

Minutes of Board meeting

Meeting held on 28 September 2023 (in person / hybrid)
Centre City Tower, 7 Hill Street, Birmingham B5 4UA

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
Lisa Commane	Executive Director, Senior Director of Corporate Enablers
Jenny Block	General Counsel (GC) and Board Secretary

Other attendees

Keith Mason**	Senior Director, Major Projects and Markets
Paul Hickey**	Senior Director, RAPID and Environmental Planning
Mark Wiltsher	Senior Director, Communications
Andrew Chesworth	Interim Senior Director, Sector Performance
Beth Corbould**	Interim Senior Director, Casework, Enforcement & Customers
Kate Kendall**	Interim Senior Director, Major Projects and Markets
Mark Anderson	Director, Communications
Elinor Mathieson	Director, Financial Resilience
Emily Bulman	Director, Customer Policy
Rachel Wright	Principal, Customer Policy
Imogen Saxby	Graduate (Trust team)
Joanne Su	Graduate (Trust team)
Alice Morris	Graduate (Trust team)
Priyanka Khindri	Graduate (Trust team)
Frank Murdoch	Graduate (Trust team)
Meher Lota	Graduate (Technology team)

Kiah Sylvan	Graduate (Technology team)
Amer Majed	Graduate (Technology team)
Cyrus Gajari	Graduate (Technology team)
Rob Mellon	Graduate (Technology team)
Mohammad Ali Malik	Graduate (Technology team)
Gwen Roberts	Director, Head of Wales (Senior Grads Sponsor)
Caroline Gregory	Director of IT, Digital and Estates (Support, Graduate Tech team)
Beth Savage	Early Careers Partner (for Graduate presentations)

Apologies

Chris Walters	Executive Director, SD Price Reviews
Barney Quammie	Observer, Boardroom Apprentice

*Dialled in

**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, Mark Wiltsher, Senior Director for Communications who joined Ofwat on 18 September.
- 1.2 The Chair thanked the non-Executive Directors for their contribution over the summer months through their work on Board committees and in supporting Senior Director recruitment.
- 1.3 The minutes of the Board meeting held on 21 July 2023 were approved subject to some minor amendments.
- 1.4 The minutes also record the Board's agreement in August 2023, which was made in between Board meetings via correspondence, in relation to the following matters:
 - the updated budget envelope for 2023/24;
 - a call off contract basis for engineering consultancy/technical advice and to support delivery of PR24; and
 - the Board approved the proposal to amend the Board Committee Terms of Reference for the Major Projects Committee to delegate to the Committee to make final decisions in relation to any other projects that may be delivered under the Specified Infrastructure Projects (English Undertakers) Regulations 2013 (SIPR).

- 1.5 The Board also approved the proposed amendments made to the Board Committee Terms of Reference for the Audit and Risk Assurance Committee.
- 1.6 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:
- the Office of Environmental Protection (OEP) investigation on regulation of combined sewer overflows in England;
 - progress in our casework and in particular on our investigations into wastewater treatment works;
 - the publication of the Water Company Performance Report and draft in-period determinations and the wider stakeholder response and follow-up work and interventions;
 - issues anticipated to arise through PR24 in terms of sector performance, delivery and investment; and
 - interventions in relation to company performance over the summer.
- 2.2 Following receipt of the updates from Committee chairs, the Board approved the award of the IT Service Desk and End User Computing Outsourcing contract and Kate Kendall's appointment to the Major Projects Committee.

3. Update from Committee chairs

Casework Committee

- 3.1 The chair of the Casework Committee reported on the recent meetings held in September where the Committee considered our priority enforcement cases into wastewater treatment works.

Nominations Committee

- 3.2 The Board received an update on the Nominations Committee meeting held in August at which the Committee discussed the proposed approach and draft timeline with regards to the recruitment process for the Chief Operating Officer post. The Board noted that the process for the appointment of an interim COO was underway.

Audit and Risk Assurance Committee

- 3.3 The chair of the Audit and Risk Assurance Committee reported on the meeting held in September at which the Committee discussed:
- the outcome from the IT Service Desk and End User Computing Outsourcing Procurement from a process and risk management perspective;
 - an update on Ofwat's strategic risks and opportunities;
 - progress made on the approach to assurance for PR24 delivery, in particular for the Quality and Ambition assessment phase, and further details on our approach to assurance on data and modelling;
 - the proposed approach to our evolving performance insights function and the actions we are taking to address sector performance; and
 - recent internal audit reports.

People Committee

- 3.4 The chair of the People Committee reported on the meeting held in September at which the Committee discussed and received updates focused on: the IT Operating Model outsourcing update and the further internal engagement undertaken and to come; pay and reward and the SCS pay remit.

4. Thames Water Gated Conditional Allowances

- 4.1 Kate Kendall, interim Senior Director, presented a paper to the Board providing an update on progress on the Thames Water gated allowances and, in particular, the recent gate 4 submission on the Water Supply Resilience Allowance.
- 4.2 The Board noted the assurance being obtained on the information provided by the company and our initial assessment of the company's proposals, and suggested the Executive consider whether a further "gate" was appropriate.
- 4.3 The Board noted the next steps to continue to review the submissions from TMS and obtain the necessary assurances around the customer protection mechanism and cost efficiency prior to further approvals.
- 4.4 The Board delegated authority to the Chief Executive, Chair and interim Senior Director, Major Projects and Markets to make the final decision to approve the gate four submission subject to receiving additional assurance on the process and cost assessment.

5. Customer focused licence condition

- 5.1 The Executive provided an update on the work undertaken following the Board discussion in February 2023, and the proposed next step to undertake the statutory consultation to implement a customer-focused licence condition.
- 5.2 The Board noted the key responses to the May 2023 preliminary consultation on the proposed licence condition. The Board also noted the extensive work undertaken with the sector and other key stakeholders throughout and the approach to guidance that had emerged as a result, building largely on our existing guidance.
- 5.3 The Board discussed the readiness of companies to improve performance in order to meet our aspiration of a high standard of customer service and support, and Ofwat's monitoring and enforcement activities to drive progress, including to test the impact of this work.
- 5.4 The Board delegated to the Chief Executive and the interim Senior Director, Casework, Enforcement and Customers to finalise the formal consultation and modification drafting under s12A and s13 of the Water Industry Act 1991 with a view to the formal consultation being published in October 2023.
- 5.5 The Board noted the next steps and proposed timescale as set out in the paper.

6. Grads CEO Challenge project

- 6.1 The Board received two presentations from the Graduates providing an overview of the outcome of the Chief Executive Challenge project on two areas: 1) How can Ofwat support companies to rebuild customer trust; and 2) How can Ofwat use technology to improve data gathering, analysis and sharing.
- 6.2 The Board tested the proposals set out in both presentations and challenged each group to consider how they would demonstrate that their initiative would shift the dial. The Board thanked both teams for their excellent presentations and the ideas generated through the challenge.

7. AOB

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

Jenny Block
Board Secretary
28 September 2023