



Ofwat Board meeting held on 28 May 2015

Members in attendance

Chairman:

Jonson Cox

Non-Executive Directors:

Chris Burchell

Martin Lawrence

Christine Farnish

Robin Paynter Bryant

Wendy Barnes

Catherine Waddams

In attendance:

Rachel; Wright (Board Secretary)

David Black (Acting Senior Director)

Nick Gammage (Interim Director)

Nicci Russell (Director)

Alison Fergusson (Principal)

Jon Ashley (Principal)

Andrew Duff (Principal)

Elinor Mathieson (Principal)

Apologies:

Sonia Brown

Chief Executive:

Cathryn Ross

Executive Directors:

Keith Mason

Richard Khaldi

General Counsel

Elizabeth Hillman

1 Declarations of interest

- 1.1 The minutes from the previous meeting on 30 April were agreed and will be published on the website.
- 1.2 Richard Khaldi informed the Board that he would be taking part in the engagement programme on the new Scotland Bill which seeks to take forward the Heads of Agreement contained in the Smith Commission Report.

- 1.3 In the opening items the Board reflected on a successful site visit hosted by Dwr Cymru the previous day. This consisted of a visit to a Rainscape scheme in Llanelli and to Gowerton Wastewater Treatment Works. Rainscape is Dwr Cymru's approach to sustainably managing surface water surges in order to limit the risk of flooding caused by heavy storms. The schemes do this by limiting the volume of surface water reaching the combined sewer network.
- 1.4 The site visits were followed by a Board dinner which was attended by key Welsh stakeholders.

2 Chief Executive's Introduction

- 2.1 The Chief Executive gave her introduction to the Board meeting. Key updates included:
- Internal resources;
 - Financial results (those published being Severn Trent Water, South West Water and United Utilities);
 - CMA company referral;
 - Retail Market Opening programme.
- 2.2 The Board also discussed the outcome of the election and the relevant changes within the Cabinet Office.

3 Ofwat's consultation on resilience

- 3.1 The Executive presented its approach to the upcoming consultation on Ofwat's new primary duty to further the resilience objective. The consultation will be published at the end of June.
- 3.2 The Board discussed the strategic importance of the resilience duty. The Board challenged the Executive to demonstrate leadership of the sector through setting out a narrow definition of resilience.
- 3.3 The Board talked about the importance of clearly defining what Ofwat's role is in furthering the resilience objective and what its role is not. The Board agreed that it was for Ofwat to facilitate the sector in furthering the resilience objective but that its' role will also be to hold those companies accountable that fail to deliver. To that end, the Board discussed the need for a clear baseline against which success could be measured.

4 PR14 lessons learnt

- 4.1 The Executive presented the initial findings of the internal review of the 2014 Price Review and confirmed that the external engagement to understand stakeholder views will be carried out through June.
- 4.2 The Executive facilitated a discussion on the price review in order to identify, from the Board's perspective, the key lessons. The Board focused their discussion around People, Policy and Process and the Executive noted that these would feed into the Lessons Learnt Report.
- 4.3 The full Lessons Learnt Report will be published alongside the Case for Change document in July. The project is also seeking to share and embed the lessons internally through seminars and workshops.
- 4.4 The Board agreed to disband the PR14 Programme Board now that the programme was complete.

5 Project Auden

- 5.1 The Executive presented the findings of the Special Administration simulation Project Auden that was carried out during March and April.
- 5.2 The Board focused its discussion on the learning points arising from the simulation which will be shared with key stakeholders included HMT, Defra, Welsh Government and UKRN.
- 5.3 The findings from the exercise will be translated into a key action plan to guide the organisation in the event of a company going into administration and will be reflected in the Annual Reporting Framework and Financial Monitoring Regime.

6 Monitoring, information and assuring delivery

- 6.1 The Executive presented its proposed approach for gathering information in order to gain assurance from companies that they are doing the right thing.
- 6.2 The Board discussed the tools available to Ofwat to monitor the sector, for example the value of comparable information and the importance of transparency. The Board debated the extent to which Ofwat or the sector defines the measures on which we monitor progress.

- 6.3 The Board discussed the role for Ofwat in using this information in order to recognise when it should and how it should intervene.

7 Sub-committee updates

- 7.1 Wendy Barnes, as Chair of the Audit and Risk Assurance Committee, provided an update on its recent meeting which was held on 18 May.
- 7.2 Martin Lawrence, as Chair of the Remuneration and People Committee, gave an update on its recent meeting which was held on 30 April.
- 7.3 Catherine Waddams, as Chair of the Casework Committee, provided an update on its recent meeting which was held on 8 May.

8 Strategic conversation: catchment management

- 8.1 The Board ran a workshop on the topic of Catchment Management.
- 8.2 This was attended by colleagues from Natural Resources Wales who informed the Board members about its policy in relation to catchment management and ecosystem services in Wales.
- 8.3 The workshop was also attended by Dwr Cymru and Severn Trent. Both companies presented their experiences of catchment management.

Rachel Wright
28 May 2015