

Minutes of Board meeting

Meeting held on Thursday, 23 February 2023 (in person)
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

Other attendees

Claire Forbes	Senior Director
Keith Mason	Senior Director
Emma Kelso	Senior Director
Paul Hickey	Managing Director, RAPID
Sally Irgin	Director of Enforcement, Regulatory Enablers
Jane Jellis	Director, Legal
Emily Bulman	Director, Markets and Charging, Policy and Outcomes
Rachel Wright	Principal, Markets and Charging, Policy and Outcomes
Andrew Lincoln	Principal, Markets and Charging, Policy and Outcomes
Oliver Worsfold	Director at Savanta

Apologies

Jenny Block	General Counsel and Board Secretary
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* Joined the meeting virtually.

1. Opening Items and Declarations

- 1.1 The minutes of the Board meeting held on 26 January 2023 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 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:
 - Chair and Chief Executive have now met with all companies' CEOs and Chairs following the publication of the PR24 final methodology in December 2022;
 - the OEP investigation, and other ongoing legal proceedings in relation to sewage and pollution; and
 - contract approvals.
- 2.2 The Board received an update on a company's application for a judicial review of our November 2022 Outcome Delivery Incentives in-period determination. The Board considered the proposed recommendation and delegated the decision to defend the claim and the subsequent conduct of the case to the Senior Director, CPPR, in consultation with the Chief Executive.

Update from Committee chairs

People Committee

- 2.3 The Chair of the People Committee reported on the meeting held in January at which the Committee considered:
 - the results of the 2022 People Survey and noted that overall Ofwat is still outperforming the Civil Service average across core themes. There is work to do to maintain our engagement scores and improve engagement on our vision and strategy. The chair of the Committee expressed her thanks for the collective hard work of everyone across Ofwat, in particular our People Leaders;
 - the continuing contribution from the non-executives in terms of being visible in the organisation and also participating in internal events and other activity where possible;
 - an interim review of the People Strategy with an update on progress made to deliver on the outcomes of the People Strategy; and
 - our current approach to secondments / loans to Ofwat and how that could be developed.

3. Enforcement investigations

- 3.1 The Executive presented a paper setting out a series of strategic considerations for decision-making on enforcement cases.
- 3.2 The Board considered the key elements and specific risks and issues relevant to our decision-making approach and agreed to the overall approach set out in the paper.
- 3.3 The Board noted the importance of the Environment Agency's separate investigations progressing as quickly as possible and the value of providing signals to the sector on our expectations of compliance through our decisions.
- 3.4 The Board noted the next steps.

4. Customer research

- 4.1 The Board were pleased to welcome Oliver Worsfold, Director, Savanta, to discuss the key findings from the research commissioned by Ofwat. The research was conducted by Savanta in December 2022 into customers' perceptions of the water sector and levels of trust in the sector and companies to deliver a variety of services in England and Wales. The research has been published on Ofwat's website.
- 4.2 Oliver presented an overview of the key findings, highlighting three main areas of focus: reputation of the sector; the level of public trust in the sector; and views on the sector's impact on the environment.
- 4.3 The Board had a discussion covering the reflections from Ofwat's 'Press Go' conference which was held in January 2023 and the way forward in terms of continuing engagement with the sector.
- 4.4 The Chair thanked Oliver for sharing the findings of the research and for taking the time to meet with the Board.

5. Customer focused licence condition

- 5.1 The Board was presented with an overview of the proposed approach to the introduction of a licence condition with accompanying guidance, as set out in the paper.
- 5.2 The Board discussed the paper and was supportive of a principles-based customer focused licence condition for household customers, and the approach of developing licence principles underpinned by more detailed guidance which can be adapted over time, recognising that currently companies are at different levels of maturity when it comes to delivering positive end user experiences. The Board discussed the need for

more detailed guidance in relation to areas such as vulnerability and complaints handling to ensure customers are protected.

- 5.3 The Board delegated to the Senior Director, Customers and the Chief Executive to finalise the formal policy consultation, after taking into account the broader comments/guidance provided by the Board.
- 5.4 The Board noted the next steps and proposed timescale for aiming to publish a consultation in April 2023 and returning to Board following the consultation in the autumn for a final decision on the licence condition.

6. Affordability: support to customers

- 6.1 The Executive presented a paper outlining the proposed approach to support affordability for customers.
- 6.2 The Board discussed the paper in the context of the continuing cost of living challenges. The Board had a strong interest in this area and support for continuing our focus on using the full range of our tools to challenge companies to do more to support customers struggling to pay their bills.
- 6.3 The Board discussed that some companies are not doing enough, for example in terms of making social tariffs accessible, and that we need to challenge companies who are lagging behind. There was also a discussion of our analysis of customers in debt, and whether companies were handling this well, for example, in terms of their use of court orders.
- 6.4 The Board also noted the previous customer licence condition agenda item, as an additional tool for taking action in this area to improve company performance.

7. AOB

- 7.1 The Chair asked the Board Secretariat to check the practicalities and change the date of the May Board meeting to bring it forward by a day. It was agreed to make the March Board meeting virtual due to the train strikes.
- 7.2 There was no other business and the Chair closed the meeting.

Kamlesh Mahey (on behalf of Board Secretary)
23 February 2023