

Meeting held on Thursday 26 March 2020
(By video link / conference call – BlueJeans)

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	
Lisa Commane	Senior Director, Business Improvement
Alena Kozakova	Chief Economist
Keith Mason	Senior Director, Thames Tideway Tunnel
Lindsey Stafford-Scott	Interim Director, People (Operations)
Caroline Gregory	Director, IT and Digital (Operations)
Emma-Jane Daly	Director, Change & Engagement Sixth Gear
Sarfraz Nawaz	Director, Finance (Operations)
Paul Hickey	Managing Director, RAPID
Anita Payne	Director, PR19
Andy Duff	Director, PR19
Tim Griffiths	Director, PR19
Jacob Wood	Associate Director, PR19
Sophie Shaw	Director, Legal, PR19
Gillian Tanfield	Senior Associate, PR19

Non-Ofwat attendees	
Eric Applewhite Richard Walker	KPMG
Apologies	
Claire Forbes	Senior Director, Corporate Communications
Emma Kelso	Senior Director, Markets and Enforcement

1. Opening Items and Declarations

- 1.1. The minutes of the Board meeting held on 27 February 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.

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. The Board noted in particular:
 - That Ofwat's business continuity plans had worked very smoothly and that progress was being made on ensuring all our people had the support they needed at this time. The Board noted the clarity of communications and the very positive spirit amongst all Ofwat staff.
 - That an additional sector continuity team was established to work with government, other regulators and industry stakeholders, coordinating the sector response and ongoing operational continuity and support for customers.
 - The steps being taken to ensure continuity in the business retail market as an interim measure.
 - That we were in close contact with other sector regulators, in particular, Ofgem, to learn lessons from one another as the situation develops.
- 2.2. The Board approved the call off contracts submitted for approval.

3. Business Improvement

Ofwat as an agent for change – enabling Time to Act

- 3.1. The Executive presented an overview of our corporate enabling strategy work which was the culmination of 12 months' feedback and analysis. This had evolved still further to reflect the impact of the current pandemic. The Board agreed the approach to the overall strategic direction for Ofwat's corporate enabling work and particularly the IT and People strategy themes and focus.

2020-21 Budget and Licence Fees

- 3.2. The Board discussed and approved the proposed budget and the total annual licence fee envelope for 2020-21.
- 3.3. The Board delegated authority to the Chief Executive to set the final 2020-21 cluster budget allocations up to the maximum value of the approved budget.

4. Regulators' Alliance for the Promotion of Infrastructure Development (RAPID)

Update on RAPID and strategic supply schemes

- 4.1. Paul Hickey, Managing Director of RAPID, presented an overview on the current issues including the resilience challenge; transforming water resource management; and current progress in considering strategic water supply schemes for which funding had been approved as part of PR19 Final Determinations.

Strategic Resources: Approach to Gated funding decisions

- 4.2. The Board noted that it was for Ofwat to approve funding for the proposed schemes as part of a gated process and that gates 1 and 2 were points at which Ofwat would assess companies' progress and efficiency in identifying, developing and refining their options, taking account of a range of factors, to identify the best value options.
- 4.3. The Board noted that the Executive will provide regular updates to the Board to provide oversight and guidance. It was also noted that Ofwat will develop proposals for robust governance arrangements for the later gate decisions, building on learning from the earlier gates.

- 4.4. The Board agreed to delegate authority to David Black, Senior Director, to make decisions on behalf of Ofwat in relation to the gate 1 and 2 processes relating to the continuation of development funding, ensuring that water companies are pursuing their option evaluation robustly and efficiently.

5. Strategy Hub

Ofwat's Data Strategy

- 5.1. The Executive presented an overview highlighting the reasons for developing a Data Strategy, Ofwat's approach, key planks of the future strategy, the work undertaken to date and next steps.
- 5.2. The Board discussed the recommendation to develop a Data Strategy by summer 2020, and to continue work on Ofwat's data capabilities and engage with the industry on their own data capabilities and plans for the future.
- 5.3. The Board welcomed Eric Applewhite, KPMG, who provided an external perspective on best practice and noted that the Ofwat team is considering how this might translate into an Ofwat context.

6. PR19

Update on CMA appeals: price control redeterminations

- 6.1. The Executive provided an update to Board noting that on 19 March 2020, we made our initial submission to the Competition and Markets Authority (CMA) in relation to the PR19 redeterminations. A notice of extension was given on 24 March 2020. Therefore the CMA has a period of twelve months to report on and determine the disputed determinations.
- 6.2. The Board noted the external communications concerning the PR19 redeterminations and next steps.

Lessons learned from delivering PR19

- 6.3. The Board discussed the way Ofwat proposed to undertake this exercise, including the flexibility now required as a result of the current pandemic. The Board provided its own initial views.

7. Update from Committee Chair

People Committee

- 7.1 The Chair of the Committee reported on the February meeting at which the Committee received an update on the progress made in “getting into Sixth Gear” including the approach being taken and the anticipated next steps in this work.
- 7.2 The Committee discussed the People Strategy and provided comments on the direction of travel, and endorsed the overall strategy.
- 7.3 The Committee received an update on the findings from the Civil Service People Survey.

8. AOB

- 8.1 The Board agreed to provide feedback by email on the meeting and what had gone well and what might be improved upon.
- 8.2 There was no other business and the Chairman closed the meeting.

Jenny Block
Board Secretary
26 March 2020