

Minutes of Board meeting

Meeting held on Thursday 18 March 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
Keith Mason	Senior Director
Paul Hickey	Managing Director, RAPID
Tim Griffiths	Director, PR24 and Beyond
Juliet Young	Director, PR24 and Beyond
Sophie Shaw	Director, Legal
George Miller	Senior Associate, PR24 and Beyond
Peter Jordan	Principal, PR24 and Beyond
Bart Schoonbaert	Director, Environment, Public Value and Governance
Simon Harrow	Principal, Future Assets and Resources

Andy Titchen	Principal, PR24 and Beyond
Sarfraz Nawaz	Director, Finance and Procurement
Robert Light	Chair, CCWater
Emma Clancy	Chief Executive, CCWater

1. Opening Items and Declarations

- 1.1. The minutes of the last Board meeting held on 25 February 2021 were approved.
- 1.2. There were no interests to declare by reference to the matters for discussion at the meeting.

2. Chief Executive's Report

- 2.1 The contents of the Chief Executive's report were noted and discussed.
- 2.2 The Board discussed the CMA's final decisions in the redeterminations of the four disputing companies' 2020-25 price review decisions. The Board discussed the key issues and possible next steps. It was noted that while the CMA had reached different conclusions to Ofwat on certain issues, overall the CMA supported Ofwat's ambition for the water industry, and the challenge we have set companies to transform performance and deliver more for customers and the environment. The Board thanked the team for their commitment throughout the CMA process.

3. High-level design of PR24

- 3.1. The Executive provided an update on further background to the proposals for PR24 put forward at the previous Board meeting in March and presented a further paper on proposals for consultation in May.
- 3.2. The Board discussed the proposed recommendations and a number of issues of principle. The Board recognised the importance of setting out a framework that would require companies to plan and operate more effectively for the long term, whilst holding companies to account for delivery and for the efficient management of their assets in each five-yearly period.
- 3.3. The Board provided a steer on areas to consider further and develop.

4. Green recovery

- 4.1. The Executive presented a paper setting out our proposed approach on a number of key issues arising from our assessment of water companies' green recovery proposals. Key issues included our approach to funding inland bathing waters, flood reduction, net zero, and affordability and financing.
- 4.2. The Board discussed the proposed approach to the key issues and the particular issue of principle relating to what water company customers ought to be expected to pay for through their bills in circumstances where third parties also had responsibilities. The Board noted that we intended to have further discussions with the EA, DWI, CCW and companies before publishing our draft decisions in May and final decisions in July.
- 4.3. The Board asked for further information on the overall process and principles for decision-making.

5. 2021-22 Budget and Licence Fee

- 5.1. The Board discussed and approved the proposed budget envelope for Ofwat, and the total annual licence fee envelope for 2021-22.
- 5.2. The Executive also presented an overview of the high level multi-year plan and associated financial plan and provided feedback from the Forward Programme consultation responses.
- 5.3. The Board delegated authority to the outgoing as well as incoming Chief Executive to set the final cluster budget allocations up to the maximum value of the approved budget.

6. Consumer Council for Water

- 6.1. The Chair welcomed Emma Clancy (Chief Executive) and Robert Light (Chair) to the Board meeting. Emma Clancy provided an overview of CCW's objectives and areas where Ofwat and CCW can work together more closely, building on the considerable collaboration over the last year, including on the forthcoming joint programme of customer research. They both noted CCW's commitment to communicating effectively and sharing intelligence, whilst balancing and retaining CCW's role as the independent voice of the consumer.
- 6.2. Emma/Robert gave their views on CCW's future direction and priorities going forward, and talked about what is changing at CCW and what customers want from PR24. They

noted the focus in CCW's forward programme, with campaigns on sewer flooding, complaints handling, help/support available to customers and water poverty.

7. Update from Committee Chair

- 7.1. The Board briefly discussed the recent work of the Major Projects Committee and it was agreed a fuller update would be provided to the Board across the range of the work of the Committee.

8. AOB

- 8.1. The Chair thanked Christine Farnish and Martin Lawrence for their support as advisers to the Board since December through to March.
- 8.2. The Chair formally noted the appreciation of the Board for Rachel Fletcher's exemplary leadership over the past 3 years, through the transformation she had achieved in Ofwat as well as the standards she had set for industry in Ofwat's strategy which would remain a cornerstone for Ofwat going forward.
- 8.3. There was no other business and the Chairman closed the meeting.

Jenny Block
Board Secretary
18 March 2021