

Minutes of Board meeting

Meeting held on Thursday 27 May 2021 (hybrid meeting)

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
David Black	Interim Chief Executive
Aileen Armstrong	Executive Director
John Russell	Executive Director
Lisa Commane	Executive Director
Jenny Block	General Counsel and Board Secretary

Other attendees

Emma Kelso	Senior Director
Alena Kozakova	Chief Economist
Paul Hickey	Managing Director, RAPID
Sarfraz Nawaz	Director of Finance and Procurement
Colin Green	Director, Regulatory and Commercial Framework (RAPID) and Future Assets and Resources
Emily Bulman	Director, Developer Services, Markets and Charging
Julie Smith	Principal, Legal
Bart Schoonbaert	Director, Environment, Public Value and Governance
Amit Kamal	Principal, Public Value and Governance
Simon Smith	Principal, Public Value and Governance
Fayza Benlamkadem	Principal, Environment
James Jenkins	Senior Associate, Environment and Climate Change
Anthony Ferrar	Chair, Water UK
Christine McGourty	Chief Executive, Water UK

Apologies

Claire Forbes	Senior Director
Keith Mason	Senior Director

1. Opening Items and Declarations

- 1.1. The minutes of the Board meeting held on 22 April were approved subject to minor amendments.
- 1.2. By reference to the nature of the discussion on the topic of net zero at the meeting, the Chair had concluded no conflict of interest arose in relation to Jonathan Kini's role as chair of the Business in the Community Net Zero Task Carbon Force. There were no other 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. The Board received updates on the following:
 - Ongoing investor interest in the sector;
 - Timing and preparation for attendance at a hearing of the Environmental Select Committee in late June;
 - Progress on the development of Defra's refreshed strategic priorities and objectives statement for Ofwat; and
 - Our proposed approach to the forthcoming comprehensive spending review.

3. Draft Annual Report and Accounts 2020-21

- 3.1 The Executive presented the draft annual report and accounts 2020-21 and provided an update on progress of the audit.
- 3.2 The Chair of the Audit and Risk Assurance Committee (ARAC) reported on the special ARAC meeting held in May at which the Committee reviewed the draft annual report and accounts, enabling members to highlight key issues. The Chair of the Committee reported that the revised report presented to the Board reflected the Committee's comments.
- 3.3 The Board discussed the key themes contained within the draft annual report and the proposals made by ARAC. The Board noted the areas that had yet to be finalised and made a number of suggestions on the performance report.
- 3.4 Subject to there being no material issues subsequently raised by Ofwat's external auditors or by ARAC, the Board referred to the Audit and Risk Assurance Committee

the final recommendation to the Accounting Officer on whether it was appropriate to sign off the annual report and accounts.

4. Regulatory and commercial framework for strategic infrastructure investment

- 4.1. The Executive presented to the Board a paper that provided an overview of the purpose and vision of RAPID; summarising the principal emerging gaps, barriers and opportunities arising from multi-party projects; and outlining RAPID's high-level thinking on these issues, which will form the basis of a forthcoming discussion paper which will be published in June.
- 4.2. The Board noted that the discussion paper has been developed in collaboration with the other partner regulators in RAPID (and Natural Resources Wales) as it will touch on the relevant aspects of environmental and drinking water quality regulation.
- 4.3. The Board noted the next steps on the development of detailed policy recommendations following initial consultation, and further engagement planned with the Board in September.

5. Net Zero: water industry approach and Ofwat's role

- 5.1. The Board received an update on the net zero agenda in the context of government policy, the water industry approach to net zero and its '2030 roadmap', and on Ofwat's remit and role. The Board discussed some key themes set out in the paper and noted next steps.

6. Approach to social and environmental value in the water sector

- 6.1. The Executive presented to the Board the proposed approach to focusing the concept of public value in the context of our regulatory framework, including establishing a set of principles to guide our and the sector's approach to social and environmental value in the water sector, which the Board discussed.

7. Water UK

- 7.1. The Chair welcomed Christine McGourty (Chief Executive) and Anthony Ferrar (Chair) to the Board meeting. Christine provided an overview of WUK's proposed Vision for the sector and the challenges ahead in delivery between now and 2050. They welcomed the positive engagement with Ofwat and the launch of the PR24 discussion document.

- 7.2. The Board discussed the critical importance of the water efficiency challenge; the challenges of achieving the 2030 roadmap to net zero which WUK noted had had a galvanising effect on the industry; and affordability and pricing. The Board also discussed progress made on the sector's public interest commitment, and the areas where Ofwat and WUK can work together more closely.

8. Update from Committee Chair

- 8.1. The Chair of the Major Projects Committee reported on the recent meeting held on 6 May at which the Committee received an update on developments with respect to the Thames Tideway Tunnel project and on the Direct Procurement for Customers (DPC) project being delivered by United Utilities.

9. AOB

- 9.1. Jenny Block presented to the Board the forward plan for Board meetings. The Board noted items on the forward plan.
- 9.2. There was no other business and the Chair closed the meeting.

Jenny Block
Board Secretary
27 May 2021