

# Minutes of Board meeting

Meeting held on Thursday, 16 March 2023 (**Virtual**)  
Westferry House, 11 Westferry Circus, Canary Wharf, London E14 4HD

## Board members / standing attendees

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

## Other attendees

Claire Forbes	Senior Director
Keith Mason	Senior Director
Emma Kelso	Senior Director
Paul Hickey	Managing Director, RAPID
Beth Corbould	Director, Water Resource
Anita Payne	Director, Data Strategy
Sally Irgin	Director of Enforcement, Regulatory Enablers
Jane Jellis	Director, Legal
Thea Hutchinson	Director, Company Performance and Price Reviews
Andrew McGeoghan	Director, Company Performance and Price Reviews
Amit Kamal	Principal, Policy and Outcomes
Sarfraz Nawaz	Director of Finance and Procurement
Lucy Lee	Head of Finance

## 1. Opening Items and Declarations

- 1.1 The minutes of the Board meeting held on 23 February 2023 were approved subject to some 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 Chief Executive presented his report which covered key developments since the last Board meeting. The Board noted and discussed the contents of the report. The Board received updates on a range of matters, including:
  - The Chief Executive's appearance before the House of Commons Welsh Affairs Committee;
  - Appointment of a new Chair and interim CEO at Water UK;
  - UK Infrastructure Bank's first investment in the sector via a loan to Portsmouth Water to support development of the Havant Thicket reservoir;
  - Progress in our Delivery Partner procurement; and
  - Ongoing legal proceedings.
- 2.2 The Board received for information an overview of Ofwat's role in environmental planning, and noted our existing work to build our capability in this area so we are better able to influence and contribute to the long-term planning approach for water resources and water quality. The Board noted the next steps set out in the paper.
- 2.3 The Board approved the IT contract extension set out in the report.

## Update from Committee chairs

### Casework Committee

- 2.4 The Chair of the Casework Committee reported on the meeting held in February in the context of item 5 on the agenda.

### Audit and Risk Assurance Committee

- 2.5 The Chair of the Audit and Risk Assurance Committee reported on the meeting held in March at which the Committee considered:
  - the interim accounts, draft Governance Statement and structure for the Performance Report for the annual report and accounts for 2022-23;
  - Ofwat's strategic risks;

- the approach to governance and assurance for PR24 delivery;
- the outcome of the procurement exercise for PR24 Delivery Partner and related assurance;
- the approach to whistleblowing complaints from and within the sector; and
- an internal audit report on Ofwat's reporting framework.

### **3. Strategy**

- 3.1 The Executive presented an overview of the further steps we are taking in the implementation and evolution of our strategy.
- 3.2 The Board discussed the broader context and the expectations that needed to be reinforced in terms of sector performance, reflecting the range of work already underway and wider stakeholder assessments. The Board agreed that it was important to be clear how Ofwat itself is responding and how its approach to regulation will further develop, and to continue to engage with all relevant stakeholders in this process.
- 3.3 The Board considered the next steps proposed and the Executive agreed to return to Board on these having taken account of the Board's feedback.

### **4. Open Data review**

- 4.1 The Executive presented a paper summarising the key findings and recommendations from our review of water company progress in delivering open data.
- 4.2 The Board noted the level of engagement we have had during the review and discussed and agreed the proposed next steps set out in the paper and the key messages to be communicated.

### **5. Enforcement investigations**

- 5.1 The Executive presented a paper providing a general update on the progress of our current enforcement investigations relating to companies' wastewater treatment works and reminding the Board about the key considerations relevant to final enforcement decisions in general and our policy approach to penalties by reference to our published guidance.
- 5.2 The Board noted and discussed the proposed approach set out in the paper and the assurance being undertaken.
- 5.3 The Board discussed the high level engagement and communications plan for our future case decisions.

## **6. PR24**

### **Quality and Ambition Assessment**

- 6.1 The Executive presented an overview of the proposed overall approach to the quality and ambition assessment in the 2024 price review, including to governance and assurance.
- 6.2 The Board noted the approach set out and how the process would aim to ensure the best outcomes for consumers and the environment.

### **Scope and timing of Red Run**

- 6.3 The Board was presented with an overview of the proposed approach to our practice run of elements of the PR24 process ('Red Run').
- 6.4 The Board noted the high level timelines for the Red Run and the proposed Board engagement in the process.

## **7. Performance related pay**

- 7.1 The Board received an update on the progress made on our work on water company performance related executive pay.
- 7.2 The Board discussed the proposed approach set out in the paper in relation to the proposed recovery mechanism from shareholders' funds set out in the PR24 Final Methodology and our approach to other potential interventions.
- 7.3 The Board noted the next steps and intention to publish draft guidance on our approach by the end of March 2023.

## **8. 2023–24 Budget and Medium Term Financial Plan**

- 8.1 The Board discussed and approved the recommendation, the proposed budget envelope for Ofwat, and the total annual licence fee envelope for 2023–24 and noted ongoing discussions with HMT.

## **9. AOB**

### **Review of Committee membership**

- 9.1 The Board reviewed and confirmed the membership of the Board committees for the coming year.

### **Board forward planner**

9.2 The Board noted the forward plan for Board meetings.

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

**Jenny Block**  
**Board Secretary**  
**16 March 2023**