

Minutes of Board meeting

Meeting held on Thursday, 15 December 2022
Virtual on Teams

Board members / standing attendees

Iain Coucher	Chair
Alison Munro	Non-executive Director
Mark Bayley	Non-executive Director
Nicola Bruce	Non-executive Director
David Jones	Non-executive Director
Jonathan Kini	Non-executive Director
Seema Kennedy	Non-executive Director
David Black	Chief Executive
Aileen Armstrong	Executive Director
Lisa Commane	Executive Director
Jenny Block	General Counsel and Board Secretary

Other attendees

Claire Forbes	Senior Director
Keith Mason	Senior Director
Paul Hickey	Managing Director, RAPID
Elinor Mathieson	Director, Financial Resilience, Policy and Outcomes
Caroline Gregory	Director of IT, Digital and Estates
Sarfraz Nawaz	Director of Finance and Procurement
Sally Irgin	Director of Enforcement, Regulatory Enablers
Jane Jellis	Director, Legal

Apologies

John Russell	Executive Director
Emma Kelso	Senior Director

1. Opening Items and Declarations

- 1.1 The minutes of the Board meeting held on 24 November were approved subject to minor amendments.
- 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. The Board received updates on a range of matters, including:
 - The key publications of recent weeks: the PR24 Final Methodology, the Water Company Performance Report, the Monitoring Financial Resilience Report, and the Business Retail Market REC decision;
 - Meetings with the Secretary of State and Minister Pow on water company performance;
 - The drought situation across England and Wales;
 - Prioritisation of investment expenditure over AMP8;
 - Ongoing discussions with two companies concerning financial resilience and performance;
 - Our letter to the Remuneration Committee chairs of all companies in relation to performance related executive pay; and
 - Updates on the OEP investigation, and other legal proceedings (on the latter, the Board agreed with the recommendation made).
- 2.2 The Chair noted the significant work undertaken across Ofwat in this last quarter and asked that the Board's thanks be relayed to all teams.

Update from Committee chairs

Major Projects Committee

- 2.3 The Chair of the Major Projects Committee reported on the meeting held on 24 November at which the Committee considered and agreed the draft decision on Portsmouth Water's Cost Adjustment Mechanism (CAM) and noted the timetable proposed to come back to the Committee for approval of the final CAM decision in the New Year. The Committee received updates on the progress of the HARP DPC project, and Welsh Water's Cwm Taf project.

Casework Committee

- 2.4 The Chair of the Casework Committee (CWC) summarised the last meeting of the Committee and the update presented on the current timetable for progressing the

enforcement cases relating to wastewater treatment works and key developments since the Board was last updated.

- 2.5 The Board noted that the Casework team had reviewed a significant amount of material to date and that their review was ongoing and confidential. It noted the anticipated timeline going forward. The Committee Chair expressed her thanks to the case teams for their work to date.

Audit and Risk Assurance Committee

- 2.6 The Chair of the Audit and Risk Assurance Committee reported on the meeting held on 13 December. Topics covered included the approach and timetable for the preparation of the annual report and accounts 2022-23; the proposed approach to refreshing Ofwat's strategic risks and the general risk update. The Committee also received an update on the implementation of the Data Strategy, on the lessons learnt exercise on the finance transformation; and an update on the Departmental Security Health Check. The Committee considered and discussed our approach to scenario planning. In terms of other matters, papers were on the Board agenda for discussion.

3. IT Operating Model Review

- 3.1 The Executive presented a paper that provided details of the outcome of the review of current service delivery processes and capabilities against future Ofwat operational requirements. The Board noted that the proposed recommendation and associated risks and opportunities were considered by the Audit Risk and Assurance Committee at its meeting in December.
- 3.2 The Board discussed and agreed the recommended option set out in the paper and delegated authority to the Senior Director, Corporate Enablers in consultation with the Chief Executive, to proceed as set out.
- 3.3 The Board noted that the Audit and Risk Assurance Committee will receive updates as the process progresses.

4. Budget and Forward Programme 2023-24

- 4.1 The Executive outlined the proposed draft 2023-24 Forward Programme prior to consultation in mid-January 2023. The Board considered and discussed the key priorities set out in the draft Forward Programme that we will be looking to deliver in the context of our strategic goals and the related key messages.
- 4.2 The Board delegated sign off of the consultation on the Forward Programme to the Chief Executive and Board Secretary, subject to taking into account the Board's comments, and

also delegated final sign off of the Forward Programme to the Chief Executive and Board Secretary, subject to no substantive changes being required following consultation.

Draft Budget and Licence Fees 2023-24

- 4.3 The Board discussed the proposed draft budget and total annual licence fees for 2023-24 with a view to publication for consultation in the draft Forward Programme. The Board noted that the proposed overall budget would ensure that we remain within the Comprehensive Spending Review control total set for the year.
- 4.4 The Board noted the next steps to present the budget to the Board for final approval in March 2023.

5. AOB

- 5.1 The Board noted the forward plan for Board meetings and that minor changes had been made.
- 5.2 The Board Secretary noted that in addition to the Boardroom Apprentice who will start in January 2023, we are also taking two observers for our Audit and Risk Assurance Committee and People Committee under the UKRN Next Gen NEDs scheme who will also start in the New Year.
- 5.3 There was no other business and the Chair closed the meeting.

Jenny Block
Board Secretary
15 December 2022