



Ofwat Board

Meeting held on Thursday 7 April 2011 in Birmingham

Members in attendance

Chairman:

Philip Fletcher

Non-Executive Directors:

Penny Boys

Mike Brooker

Peter Bucks

Jane May

Gill Owen

Chief Executive:

Regina Finn

Executive Directors:

Keith Mason

Cathryn Ross

Apologies:

None

In attendance:

Huw Brooker	(Director of Legal Services and Board Secretary)
Amanda Borrman	(Assistant Board Secretary – minutes)
Marian Spain	(Director of Policy and Communications) all items
Stuart Crawford	(Director of Corporate Services and Programme Management) item 3
Tom Kiedrowski	(Director of Market Reform) items 3 and 4
Clair Daniel	(Head of Retail Market Development) item 3 and 4
Harpreet Atwal	(Senior Analyst) item 3
Matt Halden	(Senior Analyst) item 4
Mike Keil	(Head of Climate Change Policy) item 5
Mark Hann	(Associate Director) item 6
George Day	(Director of Future Water Charging) item 7

1. Declarations of interest

- 1.1 Mike Brooker declared two potential conflicts of interest. The first, relating to his role with the Water Industry Commission for Scotland because of references to Scotland under item 3. The second, relating to his past role with

Welsh Water because of references to Welsh Water in the Chief Executive's report. The Chairman noted the declaration. However, no actual conflict of interest arose during the meeting.

2. Minutes and actions arising

- 2.1 The Board approved minutes of the meeting of 3 March 2011. The minutes would be published on the Ofwat website.

3. Market architecture and arrangements

- 3.1 The Executive presented the proposed outline arrangements for the market architecture required for an all non-household competitive retail market. These proposals are being developed in response to the relevant recommendation in the Cave review and will assist Defra's policy work on this area for the Water White Paper.
- 3.2 The Board discussed the potential forms of market architecture and the appropriate process that Ofwat should adopt, including how to apply a step by step approach and how to monitor relevant internal budget issues.
- 3.3 The Board agreed with the proposed direction of travel.

4. Licence reform 1 (retail and self-supply licences)

- 4.1 The Executive presented a set of potential licence conditions that would be required for retailers and self-supply licensees as part of Ofwat's ongoing design work to establish a retail market.
- 4.2 The Board discussed and agreed with the principles used to decide upon the obligations to be included within licences. The Board highlighted the importance of lessons learnt from other sectors and discussed the importance of governance arrangements and contracts.

5. Climate change adaptation report

- 5.1 The Executive presented the draft climate change adaptation report to be submitted to Defra.
- 5.2 This report has been developed in response to the requirement from the Secretary of State under powers in the Climate Change Act 2008 to produce a report on the risks of climate change to our regulatory functions, and what actions we are taking to address those risks.
- 5.3 The Board agreed the key messages and delegated the final sign-off of the consultation for publication to the Chief Executive.

6. Water White Paper update

- 6.1 The Executive updated the Board on progress within Government towards a Water White Paper.
- 6.2 The Board discussed and noted the update, taking account of how this relates to Ofwat's strategy.

7. Chief Executive's report

- 7.1 The Board received an update on key issues. These included:
 - an overview of the consultations published by Defra and Welsh Assembly Government on the Walker review;
 - stakeholder meetings; and
 - the coming transfer of private sewers.

8. Any other business

- 8.1 The Board received an oral update from its Audit Committee.
- 8.2 The Board discussed several further internal operational issues including the review of Board effectiveness.

Amanda Borrman
7 April 2011