

Minutes of Board meeting

Meeting held on Thursday, 22 June 2023 (in person / hybrid)
Westferry House, 11 Westferry Circus, Canary Wharf, London E14 4HD

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 |
| Seema Kennedy | Non-executive Director |
| Jonathan Kini | Non-executive Director |
| David Black | Chief Executive |
| John Russell*** | Executive Director |
| Lisa Commane | Executive Director |
| Barney Quammie*** | Observer, Boardroom Apprentice |
| Jenny Block | General Counsel (GC) and Board Secretary |
| Chris Walters | Senior Director (attending as an observer) |

Other attendees

| | |
|------------------|----------------------------------------------------|
| Keith Mason | Senior Director |
| Paul Hickey | Senior Director |
| Claire Forbes | Senior Director |
| Mark Anderson | Director, Corporate Communications |
| Beth Corbould | Interim Senior Director |
| Andrew Chesworth | Interim Senior Director (attending as an observer) |
| Andrew McGeoghan | Director, Price Reviews |
| Thea Hutchinson | Director, Price Reviews |
| James Veaney | Director, Price Reviews |
| Jenny Humble | Principal Economist, Price Reviews |
| Tim Griffiths | Director, Price Reviews |
| Emily Bulman | Director, Price Reviews |
| Alex Vaughan | Costain, CEO |

Apologies

| | |
|------------|-----------------|
| Emma Kelso | Senior Director |
|------------|-----------------|

*Alison Munro, David Jones and Nicola Bruce dialled in

**David Jones left after item 3

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

1. Opening Items and Declarations

- 1.1 The Chief Executive welcomed and introduced to the Board, Chris Walters, new Senior Director, Price Reviews who joined Ofwat in early June, and also three interim Senior Directors.
- 1.2 The minutes of the Board meeting held on 24 May 2023 were approved subject to a minor amendment. The Chair thanked Alison Munro for chairing the last Board meeting on his behalf.
- 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 which the Board noted and discussed. The Board received updates on a range of matters, in particular on the following:
 - Ofwat's announcement on recent enforcement cases into South West Water and Welsh Water;
 - broader investor sentiment in relation to the sector and UK utilities more generally;
 - stakeholder engagement, including a cross-party House of Lords meeting, hosted by the Duke of Wellington; the upcoming hearing with the House of Lords Industry and Regulators Select Committee and upcoming roundtable with the Chancellor alongside other regulators to discuss the impact of the current cost of living pressures on customers in our respective sectors;
 - progress on finalising companies' environmental and water resource programmes; and
 - ongoing discussions with the sector concerning company financial and operational resilience.

3. PR24 Red Run

Red Run Introduction

- 3.1 The Board received an introduction to the "Red Run" process (a practice/dry run of key elements of our PR24 quality and ambition assessment (QAA) process using

fictional Red Run plans to reflect the structure of papers that we plan to share with the Board in the coming months). Chris Walters expressed his thanks to the PR24 team for their hard work in putting together the fictional plans alongside their other work.

- 3.2 The Board discussed the PR24 Red Run process and some emerging policy issues that it brought out. The Board noted the potential issues that will require particular focus from the Board during the QAA process and the key issues which could be taken to Board for decision.
- 3.3 The Board also discussed the assurance it expects to receive.
- 3.4 The Board discussed the role of the Board at the 'Your water, your say' meetings with companies.
- 3.5 The Board noted the next steps and the Board engagement as set out in the paper.

4. Costain

- 4.1 The Chair welcomed Alex Vaughan, CEO of Costain Group Plc, to discuss the opportunities and challenges arising from the substantial delivery expected of the sector in the next price review period through to 2030. He discussed how the supply chain could be leveraged to better support delivery, including through earlier engagement at the business planning stage, and to drive innovation, and the barriers and constraints that exist.
- 4.2 The Board discussed the development of major projects including the application of models such as Direct Procurement for Customers and the Tideway model and how to inject pace into the development and roll out of new technologies and the role of Ofwat's innovation fund in that respect.
- 4.3 The Board thanked Alex for taking the time to meet with them and for sharing his insights.

5. Update from Committee chairs

Major Projects Committee

- 5.1 The Board received an update on the Major Projects Committee meeting held in May at which the Committee received updates on:
 - latest developments on Welsh Water's Cwm Taf water treatment works and United Utilities' HARP DPC projects;
 - the Thames Tideway Tunnel project; and

- matters arising with respect to the alignment works for the Havant Thicket Reservoir project and Southern Water's DPC project.

People Committee

5.2 The Chair of the People Committee reported on the meeting held in May at which the Committee discussed and received updates on:

- progress in delivering the outcomes of the People Strategy;
- the work underway to deliver our organisational change programme, including the use of our office space, implementing change in line with our SAILOR values;
- the work completed to date on the pay and reward project and 2023-24 non-SCS pay remit;
- EDI priorities for 2023-24, and an update on progress against the actions set out in the EDI Action Plan; and
- work on our Employer Value Proposition.

Casework Committee

5.3 The Chair of the Casework Committee reported on the recent meeting held in June where the Committee considered our priority enforcement cases into wastewater treatment works; and the approach we proposed to providing a public update on case progress.

Audit and Risk Assurance Committee

5.4 The Chair of the Audit and Risk Assurance Committee reported on the meeting held on 12 June at which the Committee discussed:

- the final draft of the annual report and accounts 2022-23, the timing of the audit and recommendation to the Accounting Officer that the annual report and accounts could be signed and issued for certification;
- an update on Ofwat's strategic risks and opportunities;
- an update on the progress made on Business Continuity planning;
- the proposed approach to governance and assurance for PR24 delivery;
- the proposed approach to strengthening our monitoring and oversight of the financial resilience of retailers in the business retail market;
- recent internal audit reports; and
- our approach to stakeholder engagement.

Chair of ARAC annual report

- 5.5 The Chair of ARAC presented to the Board her annual report on the work of the Committee during the 2022-23 financial year which the Board noted.

6. AOB

- 6.1 As this was John Russell and Claire Forbes' last Board meeting, the Chair, on behalf of the Board, thanked John and Claire for their significant contribution to Ofwat over the years and wished them well in their next roles.

Board forward planner

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

Jenny Block
Board Secretary
22 June 2023