

Minutes of Ofwat Board meeting

Meeting held on Thursday 26 November 2015

Members in attendance

Board attendees	
Jonson Cox	Non-executive Director, chairman
Wendy Barnes	Non-executive Director
Chris Burchell	Non-executive Director
Christine Farnish	Non-executive Director
Catherine Waddams	Non-executive Director
Martin Lawrence	Non-executive Director
Robin Paynter Bryant	Non-executive Director
Cathryn Ross	Executive Director
Keith Mason	Executive Director
Richard Khaldi	Executive Director
Elizabeth Hillman	General Counsel
Rachel Wright	Board Secretary
Other attendees	
Bev Messinger	Senior Director, Operations
Nick Gammage	Interim Senior Director, Corporate Communications
David Black	Interim Senior Director, Analytics
Dieter Helm	External Guest
Rob Cunningham	Principal, Strategy and Policy
Nicci Russell	Director, Strategy and Policy
Jamie Tunnicliffe	Director, Analytics
Andrew Beaver	Director, Strategy and Policy
Alex Whitmarsh	Principal, Analytics
Ruth Gibson	Principal, Casework
Adam Cooper	Director, Retail Market Opening

John Kennedy	Principal, Strategy and Policy
Margareta Serfozo-Matharu	Principal, Strategy and Policy
Alison Ferguson	Principal, Analytics
Liz Herridge	Delivery Director, Operations
Natasha Harris	Principal, Operations
Peter Jordan	Principal, Analytics

1. Opening Items and Declarations

- 1.1. Jonson Cox confirmed he has been reappointed as Chairman of the Water Services Authority.
- 1.2. Catherine Waddams informed the Board that the Centre for Competition Policy at the University of East Anglia is working with Anglian Water. Catherine confirmed that she was not directly involved.
- 1.3. Minutes were agreed subject to minor comments and will be published on the website.

2. Chief Executive Report

- 2.1. The Chief Executive presented key updates on the internal and external environment, including:
 - the outcome of the Comprehensive Spending Review; and,
 - company results.
- 2.2. The Executive presented two business cases for Board approval in line with the Rules of Procedure. These related to the purchase of tickets and travel arrangements, and legal advice on the Retail Market Opening programme. The Board approved both business cases.

3. Customer Vulnerability

- 3.1. The Executive led a discussion on customer vulnerability, recognising its importance for Ofwat's strategy. The discussion considered different causes of vulnerability including financial and non-financial detriment.

- 3.2. The Board discussed the definition of vulnerability, and associated risk factors and trigger points of vulnerability in the water and wastewater sectors.
- 3.3. The Board noted the importance of companies providing excellent customer service in the round.
- 3.4. The Board discussed the role of water companies and the role of Ofwat in understanding and addressing vulnerability.
- 3.5. The Board agreed that it was for Ofwat to encourage best practice in customer service to all customers, including those in vulnerable situations.

4. Water 2020

- 4.1. The Executive recapped on the timetable for Water 2020 and an overview of previous Board decisions made.
- 4.2. The Board discussed how the Water 2020 outcomes support delivery of the strategy and vision to achieve trust and confidence in water and wastewater services. It discussed the programme work including the role of the December consultation in the development of PR19.
- 4.3. The Executive presented the engagement plan for the December documents for information.
- 4.4. The Board noted the approach to engagement.
- 4.5. The Executive presented a proposal to maintain the current 5 year price control period for PR19.
- 4.6. The Board discussed the option to extend price controls beyond the current 5 year period.
- 4.7. The Board agreed to the recommendation in relation to the length of price controls. It agreed to maintain the 5 year price control for PR19. However, the Board noted the need for a future conversation after 2019 on price controls beyond the 2020-2025 period.

5. Bristol Water – Assurance Framework

- 5.1. The Executive presented a proposal to the Board for re-categorising Bristol Water on our company monitoring framework as ‘prescribed’. The Executive presented the evidence and rationale for this recommendation.
- 5.2. The Board discussed the timing of the re-categorisation and agreed that after considering the evidence immediate re-categorisation was appropriate.
- 5.3. The Board agreed to the recommendation and delegated the content of the publication and timing to the Chief Executive.

6. Ofwat’s approach to resilience

- 6.1. The Executive highlighted the recommendations of the resilience Task and Finish group which were due to be published on 1 December.
- 6.2. The Board discussed how the recommendations relating to Ofwat should be considered in future work and delivery of the strategy.
- 6.3. The Board noted the recommendations.

7. Retail Market Opening

- 7.1. The Executive gave an update on the RMO programme process, and confirmed that it was in line with the wider programme integrated plan.
- 7.2. The Executive gave an overview of the future role of the Board in the project, including future decisions and its involvement in signing off the first assurance letter to the Secretary of State in February.
- 7.3. The Executive gave an overview of deemed contracts on which Ofwat is currently consulting for the new retail market.
- 7.4. The Board discussed possible issues around data management in the new market.
- 7.5. The Board noted the update.

8. Operational capability

- 8.1. The Executive provided an update on the progress to establish an organisation with the required capabilities and capacity to deliver its ambitious strategy and vision.
- 8.2. The Board discussed the skills and experience mix across its programmes, and the culture and working environment to support it delivery.
- 8.3. The Board noted the update.

9. Cyber Security

- 9.1. The Executive provided an update on Ofwat's cyber and data security processes and procedures which had previously been discussed with the Board in April 2014.
- 9.2. The Board noted the importance of this issue following the recent breaches of data management by organisations such as Talk Talk.
- 9.3. The Board also discussed the need to consider this in all that we do, particularly as future policies are developed.
- 9.4. The Board considered the management of data across the sector, and its importance in building trust and confidence.
- 9.5. The Board noted the update and next steps, which included future engagement with the Audit and Risk Assurance Committee.

10. Updates from Committee Chairs

- 10.1. Wendy Barnes as Chair of the Audit and Risk assurance Committee gave an update of its meeting on 3 November 2015.

11. System Operation – strategic conversation with external guest, Dieter Helm.

- 11.1. Dieter Helm attended the Board meeting, in which the role of catchment system operators were discussed.

Rachel Wright
Board Secretary

26 November 2015

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