

# Minutes of Board meeting

Meeting held on Thursday 23 June 2022 (Hybrid)  
Location: Room 4, Bloomsbury House, 21 Bloomsbury Street, London WC1B 3HF

## Board members / standing attendees

Jonson Cox	Non-executive Director, Chairman
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	Chief Executive
Aileen Armstrong	Executive Director
John Russell	Executive Director
Lisa Commane	Executive Director
Jenny Block	General Counsel and Board Secretary

## Other attendees

Keith Mason	Senior Director
Emma Kelso	Senior Director
Paul Hickey	Managing Director, RAPID
Andrew Chesworth	Director, Financial Resilience, Policy and Outcomes
Elinor Mathieson	Associate Director, Financial Resilience, Policy and Outcomes
Sally Irgin	Director of Enforcement, Regulatory Enablers
Jane Jellis	Director, Legal
Georgina Mills	Director, Business Retail Market, Policy and Outcomes
Shaun Kent	Principal, Business Retail Market, Policy and Outcomes
Kate Kendall	Director, Future Assets and Resources
Matthew Greetham	Principal, Future Assets and Resources
Gwenllian Roberts	Director of Wales
Sophie Hagon	Principal, Legal

## Apologies

Claire Forbes	Senior Director
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## 1. Opening Items and Declarations

- 1.1 This was Jonson Cox's last meeting as Chair of the Ofwat Board. The Board placed on record its thanks to Jonson for his significant contribution to Ofwat over the last decade. The Chair recorded his thanks to the Board for their support and contribution and that it had been a privilege to have served in the role.
- 1.2 The minutes of the Board meeting held on 19 May 2022 were approved.
- 1.3 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. The Board received updates in particular on the following:
  - The House of Lords inquiry;
  - The range of Ofwat's ongoing work in relation to the environment, including our response to company action plans in relation to river water quality;
  - Wales PR24 Forum;
  - Ongoing work within the UKRN on cost of capital where Ofwat continued to work with other relevant regulators to deliver an aligned view of central elements of the methodology;
  - The impact of inflationary pressures and the importance of companies acting responsibly;
  - Ongoing work with specific companies in relation to financial resilience, with the Board endorsing proposed next steps; and
  - Ofwat's proposed response to the Cabinet Office / Treasury plans for Civil Service workforce reductions which would be subject to further scrutiny by the People Committee.

### Update on wastewater compliance issues

- 2.2 The Board received a brief update on the Ofwat investigation into companies' compliance with environmental permit requirements at their wastewater treatment works, including progress made to date and key developments. The Board considered and supported the next steps.

### Wild Justice Judicial Review

- 2.3 The Board received an update on the Wild Justice judicial review challenge to Ofwat's current approach to the monitoring and enforcement of Regulations 4 and 5 of the Urban Waste Water Treatment (England and Wales) Regulations. The Board discussed

the recommended approach to conduct of the case, and delegated decisions on case conduct to the Chief Executive, in consultation with the General Counsel, keeping the Board fully informed, in particular of any material developments.

### **3. Financial Resilience**

- 3.1 The Executive presented a paper to the Board setting out proposals to take forward a formal consultation in July 2022 setting out, among other things, proposals for licence modifications to improve customer protections with respect to water companies' financial resilience.
- 3.2 The Board noted the considerable engagement undertaken to date. It discussed and agreed the proposed approach and delegated finalising the formal consultation to the responsible Senior Director.
- 3.3 The Board noted the next steps to return to Board in the Autumn, once responses to the consultation had been considered.

### **4. Review of Retail Exit Codes price caps**

- 4.1 The Executive provided an update to the Board on the review of the business retail price caps.
- 4.2 The Board discussed the key issues set out in the paper and the proposed approach to managing them. The Board also noted the next steps to return to Board in July with a paper setting out the proposal for the business retail REC price caps, and proposed stakeholder engagement and communications plan.
- 4.3 In terms of next steps, the Board approved the approach set out in the paper.

### **5. Thames Water Conditional Allowances**

- 5.1 The Executive provided an update to the Board on progress on Thames Water's gated allowances relating to Water Supply Resilience and the London Water Network.
- 5.2 The Board discussed and agreed the proposed approach. The Board delegated decisions on the London Water Network Allowance Gate 3 and all subsequent gated decisions for both allowances to the responsible Senior Director, subject to no material issues arising which may require issues to be brought back to the Board. The Board noted the importance of swift implementation of improvements to water supply resilience and the London water network.

## **6. Welsh Government Strategic Policy Statement**

- 6.1 The Executive provided an update to the Board on the Welsh Government's review of its Strategic Policy Statement (SPS) to Ofwat and considered the final draft text. This reflects the Welsh Government's commitment to embedding the response to the climate and nature emergencies across everything that government, citizens, communities, organisations and businesses do in Wales.
- 6.2 The Board discussed the draft SPS and considered the potential implications for Ofwat in terms of the five strategic priorities to be set. The Board noted the positive momentum in our developing relationship with Welsh Government and other stakeholders in Wales. The Board did not have any additional comments for Welsh Government.
- 6.3 The Board noted the timetable for laying the draft SPS before the Senedd.

## **7. Update from Committee chairs**

### **Audit and Risk Assurance Committee**

- 7.1 The Chair of the Audit and Risk Assurance Committee reported on the meeting held on 14 June which covered the final draft of the annual report and accounts 2021-22 and recommendation to the Accounting Officer that the annual report and accounts could be signed and issued for certification. The Chair recorded the Board's thanks to ARAC members and the wider team for the successful conclusion of the accounts process.

### **Chair of ARAC annual report**

- 7.2 The Chair of ARAC presented to the Board her annual report on the work of the Committee during the 2021-22 financial year which the Board noted.

### **Major Projects Committee**

- 7.3 The Chair of the Major Projects Committee reported on meeting held on 31 May. The matters the Committee discussed included:
- Progress of the HARP DPC project being undertaken by United Utilities Water;
  - Progress of the Portsmouth Havant Thicket project and Thames Tideway Tunnel project; and
  - Progress on Welsh Water's DPC Project – the Cwm Taf Water Treatment Works.

## **8. AOB**

8.1 The Board noted the forward plan for Board meetings.

8.2 There was no other business and the Chair closed the meeting.

**Jenny Block**  
**Board Secretary**  
**23 June 2022**