

Meeting held on Thursday 22 February 2018  
 Venue: Bloomsbury House, 21 Bloomsbury Street, London WC1B 3HF

## Members in attendance

| <b>Board attendees</b> |   |
|------------------------|---|
| Jonson Cox             | Non-Executive Director, Chairman          |
| Tim Waggott            | Non-Executive Director                    |
| Mark Bayley            | Non-Executive Director                    |
| Catherine Waddams      | Non-Executive Director                    |
| Alison Munro           | Non-Executive Director                    |
| Christine Farnish      | Non-Executive Director                    |
| Rachel Fletcher        | Chief Executive                           |
| John Russell           | Executive Director                        |
| Aileen Armstrong       | Executive Director                        |
| Jenny Block            | General Counsel and Board Secretary       |
| <b>Other attendees</b> |   |
| Keith Mason            | Senior Director, Thames Tideway Tunnel    |
| Claire Forbes          | Senior Director, Corporate Communications |
| Alena Kozakova         | Chief Economist                           |
| Emma Kelso             | Senior Director, Customers and Casework   |
| Lisa Commane           | Senior Director, Operations               |
| Jamie Tunnicliffe      | Director, Investor Relations              |
| Elinor Mathieson       | Principal, Finance and Governance         |
| Sam Bache              | Director, Finance, Operations             |
| Freddie Levett         | Senior Associate, Strategy and Policy     |
| <b>Apologies</b>       |   |
| David Black            | Executive Director                        |
| Martin Lawrence        | Non-Executive Director                    |

## **1. Opening Items and Declarations**

- 1.1. The minutes of the Board meeting held on 25 January were approved, subject to some minor amendments.
- 1.2. There were no conflicts of interest to declare by reference to the matters on the agenda.

## **2. Chief Executive Report**

- 2.1. The Chief Executive gave a brief update on the internal and external environments. The Board noted the proposed changes to programmes and the creation of two cross-cutting 'hubs' - Strategy and Communications - alongside the PR19, Market Outcomes & Enforcement, Finance & Governance, Thames Tideway and Business Improvement programmes.
- 2.2. The Board noted the Chief Executive's feedback from the first set of meetings held with industry and other stakeholders, and that the challenges the sector faced were very much central to these discussions.
- 2.3. The Board approved the following contracts:
  - Support for designing and running pilots for C-Mex and D-Mex for PR19;
  - An extension to interim support on analysis on financial information and related financial risks for the Finance and Governance programme; and
  - The purchase of IT equipment.

## **3. Compliance, Assurance and Improvement**

### **2018-19 Budget and Licence Fees**

- 3.1 The Board discussed the proposed budget and annual licence fees envelope for 2018-19 and subsequently approved the Executive's proposal by correspondence. The Board noted the lessons learnt from the review of 2017-18 budget management and steps being taken to manage the risks of under/overspend in the coming financial year.
- 3.2 The Board delegated authority to the Chief Executive to set the final programme budget allocations in line with the final Forward Programme. The Board asked that

the Executive revert to Board before seeking to invoice any special licence fee for 2018-19.

#### **4. ‘Making Sparks Fly’ – update on Innovation Campaign**

- 4.1. The Board was presented with an update on the achievements of Ofwat’s innovation campaign to date.
- 4.2. The core themes of collaboration and “Don’t wait – innovate” were set to inspire water companies to be more innovative in their approach across the board, by drawing on expertise from outside the sector, including internationally. The hope is to inform and motivate change, facilitating greater ambition in this area. All 17 water companies have participated.
- 4.3. The Board welcomed the statistics from the opening weeks of the campaign showing a solid start for Spark!. Of particular note were the large reach of the campaign (1.5 million) and steady numbers of video views (3,066) and engagement (1,582 RTs, likes, shares on social media). This was seen as a particularly positive start given the campaign was produced largely in-house on a small budget.

#### **5. Strategic discussion**

- 5.1. The Board had a constructive strategic discussion on the issues of legitimacy raised with respect to the sector. There will be a fuller discussion on policy at the March Board.
- 5.2. The Board discussed a range of areas where work was already underway, as well as further steps that might be taken forward particularly with respect to companies’ responsibilities and accountability to customers, resilience in the round, but in particular securing long-term financial resilience, and raising the bar in terms of corporate behaviours. Companies should step up and ensure they meet the expectations of present and future generations, given their status as monopoly providers of a public service.
- 5.3. It was important to recognise that there were many good examples of positive corporate behaviour and that these companies set a good standard for others to follow. The Board also noted that the criticisms levelled at some behaviours in the sector should not detract from the sustained commitment of employees of water companies.

## **6. Update from Committee Chair**

### **Remuneration and People Committee**

6.1 Tim Waggott reported on the January meeting at which the Committee received an update on the following matters:

- key work streams within the Fit for the Future programme, highlighting the progress made;
- the results of the October 2017 Pulse survey and the steps being taken by the Senior Leadership Team to respond to the matters raised;
- the next steps in terms of the 2017-18 non-SCS pay remit; and
- draft objectives for the Senior Leadership Team and more generally the approach to setting objectives.

## **7. Any Other Business**

7.1. There was no other business and the Chairman closed the meeting.

**Jenny Block**

**Board Secretary**

**22 February 2018**