principles that any decisions which raise new major issues of principle or are particularly sensitive should come to Board. The Executive noted that the work of the Committee, which focused on new appointments and variations, was now routine operational work.
- 3.2 The Executive also recommended that Board delegated authority to sign-off the revised approach for assessing the financial viability of applications of new appointments and variations to the Chairman and Chief Executive.
- 3.3 Board agreed with both recommendations, on the basis that relevant decisions were also made within the relevant policy parameters previously agreed by Board.

4. Introduction to the price controls methodology consultation

- 4.1 The Executive provided Board with an early view of what was intended to be included in the methodology consultation and an overview of the associated decisions that would need to be made before, and after, the methodology consultation. The aim was to publish the methodology consultation towards the end of the year.
- 4.2 Board provided initial comments on the overall process, and the need to ensure clarity around the role of Customer Challenge Groups and Ofwat's role in challenging companies' business plans.
- 4.3 Board noted that it would consider the methodology consultation paper, and its key elements, in more detail at Board's future meetings.

5. Retail bridging consultation

- 5.1 The Executive provided Board with an overview of the work on retail price controls, including an update on the responses received to the consultation on retail price controls for the next price controls and the wider engagement with stakeholders.
- 5.2 Board commented on the services that the methodology consultation paper would propose be included within the definition of retail services. In addition, Board noted the importance of setting out the relevant rationale clearly.
- 5.3 Board also provided preliminary views on how price controls should be set for customers who would be able to choose their supplier and those customers who would not be able to do this. Board noted that it would consider these issues in more detail when it considered the draft methodology consultation.

6. Chief Executive's report

- 6.1 The Board received an update on key issues. These included:
- Responses received to Ofwat's proposal to accept binding commitments from Severn Trent Water in a Competition Act 1998 case; and
 - Further engagement with stakeholders in relation to enabling licence modifications

7. Any other business

- 7.1 As chair of the Audit Committee, Penny Boys updated Board on planned work for internal auditors.

Dan Mason

21 September 2012