

Minutes of Board meeting

Meeting held on Thursday 25 February 2021, by video link (BlueJeans)

Board members / standing attendees

Jonson Cox	Non-executive Director, Chairman
Mark Bayley	Non-executive Director
Nicola Bruce	Non-executive Director
David Jones	Non-executive Director
Seema Kennedy	Non-executive Director
Jonathan Kini	Non-executive Director
Alison Munro	Non-executive Director
Catherine Waddams	Non-executive Director
Rachel Fletcher	Chief Executive
Aileen Armstrong	Executive Director
David Black	Chief Regulation Office
John Russell	Executive Director
Jenny Block	General Counsel and Board Secretary

Other attendees

Christine Farnish	Board Advisor
Martin Lawrence	Board Advisor
Claire Forbes	Senior Director
Lisa Commane	Senior Director
Emma Kelso	Senior Director
Alena Kozakova	Chief Economist
Tim Griffiths	Director, PR24 and Beyond
Juliet Young	Director, PR24 and Beyond
Sophie Shaw	Director, Legal
Mark Anderson	Director, Corporate Communications
Shaun Kent	Principal, Markets and Charging
Georgina Mills	Director, Markets and Charging
Jane Jellis	Director, Legal
Harry Armstrong	Director, Performance & Outcomes
Andrew Lincoln	Principal, Performance & Outcomes

1. Opening Items and Declarations

- 1.1. The minutes of the last Board meeting held on 28 January 2021 were approved.
- 1.2. There were no interests to declare.

2. CMA redeterminations

- 2.1. The Executive provided an update on the CMA referrals process, and the upcoming final determinations and proposed approach following the CMA's decision. The Board discussed the potential implications and Ofwat's approach, including how we may take the CMA redeterminations into account in our PR24 methodology and wider regulatory approach.

3. Business retail market: recommendations to deal with excess bad debt costs arising from Covid-19

- 3.1 The Executive presented a paper on recommendations for dealing with potential excessive levels of bad debt in the business retail market which we planned to publish for consultation in early March. This follows the commitment to consider additional regulatory protection if market-wide bad debt costs exceed 2% of NHH turnover.
- 3.2 The Board discussed the proposals and the need to maintain strong incentives on business retailers to manage bad debt effectively. The Board recognised that these measures may be appropriate in the particular circumstances given other regulatory constraints in place.

4. Customer policy

- 4.1 The Executive presented an overview for discussion of Ofwat's policy work to improve outcomes in customer service and support, primarily outside of the price review process, and key challenges. The current focus is on affordability, bad debt and vulnerability where we are undertaking work jointly with CCW. We are also working with CCW on a research agenda to help us understand customers better.
- 4.2 The Board noted how our work in this area had developed over recent years and the increasingly acute challenge in terms of consumer vulnerability. The Board discussed the focus and overall approach and how best we can fulfil our responsibilities. The Board discussed the value of addressing certain issues to better protect consumers outside the price review process.

5. Chief Executive's Report

- 5.1 The contents of the Chief Executive's report were noted and discussed, including an update on:
- the constructive workshop with Welsh stakeholders which had been well attended and where we started work on long-term objectives;
 - the effective sector response to maintaining customer service during the February 'freeze-thaw'; and
 - the recently published Penrose and NIC reports: it was positive to see explicit endorsement of the RAPID programme and our work to increase drought resilience in the latter.
- 5.2 The Board approved the delegation to the Major Projects Committee decisions on any Interim Determination of K (IDoK) in relation to DPC projects.

6. Update from Committee Chairs

- 6.1. The Board received updates on three meetings, of the People Committee, the Major Projects Committee and the ARAC.
- 6.2. People Committee: the Committee discussed the results of Civil Service people survey, Ofwat's internal health & wellbeing survey, and Ofwat's EDI strategy (to be presented to the Board in April).
- 6.3. Major Projects Committee: the Committee discussed progress on the Thames Tideway Tunnel project, including the preparation of licence modifications to implement Ofwat's decision to make appropriate allowance for the impact of Covid-19 on Tideway's costs; and progress on a number of DPC projects.
- 6.4. Audit and Risk Assurance Committee: the Committee discussed the initial review of the outline performance report and draft governance statement and interim 9 month audit results; strategic risks and the Committee's approach over the course of the next financial year to have the deepest impact; and an initial discussion of the internal audit plan for the next year.

7. AOB

- 7.1. Jenny Block presented to the Board the forward plan for Board meetings. The Board noted items on the forward plan and suggested additional items.
- 7.2. There was no other business and the Chairman closed the meeting.

Jenny Block
Board Secretary
25 February 2021