

Meeting held on Thursday 23 April 2020
(By video link / conference call – BlueJeans)

Attendance

Board attendees	
Jonson Cox	Non-Executive Director, Chairman
Mark Bayley	Non-Executive Director
Christine Farnish	Non-Executive Director
Martin Lawrence	Non-Executive Director
Alison Munro	Non-Executive Director
Catherine Waddams	Non-Executive Director
Tim Waggott	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	
Lisa Commane	Senior Director
Claire Forbes	Senior Director
Emma Kelso	Senior Director
Alena Kozakova	Chief Economist
Keith Mason	Senior Director
Matthew Greetham	Principal, PR24 & Future Assets & Resources
Tim Griffiths	Director, PR24
Amit Kamal	Principal, Public Value
Kate Kendall	Director, Financial Resilience, Performance & Outcomes
Dan Mason	Associate Director, Business Retail, Performance & Outcomes
Elinor Mathieson	Associate Director, Financial Resilience, Performance & Outcomes
Anita Payne	Director, Insight & Impact

Stanislav Petrov	Senior Associate, Business Retail, Performance & Outcomes
Jonathan Read	Director, Financial Resilience, Performance & Outcomes
Sophie Shaw	Director, Legal, PR24
Radek Trtik	Principal, Insight & Impact

1. Opening Items and Declarations

- 1.1. The minutes of the Board meeting held on 26 March 2020 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. The Board noted that Mark Bayley had been appointed to two new roles and details would be included in the Register of Interests.

2. Chief Executive's Report

- 2.1. The contents of the Chief Executive's report were noted and discussed, including an update on our response to Covid-19 and the Q4 Portfolio Report. The Board noted in particular:
 - That the sector appeared to be managing the Covid-19 risks and issues well. Nevertheless, the crisis had highlighted a number of areas where companies' operational and financial resilience would continue to be tested.
 - The steps that Ofwat continued to take and develop to support the health and wellbeing of our people.
- 2.2 The Board confirmed delegation to Lisa Commane, Senior Director to approve the award and entry into two IT contracts, the first in relation to the Microsoft 365 system and the second the exercise of future options in relation to the contract for Ofwat's case management system.

3. Policy

Policy Forum

- 3.1. David Black outlined the role of the Policy Forum, in particular to help promote consistency and coherence of policy development across Ofwat to deliver our strategy. The Forum would focus on cross-cutting issues.

- 3.2. The Board noted and discussed the themes emerging from initial discussions within the Policy Forum on establishing core principles to aid policy development, taking account of potential implications arising from Covid-19. Overall the Board agreed that it was too soon to judge the impact of Covid-19 on the sector and that it was important to take a measured approach, whilst continuing to monitor the position closely and ensuring that companies' focus remained on the critical work of providing customers with reliable water and wastewater services, and protecting their employees' welfare.

Business Retail market: enduring solutions

- 3.3. The Executive presented the Foreword and Executive Summary of the consultation document 'Covid-19 and the business retail market: Proposals to address liquidity challenges and increases in bad debt' which was published on 16 April.
- 3.4. The Board discussed the sector reactions to the consultation and the policy options presented. The Board supported the direction being set and recognised the need for the proposed intervention to protect the interests of customers. The Board noted the importance of keeping focussed on this, and building in sufficient flexibility to accommodate changing circumstances. It was also important to set the right incentives for all participants in the market having regard to the general and established balance of risks within the business retail market and to the other measures put in place by the Government to support businesses.

Financial Resilience

- 3.5. The Executive provided an update highlighting potential strategic and policy issues arising in light of Covid-19 in terms of the financial resilience of the sector. The Board was reassured that there were no immediate issues requiring intervention but that the position would be kept under close review.
- 3.6. The Board discussed how Ofwat might take opportunities to drive stronger financial resilience, particularly where concerns are raised or exacerbated by the current circumstances, to ensure that customers are safeguarded.

4. Impact and Insight

- 4.1. The Executive presented an overview of how we are monitoring and intend to report on industry and company performance, and provided a demonstration of the underpinning software.

- 4.2. The Board congratulated the team on the progress made to collate our data and automate the analysis. The Board also agreed it was important to continue to evolve our approach, making the most of technology to improve our effectiveness as an organisation, and to understand the impact of our regulation and our impact on customers.

5. PR19

Update on CMA appeals: price control redeterminations

- 5.1. The Executive provided an update to the Board.

Thames Water conditional allowance gated process

- 5.2. The Executive presented an overview of the Thames Water conditional gated allowances set out in the company's Final PR19 Determination in relation to water supply resilience and water network maintenance, and the process we proposed to adopt to assess whether it was appropriate to release funding at the first two stages. This process is designed to provide enhanced regulatory oversight so that the investment can be progressed ahead of PR24 whilst protecting customers from inefficient costs.
- 5.3. The Board agreed to delegate authority to David Black, Chief Regulation Officer, to approve Thames Water passing through these two gates, if appropriate.

6. Update from Committee Chair

Thames Tideway Tunnel Committee

- 6.1 The Chair of the Committee reported on the April meeting at which the Committee received an update on recent developments on the project, including having regard to the immediate impacts of the Covid-19 restrictions. Representatives from both Tideway and Thames Water also joined the Committee meeting.

7. AOB

- 7.1 The Board agreed to provide feedback by email on the meeting and what had gone well and what might be improved upon.

- 7.2 The Board recorded their appreciation for Tim Waggott's exceptional service on the Board over the past four years and wished him well in his new role as Financial Secretary to the Falklands Islands Government.
- 7.3 There was no other business and the Chairman closed the meeting.

Jenny Block
Board Secretary
23 April 2020