



OFWAT BOARD
Meeting held on 23 July 2015

Members in attendance

Chairman:

Jonson Cox

Non-Executive Directors:

Chris Burchell
Martin Lawrence
Christine Farnish
Catherine Waddams
Wendy Barnes

Executive Directors:

Cathryn Ross
Keith Mason
Richard Khaldi

General Counsel

Elizabeth Hillman

In attendance:

Rachel; Wright	(Board Secretary)
David Black	(Acting Senior Director)
Nick Gammage	(Interim Director)
Rob Powell	(Director)
Simon Smith	(Principal)
Ynon Gablinger	(Principal)

Apologies:

Robin Paynter Bryant
Sonia Brown

1. Declarations of interest

- 1.1 The minutes from the previous meeting on 28 June were agreed and will be published on the website. All actions from the 28 May were also confirmed as complete.

2. Chief Executive's Introduction

- 2.1 The Chief Executive gave her introduction to the Board meeting. Key updates included:
- Ongoing engagement with stakeholders on the draft Enterprise Bill;
 - the Comprehensive Spending Review timetable;
 - Bristol Water CMA referral;
 - Progress on building Ofwat's capability to support delivery of its strategy including recruitment, learning and development, and culture.

3. Quarterly performance, programme and risk report, Q1

- 3.1 The Executive provided the Board with an update on the organisation's performance through each programme's status, its budget and the current position on strategic risks and opportunities.
- 3.2 The Board discussed the organisation's capability and the pace of bringing in new people.
- 3.3 The Executive presented a proposed quarterly dashboard to understand how Ofwat is delivering towards the vision of a trusted and well respected regulator.
- 3.4 The Board supported the presentation of the dashboard which will be used to illustrate Ofwat's performance in future. The first presentation in this format will show Quarter 2 performance at the Board's October meeting.

4. Payroll and off-payroll resourcing

- 4.1 The Executive presented an analysis of the balance of payroll and off-payroll resources, both historically and projected for future years, following a request from the Audit and Risk Assurance Committee.
- 4.2 The Board discussed the need to achieve greater outcomes for less cost through effectively planning for external resources.

5. Strategic Assessment Framework – draft Sector dashboard

- 5.1 The Executive presented a demonstration of the draft sector vision dashboard and provided an update on the progress made towards establishing a

strategic assessment framework for assessing the sector's progress towards the sector vision of trust and confidence in water and wastewater services.

- 5.2 The Board supported the draft dashboard and considered how to best make the data accessible to stakeholders and customers.
- 5.3 The Board discussed ownership of the dashboard recognising that its purpose was to show the sector's progress against its vision and envisaged its usage to be by many within and outside the sector to hold the sector to account.
- 5.4 The Executive confirmed that the first version of the dashboard would be made public at a stakeholder event in October.

6. Water2020: Charges scheme rules for 2016/17 and longer term plans

- 6.1 The Executive presented its proposed longer term approach to developing charging rules in accordance with new provisions introduced by the Water Act 2014. The Act allows Ofwat to set charging rules in different areas, including for end users charges schemes, for developers, for water trading, and for partial service providers (access pricing).
- 6.2 The Executive also presented its proposed approach to setting charging scheme rules for 2016/17.
- 6.3 The Board discussed the approach and agreed that the onus must be on the company to do the right thing for customers when setting its charges. The Board confirmed that it was Ofwat's role to intervene if companies fail to demonstrate that they are doing so. The Executive confirmed that this would be clearly sent out in the guidance in the interest of transparency.
- 6.4 The Board agreed to the approach presented by the Executive to setting charging scheme rules for 2016/17.

7. Casework quarterly update

- 7.1 The Executive provided its quarterly update on the Casework programme covering April – June 2015 inclusively.
- 7.2 The Board that good progress had been made on clearing legacy cases.

- 7.3 The Executive confirmed that there had been a reduction in the number of cases referred to Ofwat as it works to reduce the number of non-strategic cases through encouraging the companies to resolve disputes before they reach Ofwat. The programme is now focusing on how it can maximize the benefits of other programmes through the use of strategic cases in order to send signals to the sector.
- 7.4 The Board noted the update.

8. Sub-Committee updates

- 8.1 Wendy Barnes presented her Annual Report of the Audit and Risk Assurance Committee in her role as its Chair.
- 8.2 Jonson Cox, as Chair of the Thames Tideway Committee, provided an update on its recent meeting which was held on 16 July. The meeting provided an update on the award of the Infrastructure Provider contract by Thames Water, and the upcoming decisions to be made by Ofwat.
- 8.3 Catherine Waddams, as Chair of the Casework Committee, provided an update on its recent meeting which was held on 22 July at which it discussed the Fairfields Case. Jonson Cox left the room for this conversation.

Rachel Wright
23 July 2015