

Minutes of Board meeting

Meeting held on Thursday, 27 April 2023 (in person / Hybrid)
Centre City Tower, 7 Hill Street, Birmingham B5 4UA

Board members / standing attendees

Iain Coucher	Chair
Mark Bayley	Non-executive Director
Alison Munro	Non-executive Director
Nicola Bruce – dialling in*	Non-executive Director
David Jones	Non-executive Director
Seema Kennedy	Non-executive Director
Jonathan Kini – dialling in	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

Keith Mason	Senior Director
Emma Kelso	Senior Director
Paul Hickey	Senior Director
Colin Green	Director, Water Resource
Sally Irgin	Director of Enforcement, Regulatory Enablers
Gwen Roberts	Director of Wales

*Nicola Bruce dialled in at 11:30am

**Not present for part of the discussion under the Chief Executive's report

Apologies

Claire Forbes	Senior Director
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1. Opening Items and Declarations

- 1.1 The minutes of the Board meeting held on 16 March 2023 were approved subject to some minor amendments.
- 1.2 The Board noted its confirmation that the Chair has joined the Casework Committee with effect from 31 March 2023.
- 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 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:
 - Highlights of significant progress across a number of areas including publication of the financial resilience decision document, our consultation on the accelerated investment package, and the RAPID gate two decisions for 12 strategic infrastructure projects;
 - The launch of the Government's Plan for Water;
 - The Chief Executive's appearance before the Welsh Affairs Committee to give evidence as part of the Water Quality in Wales inquiry;
 - Approval of an increase in Ofwat funding from HMT for each of 2023/24 and 2024/25, which will provide a significant step up in resources to enable us to achieve our strategic goals;
 - Potential company concerns around overall affordability and deliverability of the WINEP and WRMP programmes; and
 - Ongoing discussions concerning company financial and operational resilience where the Board agreed the Executive's proposed course of action.

Quarterly Portfolio Report

- 2.2 The Board received an update on progress made and an assessment of our activities in Q4 2022-23 across our portfolio.

3. Strategy

- 3.1 The Executive presented a paper on our ongoing work in implementing our 'Time to act, together' strategy, including our focus on our contribution to setting direction for the sector, as well as on performance, and delivery of significant infrastructure projects.
- 3.2 The Board discussed progress and how we might best reinforce our key messages with external stakeholders.

4. Delivery priorities for Wales

- 4.1 The Head of Wales presented a paper setting out our proposed key priorities for our approach in Wales, and our engagement with key stakeholders in Wales.
- 4.2 The Board discussed the four priorities set out in the paper, including evolving how we work to hold companies to account on performance, and track delivery of the environmental programme, as well as ensure we embed consideration of the Welsh context into all our work. The Board considered how to secure the best outcomes for customers and the environment in Wales in terms of our regulation and engagement. The Board was supportive of the approach.
- 4.3 The Board noted the next steps and the intention to return to Board with regular updates on progress against the four delivery priorities set out in the paper.

5. Enforcement strategy

- 5.1 The Executive presented an overview of a proposed refreshed approach to enforcement in order to better enable our goal of transforming company performance. The central aim of our enforcement activities is to improve compliance across the sector, whether on the part of individual companies (through the cases against them) and more broadly by cases having deterrent effects and reinforcing our expectations of companies, as well as to demonstrate that we are effectively holding companies to account.
- 5.2 The Board discussed the key stages of the enforcement process from case identification through to case outcomes and considered how we might evolve our approach to maximise the impact of our enforcement activities.
- 5.3 The Board discussed and commented on the sufficiency of our enforcement tools and how they might be enhanced.
- 5.4 The Board was supportive of the approach set out in the paper, including making best use of Ofwat's growing company performance monitoring capability for identifying new cases and the importance of using the full range of our regulatory toolkit to improve compliance.

6. WRMP and Regional Plan consultation

- 6.1 The Executive presented a paper for information that summarised the water supply resilience challenges the sector is facing in the short and long term, provided an overview of the recent changes in the approach to water resources planning and Ofwat's role in the long-term planning process, and outlined the high level messages for the current cycle of plans including interactions with PR24.
- 6.2 The Board noted the approach to accelerate the development of large scale water supply infrastructure through the development funding provided at PR19, and some emerging challenges and the actions we are taking to address them.

- 6.3 Overall, the Board noted our approach to ensuring that the current cycle of regional plans and WRMPs provide a robust programme of interventions to ensure customers' requirements are met, and to accelerating the development of strategic supply infrastructure schemes that will take several regulatory cycles to deliver.

7. Update from Committee chairs

Major Projects Committee

- 7.1 The Chair reported on the meeting of the Major Projects Committee held in March at which the Committee received updates on a number of matters, including:
- the Thames Tideway Tunnel project;
 - progress made on the procurement of the HARP project;
 - Welsh Water's Cwm Taf project; and
 - Southern Water's need for alignment works on the Havant Thicket winter storage reservoir project.
- 7.2 The Committee also discussed the potential implications for major projects in the future of possible supply chain constraints, and the potential use of bid cost recovery mechanisms for future DPC procurements.

Casework Committee

- 7.3 The Chair of the Casework Committee reported on the meetings held in March and April where the Committee considered our priority enforcement cases into wastewater treatment works.

8. AOB

- 8.1 The Board received an update on our recruitment campaign to appoint three Senior Directors to lead three new Directorates: Enforcement and Customers, Sector Performance, and Major Projects and Markets.
- 8.2 The Board received feedback on recent company site visits.

Board forward planner

- 8.3 The Board noted the forward plan for Board meetings.
- 8.4 There was no other business and the Chair closed the meeting.

Jenny Block
Board Secretary
27 April 2023