

Meeting held on Thursday 7 November 2019
 Venue: Bloomsbury House, 21 Bloomsbury Street, London WC1B 3HF

Attendance

Board attendees	
Jonson Cox	Non-Executive Director, Chairman
Martin Lawrence	Non-Executive Director
Tim Waggott	Non-Executive Director
Mark Bayley	Non-Executive Director
Catherine Waddams	Non-Executive Director
Christine Farnish	Non-Executive Director
Alison Munro	Non-Executive Director
Rachel Fletcher	Chief Executive
Aileen Armstrong	Executive Director
David Black	Executive Director
John Russell	Executive Director
Jenny Block	General Counsel and Board Secretary
Other attendees	
Claire Forbes	Senior Director, Corporate Communications
Alena Kozakova	Chief Economist
Keith Mason	Senior Director, Thames Tideway Tunnel
Andrew Chesworth	Director, PR19
Rosemary Cook	Associate Director, PR19
Alison Cullen	Associate Director, PR19
Alison Fergusson	Associate Director, PR19
Ynon Gablinger	Director, PR19
Matthew Greetham	Principal, PR19
Tim Griffiths	Director, PR19
Kay Greenbank	Associate Director, PR19
Martin Malinowski	Principal, PR19
Aoife McNally	Principal, PR19

Anita Payne	Director, PR19
Sophie Shaw	Director, Legal, PR19
Stephen StPier	Director, PR19
Andy Titchen	Principal, PR19
Jamie Tunnicliffe	Director, PR19
Juliet Young	Director of Economics

1. Opening Items and Declarations

- 1.1. The minutes of the Board meeting held on 24 October 2019 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. PR19

Overview

- 2.1. The Executive presented an overview of the PR19 programme providing a summary of key issues to be discussed in more detail at the meeting, and highlighting the implications of proposed interventions on company plans that will form part of the final determinations for all companies, focusing on outcomes, cost efficiency and risk and return. The Board discussed proposed amendments to cost allowances including the treatment of growth and whether it was appropriate to cap certain companies' cost allowances.
- 2.2. The Board noted that the final determinations for each company will be discussed at the late November Board meeting where the Board will be making a final decision on the overall package. The Board noted the intention to publish final determinations after the general election, on 16 December 2019.
- 2.3. The Board was reminded of Ofwat's duties under the Water Industry Act 1991 including the Board's obligations with respect to the UK and Welsh Governments' statements of strategic priorities and objectives for Ofwat.

Customer measure of experience (C-Mex) and Developer services measure of experience (D-Mex)

- 2.4 The Board discussed the recommendations put forward by the Executive in light of representations received on a range of issues, including with respect to improving the accuracy of the C-Mex and D-MeX scores derived from the underlying survey results, and as to the most effective use of the net promoter score (NPS) in the context of the C-MeX incentive.

Company specific adjustments for final determinations

- 2.5 The Board considered the Executive's recommendations on the company-specific adjustments to the cost of capital in light of representations received.

Financeability – initial financial modelling

- 2.6 The Board considered the proposed approach to the financeability assessment for company final determinations. The Board discussed the key points to be conveyed to companies in final determinations in relation to dividends, and plans for longer term and more sustained engagement with companies that might be under some pressure with respect to their financial resilience.

Significant scrutiny companies – lower cost sharing rates

- 2.7 The Executive provided an assessment of whether lower cost sharing rates should be applied to the significant scrutiny companies.
- 2.8 The Board considered the proposed recommendation based on an 'in the round' assessment.

Company level summaries – final determinations

- 2.9 The Executive presented views on key elements of the final determinations for an initial tranche of water companies. The Board made a number of comments on the proposals put forward. Final decisions on companies' final determinations are to be made at the late November Board meeting.

3. AOB

- 3.1 There was no other business and the Chairman closed the meeting.

Jenny Block
Board Secretary
7 November 2019